2024
Integrated Report

illimity
SPECIALISTI DEL CREDITO

2024
Integrated Report

illimity

Message from the Chair and the Chief Executive Officer

Dear friends of illimity,

2024 was a very busy year, but also a very rewarding one. We continued to grow, both in absolute size, with assets exceeding EUR 8 billion, and in operating profitability, with operating profit up 21% y/y*.

We have focused our development entirely on credit and investment banking services to Italian SMEs, which has been our most distinctive activity since our inception. This is a very big and fundamental sector for our country. A market with enormous growth potential, but which slowed down last year: we did our best to support it with over EUR 600 million of new loans disbursed (+18% y/y). We specialised in the development, relaunch and restructuring of SMEs, bringing not only finance and services but also sector expertise and new opportunities.

At the same time, we completed a major strategic repositioning by discontinuing direct investments in distressed loan portfolios, which had contributed significantly to our profits in previous years. This decision was driven by regulatory and commercial factors that were well known and only partially foreseeable a few years ago. We have devoted a significant part of the 2024 results to covering the economic and capital implications of this profound transformation.

We end the year with solid balance sheet ratios (CET1 ratio of 13.9%) and a cash reserve even higher than last year (EUR 1.2 billion): important foundations for future development.

In 2024, as in 2023, we delivered on our commitment to extract value from the investments we have made over time in technologies and in our investee companies. This year, together with the Apax Group, we launched altermAInd, an innovative company operating in the field of artificial intelligence applied to more than just financial services.

Our investee companies represent significant untapped value and a strategic asset for the future growth of the Group. From companies specialised in services for SMEs, such as ARECneprix and illimity SGR, to tech ventures such as Hype, bilty, Quimmo and Pehi, and the aforementioned altermAInd.

We strongly believe in the values of sustainability and responsibility towards the environment, the community and the people who work in and with illimity. During the year, we received important awards that confirm our ongoing commitment in this area. Sustainability has never been a trend for us: we believed in it before it became a central issue in the global debate, and we will continue to do so with conviction, without compromising our primary responsibility to our stakeholders.

* Net of extraordinary items from both periods.

All of this has been made possible by the illimiters who, with their talent, commitment and entrepreneurial spirit, are building a solid, innovative and forward-looking bank. Their determination and ability to passionately take on the difficult and often unexpected challenges of the world around us make us stronger every day.

After the reporting period, a tender and share exchange offer was announced for our entire share capital. In addition to ensuring the best possible management, we are committed to empowering our shareholders to make the best possible decisions by assessing each strategic option responsibly and with a long-term vision.

Rosalba Casiraghi
Chair of illimity

Corrado Passera
CEO of illimity

2024 Integrated Report

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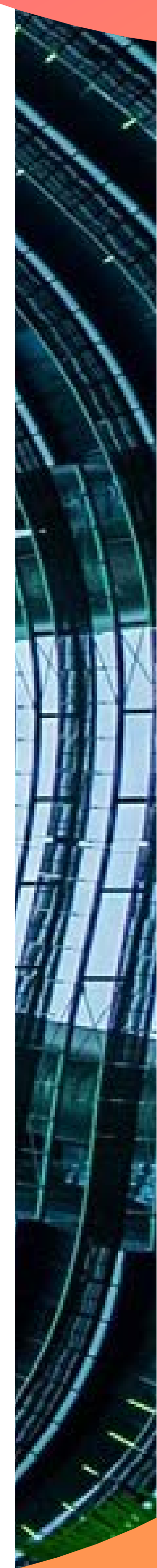

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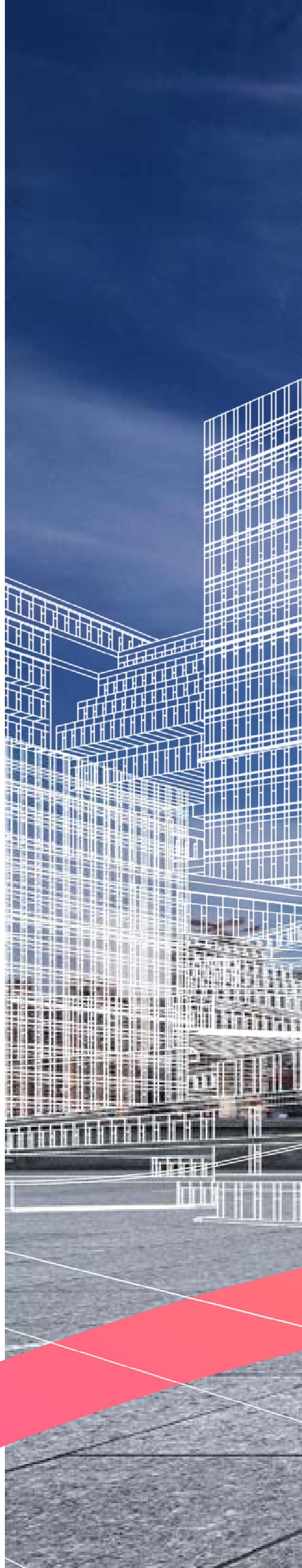

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Report on Consolidated Operations

as of 31 December 2024

illimity

illimity for SMEs

Our mission is to unlock the potential of businesses at every stage of their lifecycle, fostering growth and navigating challenges. We operate with a business model designed not only to generate profit, but to serve as a valuable asset to the community, of which we consider ourselves an integral part.

We want to be a long-term partner for Italian companies, going beyond financial support to accompany them on their path of growth or temporary disruption, with tailor-made solutions and a specialised approach.

Helping businesses is what drives us to do more and do better every day.

Highlights

All data as of 31/12/2024

8.4
Eur billion

of assets thanks to the growth of net loans to customers and investments year on year

4.7
Eur billion

including customer loans and investments

6.4
Eur billion

total direct fund-ing from retail and corporate customers

779
illimiters

from 350 different companies, 18 sectors and 21 different countries

13.9%
CET1 ratio*

confirming the solidity of the bank

0.3
Eur million

profit before goodwill impairment

*Phased-in

Composition of Corporate Bodies

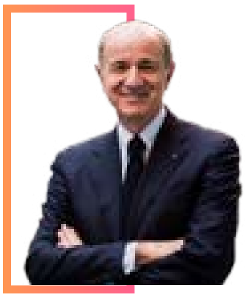
BOARD OF DIRECTORS

We continue to deliver value for all our stakeholders by making strategic, responsible, inclusive choices with strong values shared at all levels of the organisation. The Board of Directors plays a key role in our corporate organisation. It is responsible for setting out strategic and organisational guidelines, as well as ensuring the existence of the necessary controls to monitor the progress of illimity and the Group companies.

The Shareholders' Meeting on 28 April 2022 resolved upon the new composition of the strategic supervisory and control body following the adoption of a one-tier governance model, the adoption of which was approved by the Shareholders' Meeting on 21 February 2022.

The Board of Directors is therefore composed of 13 (thirteen) members, as listed below, including the members of the Audit and Internal Control Committee.

Rosalba Casiraghi
Chair



Corrado Passera
CEO

Consiglieri

Filippo Annunziata

Ivana Bonnet Zivcevic*

Marco Bozzola

Massimo Brambilla

Stefano Caringi

Elena Cialliè

Nadia Fontana

Paola Elisabetta Galbiati

Francesca Lanza

Giovanni Majnoni d'Intignano

Marcello Valenti

* Appointed by the Shareholders' Meeting of 24 April 2024 following the resignation of Director Patrizia Canziani, effective 1 April 2024.

AUDIT AND INTERNAL CONTROL COMMITTEE

Following the transition from the traditional *governance* model to the one-tier model, the role of supervisory body is now carried out by the Audit and Internal Control Committee, whose members (who are also Directors) were appointed by the Shareholders' Meeting on 28 April 2022.

The Audit and Internal Control Committee performs the regulatory functions outlined in the relevant framework, and reports to the Supervisory Authority. It also carries out inspection and monitoring activities and requests updates from the other Directors on the progress of corporate operations or specific matters that also pertain to subsidiaries. Lastly, the Committee may exchange information with the corresponding bodies of subsidiaries regarding administration and control systems and the general performance of corporate activities.

Chair	Members
Marco Bozzola	Stefano Caringi
	Nadia Fontana

COMMITTEES

illimity's *governance* structure includes six Committees, including the Audit and Internal Control Committee (as described above) and the following five Committees, which are appointed by the Board and whose function is to offer guidance, advice and suggestions:

Risk Committee
This Committee supports the Board of Directors regarding risks and internal control systems so that the Board can correctly and effectively determine the RAF (Risk Appetite Framework) and the risk governance policies.
The Risk Committee and the Audit and Internal Control Committee promptly exchange information of mutual interest and coordinate the performance of their respective duties.

Sustainability Committee
This Committee is tasked with assisting the Board of Directors, serving in an advisory role that informs assessments and decisions relating to environmental, social and *governance (ESG)* issues and to technological innovation and artificial intelligence. The committee also ensures that all decisions are made in accordance with the sustainability of the Bank's strategic plan, while also considering the relevant corporate governance matters to the strategic plan of the Bank and the Group, as well as with regard to the relevant *corporate governance* matters (including in coordination with the Nominating Committee).

Remuneration Committee
This Committee is tasked with formulating suggestions to the Board of Directors in terms of remuneration and pay policies.

Nominating Committee
This Committee supports the Board of Directors in the nomination of Directors and the composition of the Board, the appointment of members of the corporate bodies of the main subsidiaries, as well as the appointment of the Bank's Top Management and identification of the Top Management of the main subsidiaries. The Committee also supports the Board regarding the relevant *Corporate Governance* matters (in coordination with the Sustainability Committee).

Related Party Transactions Committee
This Committee performs functions concerning related party transactions, in line with the provisions of Circular no. 285/2013 of the Bank of Italy, with regard to risks and conflicts of interests involving related parties, and in accordance with the applicable statutory, regulatory and By-laws provisions in force. The Committee also acts in accordance with the provisions of the "Policy on Transactions with entities covered by the Single Perimeter of the illimity Banking Group" implemented in accordance with the relevant legal provisions.

SECRETARY OF THE BOARD OF DIRECTORS

Giovanni Lombardi

FINANCIAL REPORTING OFFICER

Sergio Fagioli

INDEPENDENT AUDITORS

KPMG S.p.A.

The illimity Group

The story of the illimity Group began in January 2018 with the launch of SPAXS, Italy's largest SPAC (special purpose acquisition company) and one of the largest in Europe, with the aim of acquiring and financing a company in the banking industry, closing with funding of EUR 600 million. SPAXS subsequently acquired Banca Interprovinciale S.p.A., with the resulting merger between the two giving rise to "illimity Bank S.p.A." which has been listed on the Italian Stock Exchange since 5 March 2019 (ticker "ILTY"), first on the MTA exchange and since September 2020 on the STAR segment. illimity is the banking group founded and managed by Corrado Passera, specialised in the provision of performing, restructuring and recovery loans to SMEs and in investment banking services, with a highly innovative business model. illimity focuses on extending credits to businesses with significant potential, covers the value chain in credit management through financing and servicing activities, the latter managed by means of ARECneprix, its asset management and structuring platform. illimity SGR, which establishes and manages three Alternative Investment Funds to support institutions and companies, both in the UTP and in the Private Capital areas, is also part of the Group.

The illimity Group is formed of the following companies:

Arec neprix S.p.A. was born out of the merger of neprix, a servicer that is owned by illimity and specialises in the management of distressed corporate loans, and AREC, which specialises in the management of UTP loans with a focus on the corporate real estate segment. The merger of these two operators created an asset management and structuring company with a highly innovative and distinctive business model that covers the entire value chain of the credit and real estate management process.

illimity SGR S.p.A., the Asset Management Company of the illimity Group, was formed to set up and manage alternative investment funds specialised in loans to businesses. It was licensed by the Bank of Italy in February 2020.

Abilio S.p.A., of which the Bank holds 82% of the share capital, is the company specialised in the digital brokerage of real estate and capital assets from insolvency and enforcement procedures, leasing companies and voluntary sales.

Quimmo Agency S.r.l., wholly owned by Abilio, is the real-estate broker that handles sales and leases while also certifying the value of properties and companies for third parties thanks to the Quimmo platform, first portal in Italy to operate in the single property market.

Quimmo Prestige agency S.r.l. wholly owned by Abilio, is the exclusive real estate company for those looking to buy or sell prestigious properties in Italy, born out of the strategic partnership between Coima and Abilio in real estate brokerage.

Industrial Discount S.r.l., the portal of the Abilio network dedicated to the digital brokerage of used movable property from the open market, financial institutions and courts. For 14 years, it has been one of the leading operators in Italy thanks to its competitive online auction mechanism, which guarantees a safe, transparent and fast purchasing process.

The Group also includes a number of securitisation vehicles, which are used for the acquisition of portfolios of distressed loans.

illimity stages

2018

January
Establishment of **SPAXS**, Italy's first *Special Purpose Acquisition Company*, with the aim of creating a new banking operator

April
The **Business Combination of SPAXS with Banca Interprovinciale is announced**

August
The SPAXS Shareholders' Meeting approves the Business Combination and **announces the name of the new bank: illimity**

2019

March
illimity Bank S.p.A. is created on 5 March, with its concurrent listing on the MTA of Borsa Italiana (Italian stock exchange)

April
Neprix, the *servicer* specialising in the management of distressed corporate loans*, is presented*

June
A contract is signed for the**acquisition of IT Auction** which, together with neprix, creates the first *end-to-end* servicer specialising in *distressed corporate* credit

September
illimitybank.com is established, offering direct digital banking services to retail customers

2020

February
illimity SGR is authorised to establish and manage Alternative Investment Funds

September
- Admission to the **STAR** segment of Borsa Italiana
- An agreement **is signed with Fabrick** (Sella Group) for the joint venture in the fintech HYPE

2021

March
Qualification as a ***Euronext Growth advisor*** on the *Euronext Growth Milan* market, expanding illimity's offering to SMEs

April
iCCT is created, illimity SGR's first fund dedicated to investments in "UTP" loans to SMEs with prospects for restructuring and plans for relaunch

May
Carbon Neutrality (Scope 1 and Scope 2) achieved

June
Fondazione illimity is established to promote innovative projects in the social regeneration of property assets and in impact financing

2022

February
Launch of **B-ilty** to provide digital services to small corporates with a turnover of between EUR 15 and 2 million

April
Launch of **Quimmo**, the Italian ***immo-tech*** platform created to meet the needs of both property buyers and sellers

May
An agreement is reached for the **acquisition of AREC**, which, integrated into neprix, creates a leading operator in the ***servicing*** of ***Unlikely to Pay*** ("UTP") loans

September
iREC, the second fund of illimity SGR, is launched, dedicated to **investments in distressed *real estate*** loans

October
Fondazione illimity presents its first projects: **Albergo Etico Cesenatico** and **(RE)GENERATION CAMP**

November
Gender equality **certification obtained**

2023

January

ARECneprix, an asset management and structuring company is created through the merger of AREC into neprix

March

- iSC **,** the third fund of illimity SGR dedicated to unlisted performing Italian SMEs, is created
- illimity SGR endorses the **Principles for Responsible Investment**

April

illimity enters into an **industrial partnership** with the **Engineering Group** to market the Bank's IT platform

May

COIMA invests in **Abilio**

October

ARECneprix and **Finint Investments** announce the launch of a new contribution fund called Olympus Fund

December

- The partnership with **SACE** is signed to accelerate the sustainable transition of Italian businesses thanks to the **Green Guarantee**
- Endorsement **of the Principles for Responsible Banking** promoted by UNEP FI

2024

May

illimity and Confida launch **Pehi**, the new proximity network for payments to the public administration via vending machines

November

illimity signs an agreement with **Apax** to create a new technology operator in the Artificial Intelligence sector and the NewCo "**AltermAInd**", to which the bank transfers technology assets and qualified IT personnel, becomes operational

The awards

January

illimity best company for company welfare

illimity is among the top ten listed companies in terms of both company welfare and the composition of its board of directors, where the average presence of women exceeds 33%, according to an analysis carried out by Plus24 of Il Sole 24 Ore in collaboration with the University of Milan-Bicocca for the ESG Observatory.

The most climate-conscious companies 2024

illimity is once again included in the list of “The most climate-conscious companies 2024” compiled by Corriere della Sera, Pianeta 2030 and Statista, coming second in the “Banks” category. The aim of the ranking is to identify the 150 Italian companies that have achieved the greatest reduction in their CO2 emissions/turnover ratio between 2020 and 2022, based on the data provided in their Sustainability Report.

March

FT 1000 - Europe’s Fastest Growing Companies 2024

For the second year in a row, illimity is in the FT1000 ranking: Europe's Fastest Growing Companies 2024, compiled by Financial Times in collaboration with Statista. The ranking awards the European companies with the highest turnover growth rate in 2019-2022. This year's ranking reflects the changes in corporate assets as companies seek to address and overcome the effects of Covid-19.

LC Sustainability Awards 2024

illimity was an award winner at the LC Sustainability Awards 2024 in the "Banking & Finance" category for its ongoing dedication and commitment to environmental sustainability over the past few years, with a particular focus on diversity and inclusion. The award, presented by LC Publishing Group, recognises the best sustainability projects of banks, companies, advisory firms and communication agencies.

Best Investor Relations Bank Italy 2024

On the occasion of the Global Banking & Finance Awards, which celebrate innovation and significant achievements in the international financial sector, the Investor Relations team received an award from the Global Banking & Finance Review. illimity was awarded Best Investor Relations Bank Italy 2024, for its outstanding commitment and excellence in its field of expertise in the financial landscape.

May

AI Heroes Award

illimity was awarded by Microsoft Italy at the AI Heroes Awards in the Customer Centricity category. An award that recognises Italian companies of all sizes and sectors that have excelled in using AI technologies to support innovation and growth, with the aim of sharing their experiences and best practices. According to the analysis conducted by SDA Bocconi School of Management and Microsoft, illimity is one of the most virtuous organisations in the experimentation and use of Generative Artificial Intelligence, with the aim of increasing efficiency, effectiveness and service quality in various processes to improve business results.

2024 Sustainability Leader

illimity is the 2024 Sustainability Leader according to the analysis carried out by Il Sole 24 ore and Statista, which aims to recognise the 240 Italian companies that stand out for their sustainable and responsible practices. For each ESG pillar, a word was identified to indicate which indicator performs best across the three areas of sustainability: E for “emissions”, S for “training”, G for “transparency”. The Bank remains committed to the integration of ESG issues, ensuring the continued and sustainable growth of its business through a sound and responsible approach.

Workday Rockstar Award

At Workday Elevate Milano, illimity won the Workday Rockstar Award in the Forever Forward category as the first Italian skills-based organisation created with Workday. The award recognises the passion, innovation and commitment that companies in the Workday community bring to their projects.

June

IR Magazine Awards - Europe 2024

For the second year running, illimity's IR team & Sustainability was awarded “Best ESG Reporting - Small Cap” at the IR Magazine Awards ceremony celebrating European excellence in IR. An independent panel of experts, consisting of IR Magazine professionals and editorial team members, awarded illimity for the quality of its IR activities and ESG reporting.

CNCC Awards Italy 2024

fondazione illimity receives the Certificate of Merit at the CNCC Italy Awards 2024 in the Corporate Social Responsibility category. This award, given by the National Council of Shopping Centres, recognises innovation and the implementation of projects that aim to ensure a benefit for the community: (RE)GENERATION CAMP, the multifunctional space regenerated by fondazione illimity inside the Talenti Village shopping centre in Rome, is a representative example.

Private Debt Award 2024

illimity SGR won the Private Debt Award 2024 in the Distressed debt/ Turnaround investing category for its transaction with Noberasco, a company active in the dried fruit market. The award, organised by AIFI and Deloitte in collaboration with Economy of Il Sole 24 Ore, recognises the best private equity transactions. In particular, the Distressed debt/ Turnaround investing category recognises excellence in plans to recover companies in financial crisis through corporate relaunch operations.

July

Euromoney Awards for Excellence 2024

illimity wins the Euromoney - Awards for Excellence 2024 in the category Italy's Best Digital Bank. This award, presented by Euromoney, recognises the best institutions in the global banking industry for their commitment to change and their achievements. illimity has established an international reputation for growth and innovation through the implementation of effective strategies, innovative service offerings and excellent financial performance.

September

Private Capital Awards 2024

illimity SGR won Junior Private Debt Lender of the Year at the Private Capital Awards, organised by Latham & Watkins in cooperation with Financecommunity and aimed at identifying the financial segment's excellences active in Private Debt. In particular, the award refers to a transaction carried out by the Unlimited Selective Credit Fund, which promoted the growth of Industrie Polieco - M.P.B. S.p.A.

Great Place to Work® Italy 2024

illimity was awarded the Great Place to Work® certification for the sixth consecutive year thanks to the creation of a work environment that welcomes people and promotes a widespread sense of integrity, given by the collective adoption of ethical and honest behaviour. This prestigious award underlines the Group's commitment to highlighting its strength, people.

October

Best Innovation in Digital Banking Awards 2024

illimity receives the Best Innovation in Digital Banking Awards 2024 organised by The Banker, in the Western Europe category. This prestigious international award recognises the world's most innovative banks for their digital banking initiatives. illimity was recognised for its advanced digital strategy, for its innovation related to the integration of artificial intelligence into business processes and for the digital initiatives the bank continues to promote.

Inhousecommunity Awards Italy 2024

illimity's Compliance team was awarded In House Team of the Year Compliance at the Inhousecommunity Awards Italia 2024, organised by Inhousecommunity and now in its ninth edition. The award recognises projects that aim to digitise and streamline their own business and those of all functions involved in compliance operations, encouraging companies to improve on a daily basis.

Innovation HR 2024

illimity was awarded by Networking Circle at the Innovation HR 2024 in the Agile Work category. Thanks to the illimity W.o.W. policy, illimiters enjoy a modular smart-working system that allows them to create an ideal work-life balance, supported by technology and personalisation, within an inclusive ecosystem that focuses on both professional and individual needs.

November

World's Best Companies - Sustainable Growth

illimity was included in the first edition of the World's Best Companies - Sustainable Growth ranking, setting itself apart from its global competitors. The ranking is based on a study by Statista and TIME, which identifies companies that have demonstrated outstanding performance: the Bank was selected for its growth performance, financial stability and low environmental impact on GHG emissions and resource use.

Management Team

At illimity, it's the people who make the difference: motivated, determined and open-minded men and women who work every day to maximise the potential of our customers, revolutionising traditional financial models and practices.

Corrado Passera
CEO

Enrico Fagioli Marzocchi
Deputy CEO Business (*)

Giovanni Lombardi
Deputy CEO Operations (*)

Sergio Fagioli
Head of Administration,
Accounting & Control

Silvia Benzi
Chief Financial Officer

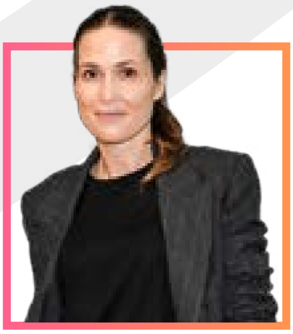
Claudio Nordio
Chief Risk Officer

Marco Russomando
Chief HR & Organization Officer

Francesco Martiniello
Chief Compliance & AFC Officer

(*) Appointed 10 February 2025

Paolo Piovini
Chief Lending Officer



Vittoria La Porta
Chief Communication
& Marketing Officer

Fabio Marchesi
Head of Internal Audit

Fabiano Lionetti
Head of Investment Banking Division

Fabio Bianchini
Head of b-ilty Division

Andrea Battisti
CEO Abilio and Chair AREC neprix (**)

Marco Sion Raccah
CEO of ARECneprix (**)

(**) Appointed 28 November 2024 effective 1 December 2024

The illimiters

We are
779
illimiters

18
sectors

from more than
350
organisations

and
21
different countries

While our team covers a wide range of professional skills and experience, we are united through our shared commitment to the core values of illimity: entrepreneurship, independence, innovation, responsibility, and sustainability.

Development projects

illimity academy

Our cutting-edge academy delivers a well-rounded program that equips students with the skills to navigate various industries, providing them with high-level training courses that go beyond the classroom to provide on-the-job experience.

In 2023, a new programme was introduced, the **Future Asset Manager**Programme (FAMP), the illimity academy programme created with the aim of training asset managers with employment opportunities at ARECneprix. The programme alternated between theoretical lectures and on-the-job training during 2023 and 2024, leading up to the participants' Graduation Ceremony in April 2024 at the Milan headquarters.

For further details:
Discover the first FAMP placement

Social Ambassador Program

A customised training programme to improve the social media skills of illimiters, supported by a coach specialised in **Employee Advocacy**. The course was delivered face-to-face at illimity's headquarters, followed by individual remote follow-ups to help participants develop a customised editorial plan. The aim of the initiative was to increase the visibility of the Group's business and activities and to strengthen the commitment of the Group's internal population to its values.

ESG Ambassador Program

A structural programme to spread the ESG culture throughout the company and to achieve sustainability goals together, through the creation of a network of 111 Ambassadors. Specialised training opportunities on sustainability and corporate culture were made available to this network, including through the Tech Emotion platform, a hub containing more than 100 inspirational contents including masterclasses, docuseries, talks and podcasts. Each **ESG Ambassador** is tasked with monitoring, raising awareness and involving their colleagues on ESG issues and related impacts, risks and opportunities, sharing experiences, knowledge and best practices gathered during this process.

illimity w.o.w.

The **illimity way of working** programme allows each employee to work in smart-working mode for up to 14 days per month, defined according to individual preferences and agreed with their manager. A concrete element that underlines illimity's approach to free and responsible work, where it is the "how" that matters, not the "where" and "when".

Great Place to Work

illimity has been certified **Great Place to Work** for the sixth consecutive year, thanks to its commitment to ensuring a work environment that welcomes people and promotes a widespread sense of integrity through the collective adoption of ethical and honest behaviour. This important milestone is proof of the bank's commitment to fostering an inclusive and dynamic work environment in which all illimiters are listened to and valued.

Gender equality certification

illimity remains committed to delivering on its **Gender equality certification**, which represents the bank's proactive efforts to achieve inclusivity, diversity and gender equality across all components of the business. In particular, the Bank stood out for its culture and strategy, sound HR processes and a strong commitment to gender pay equity.

Valore D

In 2020, illimity's CEO signed the **Manifesto for Women's Employment** of Valore D, a pioneer in dealing with the issue of the gender balance and dissemination of a culture of inclusion to support innovation, progress and growth of organisations and the country of Italy. In 2023, the Bank's Chief HR & Organization Officer joined the Management Council of Valore D.

Partnership with Fondazione Libellula

illimity, which has always focused on social and inclusion issues, joined the **Fondazione Libellula** network in 2024, which promotes inclusive cultures and prevents violence against women.
During this first year supporting Fondazione Libellula, two members of the Group's illimiters team completed the ambassador programme: an ad hoc training course to become a listening ear for situations of potential difficulty related to gender-based violence, both within and outside the company. As ambassadors, they are a point of reference on the issue and can direct to the organisation and local resources in the case of problematic reports.

Memorandum of Understanding for the prevention of and opposition to violence against women and domestic violence

In 2023 the Group also signed the **Memorandum of Understanding for the prevention of and opposition to violence against women and domestic violence**, which has also been signed by the Ministry for the Family, Birth Rate and Equal Opportunities and the Chair of the Italian Banking Association (ABI). The Memorandum is a tool for the development of interdisciplinary and organic measures in the context of policies aimed at preventing violence against women and domestic violence.

illimityAI Meet

In 2024, the Group launched a new format of events organised entirely by illimiters for illimiters with the aim of inspiring, exciting and bringing the world of artificial intelligence even closer to them. The **illimity AI meet** events, which lasts about an hour, were held on a monthly basis at illimity's Headquarters in Milan and were led by selected external guests who developed insights related to AI from different points of view: legal, ethical, cultural, and even concrete applications in the world of work, with a debate always aimed at analysing the impact and future prospects of this new technology.

Strategic repositioning

On the occasion of its third-quarter results, announced on 8 November 2024, illimity presented a strategy of increased focus on its core business: **lending to SMEs**, with a focus on specific performing, restructuring and recovery segments. This choice reflects a desire to support companies at key moments in their life cycle: relaunching after a difficult period, accelerating ambitious growth plans or managing periods of disruption.

Since its inception, illimity has focused its efforts on two core business areas: loans to SMEs, both performing and under restructuring, and investments in NPE (Non Performing Exposures) portfolios. The latter has made a significant contribution to the Group's results over the years. However, in 2023, the change in the regulatory framework and a less attractive market scenario led the Bank to take a strategic decision: to abandon direct investment in NPE portfolios in order to focus its resources on specialised lending.

This repositioning not only simplified the Group's operations, but also strengthened the business model, making it more focused and fully aligned with long-term targets.

Looking to the future, illimity positions itself as a specialised bank for SMEs focusing on performing loans and recovery and restructuring loans, high-potential markets where illimity has distinctive skills and unique capabilities.

CORE BUSINESS

- Corporate Banking
- Investment Banking
- Specialised Credit
- AREC neprix
- illimity SGR

Distinctive positioning in specialised lending to high-potential SMEs

TECH VENTURES

- HYPE
- b-ilty illimity
- quimmo

To generate additional capital

IT SYSTEM

- Full Outsourcing with APAX
- Partnership with Engineering

To generate structural IT savings, additional revenue and capital

Corporate Banking

Enrico Fagioli Marzocchi
Deputy CEO Business

"The results for FY2024, which were approximately 11% higher than in 2023, confirm the central role of the Corporate Banking Division in creating value for the Group, as it was the main source of revenue in 2024. The excellent origination capacity of the Business Areas and the overall good performance of the loan portfolio were confirmed, as also highlighted by the significant early repayments made during the year (up from 2023)."

As of 31 December 2024, the *Corporate Banking* portfolio had a gross exposure of EUR 2,529 million, broken down as follows:

94 Eur million
former BIP portfolio

approx **771** Eur million
Turnaround

898 Eur million
Crossover and Acquisition Finance

715 Eur million
Factoring

52 Eur million
UCITS funds

We collaborate closely with Italian businesses to achieve a shared goal: unlocking their full potential. We specialize in supporting businesses that show high potential but are facing complex situations or experiencing disruption, with limited access to credit. We have developed in-depth knowledge of the Italian industrial sectors and combine this know-how with innovative services: **Turnaround & Special Situations, Factoring, Structured Finance**.

The solutions we develop to support SMEs achieve their growth targets are designed to advance their transition from an environmental, social and corporate governance (ESG) perspective. Our partnerships with entities such as the European Investment Fund and the European Investment Bank, in addition to using government backed guarantees such as SACE Green Guarantees, are a fundamental part of our ESG offering.

We have always incorporated ESG criteria into our credit analysis and, thanks to these solutions, we can monitor companies over time and assess whether they are still on the path they set for themselves at the time the loan was granted.

Development projects

illimity and SACE strengthen partnership to support strategic investments by Italian companies

illimity and SACE have signed a new agreement to support SMEs in their strategic investments, giving a further boost to the competitiveness and productivity of the national economy. Specifically, the partnership allows illimity to offer companies the SACE Future Guarantee, which aims to support the development and investment of companies in global markets in terms of technological innovation and digitalisation processes. The Guarantee also supports investment in infrastructure, strategic supply chains and economically disadvantaged areas, as well as female entrepreneurship. Through a totally digitised process, companies will be able to benefit from SACE's 70% Future Guarantee and receive medium- and long-term loans with a principal of up to EUR 50 million. The loans can be used for future expenditure as well as for investments already made in the 18 months prior to the loan application.

Press Release

Gpack returns to profitability thanks to Oxy Capital and illimity

Supporting Oxy Capital, controlling shareholder of Gpack, illimity structured a new transaction that saw the disbursement of a loan of EUR 23 million as well as the confirmation of a factoring line of EUR 15 million to Gpack, a leading paper packaging company for the luxury, cosmetics, food & beverage and pharma segments. This transaction allowed Gpack to exit the Debt Restructuring Agreement under article 182 bis approved in 2021 ahead of schedule, by refinancing all of its existing debt, and to provide adequate financial coverage for the expected growth in the coming years.

Press Release

illimity supports the growth of Animalia

illimity structured a loan transaction of EUR 10 million in favour of Birsa S.r.l., the operating holding company of the Animalia Group, a leader in the pet veterinary clinic sector in Italy. illimity has supported Animalia since 2020 with several loans, totalling EUR 30 million, which have contributed to the Group's organic growth and growth through acquisitions through the acquisition of a number of veterinary clinics.

Press Release

illimity restructures debt and supports growth at Olio Dante

illimity supported Olio Dante, one of the leading producers of olive oil and seed oils on the international scene, to ensure the business continuing as a going concern with a flexible and fast approach that was able to meet the company's needs right from the start.

At the same time as restructuring the debt, illimity was able to support the company by using the factoring tool, which allowed for optimal cash management. The bank's tailor-made approach enabled the company to achieve the challenging objective of a complete restructuring and return to profitability, also thanks to Olio Dante's working capital optimisation activities throughout the restructuring process.

Discover more

Investment Banking

"Despite the complex macroeconomic scenario, in 2024 the Division recorded a profit before taxes of more than EUR 15 million, with a cost/income ratio of 37%."

Fabiano Lionetti
Head of Investment Banking Division

Capital Markets

12 IPO and numerous advisory mandates

Corporate Solutions

137 trade in derivatives

95 corporate customers

1.3 Eur billion total volumes

Structuring

18 securitisation transactions with underlying trade receivables or corporate loans

From the beginning of operations until 31 December 2024

The Investment Banking Division was established with the aim of supporting companies, financial entities and public institutions through innovative products. illimity supports its customers in structuring market and private transactions to meet their needs for capital, debt and strategic growth, not only through IPOs, bond issues and securitisations, but also through consultancy on transactions such as mergers, demergers, incorporations, acquisitions and corporate restructuring. The Division incorporates the areas of Capital Markets, Securitisation and Financial Markets.

Development projects

Structuring of two new credit securitisation programmes to support SMEs and agricultural enterprises

In support of CrescItalia, illimity acted as Lead-Arranger in the structuring of a new securitisation programme to provide loans to support Italian small and medium-sized enterprises. The loans will be originated and guaranteed by Confidicoop Marche, Confeserfidi and Garanzia Etica.

In support of CrescItalia, it also decided to launch a new securitisation programme dedicated to Italian agricultural enterprises, with the aim of promoting their development and growth. The loans will be guaranteed by the main Confidi (credit guarantee consortium) active in the agricultural sector.

The Bank also committed to subscribe partly paid ABS notes amounting to EUR 250 million.

Press Release

Supporting Mare Group with its admission to Euronext Growth Milan

illimity acted as Euronext Growth Advisor and Global Coordinator in the process of admission and subsequent listing on the Euronext Growth Milan market of Mare Group, a digital engineering company that works in Italy and abroad with large companies to create advanced technologies and make them accessible to SMEs, contributing to the enhancement of the equity story and the distinctive elements of the company's industrial project and development plan.

Press Release

Structuring of a securitisation of performing loans originated by Domorental

illimity structured a securitisation transaction of performing loan portfolios originated by Domorental, a company operating in the segment of operating leases of capital goods to commercial and industrial customers. As part of the transaction, illimity acts as Arranger, Programme Manager and Investor of the Senior Securities, up to a value of EUR 50 million. The junior securities will be fully subscribed by Domorental up to a value of EUR 12.5 million.

Press Release

Supporting Bertolotti with its admission to Euronext Growth Milan

illimity acted as Euronext Growth Advisor and Global Coordinator in the process of admission and subsequent listing on the Euronext Growth Milan market of Bertolotti S.p.A., a company that specialises in the creation of advanced systems for material handling, logistics and maintenance of rolling stock, including through the design and production of self-driving vehicles.

Press Release

Specialised Credit

The objective of the Special Credit Division is to offer specialised credit solutions to small and medium-sized companies in complex financial situations following an asset-based approach, with a focus on real estate projects in the residential or hospitality sectors. The Bank intervenes in the restructuring of a company's debt with real estate as collateral, combining the ability to finance with the ability to manage the assets, thanks to the real estate expertise of the company ARECneprix and the ability to sell the assets of Quimmo, the portal dedicated to digital real estate brokerage. With this logic, the Bank is able to manage loans in the world of Real Estate and asset-based financing.

Taking the above into account, as of 31 December 2024, the NBV of the Specialised Credit portfolio was EUR 1,702 million, broken down as follows:

260
Eur million
POCI loan portfolios

0.3
Eur million
PPC Portfolios

156.4
Eur million
Organic loans (term loans, loans relating to the Energy business)

896.9
Eur million
Senior Financing Transactions

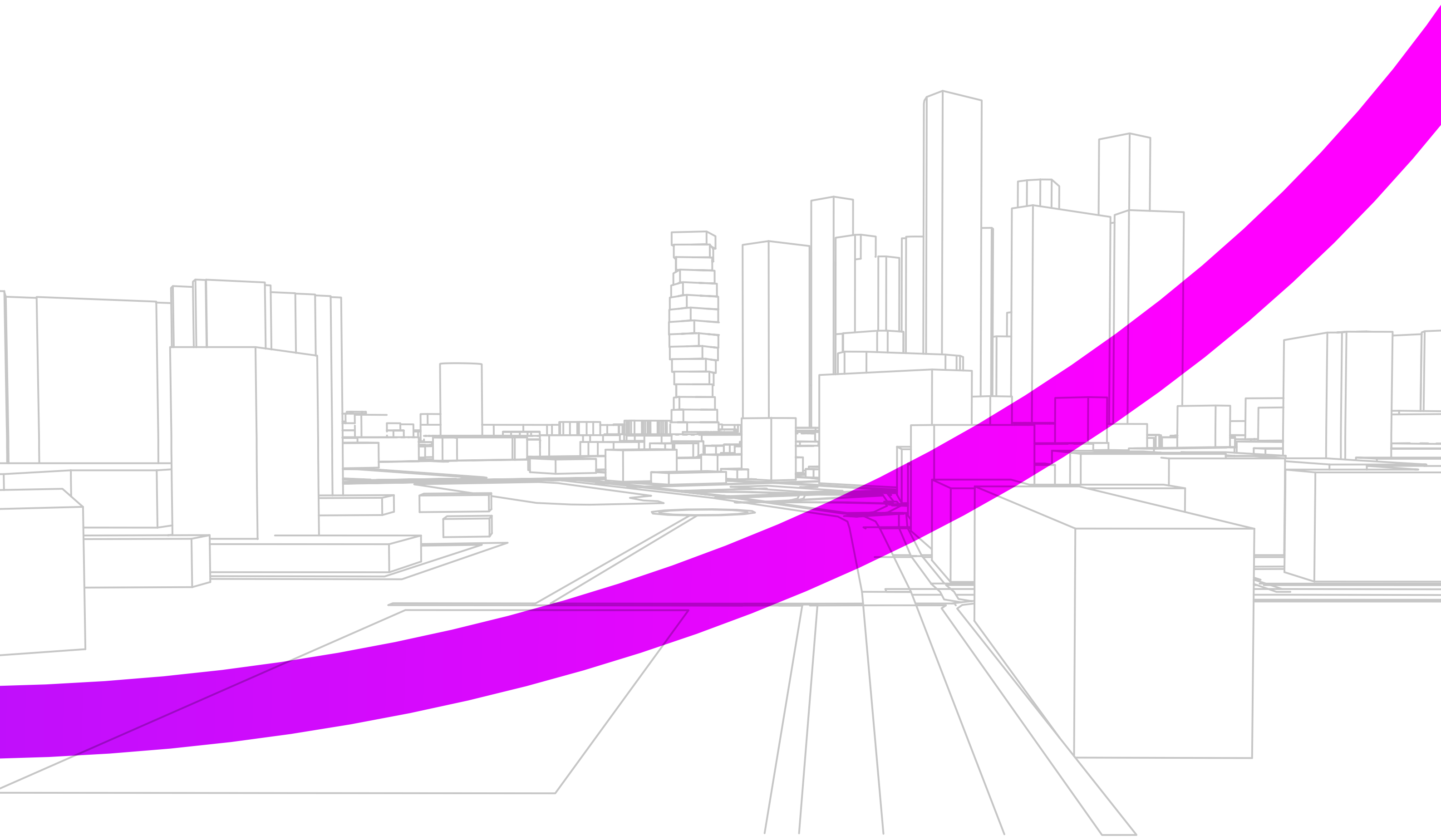
of which:
128.7
Eur million
related to the Convivio SPV transaction, in Joint Venture with Apollo Global Management

388.4
Eur million
Units of UCIs

In the light of the new regulations on specialised intermediaries in non-performing loans and a context that has made the NPE market less attractive, the Bank decided to accelerate its exit from the business of direct investment in NPEs and to develop the Division's business model towards operations that are increasingly focused on specialised asset-based loans, mostly performing, leveraging on the significant internal skills gained in these fields.

The strongly asset-based approach is based on knowledge of the underlying industry and refers to specialised loans secured by real estate or other specific assets. Thanks to its knowledge of the asset, the Specialised Credit Division is able to offer tailor-made solutions for the real estate sector: on the one hand, it has a thorough understanding of the different needs and offers highly customised solutions to entrepreneurs; on the other hand, it creates structures that allow illimity to have more control over the real estate assets securing the loan: this is the case with real estate securitisations.

In the world of non-performing loans, illimity remains active through ARECneprix, the company of the illimity Group that directly manages not only the loan but also the underlying asset, with growing development especially in the third-party market serving other banking institutions.



ARECneprix

Marco Sion Raccah
CEO of ARECneprix

"Thanks to a team of qualified professionals with advanced skills in asset management, servicing, and the financial sector, we have achieved results above expectations: an EBITDA of EUR 17 million, EUR 9.8 billion in assets under management, and 88% in third-party mandates. We are a Total Asset Management Company specialised in the valuation and management of medium to large sized Real Estate, UTP, Stage 2 and Performing loans. Through a unique and integrated model, we help the debtor restore financial sustainability and create the conditions for the debtor to return to profitability, transforming asset value into tangible and lasting results."

ARECneprix is an illimity Group company and is a leading Asset Management Company of complex transactions, specialising in the management of assets and that of distressed companies. It focuses on supporting Italian and international institutional operators, in the acquisition and management process, as well as on banks seeking a specialist partner in corporate credit management, when these actors invest in distressed loans.

ARECneprix was founded in January 2023 following illimity's acquisition of AREC, a company operating with a focus on corporate real estate within UTP loan management and its subsequent merger with neprix, the Group's servicer, established in April 2019. The combination of its professionals' real estate experience with a tailored approach to each position's valuation and management, and the use of cutting-edge technologies allow ARECneprix to work on predictive models and anticipate market trends which means it can identify the optimal management of the loan and of the underlying asset.

AREСneprix's areas of specialisation are:

Real Estate

We manage, value and develop real estate assets. We bring together the best specialised skills, from valuation, technical due diligence and project monitoring to Real Estate Asset Management.

Asset Management

We offer a full range of services: underwriting, due diligence, acquisition, asset management, turnaround, development, property management and sales.

Special servicing

We support partner banks and investors along the entire value chain, from origination and due diligence
to the management of secured and unsecured corporate exposures.

Structuring and financing

We design and implement multi-tranche financing structures that align the interests of the parties and enable them to pursue their objectives together.

Development projects

"NoMo District", a major urban regeneration project kicks off in Rome

The transaction was carried out through the real estate fund "Tulipa", an Alternative Investment Fund (AIF) wholly owned by Olympus Fund - a contribution fund for the enhancement of real estate-backed loans and the management of Real Estate assets -, managed by Finint Investments with ARECneprix as asset manager and special servicer of the loan, which proposed and designed the structure of the project and coordinated its execution as arranger. The project involved the gradual acquisition from the selling party of a total of 13 plots of land for real estate development with a total building capacity of approximately 220,000 sqm. The new project, called "NoMo District", aims to be an area of the city characterised by high architectural quality, at the forefront of environmental and social sustainability, and therefore includes innovative design interventions to create buildings intended to house public services, commercial spaces and residential units.

Press Release

Supporting Gran Giardinetti in the acquisition of a complex in Rome for student and co-living services

With the support of ARECneprix and Allegria Developments, Gran Giardinetti S.r.l completed the acquisition of a real estate complex in Rome, which will undergo a major building and energy renovation and will be used for student accommodation and co-living services, in line with the most advanced ESG principles. The asset, formerly owned by the illimity Group, was created as collateral for a loan managed by ARECneprix, which subsequently managed the development of the property up to the current sale process, coordinating all parties involved.

Press Release

illimity SGR

illimity SGR (or "SGR") is the illimity Group's Asset Management Company, which was established to set up and manage alternative investment funds (AIFs) specialising in loans to businesses.

The SGR was set up with the aim of operating and developing activities in the strategic areas indicated by its parent company illimity Bank S.p.A. and of the banking group headed by the latter. The SGR shall be a professional operator in establishing, administering, managing, organising, promoting and selling closed-end reserved alternative collective investment undertakings ("AIFs"), set up both with own funds and with third party institutional investors.

In spring 2021, it launched its first fund, "**illimity Credit & Corporate Turnaround**" (or "iCCT"), dedicated to investments in loans classified as UTP to SMEs with prospects for restructuring and plans for relaunch, operating in highly diversified sectors. It offers unitholder banks the chance to benefit from professional credit management and value maximisation thanks to the business and financial turnaround programme the fund offers and promotes.

The second half of 2022 saw the launch of the second fund, **illimity Real Estate Credit** ("iREC"), which is dedicated to investments in non-performing loans – mainly UTPs – secured by real estate assets, taking the form of both mortgage loans and lease agreements. Its aim is to pool the skills developed by illimity SGR in fund structuring and management with those of the illimity Group in the management and enhancement of non-performing loans secured by real estate assets, using the expertise of ARECneprix.

In March 2023 the SGR launched **illimity Selective Credit** (or "iSC"), a private-debt AIF that positions itself as a medium-to-long-term strategic partner for unlisted performing Italian SMEs. iSC funds such companies through the use of a broad spectrum of financial instruments, ranging from senior loans to subordinated debt and/or quasi-equity instruments. The Isc entity is, a single-segment, closed-end PRI-compliant fund registered under Italian law and reserved for professional investors. Units of the AIF are paid for in cash. The iSC Fund promotes environmental and/or social characteristics pursuant to Article 8 of Regulation (EU) 2019/2088 (SFDR) and aims to increase the value of its assets in the medium/long term by investing in companies and activities that help to promote one or more environmental or social characteristics.

illimity SGR, also in line with the policies of the illimity parent company, manages the investment decisions of its Funds with regard to environmental, social and governance (ESG) issues. It does so, with the aim of generating sustainable value over time and enabling responsible development in line with the needs of society. This commitment is acted on through:

1. **careful consideration, in its processes and operating mechanisms, of the provisions of the applicable regulations on "sustainable finance", which are set out, inter alia, in our December 2021 ESG Investment Policy.**

2. **adherence to the Principles for Responsible Investment (PRI) launched by the United Nations in 2006, of which illimity SGR has been a signatory since February 2023.**

ESG issues are of strategic importance to illimity SGR for the creation of shared value over the long term. It is achieved by considering the economic, social and environmental impact that the businesses in which we invest can generate in their respective contexts.

Development projects

iCCT supporting Noberasco

iCCT supported Noberasco S.p.A., a company specialised in the production of soft and dried fruit, in a complex financial transaction involving the acquisition of a minority stake in the company's share capital, the provision of new loans and the restructuring of its overall financial debt. The transaction, in addition to strengthening the company's capital and financial position, is part of a wider development process shared between illimity SGR and the Noberasco family to enable the historic company leader in the dried and dehydrated fruit sector to continue to play a leading role in the industry.

Press Release

iCCT supporting Zerbinati

Supporting Presa S.p.A, the iCCT fund structured a capital and financial strengthening operation to support the growth of Zerbinati, a long-established company specialised in the production of bagged salads, soups and ready meals, through the disbursement of a new loan of EUR 12.5 million, the redefinition of the overall financial situation and the participation in the company's share capital. The transaction strengthens the iCCT Fund's presence in the food sector, particularly in the fresh and convenience products segment.

Press Release

iSC supports the growth of De Angelis

illimity SGR granted a loan of EUR 9.1 million through iSC, "illimity Selective Credit", Italy's first bank credit fund dedicated to performing SMEs. The transaction is part of a larger syndicated loan totalling EUR 52 million structured together with other lenders to refinance existing debt and support the investment plan of De Angelis, a platform active in the production of fresh, plain and filled pasta and deli products.

Press Release

Tech Ventures

HYPE

The 100% Italian fintech that offers a complete range of payment, savings and credit instruments in a single app that is constantly evolving to meet people's needs and simplify their money management.

[Hype]

b-ilty illimity

The digital service for Small Corporates with a turnover of between EUR 2 million and EUR 15 million who want to improve their financial management or need support for their growth.

[b-ilty]

quimmo

The first immo-tech of the Abilio network, the illimity Group company that specialises in the digital brokerage of property and capital goods from the judicial domain, leasing companies and voluntary sales.

[Quimmo]

Information Technology

illimity is the first Italian cloud-native bank, offering the market a unique model designed to lead the digital transition of the banking sector.

An innovative technological platform at the service of the digital transition, 100% digital and modular, combining the latest generation models, architectures and standards in all illimity's areas of expertise.

The cutting-edge IT infrastructure and architecture, combined with artificial intelligence capabilities, make it possible to offer tailor-made solutions to Italian SMEs, providing them with essential access to credit and advanced digital tools to support their growth and improve their competitiveness in the market.

In 2023, illimity signs an industrial partnership with the Engineering Group

Since its inception, illimity has invested in the development of an innovative technological platform that is fully digital, modular and cloud-based, combining the latest generation models, architectures and standards. Thanks to the agreement announced in 2023 with the Engineering Group - a leader in digital transformation processes for businesses and Public Administration with a strong specialisation in the financial services sector -, the Bank will be able to accelerate along the process that will enable it to fully exploit and further increase the market potential of its IT assets, which are recognised as cutting-edge in the banking world. Through the industrial partnership with illimity, Engineering will expand the portfolio of solutions, applications and platforms it can offer to its target market, while at the same time supporting illimity as a technology partner in the future development of its platform.

Press Release

In 2024, illimity continues the process of tech enhancement and signs the agreement with Apax

The Agreement provides for the creation of the new company altermAInd, a major technological operator in the artificial intelligence (AI tech company) and banking services sector, whose activities will be focused on three main business lines dedicated to the further development and commercialisation of Digital Products for the financial sector in the AI, ESG and Cloud markets, as well as to supporting companies in defining a strategy for technological and digital evolution.

The Transaction involves the setting-up of a NewCo, 52% owned by APAX Partners and 48% owned by Ilimity. The agreement is part of illimity's strategy to progressively strengthen its IT skills and capabilities in the market, with the aim of maintaining the technological edge the bank has built up over the years over its competitors, including with regard to the latest market trends such as Artificial Intelligence.

Press Release

(*) As from 20 December 2024, following the creation of altermAInd, Filipe Teixeira became CEO of the new company, in which illimity Bank and Apax Partners are shareholders. The new Competence Line called ICT Governance was also created, reporting directly to the CEO, to manage the new full outsourcing structure of the information system and Business Process Outsourcing (BPO) activities. Marco Russomando takes on the role of Chief ICT Governance Officer, while retaining his current role as Chief HR & Organisation Officer.

Corporate Center

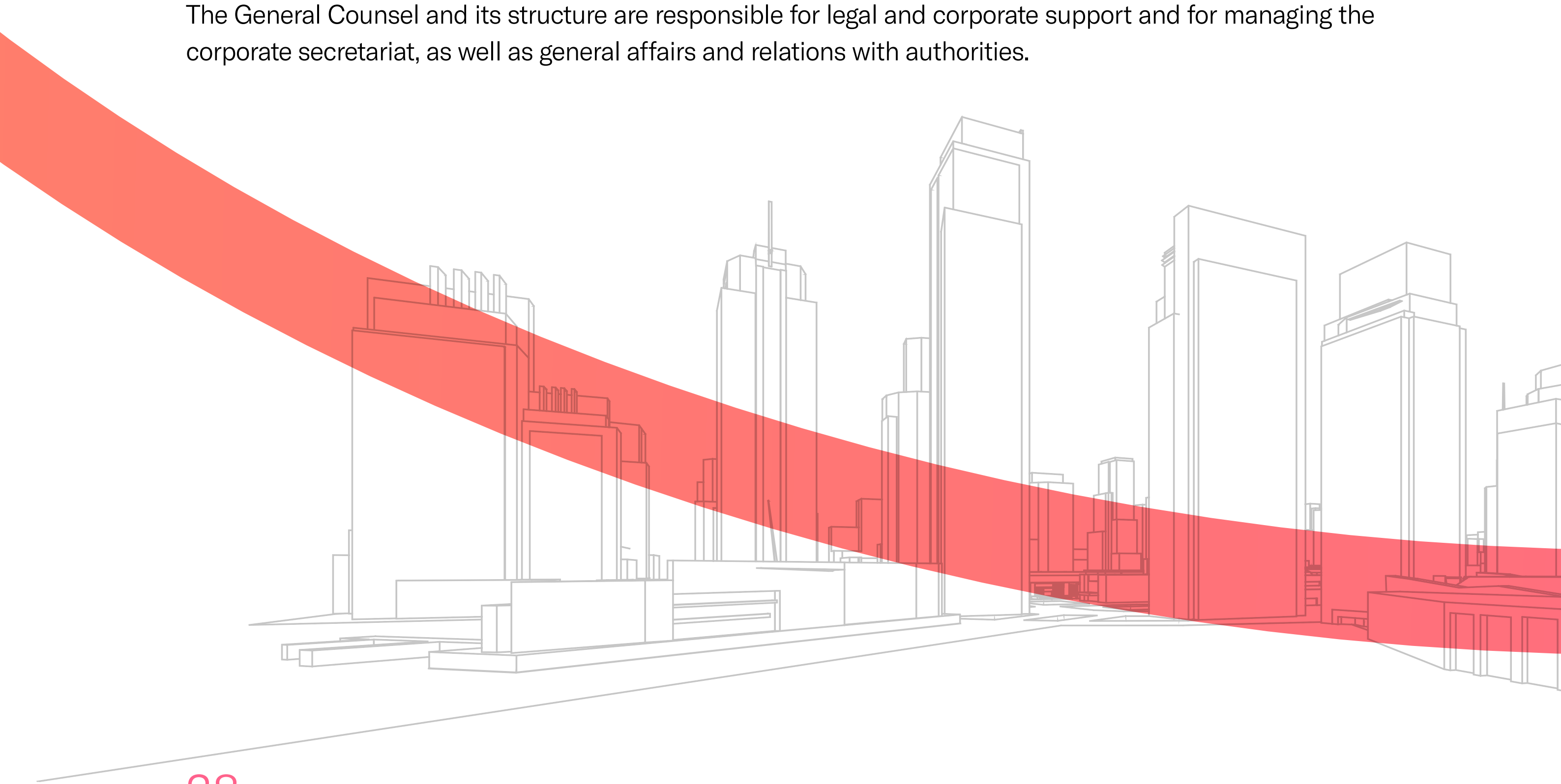
The Corporate Center provides cross-sector support for all Business activities, from the IT architecture through to control systems, finance, HR management, communications and sustainability.

Chief Financial Officer
The CFO is responsible for coordinating administration activities and the entire planning and control process, including regarding optimising operating costs for the Bank.

Chief Risk Officer
The CRO is responsible for guaranteeing the strategic direction and definition of the Bank’s risk management policies, minimising the cost of risks in accordance with the risk/profitability targets of each business areas and in line with the Bank's strategies, strategic plan and budget, as well as for risk measurement and second-level controls.

Chief Human Resources & Organization Officer
The Chief HR & Organization Officer is responsible for the recruitment, management, remuneration and development of staff. Aside from this, it is responsible for managing the organisational activities of supervision, transversal coordination and oversight of the expenditure process. The Chief HR & Organization Officer is assigned the role of Employer for the Bank, and is responsible for health and safety, as well as facility management.

General Counsel
The General Counsel and its structure are responsible for legal and corporate support and for managing the corporate secretariat, as well as general affairs and relations with authorities.



Chief Lending Officer

The CLO is responsible for managing and coordinating Credit Underwriting activities (credit analysis, resolution and preparation of the relevant documentation for practices to be submitted to the competent decision-making Bodies) relating to the portfolios and operations of the Bank's Business Divisions. The CLO areas also include the disbursement, classification, valuation and write-off of loans in accordance with the applicable processes and loan mandates granted.

Chief Compliance & AFC Officer

The Chief Compliance & AFC Officer is responsible for managing the risk of non-compliance with regulations, monitoring the risk of money laundering and terrorist financing, as well as monitoring the risk of violating financial sanctions.

Chief Communication & Marketing Officer

The Chief Communication & Marketing Officer is responsible for promoting and supporting the development of a single identity of the Group among the various stakeholders. It continues on to formulating the Bank's communications plan, brand development strategy and marketing activities. They are approached in coordination with the Business Divisions, aimed at maximising acquisition and ensuring optimal customer management.

Internal Audit Department

The Internal Audit Department is responsible for carrying out "third level" controls on the day-to-day functioning of the Bank's operations. Responsibilities lie in assessing the completeness, adequacy, functionality and reliability of the internal control systems. Additionally, it lies within its remit to bring any possible improvements to the attention of the corporate bodies, particularly concerning the risk management process and the tools used to measure and monitor risks.

fondazione illimity

For the Bank, creating value is not just about making a profit, it is about being useful. It is in this spirit that fondazione illimity was set up in June 2021 with the aim of regenerating real estate assets in order to create new value for the territory and its communities.

fondazione illimity is a body separate and independent from the illimity Group, funded by the Bank to promote innovative projects in the social regeneration of real estate assets. The foundation is at the centre of the creation of collaborations between profit and non-profit organisations, public and private bodies, with the ultimate aim of developing projects aimed at creating new spaces for inclusion, cohesion and shared well-being.

Thanks to the collaboration of social planning professionals, study centres, institutes and universities, an ecosystem of partnerships is promoted to give life to projects and initiatives with a social impact, with a strong focus on sustainability issues (ESG).

The illimity personnel also contribute to the project by providing technical, administrative and operational support services and the tools necessary for the foundation's activities on a voluntary and unpaid basis.

The Bank also promoted the **Make It Double** programme, which allows each Group employee to allocate a monthly amount of their salary by means of a pay slip deduction. Each month, illimity will double the amount donated by the employees and the amounts collected will be used for the foundation’s initiatives.

Development projects

Albergo Etico Cesenatico

The **Albergo Etico Cesenatico** (Cesenatico Ethical Hotel) project, launched in October 2022, is still in progress with its partner Albergo Etico, a social enterprise based on a tourism-hotel business model with social impact that integrates people with disabilities into the world of work, offering them training and independence. The objective is to transform the concept of the hotel business, focusing it on experiences and on the connection with people.

Albergo Etico Cesenatico has also promoted the employment of people with disabilities, to increase their personal autonomy, offering them training, work and social opportunities. Moreover, with a view to enhancing all aspects of sustainability, a mural was created inside the hotel using natural elements so as to remind guests of the importance of the environment, as well as representing inclusion through the harmonious coexistence of animals of different sizes. The local community was involved in the creation of these works, in particular a number of high school students from Cesenatico joined forces with the artist through dedicated workshops. These sessions discussed issues related to social inclusion and inspired the creation of the murals.

Discover more

(RE)GENERATION CAMP

(RE)GENERATION CAMP is a project developed in Rome, in a renovated space in the Talenti Village Shopping Centre designed around the goal of promoting future generations' integration, socialisation, as well as enriching their multicultural understanding.

Thanks to synergies with local bodies, institutions, associations and schools, several social, educational and psychological workshops and services have been launched, including: an art workshop focusing on recycling and reuse, useful for better understanding respect for the environment and developing creative thinking; music and theatre workshops to help boys and girls explore their emotions and improve their perception of themselves and others.

Discover more

Barrio21

The **Barrio21** project, launched in 2023 in partnership with the Catania-based "Il Nodo" consortium of social cooperatives, continued. It aims to support care leavers, young adults from fragile backgrounds who have had to leave their nuclear family either following judicial provisions or because they arrived in Italy without any family support, and who must now leave their host houses without all the necessary tools to do so.

fondazione illimity offers concrete help to these people, who are supported by a network of experts and accompanied when they leave the community, helping them to achieve their goals and supporting them in their education and first experiences of work, in order to develop their autonomy and to help them find their place in society.

As part of the project, a housing unit was made available to create two specially renovated apartments in the Barriera district of Catania (hence the name Barrio21), which became the new home for the co-housing experience based on sharing and solidarity.

The "Il Nodo" cooperative, with the support of fondazione illimity, has also created a digital corner in the renovated apartments. This space, equipped with specific furniture and computer equipment, provides digital workstations to help develop the skills of young beneficiary guests and support them on their way to independence. Thanks to the foundation's contribution, "Il Nodo" purchased the necessary furniture and IT equipment to set up the space; in particular, the digital corner, which consists of: 2 desks, 2 desk lamps, 2 desktop computers, 2 printers, 2 sets of headphones and various containers and accessories for stationery.

Discover more

H.edu

In collaboration with Kirikù, the **"H.edu"** project was developed in Treviso, with the aim of creating a multi-purpose educational and counselling centre to welcome beneficiaries with family difficulties, with particular attention to the care and protection of minors and families.

The asset owned by a vehicle of the illimity Group was donated in March 2024 and, at the same time as the renovation work, fondazione illimity and Kirikù worked together to create an identity for the project and to define the launch and communication strategies. In order to draw attention to the needs of young people, a moment of social co-planning and local involvement was organised, dedicated to the students of a vocational institute in Treviso.

The Sustainability

Strategic ESG targets

As of 2021, the Bank is committed to specific ESG targets, first integrated in the 2021-25 Strategic Plan and then further set out and developed in the **2023-2025 Sustainability Plan**, approved by the Board of Directors. These are important and ambitious targets that complement the Group's core business and meet the demands expressed by the various stakeholders as well as meet regulatory expectations on sustainable finance and supervisory integration and management of climate and environmental risks. As of 31 December 2024, approximately 90% of the Sustainability Plan was completed, in line with expected progress. For more details on ESG targets, please refer to the Consolidated Sustainability Statement section of the Report on Operations.

Key evolutionary achievements in corporate sustainability by 2024 include:

- the adoption of an environmental and climate policy at Group level;
- the development of the climate strategy relating to the Bank's operations and loan portfolio, approved by the Board of Directors in November 2024. With this strategy, the Bank has set science-based climate targets for 2030 and 2050. illimity thus aligns itself with the targets of the Paris Agreement and the internationally recognised decarbonisation pathways applicable to the activities of customers operating in as many as five economic sectors with a high impact on climate change: *oil & gas, power, real estate, shipping and steel*;
- The*upgrade* of the MSCI ESG rating from "AA" to "AAA", confirming illimity as a *leader* in its sector.

ESG ratings and indices

The Bank is constantly interacting with institutional investors and ESG ratings agencies to ensure that environmental, social and governance issues are managed appropriately, in accordance with its commitment to providing the market with the utmost transparency.

		2024	2023	2022
MSCI	**MSCI** Scale from CCC (laggard) to AAA (leader)	**AAA**	**AA**	**A**
ISS ESG	**ISS ESG** Scale from D- (Worst) to A+ (Best)	**C**	**C-**	**N/A**
SUSTAINALYTICS	**SUSTAINALYTICS** Scale from 40+ (Worst – High Risk) to 0 (Best – Negl.Risk)	**17.4 Low Risk**	**15.4 Low Risk**	**15.6 Low Risk**
S&P Global Ratings	**S&P Global** Scale from 0 (Worst) to 100 (Best)	**61**	**54**	**52**
CDP	**CDP** Scale from F (Worst) to A (Best)	**B**	**B**	**B**
standard ethics	**Standard Ethics** Scale from F (Worst) to EEE (Best)	**EE**	**EE- Positive Outlook**	**EE-**

Endorsements of international schemes

UN Global Compact

In 2021, illimity joined the United Nations *Global Compact* (UNGC), the world's biggest corporate sustainability initiative, to pursue its path of sustainable development. The programme requires signatories to comply with 10 universally accepted principles in the areas of human rights, employment, the environment and the fight against corruption. An added responsibility is for them to support the UN's Sustainable Development Goals (SDGs).

WE SUPPORT

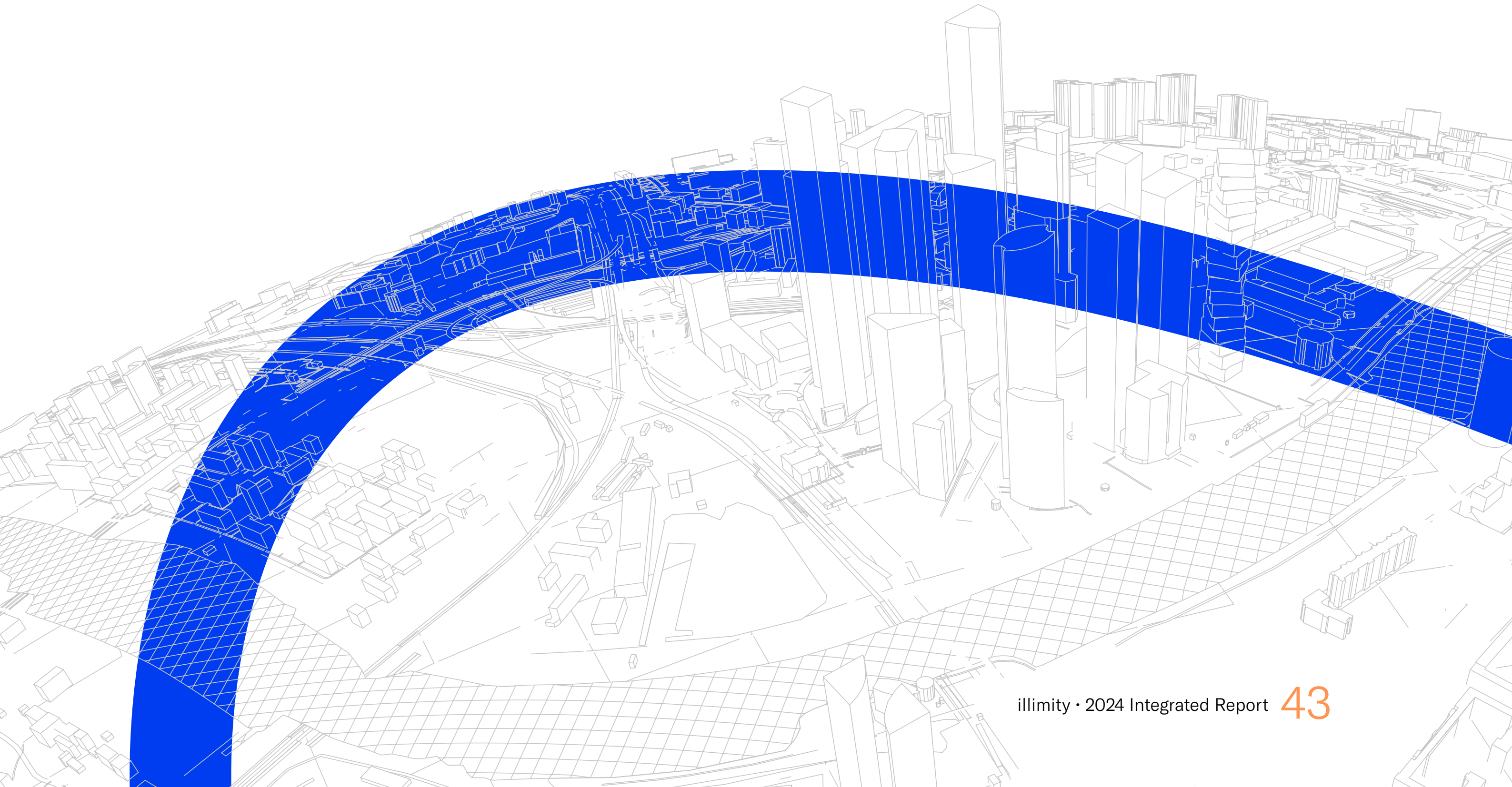
Principles for Responsible Investments

The PRI - *Principles for Responsible Investment* were developed through the UNEP-FI and the Global Compact's partnership and the Global Compact to promote sustainable and responsible investment among institutional investors. The principles aim to provide a framework for integrating ESG issues into investment decision-making. The illimity Group endorsed the PRI as a signatory in January 2023, through illimity SGR.

Signatory of:

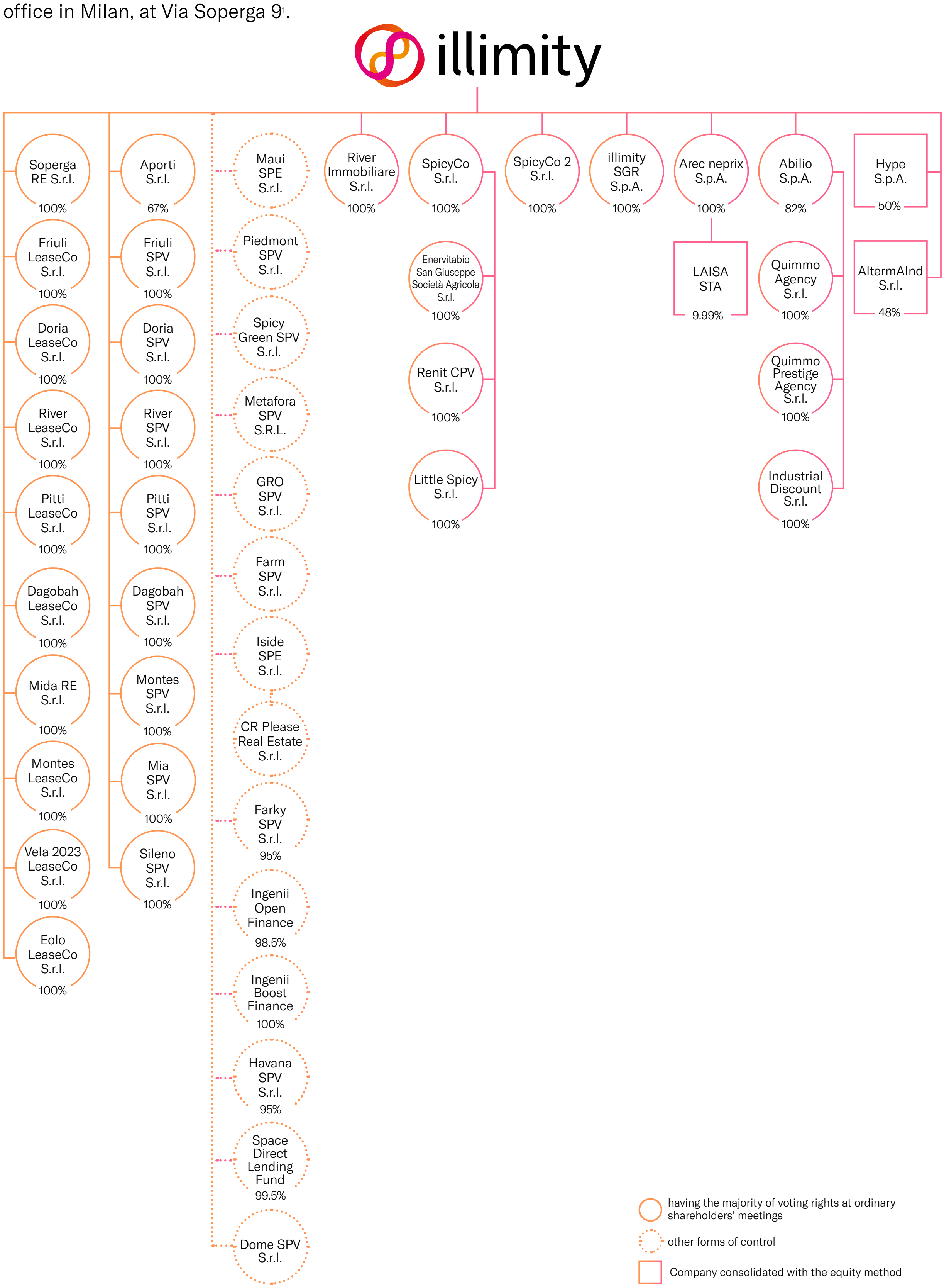
Principles for Responsible Banking

In 2023, illimity signed to the *Principles for Responsible Banking* (PRB) framework, established in 2019 by a partnership between the founding banks and the UN Environment Program Financial Institutions (UNEP FI). This recent framework aims to align banks' business strategy with the Sustainable Development Goals and the Paris Agreement. The goal is to inspire, inform and facilitate the banking world with a view to improving people's quality of life as well as to lay the foundations for improving the quality of life of future generations.



The illimity Group

This Report on Consolidated Operations illustrates the performance and the related data and results for the 2024 financial year of illimity Bank S.p.A. ("illimity" or the "Bank") and of the entities included in the scope of consolidation. illimity exercises the management and coordination of the Group and has its registered office in Milan, at Via Soperga 9[1].



1 The Bank also operates a branch office located in Modena, at via F. Lamborghini 88/90.

The illimity Group is engaged in the disbursement and management of credit through the Specialised Credit, Corporate Banking, b-ilty and Investment Banking Divisions. Specifically, illimity provides credit to high-potential SMEs, purchases distressed corporate credit and manages it through its own platform – ARECneprix S.p.A. – and offers direct digital banking services through illimitybank.com. Moreover, the Group includes illimity SGR, which sets up and manages Alternative Investment Funds.

Illimity Bank's business also makes use of the operations of the other Group companies. The scope of the Group includes the LeaseCos, which support the bank in the management of lease operations, the ReoCos, which are active in the management of the properties linked to the acquired portfolios, and the Special Purpose Vehicles (SPVs) established to undertake securitisation transactions.

Alternative performance measures as of 31 December 2024

The Group's main consolidated measures are set out below.
Although not covered by IAS/IFRS, the figures presented are provided in compliance with the indications in CONSOB Communication No. 0092543 of 3 December 2015, and of the ESMA Recommendations on alternative performance measures (ESMA/2015/1415 Guidance).

(amounts in thousands of euros)

PERFORMANCE MEASURES	31/12/2024	31/12/2023	Chg.	Chg. %
Total net operating income	335,068	358,925	(23,857)	(7%)
Operating expenses	(199,729)	(227,006)	27,277	(12%)
Operating profit (loss)	135,339	131,919	3,420	3%
Total net value adjustments/recoveries	(134,281)	35,735	(170,016)	N/A
Profit (loss) from operations before taxes	(64,952)	151,741	(216,693)	N/A
Profit (Loss) for the year attributable to the parent company	(38,400)	104,400	(142,800)	N/A

(amounts in thousands of euros)

BALANCE SHEET MEASURES	31/12/2024	31/12/2023	Chg.	Chg. %
Net - organic non-performing loans and investments[2]	**256,313**	**157,441**	**98,872**	**63%**
of which: Bad loans	35,445	31,719	3,726	12%
of which: Unlikely-to-pay	196,563	107,227	89,336	83%
of which: Past-due positions	24,305	18,495	5,810	31%
Net - inorganic non-performing loans and investments (POCI)[3]	**605,811**	**828,259**	**(222,448)**	**(27%)**
of which: Bad loans	129,159	318,840	(189,681)	(59%)
of which: Unlikely-to-pay	468,593	491,844	(23,251)	(5%)
of which: Past-due positions	8,059	17,575	(9,516)	(54%)
Performing loans – inorganic (Public Procurement Claims)	**324**	**258**	**66**	**26%**
Net performing HTC securities - Government Bonds	**942,250**	**585,009**	**357,241**	**61%**
Net performing securities and loans to customers	**3,864,291**	**3,078,060**	**786,231**	**26%**
Financial instruments (HTCS + FV)	**1,311,249**	**984,483**	**326,766**	**33%**
Direct customer funding	**6,359,287**	**5,098,989**	**1,260,298**	**25%**
Total Assets	**8,402,526**	**7,259,047**	**1,143,479**	**16%**
Consolidated shareholders' equity	**899,490**	**956,102**	**(56,612)**	**(6%)**

2 The definition of organic receivables and securities (performing and non-performing) includes organic loans to customers on the factoring, structured finance and turnaround segments and receivables acquired in investing in portfolios of distressed loans, which underwent a change in accounting status following the purchase or disbursement (excluding receivables acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and senior financing to non-financial investors in distressed loans and loans deriving from operations of b-ilty.

3 POCI = Purchased or Originated Credit Impaired.

RISK RATIOS	31/12/2024	31/12/2023
Gross Organic NPE Ratio[4]	7.1%	5.8%
Net Organic NPE Ratio[5]	6.2%	4.9%
Coverage ratio for organic non-performing loans and investments[6]	15.6%	16.9%
Coverage ratio - performing loans[7]	0.77%	0.49%
Cost of organic credit risk (BPS)[8]	325	43

STRUCTURAL RATIOS	31/12/2024	31/12/2023
Shareholders' Equity/Total Liability	10.7%	13.2%
Interbank Funding/Total Funding	12.0%	15.6%
Liquidity Coverage Ratio	~252%	~298%
Net Stable Funding Ratio	>100%	>100%
Net loans with Customers/Total Assets[9]	67.5%	64.0%
Direct customer funding/Total Liability	75.7%	70.2%

PROFITABILITY INDICATORS	31/12/2024	31/12/2023
Cost/Income ratio (Operating expenses/Total net operating income)	59.6%	63.2%
ROAE[10] [Profit (Loss) for the period/Average Shareholders' equity]	(4.16%)	11.7%

CAPITAL RATIOS[11]	31/12/2024	31/12/2023
Tier I capital ratio (Tier I capital/Total weighted assets)	13.87%	14.33%
Total capital ratio [(Tier I + Tier II)/Total weighted assets]	17.75%	18.33%
Own Funds	921,794	921,572
of which: Tier I capital	720,295	720,435
Risk-weighted assets	5,191,864	5,026,384

4 Ratio of the gross value of organic non-performing exposures and the gross value of organic loans to customers on the factoring, structured finance and turnaround segments and receivables acquired in investing in portfolios of distressed loans, which underwent a change in accounting status following the purchase or disbursement (excluding receivables acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and senior financing to non-financial investors in distressed loans, asset-based financing of the SC division and loans deriving from operations of b-ilty.

5 Ratio of the net value of organic non-performing exposures and the net value of organic loans to customers on the Factoring, Structured Finance and Turnaround segments and receivables acquired in investing in portfolios of distressed loans, which underwent a change in accounting status following the purchase or disbursement (excluding receivables acquired as bad loans), the loan portfolio of the former Banca Interprovinciale and Senior Financing to non-financial investors in distressed loans, asset-based financing of the SC division and receivables deriving from operations of b-ilty.

6 Ratio of value adjustments on organic non-performing loans and securities to gross exposure of organic non-performing loans and securities.

7 Ratio between write-downs on performing client loans and gross exposure of performing client loans.

8 Ratio of the sum of annualised write-downs on performing customer loans (net of investments with financial entities and government bonds), organic non-performing loans and HTC securities to net exposures of same at the end of the period. The figure as of 31 December 2024 includes the write downs determined after the Asset Quality Review process that the Bank completed during the fourth quarter of 2024.

9 Ratio of customer loan, government bonds and Specialised Credit, Corporate Banking, Investment Banking and b-ilty securities at amortised cost to total assets.

10 The average shareholders' equity is calculated as the arithmetic average of the opening balance and the closing balance of the shareholders' equity attributable to the parent company.

11 Values starting from 31 December 2023 were calculated pro forma by sterilising the effects of a particular securitisation transaction relating to the portfolio with underlying *Public Procurement Claims* assets, on the instructions of the Supervisory Authority with reference to the interpretation of the prudential regulations applicable to this transaction. Below are the pro-forma figures of the phased-in indicators for the quarters after 31 December 2023: CET1 ratio: 14.5% as of 31 March 2024, 14.2% as of 30 June 2024; Total capital ratio: 18.6% as of 31 March 2024, 18.2% as of 30 June 2024.

Composition and organisational structure

illimity operates in the banking sector and is authorised to provide private banking, investment and trading services. In 2024 Illimity structured itself into four Business Divisions, in addition to the Digital Competence Line for the component regarding the management of retail customers:

- Corporate Banking;
- Investment Banking;
- Specialised Credit;
- b-ilty;
- Digital.

There is also the Asset Management Company (illimity SGR), which manages the assets of closed-end alternative investment funds ("AIFs"), established with own funds and the funds of third-party institutional investors.

The Bank's organisational structure also comprises other units supporting the business and monitoring risks.

The following paragraph show the organisational structure that characterised the composition of the illimity group for essentially the entire year 2024. It should be noted, however, that following the sale (finalised on 24 December 2024) of 52% of the share capital of AltermAInd, a company to which illimity had contributed on 20 December 2024 the business unit relating to the technology *assets* and related personnel (i.e. the *Digital*Competence Line), and taking into account the most recent regulatory changes required by the Digital Operational Resilience Act (DORA) and the Corporate Sustainability Reporting Directive (CSRD), illimity has approved a reorganisation effective from 1 January 2025 that updates the organisational structure information described below.

Corporate Banking Division

The objective of the Corporate Banking Division is to serve businesses, usually medium-sized, with a credit standing that is not necessarily high, but that have a good industrial potential and which, due to the complex nature of transactions to be financed, or their financial difficulties, require a specialist approach to supporting business development programmes or plans to rebalance and relaunch industrial activities.

Therefore the Division mainly focuses on structuring detailed financing transactions that meet the complex needs of its clients, directly supporting companies and, if considered appropriate, acquiring credit positions with third-party banks, mainly at a discount, for turnaround operations.

The Corporate Banking Division is divided into three organisational units, described below:

1. Factoring, which is responsible for financing the supply chain of the operators of Italian chains and industrial districts through the activity of recourse and non-recourse purchasing of customers' trade receivables, through a dedicated digital channel;
2. Structured Finance, which is responsible for financing to high-potential businesses with a suboptimal financial structure and/or with a low rating or no rating; the crossover segment also includes financing solutions dedicated to acquisition activities (acquisition finance);
3. Turnaround & Special Situation Finance, which is responsible for the purchase of loans classified as unlikely-to-pay (UTP), with the aim of recovering and restoring them to performing status by identifying optimal financial solutions, which may include disbursement of new loans or the purchase of existing loans.

The Corporate Banking Division is organised by specialised business areas, on the basis of the segments and products defined above, each of which is responsible for managing activities for its own customers. Each Area is tasked with analysing the customers and sector within its portfolio to design the optimal financing solution, assess the risk level of each position, define product pricing or transaction specifications, interface with customers to monitor the risk profiles of counterparties and intervene promptly, where necessary, in the event of problems, in coordination with the Bank unit responsible for monitoring loans.

The specialised business areas are supported by the oversight of the Strategy, Solutions & Business Monitoring Area, which is responsible for producing the Division's operational reporting and supports the business areas in the definition of instruments and processes.

Investment Banking Division

The Investment Banking Division is responsible for defining and executing capital markets operations (both in the equity segment and the debt segment for corporate customers), for derivatives trading on own behalf and for third parties, for structuring structured finance transactions for funding and capital optimisation purposes to support the other units of the Bank.

The Division's Value Proposition provides:
- alternative solutions for companies, to provide new "finance" and/or improve their financial position, in addition to those already offered by the Bank, exploiting the synergies with the other Group divisions (i.e. Basket Bonds, Basket Loans, securitisation of trade receivables and inventories, securitisation of secured and unsecured loans, single-tranche structures, IPOs, M&A, advisory, derivative instruments to provide solutions for interest rate and exchange rate risk, etc.);
- structuring funding transactions and capital optimisation (i.e. SRTs), also supporting other Company Divisions and Functions.

The Division is broken down into five organisational units, described below:
1. Capital Markets, which provides strategic development solutions for businesses, also through access to capital markets;
2. Investment & Hedging Solutions, which manages the "Corporate Bonds" and "Alternative Debt Securities" portfolio and offers solutions to SMEs and Mid Caps to hedge market risks;
3. Structuring, which is responsible for structuring financial structure optimisation solutions for corporate customers;
4. Financial Securitisations & Funding Solutions, which is responsible for structuring funding solutions for the Bank and for financial customers;
5. M&A Advisory & Syndication, which is responsible for enhancing the development of investor relations and supporting advisory and M&A operations.

For the conduct its Investment Banking business, illimity also avails itself of the vehicles Piedmont SPV and Mia SPV.

Specialised Credit Division

The Specialised Credit Division is the business area operating in the following segments:
- asset-backed loans, especially in the Real Estate and Energy sectors, with the aim of restoring the asset's value and maximising its production capacity;
- investments in *non-performing* loans to corporate customers classified as bad or*unlikely-to-pay*(UTP), through the purchase of loans sold by banks or other investors;
- sales of non-performing loans or real estate assets to third-party investors;
- management (servicing) of *secured* and *unsecured* corporate asset classes through efficient, wide-reaching loan and asset management and recovery strategies, based on a specialised servicing platform developed internally or through commercial agreements with specialist operators.

The Specialised Credit Division is broken down into two Departments: Investments and Business Management.

The Investments Department is responsible for identifying and managing the Division's investment and financing opportunities, and is structured as follows:

1. The Asset Based Solutions Area, aimed at investment/financing opportunities in so-called *single name* loans with underlying real estate, as well as *senior financing* opportunities aimed at *single name* third-party investors or the subscription of notes issued by SPVs that acquire asset-based NPEs;
2. The Energy Area, aimed at investment/financing opportunities in loans involving corporate counterparties operating in the renewable energy sector;
3. The Combined Credit Solutions Area, aimed at investment opportunities in NPE loans backed by public guarantees or in *secured* or *unsecured loans,* as well as *senior financing* opportunities via financing aimed at third-party investors or the subscription of notes issued by SPVs that acquire NPE loans;
4. The Alternative Investments Unit, aimed at investment and financing opportunities concerning disputes on both the primary market (*performing*companies) and the secondary market (investors/procedures), as well as the structuring of complex financing.

At the organisational level, the Investments Department reports to the Head of the Division and interacts with the Business Management Department and the Bank's structures (Legal & Corporate Affairs, Administration, Accounting & Control, Risk Management, Compliance & AFC), acting as an interface between internal units and investors.

The Business Management Department is responsible for coordinating all activities that support the Division's business and is structured as follows:

1. The Business Monitoring & Optimization Area, which is responsible for optimising portfolio, *single name* and repossessed property management by identifying market opportunities for their sale (or redevelopment in the case of properties), in accordance with the thresholds set by the Bank, and coordinating the entire process, from the initial analysis phase to post-sales. The Area is also responsible for governing and managing the cost monitoring process, the income statement and the performance of the Division;
2. The Pricing & Data Area, which is responsible for the development, implementation and maintenance of the pricing/*capital structure* models of the Division's investment/financing opportunities. The Area also oversees the process of acquiring, processing and using the data originated and used by the Division;
3. The Operating Model & Servicing Coordination Unit, which is responsible for coordinating and monitoring the activities organised by the Division, the interface with the internal and external control functions, and overseeing and coordinating *cross-entity* activities and projects.

The Bank is supported by ARECneprix S.p.A., created through the merger by incorporation of Arec S.p.A. (acquired on 30 June 2022) by neprix S.r.l. with legal effect from 1 January 2023, for the direct management of distressed loans or their indirect management through commercial agreements with servicers selected from time to time on the basis of the characteristics of the assets acquired. Specifically, ARECneprix is an *Asset Manager* and *Special Servicer*, operating in the real estate sector, of distressed loans, whether UTP or NPL, in an*advisory* role and in all associated activities across the entire value chain, from origination to supporting investors during the *underwriting* and *structuring* stages of transactions, through to the management of loans and real estate assets.

The Bank is also supported by Abilio S.p.A., a company incorporated through the proportional partial spin-off of neprix S.r.l. that became operational on 1 April 2022. The company manages and sells property and capital goods originating from insolvency proceedings and foreclosure, through its own network of platforms/online auctions and a network of professionals operating nationwide.

To carry out its activities, the Specialised Credit division uses the vehicles Aporti, Friuli SPV, Doria SPV, River SPV, Pitti SPV, Maui SPE, Dagobah SPV, Spicy Green SPV, Sileno SPV, Metafora SPV, Montes SPV, Iside SPE, CR Please Real Estate and of the companies Soperga RE, Friuli LeaseCo, Doria LeaseCo, River LeaseCo, Pitti LeaseCo, Dagobah LeaseCo, Montes LeaseCo, Vela 2023 LeaseCo, Eolo LeaseCo, River Immobiliare, Mida RE, SpicyCo, SpicyCo 2, Enervitabio San Giuseppe Società Agricola, Renit CPV and Little Spicy.

b-ilty Division

illimity, via the b-ilty Division, offers digital banking and digital lending products and services to Business customers or to small and medium-sized enterprises with turnover of EUR 2 million to EUR 10 million, with the goal of improving their financial management. The Division aims to develop a range of products and services that can fulfil the needs of the market. It is responsible for designing the Value Proposition and its relative commercial and pricing components.

The b-ilty Value Proposition currently extends to the following products and services categories:
- Deposit accounts with competitive rates and a simple, customisable product structure;
- Current accounts, offered through an innovative, digital User Experience, with associated credit, debit and prepaid cards managed in collaboration with nexi;
- Account Aggregator Service, a feature that enables aggregation in each customer's home banking of accounts held with other banks, providing an overview of the customer's financial situation within a single screen;
- Digital credit, which includes factoring and green financing transactions;
- Insurance products offered to customers through partnerships with selected market operators.

The Division is divided into the organisational units described below:
1. Digital Lending & Coverage, which focuses on defining the target market for corporate credit customers, defining business models and developing the sales network;
2. Digital Products & Business Processes, which focuses primarily on structuring products and services for the Division and designing the relevant disbursement processes;
3. Data & Strategy, which is responsible primarily for the Division's strategic planning, monitoring the achievement of cost management targets, defining the development strategies for partnerships and managing and developing the Division's information assets;

In conducting its business, the b-ilty division also uses the funds INGENII Open Finance, Ingenii Boost Finance and Space Direct Lending Fund as well as the vehicles GRO SPV, Farky SPV, Farm SPV, Dome SPV and Havana SPV.

Digital Division

The Digital Division is responsible for managing IT infrastructure as well as managing the funding platform, i.e. the web and app channel for retail customers.

Through ICT Platforms & Data Monetization, illimity offers digital banking products and services to retail customers. The objective of this structure is to manage the technological platforms and initiatives for developing and monetising the platforms.

The Direct Banking Value Proposition for retail customers currently extends to the following products and services categories:
- Current accounts, offered through an innovative, digital user experience, with associated credit, debit and prepaid cards managed in collaboration with nexi;
- Deposit accounts with competitive rates and a simple, customisable product structure;
- Spending projects, to simply and automatically save to achieve goals;
- Account Aggregator and Payment Initiation Service, i.e. features that enable the aggregation in each customer's home banking of accounts held with other banks, making it possible to perform transactions;
- Offer of a complete range of products (i.e. personal loans, American Express credit cards and insurance products).

As previously mentioned, it should be noted that on 24 December 2024 the sale to Fibonacci SubCo S.r.l. of 52% of the share capital of AltermAInd, the company to which illimity had assigned, on 20 December 2024, the business unit relating to the technology *assets* and related personnel (i.e. the *Digital*Competence Line) was completed.

Asset Management Company

illimity SGR S.p.A. is the Asset Management Company ("SGR") of the illimity Bank Group which manages the assets of closed-end alternative investment funds, established with own funds and the funds of third-party institutional investors.

The SGR was set up with the aim of operating and developing activities in the strategic areas indicated by its parent company illimity Bank S.p.A. and the Banking Group of which the latter is the parent, and is a professional operator for establishing, administering, managing, organising, promoting and selling alternative investment funds.

To pursue its business targets in an effective and consistent manner, the SGR has adopted a "traditional" governance model, which has a structure comprising a Board of Directors and a Board of Statutory Auditors. The structure, described below, has been set up for the best management possible of the operational model defined for the Company in line with regulatory principles and guidelines, and also with guidance from the Parent Company. In accordance with the characteristics of its own operations, with future planned developments and with the guidelines of the long-term business plan of the SGR and the Group it belongs to, the SGR has the following organisation:

"Business Areas" comprising:
- The UTP & Turnaround Funds Area, focused on setting up and managing AIFs with investment strategies and policies centred on the turnaround market and on businesses in financial difficulty with prospects for relaunch;
- The Private Capital Funds Area, focused on setting up and managing AIFs with investment strategies and policies targeting asset classes with underlying financial instruments issued by performing companies;
- The NPL Small Medium Tickets Funds Area, focused on setting up and managing AIFs with investment strategies and policies in the granular (typically unsecured) Non-Performing Loans (NPL) market, with potential counterparties both small corporates and retail businesses, and different areas of origination (utilities, consumer, commercial credit, etc.).

A transversal support area named Operations & Administration supports the organisation as a whole in all formal, administrative and operational aspects connected with managing AIFs and the SGR.

Lastly, the SGR's organisation comprises the establishment of Compliance and AML, Risk Management and Internal Audit functions, outsourced to the respective central units of the parent company illimity Bank, in order to have a structured system to monitor internal controls. It also appoints a Supervisory Body pursuant to Legislative Decree 231/01, whose composition, in accordance with the approach adopted by the Group, consists of the Company's Board of Statutory Auditors.

Other functions - Corporate Center

The organisation also monitors risk management and support activities through functions directly reporting to the Chief Executive Officer:

- The CFO, responsible for coordinating the complex planning, control and administration process, managing strategic planning and relations with the financial community, as well as developing the Corporate Social Responsibility Plan;
- HR & Organization, responsible for optimising operating and procurement costs, managing human resources, as well as managing the organisational activities of supervision and transversal coordination for the Bank.
- Legal & Corporate Affairs, responsible for legal and corporate support and managing the corporate secretariat, as well as general affairs and relations with authorities;
- Risk Management, responsible for guaranteeing the strategic oversight and definition of risk management policies;
- Lending, which monitors credit analysis and approval activities;
- Digital, responsible for managing IT infrastructure, Back Office activities and the Contact Centre. The Digital Competence Line is also responsible for the platforms owned by illimity (illimity.com) and related development opportunities, as well as the customers managed through those platforms;
- Compliance & AFC, responsible for compliance risk management and oversight of money laundering and terrorist financing risk;
- Communication & Marketing, responsible for promoting and supporting the development of a single, shared identity of the Bank among the stakeholders and formulating the Bank's communications plan and brand development strategy to ensure positioning, customer acquisition results and optimal customer management.

Bank branches and offices

The Bank's branches and offices are as follows:

- Milan - Via Soperga, 9 (registered office);
- Modena – Via F. Lamborghini 88/90.

Macroeconomic scenario

The most recent projections indicate an expansion of global GDP of just over 3% in 2025. However, differences between geographic areas remain: while economic activity in the US remains robust, there is a slowdown in the other advanced economies. In China, the crisis in the real estate market continues to weigh on domestic demand. The outlook for international trade remains affected by heightened geopolitical tensions and the expected tightening of US trade policy. Oil prices increased only slightly, while natural gas prices remain volatile and subject to upward pressure.

In the US, the Federal Reserve reduced its key interest rates to 4.25-4.50%, anticipating a more gradual easing of monetary policy due to slowly falling inflation and low unemployment. This led to a significant appreciation of the dollar against the major currencies, including the euro. The Bank of England and the Bank of Japan kept rates unchanged, while China announced measures to support domestic consumption and an expansionary monetary stance.

In the euro area, GDP slowed down, penalised by weak growth in consumption and investment, as well as declining exports. The trend in manufacturing remains negative, particularly in Germany, and the contribution of services is softening. Inflation remained around 2%, with stability in the core component. Eurosystem experts forecast growth of more than 1% per annum over the 2025-2027 three-year period and inflation in line with the ECB's 2% target.

The Governing Council of the ECB reduced interest rates by 25 basis points at its December 2024 meeting, and markets expect further reductions of 75 basis points in 2025. Despite this, credit dynamics remain weak due to economic uncertainty and low demand.

In Italy, economic activity remained weak in the fourth quarter of 2024, affected by the contraction of manufacturing and the slowdown of the services sector. In the construction sector, NRRP investments counteracted the downsizing of the residential segment. Domestic demand was held back by reduced household spending and unfavourable investment conditions. However, growth is expected to gain momentum in 2025, settling at around 1% per annum over the 2025-2027 three-year period.

Employment continues to increase, although there are signs of a weakening labour market. Hours worked per employee are falling and the use of the Wage Guarantee Fund remains high, especially in the manufacturing sector. The unemployment rate remains at historically low levels, helped by the lower participation of young people in the labour market. Contractual wage growth remains strong, contributing to the recovery of household purchasing power.

Consumer inflation remained below 2%, thanks to falling energy prices. Core inflation remains moderate, with stronger growth in the service segment. For 2025-2026, inflation is expected to be 1.5%, rising to 2% in 2027 following the implementation of the new EU Emissions Trading Scheme. The ECB's interest rate cuts are gradually reducing the cost of borrowing, although financing conditions remain restrictive. Demand for loans from businesses remains weak, while there is a gradual recovery in mortgages for households.

Parliament approved the budget law for the 2025-2027 three-year period, receiving a positive assessment from the European Commission. According to government estimates, the net debt to GDP ratio will increase by 0.4 percentage points in 2025, 0.6 in 2026 and 1.1 in 2027. About half of the budget law's resources will be earmarked to make the changes to the IRPEF (personal income tax) and the tax wedge reduction structural.

Significant events in 2024

The impact of external factors on the strategic and operational context of the illimity Group

The global economic environment in 2024 remains uncertain due to multiple factors.

At global level, the outcome of the US elections exerted a considerable influence on emerging and developed economies. From a geopolitical point of view, 2024 was characterised by international conflicts of a military nature that cast doubts on the evolution of trade, with the risk of possible more protectionist policies by some countries and potential disruptions in the trade supply chain. In particular, the severity of the Ukrainian conflict expands in parallel with Middle East tensions exacerbated by Iran's attacks on Israel. In addition, the Lebanese crisis aggravates the situation’s complexity. As for Asia, however, uncertainty concerning Taiwan resurfaced, stimulated by US policy comments. Despite the international geopolitical turmoil, stock markets are showing resilience supported by the robust US economy, which has not experienced the feared recession also due to the recent interest rate cut. On the other hand, Europe is facing difficulties related to structural weaknesses and stunted economic development. In the coming year, a promising scenario is emerging, supported by factors such as the moderate growth of the economy, decreasing inflation and lower interest rates.

The ECB decided to reduce key interest rates: this decision was based on the updated assessment of the disinflation outlook for the coming years. Most inflation measures suggest stability at 2% in the medium term. However, monetary policy remains restrictive and past interest rate hikes still impact outstanding credit balances. As far as economic recovery is concerned, the fourth quarter of 2024 is down from the growth recorded in the previous quarters. In the coming years, experts' projections forecast positive and moderate growth.

Another element of uncertainty is climate change and its increasingly global impacts on the social and economic contexts concerned.

The illimity Group has defined its business model and developed and applied its risk government policies, ensuring that they are resilient in a context still characterised by significant risks, based on the following key elements:

- contained exposure to direct risks and a *business mix* in which lines of activity have limited correlation;
- a commercial and technological proposal that can intercept and meet the growing demand for remote financial services that has characterised key markets and continues to do so;
- a highly conservative approach to *pricing* investments and providing funding;
- a continuous monitoring and strong governance over the exposure to the riskiest economic sectors (e.g. real estate) or *asset classes*, through the definition of the *Risk Appetite Framework* and related risk limits;
- risk analyses and impact assessments of risk factors related to sustainability, the transition to an economy less dependent on hydrocarbons, and the intensification of physical risk linked to climate change;
- a *governance* structure that relies on the managerial committees and governing boards of the Group to carry out *assessments* at regular intervals on the actual and potential economic, financial and operational impacts of the current context on the strategic and operational choices of the various business lines;
- an impact assessment of macro scenarios that also take into account the evolution of the context and the responses of the Authorities, markets, companies and consumers. This assessment is also formalised in the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP), and in the preparation of the Recovery Plan, which was used to update the *Risk Appetite Framework* and to assess the sustainability of the Strategic Plan;
- a strong focus on sustainability, which is reflected in strategic and business choices.

In relation to the Russia-Ukraine conflict, the monitoring of direct and indirect exposures to Russian counterparties or those who depend on Russian operators and/or the Russian market for their *business* (supply, sales, orders, etc.) in order to assess the possible impacts in terms of credit and liquidity risk continues, with evidence confirming that exposure remains low. The Chief Compliance & AFC Officer also operates in that context, to ensure, for borrowers, compliance with the provisions of the sanctions imposed by Italy and European and international bodies on Russian parties (natural and legal persons).

Secondly, with a view to mitigating the financial risks associated with the management of the HTCS and HTC financial portfolios, the current risk profile of the portfolios - which is at a low level - is subject to constant analysis and monitoring, and there is no direct exposure to Russia or Ukraine. Moreover, considering that those portfolios are debt portfolios, policy decisions and relative impacts are constantly monitored.

Also in relation to the evolution of its business model, the Group continues to focus on aspects inherent to the state and evolution of the real estate market with a view to assessing the potential impact of macro-emergent dynamics on its exposures. This is also in light of the unfavourable outlook of the main European real estate companies (prospects of a negative cycle due mainly to the general rise in interest rates, with the associated potential write-down of assets on the balance sheet, prompting companies to adopt *deleveraging strategies* leading them to forcibly sell their *assets*). With the application of the *Risk Appetite Framework*, the Group's *real estate* categories of exposure were identified, both in terms of direct risk (e.g. repossessed *assets*) and indirect risk (e.g. assets used as collateral for the loans acquired), to assess the risk factors characterising those categories and monitor their various risk exposure levels.

Corporate transactions

In April 2024, the illimity Shareholders' Meeting resolved to purchase, also in several tranches, illimity shares up to a maximum number of 1,000,000 shares to serve the group's incentive schemes - and in any case for an amount not exceeding EUR 5.5 million. In May 2024, in execution of the above-mentioned Shareholders' Meeting resolution, illimity started this programme, which ended in June with the purchase of all of the maximum 1,000,000 ordinary shares envisaged for a total value of EUR 4,886,923.47.

In May 2024, the Board of Directors of illimity approved the free share capital increase to serve the long-term incentive scheme for a total of EUR 78,687.56, corresponding to 120,742 ordinary illimity shares.

In June 2024, following the Chief Executive Officer's resolution that resulted in the partial exercise of the power to increase the share capital pursuant to Article 2443 of the Italian Civil Code and of Article 5, paragraph 5, of the By-laws (as already communicated on 30 May 2023 and on 5 June 2023), for the beneficiaries of the MBO Plan or of any compensation paid in the event of early termination of the employment contract, with a share capital increase of EUR 20,030.65 and the issuance of 30,736 new ordinary shares for the purpose of such share capital increase.

On 4 June 2024, illimity Bank S.p.A announced the new composition of its share capital, issuing 151,478 new ordinary shares.

On 9 July 2024, illimity finalised the purchase of the remaining 51% of the shares of SpicyCo S.r.l., which is subject to line-by-line consolidation in the Group's Consolidated Financial Statements as of that date. For further details, please refer to what is described in section "5.1 - SpicyCo Acquisition" of the Accounting Policies.

On 8 November 2024, illimity finalised the terms of a binding agreement with the Finwave/OCS Group, through the company Fibonacci BidCo S.p.A., which is controlled by funds managed by Apax Partners LLP. The agreement led to the creation of a major technology operator in the artificial intelligence and banking services sector, whose activities will be focused on three main business lines dedicated to (i) the further development and marketing of *Digital Products* for the financial sector in the AI, ESG and Cloud markets, (ii) supporting companies in defining a strategy for technological and digital evolution, with particular focus on the transformation of core banking, and (iii) the provision of premium banking technology services dedicated to illimity itself.

The transaction structure involved the contribution by illimity of the business unit consisting of its technology assets and highly qualified IT staff of the *Digital* Competence Line to AltermAInd, a newly incorporated company - initially wholly owned by the Bank - and the sale of a 52% interest To Fibonacci BidCo S.p.A. on 24 December 2024 for a consideration of EUR 62.4 million, plus a possible earn-out (up to a maximum of EUR 30 million) calculated on the basis of a portion of the company's 2028 revenue. The remaining 48% of the share capital of AltermAInd remained owned by illimity.

Main business transactions

In March 2024, illimity Bank S.p.A. announced that it had signed a new agreement with SACE aimed at supporting Italian businesses, and in particular SMEs, in their strategic investments concerning technological innovation and digitisation processes. Through a totally digitised process, companies will be able to benefit from SACE’s 70% Future Guarantee and receive medium- and long-term loans with a principal of up to EUR 50 million. This new agreement runs alongside SACE's Green Guarantee, which has been made available by illimity since last December with the aim of supporting companies in investments aimed at reducing their environmental impact.

In March 2024 illimity Bank S.p.A. announced that it had acted as Euronext Growth Advisor (EGA) and Global Coordinator in the context of the admission to trading of a company that specialises in the creation of advanced systems for *material handling*, logistics and maintenance of rolling stock, including through the design and production of self-driving vehicles.

In May 2024, illimity Bank S.p.A. - jointly with Confida and PSP - announced the launch of Pehi, the new proximity network for payments to the public administration through vending machines.

In May 2024, illimity Bank S.p.A. structured a securitisation transaction of performing loan portfolios originated by a leading company operating in the operating lease of capital goods to commercial and industrial customers. This transaction provides for an investment by illimity in senior securities up to a value of EUR 50 million.

In the same month, illimity Bank S.p.A. successfully completed the placement of its third senior preferred bond issue for a total amount of EUR 300 million and a duration of three years, under its EUR 3 billion EMTN Programme.

In May 2024, illimity Bank S.p.A. announced that it had acted as Euronext Growth Advisor (EGA) and Global Coordinator in the admission process and subsequent market listing of a leading digital engineering company.

In June 2024, illimity SGR announced that it had supported a leading company in the dried and dehydrated fruit sector in a complex financial transaction that included acquiring a minority stake in the company's share capital, providing new financing and redefining its overall financial debt.

In July 2024, illimity Bank S.p.A. announced that it had structured, together with a specialised fintech advisor, two new credit securitisation programmes, continuing the success of the first programme launched in 2023. The Bank has also committed to the subscription of partly paid ABS notes for a total value of EUR 250 million by 2025.

In the same month, illimity Bank S.p.A. acted as Arranger in a securitisation transaction aimed at financing an Italian company operating in the hydrocarbon refining and electricity generation sector for EUR 350 million. illimity also participated in the transaction as Noteholder with an investment of EUR 52 million and as Servicer of the securitisation vehicle.

In October 2024, illimity Bank S.p.A. structured a new transaction that saw the disbursement of a EUR 23 million loan as well as the confirmation of a EUR 15 million factoring line to a leading paper packaging company for the luxury, cosmetics, food & beverage and pharma segments.

In the same month, illimity SGR structured a transaction to support the growth of a leading company in the production and distribution of fresh soups, salads and ready meals through the disbursement of new financing for EUR 12.5 million, the redefinition of the overall financial situation and the acquisition of a minority stake into the company's share capital.

In December 2024, illimity Bank S.p.A. provided support to a major international operator active in the production and marketing of fresh pasta and delicatessen products, through a loan totalling EUR 21.1 million, EUR 9.1 million of which was subscribed by illimity SGR.

Other significant information

In January 2024, the ratings agency Moody's Investors Service assigned ratings to the Bank for the first time. In particular, its long- and short-term ratings on deposits were investment-grade ratings of “Baa3” and “Prime-3” respectively. The long-term issuer and senior debt ratings were both “Ba1” with a stable outlook.

In February 2024, independent Director Patrizia Canziani handed in her resignation from the position, with effect from 31 March 2024. Ms Canziani, a non-executive and independent Director and member of the Risk Committee and the Sustainability Committee, elected from the minority list by the Shareholders' Meeting of 28 April 2022, resigned due to new professional commitments that are incompatible with her continuing in her roles at the Bank.

In April 2024, the annual Shareholders' Meeting of illimity Bank S.p.A. approved the financial statements for 2023 and the distribution of a dividend of EUR 0.2488 per share, as well as the appointment of Ivana Bonnet Zivcevic as the new member of the Board of Directors of illimity, following a proposal presented by a plurality of asset management companies and funds.

In May 2024, illimity announced that the agency Fitch Ratings confirmed all the ratings assigned to the Bank. In particular, the Long-Term Issuer Default Rating (IDR) was maintained at "BB-" with Stable Outlook, and the Long-Term Deposits Rating at "BB."

In July, illimity announced that, upon completion of its annual review process, Standard Ethics upgraded the Bank's Corporate Rating (SER) to “EE” from the previous “EE-”, thus moving from the “adequate” to the “strong” category.

In August, illimity announced that MSCI had raised its ESG rating from “AA” to “AAA” at the end of the review process, thus confirming it as a leader in its sector.

In October, illimity announced that, as part of its annual review process, the rating agency Moody's Investors Service confirmed all of the Bank's ratings. In particular, the long-term rating on deposits stands at “Baa3”, in the investment grade area. The long-term issuer and senior debt ratings were both “Ba1” with a stable outlook.

In November, illimity announced two new appointments within the Group: the new appointments concern respectively the role of CEO of Abilio assigned to Andrea Battisti and of ARECneprix assigned to Marco Sion Raccah, ensuring further strengthening as well as continuity of the activities carried out so far.

Recalling the communication of the Bank on publication of its results as of 30 September 2024, the Bank has completed, through the Internal Audit function, the analysis concerning the classification and valuation, for accounting and prudential purposes, of certain securitisation notes and AIF Units subject to transformation of the Bank's assets. As a result of this analysis, which led to an updating of the recovery plans for the portfolios underlying these assets following the further deterioration of the NPE market in 2024, the Bank recorded value adjustments totalling of EUR 44.4 million in the fourth quarter of 2024.

An ordinary general inspection was conducted by the Bank of Italy during 2024, with the findings being received by the Bank in October 2024. Following this inspection, the Bank was, among other things, requested to conduct an analysis, through the Internal Audit function, concerning the accounting and prudential classification and valuation of certain Securitisation Notes and FIA Units that were subject to the Bank's asset transformation processes. As a result of this analysis, which led to an update of the recovery plans for the portfolios underlying these assets due to the further deterioration of the NPE market in 2024, the Bank recorded impairments totalling EUR 44.4m in the fourth quarter of 2024. With reference to the prudential treatment of a particular securitisation transaction and the effects on regulatory capital, please refer to the section on "Capital Adequacy" below in the Consolidated Report on Operations.

In relation to the above, and considering the current context (following the announcement of the public tender and exchange offer by Banca IFIS S.p.A. on 8 January 2025), the dialogue with the Supervisory Authority remains active.

In addition, with reference to what was communicated on 5 March 2025, it should be noted that the Bank became aware of new elements concerning the potential outcome of a dispute relating to the valuation of a specific senior securitisation note linked to non-performing asset transformation transactions carried out at the beginning of 2024. Therefore, compared to what was considered in the preliminary 2024 results approved for supervisory reporting purposes, an additional value adjustment was recognised, in accordance with the treatment of "events after the reporting period" (IAS 10), for a total gross amount of approximately EUR 53.5 million. This led to a net consolidated result attributable to the parent company of EUR 316 thousand (before impairment of goodwill), i.e. a negative result of EUR 38.4 million.

Reclassified Consolidated Financial Statements as of 31 December 2024

These Consolidated Financial Statements have been prepared on the basis of tables envisaged by Bank of Italy Circular no. 262 of 22 December 2005, as amended.

In this document, the mandatory financial statements have been reclassified according to a managerial approach better suited to representing the Group's financial performance and financial position, in view of the typical characteristics of the financial statements of a banking group. The goal has been to simplify the use of these financial statements through the specific aggregations of line items and reclassifications detailed below. This consolidated interim report therefore includes a reconciliation between the financial statements presented and the mandatory financial reporting format laid down in Bank of Italy Circular no. 262, the values from which have been included in the items of the reclassified financial statements.

Reconciliation with the items of the mandatory financial statements aids in reclassification of the items in question, but above all facilitates the understanding of the criteria adopted in constructing the consolidated interim report. Additional details useful to this end are provided below:

- recoveries of taxes recognised among other operating expenses/income are deducted directly from the indirect taxes included among other administrative expenses and therefore their amount has been set off against the relevant item of the mandatory financial statements;
- the cost components related to Raisin's operations are deducted from the net interest margin;
- dividends received from financial assets measured at fair value through profit or loss were included in the Net profit (loss) on financial assets trading;
- personnel expenses also include documented, itemised reimbursements of room, board and travel expenses incurred by employees on business trips and the costs of mandatory examinations;
- contributions and membership fees are excluded from other administrative expenses and recognised in a separate item, named "Contributions and other non-recurring expenses". Value adjustments and *one-off* components related to the valuation of trade receivables were also classified in that item;
- interest expense resulting from the lease liability (IFRS 16) is recognised under other administrative expenses;
- net profit (loss) on closed positions include profits and losses generated from the sale of property investments and *datio in solutum*transactions;
- write-backs and write-downs linked to transformations of capital assets, which are not loans, are reclassified to Other operating expenses and income (excluding taxes);
- net profit of credit exposure to customers on closed positions is shown separately from net value adjustments/recoveries for credit risk;
- the profit from discontinued operations after tax was disaggregated and reallocated to its revenue and cost items in the financial statements. The gain from the sale of 52% of AltermAInd's share capital was classified as other operating income and expenses before tax.

Some assets and liabilities in the balance sheet were grouped together, concerning:

- the inclusion of hedging derivative assets, property and equipment, tax assets and assets held for sale in the residual item other assets;
- the aggregation of Loan and securities at amortised cost from banks and financial entities;
- the separate indication of government bonds at amortised cost and loans to customers and investments at amortised cost;
- the separate indication of goodwill and other intangible assets;
- the reclassification of Leasing agreement liabilities, recognised under payables to customers and payables to banks, based on IFRS 16, to other liabilities for operational purposes;
- the inclusion of hedging derivative liabilities, the Allowance for Risks and Charges and employee severance pay in residual items of other liabilities;
- the aggregate indication of items comprising shareholders' equity.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(amounts in thousands of euros)

Components of official items of the Balance Sheet	Assets	31/12/2024	31/12/2023	Chg.	Chg. %
10	Cash and cash equivalents	387,264	431,696	(44,432)	(10%)
40 a) + 40 b)	Loans to banks, financial entities and other institutions	292,188	112,702	179,486	>100%
40 b)	Loans to customers and investments	4,726,739	4,064,018	662,721	16%
40 b)	Government Bonds HTC	942,250	585,009	357,241	61%
30	HTCS Financial assets	748,027	456,643	291,384	64%
20 a) + 20 c)	FVTPL Financial assets	563,222	527,840	35,382	7%
70	Investments in Equity	140,159	81,199	58,960	73%
100	Goodwill	33,731	69,992	(36,261)	(52%)
100	Other intangible Assets	30,550	83,776	(53,226)	(64%)
50 + 90 + 110 + 120 + 130	Other assets	538,396	846,172	(307,776)	(36%)
	Total assets	**8,402,526**	**7,259,047**	**1,143,479**	**16%**

(amounts in thousands of euros)

Components of official items of the Balance Sheet	Liabilities	31/12/2024	31/12/2023	Chg.	Chg. %
10 a)	Amounts due to banks	864,958	941,995	(77,037)	(8%)
10 b)	Amounts due to customers	5,307,420	4,487,248	820,172	18%
10 c)	Securities issued	1,051,867	611,741	440,126	72%
20 + 40 + 60 + 80 + 90 + 100	Other liabilities	278,791	261,961	16,830	6%
(*)	Shareholders' equity	899,490	956,102	(56,612)	(6%)
	Total liabilities and shareholders' equity	**8,402,526**	**7,259,047**	**1,143,479**	**16%**

(*) 120 + 150 + 160 + 170 + 180 + 190 + 200

Summary of consolidated balance sheet data

The Group's total assets amounted to EUR 8,402.5 million as of 31 December 2024, up by 16% on 31 December 2023, when they amounted to EUR 7,259 million. The year-on-year increase of EUR 1,143.5 million is mainly related to the increase in financial assets measured at amortised cost arising from loans to customers and investments, government bonds and HTCS financial assets.

Loans to banks, financial entities and other institutions amounted to EUR 292.2 million, up compared to 31 December 2023, when they amounted to EUR 112.7 million, following the increase in due from banks for EUR 157.1 million and the increase in the component due from financial entities and other institutions for EUR 22.4 million.

As of 31 December 2024, the Group's assets mainly consisted of financial assets measured at amortised cost deriving from loans to customers and investments totalling EUR 4,726.7 million, up from EUR 4,064 million as of 31 December 2023, mainly due to the new business origination and asset transformation transactions finalised during the period, i.e. transactions involving the transfer of credit assets which led to the derecognition of the same and the recognition of UCI units and securitisation notes. The growth in the item "Loans and receivables to customers and investments" is to be read in conjunction with the contraction in "Other assets".

Government bonds HTC, whose book value as of 31 December 2024 was to EUR 942.3 million, were up by EUR 357.2 million compared to 31 December 2023.

HTCS financial assets were mainly represented by government bonds and securities issued by other banks and financial entities and high yield corporate bonds. The item totalled EUR 748 million, up by EUR 291.4 million on 31 December 2023, due primarily to Treasury operations and *Structured Products* investments.

As of 31 December 2024, the Group had a total negative net valuation reserve of EUR 18.3 million, due primarily to the negative contribution of the reserve on securities managed through the HTCS business model. However, the reserve showed an improvement of around EUR 11.7 million compared with the closing balance for the 2023 financial year.

Financial assets at FVTPL amounted to EUR 563.2 million and were composed of other financial instruments mandatorily measured at fair value of EUR 472.3 million, loans mandatorily measured at fair value of EUR 46.9 million and financial assets held for trading of EUR 44 million.

As of 31 December 2024, loans measured at fair value refer to loans of the Corporate Banking Division.

Financial instruments measured at fair value amounted to EUR 472.3 million, an increase from EUR 456.2 million as of 31 December 2023. The increase was due primarily to the subscription of UCI units relating to the Corporate Banking Division, as well as to new *Alternative Debt* loans pertaining to the Investment Banking Division.

The equity investments item, which amounted to EUR 140.2 million as of 31 December 2024, consists predominantly of the value of the joint control equity investment held by illimity in Hype, insofar as it was consolidated using the equity method, as well as the equity investment in the company AltermAInd, established to implement the agreement with Apax Partners and subject to significant influence by illimity. The balance of equity investments increased compared to the December 2023 figure, precisely due to the recognition of the equity investment in AltermAInd and, more marginally, also due to the positive results recorded during the year by all direct and indirect illimity investees consolidated using the equity method.

As of 31 December 2024, the item relating to goodwill amounted to EUR 33.7 million, a decrease of EUR 36.3 million compared to the balance as of 31 December 2023. This reduction is attributable to the write-offs made on the goodwill arising from the SPAXS business combination with Banca Interprovinciale (amounting to EUR 21.6 million), as well as on the goodwill recognised on the acquisition of IT Auction (now Abilio and Industrial Discount) and its subsidiaries in the 2020 financial year (amounting to EUR 14.6 million), recorded after the impairment test carried out in accordance with IAS 36.

It should be noted that as part of the impairment test, the provisional difference of EUR 2.5 million arising from the *Purchase Price Allocation following the acquisition of the remaining 51% of SpicyCo's share capital, which had been provisionally recognised as goodwill in the third quarter of 2024, was* written off.

Therefore, as of 31 December 2024, this item includes the value of goodwill identified at the time of the acquisition of the Arec business (now merged by incorporation into Arecneprix S.p.A.) for EUR 29.1 million, as well as the goodwill recognised after the acquisition of Quimmo Prestige Agency, amounting to EUR 4.6 million.

Instead, the item intangible assets amounted to EUR 30.6 million, down from the comparison figure by approximately EUR 53.2 million, mainly as a result of the sale finalised on 24 December 2024 of 52% of the share capital of AltermAInd, a company to which illimity had contributed on 20 December 2024 the business unit related to the technology *assets* and related personnel (i.e. the *Digital*Competence Line). This item also includes the residual value of the specific intangible assets identified in the aforementioned Purchase Price Allocation process following the acquisition of the Arec business, as well as the IT investments made by Group companies that were not part of the sale described above.

Other assets, which as of 31 December 2024 amounted to EUR 538.4 million, were down compared to 31 December 2023. The reduction recorded in this item is the consequence of the significant loan asset transformation transactions completed in 2024, which involved the derecognition of assets previously classified under the item "Other Assets", instead of the recognition of securitisation notes recorded under the item "Loans to customers and investments".

Total consolidated liabilities and shareholders’ equity as of 31 December 2024 amounted to EUR 8,402.5 million.

Amounts due to customers measured at amortised cost, net of the lease liability relating to IFRS 16, amounted to EUR 5,307.4 million, up compared to 31 December 2023, driven mainly by corporate deposit funding.

Amounts due to banks - including the central banks component, and also net of the lease liability component towards banks relating to IFRS 16 - stood at EUR 865 million, down by EUR 77 million compared to 31 December 2023.

Outstanding securities amounted to EUR 1,051.9 million, an increase compared to the value at the end of the 2023 financial year, both following the issue of a Senior Preferred bond with a nominal value of EUR 300 million in May 2024, and following the subscription by third-party investors of the Senior notes issued by certain securitisation vehicles falling within the scope of consolidation of the illimity Group.

Consolidated shareholders' equity amounted to EUR 899.5 million, a decrease compared to 2023 mainly due to the effect of the loss for the year, dividends distributed to shareholders during the year, as well as the share buy-back programme to service the incentive scheme, net of the improvement observed in the valuation reserve.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(amounts in thousands of euros)

Components of official items of the Income Statement	Income Statement items	31/12/2024	31/12/2023	Chg.	Chg. %
10 + 20 + 320	Net interest margin	157,163	192,523	(35,360)	(18%)
40 + 50 + 320	Net fees and commissions	83,350	76,713	6,637	9%
70 + 80 + 90 + 100 + 110	Net profit of trading, hedge accounting and financial assets trading	16,750	(480)	17,230	N/A
130 a) + 130 b) + 200 a) + 280	Net profit (loss) on closed positions	13,861	30,294	(16,433)	(54%)
140 + 110 + 230 + 320	Other operating expenses and income (excluding taxes)	63,944	59,875	4,069	7%
Total net operating income		**335,068**	**358,925**	**(23,857)**	**(7%)**
190 a) + 320	Personnel expenses	(79,745)	(105,379)	25,634	(24%)
190 b) + 320	Other administrative expenses	(91,284)	(99,019)	7,735	(8%)
210 + 220 + 320	Net value adjustments/recoveries on property and equipment and intangible assets	(28,700)	(22,608)	(6,092)	27%
Operating expenses		**(199,729)**	**(227,006)**	**27,277**	**(12%)**
Operating profit (loss)		**135,339**	**131,919**	**3,420**	**3%**
130 a)	Net value adjustments/recoveries for credit risk - HTC Banks, Financial entities and Customers	(134,543)	37,384	(171,927)	N/A
130 b)	Net value adjustments/recoveries for credit risk - HTCS	385	(130)	515	N/A
200 a)	Net value adjustments/recoveries for commitments and guarantees	(123)	(1,519)	1,396	(92%)
Total net value adjustments/recoveries		**(134,281)**	**35,735**	**(170,016)**	**N/A**
200 b)	Other net provisions	(169)	(272)	103	(38%)
250	Other income (expenses) on investments	807	(3,493)	4,300	N/A
190 b) + 230	Contributions and other non-recurring expenses	(66,648)	(12,148)	(54,500)	>100%
Profit (loss) from operations before taxes		**(64,952)**	**151,741**	**(216,693)**	**N/A**
300 + 320	Income tax for the year on continuing operations	24,197	(47,927)	72,124	N/A
Profit (loss) for the year		**(40,755)**	**103,814**	**(144,569)**	**N/A**
340	Profit (loss) for the financial year attributable to minority interests	2,355	586	1,769	>100%
Profit (Loss) for the year attributable to the Parent Company		**(38,400)**	**104,400**	**(142,800)**	**N/A**

Consolidated financial performance highlights

The Group's total net operating income for the period ended 31 December 2024 amounted to EUR 335.1 million, down on the previous year, when it amounted to EUR 358.9 million. In this regard, it should be noted that total net operating income for the comparative year factored in both the proceeds from the finalisation of the commercial agreement concerning the long-term industrial partnership with the Engineering Group for EUR 54 million, as well as EUR 30.3 million of net profit from closed *distressed* positions - operations that were considerably reduced in 2024, the year when the Specialised Credit division moved towards an *asset-based financing* business model.

In particular, net interest income fell by EUR 35.4 million, due primarily to the increase in the cost of funding, as well as the asset transformation transactions related to UCIs and *Senior Financing* notes, carried out from the second half of 2023 by the Specialised Credit Division.

Net fees and commissions, which amounted to EUR 83.4 million as of 31 December 2024, was up by EUR 6.6 million due to the increased operations of the Bank's business divisions, as well as to the contribution of ARECneprix to the group's results, driven in part by the aforementioned asset transformations.

That item also includes the revenue of Abilio and its subsidiaries Quimmo Agency, Quimmo Prestige Agency and Industrial Discount, which contribute to the commission margin through the commissions accrued for the use of the proprietary real estate portals.

Net profit (loss) on financial assets trading rose by EUR 17.2 million compared with the previous year's figure, due to both the positive result of the trading derivatives portfolio and the profits generated by the sale of government bonds and CLOs held within a HTC and HTCS business model, within the limits of significance and frequency.

As indicated in the introduction, total net operating income includes net profit on positions closed in 2024 for a total of EUR 13.9 million (EUR 30.3 million as of 31 December 2023).

Finally, the balance of other operating income and expenses increased by EUR 4.1 million with respect to the comparative figure: while on the one hand, the balance for the financial year 2024 includes the capital gain realised by the Group from the sale of the *Digital* Competence Line for EUR 52.5 million, it should be noted that the comparative figure in turn included the proceeds from the transaction with Engineering for EUR 54 million.

Operating expenses amounted to EUR 199.7 million as of 31 December 2024, down by EUR 27.3 million compared to the previous financial year.

In particular, personnel expenses amounted to approximately EUR 79.7 million and consist mainly of employee wages and salaries and the related social security contributions. The value decreased by about EUR 25.6 million compared to the previous year, mainly due to the lower incidence of personnel variable remuneration. It should also be noted that the comparative figure included the cost related to the ESOP plan.

Other administrative expenses were also unchanged compared to the previous year, thanks to careful cost containment actions. Please refer to the "Financial Performance" section for further details on the contribution of the individual expenditure categories and the changes therein compared to 31 December 2023.

Lastly, this item includes net adjustments to property and equipment and intangible assets totalling EUR 28.7 million, up by EUR 6.1 million compared to 31 December 2023, mainly due to the increase in the group's *intangible* assets (subsequently sold to AltermAInd as part of the transaction with Apax Partners), as well as higher depreciation on photovoltaic plants recognised in accordance with IFRS 16 and recorded following the acquisition of the entire share capital of SpicyCo.

Overall net value adjustments/recoveries on portfolio positions were negative for EUR 134.3 million, resulting in a significant increase with respect to the comparative data. This item includes adjustments recorded after the *Asset Quality Review* that the Bank had undertaken to complete by the end of the year, which focused in particular on the valuation and classification of assets underlying some specific senior securitisation notes and fund units related to sale transactions.

In addition to these write-downs, there are impairment losses recognised as a result of new information regarding the potential outcome of a dispute affecting the valuation of a specific senior securitisation note, which resulted in the entire senior note being moved from Stage 1 to Stage 2 with an impact on the overall securitisation transaction in terms of *Expected Credit Loss*.

Moreover, income on investments, related to the results of the companies consolidated with the equity method, amounted to EUR 0.8 million, a sharp improvement over the same period of the previous year.

In addition, contributions and other non-recurring charges of about EUR 66.6 million were recognised, up by EUR 54.5 million from 31 December 2023. In addition to institutional contributions (FITD), this item also includes non-recurring charges related to goodwill write-downs for EUR 38.7 million, as well as the recognition of provisions for risks and charges for EUR 20.4 million. Finally, it should be noted that the figure as of 31 December 2023 included the expenses arising from the waiver of trade receivables accrued in the fourth quarter of 2022 related to the partnership with ION.

Based on the above, as of 31 December 2024, a loss before taxes was recorded for the year for EUR 65 million.

Net of income taxes, which were positive for about EUR 24.2 million (inclusive of the Patent Box benefit), the net profit attributable to the parent company as of 31 December 2024 was positive for EUR 38.4 million, down compared to the profit of EUR 104.4 million recorded at the end of the previous year. It is specified that the consolidated net loss includes the net loss attributable to minority interests of EUR 2.4 million. The net profit attributable to the parent company, before adjustments to goodwill, would have been positive, amounting to EUR 0.3 million.

Basic earnings (losses) per share (EPS) as of 31 December 2024, calculated by dividing the result for the financial year attributable to the parent company by the weighted average number of ordinary shares issued, were equal to a negative EUR 0.46 per share, in line with the diluted earnings (losses) per share as of the same date. See the section “Basic and diluted earnings (losses) per share” for details of the methodology used to calculate profit per share.

Key data on capital

Invested assets

A table of invested assets broken down by Business Division and/or type of financial asset, is shown below:

(amounts in thousands of euros)

DETAILS OF INVESTED ASSETS	31/12/2024		31/12/2023		Change	
	Book value	Inc. %	Book value	Inc. %	Absolute	Chg. %
Cash and cash equivalents	**387,264**	**5.1%**	**431,696**	**7.0%**	**(44,432)**	**(10%)**
Financial assets held for trading	**44,029**	**0.6%**	**25,917**	**0.4%**	**18,112**	**70%**
Financial instruments mandatorily measured at fair value	**519,193**	**6.8%**	**501,923**	**8.1%**	**17,270**	**3%**
- Specialised Credit Division	396,663	5.2%	449,211	7.3%	(52,548)	(12%)
- Corporate Banking Division	115,845	1.5%	51,668	0.8%	64,177	>100%
- ALM & Treasury portfolio	-	0.0%	31	0.0%	(31)	(100%)
– Investment Banking Division	6,685	0.1%	1,013	0.0%	5,672	>100%
HTCS Financial assets	**748,027**	**9.8%**	**456,643**	**7.4%**	**291,384**	**64%**
- ALM & Treasury portfolio	503,194	6.6%	262,266	4.2%	240,928	92%
– Investment Banking Division	238,575	3.1%	193,930	3.1%	44,645	23%
- Corporate Banking Division	790	0.0%	-	0.0%	790	n.a
- Other capital instruments	5,468	0.1%	447	0.0%	5,021	>100%
Loans to banks and financial entities	**292,188**	**3.8%**	**112,702**	**1.8%**	**179,486**	**>100%**
Government Bonds HTC	**942,250**	**12.3%**	**585,009**	**9.5%**	**357,241**	**61%**
Loans to customers - Loans and PPCs	**4,726,739**	**61.7%**	**4,064,018**	**65.8%**	**662,721**	**16%**
- Specialised Credit Division	1,302,342	17.0%	998,923	16.2%	303,419	30%
- Corporate Banking Division	2,366,919	30.9%	2,450,176	39.7%	(83,257)	(3%)
- b-ilty Division	779,681	10.2%	309,436	5.0%	470,245	>100%
– Investment Banking Division	263,540	3.4%	305,483	4.9%	(41,943)	(14%)
- ALM & Treasury portfolio	14,257	0.2%	-	0.0%	14,257	n.a
Total invested assets	**7,659,690**	**100%**	**6,177,908**	**100%**	**1,481,782**	**24%**

The item Loans and advances to customers and investments amounted to EUR 4,726.7 million, up from EUR 4,064 million at the end of the last financial year.

The increase in loans to customers is mainly related to new disbursements made by the b-ilty division, both directly by the Bank and through securitisation vehicles and investment funds. The increase referred to the Specialised Credit division must instead be read in conjunction with the decrease observed in the item "Other Assets", which as of 31 December 2023 included a significant area of discontinued operations whose transformation into Senior Financing notes was completed during 2024. Finally, it should be noted that the reduction in loans and advances to customers recorded by the Corporate Banking Division is primarily attributable to the significant collections recorded in 2024.

Financial assets mandatorily measured at fair value through profit or loss as of 31 December 2024 amounted to EUR 519.2 million, up compared to EUR 501.9 million on 31 December 2023. These financial assets consist of loans measured at fair value for EUR 46.9 million and financial instruments for EUR 472.3 million.

As of 31 December 2024, loans measured at fair value refer to loans of the Corporate Banking Division.

Financial instruments measured at fair value amounted to EUR 472.3 million, an increase from EUR 456.2 million as of 31 December 2023. The increase was due primarily to the subscription of UCI units relating to the Corporate Banking Division, as well as to new *Alternative Debt* loans pertaining to the Investment Banking Division.

Financial assets measured at fair value through other comprehensive income, managed through a Held-to-Collect-and-Sell Business Model, amounted to EUR 748 million, and are mainly represented by government bonds, securities issued by other banks and financial institutions, and high-yield corporate bonds. These assets increased by EUR 291.4 million compared to 31 December 2023, mainly due to treasury operations and investments in *Structured Products*.

(amounts in thousands of euros)

INVESTED ASSETS BY TECHNICAL FORM	31/12/2024		31/12/2023		Change	
	Book value	Inc. %	Book value	Inc. %	Absolute	Chg. %
Cash and cash equivalents	**387,264**	**5.1%**	**431,696**	**7.0%**	**(44,432)**	**(10%)**
Due from banks	**244,255**	**3.2%**	**112,702**	**1.8%**	**131,553**	**>100%**
Current accounts and deposits	244,255	3.2%	112,702	1.8%	131,553	>100%
Loans to financial entities	**22,375**	**0.3%**	**-**	**0.0%**	**22,375**	**n.a**
Loans to customers and PPCs	**3,534,606**	**46.1%**	**3,486,745**	**56.4%**	**47,861**	**1%**
Current accounts held by customers	49,152	0.6%	105,793	1.7%	(56,641)	(54%)
Reverse Repurchase Agreements	39,923	0.5%	60,940	1.0%	(21,017)	(34%)
Customer loans	3,445,207	45.0%	3,319,754	53.7%	125,453	4%
Public Procurement Claims	324	0.0%	258	0.0%	66	26%
Loans mandatorily measured at fair value	**46,878**	**0.6%**	**45,768**	**0.7%**	**1,110**	**2%**
Securities and financial derivatives	**3,424,312**	**44.7%**	**2,100,997**	**34.0%**	**1,323,315**	**63%**
Debt securities	2,921,673	38.1%	1,622,238	26.3%	1,299,435	80%
- *Government bonds*	1,384,153	18.1%	839,553	13.6%	544,600	65%
- *Bank bonds*	120,772	1.6%	83,516	1.4%	37,256	45%
- *Financial companies*	1,341,859	17.5%	601,916	9.7%	739,943	>100%
- *Non-financial companies*	74,889	1.0%	97,253	1.6%	(22,364)	(23%)
Financial Derivatives	44,004	0.6%	25,899	0.4%	18,105	70%
Equity-based financial instruments/earnouts	12,189	0.2%	4,291	0.1%	7,898	>100%
Equity investments	5,449	0.1%	447	0.0%	5,002	>100%
Equity securities	809	0.0%	19	0.0%	790	>100%
UCIs Units	440,188	5.7%	448,103	7.3%	(7,915)	(2%)
Total	**7,659,690**	**100%**	**6,177,908**	**100%**	**1,481,782**	**24%**

Loans to banks amounted to EUR 244.3 million, up from 31 December 2023 due to the higher incidence of interbank deposits.

Loans to customers and PPC, which amounted to EUR 3,534.6 million as of 31 December 2024, increased by EUR 47.9 million compared to the previous year-end figure, mainly due to new lending volumes provided by the b-ilty division.

Debt securities amounted to EUR 2,921.7 million, up from 31 December 2023 by EUR 1,299.4 million, mainly due to the transformation transactions carried out. In addition to this, the Investment Banking division and the ALM & Treasury area purchased government bonds managed through an HTC and HTCS business model.

The following is a summary of loans to customers measured at amortised cost broken down by business division.

(amounts in millions of euros)

FINANCING BY BUSINESS DIVISION	31/12/2024	Inc. %	31/12/2023	Inc. %	Chg.	Chg. %
Specialised Credit Division	1,302	22.9%	999	21.5%	303	30%
Corporate Banking Division	2,290	40.2%	2,363	50.8%	(73)	(3%)
Investment Banking Division	263	4.6%	305	6.6%	(42)	(14%)
b-ilty Division	780	13.7%	309	6.6%	471	>100%
Loans to ordinary former BIP customers (Corporate Banking)	77	1.4%	88	1.9%	(11)	(13%)
ALM & Treasury portfolio	14	0.2%	-	0.0%	14	n.a
Total Loans to customers and investments	**4,726**	**83.0%**	**4,064**	**87.4%**	**662**	**16%**
Loans to financial entities and other institutions	23	0.4%	-	0.0%	23	n.a
Government Bonds	942	16.6%	585	12.6%	357	61%
Financing to customers and financial entities measured at amortised cost	**5,691**	**100%**	**4,649**	**100%**	**1,042**	**22%**

It should be noted that the increase in lending volumes in the Specialised Credit division is to be read in conjunction with the reduction in “Other Assets”, which, as of 31 December 2023, included credit assets subject to the aforementioned transformation operations. On the other hand, the decrease recorded by the Corporate Banking Division was mainly due to the significant early repayments recorded during the year.

Financial assets measured at amortised cost

The table below provides an overview of the Group's main financing at amortised cost, compared with the relevant values as of 31 December 2023.

(amounts in thousands of euros)

FINANCIAL ASSETS AT AMORTISED COST	31/12/2024						31/12/2023					
	Gross Exposure	Inc. %	Value adjustments	Book value	Inc. %	Coverage ratio (*)	Gross Exposure	Inc. %	Value adjustments	Book value	Inc. %	Coverage ratio (*)
Due from banks	**270,017**	**4.3%**	**(204)**	**269,813**	**4.5%**	**0.08%**	**112,815**	**2.3%**	**(113)**	**112,702**	**2.4%**	**0.10%**
Customer loans	270,017	4.3%	(204)	269,813	4.5%	0.08%	112,815	2.3%	(113)	112,702	2.4%	0.10%
- Stage 1-2	*270,017*	*4.3%*	*(204)*	*269,813*	*4.5%*	*0.08%*	*112,815*	*2.3%*	*(113)*	*112,702*	*2.4%*	*0.10%*
Loans to financial entities and other institutions	**22,375**	**0.4%**	**-**	**22,375**	**0.4%**	**0.00%**	-	0.0%	-	-	0.0%	N/A
Customer loans	22,375	0.4%	-	22,375	0.4%	0.00%	-	0.0%	-	-	0.0%	N/A
- Stage 1-2	*22,375*	*0.4%*	-	*22,375*	*0.4%*	*0.00%*	-	0.0%	-	-	0.0%	N/A
Government Bonds	**943,328**	**14.9%**	**(1,078)**	**942,250**	**15.8%**	**0.11%**	**585,693**	**11.7%**	**(684)**	**585,009**	**12.3%**	**0.12%**
- Stage 1-2	*943,328*	*14.9%*	*(1,078)*	*942,250*	*15.8%*	*0.11%*	*585,693*	*11.7%*	*(684)*	*585,009*	*12.3%*	*0.12%*
Loans to customers and investments	**5,092,839**	**80.5%**	**(366,100)**	**4,726,739**	**79.3%**	**7.19%**	**4,307,278**	**86.0%**	**(243,260)**	**4,064,018**	**85.3%**	**5.65%**
Customer loans	3,602,751	56.9%	(68,469)	3,534,282	59.3%	1.90%	3,530,559	70.5%	(44,072)	3,486,487	73.2%	1.25%
- Stage 1-2	*2,828,405*	*44.7%*	*(21,647)*	*2,806,758*	*47.1%*	*0.77%*	*2,617,483*	*52.3%*	*(12,804)*	*2,604,679*	*54.7%*	*0.49%*
- Stage 3	*774,346*	*12.2%*	*(46,822)*	*727,524*	*12.2%*	*N/A*	*913,076*	*18.2%*	*(31,268)*	*881,808*	*18.5%*	*N/A*
Securities	1,293,512	20.4%	(101,379)	1,192,133	20.0%	7.84%	580,143	11.6%	(2,870)	577,273	12.1%	0.49%
- Stage 1-2	*1,158,458*	*18.3%*	*(100,925)*	*1,057,533*	*17.7%*	*8.71%*	*475,411*	*9.5%*	*(2,030)*	*473,381*	*9.9%*	*0.43%*
- Stage 3	*135,054*	*2.1%*	*(454)*	*134,600*	*2.3%*	*0.34%*	*104,732*	*2.1%*	*(840)*	*103,892*	*2.2%*	*0.80%*
Public Procurement Claims	196,576	3.1%	(196,252)	324	0.0%	N/A	196,576	3.9%	(196,318)	258	0.0%	N/A
Total	**6,328,559**	**100%**	**(367,382)**	**5,961,177**	**100.0%**	**N/A**	**5,005,786**	**100%**	**(244,057)**	**4,761,729**	**100.0%**	**N/A**

(*) In the column "Coverage ratio", the value “n/a" was inserted as it refers to net value adjustments/recoveries and therefore not correlated to the gross exposure in terms of coverage representation.

Financial assets at amortised cost, equal to EUR 5,961.2 million as of 31 December 2024, were mainly composed of loans to customers and investments, which comprise 79.3% of the item total, in addition to due from banks, which comprise 4.5% of the total, government bonds, which comprise 15.8% of the total, and loans to financial entities, which comprise 0.4% of the total.

A breakdown of the quality of organic customer credit (loans and securities, net of loans to financial entities and other institutions) and a comparison to the previous year is provided below.

(amounts in thousands of euros)

LOANS TO CUSTOMERS - ORGANIC	31/12/2024						31/12/2023					
	Gross Exposure	Inc. %	Value adjustments	Book value	Inc. %	Coverage ratio	Gross Exposure	Inc. %	Value adjustments	Book value	Inc. %	Coverage ratio
Non - performing loans - Organic	**298,889**	**7.0%**	**(46,822)**	**252,067**	**6.1%**	**15.67%**	**174,507**	**5.3%**	**(31,268)**	**143,239**	**4.4%**	**17.92%**
- Bad loans	58,687	1.4%	(25,822)	32,865	0.8%	44.00%	51,848	1.6%	(20,129)	31,719	1.0%	38.82%
- Unlikely-to-pay positions	212,814	5.0%	(17,917)	194,897	4.7%	8.42%	103,129	3.1%	(10,104)	93,025	2.9%	9.80%
- Past-due positions	27,388	0.6%	(3,083)	24,305	0.6%	11.26%	19,530	0.6%	(1,035)	18,495	0.6%	5.30%
Non-performing securities - organic	**4,700**	**0.1%**	**(454)**	**4,246**	**0.10%**	**9.66%**	**15,042**	**0.5%**	**(840)**	**14,202**	**0.5%**	**5.58%**
- Bad loans	3,000	0.1%	(420)	2,580	0.1%	14.00%	-	0.0%	-	-	0.0%	*n.s.*
- Unlikely-to-pay positions	1,700	0.0%	(34)	1,666	0.0%	2.00%	15,042	0.5%	(840)	14,202	0.5%	5.58%
Performing loans	**3,986,863**	**92.9%**	**(122,572)**	**3,864,291**	**93.78%**	**3.07%**	**3,092,894**	**94.2%**	**(14,834)**	**3,078,060**	**95.1%**	**0.48%**
- Loans	2,828,405	65.9%	(21,647)	2,806,758	68.1%	0.77%	2,617,483	79.7%	(12,804)	2,604,679	80.5%	0.49%
- Securities	1,158,458	27.0%	(100,925)	1,057,533	25.7%	8.71%	475,411	14.5%	(2,030)	473,381	14.6%	0.43%
Total	**4,290,452**	**100.0%**	**(169,848)**	**4,120,604**	**100.0%**	**3.96%**	**3,282,443**	**100.0%**	**(46,942)**	**3,235,501**	**100.0%**	**1.43%**

Organic non-performing loans and securities amounted to EUR 256.3 million, up compared to the figure recorded as of 31 December 2023. As regards the coverage ratio of organic non-performing loans and securities as of 31 December 2024, this stood at 15.6%, down from the figure at 31 December mainly due to unlikely-to-pay positions with a particularly significant set of guarantees slipping into the portfolio.

As of 31 December 2024 performing loans amounted to EUR 2,806.8 million and performing securities amounted to EUR 1,057.5 million. The item Loans increased compared to 31 December 2023, particularly driven by new disbursements made by the Corporate Banking (net of significant early repayments) and b-ilty divisions. The item securities was higher than the figure as of 31 December 2023 mainly in light of the material asset transformation transaction, which involved transferring POCI loans and Public Procurement Claims to the separate assets of securitisation vehicles, in lieu of subscribing the same vehicles' securitisation notes, completed in the first quarter of 2024.

The coverage ratio for the Bank's performing loans as of 31 December 2024 was equal to 0.77%, up compared to the figure as of 31 December 2023. The coverage ratio of the Group's performing securities as of 31 December 2024 was equal to 8.71%, up from 0.43% in the previous year, mainly as a result of the *Asset Quality Review* concluded by the Bank in 2024 and due to the non-recurrent adjustments recorded in the year on specific senior securitisation notes relating to transformed distressed assets.

Below is a breakdown of the inorganic component of the portfolio, which comprises loans, securities and Public Procurement Claims.

(amounts in thousands of euros)

LOANS TO CUSTOMERS - INORGANIC & PPCS	31/12/2024						31/12/2023					
	Gross Exposure	Inc. %	Value adjustments	Book value	Inc. %	Coverage ratio (*)	Gross Exposure	Inc. %	Value adjustments	Book value	Inc. %	Coverage ratio (*)
Non-performing loans - inorganic	**475,457**	**59.3%**	**-**	**475,457**	**78.4%**	**N/A**	**738,569**	**72.2%**	**-**	**738,569**	**89.3%**	**N/A**
- Bad loans	129,159	16.1%	-	129,159	21.3%	N/A	318,840	31.2%	-	318,840	38.6%	N/A
- Unlikely-to-pay positions	338,239	42.2%	-	338,239	55.8%	N/A	402,154	39.3%	-	402,154	48.6%	N/A
- Past-due positions	8,059	1.0%	-	8,059	1.3%	N/A	17,575	1.7%	-	17,575	2.1%	N/A
Non-performing securities - Inorganic	**130,354**	**16.2%**	**-**	**130,354**	**21.5%**	**N/A**	**89,690**	**8.8%**	**-**	**89,690**	**10.8%**	**N/A**
- Unlikely-to-pay positions	130,354	16.2%	-	130,354	21.5%	N/A	89,690	8.8%	-	89,690	10.8%	N/A
PPC	**196,576**	**24.5%**	**(196,252)**	**324**	**0.1%**	**N/A**	**196,576**	**19.2%**	**(196,318)**	**258**	**0.0%**	**N/A**
Total	**802,387**	**100.0%**	**(196,252)**	**606,135**	**100.0%**	**N/A**	**1,024,835**	**100.0%**	**(196,318)**	**828,517**	**100.0%**	**N/A**

(*) In the column "Coverage ratio", the value "n/a" was inserted as it refers to net value adjustments/recoveries and therefore is not correlated to the gross exposure in terms of coverage representation.

Inorganic loans amounted to EUR 606.1 million, of which:

- EUR 129.2 million relating to purchase transactions concluded by the Corporate Banking and Specialised Credit Divisions classified as Bad loans, registering a decrease compared to EUR 318.8 million as of 31 December 2023;
- EUR 338.2 million relating to purchase transactions concluded by the Corporate Banking and Specialised Credit Divisions classified as unlikely-to-pay positions, registering a decrease compared to EUR 402.2 million as of 31 December 2023;
- EUR 8.1 million relating to purchase transactions concluded by the Corporate Banking and Specialised Credit Divisions classified as *past due*, registering a decrease compared to EUR 17.6 million as of 31 December 2023.

On the other hand, the inorganic non-performing securities, amounting to EUR 130.4 million as of 31 December 2024, increased compared to the figure as of 31 December 2023 and mainly referred to the Convivio transaction, in JV with Apollo Global Management.

In addition to inorganic loans and securities, new investments in loans for Public Procurement Claims amounted to EUR 0.3 million.

Funding

(amounts in thousands of euros)

CUSTOMER FUNDING BY TECHNICAL FORM	31/12/2024		31/12/2023		Change	
	Book value	Inc. %	Book value	Inc. %	Absolute	Chg. %
Amounts due to customers (A)	5,307,420	73.5%	4,487,248	74.3%	820,172	18.3%
Securities issued (B)	1,051,867	14.6%	611,741	10.1%	440,126	71.9%
Total direct customer funding (A) + (B)	**6,359,287**	**88.0%**	**5,098,989**	**84.4%**	**1,260,298**	**24.7%**
Due to banks (C)	864,958	12.0%	941,995	15.6%	(77,037)	(8.2%)
Total debt (A) + (B) + (C)	**7,224,245**	**100.0%**	**6,040,984**	**100.0%**	**1,183,261**	**19.6%**

The Group's liabilities present total "direct funding" of EUR 7,224.2 million, broken down between customers for EUR 6,359.3 million and banks for EUR 865 million.

The increase was due primarily to the increase in amounts due to customers, driven by corporate customers time deposits.

Securities issued amounted to EUR 1,051.9 million, an increase compared to the value at the end of the 2023 financial year, due to both the issue of a Senior Preferred bond with a nominal value of EUR 300 million in May 2024, and the subscription by third-party investors of certain Senior notes issued by securitisation vehicles falling within the scope of consolidation of the illimity Group.

Amounts due to banks, including the central bank component, was down compared to the figure of EUR 77 million as of 31 December 2023.

Property and equipment and intangible assets

Property and equipment amounted to approximately EUR 89.4 million as of 31 December 2024, up compared to EUR 88.2 million as of 31 December 2023.

In accordance with IFRS 16, the item includes the Right of Use of assets acquired through lease agreements, of approximately EUR 31.8 million, net of accumulated depreciation. This balance also includes the values of Right of Use assets relating to photovoltaic plants recognised following the consolidation of SpicyCo and its subsidiaries as of 9 July 2024.

As of 31 December 2024, the item relating to goodwill amounted to EUR 33.7 million, a decrease of EUR 36.3 million compared to the balance as of 31 December 2023. This reduction is attributable to the write-offs made on the goodwill arising from the SPAXS business combination with Banca Interprovinciale (amounting to EUR 21.6 million), as well as on the goodwill recognised on the acquisition of IT Auction (now Abilio and Industrial Discount) and its subsidiaries in the 2020 financial year (amounting to EUR 14.6 million), recorded after the impairment test carried out in accordance with IAS 36.

It should be noted that, as part of the impairment test, the provisional difference of EUR 2.5 million arising from the *Purchase Price Allocation* following the acquisition of the remaining 51% of SpicyCo's share capital, which had been provisionally recognised as goodwill, was fully adjusted.

Therefore, as of 31 December 2024, this item includes the value of goodwill identified at the time of the acquisition of the Arec business (now merged by incorporation into Arecneprix S.p.A.) for EUR 29.1 million, as well as the goodwill recognised after the acquisition of Quimmo Prestige Agency, amounting to EUR 4.6 million.

Instead, the item intangible assets amounted to EUR 30.6 million, down from the comparison figure by approximately EUR 53.2 million, mainly as a result of the sale finalised on 24 December 2024 of 52% of the share capital of AltermAInd, a company to which illimity had contributed on 20 December 2024 the business unit related to the technology *assets* and related personnel (i.e. the *Digital*Competence Line). This item also includes the residual value of the specific intangible assets identified in the aforementioned Purchase Price Allocation process following the acquisition of the Arec business, as well as the IT investments made by Group companies that were not part of the sale described above.

Tax assets and tax liabilities

Tax assets amounted to approximately EUR 102.8 million as of 31 December 2024, up from the EUR 62.8 million recognised as of 31 December 2023. Details of the breakdown of tax assets are shown below.

(amounts in thousands of euros)

TAX ASSETS	31/12/2024	31/12/2023	Chg.	Chg. %
Current	24,455	1,837	22,618	>100%
Deferred	78,346	60,919	17,427	29%
Total	**102,801**	**62,756**	**40,045**	**64%**

Deferred tax assets other than those convertible into tax credits (Article 2, paragraph 55 et seq. of Italian Legislative Decree no. 225/2010) are recognised on the basis of the likelihood of earning taxable income in future years able to reabsorb the temporary differences. Deferred tax assets primarily include the effects of the exercise of the tax relief option on goodwill and other intangible assets recognised in the financial statements following extraordinary transactions and purchases of equity investments, the write-downs recorded on the securities portfolio measured at fair value through other comprehensive income, and tax losses accrued in the previous financial year.

The main changes compared with the previous year relate to the progressive reversal of fiscally recognised portions relating to goodwill and other intangible assets and the recognition of tax losses for the year, as well as the payment of tax advances in respect of current tax assets.

Tax liabilities amounted to EUR 5.8 million, down from the December 2023 figure of EUR 19.1 million due to the payment of the balance of taxes referring to the previous year.

(amounts in thousands of euros)

TAX LIABILITIES	31/12/2024	31/12/2023	Chg.	Chg. %
Current	1	21,704	(21,703)	(100%)
Deferred	5,820	3,266	2,554	78%
Total	**5,821**	**24,970**	**(19,149)**	**(77%)**

Capital adequacy

On 1 January 2014, the new prudential requirements for banks and investment firms came into force, which are contained in Regulation (EU) No 575/2013 (Capital Requirements Regulation, the CRR) and in Directive 2013/36/EU (Capital Requirements Directive, the CRD IV), which have transposed into the EU the standards set by the Basel Committee on Banking Supervision (Basel 3 Framework). The CRR entered into effect in the Member States directly, whereas the rules laid down in CRD IV were transposed into Italian law by Legislative Decree no. 72 of 12 May 2015, which entered into force on 27 June 2015. Following a public consultation process launched in November, on 17 December 2013 the Bank of Italy published Circular no. 285, "Prudential supervisory regulations for banks", implementing the new EU rules to the extent of its remit, together with Circular no. 286, "Instructions for completing prudential reports for banks and securities brokerage firms" and the update to Circular no. 154 "Supervisory reports by credit and financial institutions. Reporting formats and instructions for submitting data streams" (the above set of rules has been updated on several occasions).

On 5 February 2024, illimity Bank received a conclusive measure from Bank of Italy containing the outcomes of the*Supervisory Review and Evaluation Process* (SREP) carried out on the Group. The new requirements set out below must be adopted on a consolidated basis as of 31 March 2024:

- CET1 ratio of 9.60%;
- Tier 1 ratio of 11.10%;
- Total Capital ratio of 13.10%.

These ratios include an additional Pillar 2 *requirement* (P2R) of 2.60% and a *Capital Conservation Buffer* component of 2.50%, both to be maintained in the form of CET1 capital.

As of 31 December 2024, the*"Systemic Risk Buffer", or "SyRB"* must also be added to these requirements as provided for in Article 133 of EU Directive/2019/878 (CRD5), in order to prevent and mitigate systemic risks not otherwise covered by other macroprudential tools.

In determining own funds the profit (loss) for the period was allocated net of all charges and dividends that may be forecast pursuant to the CRR, Article 26, paragraph 2, letter b) and Delegated Regulation (EU) 241/2014, articles 2 and 3.

(amounts in thousands of euros)

Capital ratios	31/12/2024	31/12/2023
Common Equity Tier 1 (CET1) capital	**720,295**	**720,435**
Additional Tier 1 (AT1) capital	**-**	**-**
Tier 2 (T2) capital	**201,499**	**201,137**
Total own funds	**921,794**	**921,572**
Credit risk	361,033	360,982
Credit valuation adjustment risk	-	-
Settlement risks	-	-
Market risks	13,373	4,409
Operational risk	40,943	36,720
Other calculation factors	-	-
Total minimum requirements	**415,349**	**402,111**
Risk-weighted assets	**5,191,864**	**5,026,384**
Common Equity Tier 1 ratio (*Phased-in*)	**13.87%**	**14.33%**
Common Equity Tier 1 ratio (*Fully Loaded*)	**13.42%**	**14.27%**
Total capital ratio (*Phased-in*)	**17.75%**	**18.33%**
Total capital ratio (*Fully Loaded*)	**17.30%**	**18.28%**

The difference between the Fully Loaded ratio and the Phased-in ratio is due to the application of Regulation 2020/873, in relation to the application of IFRS 9 to own funds and capital ratios, as well as the application of Article 468 of the CRR relating to unrealised gains and losses measured at fair value.

It should be noted that, on the instructions of the Supervisory Authority, with reference to the interpretation of the regulations on the prudential treatment of a particular securitisation transaction, which resulted in a positive component in the income statement in the 4th quarter of 2023 (equal to EUR 27.8 million net of taxes), the Bank sterilised the effects on the capital ratios. For the sake of completeness, it should be noted that the impact of this filter on the Group's primary Tier 1 capital as of 31 December 2024 was absorbed by the value adjustments recorded during the year.

Changes in shareholders' equity

Consolidated shareholders' equity amounted to EUR 899.5 million, a decrease compared to 2023 mainly due to the effect of the loss for the year, of dividends distributed to shareholders during the year, as well as due to the share buy-back programme to service the incentive scheme, net of the improvement observed in the valuation reserve.

(amounts in thousands of euros)

Items/Technical forms	31/12/2024	31/12/2023
1. Share capital	54,789	54,691
2. Share premium reserve	624,937	624,583
3. Reserves	276,527	197,584
4. Equity instruments	-	-
5. (Treasury shares)	(5,354)	(747)
6. Valuation reserves	(18,298)	(30,020)
7. Profit (Loss) for the year attributable to the parent company	(38,400)	104,400
Total shareholders' equity attributable to the Group	**894,201**	**950,491**
Shareholders' equity attributable to minority interests	5,289	5,611
Total shareholders' equity	**899,490**	**956,102**

Share capital and ownership structure

As of 31 December 2024, the Bank's share capital amounted to EUR 54,789,379.31, fully subscribed and paid up, divided into 84,067,808 Ordinary Shares, without indication of the par value.

The Ordinary Shares were admitted to trading on the Euronext Milan market organised and managed by Borsa Italiana S.p.A. on 5 March 2019. Under Borsa Italiana's Provision no. 8688 of 2 September 2020, the ordinary shares were admitted to trading on the STAR (Securities with High Requirements) segment of the Euronext Milan market.

Treasury shares

As of 31 December 2024, the Bank held 1,054,191 treasury shares for a value of EUR 5.4 million, up from the amount recorded as of 31 December 2023, following the implementation of the programme to purchase treasury shares to service the Group's incentive schemes. The Bank's subsidiaries do not hold any of its shares.

Parent company reconciliation - consolidated

The table below gives a reconciliation of the shareholders' equity and the result of illimity Bank S.p.A. with the respective data for the Group as of 31 December 2024:

(amounts in thousands of euros)

	Shareholders' equity	Result
illimity Bank S.p.A.	**836,739**	**(103,957)**
Effect of consolidation of subsidiaries	16,806	-
Result of subsidiaries	(11,810)	(11,810)
Consolidation adjustments	70,265	76,560
Dividends	-	-
Effect of measuring associates and joint ventures using the equity method	(17,799)	807
Group	**894,201**	**(38,400)**

In the 2024 financial year, the Bank recorded write-downs in respect of certain investments in subsidiaries as well as jointly controlled companies recorded in its balance sheet assets, as well as in respect of financial receivables due from the same subsidiaries which led to the write-down of equity interests.

The sterilisation of these effects at consolidated level, as well as the value adjustment of the book value (only for the purposes of the Consolidated Financial Statements) of the residual interest in AltermAInd following the sale of 52% of the company, constitute the main reasons for the difference between the net profit of illimity Bank S.p.A. and the consolidated profit attributable to the Parent Company for the year 2024.

Financial performance

Net interest margin

(amounts in thousands of euros)

Items/Technical forms	Loans/ Payables	Debt securities	Other transactions	31/12/2024	31/12/2023	Absolute changes	Change %
Interest income							
1. Financial assets measured at fair value through profit or loss	92	2,814	-	**2,906**	**779**	2,127	>100%
Held for trading	-	-	-	**-**	***77***	*(77)*	*(100%)*
Designated at FV	-	-	-	**-**	**-**	-	*N/A*
Mandatorily measured at fair value:	*92*	*2,814*		***2,906***	***702***	*2,204*	*>100%*
2. Financial assets at FV through other comprehensive income	-	21,246	-	**21,246**	**10,726**	10,520	98%
3. Financial assets at amortised cost	281,216	110,323	-	**391,539**	**349,358**	42,181	12%
Due from banks	*15,176*	*589*	-	***15,765***	***15,762***	*3*	*0%*
Customer loans	*266,040*	*109,734*	-	***375,774***	***333,596***	*42,178*	*13%*
4. Hedging derivatives	-	-	13,944	**13,944**	**32,089**	(18,145)	(57%)
5. Other assets	-	-	4,527	**4,527**	**3,130**	1,397	45%
6. Financial liabilities	-	-	-	**1,141**	**1,209**	(68)	(6%)
Total interest income	**281,308**	**134,383**	**18,471**	**435,303**	**397,291**	**38,012**	**10%**
Interest expenses							
1. Financial liabilities at amortised cost	(211,621)	(48,663)	-	**(260,284)**	**(167,121)**	(93,163)	56%
Due to central banks	*(37)*	-	-	***(37)***	***(2,464)***	*2,427*	*(98%)*
Amounts due to banks	*(45,757)*	-	-	***(45,757)***	***(35,799)***	*(9,958)*	*28%*
Amounts due to customers	*(165,827)*	-	-	***(165,827)***	***(91,957)***	*(73,870)*	*80%*
Securities issued	-	*(48,663)*	-	***(48,663)***	***(36,901)***	*(11,762)*	*32%*
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**	-	N/A
3. Financial liabilities designated at FV	**-**	**-**	**-**	**-**	**-**	-	N/A
4. Other liabilities and provisions	-	-	*(3,695)*	**(3,695)**	**(3,810)**	115	(3%)
5. Hedging derivatives	-	-	**(13,701)**	**(13,701)**	**(32,909)**	19,208	(58%)
6. Financial assets	-	-	-	**(460)**	**(928)**	468	(50%)
Total interest expenses	**(211,621)**	**(48,663)**	**(17,396)**	**(278,140)**	**(204,768)**	**(73,372)**	**36%**
Net interest margin	**69,687**	**85,720**	**1,075**	**157,163**	**192,523**	**(35,360)**	**(18%)**

As of 31 December 2024, the net interest margin amounted to approximately EUR 157.2 million, down on the previous year, when it amounted to approximately EUR 192.5 million.

This change is due primarily to a greater increase in interest expense (driven by the increase in the cost of funding attributable to the rise in interest rates observed on the market during 2023) than that in interest income, which was affected by transactions involving the transformation of receivables to UCI units and in Senior Financing notes, which have characterised the Specialised Credit Division since the second half of 2023.

The increase in interest income is attributable mainly to interest accrued on financial assets at amortised cost; in particular, interest on loans to customers increased by EUR 42.2 million compared to the previous year. This increase is attributable to higher lending volumes mainly related to the operations of the b-ilty division, as well as to a significant increase in the portfolio of government bonds held under a *Hold to Collect* business model.

Interest income on financial assets measured at *fair value* through other comprehensive income also increased, mainly due to higher treasury volumes, which include securities (mainly government bonds) whose business model is *Hold to Collect & Sell*.

As indicated in the introduction, interest expense also increased by around EUR 73.4 million compared with 31 December 2023. This increase is mainly attributable to the increase in interest expenses on customer debt, mainly driven by higher corporate funding.

Interest expenses on liabilities to banks and central banks also increased by EUR 7.5 million, directly related to the increase in funding volumes and interest rates.

Interest expenses accrued on securities issued was also up by around EUR 11.8 million compared to the end of the previous year, mainly as a result of the placement of a Senior Preferred bond at the end of May 2024.

Lastly, the reduction in spreads on hedging derivatives, in terms of both the income and expense components, should be noted. The positive impact of said spreads as of 31 December 2024 amounted to EUR 0.2 million.

Net fees and commissions

(amounts in thousands of euros)

Items/Technical forms	31/12/2024	31/12/2023	Absolute changes	Change %
Fee and commission income				
a) Financial instruments	-	100	(100)	(100%)
b) Corporate Finance	3,909	3,653	256	7%
e) Collective portfolio management	6,403	5,569	834	15%
i) Payment services	3,510	1,854	1,656	89%
j) Distribution of third party services	178	234	(56)	(24%)
l) Servicing activities for securitisation transactions	23,166	18,108	5,058	28%
n) Financial guarantees issued	1,260	1,298	(38)	(3%)
o) Loan transactions	41,119	36,960	4,159	11%
p) Currency trading	62	56	6	11%
r) Other commission income	12,550	14,416	(1,866)	(13%)
Total	**92,157**	**82,248**	**9,909**	**12%**
Fee and commission expense				
d) Custody and administration	(945)	(356)	(589)	>100%
e) Collection and payment services	(2,468)	(2,009)	(459)	23%
f) Servicing activities for securitisation transactions	(95)	(103)	8	(8%)
h) Financial guarantees received	(210)	(81)	(129)	>100%
k) Other commission expense	(5,089)	(2,986)	(2,103)	70%
Total	**(8,807)**	**(5,535)**	**(3,272)**	**59%**
Net fees and commissions	**83,350**	**76,713**	**6,637**	**9%**

Net fees and commissions amounted to EUR 83.4 million, up compared to the period ended 31 December 2023, when it amounted to EUR 76.7 million.

The increase in fee and commission income is due primarily to increase in commissions from servicing activities for securitisation transactions as well as from loan transactions, which rose by EUR 5.1 million and EUR 4.2 million respectively compared to the end of the previous financial year. The increase in servicing fees for securitisation transactions is mainly attributable to the positive performance of ARECneprix, which saw a significant increase in its non-captive revenues in the 2024 financial year, also as a result of the credit asset transformation strategy implemented by the Specialised Credit division.

Other operating expenses and income

(amounts in thousands of euros)

Items/Technical Forms	31/12/2024	31/12/2023	Absolute changes	Change %
Other operating expenses				
Amortisation of expenses for improvements on third party assets	(190)	(232)	42	(18%)
Other operating expenses	(1,791)	(3,893)	2,102	(54%)
Total	**(1,981)**	**(4,125)**	**2,144**	**(52%)**
Other operating income				
Recoveries of expenses from other customers	8,839	6,260	2,579	41%
Other income	54,817	54,754	63	0%
Rental income	2,269	2,986	(717)	(24%)
Total	**65,925**	**64,000**	**1,925**	**3%**
Other operating income/expenses	**63,944**	**59,875**	**4,069**	7%

Other operating expenses and income increased by EUR 4.1 million with respect to the comparative figure. The balance for the 2024 financial year includes the capital gain realised by the Group from the sale of the *Digital* Competence Line for EUR 52.5 million. It should be noted that the comparative figure in turn included the proceeds from the transaction with Engineering for EUR 54 million.

Personnel expenses

(amounts in thousands of euros)

Items/Technical Forms	31/12/2024	31/12/2023	Absolute changes	Change %
1. Employees	(73,739)	(100,024)	26,285	(26%)
2. Other personnel in service	(2,810)	(2,338)	(472)	20%
3. Directors and statutory auditors	(3,196)	(3,017)	(179)	6%
Personnel expenses	**(79,745)**	**(105,379)**	**25,634**	**(24%)**

Personnel expenses amounted to approximately EUR 79.7 million and consist mainly of employee wages and salaries and the related social security contributions. Group personnel expenses decreased by EUR 25.6 million compared to the previous year, mainly due to the lower incidence of the variable component of personnel remuneration on the item. It should also be noted that personnel expenses for the 2023 financial year also included the cost related to the ESOP plan for employees, whose last round of allocations ended last year.

The Group had a total of 779 employees as of 31 December 2024, down on 31 December 2023 (when it was equal to 921). The decrease in the number of employees is mainly attributable to the sale, completed on 24 December 2024, of 52% of the share capital of AltermAInd, the company to which illimity had contributed, on 20 December 2024, the business unit relating to the technology *assets* and related personnel.

Other Administrative expenses

(amounts in thousands of euros)

Items/Technical Forms	31/12/2024	31/12/2023	Absolute changes	Change %
Insurance	(4,385)	(3,506)	(879)	25%
Various consulting services	(10,822)	(12,366)	1,544	(12%)
Cost of services	(6,510)	(5,904)	(606)	10%
Financial information	(5,504)	(4,429)	(1,075)	24%
Adverts and advertising	(2,820)	(5,817)	2,997	(52%)
Financial statement audit	(1,248)	(1,213)	(35)	3%
IT and software expenses	(27,872)	(25,361)	(2,511)	10%
Legal and notary's fees	(7,056)	(9,536)	2,480	(26%)
Property management expenses	(6,196)	(5,795)	(401)	7%
Expenses for professional services	(9,263)	(13,275)	4,012	(30%)
Utilities and services	(911)	(1,437)	526	(37%)
Other indirect taxes and duties	(4,568)	(4,696)	128	(3%)
Others	(4,129)	(5,685)	1,556	(27%)
Total other administrative expenses	**(91,284)**	**(99,020)**	**7,736**	**(8%)**

Other administrative expenses amounted to approximately EUR 91.3 million, down by EUR 7.7 million compared to the figure recorded at the end of the previous year, and refer primarily to IT and software expenses, expenses for professional services and consultancy fees.

Net value adjustments/recoveries on property and equipment and intangible assets

(amounts in thousands of euros)

Items/Technical Forms	31/12/2024	31/12/2023	Absolute changes	Change %
Net value adjustments/recoveries on property and equipment				
Property and equipment with functional use				
of which: Own property and equipment	(585)	*(375)*	(210)	56%
of which: Inventories	(1,819)	*(660)*	(1,159)	>100%
of which: Rights of use acquired through lease agreements	(4,382)	*(3,293)*	(1,089)	33%
Total	**(6,786)**	**(4,328)**	**(2,458)**	**57%**
Net value adjustments/recoveries on intangible assets				
Finite useful life	(21,914)	(18,280)	(3,634)	20%
Indefinite useful life	-	-	-	n.a
Total	**(21,914)**	**(18,280)**	**(3,634)**	**20%**
Net value adjustments/recoveries on property and equipment and intangible assets	**(28,700)**	**(22,608)**	**(6,092)**	**27%**

Net value adjustments on property and equipment and intangible assets amounted to approximately EUR 28.7 million, up compared to EUR 22.6 million as of 31 December of the previous year. The increase was due mainly to the amortisation of IT investments made by the Bank, as well as greater depreciation for *right of use assets*, acquired through lease agreements, as indicated in IFRS 16, as well as the amortisation of intangible assets recognised in accordance with IFRS 3, following the acquisition of AREC (subsequently merged into ARECneprix S.p.A.). Depreciation on rights of use acquired under leases includes the depreciation on photovoltaic plants pertaining to the Energy business, which emerged in the Consolidated Financial Statements as of 9 July 2024 following the acquisition of the remaining 51% of SpicyCo and the consequent line-by-line consolidation of the company and its subsidiaries.

Net value adjustments/recoveries and profits on closed positions

(amounts in thousands of euros)

Transaction/ Income item	Write-downs (1)			Write-backs (2)			Total (1)+(2) 31/12/2024	of which Closed Positions (3)	LLPs (1)+(2)-(3) 31/12/2024
	Stage one and Stage two	Stage three	Impaired	Stage one and Stage two	Stage three	Impaired			
Assets measured at Amortised Cost									
- Loans	(17,745)	(30,360)	(170,986)	64,269	3,152	125,914	(25,756)	9,422	(35,178)
- Debt securities	(100,986)	(2,317)	-	1,666	687	1,585	(99,365)	-	(99,365)
Amortised Cost Subtotal	**(118,731)**	**(32,677)**	**(170,986)**	**65,935**	**3,839**	**127,499**	**(125,121)**	**9,422**	**(134,543)**
HTCS Assets									
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	(1,126)	-	-	614	897	-	385	-	385
HTCS Subtotal	**(1,126)**	**-**	**-**	**614**	**897**	**-**	**385**	**-**	**385**
Guarantees given and Irrevocable commitments to disburse funds	**(740)**	**(4)**	**(771)**	**630**	**-**	**3,949**	**3,064**	**3,187**	**(123)**
Total	**(120,597)**	**(32,681)**	**(171,757)**	**67,179**	**4,736**	**131,448**	**(121,672)**	**12,609**	**(134,281)**

Of the negative EUR 134.3 million of net write-downs as of 31 December 2024, EUR 133.8 million related to adjustments on organic exposures, and therefore contributed towards determining the Cost of risk – equal to 325 bps – as presented in the section "Alternative Performance Measures as of 31 December 2024".

Net of value adjustments recorded after the Asset Quality Review and non-recurring items, the cost of risk would have amounted to 79 bps.

The profits generated during the year on closed positions, which amounted to EUR 13.9 million, are detailed below.

(amounts in thousands of euros)

Recap Closed Positions	31/12/2024
On HTC financial assets - POCI	*8,022*
On HTC financial assets - Other	*1,400*
On Guarantees given and Irrevocable commitments to disburse funds	*3,187*
Closed Positions Loan Portfolios Subtotal	**12,609**
On disposal of Repossessed Assets	*1,252*
Closed Positions Real Estate Subtotal	**1,252**
Total	**13,861**

The positive contribution made by closed positions derives from disposals of POCI positions for EUR 8 million, from the sale of Public Procurement Claims for EUR 1.4 million and from the closure of irrevocable commitments to disburse funds for EUR 3.2 million.

Income tax for the year on continuing operations

Income taxes for the year had a positive impact of EUR 24.2 million. These were mainly impacted by the recognition of prepaid taxes on the loss for the year, as well we the positive effects resulting from the tax exemption on the tax gain realised on the sale of the business unit (Digital Competence Line) to Fibonacci, through the application for IRES purposes of the PEX regime (Article 87 of Italian Presidential Decree 917/1986), as well as the negative effects resulting from the partial impairment of the goodwill recognised. It should be noted that, for the purposes of the official statements pursuant to Circular 262/2005 and subsequent updates, income taxes for the year relating to the economic components referring to the business unit transferred to Fibonacci were reclassified pursuant to IFRS 5 under the item "profit/loss from discontinued operations net of taxes" and amounted to a positive EUR 11.9 million. Income taxes on current operations, on the other hand, had a positive impact of EUR 12.3 million.

Basic and diluted earnings (losses) per share

The Basic earnings (losses) per share are calculated by dividing the Group's Net profit (loss) for the year by the weighted average number of ordinary shares in issue during the year.

(amounts in thousands of euros)

Basic earnings (losses) per share	Net profit/loss for the year	Average number of shares	Basic earnings (losses) per share
Year ended 31 December 2024	(38,400)	83,375,041	(0.46)
Year ended 31 December 2023	104,400	83,712,134	1.25

(amounts in thousands of euros)

Diluted earnings (losses) per share	Net profit/loss for the year	Average number of shares	Diluted earnings (losses) per share
Year ended 31 December 2024	(38,400)	83,996,655	(0.46)
Year ended 31 December 2023	104,400	85,470,710	1.22

Quarterly trend

The quarterly trend of the reclassified consolidated balance sheet and consolidated income statement is presented below.

Reclassified Balance Sheet

(amounts in thousands of euros)

Assets	31/12/2024	30/09/2024	30/06/2024	31/03/2024	31/12/2023
Cash and cash equivalents	387,264	368,230	321,142	273,391	431,696
Due from banks, financial entities and other institutions	292,188	270,942	194,126	105,544	112,702
Loans to customers and investments	4,726,739	4,724,311	4,601,324	4,072,728	4,064,018
Government Bonds	942,250	985,239	933,676	870,021	585,009
HTCS Financial assets	748,027	681,321	766,471	618,570	456,643
FVTPL Financial assets	563,222	563,512	559,007	544,469	527,840
Investments in Equity	140,159	81,709	81,961	81,341	81,199
Goodwill	33,731	72,447	69,992	69,992	69,992
Other intangible Assets	30,550	90,418	87,319	82,103	83,776
Other assets	538,396	489,645	509,220	846,835	846,172
Total assets	**8,402,526**	**8,327,774**	**8,124,238**	**7,564,994**	**7,259,047**

(amounts in thousands of euros)

Liabilities	31/12/2024	30/09/2024	30/06/2024	31/03/2024	31/12/2023
Amounts due to banks	864,958	944,770	876,722	801,624	941,995
Amounts due to customers	5,307,420	4,976,666	5,091,697	4,898,306	4,487,248
Securities issued	1,051,867	1,111,231	925,910	620,718	611,741
Other liabilities	278,791	318,082	268,407	271,648	261,961
Shareholders' equity	899,490	977,025	961,502	972,698	956,102
Total liabilities and shareholders' equity	**8,402,526**	**8,327,774**	**8,124,238**	**7,564,994**	**7,259,047**

Reclassified Income Statement

(amounts in thousands of euros)

Income Statement items	4Q2024	3Q2024	2Q2024	1Q2024	4Q2023
Net interest margin	40,770	37,869	38,940	39,584	44,796
Net fees and commissions	20,265	16,774	28,250	18,061	25,792
Net profits (loss) on financial assets trading	(7,157)	4,004	11,631	8,272	(985)
Net profit (loss) on closed positions	3,182	2,448	2,277	5,954	6,066
Other operating expenses and income (excluding taxes)	55,699	3,413	2,272	2,560	1,290
Total net operating income	**112,759**	**64,508**	**83,370**	**74,431**	**76,959**
Personnel expenses	(9,340)	(22,017)	(24,900)	(23,488)	(32,815)
Other administrative expenses	(26,747)	(21,752)	(21,696)	(21,089)	(30,832)
Net value adjustments/recoveries on property and equipment and intangible assets	(9,234)	(7,050)	(6,238)	(6,178)	(6,793)
Operating expenses	**(45,321)**	**(50,819)**	**(52,834)**	**(50,755)**	**(70,440)**
Operating profit (loss)	**67,438**	**13,689**	**30,536**	**23,676**	**6,519**
Net value adjustments/recoveries for credit risk - HTC Banks, financial entities and customers	(113,867)	(2,739)	(10,077)	(7,860)	33,320
Net value adjustments/recoveries for credit risk - HTCS	186	72	819	(692)	138
Net value adjustments/recoveries for commitments and guarantees	566	(18)	(165)	(506)	821
Total net value adjustments/recoveries	**(113,115)**	**(2,685)**	**(9,423)**	**(9,058)**	**34,279**
Other net provisions	4	(4)	(103)	(66)	(517)
Other income (expenses) on investments	282	(239)	536	228	(216)
Contributions and other non-recurring expenses	(59,243)	(89)	(6,934)	(382)	(2,346)
Profit (loss) from operations before taxes	**(104,634)**	**10,672**	**14,612**	**14,398**	**37,719**
Income tax for the year on continuing operations	33,278	(2,844)	(2,521)	(3,716)	(8,647)
Profit (loss) for the year	**(71,356)**	**7,828**	**12,091**	**10,682**	**29,072**
Profit (loss) for the financial year attributable to minority interests	1,993	183	108	71	322
Profit (Loss) for the year attributable to the Parent Company	**(69,363)**	**8,011**	**12,199**	**10,753**	**29,394**

The interest margin in the fourth quarter of 2024 amounted to approximately EUR 40.8 million, up compared with the previous quarter and down compared with the corresponding quarter of 2023. In particular, the growth in net interest income compared to the third quarter of 2024 is mainly attributable to higher lending volumes in the b-ilty division as well as the lower cost of retail funding. On the other hand, the reduction in interest margin compared to the previous year is the consequence of the increase recorded in the cost of funding, as well as the transfers of assets to UCIs and Senior Financing notes carried out by the Specialised Credit Division starting in the second half of 2023.

Total net operating income for the fourth quarter of 2024 amounted to EUR 112.8 million. In addition to net interest, revenue for the quarter include net fees and commissions of EUR 20.3 million, net profit on positions closed in the quarter of approximately EUR 3.2 million, other net income of EUR 55.7 million and net loss of EUR 7.2 million from financial assets trading, an item that also includes the positive and negative value effects recorded on the UCI units held by the Group.

With specific reference to the item Other operating expenses and income, it should be noted that the capital gain from the sale of 52% of AltermAInd's share capital to Fibonacci BidCo, amounting to approximately Euro 52.5 million, was allocated to this item. Net of this non-recurring component, therefore, the item balance would have been broadly in line with previous quarters.

Operating expenses in the fourth quarter of 2024, equal to approximately EUR 45.3 million, show an increase on the previous quarter and on the corresponding quarter in 2023.

In particular, group personnel expenses decreased compared to the same period last year and the third quarter of 2024, mainly due to the lower impact of the variable component of personnel remuneration.

Administrative expenses, on the other hand, decreased compared to the corresponding quarter of last year, but increased compared to the third quarter of 2024, also due to certain costs incurred in preparation for the finalisation of the sale of 52% of AltermAInd's share capital.

Net value adjustments/recoveries on property and equipment and intangible assets increased due to higher capitalisation of software, as well as the recognition of impairment losses on property and equipment accounted for in accordance with IAS 2, as a result of the acceptance of a *binding offer* in January 2025 relating to a prospective sale transaction, which will be finalised in the 2025 financial year.

Overall net value adjustments/recoveries on portfolio positions were negative for EUR 113.1 million, resulting in a significant increase compared to the third quarter of 2024 and the comparative figure for 2023. As previously mentioned in previous sections of this report, this item includes adjustments recorded after the *Asset Quality Review* that the Bank had undertaken to complete by the end of the year, which focused in particular on the valuation and classification of assets underlying some specific senior securitisation notes and fund units related to sale transactions.

In addition to these write-downs, there are impairment losses recognised as a result of new information regarding the potential outcome of a dispute affecting the valuation of a specific senior securitisation note, which resulted in the entire senior note being moved from Stage 1 to Stage 2 with an impact on the overall securitisation transaction in terms of *Expected Credit Loss*.

In addition, contributions and other non-recurring charges, negative for about EUR 59.2 million, were recognised, up from the third quarter of 2024 as well as the corresponding quarter in 2023. In addition to institutional contributions (FITD), this item also includes non-recurring charges related to goodwill write-downs for EUR 38.7 million, as well as the recognition of provisions for risks and charges for EUR 20.4 million.

Income on investments, related to results for the period of consolidated companies with the equity method, amounted to positive EUR 0.3 million, a sharp improvement over the previous quarter as well as on the same quarter in 2023.

Net of income taxes, positive for approximately EUR Euro 33.3 million (which include, in addition to deferred tax assets, also the Patent Box benefit), and the negative portion attributable to minorities amounting to EUR 2 million, the consolidated net loss attributable to the parent company in the fourth quarter amounted to EUR 69.4 million - a decrease compared to the results of the previous quarters mainly due to negative and non-recurring income components.

Contribution of operating segments to the Group's results

The illimity Group operates through an organisational structure comprising six Operating Segments:

a) Corporate Banking;
b) Investment Banking;
c) Specialised Credit;
d) b-ilty;
e) Digital;
f) Asset Management Company.

In addition to these, the Group also has Hype, a fintech company that illimity co-owns as a joint venture with the Sella Group, and the Corporate Center, which oversees the steering, coordination and control of the entire Group.

The segment reporting is based on elements that management uses to make its operating decisions ("*management approach*"), in line with the reporting requirements of IFRS 8.

The next table shows the main data summarising developments in the operating segments of the illimity Group in the 2024 financial year.

Economic performance	Corporate Banking	Investment Banking	Specialised Credit	b-ilty	Digital	Corporate Center	SGR	Hype	31/12/2024
Net interest margin	70.7	9.2	53.9	15.7	7.7	-	-	-	157.2
Net fees and commissions	27.4	6.7	37.7	6.1	0.1	-	5.4	-	83.4
Other economic components	17.5	7.6	12.6	0.8	54.9	-	1.1	-	94.6
Total net operating income	**115.6**	**23.5**	**104.2**	**22.6**	**62.7**	**-**	**6.5**	**-**	**335.1**
Personnel expenses	(9.1)	(4.7)	(31.4)	(4.0)	(8.9)	(19.1)	(2.5)	-	(79.7)
Other administrative expenses and Net value adjustments/ recoveries on property and equipment and intangible assets	(7.2)	(3.9)	(42.9)	(7.2)	(36.2)	(21.7)	(0.9)	-	(120.0)
Operating expenses	**(16.3)**	**(8.6)**	**(74.3)**	**(11.2)**	**(45.1)**	**(40.8)**	**(3.4)**	**-**	**(199.7)**
Operating profit (loss)	**99.3**	**14.9**	**29.8**	**11.4**	**17.6**	**(40.8)**	**3.1**	**-**	**135.3**
Total net value adjustments/ recoveries and other provisions	(16.5)	0.2	(106.6)	(11.6)	-	-	-	-	(134.5)
Contributions and other non-recurring expenses	(4.0)	-	(34.7)	-	(20.4)	(7.5)	-	-	(66.6)
Other income (expenses) on investments	-	-	0.1	-	0.1		-	0.6	0.8
Profit (loss) from operations before taxes	**78.8**	**15.1**	**(111.4)**	**(0.2)**	**(2.7)**	**(48.3)**	**3.1**	**0.6**	**(65.0)**

Amounts in millions of euros. Any discrepancies in the figures shown are solely due to the effect of rounding.

Shown below are the main financial data illustrating developments in the operating segments of the illimity Group in the 2023 financial year.

Economic performance	Corporate Banking	Investment Banking	Specialised Credit	b-ilty	Digital	Corporate Center	SGR	Hype	31/12/2023
Total net operating income	103.9	17.7	163.8	8.5	59.7	-	5.3	-	**358.9**
Operating expenses	(21.8)	(7.1)	(97.0)	(10.1)	(41.9)	(45.5)	(3.6)	-	**(227.0)**
Profit (loss) from operations before taxes	**80.0**	**10.1**	**108.6**	**(5.8)**	**13.5**	**(53.3)**	**1.7**	**(3.1)**	**151.7**

Amounts in millions of euros. Any discrepancies in the figures shown are solely due to the effect of rounding.

Economic performance	Corporate Banking	Investment Banking	Specialised Credit	b-ilty	Digital	Corporate Center	SGR	Hype	31/12/2024
Financial assets measured at fair value through profit or loss	117.3	46.2	397.4	0.3	-	-	2.0	-	**563.2**
Loans to customers	2,259.3	36.0	458.2	781.1	-	-	-	-	**3534.6**
Asset securities at Amortised Cost	557.7	323.2	1,157.1	96.4	-	-	-	-	**2,134.4**
Property and Equipment	-	-	67.8	-	-	21.6	-	-	**89.4**
Intangible assets	-	-	49.7	-	14.6	-	-	-	**64.3**
Amounts due to customers and securities issued	-	-	-	54.8	3,754.6	2,574.9	-	-	**6,384.3**
RWAS	**1,893.1**	**406.1**	**2,169.6**	**154.9**	**159.7**	**341.9**	**12.8**	**53.8**	**5,191.9**

Amounts in millions of euros. Any discrepancies in the figures shown are solely due to the effect of rounding.

The Corporate Banking Division recorded a profit before tax of EUR 78.8 million, down compared to the 2023 financial year mainly due to the impairment losses recorded on goodwill for EUR 4 million, classified under the item "Contributions and other non-recurring expenses".
The Division confirmed continued profitability, driven by capital gains on some *turnaround* positions that confirm the success of the restructuring processes implemented for client companies.

The Division's net loans to customers amounted to about EUR 2.3 billion, substantially stable on an annual basis: the good performance of loans issued more than offset early repayments (over EUR 500 million), also resulting from the successful outcome of the *Turnaround* business.

The Investment Banking Division reported an operating profit of approximately EUR 14.9 million, especially due to interest income on the securities portfolio, structuring commissions and the net profit of the financial assets trading activities, driven by the positive result of the derivative portfolio.
Lending volumes amounted to EUR 264 million, 14% down compared to the previous year due to repayments recorded on the *alternative debt* component, expected to recover in the coming quarters against a promising transaction pipeline. There was also continued progress in the capital markets business, with a further IPO completed during the third quarter (12 since the division began operations).

The Specialised Credit Division recorded approximately EUR 106.6 million in net interest income, and total net operating income of EUR 104.2 million. The pre-tax result was a loss of EUR 111.4 million, mainly due to adjustments recorded after the *Asset Quality Review* which the Bank completed in 2024, focused in particular on the valuation and classification of assets underlying some specific senior securitisation notes and fund units related to sale transactions. In addition, value adjustments recorded on goodwill for EUR 34.7 million, classified under the item "Contributions and other non-recurring expenses", were allocated to the Specialised Credit Division.
The division completed the strategic repositioning of the business launched at the end of 2023, focusing on asset-based financing.
With reference to ARECneprix, in 2024 the company consolidated its position as a major player in Italy in the corporate UTP and Stage 2 credit management market as well as in the real estate asset management market, qualifying as a Total Asset Management Company to third parties, thanks to its high degree of specialisation in structuring complex transactions and management of real estate assets.

ARECneprix's profitability will further benefit from the continued increase in demand for Stage 2 exposure management services on the market, a business in which Arecneprix can count on strong internal specialist skills.

The b-ilty Division presented a loss before taxes of approximately EUR 0.2 million, an improvement with respect to the comparative figure. This result mainly derives from EUR 15.7 million of net interest, EUR 6.1 million of net fees and commissions, EUR 11.2 million of operating costs and EUR 11.6 million of write-downs on loans.
Loans to customers reached EUR 780 million, up thanks to business origination, which stood at EUR 545 million, double last year's figure. It is also noted that the disbursed loans are all backed by public guarantees.

The Digital Division (formerly the CIO Division) brings together the inter-divisional remuneration of the various forms of funding. Furthermore, the costs arising from the operations of the illimitybank.com channel, as well as the amortisation of the software capitalised by the Bank and expenses pertaining to personnel dedicated to the Division's specific operations, are allocated to that Division. The economic benefits and charges deriving from the sale of 52% of AltermAInd's share capital to Fibonacci BidCo were allocated to the division.

The central functions of the Corporate Center reported an operating loss of EUR 40.8 million in 2024, consistent with its nature as a cost centre for all other functions of the Group.

The SGR contributed to consolidated results as of 31 December 2024 with an operating profit of approximately EUR 3.1 million. It is believed that the growing operation of illimity SGR will gradually bring greater benefits to the Group, especially in terms of improving the commission margin.

Lastly, the joint venture in Hype is expected to produce benefits, above all significant cost sharing, as well as revenues from cross-selling opportunities.

Corporate Banking

As of 31 December 2023, the Corporate Banking portfolio had a gross exposure of EUR 2,524 million, broken down as follows:

- Former BIP portfolio, amounting to EUR 105 million (4%);
- *Turnaround* amounting to approximately EUR 860 million (34%);
- *Crossover and Acquisition Finance* amounting to EUR 973 million (39%);
- Factoring, amounting to EUR 586 million (23%).

In 2024, gross assets of the Corporate Banking Division increased by approximately EUR 5 million.

In particular, the following was observed with regard to asset movements:

- disbursement of secured financing for approximately EUR 133 million, of which some EUR 69 million relating to the *Turnaround* Area and the remaining EUR 64 million relating to the *Crossover & Acquisition Finance*Area;
- disbursement of unsecured financing for over EUR 344 million, of which some EUR 96 million relating to the *Turnaround* Area and the remaining EUR 248 million relating to the *Crossover & Acquisition Finance*Area;
- purchase of two POCI portfolios attributable to the *Turnaround* Area for approximately EUR 45 million;
- subscription by illimity of the UTP Restructuring Fund units for EUR 29.5 million as a result of the contribution to this fund of receivables with a gross value of EUR 42 million as at 30 June 2024;
- early repayments for EUR 507 million, of which almost EUR 209 million relating to the *Turnaround* Area and the remaining EUR 299 million relating to the *Crossover & Acquisition Finance*Area;
- contractual collections related to the *Corporate Banking* portfolio of approximately EUR 50 million, mainly resulting from the contractual repayment of the Adler Plastic position with a gross value of EUR 30 million as of 30 June 2024;
- Collections related to POCI portfolios of approximately EUR 83 million.

As regards factoring, loans increased by EUR 188 million, amounting to EUR 715 million as of 31 December 2024.

Note that due to operating practices the aggregate of the former BIP portfolio also includes loans granted to illimity Group employees.

As of 31 December 2024, the *Corporate Banking* portfolio had a gross exposure of EUR 2,529 million, broken down as follows:

- former BIP portfolio, amounting to EUR 94 million (4%);
- *Turnaround* amounting to approximately EUR 771 million (30%);
- *Crossover and Acquisition Finance* amounting to EUR 898 million (36%);
- Factoring, amounting to EUR 715 million (28%);
- UCI funds in the amount of EUR 52 million (2%).

Investment Banking

The Investment Banking Division targets companies, financial companies and public institutions in order to support them in structuring market and private operations, to meet their needs for capital, debt and strategic growth, not only through IPOs, but also through *bond* issues and structuring securitisations.

The Division's offering also includes derivatives trading on its own behalf and for third parties, in addition to consulting for transactions such as mergers, spin-offs, incorporations, acquisitions and corporate restructuring.

The Division consists of the following *business*structures:

- Capital Markets;
- Investment & Hedging Solutions;
- Structuring;
- Financial Securitisations & Funding Solutions.

The operations and main results achieved by the different structures are detailed below.

Capital Markets Operations

Capital Markets operations aim to develop strategic growth plans for small and medium-sized enterprises, including through accessing the capital markets, defining organic and inorganic growth solutions, and optimising the financial structure.

As part of IPOs, the Capital Markets Area performs the role of *Global Coordinator* and *Euronext Growth Advisor* (EGA), assisting companies in their processes of listing on the *Euronext Growth Milan* (EGM) market. With regard to bond issues, the Area holds the role of *Arranger* and placement agent on the market with institutional investors. The Capital Markets Area also provides strategic support for extraordinary finance and *corporate broking* transactions.

From start of operations to 31 December 2024, the Area has successfully completed a total of 12 IPOs on EGM, including three during 2024.

Investment & Hedging Solutions Operations

The Investment & Hedging Solutions Area manages the Division's investment portfolio and structures solutions for managing and hedging risks for *corporate* and institutional customers, by trading in derivatives.

Taking advantage of the synergies with the other *business* Divisions, the Area offers customers a wide range of risk hedging solutions, providing them with the necessary instruments to reduce and limit the risks linked to their operations and statement of financial position structures.

With regard to the management of the Division's portfolio, the Area invests in the (primary and secondary) markets of *corporate bonds* and "*alternative debt*" (*tranches* of securitisations*, Collateralised Loan Obligations*, etc.) to support companies in their growth, guaranteeing quick *execution* and *time-to-market*.

From the start of operations to 31 December 2024, the *corporate bonds* portfolio managed by the Area amounted to EUR 88.8 million, with the following characteristics:

- extensive *single-name*, geographical and sector diversification (the portfolio consists of around 46 instruments, in 9 industries);
- an average duration of 2.4 years.

To this portfolio of corporate bonds can also be added EUR 226.5 million invested in tranches of securitisations originated by the Division's structuring activities, EUR 34.6 million relating to loan portfolios of consolidated securitisation transactions and around EUR 158.9 million invested in *Collateralised Loan Obligations*.

Structuring Operations

The Structuring Area is responsible for structuring *tailor-made* and highly specialised *funding* solutions and/or optimising debt/capital structures for *corporate* customers.

The Area acts as *Arranger* and *Senior Leader* in the structuring of securitisation and *alternative debt* transactions.

From the start of operations to 31 December 2024, the Area had successfully structured five securitisations of commercial loans for a total programme amount of around EUR 635 million.

Financial Securitisations & Funding Solutions Operations

The Financial Securitisations & Funding Solutions Area identifies efficient structured financing solutions that require extensive financial specialisation and expertise to achieve the objectives of diversifying *funding* sources, improving companies' financial positions and optimising customers' capital.

The Area operates as an *Arranger* in the structuring of securitisation, *basket bond* and *alternative debt* transactions, and as a *Lead Manager* in the placement on the market of the notes issued in the aforementioned transactions for institutional investors.

From the start of operations to 31 December 2024, the Area had successfully structured 11 securitisations of secured loans for a total programme amount of around EUR 1,313.5 million.

In detail, the Area structured:

- nine securitisations of *corporate* loans for an amount of EUR 1,173 million;
- a *basket bond* programme for a total of EUR 100 million;
- a *multi-originator* securitisation for an amount of EUR 40.5 million.

The Area also acts for the bank – in support of the Treasury operations - in the structuring of *funding* solutions (self-securitisations, repos, bond issues under the EMTN programme) and of *capital management* solutions (SRT securitisations, synthetic transactions and *financial guarantees*).

Specialised Credit

As of 31 December 2023, the Specialised Credit portfolio had a NBV of EUR 1,812.3 million, broken down as follows:

- POCI loans portfolios for EUR 680.1 million;
- PPC portfolios for EUR 210.3 million;
- Organic loans (*term loans*, performing loans relating to the Energy business – including exposures measured at Fair Value) for EUR 185.2 million;
- Senior Financing transactions for EUR 301.2 million, of which EUR 88.1 million refers to the Convivio SPV transaction, as a *joint venture* with Apollo Global Management;
- UCI units for EUR 435.5 million, deriving from *distressed* loan portfolio transfers.

In addition to such loans and financing, the scope of activity of the Specialised Credit Division also included the real estate assets recorded pursuant to IAS 2 and recognised under the illimity Group's assets following repossessions. This real estate portfolio amounted to EUR 64.7 million as of 31 December 2023.

During 2024 the following were carried out: both new *origination* transactions as well as the transactions for the transformation and contribution of a significant amount of inorganic assets to *Senior Financing* securities, as well as, in the last quarter of the year, significant value adjustments on *Senior Financing* transactions as part of the *Asset Quality Review* ("*AQR*").

In particular, the following was mainly observed:

- Subscription of *Senior Financing* securities of approximately EUR 681 million in the context of credit asset transformation transactions, in addition to value adjustments of approximately EUR 96.9 million recorded in the context of the "Velas" transactions following the AQR process, as well as the Mela and Bela transactions;
- Sale and full and final settlement of a portfolio of POCI loans (whose profits were recorded under profits on closed positions) for EUR 70.3 million;
- Recognition of POCI loan portfolios of about EUR 9 million and property and equipment of EUR 0.5 million following the consolidation of CR Please and of the securitisation vehicle ISIDE SPE Srl;
- Purchase of the remaining 51% of the share capital of SpicyCo, which resulted in the inclusion in the scope of consolidation of the company and, in turn, its subsidiaries (Enervitabio S. Giuseppe Soc. Agricola, Little Spicy, Renit CPV). This implied the recognition in the Consolidated Financial Statements of the assets and liabilities of these entities including, among the most significant, property and equipment related to photovoltaic plants (both owned and leased);

- Acquisitions of distressed loans, finalised both through securitisation vehicles pursuant to Italian Law 130/1999 and directly by illimity, for about EUR 130.2 million;
- Disbursement of organic loans for EUR 83.7 million, plus repayments of approximately EUR 30 million related to the Portofino Invest SRL and Re.Ge.Im positions;
- Changes in FV with negative impact recorded on UCI units of about EUR 9.2 million (mainly attributable to the Olympus Funds);
- Subscription of UCI units of the NPL Granulare Fund, managed by illimity SGR, for approximately EUR 3.8 million;
- Repayments made on Olympus Fund UCI units for EUR 32.6 million.

Taking the above into account, as of 31 December 2024, the Specialised Credit portfolio had a NBV of EUR 1,702 million, broken down as follows:
- POCI loans portfolios for EUR 260 million;
- PPC portfolios for EUR 0.3 million;
- Organic loans (*term loans*, loans relating to the Energy business) for EUR 156.4 million;
- *Senior Financing* transactions for EUR 896.9 million, of which EUR 128.7 million refers to the Convivio SPV transaction, as a *joint venture* with Apollo Global Management;
- UCI units for EUR 388.4 million.

in addition to EUR 53.5 million relating to the portfolio of real estate assets recorded pursuant to IAS 2. In addition, *Repossessed* photovoltaic assets as well as the *Right of Use Assets* related to leased plants of the Energy companies are highlighted for a total of EUR 14.3 million.

b-ilty Division

b-ilty is the business division of the illimity group focused on supporting Italian entrepreneurs and small and medium-sized enterprises (with a turnover of up to EUR 15 million), including start-ups and small traders. The b-ilty offering includes medium- to long-term financing, transactional products, risk hedging products and working capital management solutions.

During 2024, the Division's asset volumes increased by 153%, with gross exposure as of 31 December 2024 amounting to Euro 796 million, broken down between:
- EUR 789 million for medium-/long-term loans;
- EUR 7 million for short-term loans.

The growth in assets was supported, *inter alia*, by the launch of a project promoting social and/or environmental features pursuant to Article 8 of Regulation (EU) 2019/2088 ("SFDR"), with consequent positive effects on the achievement of the illimity group's targets in terms of sustainable finance, confirming the group's focus on these issues.

Again as of 31 December 2024, there were 4,141 counterparties served (+85% compared to 31 December 2023).

In terms of financial performance, the pre-tax result as of 31 December 2024 was a loss of EUR 0.2 million.

Digital Division

In 2024 activities continued in line with the previous financial year: all illimiters alternate working at the company premises and remotely as necessary, facilitated by the IT architecture provided as per the Bank's policy.

IT platform projects

In the area of IT Security, work was continued on consolidating procedures and interactions between the internal and external Security Operation Centers ("SOC"), with the aim of optimising the management of notifications and improve the effectiveness of the threat detection and prevention system.

In monitoring third parties, the process of revising the ICT contracts is under way, in compliance with the 40th update to Circular 285. Security was engaged in the evaluation of ICT supplier questionnaires, involving the Risk Management function in the definition of a comprehensive procedural flow that assigns the correct responsibilities to the various structures of the illimity group, in relation to services entrusted to third parties.

As part of IT4IT projects, initiatives dedicated to the technological evolution of infrastructure continued.

Through dedicated apps and dashboards accessible by Control Owners, Data Owners and Data Users, the "Data Quality" project continues and enables the creation and constant monitoring of data quality controls and the rectification of any anomalies. The programme is further boosted by the recommendations received from Audit and the Bank of Italy and will converge in a new audit census programme in 2025.

The Digital division continues to oversee the Business Continuity Management system and the Disaster Recovery activities, with a view to further developing and consolidating them.

The Digital Division manages the retail funding platform and the customer offering of the digital bank illimitybank.com. In 2024 activities focused on monitoring the performance of funding channels in line with the bank's Funding Plan guidelines. A reduction in deposit rates by competitors was observed during this period, after a long period of steady growth.

The IT Function continues to support the b-ilty, Corporate Banking, Investment Banking and Specialised Credit Divisions and the central functions in developing the projects identified in their respective master plans. The objective is to ensure the continuous updating of the product scope and to support the monitoring of divisional management KPIs.

Asset Management Company ("SGR")

In 2024 the SGR continuously performed the investment and management activities for the assets of the illimity Credit & Corporate Turnaround Fund ("iCCT Fund"), the illimity Real Estate Credit Fund ("iREC Fund") and the illimity Selective Credit Fund (the "iSC Fund"), in line with the provisions of the relative Management Regulations, policies and respective investment strategies.

With effect from 31 October 2024, the SGR completed the first closing of the Alternative Investment Fund (AIF) "Granulare NPL" (the "NPL Fund"), with an initial subscription amount of EUR 17.2 million. The NPL Fund carries out Investment Transactions in notes issued by the SPVs as part of the securitisation of medium-small, secured or unsecured, retail and/or corporate non-performing loans (including unlikely to pay) deriving from various types of sellers (banks, financial companies or retail companies).

Below are the main events that occurred during 2024 in relation to each fund under management:

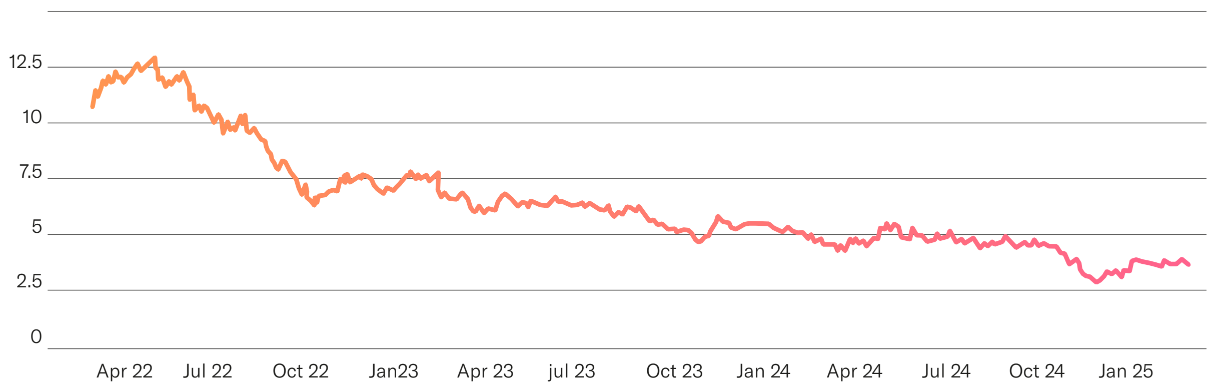
- iCCT Fund:
  - additional receivables were purchased in several tranches distributed throughout the financial year by issuing new A1 Units (in a "stock transaction"), subscribed both by institutions already holding units and by new investors for a total gross value of EUR 77.6 million;
  - purchases of cash receivables for a gross total of EUR 38.8 million.
- iREC Fund:
  - in 2024, the SGR carried out additional investments settled through the issue of iREC Fund units, in a transaction that finalised the purchase of additional receivables for a gross total of approximately EUR 72.7 million. The receivables were sold both by banks that already held units in the Fund and which, therefore, expanded their subscription, and by new investors;

  - in September 2024, the SGR carried out an additional investment settled partly through the issue of units and partly in cash for a total gross amount of EUR 15.6 million.
- iSC Fund:
  - during 2024, the iSC Fund finalised further investment transactions for a gross total of EUR 38.7 million. Furthermore, on 26 March 2024 the SGR's Board of Directors approved the extension of the iSC Fund's subscription period until December 2024. In December 2024, an additional commitment of EUR 15 million was collected, paid in by a new investor.

In line with the strategies of the SGR and of the specific Group, later in the year the company will implement the necessary activities to pursue and differentiate business opportunities, having conducted the analyses necessary to ensure compliance with the regulations applicable in each case, and the consistency with its organisational structure.

Illimity Bank share performance

The ordinary shares of illimity are traded on the Mercato Telematico Azionario Euronext Milan organised and managed by Borsa Italiana since 5 March 2019. From 10 September 2020, the ordinary shares were admitted to trading on the STAR (Securities with High Requirements) segment of the Euronext Milan market. Share performance in the last three years is reported below:



Significant shareholders with a stake of at least 3% in the share capital with voting rights in illimity, with the percentages calculated by the Bank based on the number of shares resulting from the most recent information available and number of ordinary shares issued, updated at 7 March 2025, are reported below:

Declaring entity, i.e. subject at the head of the control chain	Direct shareholder	Share held	Holding % of the ordinary capital	Holding % of the voting capital
Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Owned	10.0%	10.0%
ION Investment Corporation Sàrl	FermION Investment Group Limited	Owned	9.4%	9.4%
LR Trust – FIDIM	Fidim Srl	Owned	7.7%	7.7%
Tensile Capital Management LLC	Tensile-Metis Holdings Sàrl	Owned	7.3%	7.3%
Atlas Merchant Capital LLC	AMC Metis Sàrl	Owned	6.3%	6.3%
Corrado Passera	Corrado Passera	Owned	4.0%	4.0%

In addition to the shareholders listed above, Sand Grove Capital Management, an alternative investment management company, holds a 5.04% interest in illimity through an equity swap agreement.

With regard to ownership structures, so far as the Bank is aware, there are currently no material shareholders' agreements in place in relation to illimity Bank. The agreement entered into between AMC Metis S.à.r.l., Metis S.p.A. and Corrado Passera on 18 March 2019, pertaining directly and indirectly to shares of Tetis S.p.A. (a company nearly wholly owned by Metis S.p.A. which in turn is 90% owned by Corrado Passera) and ordinary shares of illimity, containing shareholders' agreement measures, came to the end of its natural duration on 19 March 2024 and therefore ceased to be valid. This agreement, which governed AMC Metis S.à.r.l.'s pre-emptive right to ordinary illimity shares held by Tetis S.p.A. subject to certain conditions, provided among other things that Corrado Passera and Metis S.p.A. take steps to ensure that the illimity shareholders' meeting appointed, depending on the make-up of the Company's Board of Directors, one or two non-executive directors nominated by AMC Metis S.à.r.l. On 21 March 2024 the parties to said agreement announced (as per the document published on that date on the Bank's website, to which reference should be made) that it was no longer in force.

Management of business risks

As extensively discussed in the Consolidated Explanatory Notes - Part E, the illimity Group has a Risk Management Process (RMP), used as a reference model in the organisational and process-related development and systematic performance of all operational and business activities carried out - which may be standard, or non-systematic or contingent. In line with the mission assigned, strategies and objectives pursued, these operations and activities entail undertaking and continually managing risks, in order to contribute to a sustainable value creation process, while also ensuring regulatory compliance and, among others, a coordinated use of human resources, technologies and methodologies. In fact, at a general level, the Group implements the aforementioned process through an organisation model that requires the coordinated use of human resources, technologies and methodologies based on a set of internal rules that define the structure of management controls, the policies (rules, authorities, objectives and limits in governing risks of various operating and business segments), and the processes in which the activities are carried out, including the control activities.

The Board of Directors of the Parent Company plays a fundamental role in risk management and control. It sets the strategic guidelines, targets and risk limits, approves and reviews the risk management policies and assesses the level of efficiency and adequacy of the Internal Control System. The Board of Directors relies on the Risk Committee and the Management Committee to carry out the preparatory and advisory work relating to internal control and the monitoring of business risks. In collaboration with the Chief Executive Officer, it is also responsible for the implementation of strategic guidelines, the Risk Appetite Framework ("RAF") and risk governance policies.

The Audit and Internal Control Committee monitors the adequacy and concrete functioning of the company's organisational structure and internal control system. It supports the BoD in defining the guidelines for the internal control and risk management system, in line with the Bank's strategies and in assessing, at least annually, the adequacy of that system with respect to the characteristics of the Bank and the risk profile assumed, as well as the efficacy of the system.

The Chief Risk Officer oversees the so-called "second level" control activities as a Risk Management Function, ensuring, through the support of the technical functions concerned, constant control of the risks assumed by the Group, governing the process of identification, analysis, modelling, assessment, measuring, controlling and reporting.

The Chief Compliance & AFC Officer, as a function of second-level control, oversees regulatory compliance, with a view to preventing, managing and mitigating the risk of incurring legal or administrative penalties, major financial losses or damage to reputation resulting from violations of mandatory regulations or self-regulation, as well as preventing money laundering and terrorist financing risk and the risk of breach of financial sanctions. The Chief Compliance & AFC Officer is also responsible for overseeing Group's issues relating to the processing of personal data and is identified as the*Data Protection Officer*, in accordance with the applicable regulations in force.

The Internal Audit Department oversees the so-called "third level" control activities as the Internal Audit Function. Specifically, it monitors the regular performance of operations and the evolution of risks, and assesses the completeness, adequacy, functionality and reliability of the organisational structure and the internal control system, notifying the company bodies of possible improvements, with specific regard to the RAF, the risk management process and the risk measurement and monitoring tools.

To ensure that the Risk Management Process functions efficiently and effectively, and can fully cover all existing or potential risks, also in accordance with regulatory requirements, the Group has implemented:

- a system of the objectives and limits of risk, RAF, which has an organic and structured approach with implications on the governance and operating processes integrated by the risks producing widespread effects on all the business functions. The RAF is detailed at an operating level by Company, business Division and area of activity and envisages escalation processes, metrics and limits of a quantitative nature as well as qualitative guidelines, all of which set out on an annual basis within the Risk Appetite Statement (RAS). The formalisation of the risk management process is fundamental for ensuring sound and prudent business management;

- the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP), which have the objective of providing an internal assessment of the assets with respect to risk exposure that characterise their operations and the operational and structural liquidity profile, under ordinary and stressed conditions, also on a forward-looking basis, on achievement of the objectives of the Strategic Plan and the Budget;
- an ex-ante assessment process for Major Transactions with a preventive opinion on their sustainability at a credit and earnings level and their consistency with the RAF.

In conjunction with these processes to manage and control risk under normal operating conditions, the Group has implemented a process connected with drawing up the Recovery Plan, which governs the management of crisis situations, and strategies and options for intervention designed to restore ordinary operations, as well as the Contingency Funding Plan procedure (emergency plan to manage liquidity in crisis situations).

In accordance with the prudential regulatory provisions, the Group has defined the way in which information is provided to the public about its capital adequacy, risk exposure and the general characteristics of the systems it uses to identify, measure, manage and control these risks (Third Pillar of Basel 2 - “Pillar 3”), separate disclosure in addition to that already present in the financial statements. This information is published in accordance with the rules dictated by the Bank of Italy on the Company’s website: *www.illimity.com* (“*Investor Relations*”).

Main risks and uncertainties

The Group has defined, codified and continually adopted an operational risk mapping process based on qualitative and quantitative metrics and rules shared within the organisation, which identifies the individual types of risk that the Group is or might be exposed to, and also assesses these risks according to specific drivers which may represent the materiality of the risk itself.

The result of the identification process is contained in the “Risk Radar” risk map, the objective of which is to represent, in relative terms, the risks inherent in the Group’s operations, and to structure them according to the business lines that generate these risks, as a functional requirement to determine the overall risk exposure.

The process of identifying material risks for the Group is carried out by the CRO, together with the Chief Financial Officer and with the support of other organisational units of the Parent Company and subsidiaries.

The results of this process represent the assessment and input measures used to develop processes related to the ICAAP (assessment of capital adequacy) and ILAAP (assessment of liquidity adequacy), i.e. the Strategic Plan, Budget and RAF, and are therefore validated by top management, discussed and analysed by the Risk Committee, and subject to approval by the Board of Directors of the Parent Company.

Part E of the Consolidated Financial Statements of the illimity Group contains overall information about the risk governance system and specific information about material risks, indicated below, and the related management, control and hedging policies adopted by the Group:
- credit risk (which also includes concentration risk);
- market risk (interest rate risk and price risk - regulatory trading portfolio);
- interest rate risk (interest rate risk and price risk of banking portfolio);
- liquidity risk;
- operational risk;
- IT risk;
- ESG risk (for further information, please refer to the information published in the Consolidated Non-Financial Statement of the illimity Group (pursuant to Italian Legislative Decree 254/2016), or in the next section).

The other risks considered relevant as a result of the *risk mapping* process described above are also subsequently reported and defined.

The Group also has a system of quantitative limits with reference to assets at risk towards related parties and others. In accordance with the relevant supervisory provisions, indication of the level of risk appetite required by the provisions to be determined and formalised by banks and banking entities was planned, defined in terms of the maximum limit of the lines of credit granted to connected parties deemed acceptable in relation to the total lines of credit granted by illimity Bank.

Further limits are envisaged with reference to the exposures granted to subjects in conflict of interest pursuant to Article 2391 of the Italian Civil Code, bankruptcy proceedings, as well as stricter limits than the regulations for the individual borrower or connected group.

Transactions with related parties

Transactions with related parties are mainly governed by Article 2391-bis of the Italian civil code, according to which the executive bodies of companies resorting to the risk capital markets have to adopt rules, according to criteria indicated by Consob, which ensure "the transparency and material and procedural fairness of operations with related parties" carried out directly or through subsidiaries. The supervisory body is required to oversee compliance with the rules and reports on this, in its report to the shareholders' meeting.

In its decision of 12 March 2010, no. 17221, and in implementation of the authority contained in Article 2391-bis of the Italian civil code, Consob approved the "Regulation on related party transactions", which sets out the general principles that companies making recourse to the risk capital markets have to observe when setting rules designed to ensure transparency, and the material fairness and procedural fairness of related party transactions.

In relation to this specific activity, companies are also subject to the provisions of Article 136 of the Italian Consolidated Law on Banking on the obligations of corporate officers.

Related party transactions, as identified according to IAS 24 and the Consob Regulation issued in Decision no. 17221 as amended, are included within the normal operations of the Bank and are settled at market conditions or on the basis of the costs incurred, if there are no suitable criteria.

In 2024 a material related party transaction was carried out involving an agreement to manage operations with said counterparty related to the liquidity deposited by the latter in current and deposit accounts with illimity Bank S.p.A. (about which adequate disclosure was provided to the market, which should be referred to for further details). There were no further material or minor related party transactions in 2024 which significantly affected the Group's capital or its financial performance.

In relation to Consob Communication no. DEM/6064293 of 28 July 2006, operations or positions with related parties as classified in IAS 24 and the Consob Regulation have a limited impact on the capital situation, performance and cash flows of the Group.

According to IAS 24, related parties are parties:

a) that directly or indirectly, through one or more intermediaries,
   (i) control the entity, are controlled by it, or are under joint control (including controlling entities, subsidiaries and associates);
   (ii) hold an equity investment in the entity of an extent that they may have considerable influence on the latter; or
   (iii) jointly control the entity;
b) represent an associate of the entity;
c) represent a joint venture in which the entity participates;
d) are one of the key senior managers of the entity or its parent company;
e) are a close family member of one of the parties in points (a) or (d);
f) are an entity controlled by, controlled jointly or subject to significant influence by one of the subjects in points (d) or (e), or those parties having directly or indirectly, a significant portion of voting rights; or
g) are a pension fund for employees of the entity or of any related entity.

On 12 December 2011 the Bank of Italy issued the 9th update to Circular no. 263 of 27 December 2006 which introduced prudential supervisory requirements for banks, issued in implementation of Article 53, paragraph 4 et seq., of the Consolidated Law on Banking and in accordance with Resolution of the Interministerial Committee for Credit and Savings no. 277 of 29 July 2008, as well as the regulations set forth by Article 136 of the Consolidated Law on Banking. Among others, one of the requirements is a specific provision relating to risk and conflicts of interests regarding Connected Parties, a definition that includes related parties as defined by Consob but also parties connected to the same related parties as identified in the same provisions; these requirements were modified by the Bank of Italy on 23 June 2020, merging said regulation into Circular no. 285 (see 33rd update of 23 June 2020 Part Three, issued by the Bank of Italy on 23 June

2020, which added a new Chapter 11 "Risk assets and conflicts of interest with connected parties" into said Circular no. 285). This update therefore supplements the Consob Regulation, in turn revised and updated by Consob with decision no. 21624 of 10 December 2020, in order to implement Directive (EU) 2017/828 on shareholder rights (SHRD II).

For more detail about the operations with related parties and for an examination of the impact of these operations on the financial situation, refer to Part H of the Explanatory Notes.

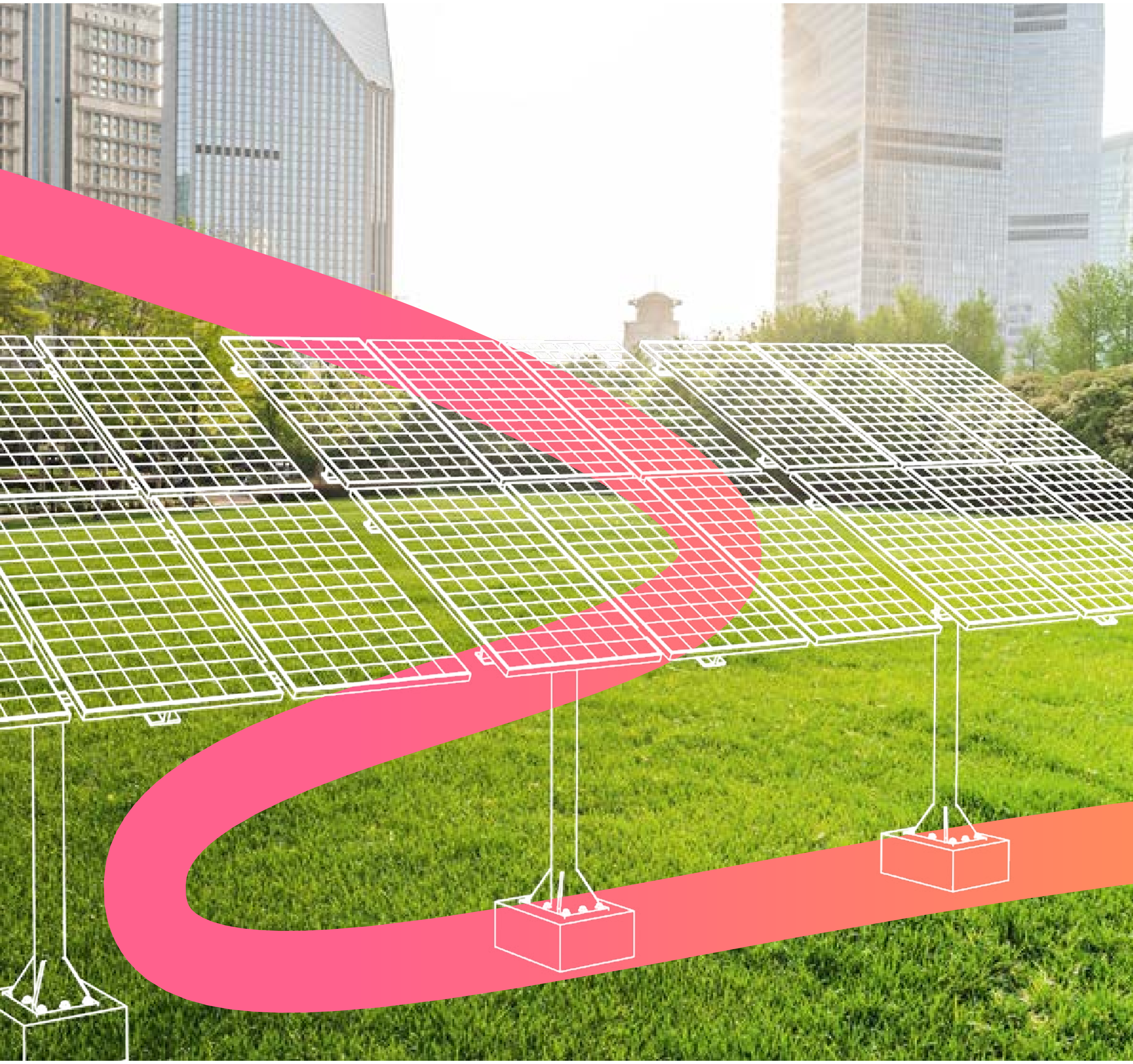
Atypical or non-ordinary transactions

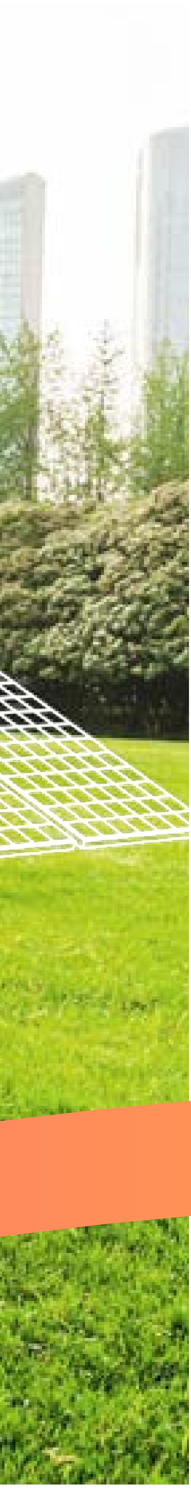
In 2024 the Bank did not carry out any such transactions as defined in the Consob Communication no. 6064293 of 28 July 2006.

Research and Development

Illimity's Research and Development activities led to the realisation of various projects of significance to the Group. Specifically, during the course of 2024, the Digital Division continued to invest in a single open, scalable and secure IT infrastructure and in illimitybank.com, supplementing and further developing the digital platform so that all the bank's businesses can fully make use of the new data, augmented and artificial intelligence technologies.

The work focused on optimising certain infrastructure components to achieve better operational efficiency in terms of both performance and scalability, while maintaining high IT security standards.





Sustainability Statements

as of 31 December 2024

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General information

[ESRS 2]

Basis for sustainability statements

General basis for preparation

[BP-1]

illimity Bank S.p.A. (hereinafter referred to as "illimity" or "Parent Company" or "Bank" or "Company"), as the Parent Company of the Group with the same name, has prepared the **Sustainability Statements**, in line with the financial year, with a reporting period from 1 January 2024 to 31 December 2024, which on a consolidated basis includes illimity, its subsidiaries and associates and joint ventures (hereinafter referred to as "Subsidiaries" if consolidated on a line-by-line basis, alternatively "Associates and JVs" if not consolidated on a line-by-line basis or the "Perimeter Companies" as a whole).

The **scope of the Sustainability Statements** of illimity corresponds to the scope of consolidation defined in the paragraph "Part A – Accounting Policies Section 3 - Consolidation scope and methods" of the Explanatory Notes to the Consolidated Financial Statements. The Sustainability Statements is prepared in accordance with Article 4 Consolidated sustainability reporting of Legislative Decree 125/2024 implementing Directive 2022/2464/EU of the European Parliament and of the Council of 14 December 2022, amending Regulation 537/2014/EU, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting (Corporate Sustainability Reporting Directive - CSRD), in accordance with the reporting standards adopted by the European Commission with Regulation (EU) 2023/2772 (European Sustainability Reporting Standards - ESRS). With its sustainability statements, illimity also complies with the disclosure requirements under Article 8 of the Taxonomy Regulation (EU) 2020/852 and its delegated acts. None of the companies included in the accounting scope of consolidation of the illimity Group, including Subsidiaries, Associates and JVs, are subject to the obligations of preparing their own sustainability statements on an individual or consolidated basis.

illimity's Sustainability Statements covers the **the value chain both upstream** (e.g. selection and management of suppliers and partners on the basis of clear and transparent criteria, including sustainability) **and downstream** (e.g. strengthening business relations with customers and partners through the development of Tech Ventures to meet the needs for growth and innovation and distribution of financial products), in terms of consideration of impacts, risks and opportunities (IRO).

In particular, the materiality assessment of IROs related to sustainability issues covers the value chain: (i) upstream for most of the expenditure committed in the reporting period on goods and services (suppliers) and (ii) downstream for most of the loans to customers as of 31 December 2024; furthermore, policies, actions and targets cover the entire value chain, and the disclosures on metrics in the Sustainability Statements contain data on it.

illimity has not applied the option to omit specific information relating to intellectual property, know-how or innovation results for the reporting period. Although Legislative Decree 125/2024 provides for the omission - subject to a reasoned resolution of the Board of Directors and after consulting the supervisory body - of information concerning imminent developments and transactions in the course of negotiation, if their disclosure could seriously jeopardise the company's business position, illimity did not make use of this exemption for the reporting period.

The Sustainability Statements as of 31 December 2024, submitted for approval by the Board of Directors on 12 March 2025, is subject to limited assurance by KPMG S.p.A., pursuant to Articles 8 and 18 of Legislative Decree 125/2024. The conclusions on the compliance of the Sustainability Statement are contained in the reporting of the aforementioned independent auditors.

Specific circumstances

[BP-2]

Time horizons

For the purposes of the Sustainability Statements, illimity did not deviate from the **medium- or long-term timelines** defined by ESRS 1, section 6.4 "Definition of short-, medium- and long-term for reporting purposes".

Since there is no justification for different definitions, in drafting the Sustainability Statements illimity has adopted the following time intervals, starting from the end of the reporting period:

a) **short-term time horizon**: the period adopted by illimity as the reporting period for its financial statements, i.e. one year;
b) **medium-term time horizon**: over one year and up to five years;
c) **long-term time horizon**: beyond five years.

Estimation and uncertainty

The Sustainability Statements includes a number of **quantitative disclosures based on the Group's value chain** that are **subject to measurement uncertainty**, as the measurement principles contain elements of estimation or are based on industry averages and other proxies used to make estimates. In particular, reporting on the issue of **Climate change [E1]** contains quantitative information on greenhouse gas (GHG) emissions and the ESG risk profile of the value chain, which are calculated using estimation based on industry average data and other proxies.

The **metrics** differentiated by type of underlying data used by illimity to prepare estimation for its value chain based on indirect sources, as well as the basis for the preparation used by illimity to determine the various metrics, are outlined below.

Counterparties (companies)

- **"Downstream value chain GHG emissions" metric:** metric determined from the collection ofScope 1 and Scope 2 greenhouse gas (GHG) emissions data relating to the counterparty being assessed, timely obtained from national and international Infoproviders, as well as on the basis of the application of national Eurostat statistical averages. Therefore, these data are processed on the basis of proxies and estimation that consider the sector to which the counterparty belongs in order to determine the GHG metric, in particular, for the calculation of Scope 3 GHG emissions (Scope 3) for category 15 (Investments), so-called financed emissions. The metric was estimated for the majority of counterparties under evaluation, applying the PCAF (Partnership for Carbon Accounting Financials) data quality logic.

Suppliers

- **"Downstream Value Chain GHG Emissions" metric:** metric determined from the collection of greenhouse gas (GHG) emissions data relating to the counterparty being assessed, from the national Infoprovider and on the basis of national Eurostat averages. Therefore, these data are processed by theInfoprovider on the basis of proxies that consider the sector to which the supplier belongs in order to determine the Scope 3 GHG emissions metric for category 1 (Purchased goods and services). This metric was estimated for a minority of the suppliers assessed.

Collateralised properties and third-party residential properties in use by illimity

- **"Energy consumption" metric**: this metric is determined from the collection of energy efficiency data, relating to collateralised properties or residential and third-party properties in use by illimity, from national Infoproviders. If the energy performance certificate is not available, these data are processed by the Infoprovider on the basis of proxies that take into account the size and geographical location of the collateralised or third-party properties in use by illimity in order to determine the "Energy consumption" metric and, consequently, the energy consumption of these properties, only in cases where the product detail of the energy suppliers is unavailable. This metric was estimated for the majority of the collateralised properties and for all third-party residential properties in use by illimity.

Employees

- **"Upstream Value Chain GHG Emissions" metric**: for metrics, estimation and preparation bases used for calculating Scope 3 GHG emissions Cat. 7 "Employee commuting to and from work" see paragraph **"Gross Scopes 1, 2, 3 and total GHG emissions [E1-6]"**.

With reference to counterparties (i.e. corporate customer and/or invested companies) and suppliers, the level of accuracy resulting from the application of the "**ESG profile**", "**Upstream value chain GHG emissions**" and "**Downstream value chain GHG emissions**" metrics is high, since estimation is prepared by taking into account, in any case, data at the level of the individual counterparty and/or activity being assessed. With regard to collateralised properties and third-party residential properties in use by illimity, the level of accuracy resulting from the application of the "**Energy consumption**" metric is medium, as the third-partyInfoprovider queried provides the energy efficiency data available from energy performance certificates (EPC) filed at public registers and, if not available, the data are estimated for each individual property under valuation, based on scientific parameters (i.e. climate zone, year of construction, type, size).

Therefore, illimity considers the **level of accuracy** resulting from the application of the metrics described above to **be satisfactory and comprehensive**. illimity has not identified quantitative metrics and monetary amounts subject to a high level of measurement uncertainty.

Since this is the first year of preparing the Sustainability Statements according to ESRS, there are no direct changes in the reporting and preparation of sustainability information according to these standards compared to the previous year. However, in accordance with other international standards, in previous reporting periods, illimity has prepared and published a consolidated non-financial statement pursuant to Legislative Decree 254/2016 and the Non-Financial Reporting Directive (NFRD).

The sustainability statements for 2024 contains changes to the information illimity has disclosed in previous reporting periods. The changes concern the **quantitative disclosures of the Bank's total energy consumption and greenhouse gas (GHG) emissions** presented in the paragraph **"Climate change [E1]"**, as described below:

- **"Energy consumption and mix" metric**: the energy consumption of the reporting period shows changes compared to the comparative figures of the previous year, due to the expansion of the coverage and the improvement of the scope of measurement resulting from the application of the new ESRS. In fact, the calculation processes were further consolidated to include energy consumption related to additional Abilio secondary offices, collateralised facilities and third-party properties in use by illimity, or in favour of its employees, which in the past were not within the reporting scope. As a result of the updated principles and methods, energy consumption, in spite of the efficiency measures implemented by the Group during the reporting period, increased slightly with a rise in energy consumption from non-renewable sources compared to 2023;

- **"Gross Scope 1 and 2 GHG emissions" metric**: the Scope 1 and Scope 2 GHG emissions for the reporting period show changes compared to the comparative figures of the previous year, due to the expansion of coverage and the improvement of the scope of the measured own assets, resulting from the application of the new ESRS. Therefore, the calculation processes were further consolidated to include the GHG emissions related to additional Abilio secondary offices, collateralised facilities and third-party properties in use by illimity, or in favour of its employees, which in the past were not within the reporting scope. Consequently, the previous year's figures are not fully comparable, as they have not been restated according to the principles and methods applied in 2024. As a result of the updated principles and methods, greenhouse gas emissions from the Group's own activities are stable or slightly increased compared to 2023, despite the reduction of actions implemented by the Group during the reporting period.

In view of this, in the absence of revised comparative data, illimity could not find any differences between the disclosed data or reporting errors in previous periods.

This Sustainability Statements does not include any additional disclosures required by other legislation which requires the undertaking to disclose sustainability information, in addition to the information prescribed by ESRS and Article 8 of the Taxonomy Regulation and its delegated acts. illimity does not apply any additional reporting standards or frameworks, except as noted above.

In addition, the Sustainability Statements forms the basis for illimity's reporting to the UN on the implementation of the standards of the UN Global Compact (UN GC), the UN Principles for Responsible Investment (UN PRI) and the UN Principles for Responsible Banking (UN PRB).

Incorporation by reference

Certain ESRS disclosure requirements are closely related to the information that illimity must already disclose and that is set forth in other sections of the “Consolidated Report on Operations” or the Explanatory Notes to the Consolidated Financial Statements; therefore, reference is made to these sections.

Information incorporated by reference in the sustainability statements:

- **Scope**: a detailed description of the scope of consolidation is provided in the paragraph “Part A - Accounting policies - Section 3 - Consolidation scope and methods” of the Explanatory Notes to the Consolidated Financial Statements;
- **Strategy, business model and value chain**: a detailed description of the Group's business, operating and value chain model can be found in “Part E - Information on risks and related hedging policies” and “Part L - Segment reporting” of the Explanatory Notes to the Consolidated Financial Statements;
- **Intangible resources:** a description of intangible resources is provided in "Part A - Accounting policies - Section A.2 Main balance sheet items (Intangible Assets)" of the Explanatory Notes to the Consolidated Financial Statements and in item 100 of the relevant Consolidated Financial Statements;
- **ESG risk management**: a detailed description of ESG risk management is provided in "Part E - Information on risks and related hedging policies" of the Explanatory Notes to the Consolidated Financial Statements.

Governance

The Role of Corporate Bodies

[GOV-1]

As at 31 December 2024, the Bank is governed by a Board of Directors (also "BoD") consisting of one executive director (the Chief Executive Officer) and 12 members (including the members of the Audit and Internal Control Committee) with non-executive responsibilities, 92% of whom are independent. Accordingly, the management body coincides with the Chief Executive Officer (also "CEO"), while the Audit and Internal Control Committee, as supervisory body, consists of 3 non-executive members.

- Executive members: 1
- Non-executive members: 12

For further details on the composition of the administrative, management and supervisory bodies (collectively "Corporate Bodies") reference is made to the section "illimity for SMEs (Composition of Corporate Bodies)" in this “Consolidated Report on Operations” use the same title used for the document and in the “top navigation bar”.

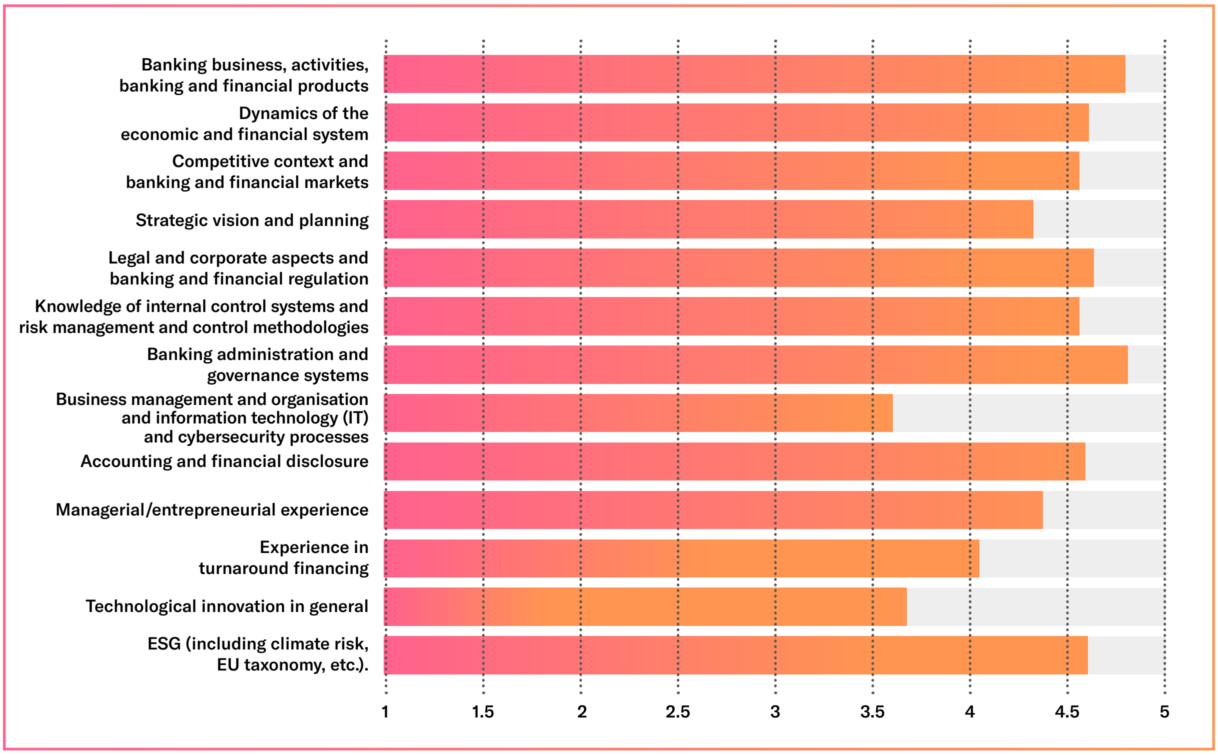
Italian law does not provide for an obligation to represent employees and/or other workers at meetings of company bodies; in this context, no such representation is provided for either in the Bank's Corporate Bodies or in the bodies of its Subsidiaries.

Qualitative and quantitative composition of Corporate Bodies

When preparing its guidance on the optimal qualitative and quantitative composition of corporate bodies (as last updated in February 2024), the Board of Directors considered that the administrative body should express, on the whole, adequate knowledge, skills, abilities and expertise to be able to understand the Bank's activities, as well as the complexity of its organisational structure and business, including the main ESG risks to which it is exposed and the impacts and opportunities related to sustainability issues that are relevant to the Group.

The composition is therefore appropriately diverse - in terms of age, educational background and personal qualities and skills of the Directors, gender, diversity and term of office.

In particular, the set of professional skills expressed by the administrative body as a whole - in terms of experience and professional background spread and balanced among the various Directors, so that the Board of Directors has a significant representation of them and ensures their complementarity - are as follows (skill matrix):



The BoD of illimity, therefore, as a whole, has significant experience in the banking business and financial activities and products.

Furthermore, taking into account the term of office of the Directors (46%, including some members of the Audit and Internal Control Committee, have a tenure of more than 6 years and have been with illimity since its foundation), they have been able to consolidate their expertise in specialised lending and turnaround financing, fintech, digital banking and proptech, as well as in the development of complex projects related to corporate growth and restructuring.

Specifically, the BoD has intensified its expertise in financial products, such as corporate & investment banking products, including structured finance solutions; in ESG matters, its expertise does not only concern corporate management, but extends to offering sustainable finance products, such as environmentally or socially sustainable loans or loans linked to sustainability targets.

Italy is the country where the Group operates and all Board members have experience in that region.

The composition of illimity's administrative body takes into account various aspects such as the age, gender composition and the educational and professional background of its various members, in line, as mentioned, with the Board of Directors' guideline on the optimal qualitative and quantitative composition of illimity's Corporate Bodies published annually and, most recently, in February 2024. Specifically, as of 31 December 2024:

- gender diversity within the Board of Directors is 0.86, calculated as the average ratio of female to male Board members;
- 54% of the members of illimity's BoD are men and the remaining 46% women;
- 31% of Board members are under 60 years of age, 54% between 60 and 70 and 15% over 70.

In view of the adoption of the Parent Company's one-tier administration and control system, the percentage of independent Board members is 85%, which corresponds to 92% of non-executive Board members.

Roles and responsibilities of administrative, management and supervisory bodies

Below is the identification of the administrative, management and supervisory bodies, including board committees, involved in the corporate sustainability reporting process and responsible for monitoring material impacts, risks and opportunities (IROs) for the Group.

Administration body

The **Board of Directors**, vested with the utmost decision-making powers on sustainability issues, approves the Sustainability Statements - at the time of approval of the Consolidated Financial Statements - taking into account the specific compliance certification report issued by the Chief Executive Officer and the Financial Reporting Officer. The BoD approves the Double Materiality assessment by the end of the Sustainability Statement's year of reference and is informed periodically, at least once a year, of the outcome of the risk assessment and internal controls regarding the sustainability reporting process in the relevant functions and internal processes.

Supervisory body

The **Audit and Internal Control Committee**, in the performance of the functions assigned to it by the law and internal regulations, monitors compliance with the provisions of the Decree and reports on it in its annual report to the Shareholders' Meeting. Therefore, it is periodically informed about the consolidated sustainability reporting process, in order to supervise and control it.

Management body

The **Chief Executive Officer** reviews the information provided in the Sustainability Statements and certifies its compliance. He/she is involved in the Double Materiality assessment, collectively in the Management Committee.

Board committees in charge of overseeing IROs

The **Sustainability Committee** oversees the overall sustainability reporting process and is responsible for monitoring the Impacts of sustainability issues. Having been informed on the identification of the Reporting Scope, it expresses its opinion on the results of the Value Chain mapping and Double Materiality assessment, including the validation of the possible identification of entity-specificmaterial sustainability issues for the Group). Finally, it reviews the information provided in the Sustainability Statements.

The **Risk Committee** is in charge of monitoring the Risks and Opportunities of sustainability issues, expressing its opinion on the Double Materiality assessment, in particular with regard to the Financial Materiality of sustainability issues. In general, it assesses the methodological and risk management aspects applied to the sustainability reporting process. It also reviews, to the extent of its competence, the information provided in the Sustainability Statements, in particular, on Financial Materiality, material risks arising from actions to address sustainability issues and their management, estimation based on sector averages and proxy variables.

Integration of IROs management into the governance model

Illimity's governance model integrates the management of impacts, risks and opportunities into the company's mission, BoD's mandates and internal policies, fostering transparent and accountable reporting. In particular, these responsibilities are enshrined in the Rules of the Board of Directors, the Regulations of the aforementioned Board Committees, and the Procedure of consolidated sustainability reporting.

Therefore, the Board of Directors plays an active guidance and governance role in integrating sustainability risks (including technological innovation and artificial intelligence), including climate and environmental risks, into the corporate culture and strategy as well as into the corporate risk appetite framework and the risk limits of managed portfolios, consistently arranging key corporate policies and the adaptation of organisational and management systems while explicitly assigning roles and responsibilities. In this regard, the Board has established a sustainability risk reporting system that it receives from the Chief Risk Officer on a quarterly basis. In this regard, the BoD, as the body with strategic control functions, is responsible for **overseeing ESG impacts, risks and opportunities**: it approves the results of the double materiality analysis and validates the definition of material issues, in view of their financial materiality and/or impact; this is done in consideration of both theRisk Appetite Framework adopted by the BoD itself, updated annually, and of which ESG risks are an integral part, as well as the information flows that the body receives on a quarterly basis on these risks.

In addition, specialised board committees, such as the Sustainability Committee and the Risk Committee, each within their respective spheres of competence, assist the BoD in assessing impacts, risks and opportunities, including through structured stakeholder engagement processes, while the Audit and Internal Control Committee performs the tasks and control functions provided for by the laws, supervisory and regulatory provisions in force at the time. These include the task of supervising the adequacy and effective operation of the Company's organisational structure and internal control system, including those responsible for the quality of non-financial information, as well as the administrative and accounting system and its suitability to correctly represent management events.

Furthermore, illimity adopts specific policies aimed at linking individual and collective responsibilities to the management of impacts, risks and opportunities through the identification of specific roles within internal operating structures in relation to the process of managing and monitoring these impacts, risks and opportunities, using assessment and reporting metrics that comply with ESRS.

The Senior Management or Top Management ("**Senior Executive Management**") of illimity and Key Management Personnel of the Parent Company and the CEOs of the main Subsidiaries play a central role in the governance processes, controls and procedures to monitor, manage and control impacts, risks and opportunities, with key responsibilities delegated both individually and to specific teams. Senior Executive Management participating in the Management Committee of illimity expresses its views on sustainability issues that are material to the Group, including in the context of the double materiality assessment.

With regard to the responsibilities of the corporate structures, the **CRO** (Chief Risk Officer) oversees the so-called "second level" control activities (excluding the areas of competence of the Chief Compliance & AFC Officer) in his/her capacity as Risk Management Function, guaranteeing, through the support of the technical functions concerned, a constant monitoring of the risks assumed by the Group, governing the process of identification, analysis, modelling, assessment and measurement, control and reporting, including the monitoring, management and control of material ESG risks. Through its structure, it also deals with the assessment of risks in the analysis of financial materiality.

The **Compliance & AFC** structure is responsible for managing the risk of non-compliance with ESG standards. In particular, it continuously identifies the regulations applicable to the Bank and monitors their evolution; it assesses the risk of non-compliance with ESG regulations, as part of its risk assessment, in view of the sanctioning impact (financial and non-financial), the processes involved and the reputational risk. The structure also performs the activities necessary to prevent and mitigate risk: it provides advice to all corporate functions (already in the definition phase of new products with ESG characteristics); in the Bank's credit processes, it provides support in the management of the transition risk of companies engaged in the so-called Hard-to-Abate sectors, understood as the economic impact deriving from the adoption of environmental regulations and the related case law positions, also to guard against the risk of greenwashing; it carries out second-level control activities aimed at ensuring the conformity of the classification of the transaction as sustainable finance by virtue of the internal regulatory framework, as well as identifying any corrective measures and monitoring safeguards with respect to green finance transactions; it promotes a corporate culture of non-compliance risk also with reference to ESG standards, providing specific training on the subject, in coordination with the HR & Organization and IR & Sustainability structures.

The Sustainability Committee, the Risk Committee and the Audit and Internal Control Committee, to the extent of their respective competences, assist the Board of Directors in assessing proposals from management and in monitoring the decisions taken by management.

For further details, please refer to "Part E - Information on risks and related hedging policies" in the Explanatory Notes to the Consolidated Financial Statements.

Hierarchical lines are defined by the one-tier governance model, where management is the body with a management function, the Audit and Internal Control Committee plays the role of supervisory body and the Board of Directors that of strategic control, as detailed in more detail in the section **Role of the Corporate Bodies in business conduct [G1-GOV-1]**.

It should also be noted that the Chief Executive Officer is the Director in charge of establishing and maintaining the internal control and risk management system pursuant to the Corporate Governance Code (approved by the Corporate Governance Committee (promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria).

The CRO and the Chief Compliance & AFC Officer report hierarchically to the Chief Executive Officer and are accountable to the Board of Directors. These control functions inform and illustrate the results of their activities to the Risk Committee, the Audit and Internal Control Committee, the Sustainability Committee and the Board of Directors, to the extent of their respective competence.

With regard to the above-mentioned functions, illimity applies controls and procedures dedicated to managing impacts, risks and opportunities. These procedures include the double materiality process for the identification and assessment of IROs related to sustainability issues.

In particular, illimity has integrated ESG risk management into its internal procedures, and controls related to IROs are part of the broader system of internal controls, at Group level, based on three levels: (i) controls of the operational or business functions, (ii) second-level control of the Risk and Compliance & AFC functions, and (iii) Internal Audit controls, to ensure effectiveness and operational transparency.

In **defining IRO-related targets**, the Board of Directors, with the support of the Sustainability Committee and the Risk Committee, to the extent of their respective competence, establishes the strategic guidelines and ESG targets taking into account the double materiality analyses, the business model and the corporate strategy. These are then translated into operational targets by management, which is responsible for monitoring their implementation, ensuring that they are aligned with the Group's mission and sustainability commitments. This process is supervised by second-level control functions, such as Risk and Compliance & AFC.

Progress in achieving the targets is monitored through a regular reporting system, which is submitted to the Sustainability Committee and the Risk Committee. In addition, the BoD receives feedback on ESG performance in order to assess performance against set sustainability targets, correcting strategies when necessary.

With a view to **transparency and disclosure,** the Bank carries out an annual self-assessment process on the composition and functioning of the Board and of the Board Committees. This self-assessment considers, among other things, the availability and possible development of appropriate skills and competencies to deal with sustainability issues. Also taking into account the outcome of this process, an annual programme of induction is defined for the benefit of the Board to strengthen its competencies.

In addition, since 2024, the internal control functions (Risk, Compliance & AFC and Internal Audit) have also included in their annual reports submitted to the BoD a self-assessment of the adequacy of their expertise and skills to control climate and environmental risks; similarly, in the reporting period the Bank conducted an internal assessment of the adequacy of the resources of the operational structures responsible for and/or involved in the oversight ofsustainability issues, the positive result of which was reported to the Risk Committee and the Sustainability Committee.

A training programme on ESG issues is also defined annually for Group employees.

As illustrated above, **ESG skills** are a component of the overall skill matrix of the Board of Directors.

In order to strengthen and consolidate these skills, the BoD is the recipient of an annual induction programme on ESG topics held by external consultants/specialists or internal ESG experts. In addition, the Board of Directors and the relevant board committees, such as the Sustainability Committee and the Risk Committee, can use internal and external experts, thanks to a specific budget at their disposal, and access ongoing training in ESG matters.

In particular, during the reporting period, the following were held:

- two induction sessions for the BoD on corporate governance and compliance, respectively, on the topics of the fights against corruption and bribery and regulatory changes under the Digital Operational Resilience Act (so-called DORA);
- two induction sessions for the Board of Directors and Senior Executive Management on:
  - the main innovations introduced by the CSRD and its transposition in Italy, and on the European Sustainability Reporting Standards (ESRS), including the related adaptation projects envisaged by illimity;
  - ESG framework (in particular with respect to its application in the banking sector) and internal regulatory choices in the area of Climate Strategy, and on the definition of long-term targets linked to science-based sectoral decarbonisation paths;
- a specific in-depth session for the Management Committee, led by an academic expert in the financial and banking sector, dedicated to the following topics:
  - the regulatory and non-regulatory frameworks for sustainability in Banks: sustainability in assessments of regulatory requirements and disclosure obligations; ESG between compliance obligations and business opportunities and risks;
  - sustainability governance: frameworks, policies, plans and resources;
  - sustainability in the credit and investment process: markets, products, governance and management mechanisms, performance and risk indicators;
  - sustainable and responsible investment strategies: sustainable finance products and integration of ESG factors into investment processes.

These skills play a major role with regard to the process of identifying and managing IROs that are material to the Group. Specifically, the administrative, management and supervisory bodies are directly involved in and constantly informed on the process of analysing material IROs, as well as in the subsequent identification of corporate strategies, policies and actions concretely aimed at addressing such impacts, risks and opportunities. Therefore, the skills are functional for the Corporate Bodies to oversee, to the extent of their respective competences, environmental or social impacts and ESG risks, in particular those related to climate change.

Role of the Corporate Bodies in business conduct

[G1-GOV-1]

The Board of Directors, the Audit and Internal Control Committee and the CEO, to the extent of their respective competences, have a crucial role in defining, overseeing and monitoring the Group's conduct practices and, therefore, on matters (as a whole according to European standards) relating to:

- business ethics and corporate culture, including anti-corruption and anti-bribery, the protection of whistleblowers ("whistleblowers");
- the management of relations with suppliers, including payment practices, especially with regard to payment times to small and medium-sized undertakings.

Below is a simplified representation of the involvement of these bodies on each topic.

Body involved	Corporate culture	Anti-corruption	Protection of whistleblowers	Management of relationships with suppliers
Board of Directors	☑	☑	☑	☑
Audit and Internal Control Committee		☑	☑	
Chief Executive Officer	☑	☑		☑

Corporate culture

The Board of Directors guides the Company by pursuing sustainable success for the creation of long-term value for the benefit of shareholders, taking into account the interests of the stakeholders that are relevant to the Company. It plays an active steering and governance role in integrating sustainability risks (including technological innovation and artificial intelligence), including climate and environmental risks, into corporate culture and strategy.

The CEO's general administrative powers include the promotion and dissemination of a corporate culture aimed at the pursuit of sustainable success, as well as based on a conscious assumption of the risks that are typical of banking management.

Anti-corruption

With reference to the prevention, detection and management of cases of corruption and bribery, the role of the administrative, management and supervisory bodies is set out below.

The Board of Directors:

- approves the Anti-Corruption Policy, ensuring that it is aligned with the Group's corruption prevention strategy;
- reviews annually, as well as on an event-by-event basis, the content and operation of the Management system for the prevention of corruption (also "Anti-Corruption System") implemented by the organisation;
- monitors the implementation of the Anti-Corruption System and its effectiveness.

The Audit and Internal Control Committee and the Risk Committee support, to the extent of their competence, the Board of Directors in approving the Anti-Corruption Policy and its subsequent updates, as well as in assessing the content and operation of the Anti-Corruption System implemented by the organisation.

The Chief Executive Officer is assigned the following responsibilities:

- ensure that the Anti-Corruption System, including policies and objectives is established, implemented, maintained and reviewed in order to adequately address the organisation's corruption risks;
- ensure that the requirements of the Anti-Corruption System are integrated into the organisation's processes;
- employ adequate and appropriate resources for the effective operation of the Anti-Corruption System;
- guide and support, with the aid of management, staff to contribute to the effectiveness of the Anti-corruption System;
- promote an appropriate anti-corruption culture within the organisation and ensure external communication on the corruption prevention policy.

Protection of whistleblowers (whistleblowing)

The topic of whistleblowing is regulated in the Whistleblowing Policy and the Anti-Corruption Policy, both approved by the Board of Directors.

In particular, the reporting process set out in the Anti-Corruption Policy requires that the Staff of the Parent Company or of the Subsidiaries belonging to the Banking Group report corrupt conduct to the Compliance & AFC and Internal Audit structures for the appropriate assessments, and may also use the reporting systems specifically provided for in the Whistleblowing Policies of the Parent Company and of the Subsidiaries belonging to the Banking Group, respectively.

The Whistleblowing Policy also assigns the following tasks to corporate bodies:

- **body with strategic control function**:
  - define and approve the internal system aimed at enabling whistleblowers to report acts or facts that may constitute a breach of the rules governing banking activities;
  - after hearing the opinion of the body with supervisory function, appoint the Head of the internal whistleblowing system;
  - receive and approve, after hearing the opinion of the body entrusted with supervisory functions, the annual report containing aggregate information on the results of the activity carried out by the Head of the internal whistleblowing system following the reports received;
  - incentivise the use of internal whistleblowing systems and encourage the dissemination of a culture of legality by entrusting the Head of the internal whistleblowing system with training and informing staff;
- **body with supervisory function**:
  - oversee the proper operation of the internal whistleblowing system;
  - obtain periodic information from the Head of the internal whistleblowing system on reports of breaches received;
  - express an opinion to the body with strategic control functions on the appointment of the Head of the internal whistleblowing system;
  - give an opinion to the body with strategic control functions on the annual report containing aggregated information on the results of the activities carried out by the Head of the internal whistleblowing system following the reports received.

Management of relationships with suppliers

The supplier management system is governed by policies and procedures (Sustainable Supply Chain Policy, Regulation of Delegated Powers and Spending Powers) approved by the Board of Directors or the CEO, to the extent of their competence according to the system of delegated powers in force.

Within the scope of the identification, selection and management of suppliers and, more generally, the payment system, increasing levels of decision-making autonomy have been defined within the Company, all the way to involving, for significant amounts, the Board of Directors.

The third level control function periodically carries out Internal Audits, i.e. specific activities aimed at verifying compliance with the defined processes and procedures; these findings are brought to the attention of the Chief Executive Officer, the Audit and Internal Control Committee and, as part of the quarterly tableau de bord, to the Board of Directors.

Skills in business conduct

The role of the Board of Directors, supported by the relevant board committees, the AICC and the CEO, in matters relating to the conduct of business is underpinned by appropriate expertise derived from previous experience and technical knowledge in the field. These are essential to ensure that the company's operations are aligned with the principles of good governance and compliance with applicable regulations. The respective responsibilities and related competencies are listed below for each area.

- **Strategic planning and corporate governance:** the BoD, with its committees, steers the company's decisions towards long-term objectives and the CEO mainly on short-term ones, balancing economic growth and sustainability, thanks to their experience in banking governance and management.

- **Legal and Regulatory Compliance**: the BoD, with its committees, and the AICC, thanks to their legal and regulatory expertise, ensure the enforcement of national and international regulations, prevent legal and reputational risks. Knowledge of the dynamics of the economic-financial system and of the competitive environment and banking and financial markets makes it possible to anticipate regulatory and market changes and to adapt corporate policies accordingly.
- **Risk management and control**: the BoD and, in particular, the AICC, define the guidelines of the internal control and risk management system in line with the Company's strategies, and assess its adequacy and effectiveness on an annual basis, thanks to the skills and competences they have in this field as a whole, both as an administrative body and as a supervisory body.
- **Innovation and technology:** the BoD, with its committees, and the CEO promote the adoption of new technologies to improve operational efficiency and reduce the risks associated with obsolete systems, including by using their knowledge of technological innovation and business and IT management and organisation processes. This is especially important in a highly digitised sector like banking.
- **Environmental sustainability and social responsibility**: ESG expertise (including climate risk and European taxonomy) strengthens the ability of the Board of Directors, with the Sustainability Committee, and the CEO, to integrate environmental, social and governance criteria into corporate decisions. This ensures that the Bank, in accordance with its Articles of Association, pursues sustainable success.
- **Managerial experience and turnaround financing**: managerial, entrepreneurial and turnaround financing skills, with a focus on management implications, enable the BoD and CEO to deal with complex situations such as corporate restructuring, while maintaining a sustainable and pragmatic approach.

Information provided to Corporate Bodies and sustainability issues addressed by them [GOV-2]

illimity ensures that the administrative, management and supervisory bodies, together with the relevant committees, are regularly informed about any material impacts, risks and opportunities. Information is presented by Sustainability and/or Risk, depending on the topic, on a regular basis, e.g. during Board of Directors, Sustainability Committee and Risk Committee meetings, where the progress of ESG policies, the results of actions taken and the effectiveness of adopted metrics and targets, as well as the monitoring of key ESG risk indicators, are discussed.

The BoD establishes the strategic ESG targets, the Sustainability Plan, the Climate Strategy and the related credit and investment policies, as well as the framework relating to the Bank's ESG risk appetite; as a result, it aligns its actions and decisions to the defined strategy, policies and framework. These are subject to periodic review for any need to update or change, including as a result of the outcome of the double materiality analysis.

Indeed, the relevant committees and the BoD take into account the necessary trade-offs between economic performance and the material ESG impacts, risks and opportunities identified, in order to make informed decisions with regard to impacts on both cash flows and Group resources.

During the reporting period, the administrative, management and supervisory bodies and the relevant committees of illimity, which are responsible for sustainability issues, addressed a number of material impacts, risks and opportunities in their meetings, including, for example, those related to climate change (particularly physical and transition risks), gender equality, regulatory compliance and sustainable finance opportunities. In particular, climate and environmental risks, reputational risk and ESG opportunities arising from the provision of sustainable financing products or linked to sustainability targets were discussed at the Sustainability Committee and Risk Committee, with ongoing assessments to align business operations with sustainability targets. The gender pay gap (equal pay gap) and the ESG targets included in the incentive schemes were also discussed at the Sustainability Committee and the Remuneration Committee.

Integration of sustainability-related performance in incentive schemes

[GOV-3]

The main incentive schemes adopted by illimity, linked to sustainability issues and addressed to the management body, Senior Executive Management and beneficiary employees, are governed by the internal regulations in force at the time, as listed below.

It should be noted that the annual Remuneration Policy (thus also the Policy regarding the year 2024), the MBO System 2024 and, at the time, the LTIP System were approved by the relevant Shareholders' Meetings and are therefore accessible both on the Company's website and, for employees, on the company intranet.

Key characteristics of incentive schemes

- Annual Incentive Scheme (MBO - Management by Objectives): attribution to specific persons identified as Beneficiaries of the right to receive a variable component of remuneration (so-called "bonus"), the attribution of which is subject to the fulfilment of specific conditions of activation, envisaged by the Variable Annual Incentive Plan Regulations - 2024 MBO, and to the performance targets assigned to each employee. The MBO system in question aims, among other things, to incentivise and recognise the adoption of behaviour that is consistent with illimity's long-term planning;
- Long-Term Incentive Plan (LTIP): assignment to specific individuals identified as Beneficiaries of ordinary shares of illimity upon achievement of specific objectives and conditions described in the Long-Term Incentive Plan Regulations 2021-2025 with the aim of enhancing the actual contributions made by the Beneficiaries in line with the targets of the illimity Group's Strategic Plan.

The 2024 annual Goal Card (MBO), for the CEO and the remaining senior figures in the organisation (Key Management Personnel and CEOs of the main Subsidiaries), presents ESG targets that include:

- the development of an environmental policy;
- the determination of a Climate Strategy at a Group level, including the development of sustainable finance;
- the maintenance of the UNI_PdR 125-2022 ESG Gender Equality Certification;
- the maintenance of the Equity Pay Gap within the +/- 3% range;
- the fostering of a sustainability culture through the identification of specific contacts (ESG Ambassadors) in the main structures equal to approximately 10% of the illimiters.

The ESG targets of the LTI Plan, which account for 20%, are instead based on the sustainability commitments included in the 2021-2025 Strategic Plan and the 2023-2025 Sustainability Plan, with particular reference to environmental, social and governance issues. Below are the indicators on which the following are calculated:

- "Diversity, Equity & Inclusion", 10% of the Goal Card, average score calculated by weighting the factors related to employee engagement and gender inclusion and diversity.
- "Top ESG rating", 10% of the Goal Card, score calculated through the 2023 measurement of the improvement of Standard Ethics and CDP ratings and achievement of the three Environment targets as set out in illimity's Strategic Plan (maintaining Group Carbon Neutrality (Scope 1 and Scope 2), assess and address financed emissions, exploit the energy desk by re-activating renewable energy plants).

The described systems confirm that sustainability metrics are true benchmarks of the Group's performance, being integrated into illimity's remuneration policies. By linking the short- and long-term incentive plans to measurable ESG targets, these policies actually foster the creation of sustainable value for the stakeholders and the ecosystem in which the Group operates. Since these indicators are an integral part of the incentive schemes and are aligned with the long-term strategy, in addition to affecting the Bank's risk assessment, the Sustainability Committee, in coordination with the Remuneration Committee, has an advisory role on all ESG targets described.

Therefore, the portion of variable remuneration linked to sustainability is structured on two main levels:

- 15% of MBO (Management by Objectives) variable remuneration is associated with medium-term ESG targets, in line with the company's annual priorities, monitored to ensure consistency with sustainability policies and progress towards set targets;
- 20% of LTI (Long-Term Incentive) variable remuneration is linked to achieving long-term sustainability targets, including ESG and strategic metrics to ensure the positive impact of the company's activities over time.

Incentive schemes and their conditions are approved at the Shareholders' Meeting and subsequently implemented and monitored by the Board of Directors. The update is based on inputs from various corporate functions, including the sustainability function for ESG targets. These objectives are initially developed and validated by the Management Committee and then presented to the Sustainability Committee and the Remuneration Committee, then to the Board of Directors for final pre-meeting approval.

For further details please refer to the Report on the 2024 Remuneration policy and the compensation published on the corporate website.[1]

Integration of climate change-related sustainability performance into incentive schemes

[E1-GOV-3]

The remuneration system of the corporate bodies is based on compliance with the regulations in force and compliance with policies aimed at ensuring the sound and prudent management of the Bank, taking into account its long-term strategies. Non-executive Directors and members of the Audit and Internal Control Committee receive a fixed remuneration, in addition to the reimbursement of expenses incurred in the performance of their duties, and therefore, unrelated to climate considerations and sustainability issues.

While the Chief Executive Officer's variable remuneration is linked to the short-term and long-term incentive systems described above, the Management and key resources are involved in a Long-Term Incentive (LTI) System that reinforces the alignment of beneficiaries' interests with the priority objective of sustainable value creation over time, in line with the Strategic Plan and through commitment to achieving the ESG targets in addition to economic-financial ones.

In addition, to encourage outstanding performance also in the short term, illimity's Remuneration Policy includes an Annual Incentive Scheme (MBO), connected to the Performance Management System, dedicated to all employees of the Group which also include ESG targets.

Specifically, climate change considerations and related metrics are included in the incentive schemes for:

- the Chief Executive Officer of the Parent Company, Key Management Personnel and the CEOs of the main Subsidiaries, within the framework of the MBO 2024 Plan Goal Card, which includes, among others, the objective of developing a Group environmental policy and that of defining a Climate Strategy at Parent Company level, including the development of sustainable finance;
- the Chief Executive Officer of the Parent Company, the target Key Management Personnel and the CEOs of the main Subsidiaries and other key resources, through the Long-Term Incentive Plan (LTIP) that includes, among others, the objective of achieving at least two Environment targets as set out in illimity's Strategic Plan (among these three: (i) maintaining Group Carbon Neutrality - Scope 1 and Scope 2 -, (ii) assess and address financed emissions, (iii) exploit energy desk by re-activating renewable energy plants).

The percentage of the remuneration recognised in the current period related to climate considerations coincides with the portion of the variable remuneration linked to sustainability as mentioned in the previous paragraph.

Instead, members of the management and supervisory bodies receive a fixed remuneration, in addition to the reimbursement of expenses incurred in the performance of their duties.

1 https://www.illimity.com/it/governance/remunerazione

Statement on due diligence

[GOV-4]

illimity applies the **due diligence process** in order to identify, prevent and mitigate the actual and potential impacts on the environment and people related to its own operations and its upstream and downstream value chain, including through its products or services and its business relationships (customers, suppliers and business partners); as well as in order to identify relevant sustainability risks and opportunities as a consequence of these impacts.

illimity's **due diligence** process is not a stand-alone, formalised procedure, but is fully **integrated into the Bank's strategic framework** and **business model** and the Group's internal regulations. Internal procedures such as the Single Credit Procedure, the Bank's ESG Investment Policy, the SGR's ESG Investment Policy, and the Sustainable Supply Chain Policy set out international principles for intercepting any negative impacts and related management procedures. This integrated approach ensures that due diligence is part of the Bank's day-to-day operations, in particular to identify and manage negative impacts. With regard to the 2024 **double materiality process**, the Bank has compiled a **list of positive and negative impacts** to focus on, and submitted it for in-depth evaluation by the Management Committee and the external stakeholders to determine materiality, allowing actions to be prioritised according to the severity and likelihood of the impacts. This aspect of the process guided the assessment of material impacts and the results of the assessment were then communicated to the Board of Directors, which approved them. For each of these negative impacts (details of which can be found in the table in the paragraph **on "Material IROs and their interaction with the strategy and business model [SBM-3]"),** the Bank developed **specific policies**, **actions**, **targets** and **metrics**, described in the relevant sections of this statement, to effectively monitor and manage these negative impacts over time.

For the sake of completeness, below is a map of the information provided in the Sustainability Statements on the due diligence process.

Core elements of due diligence	Reference to the ESRS reported under the Sustainability Statements
Integration of due diligence into the governance, strategy and business model	• Role of the Corporate Bodies [GOV-1]] • Information provided to and sustainability matters addressed by Corporate Bodies [GOV-2] • Integration of sustainability-related performance in incentive schemes [GOV-3] • Material IROs and their interaction with strategy and business model [SBM-3]
Engagement with affected stakeholders	• Information provided to and sustainability matters addressed by Corporate Bodies [GOV-2] • Interests and views of stakeholders [SBM-2] • Processes to identify and assess material IROs [IRO-1] • Policies related to climate change mitigation and adaptation [E1-2] • Policies related to own workforce [S1-1] • Processes for engaging with own workers and workers' representatives about impacts [S1-2] • Policies related to affected communities [S3-1] • Processes for engaging with affected communities about impacts [S3-2] • Policies related to consumers and end-users [S4-1] • Processes for engaging with consumers and end-users about impacts [S4-2] • Corporate culture and business conduct policies and corporate culture [G1-1]
Identification and assessment of negative impacts on people and the environment	• Processes to identify and assess material IROs [IRO-1] • Climate change [E1 IRO-1]
Interventions to address negative impacts on people and the environment	• Transition plan for climate change mitigation [E1-1] • Actions and resources in relation to climate change policies [E1-3] • Processes to remediate negative impacts and channels for own workers to raise concerns [S1-3] • Processes to remediate negative impacts and channels for affected communities to raise concerns [S3-3] • Processes to remediate negative impacts and channels for consumers and end-users to raise concerns [S4-3]

Core elements of due diligence	Reference to the ESRS reported under the Sustainability Statements
Monitoring the effectiveness of interventions	• Actions and resources in relation to climate change policies [E1-3] • Targets related to climate change mitigation and adaptation [E1-4] • Energy consumption and mix [E1-5] • Gross Scopes 1, 2, 3 and Total GHG emissions [[E1-6] [E1-6] • GHG removals and GHG mitigation projects financed through carbon credits [E1-7] • Internal carbon pricing [E1-8] • Taking action on material IROs related to own workforce [S1-4] • Material IROs targets related to own workforce [S1-5] • Characteristics of the undertaking's employees [S1-6] • Collective bargaining coverage and social dialogue [S1-8] • Diversity metrics [S1-9] • Adequate wages [S1-10] • Social protection [S1-11] • Persons with disabilities [S1-12] • Training and skills development metrics [S1-13] • Health and safety metrics [S1-14] • Work-life balance metrics [S1-15] • Compensation metrics (pay gap and total compensation) [S1-16] • Incidents, complaints and severe human rights impacts [S1-17] • Taking action on material IROs related to the affected communities [S3-4] • Material IROs targets related to the affected communities [S3-5] • Taking action on material IROs related to consumers and end-users [S4-4] • Material IROs targets related to consumers and end-users [S4-5] • Prevention and detection of corruption and bribery [G1-3] • Confirmed incidents of corruption and bribery [G1-4] • Suppliers' payment practices [G1-6]

Risk management and internal controls over sustainability reporting

[GOV-5]

The **system of internal controls** for Sustainability Statements, designed by aligning it with the characteristics of ESG reporting, was defined and implemented to ensure the integrity, completeness, reliability and accuracy of sustainability data and information subject to reporting and to comply with CSRD requirements, mirroring the existing framework for financial reporting adopted by the Parent Company.

The framework consists of the definition of **process controls**, which include the description of the organisational model (roles, processes and controls) for the production of the Sustainability Statements and of **control tests** in carrying out the operational activities to obtain the evidence necessary for assessing the effectiveness of the system of internal controls. Specifically, the latter provides:

- the **identification of processes** (i.e. the Perimeter Companies included in the reporting, the analysis of the upstream and downstream value chain, the double materiality assessment, the collection of data and information and their disclosure, reconciliation of ESG information between financial and sustainability statement) that have a significant impact on Sustainability Statements, through risk assessment and controls in terms of completeness, materiality, faithful representation, verifiability, comprehensibility and comparability;
- the **detection** of **first-level controls** and **control owners** for these processes. Specifically, the control owners are required to ensure the evaluation of the effectiveness of controls, reporting any actions necessary to reduce the associated risk levels.

Therefore, each control must be documented, evaluated, tested and validated, and individual managerial responsibility for carrying out the underlying activities must be defined. Therefore, risk assessments and internal controls concerning the Sustainability Statements were integrated into the relevant internal functions and processes with regular reporting to the relevant administrative, management and control bodies.

For each of the processes listed above, a **targeted analysis** was carried out in order to **identify** and **assess** potential **risks**. In particular, this activity included:

- the analysis of key processes and related activities underlying the Sustainability Statements, with the aim of highlighting the main critical steps;
- the identification of risks to the above-mentioned key processes;
- the assessment and prioritisation of risks from an analysis in terms of probability of occurrence and potential impact;
- the monitoring of the risks identified for the purpose of periodically updating them and assessing the effectiveness of the controls and mitigation measures put in place to protect them.

The **main risks identified** in relation to the Sustainability Statements are those related to:

- failed consistency with and completeness of the scope identified for the Sustainability Statements;
- failed completeness and accuracy of the double materiality analysis;
- incorrect representation of the value chain;
- failed completeness, correctness and integrity of the data.

The **mitigation of these risks** implied the implementation of **control points** that, according to the methodologies adopted and set out above, were assessed as adequate. In particular, the following were defined and assessed:

- the ways in which the control is carried out (what types of analyses and checks are carried out);
- responsibility for carrying out the control;
- the frequency of the control;
- which data, files or other documentation are used or compared to perform the activities correctly;
- what evidence is produced as a result of the check run (check evidence);
- the actions taken to correct any error found.

The **findings of the risk assessment and internal controls** regarding the sustainability reporting process outlined above are integrated into the internal processes regarding the assessment, management and monitoring of the ESG risks conducted by the Risk structure on the Group's activities. These include, among others, both the integration of relevant climate and environmental risks into the internal capital adequacy assessment and the internal liquidity adequacy assessment processes (ICAAP, ILAAP) and the Risk Self Assessment (RSA) of operational risks. Accordingly, the outcome of these internal assessments (ICAAP, ILAAP and RSA) is considered for the assessment of financial materiality, with reliance on these to determine the judgemental rationales related to each risk.

As part of the Parent Company's overall system of internal controls, and also in compliance with the internal procedure, approved by the BoD and in force at the time, relating to the consolidated sustainability reporting process, the internal structures in charge perform the **specific first-level controls** to **mitigate the risks related to sustainability reporting** mentioned above, while the control functions perform the related second- and third-level controls. In addition, pursuant to Legislative Decree 125/2024, the Financial Reporting Officer and the CEO issue the**certification of compliance of the sustainability reporting** with the standards in force, based on the compliance checks performed by the Financial Reporting Officer. The results of the above-mentioned exercises are submitted annually to the Risk Committee and the Audit and Internal Control Committee for examination and subsequent approval by the Board of Directors. In addition, the ICAAP and ILAAP assessments are submitted to the Supervisory Authority by 30 April each year. Finally, the Audit and Internal Control Committee is informed periodically during the execution of the sustainability reporting process on which it performs its supervisory and control tasks, as described above. The Board of Directors is informed at least annually on the risk assessment and internal controls with regard to this process.

Strategy

Strategy, business model and value chain

[SBM-1]

Products and Services

illimity mainly targets the Italian market and provides credit to high-potential undertakings and finance companies in their growth plans through innovative financing and products, including the so-called UTP (Unlikely-To-Pay) segment.

At Group level, it offers both banking and asset management services, loans and real estate assets, supporting companies in structuring market and private transactions to meet capital, debt and strategic growth needs. These services for corporate customers (corporate), are combined by digital banking services for consumers (retail), which include payment and savings services.

The Group operates, in fact, through a structure that, in the reporting period, is arranged into operating segments, as described in the section “Contribution of operating segments to the Group’s results” of this Report on Consolidated Operations.

The aforementioned services offered and the sectors of operation account for a considerable portion of the business, representing over 10% of the company's revenues and being linked to the company's relevant actual and/or potential negative impacts.

Furthermore, illimity aims to integrate sustainability into its products and services, promoting a sustainable or ESG targets-linked financing model of corporate customers, in line with the Framework Green, Social & Sustainability-Linked Loan adopted by the Bank. This tool guides the disbursement of loans that favour projects with positive environmental and social impacts and ESG commitments, ensuring transparency and alignment with international best practices.

Sectors[2]

For details on the cost and revenue structure by operating segment, as defined by IFRS 8, please refer to the Explanatory Notes to the Consolidated Financial Statements, part L “Segment Disclosure”.

Specifically, the illimity Group, due to the nature of its activities into the services sector and its business model, is not active for its operations in the following sectors from which, therefore, no revenues were recorded in the reporting period:

- fossil fuels (coal, oil and gas), i.e. which does not generate revenue from the exploration, extraction, production, processing, storage, refining or distribution, including transport, storage and trade, of fossil fuels as defined in Article 2, point 62, of Regulation (EU) 2018/1999 of the European Parliament and of the Council;
- manufacture of chemicals, i.e. its activities do not fall under Division 20.2 of Annex I of Regulation (EC) no. 1893/2006;
- controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons);
- cultivation and production of tobacco.

2 As of the date of this reporting, there were no regulatory determinations of “significant ESRS sectors” within the meaning of Reg. (EU) 2023/2772.

Employees by geographical area

As far as the distribution of human resources is concerned, the total number of employees by region is shown below:

	Female	Male	Other	Not disclosed	Total
Total employees	**364**	**415**	**0**	**0**	**779**
Lombardy	238	307	0	0	545
Emilia-Romagna	108	81	0	0	189
Lazio	9	16	0	0	25
Other Regions	9	11	0	0	20

Intangible Resources

Information on the Group's intangible resources, pursuant to Legislative Decree 125/2024, is provided in a specific section "Intangible Assets" of this Consolidated Report on Operations and in Part A - Accounting Policies (A.2 Section on the main financial statements items) of the Explanatory Notes to the Consolidated Financial Statements, as well as in the relevant item 100 of Assets of the relevant Consolidated Financial Statements.

Targets of the Sustainability Plan

As of 2021, the Bank is committed to specific ESG targets, first integrated in the 2021-2025 Strategic Plan and then further set out and developed in the 2023-2025 Sustainability Plan, approved by the Board of Directors in February 2023. These are important and ambitious targets that complement the Group's core business and meet the demands expressed by the various stakeholders as well as meet regulatory expectations on sustainable finance and supervisory integration and management of climate and environmental risks.

illimity integrates sustainability as a strategic pillar, addressing challenges such as energy transition and support for struggling undertakings. Critical solutions include monitoring GHG emissions and increasing sustainable financing and investments.

The targets of the Group's Sustainability Plan, in terms of significant product and service groups, customers categories and stakeholders relations, are set out below, mainly in Italy, except for the rating agencies that operate at a European and/or global level.

Environment

Area	Objective	Relationships with stakeholders	Significant groups of products and services	Customer category
Carbon footprint	Maintaining the Group's carbon neutrality (Scope 1 and Scope 2 emissions)	Own workforce	All products and services	N/A
	Measuring and addressing "financed emissions" (Scope 3)	Customers (end-users)	Financings and Investments	Undertakings
Energy desk	Re-commissioning of renewable energy plants through the Energy Desk	Customers (end-users)	Financings and Investments	Undertakings
ESG in RAF and credit assessment	Integration of ESG factors in credit assessment and Risk Appetite Framework	Customers (end-users), Suppliers and Own workforce	Financings and Investments	Undertakings
Energy consumed 100% renewable sources	Reaching 100% of electricity consumed from renewable sources (GO) for the Group's main locations	Own workforce	All products and services	N/A
FSC Paper	Keeping the use of FSC paper at 100% throughout the Group	Own workforce	All products and services	N/A
Environmental policy	Development of environmental policy at Group level	Customers (end-users), Suppliers and Own workforce	Financings and Investments	Undertakings
Environmental KPIs in Real Estate	Considering environmental and climate impacts when assessing and managing Real Estate assets	Customers (end-users)	Financings and Investments	Undertakings
Green financings and sustainable finance	Developing the sustainable finance product range and framework (green/ sustainability-linked)	Customers (end-users)	Financings and Investments	Undertakings
	Developing ESG support/advisory services to SMEs (also in cooperation with third-party partners)	Customers (end-users)	Financings and Investments	Undertakings
	15% of 2023-2025 cumulative origination volumes (disbursed/ invested) for sustainable finance (Sustainability-linked/Social/Green Loans/Investments)	Customers (end-users)	Financings and Investments	Undertakings
ESG Asset Management	Launching (SGR) Fund with ESG characteristics	Customers (end-users)	Investments	Undertakings
Climate Disclosure	Reporting in line with TCFD recommendations	All stakeholders	All products and services	All customers categories

Social

Area	Target	Relationships with stakeholders	Significant groups of products and services	Customers category
Gender Equity	Gender equity: doubling the number of women in management roles	Own workforce	N/A	N/A
Talent Pool Balance & Gender Pay Gap	Maintaining the balance between men and women in the formalised talent pool and a Gender Pay Gap (as Equal Pay Gap) with a maximum deviation of 5%	Own workforce	N/A	N/A
Employee Engagement	Maintaining the Group's employee engagement index above 70%;	Own workforce	N/A	N/A
Social impact	Real estate impact projects through fondazione illimity	Affected Communities	N/A	N/A
Gender equality certification	Maintain the UNI_PdR 125-2022 Gender Equality Certification	Own workforce	N/A	N/A
Anti-harassment policy	Development of a company policy to combat harassment, sexually inappropriate behaviour and bullying	Own workforce	N/A	N/A
Training	Maintain an average of 42 training hours/employee	Own workforce	N/A	N/A
	Ensure 3 hours of ESG training per employee	Own workforce	N/A	N/A
Mobility awareness-raising	Awareness-raising initiatives on sustainable mobility (home-work) for employees	Own workforce	N/A	N/A
Supply chain	>50% of total expenditure on goods and services as of 2025 assessed with ESG criteria	Suppliers	All products and services	N/A

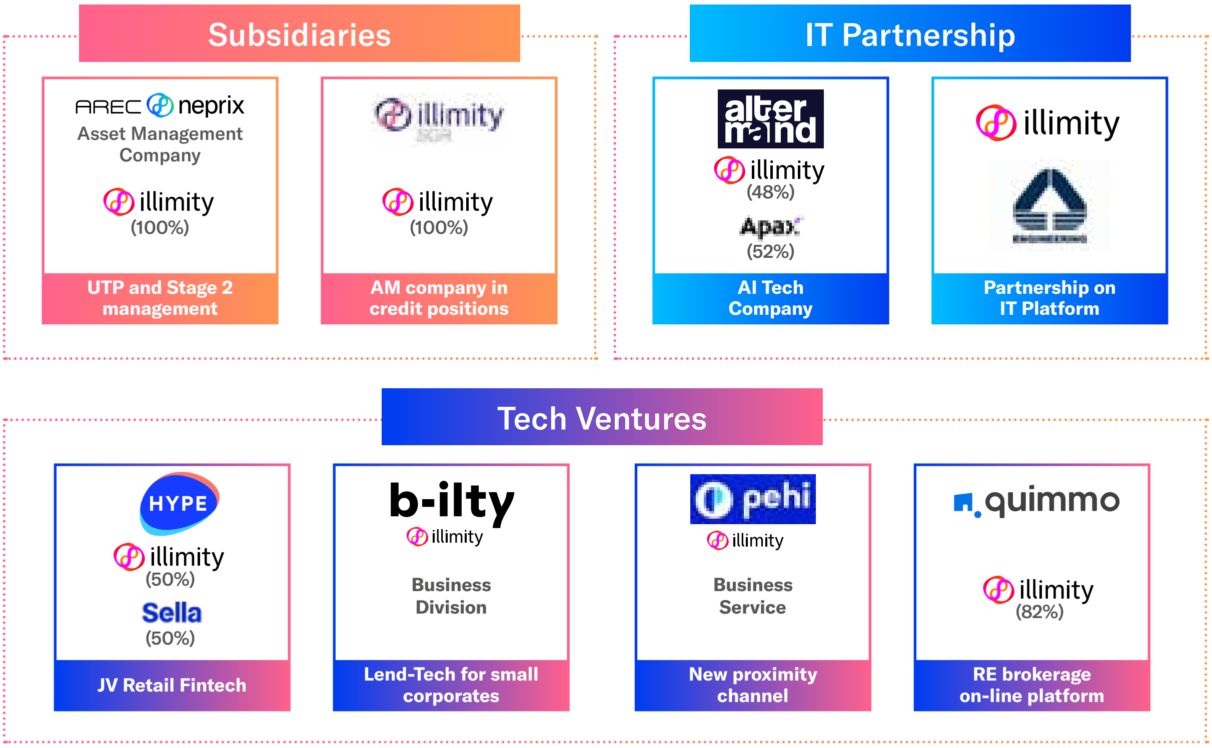
Governance

Area	Objective	Relationships with stakeholders	Significant groups of products and services	Customer category
ESG ratings	Improving the Bank's ESG ratings	All stakeholders	All products and services	N/A
Remuneration	Integration of ESG targets into incentive plans	All stakeholders	N/A	N/A
10% of employees as ESG Ambassadors	Identification of specific ESG contacts in the main structures (10% of illimiters)	Own workforce	N/A	N/A
Accession to PRB	Bank membership in PRB and related reporting	All stakeholders	All products and services	All customers categories
Anti-corruption and compliance certifications	Obtain “Anti-bribery management systems” Certification (ISO 37001)	All stakeholders	All products and services	All customers categories
	Obtain “Complance management systems” Certification (ISO 37301)	All stakeholders	All products and services	All customers categories
ESG Investment policy & limits	Development of an ESG Investment Policy (own financing) and 100% of Treasury and Investment Banking investments that consider ESG factors at the selection stage (ESG due diligence)	Customers (end-users)	Investments	Undertakings

Business model and value chain

In addition to the above, for more details on the business model and value chain of the illimity Group, please refer to the section "illimity for SMEs (Strategic Repositioning)" of this Consolidated Report on Operations and Part E - "Information on Risks and related hedging policies" (Credit risk management policies) and Part L - "Segment Disclosure" of the Explanatory Notes to the Consolidated Financial Statements.

Below is a simplified outline of the main Perimeter Companies, with the relative percentage of equity interest of illimity, the IT partnerships in place and the Tech Ventures that are added to the core business of the Bank.



Products and benefits for customers and investors

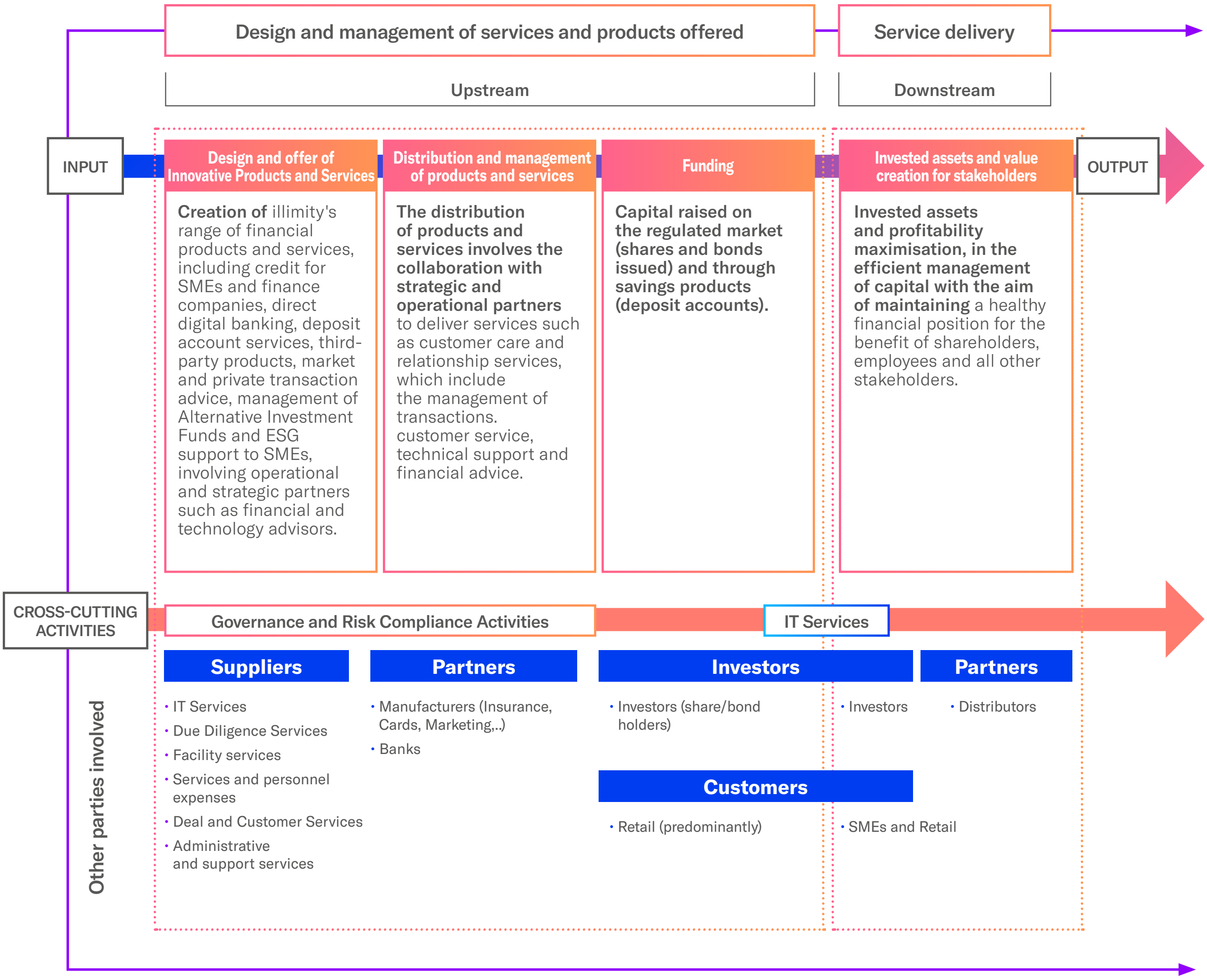
Offering a range of products including structured financings, turnaround services and sustainable loans, designed to generate value for customers and investors, the main achievements in terms of current and expected benefits include:

- for customers: simplified access to credit, digital solutions for financial management and financings for the ecological and digital transition;
- for investors: responsible and transparent management, with a focus on integrating ESG factors into operations, which helps mitigate risks and improve resilience in the medium to long term.

Data Protection

- The Bank collects data through integrated digital platforms of financial services, from payment to credit services, for which it uses advanced models for credit analysis and risk assessment. Data protection is guaranteed by strict andGDPR-compliant IT security policies, with regular checks to mitigate security and privacy risks. While the Bank collects data on corporate customers and relevant suppliers directly, via online platforms, or indirectly, through leading national and international suppliers, processing this information using advanced data management tools, in compliance with existing confidentiality agreements and applicable national and EU legislation on information protection and retention.

Key players in the value chain



illimity positions itself as a central player in the financial value chain, working with suppliers, partners, customers and investors:

- **Suppliers**: illimity has chosen to group the Group's suppliers into the following service clusters of the upstream supply chain:
  - administrative and support,
  - facility,
  - staff,
  - due diligence,
  - for deals and customers,
  - IT (as of 31 December 2024, these services were almost entirely related to the contract for the full outsourcing of the information system entered into between the Bank and altermAInd S.r.l. - a new technology operator 48% owned by illimity - following the completion on 24 December 2024 of the closing of the related agreement with the Finwave Group / OCS, controlled by funds managed by Apax Partners LLP).

- **Partnerships:** the main products and services in partnerships and the related commercial relationships relevant to the upstream and downstream value chain, in the reporting period include:
  - additional guarantees on financings to illimity's corporate customers by SACE (also SACE green),the EIF (European Investment Fund) and the EIB (European Investment Bank);
  - debit and credit cards Nexi and American Express distributed to illimity customers;
  - Helvetia Vita insurance products distributed to illimity's retail customers;
  - Groupama Assicurazioni's insurance products distributed to illimity's corporate customers;
  - deposit account (illimitybank.com) forretail funding in Germany, distributed by Raisin;
  - illimity IT platform distributed by Engineering.
- **Customers:** upstream, mainly consumers, with regard toretail funding; while downstream, crucial to the core business of the Group are Italian SMEs, which benefit from customised credit services and products, such as factoring, structured finance, including sustainable finance, and consultancy and investment services for strategic operations; in addition to these there are the consumers (retail) to whom payment services and deposit account products are offered.
- **Investors:** upstream and downstream, shareholders or institutional and professional investors and savers (retail) holders of freely transferable Ordinary Shares listed on the Euronext Milan market (STAR segment), as well as holders of bonds issued by illimity.

Stakeholders' interestsand opinions

[SBM-2]

illimity involves all the **categories of** stakeholdersin different ways and with different frequency depending on the type of activity or the target to be pursued. Specifically, stakeholders are involved periodically, through **dedicated dialogue channels**, as far as ordinary activities are concerned, while for the purposes of the materiality analysis, all the stakeholders identified carry out the **impact materiality assessment**. Financial materiality assessments are performed by the parent company's internal structures, each within its own sphere of competence, directly involving managers and staff in identifying and evaluating risks and opportunities. The Board of Directors, the Sustainability Committee, the Risk Committee and the Management Committee are involved by expressing, for the matters within their respective purviews, their assessments on the overall **double materiality analysis** of the IROs related to sustainability issues.

In detail, illimity's main stakeholders categories are:

- **BoD** Parent Company;
- **Management Committee and Directors of the main Subsidiaries** (illimity SGR, ARECneprix, Abilio and its subsidiaries);
- **SMEs Customers**;
- **Retail Customers**;
- **Shareholders, investors and analysts**;
- **Suppliers and partners**;
- **Community, industry associations and academia**;
- **Employees**;
- **Focus Groups** (sustainability experts from outside the Group);
- **Other silent stakeholders** (i.e. expectations of regulators agencies, rating agencies, NGO positions).

For each category of the main stakeholders, the methods of **constant and continuous involvement**, in line with due diligence procedures, are organised through specific **dialogue channels** provided for by internal regulations and described below:

Stakeholders category	Dialogue channels and due diligence procedures
Board of Directors, Management Committee and Directors of main Subsidiaries	• Periodic information flows • Sessions of induction on specific topics • Sharing of the double materiality analysis and assessment thereof
Employees	• With all the illimiters: engagement surveys, internal newsletters, company intranet, periodic meetings, internal events and initiatives, corporate welfare initiatives, performance management interviews • With the ESG Ambassadors: online impact materiality assessment questionnaire and financial materiality assessment interviews
Retail consumer (Customers) and SMEs (corporate)	• Website, events and commercial communications • Engagement surveys (needs and satisfaction survey) • ESG profile assessment campaigns of corporate customers via online portal • Online questionnaire to evaluate the materiality of the impact on customers
Suppliers and partners	• Vendor Management Portal for the annual qualification and evaluation campaign of the ESG profile of suppliers materiality questionnaire • Website, events and administrative communications • Online questionnaire to evaluate the materiality of the impact on customers
Shareholders, investors and analysts	• Website, events and press releases • Periodical calls, roadshows, meetings, press conferences • Online questionnaire to evaluate the materiality of the impact on investors
Communities, sector associations, academia and focus groups	• Association events and academic conferences • Active participation in the work groups of the sector's associations • Surveys towards non-customer communities of individuals and undertakings (survey of their needs on ESG issues) • Workshops for the assessment of impact materiality by a focus group of sustainability and industry experts

The involvement of stakeholders categories aims to understand their **interests**, **expectations** and **information** needs, as well as to **assess** and **prioritise the IROs** covered by the Sustainability Statements. The involvement of these stakeholders is essential in order to understand their opinions and interests related to illimity's strategy and business model and is, therefore, potentially able to influence the Bank's operations. illimity confirms that its strategy and business model, being fully aligned with the interests and expectations of the stakeholders have not undergone any significant changes.

The **administrative, management and supervisory bodies** are informed about the **opinions** and **interests of the stakeholders** and the impact they may have on sustainability issues at regular meetings of the Board of Directors and the Sustainability Committee of illimity.

Material IROs and their interaction with the strategy and business model

[SBM-3]

Below are the **topics** (issues or topics) and their **sub-topics** (sub-themes) identified by illimity as **material** following the application of the **materiality assessment process**. Specifically, for each material sub-topic, illimity identifies the material **impacts** (including those on people and the environment), **risks** and **opportunities**, as described in the tables below.

Material topic	Climate change		
Material sub-topic	**Climate Change Mitigation**	**Climate Change Adaptation**	**Energy**
Impacts	**Positive Impacts** • Promotion and support of climate change mitigation and adaptation initiatives • Promotion of financings aimed at and/or related to climate change mitigation and adaptation by corporate customers **Negative Impacts** • Generation of indirect GHG emissions related to energy procurement (Scope 2) and related to the purchase of services from suppliers and portfolio financings (Scope 3)		
Risks	• Credit risk due to deterioration of counterparties' credit rating due to higher transition costs	• Credit risk due to the reduction in the value of real estate assets collateral and the deterioration of counterparties' credit rating due to increased costs resulting from acute and chronic climatic events.	• Credit risk due to reduced value of real estate assets collateral due to low energy efficiency
Opportunities	• Increase in demand for SMEs financings to support projects to implement a transition plan • Enhancement of ESG support services to SMEs • Improvement of the Group's reputation thanks to achieving carbon neutrality	• Offer sustainable financial products and instruments • Offer products against physical risk • Improved customers retention and attraction thanks to the Group's ICT systems ensuring continuity and as a result of the Group's adaptation to climate change	• Increase in demand for financings for real estate assets, infrastructure and business reskillings • Operational improvement through energy efficiency in Group structures
Expected time horizon of impacts	Short/medium term		
IRO concentration	Own operations and Value chain		

Material topic	Own workforce		
Material sub-topic	Working conditions	Equal treatment and opportunities for all	Other related rights at work
Impacts	**Positive Impacts** • Employee satisfaction and well-being • Promotion of diversity, equity, inclusion and equal opportunities for everyone • Improvement of workers' skills through general and technical training activities linked to customised growth and evaluation targets • IT security solutions to protect the sensitive data of Group employees and collaborators		
Risks	No material risk identified		
Opportunities	• Increase in productivity through improved working environment conditions and the provision of a training catalogue for employees and/or collaborators • Strengthening of retention andattraction of staff by improving the working conditions of employees and/or collaborators	• Creation of an inclusive corporate culture and implementation of training courses and programmes that foster the professional growth of employees, helping to consolidate workforce retention and attraction • Reputational increase due to improved ESG score as measured by rating agencies on the basis of KPIs related to employee well-being	• No material opportunity identified
Expected time horizon of impacts	Short term		
IRO concentration	Own operations		

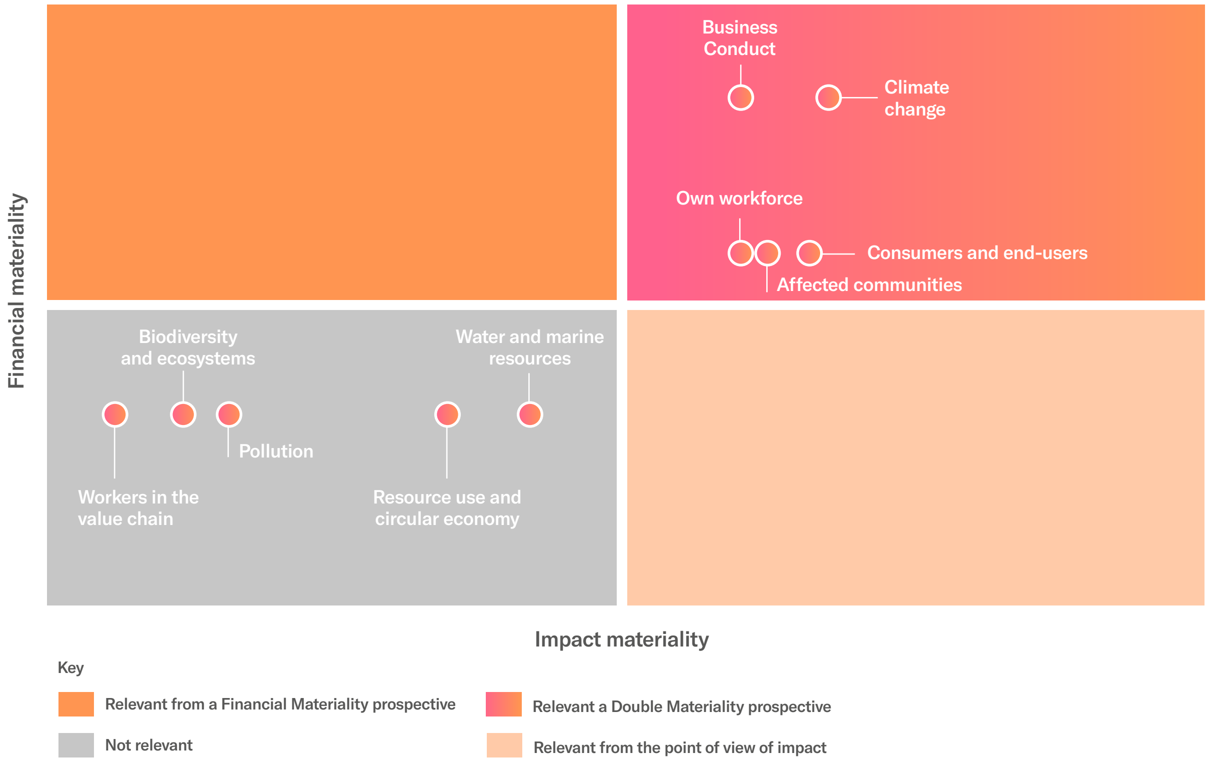
Material topic	Affected Communities	
Material sub-topic	Economic, social and cultural rights of communities	Communities' civil and political rights
Impacts	**Positive Impacts** • Creation of positive value on the entrepreneurial system through the distribution of economic value to the stakeholders	
Risks	No material risk identified	
Opportunities	• Consolidation of the Group's positioning within its territories and communities by expanding financial training and inclusion initiatives	
Expected time horizon of impacts	Short term	
IRO concentration	Own operations and Value chain	

Material topic	Consumers and end-users	
Material sub-topic	Information-related impacts for consumers and/or end-users	Social inclusion of consumers and/or end-users
Impacts	**Positive Impacts** • Facilitating access to financial services for retail customers and SMEs through technological innovation • Strengthening of customer satisfaction and attracting new customers through high quality services/products, clear, timely and transparent communication, and support in resource management and financial education • Capacity for financial support in the recovery and revitalisation of ailing undertakings and related value generation • Generating value for retail end customer from financial products, including protection mechanisms	

Material topic	Consumers and end-users	
Material sub-topic	Information-related impacts for consumers and/or end-users	Social inclusion of consumers and/or end-users
Risks	• Reputational risk due to incidents of breaches of customers privacy or IT security breaches • Operational risk related to sanctions or legal proceedings for privacy breaches or misleading communication about sustainability information	• No material risk identified
Opportunities	• Reputational improvement by streamlining the Group's privacy and data security • Improvement in customers and investors relations through clear and transparent communication	• Reputational improvement through the disbursement of financial education training
Expected time horizon of impacts	Short/medium term	
IRO concentration	Own operations and Value chain	

Material topic	Business conduct			
Material sub-topic	Corporate culture	Protection of whistleblowers	Management of relationships with suppliers	Corruption and bribery
Impacts	**Positive Impacts** • Continuous training of employees to prevent corruption practices • Contribution to spreading a culture of ethics through respect for laws and regulations			
Risks	• Reputational risk due to sanctions or legal proceedings related to unfair marketing practices, non-compliance with code of ethics regulations, tax offences and IT security incidents	• Reputational risk due to sanctions/ legal proceedings related to the absence of adequate systems and programmes to protect whistleblowers	• Reputational and operational risk due to interruption of services rendered by suppliers and reputational risk due to sanctions/ legal proceedings due to disputes with suppliers	• Risk of sanctions for corruption, fraud or money laundering incidents • Operational risk due to inefficiencies in corruption, money laundering and anti-fraud prevention systems • Reputational risk due to failure to implement prevention systems • Liquidity risk due to potential sanctions for corruption incidents
Opportunities	No material opportunity identified	No material opportunity identified	No material opportunity identified	• Improvement in the Group's image by investing in the development of innovative tools to manage, monitor and prevent fraud incidents
Expected time horizon of impacts	Short term			
IRO concentration	Own operations			

For the sake of completeness, below is a representation of the**outcome of** the application of **the double materiality assessment** approved by the Board of Directors for the reporting period.



Climate change

With reference to the topic "Climate Change" and the related sub-topics illustrated in the table, the main **management methods** that illimity adopts in order to respond to the **impacts** effects, **risks** and **opportunities** identified as material, consist in:

- adoption of operational safeguards such as internal procedures and policies aimed at managing and mitigating risks related to environmental impacts and climate challenges;
- continuous updating of a system of controls ex-post that is suitable to ensure that the activities carried out by the business areas are in line with the applicable internal and external regulations in force at the time, as well as with corporate strategies and policies, according to a risk-oriented approach;
- strengthening of operational controls in origination (policy, ESG rating and sectoral analysis-business models) and management of guarantees to deal with potential operational losses resulting from intensifying climate and environmental risks;
- encouragement of positive behaviour by illimity in the management and mitigation of climate change risks, as well as activities aimed at protecting the environment inside and outside the organisation;
- quarterly monitoring and reporting within the Tableau de Bord Risk Appetite Framework of ESG risks, by introducing thresholds of Risk Appetite / Tolerance on an initial set of material indicators related to ESG risks and opportunities, both of illimity and of the funded counterparties and the issuers of securities purchased for own portfolios and with a special focus on climate/environmental risks (e.g. ESG Scores related to financed counterparties, Scores of physical hydraulic and hydrogeological risk).

Own workforce

With reference to the topic "Own workforce" and the related sub-topics illustrated in the table, the main management methods that illimity adopts in order to respond to the effects of the impacts, risks and opportunities identified as material, consist in:

- adoption and consolidation of an inclusive corporate culture aimed at reducing discrimination and increasing employee awareness (e.g. adoption of policy on issues of Diversity, Equity & Inclusion, Anti-Harassment, diversity programmes and initiatives);

- adoption of safeguards to ensure equal pay opportunities, incentivise female staff and reduce possible discrimination (e.g. definition of remuneration on the basis of the principle of "equal pay for equal work", application of the "gender neutral "process supported by internal HR policies);
- definition of a framework for the attraction and development of illimity's workforce through customised growth paths and targets, incentivised by continuous check points with managers and the HR & Organisation structure.

Affected Communities

With reference to the topic "Affected Communities" and the related sub-topics illustrated in the table, the main management methods that illimity adopts in order to respond to the effects of the impacts, risks and opportunities identified as material, consist in:

- adoption of fair conduct in recruiting and human resources management, avoiding favouritism, abuse or discrimination based on gender, ethnic background, religion, political and trade union affiliation, sexual orientation and identity, language, age or disability;
- guarantee of respect of human rights and fundamental freedoms both in relations with Third Parties and in internal dealings, given the Group's operating and business model as well as the national context. illimity is committed to protecting human rights through internal management policies, supported by national collective bargaining agreements and national regulations on specific health and safety rules in the workplace.

Consumers and end-users

With reference to the topic "Consumers and end-users" and the related sub-topics illustrated in the table, the main management methods that illimity adopts in order to respond to the effects of the impacts, risks and opportunities identified as material, consist in:

- oversight of marketing, development, management and customer care of customers, also thanks to the experienced staff of the contact centres for the onboarding phase to ensure an increase in the customers base and customers satisfaction;
- controls put in place to monitor the Group's reputational profile (e.g. sentiment analysis).

Business conduct

With reference to the topic “Business conduct" and the related sub-topics illustrated in the table, the main management methods, which illimity adopts in order to respond to the effects of the impacts, risks and opportunities identified as material, consist in:

- control measures, both manual and automatic, to mitigate the risks inherent in the business processes, including the risk of internal fraud. In this regard, controls are put in place to guarantee the “segregation of duties” of people who perform/request an operation, and people who control/authorise it, based on defined powers and authorities;
- control measures for external fraud such as evaluation during on-boarding by means of intelligence tools, on-going quantitative assessment on all customers;
- policy and internal procedures aimed at describing the safeguards adopted to manage/mitigate the risks in question and the relevant rules of conduct to be followed (e.g. Anti-Money Laundering Policy and Anti-Money Laundering Manual, Organisation and Management Model and illimity Way), as well as specific training initiatives addressed to the staff involved.

since its inception, illimity has adopted an innovative and responsible approach, paying particular attention to environmental, social and governance (ESG) issues. Specifically, the Bank has embarked on a journey to integrate sustainability issues into its strategy, business model, processes and governance. In detail, the main interactions between the impacts identified for each material topic illustrated in the tables above and illimity's strategy and business model are illustrated below:

- **Climate change**: development of a range of sustainable products and tools to support corporate customers in their adaptation to climate change and mitigation of physical and transitional risks (e.g. creation of new products for counterparties implementing climate change adaptation plans; earthquake-resistant buildings, flood protection works);
- **Own workforce:** adoption of policies aimed at improving working environment conditions, resulting in increased workforce retention/attraction (e.g. appropriate salaries, implementation of wellness policies),

as well as an inclusive corporate culture that promotes social respect and enhances the potential and growth of each employee;

- **Affected Communities:** potential increase in Corporate ESG rating through the promotion of financial education and inclusion initiatives in support of the target territories and communities (e.g. increase in customers deposits);
- **Consumers and end-users:** continuous technological innovation in processes, products and services towards customers in order to strengthen customer satisfaction and facilitate access to financial services. Specifically, the offer of products and services is always accompanied by clear, timely and transparent communication, as well as by the adoption of appropriate privacy and data security safeguards aimed at preventing incidents at IT level;
- **Business conduct:** continuous investment in the development of innovative tools to manage, monitor and prevent fraud, while at the same time strengthening the Bank's reputation with its internal and external stakeholders.

Please refer to the tables above for a detailed indication of the**expected time horizon of** the impacts of each material topic and subtopic. Similarly, within the aforementioned tables, illimity provides an indication (see section on "IRO concentration") of how the impacts related to the material topics and sub-topics affect its activities and its business relations with customers, suppliers and partners. In this regard, there were no **current financial effects of material risks and** opportunities of the company on its financial position, results of operations and cash flows, as well as material risks and opportunities for which there is a significant risk of material corrections, in the next year, of the carrying amounts of assets and liabilities reported in the Group's Consolidated Financial Statements.

Lastly, the**resilience analysis** was carried out during the reporting period for each of the Bank's business areas; in particular, the **materiality of ESG risks on the business model and current operations** was investigated (e.g. business strategies and evolutionary outlook; strategies, hiring policies, risk management and risk safeguards; macroeconomic and market environment and regulatory framework). For further details on the analysis conducted, please refer to the section on "**Strategy and Material IROs related to climate change [E1-SBM-3]".** As this is the first year of preparation of the Sustainability Statements, there are no changes in the reporting and preparation of sustainability information, including impacts, risks and opportunities, compared to the previous year. It is confirmed that all the impacts, risks and opportunities related to the topics and sub-topics found to be material as a result of the materiality assessment process have been illustrated by illimity in the tables above.

Strategy and material IROs related to climate change

[E1-SBM-3]

Significant risks related to climate change are listed below, broken down by type.

Climate change mitigation

Transition risk

1. Credit risk related to the deterioration of the credit rating (PD) of counterparties due to higher costs resulting from the climate transition:
    a. for the development of a transition plan or specific interventions needed for the sector, for example;
    b. for energy efficiency;
    c. to reduce the level of GHG emissions;
    d. to comply with new climate-related regulatory constraints (e.g. on the use of fossil fuel energy sources applied in the counterparty's sector, energy class/energy consumption, level of GHG emissions);
    e. for the introduction of specific taxes (e.g. carbon tax).
2. Credit risk due to reduction in collateral value (LGD) due to:
    a. exposures secured by low energy efficiency real estate assets whose market value is impacted by the introduction of EU regulations on the energy efficiency of buildings.

Climate change adaptation

Physical Risk

Credit risk due to reduction in collateral value (LGD) due to:

- exposures secured by real estate assets located in geographic areas subject to high physical risk;
- increased costs to be incurred in connection with climate change.

Transition risk

Credit risk due to deterioration of the counterparty's credit rating (PD) due to:

- damage related to acute and chronic events, to the counterparty's plants and production sites (negative effects on the quantity of products and revenues, costs to be incurred for the reinstallation of production capacity and consequences on the ability to repay the debt);
- increased costs to be incurred in connection with climate change.

Energy

Transition risk

Credit risk due to reduction in collateral value (LGD) due to:

- exposures secured by low energy efficiency real estate assets whose market value is impacted by the introduction of EU regulations on the energy efficiency of buildings.

The Bank adopts an integrated business model and strategy to take into account the impacts, risks and opportunities related to climate change. This scenario analysis involves all the Bank's strategic, operational and risk management areas (Corporate Banking, Specialised Credit, b-ilty, Investment Banking and CFO). In particular, the analysis takes into account both physical risks, related to extreme climate events, and transitional risks, resulting from ongoing changes in the context of sustainability.

To perform the resilience analysis, illimity took into account the outcomes from the scenario analysis, as described below.

Scenario analysis

For this analysis, a model based onNetwork for Greening the Financial System (NGFS) scenarios was used. The choice to use NGFS scenarios was dictated by reasons related to:

- **risk management** as NGFS scenarios are developed by a network of central banks and financial supervisors, ensuring a high level of credibility and methodological robustness; moreover, they are integrated into the Bank's financial models, such as those for estimating probability of default (PD) and loss given default (LGD), allowing for a more accurate assessment of climate change-related credit risks;
- **strategic planning** as these scenarios have estimates extending to 2050 and beyond, allowing a medium- to long-term strategic vision to be developed, integrating climate considerations into business and investment decisions;
- **regulatory compliance** as many regulators and financial supervisors are starting to require financial institutions to integrate climate risks into their risk assessments and often point to NGFS scenarios as a reference.

The model was analysed and developed by taking into account the following analytical choices and related uncertainties/constraints.

The model automatically extends the analysis over multiple time horizons and uses NGFS scenarios and their simulation results to estimate incremental differences in PD and LGD due to transition risk and physical risk. Possible expert-based evaluations have been included where necessary in order to better simulate the future behaviour of companies, refining assumptions and improving the accuracy of projections. In terms of methodology, the model integrates data from financial statements taking into account changes due to transition and physical risks, using the Merton model method and other methodological guidance from ValueCube-ABI.

As regards the assumptions on which the model was developed, one has to consider the speed and extent of regulatory changes, as well as the often unpredictable consumers preferences and the uncertainty, both positive and negative, of technological advances. All these elements could affect the accuracy of the scenario analysis. Moreover, the model is designed in point-in-time mode, while global economic conditions may change and influence the dynamics and severity of the driving forces of change. Finally, the accuracy of scenario analysis is highly dependent on the availability and quality of emissions data, as well as on the quality of financial performance data and other relevant metrics specific to the companies under analysis.

Overall, given these assumptions, the analysis still aims to provide a robust framework for estimating transitional and physical risks and obtaining climate risk-adjusted PD, allowing for a thorough and adaptable analysis of possible scenarios for organisations facing climate-related financial risks.

Materiality and impact analysis (resilience)

In order to assess the materiality of climate and environmental risk, a specific analysis was carried out with the involvement of the business structures.

The assessment regarded both risks associated with the Bank's counterparties (i.e. counterparties financed/ served) and risks to which the Bank itself is directly exposed or to which it contributes (i.e. processes, procedures). The process consists of the following five logical steps:

1. mapping the risk areas on individual Bank structures (identification of transmission channels, impacts, mitigation and measurement actions);
2. identification of the risk level for the mapped areas;
3. attribution of an opinion on the probability of occurrence of the risk analysed (scale from 1 - very low probability of the risk occurring - to 5 - very high probability) for four areas: (i) business model and current operations of the Bank's various business structures, (ii) business outlook strategies, (iii) strategies, recruitment/management policies and organisational safeguards against the various risks, (iv) evolution of the external and market/regulatory context;
4. evaluation of a final overall assessment of ESG risk materiality by the CRO (assessment conducted following the analyses carried out for each structure, which is preliminary to calculating the overall score);
5. in case of an overall score > 2.5 (threshold above which the risk is considered material), inclusion of the risk in the official Risk Radar of the illimity Group.

After identifying the materiality of the climate and environmental risk, an analysis of the impact of ESG risk factors on traditional banking risks such as credit, market, liquidity, operational and reputational risks, was performed.

The most recent resilience analysis was carried out in the first half of 2024. The same will be repeated during 2025.

In the resilience analysis communication, illimity specified the time horizons applied; furthermore, based on the scenario analysis conducted, considering the recommendations of the "Task Force on Climate-related Financial Disclosures"(TCFD) and analysing the materiality and impact of ESG risks for the 2024 ICAAP year, the illimity Group assessed the materiality of these risks considering both the risks connected with the financial counterparties and/or counterparties served and those to which illimity is exposed.

In the 2024 ICAAP and ILAAP year, estimates of the impact of ESG risks (specifically, climate-environmental risks) on first-pillar banking risks (credit, market, operational and liquidity) and, consequently, on capital (CET1 ratio and Total Capital ratio) and liquidity (LCR and NSFR) were used. The impact of ESG risks on first-pillar risks concerned balance sheet items such as - but not limited to - profit, stable funding and capital reserves. However, the reduced materiality of the impact of ESG risks in the Basic Scenario did not lead to the inclusion of such estimates in the capital and liquidity adequacy assessments.

Scenario analysis results

The application of the climate-related scenario analysis to the Probabilities of Default over a time horizon of 30 years translated into initial estimates with a relatively limited impact. This is the result of both macroeconomic scenarios affected by climate-related and environmental scenarios (NGFS) that are not particularly differentiated from the baseline scenario, and of the medium/long-term horizon in which the greatest climate-related and environmental impacts will occur, which is not fully factored by the modelling currently used. Secondly, a model was developed which, based on the ratio between climate-related and environmental scenarios, main financial statements factors (investments, operating expenses, and mix and price of energy sources) and conditions of economic and financial balance of the counterparties - estimates the effects of both climate-related and environmental risks, both physical and transition risk, on the solvency of financed counterparties, managing to define an impact on the PD obtained from the internal management model.

Materiality and impact analysis (resilience) results

Following the application of the process described above, the materiality and impact analysis conducted with reference to the Bank's structures, and also at the Group level, showed that ESG risks and, in particular, climate and environmental risks (referring both to portfolio counterparties and directly to illimity and the perimeter Companies) were considered material in 2024. Therefore, the Group's risk strategy has been updated to include, among its key elements, a set of Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs) to monitor the Group's exposure to ESG risks. In addition to the first-level indicators, which include appetite and tolerance thresholds to risk, the following have also been introduced:

- **Monitoring indicators**, including divisional limits with thresholds of Appetite for monitoring the company management;
- **Early Warning Indicators**, which complete the RAF framework and refer to specific dimensions of analysis attributable to the external market, the idiosyncratic and macroeconomic context, and allow for the determination of attention levels, the exceeding of which leads to the activation of specific processes of analysis, evaluation and in-depth analysis by the competent structures, in order to determine the possible impacts on the RAF indicators;
- **Risk indicators related to the management system**, included in which there are indicators related to the following areas: controls on compliance with regulatory and anti-money laundering requirements; Internal Audit controls in relation to the operational risk of processes; exposures to related parties; adequacy, completeness, functionality and reliability of the Internal Control System and Information System; performance in implementing the 2023-2025 Sustainability Plan.

It is also specified that, prior to supplementing the RAF 2024 with ESG indicators, already during 2023, the CRO had monitored quarterly, through the Tableau de Bord RAF, the illimity Group's exposure to ESG risks (in particular, with reference to the climate-environmental risk component) in order to analyse its performance. The indicator thresholds, which have been incorporated into the 2024 Risk Appetite Framework of the Group, were calibrated, both on the basis of the risk profiles and trends observed over the past year on the indicators mentioned above, and through an expert-based approach, all consistent with the budget targets. The indicators were approved by the Bank's Board of Directors in February 2024, with official quarterly monitoring through the Tableau De Bord commencing on 31 March 2024, in order to verify they stay within the set Appetite and Tolerance thresholds.

In the modelling used, based on the Merton model and in any case on balance sheet data and dynamics, we give priority to the company's ability to access the necessary capital at a reasonable cost in order to redeploy, upgrade or dispose of existing assets. More qualitative and intangible dimensions such as the reorientation of the product/service portfolio, the reskilling of the workforce, adaptations of strategy, market or geographical scopes or the company's organisational model itself can only be considered by means of expert-based assessments to be included as impacts in the income statement.

Strategy and material IROs related to the own workforce

[S1-SBM-3]

As of 31 December 2024, the Group had 779 employees and 40 non-employees. 47% of employees are women and 53% men, while 26 employees are persons with disabilities (3.3% of the total). Of the non-employed workers, 24 are in internships and 16 are self-employed with collaboration contracts.

These figures do not include employees of altermAInd S.r.l., as they have left the reporting scope. For more information, see the section **“Characteristics of the undertaking’s employees [S1-6]”.**

Almost all of the Group's employees have a full-time, open-ended contract. Employees of illimity Bank and illimity SGR are covered by the "Collective Bargaining Agreement for Middle Managers and staff in professional areas employed by credit, financial and instrumental undertakings", while the own workforce of ARECneprix, Abilio, Quimmo Agency, Quimmo Prestige Agency and Industrial Discount are covered by the "Supplementary Credit Agreement" envisaged by Article 3 of the above-mentioned agreement.

No significant negative impacts on the own workforce were identified, while activities that lead to positive impacts on the promotion of diversity, equity, inclusion and equal opportunities for staff are related to:

- drafting, promoting and continuously updating a DEI policy;
- implementing the Ambassador ESG programme to raise awareness and engage people on sustainability, inclusion and equality issues;
- drafting and promoting the Anti-harassment policy to ensure a safe working environment.

In order to improve workers' skills through training and professional development activities, the Group's main activities are related to:

- organising specific training courses for staff;
- customised evaluation and growth plans linked to corporate targets, with a focus on ESG and sustainability areas;
- identifying and recommending workshops and webinars by type of staff interest.

With regard to the positive impact on IT security solutions to protect sensitive workforce data, activities are related to:

- implementing cybersecurity measures and data protection technologies;
- in-house training to raise awareness on IT security and prevent risks related to disclosing sensitive data.

Finally, with regard to ensuring the satisfaction and well-being of the people of the illimity Group, the following have been implemented:

- improvements in the welfare programmes by providing a wide range of services related to the physical and mental well-being of the workforce;
- a structured evaluation process that incorporates feedback from both management and the people with whom one comes into contact as part of one's job. This allows for one-to-one sessions with one's manager to establish individual performance targets, monitor progress and establish a growth path aligned to the person's aptitudes.

The opportunities identified in relation to the own workforce are as follows:

- achieve an increase in productivity through improved working environment conditions and the provision of an adequate training catalogue for their own workforce;
- retention andattraction enhancement through improved working conditions;
- creation of an inclusive corporate culture that promotes social respect;
- reputational improvement due to increased social scores of rating agencies.

There were no material impacts on the own workforce resulting from the illimity Group's Transition plan, nor any material risks related to the own workforce.

Given the Group's type of business and the operations that take place exclusively in Italy, there are no operations that could imply a risk of forced or child labour.

Given the nature of the illimity Group's workforce, its business model and the sector in which it operates, and following the materiality assessment, no categories were identified that may be more exposed to risk.

All relevant opportunities arising from the impacts and dependencies in terms of own workers concern the entire own workforce.

Strategy and material IROs related to the affected communities

[S3-SBM-3]

The affected communities by the company's impacts, including those arising from operations, value chain, products, services and business relationships, are considered in the company's ESG impact analysis and management practices, in line with ESRS 2 standards.

The illimity Group uses an integrated approach to sustainability involving ESG risk management and monitoring of stakeholders based on materiality analysis to identify and include all relevant stakeholders in its policies and reporting (e.g. suppliers and local communities).

The communities subject to significant impacts from the Group's operations represent, through the distribution of the economic value generated, the main stakeholders of the Group, including suppliers, communities of individuals and undertakings in the country. Furthermore, supporting SMEs in particular situations of difficulty contributes to their relaunch and to the competitiveness of the Italian entrepreneurial system, safeguarding jobs and generating new ones.

Finally, from 2021 illimity supports the fondazione illimity, independent of the Group, which aims to create social value by regenerating real estate assets, transforming them into spaces of inclusion, cohesion and shared well-being for the most disadvantaged local communities.

In the context of the illimity Group's operations and activities, no community concerned is subject to significant impacts on the Group's or its suppliers' operating sites. Nor are there any widespread or systemic impacts associated with the Group's operations or its value chain. Activities are focused on financial and digital services, with an explicit commitment, as mentioned above, to ESG assessment of suppliers and operations. The only potential non-systemic impact is the possible promotion and financing of companies that are not attentive to ESG issues, which could lead to a worsening of the environmental/social conditions of the community as a whole. Furthermore, no major incidents related to specific operations or business relationships occurred during 2024.

The Group contributes significantly to creating positive value for communities through a series of targeted activities. In particular, the distribution of economic value to stakeholders including suppliers, local communities and employees, is a key element in the economic and social development of the entrepreneurial system. Support for SMEs in particular situations of difficulty also aims to safeguard and develop jobs. In addition, the sustainable transition of small and medium-sized enterprises (SMEs) promoting social impact projects is actively supported, thus stimulating innovation and sustainability. These positive impacts mainly affect local and regional business communities, company employees and communities benefiting from the projects supported, with a geographic focus mainly on Italy, where the Group works to foster the economic and social development of the territory.

Relevant risks and opportunities for the Group arising from impacts on and dependencies on affected communities are closely linked to its undertakings financing and support activities. On the one hand, the financing of companies that are not attentive to ESG issues may represent a significant risk, as it could result in a deterioration of environmental and social conditions in communities, exposing the Group to reputational criticism and potential regulatory penalties. On the other hand, supporting the sustainable transition of SMEs promoting social impact projects represents an important opportunity for the institute. This strategy also creates economic and social value by strengthening the relationship with key stakeholders such as suppliers, employees and local communities, on which the Group depends for its long-term success.

Based on the materiality assessment required by the ESRS 2 IRO-1 disclosure requirement, the Group then identifies the main types of communities potentially negatively affected through a systematic analysis of the ESG risks associated with its activities. This assessment takes into account both own operations and the value chain, including the affected communities, such as those involved in suppliers' or own operations in the distribution stages. The Group makes use of materiality analysis tools, constant monitoring and direct involvement of stakeholders to understand how particular contexts (e.g. areas subject to environmental degradation) or specific characteristics of communities (such as economic vulnerability or limited access to essential resources) can amplify exposure to environmental and social risks. This approach enables the development of targeted strategies to mitigate negative impacts and promote responsible management of relations with the affected communities.

The Group recognises that some risks and opportunities arising from impacts and dependencies in relation to affected communities have more significant effects on specific groups of communities than on all the affected communities. For instance, financing companies that are not attentive to ESG issues may entail significant environmental or social risks for local communities located near the operating sites of such companies, such as pollution or loss of natural resources. Similarly, the opportunities arising from supporting the sustainable transition of SMEs promoting social impact projects tend to have more pronounced effects on vulnerable local communities, which can benefit from greater economic and social inclusion. The Group's approach to managing these risks and opportunities is based on a detailed analysis of the specific characteristics and needs of the communities involved, with the target of implementing targeted interventions that maximise positive impacts and minimise negative ones.

Strategy and material IROs related to consumers and end-users

[S4-SBM-3]

Within the scope of this Sustainability Statements, all the **consumers and end-users** who may suffer **material impacts** from illimity are included. The Group has not identified any material impacts, caused by its own operations or along the value chain, on consumers and end-users of illimity. In particular, no material impacts were identified on:

- consumers and/or end-users of products that are intrinsically harmful to people and/or increase the risks of chronic diseases;
- consumers and/or end-users of services that could have a negative impact on their rights to privacy, personal data protection, freedom of expression and non-discrimination;
- consumers and/or end-users who need accurate and accessible information on products or services, such as manuals and product labels, to avoid the potentially harmful use of a product or service;
- consumers and/or end-users particularly vulnerable to the impacts on health or privacy or to the impacts of commercial and sales strategies, such as children or the financially vulnerable.

In detail, for consumers and end-users, the materiality assessment process conducted by illimity did not reveal any **relevant negative impacts**; on the contrary, activities were identified that generate **relevant positive impacts** on all consumers and end-users (undertakings and retail customers) of the Bank described below:

- strengthening of customer satisfaction and attracting new customers (undertakings and retail customers) through high quality services/products offered; as well as through clear, timely and transparent communication aimed at actively supporting undertakings and retail customers in the management of their resources and in their financial education;
- financial support in the recovery and relaunch of corporate customers in difficulty and related value generation through the structuring of financial solutions such as the disbursement of new finance, the taking over of existing financings, and the financing of working capital;
- access to financial services for undertakings and retail customers through continuous technological innovation of the Group's processes, products and services;
- generate value for retail customers by offering products on which safeguards are also in place to ensure confidentiality, integrity and data security.

The commercially material **risks** and **opportunities** arising from the above-mentioned positive impacts on consumers and end-users of illimity are as follows:

Risks

- reputational risk due to episodes of breaches of the privacy of illimity's customers (undertakings and retail customers), as well as due to IT security breaches (e.g. data breaches) that may damage the trust of such customers;
- operational risk related to the possibility of being subject to sanctions and/or legal proceedings for:
  - episodes of breaches of illimity customers' privacy or IT security breaches that may undermine the trust of those customers;
  - deceptively communicating their sustainability initiatives or policies.

Opportunities

- reputational improvement by streamlining the Group's privacy and data security safeguards;
- improving relations with undertakings and retail customers through clear and transparent communication;
- improvement of reputation through the provision of financial education training.

The materiality assessment process conducted by illimity did not identify types of consumers and end-users who may be most at risk. The risks arising from the only material positive impacts identified by illimity on its consumers and end-users are those described above. Finally, the material risks and opportunities arising from the positive impacts identified apply to all types of consumers and end-users of illimity i.e. undertakings and retail customers to which Group companies offer products and/or services.

Managing Impacts, Risks and Opportunities (IROs)

Processes for identifying and assessing material IROs

[IRO-1]

In the process of identifying **impacts**, **risks** and **opportunities**, the illimity Group, through the functions of the Parent Company and with a top-down approach towards the Subsidiaries, in order to standardise this process, adopts consolidated **quantitative and qualitative methodologies** aimed at determining the relevant information useful to support **strategic decisions** and the determination of the **relevant sustainability issues** to be reported in this Disclosure. The definition of the **double materiality** of the illimity Group is based on four key steps:

1. **Understanding the context**;
2. **Identifying the current and potential** IROs related to IRO sustainability issues;
3. **Evaluation and determination of material IROs** in terms of impact and financial materiality;
4. **Reporting**.

The double materiality analysis is continuously reviewed and updated to respond to new challenges and evolutions of the context and the company, thus ensuring a dynamic and adaptable process of identifying impacts, risks and opportunities.

For the purpose of identifying current and potential impacts, risks and opportunities related to sustainability issues to be assessed for double materiality, the Bank outlined an **overview of its activities and business relationships** upstream and downstream the value chain, and considered a number of inputs including: (i) analysis of **corporate documentation** (e.g. 2021-2025 Strategic Plan, 2023-2025 Sustainability Plan, internal regulations in force during the reporting period); (ii) analysis of the Company's **products and services activities** and the geographical location of these activities in Italy; (iii) **mapping of the illimity Group's business relationships** upstream and downstream the value chain; (iv) analysis of the Bank's relevant **legal and regulatory environment**; (v) analysis of **published documentation** such as media reports, analysis of peers, existing sector-specific benchmarks, other publications on general sustainability trends and scientific articles; (vi) mapping of the **stakeholders concerned**; (vii) **stakeholders engagement** initiatives.

Based on the context analysis, the illimity Group prepares an initial long list of impacts by applying the following approach:

- identification of topics and sub-topics for each ESRS as indicated by AR16[3] of the ESRS;
- preparation of the list of impacts with a more appropriate level of aggregation.

Based on this initial analysis and with the aim of identifying a **long-list of 2024 impacts** related to the topics and sub-topics, the "CSRD" Working Group of the CFO structure carried out the following activities:

- reconciliation of the impacts and topics reported in the consolidated non-financial statement of the previous year, with the topics and sub-topics of the AR 16 list (ESRS 1);
- extension of the impacts to players in the value chain;
- clustering based on the type of impact: positive/negative, actual/potential, as well as its causal effect (contributed, caused, directly related);
- identification of the drivers and the recipient of the impact, based on existing strategic choices.

The long-list of identified impacts is **validated by the Sustainability Committee and the Risk Committee**. Subsequently, the impacts are subject to **qualitative and quantitative evaluation by the stakeholders** considering "gross" impacts (i.e. net of any mitigation actions); this is in order to provide the stakeholders information that allows the distinction between the impact and the measures adopted to manage it (i.e. policies, actions and targets). When assessing potential impacts, illimity also considers the effect of mitigation or other measures aimed at preventing the occurrence of such impacts in the future.

3 Annex 1 to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.

This qualitative and quantitative assessment process has enabled illimity to prioritise and address the most significant sustainability impacts in its reporting and management practices, in line with ESRS standards.

The process for identifying material impacts also took into account the most relevant stakeholders along the entire value chain identified by mapping the Company's business relationships:

- **upstream** the value chain, i.e.:
  - suppliers (IT, administrative and support services, facility, staff, due diligence, deal and customers, i.e. credit management consulting and support activities, such as NPE valuation, support in the development of management strategy, assistance in debt negotiation and restructuring, and strategic and operational consulting); out of more than a thousand Group suppliers identified during the reporting period, the 82 most relevant suppliers were identified, according to strategic-operational and financial criteria; of these, the suppliers corresponding to approximately 72% of the Group's total annual expenditure commitments, recorded as at 31 December 2024, were assessed from an ESG point of view, and therefore also relevant for the purpose of assessing their impact on the environment and/or people;
  - partners, of which six were identified as strategically material, mainly financial producers and funding channels, and
- **downstream** the value chain, i.e. customers (retail and corporate/SMEs), investments and partners (distributors and guarantees).

This analysis identified business relationships and players that contribute to the generation of negative impacts of the illimity Group and therefore require more attention to improve business practices in a targeted manner.

As described above, the process of impact identification involved associating each impact with the portion of the value chain where the impact occurs, in order to include in the long list of current and potential impacts not only those directly caused by the illimity Group, but also those in which it is involved and/or to which it contributes through its business relationships.

The process of identifying material impacts also includes the **involvement of stakeholders**, i.e. the stakeholders concerned by the illimity Group's own activities and its upstream and downstream value chain. In particular, the illimity Group identifies the clusters of stakeholders in the categories required by the ESRS: impacted stakeholders broken down by activity, product or service and the users of the Sustainability Statements. Specifically, the clusters of stakeholders that contributed to assessing the material impacts related to the reporting year are:

- BoD;
- Management Committee and Directors of the main Subsidiaries (illimity SGR, ARECneprix, Abilio and its subsidiaries);
- employees (ESG Ambassadors);
- SME customers (corporate);
- consumer customers (retail);
- shareholders, investors and analysts;
- suppliers and partners;
- community, industry associations and academia.

Among these stakeholders a focus group of external experts was defined, which was tasked with making a comprehensive assessment of each impact during a workshop for dedicated discussion and in-depth study, while other stakeholders were given a digital questionnaire with a simplified assessment request. More details on this are provided below.

To assess the materiality of impacts and prioritise them, the long-list previously identified is subjected to evaluation by the stakeholders considering the **Severity** variable, which is in turn determined by the following factors: **Scale** (actual/potential benefits), **Scope** (how widespread the impact is, e.g. number of people affected or extent of damage/resources positively affected), **Irremediability** (how difficult it is to mitigate/remediate the damage) and the variable **Probability** (possibility of the impact happening).

Specifically, Scope and Probability are only assessed by the focus group of internal and external experts, while Scale and Irremediability (for negative impacts only) are assessed by all stakeholders involved according to a set of weightings defined as follows. Therefore, the Probability of current impacts is not subject to assessment as it has, by model definition, a value of 1.00.

After collecting all the variables, the final Impact Materiality is calculated as the product between the Severity and the Probability.

According to this process, an impact is **material if its ultimate significance exceeds the threshold value** (Threshold: "T") defined by the Group for impact materiality. Setting a threshold ensures that the most relevant impacts and related issues are addressed, thereby focusing resources and strategy on the areas of greatest materiality to illimity. This quantitative assessment process allowed the Bank to prioritise and address the most significant sustainability impacts in its reporting and management practices.

The process used to identify risks and opportunities is, on the whole, similar to that used for impacts. Starting from the same initial context analysis and with the aim of identifying a **long-list of risks** and **opportunities** related to the topics and sub-topics through the support of the Risk function, the following activities were carried out:

- **identification of economically-financially material outside-in** risks and opportunities by associating the respective reference time horizon (short, medium and long);
- consolidation of the **risks identified in the 2023 ICAAP/ILAAP and in the 2023** Risk Self Assessment (RSA) related to climate-environmental risks;
- completion of **risks and opportunities for the topics not covered** by ICAAP/ILAAP and RSA and integration with respect to environmental aspects.

As with impacts, the long-list of risks and opportunities is validated by the Sustainability Committee and the Risk Committee.

The financial materiality assessment also involves the **internal** stakeholders, who are asked to assess the Magnitude and Likelihood variables for risks and opportunities concerning them; therefore, this process is coordinated by the CFO and Risk structures, through interviews with all the business, central and control functions of the Parent Company. For environmental risks, the **ILAAP/ICAAP and RSA assessments** carried out in the reporting year (specifically those for the year 2023 and carried out by the parent company in 2024) are also taken into account.

During the identification phase, the Group considers the dependencies that its impacts have on resources and business relations. In particular, it identifies whether a specific impact is closely related to natural resources (e.g. water or air) or to relationships with significant actors (e.g. employees, customers or other counterparties). This analysis is the starting point for identifying the links of negative and positive impacts with risks and opportunities. On the one hand, by examining the consequences of negative impacts, the Company is able to anticipate risks that might emerge, thus enabling more informed decision-making and preventive measures. On the other hand, by examining the positive impacts, illimity is able to find new possibilities and opportunities for growth.

The final financial materiality score for risks and opportunities is given by the meeting point in the matrix of scores obtained for Magnitude and Likelihood. Thus, in assessing financial materiality, illimity considers the magnitude of risks and opportunities and their likelihood. A threshold (T) equal to the average value (2.5) of the maximum attainable score (5) was also defined for financial materiality: risks and opportunities are therefore deemed material if their evaluation from a financial point of view is greater than this threshold. Consequently, the topic (or sub-topic) is material if there is at least one risk or opportunity that is relevant, and its score is the same as the associated risk or opportunity with higher financial materiality. The risks and opportunities that could have economic effects on the financial position, the financial performance, cash flows, access to financing or the cost of capital in the short, medium and long term, may arise from both **own operations** and the **value chain**.

From the research conducted on the subject, it appears that ESG factors as well as climate and environmental risks can have a pervasive impact on various aspects of a financial nature. However, for banking and financial intermediaries, it is reasonable to expect that the main impacts are to be found in the classification and **assessment of financial assets**, the **estimation of expected losses** and the assessment of **fair value of financial instruments**. These risks can influence intermediaries' exposure to credit risk: physical risk events (e.g. floods) and the transition process to a low-carbon economy (e.g. resulting in the need for significant investments by undertakings) negatively impact the borrower's ability to meet its obligations. Moreover, the collateral provided (e.g. real estate assets, plants) may become inaccessible or deteriorate due to climate-related and environmental events, with effects on the estimated cash flows that can be recovered from the collateral and on the borrower's sustainability. Therefore, in this context, the materiality of these risks and their inclusion in illimity's Risk Radar as well as in the Risk Appetite Framework is to be justified.

The process of identifying ESG risks to which the illimity Group is exposed is conducted on an ongoing basis and, on an annual basis, uses a **risk mapping framework** common to the other relevant risks, which is applied when conducting the internal regulatory capital adequacy assessment (ICAAP) and liquidity assessment (ILAAP) processes. This framework makes it possible to assess the **materiality of risks**, understood as the ability to influence the sustainability of current and future company returns, both of its own and of the portfolios managed for third parties, set out according to a **proportionality principle**, thus taking into account the complexity, risk profile and type of business model. Following the application of this process, ESG risks were included within illimity's Risk Radar as they were deemed material in 2024 (together with the other traditional relevant risks such as concentration, credit, operational, reputational, etc.), in line with the preliminary qualitative materiality assessment made on the occasion of the 2023 ICAAP Report. In addition, as a result of this process and starting from 2023, ESG risks (with particular reference to climate-environmental risks) have been **integrated into the Bank's Risk Appetite Framework**, with the definition of a set of KPIs and related levels of Risk Appetite and of Tolerance in order to periodically assess and manage the profile of these risks.

Climate-related risks and opportunities have been identified by the Bank from a short-, medium- and long-term perspective in order to have a strategy that protects illimity against the various types of events. Furthermore, following the application of the materiality assessment process, the relevant opportunities were identified for each topic and sub-topics identified by illimity as material.

In the decision-making process, the Company follows a structured and centralised approach to control to ensure the **solidity of the analysis** and its **alignment with reporting standards**. This includes checking consistency between the topics identified during the context analysis and the list of IROs material to the illimity Group. The relevant information to be reported in relation to impacts, risks and opportunities (IRO) is determined through the process of **double materiality analysis** through which the material topic, sub-topics and sub-sub-topics are identified; furthermore, in order to analyse the most significant risks and opportunities, the key stakeholders are involved.

To ensure that the information reported is material, complete and in line with changing regulations and expectations, the entire evaluation process is monitored and updated regularly. The completeness of the list is also checked to ensure that all relevant stakeholders along the value chain are properly included. Particular attention is paid to the double materiality analysis phase, during which a cross-check is made of the **completeness**, **accuracy** and **consistency of IROs**, including a comparison, where applicable, with previous years. In addition, the process includes internal checks for accuracy and consistency of the information in the sustainability statements to confirm its compliance with ESRS 2 requirements and the topical standards on relevant sustainability issues. A review of the list of material IROs, together with all the findings of the internal control process, is submitted to **the Sustainability Committee and the Risk Committee for validation** and subsequent approval by the Board of Directors, ensuring informed governance and continuous alignment with illimity's sustainability targets.

Finally, the sustainability "reporting" process, as a whole, including therefore also the process of defining double materiality, is subject to **internal controls** by the Financial Reporting Officer, the results of which are submitted to the Audit and Internal Control Committee, prior to the approval of the Sustainability Statements by the BoD.

The process initiated in 2024 is partly based on the impact analysis methods adopted in the previous reporting period, but it represents the first year of application of the double materiality process required by the CSRD. This approach is more complex and detailed, especially in relation to financial materiality according to the requirements of the ESRS. Consequently, the two periods are not comparable, as they are based on different principles and approaches.

Climate change

[E1 IRO-1]

The Group has implemented a structured process to identify and assess the **impacts of its services and activities on climate change**, with a focus on **greenhouse gas** (GHG) emissions. This process includes the collection and analysis of data on direct and indirect GHG emissions (Scope 1, 2 and 3) as well as the identification of the **main sources of emissions along the entire value chain**. To this end, the analyses run by the Risk structure are integrated into the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP), thus ensuring a comprehensive assessment of climate risks and corporate resilience. In addition, the Group regularly assesses the effectiveness of the measures taken to reduce GHG emissions, ensuring that they are aligned with **decarbonisation targets** and international **climate** targets for specific economic sectors.

In parallel, the Group carries out a systematic assessment of physical climate-related risks through an in-depth analysis of its own operations and those of its upstream and downstream value chain, in particular with regard to corporate customers, collateralised properties and suppliers. Here again, ICAAP and ILAAP assessments ensure **integrated management of physical climate-related risks** by estimating incremental differences in the **probabilities of default** and **losses in the event of default** in relation to transition risk and physical risk, to anticipate - among other things - potential future challenges. In particular, conditional macro-economic scenarios corresponding to NGFS, provided by Oxford Economics, and climate risk models were used to analyse how the aforementioned scenarios might affect the Group's and the value chain's activities, both for transition risks (e.g. in relation to the application of specific rules by institutions) and physical risks (e.g. weather conditions and extreme events in the areas where the Group and the undertakings in the value chain operate) related to climate. In addition, a major hazard analysis is periodically conducted, based on statistical or point data obtained from primary data providers, which identifies and measures specific hazards (e.g. hydraulic and hydrogeological hazards, seismic and climate-related hazards) that could impact the Group's own operations and value chain. This in-depth assessment enables the planning of possible effective adaptation strategies and the definition of climate risk appetite and tolerance thresholds. Therefore, the Group performs a qualitative and quantitative assessment to understand how its balance sheet assets and **business activities** are **exposed to climate-related hazards**. This process also includes the integration of climate and operational data to identify the areas most at risk and develop targeted adaptation strategies, such as the Bank's Climate Strategy adopted in 2024. Finally, the analysis allows to quantify the potential impact on operations and assets, supporting informed decisions that improve corporate resilience.

More generally, illimity has adopted a structured approach to identifying climate-related hazards in the short, medium and long term. This process consists of several steps and integrates quantitative and qualitative analysis tools to ensure a comprehensive and detailed climate risk assessment.

The analysis of physical risks was carried out considering both **acute** (e.g. floods and hydrogeological phenomena) and **chronic** (rising temperatures, rising seas) events. The assets subject to study include non-performing collateral, repossessed real estate assets, real estate assets underlying funds managed by illimity SGR and real estate assets collateralised for credit exposures. For each asset, hydraulic and hydrogeological risk indices and the Expected Losses and Unexpected Losses were calculated.

The company's assets and activities were subsequently examined: in particular, a detailed mapping of the illimity Group's exposures was prepared by assessing the**interconnection between climate risks and the main financial risks** (credit, market, operational). In this context, collateralised real estate assets were classified according to the level of physical risk using geographic indices and stress test models of the ECB.

Climate-related risks and opportunities have been identified by the Bank from a short-, medium- and long-term perspective in order to have a strategy that protects the Group against the various types of events. Specifically, in the short term (indicatively in the time horizon of up to 1 year), the process of identifying material risks for the Group carried out by the CRO function, together with the CFO function and with the support of the other functions of the Parent Company and the subsidiaries ARECneprix and illimity SGR, allows, among others, the identification of ESG risks and opportunities.

The results arising from this process of assessing the financial materiality of sustainability issues represent inputs needed to develop the processes correlated with the ICAAP (capital adequacy assessment), ILAAP (liquidity adequacy assessment), the Strategic Plan, Budget and RAF, and accordingly are validated by the Management Committee, discussed and analysed by the Risk Committee and submitted for approval by the Board of Directors of the Parent Company.

The analysis regards both the risks connected with the Bank's counterparties (i.e. counterparties financed/ served) and the risks that the Bank is directly exposed to or contributes to, and is based on specific logical steps: risk mapping on the single functions/Companies; risk analysis in light of the current business model and continuing operations, planned evolution of the business and strategies, policies for taking on, managing and establishing organisational safeguards against various risks and the evolution of the external and market/regulatory reference scenarios; attribution of an opinion on the probability of occurrence of the risk analysed and final assessment by the CRO function. If the total score exceeds the threshold of acceptability, the risk deemed material is **inserted into the official Risk Radar** of the Bank.

With regard to the medium-term (indicatively in the range from 1 year to 3 years) and the long-term (beyond 3 years) strategic planning process, the Sustainability Committee carries out its role of **promoting a responsible and sustainable culture** within the Company, expressing its opinion on proposals to the Board of Directors to define the ESG targets of the Strategic Plan and Sustainability Plan over that time horizon.

With regard to the physical risk to which real estate assets are exposed (e.g. collaterals, real estate properties), the CRO function performed the assessment using data provided by the external provider and based mainly on the ISPRA source that, on the basis of geolocation, associates hydraulic and hydrogeological **risk indices for each asset**, thus focusing on the main climatic-environmental risk profiles of an acute nature that characterise the Italian and European context (with significant impacts on human life and activities). The hydraulic and hydrogeological risk is strongly dependent on the geological and geomorphological conformation of the soil, subsoil and orography (land elevation), but human activity also plays a very important role: population density, urbanisation, unauthorised building, deforestation and lack of maintenance of slopes and watercourses greatly increase exposure to risk. The index of both hydraulic and hydrogeological risk is calculated as an **integration of the various risk aspects** for each asset. An overall physical risk index was identified, defined as a weighted average of both the number of assets assessed, and their value, defined as market value (i.e. OMV). As of 31/12/23 (reference date of the latest available ICAAP and ILAAP exercises): during 2024 (as per quarterly RAF monitoring), the ratio showed a low overall risk level. In order to assess the potential economic-financial impacts of this risk, the CRO used estimates of expected and unexpected losses provided by an external specialised info-provider and related to a stratified sample of real estate assets (approximately 800) of the illimity Group, defined in terms of representativeness based on value (OMV) and drivers of geographically diversified location in Italy. These input data were used to estimate, with reference to the overall real estate assets portfolio, ranges of expected and unexpected losses useful to feed sensitivity exercises in order to assess the potential impact of ESG risks on first-pillar banking risks (e.g. credit) and, consequently, on capital and liquidity.

On the other hand, as regards the assessment of physical risk for funded counterparties, a data enrichment of the ESG database was carried out with information provided by an external info provider (regarding financed counterparties, suppliers, partners, issuing companies, etc.). This information constitutes a structured and integrated database in the Bank's information system ("ESG Data Lake"), governed in a coordinated manner with the management-accounting systems ("ESG Data Governance"). Specifically, it was possible to obtain an overall physical risk exposure index for a significant sample of counterparties, which made it possible to **assess the estimated impact** to which they are exposed, in relation to the real estate assets in which their production, commercial and logistical processes are based. The overall physical risk value is relatively high, in fact about 30% of the financed counterparties are concentrated in a high/very high range (value scale 1 to 5).

illimity has adopted a methodological approach based on climate scenarios developed by the Network for Greening the Financial System (NGFS) to identify climate-related hazards and assess the exposure and sensitivity of assets and business activities. This approach ensures an in-depth understanding of physical climate risks in the short, medium and long term by simulating the increased probability of default (PD) caused by factors such as:

- the cost of emissions;
- transition-driven technological change;
- energy operating costs.

The Valuecube-ABI model was used as a simulation based on the NGFS scenarios, estimating incremental changes in the probability of default and losses given default (LGD). Although this model is not predictive, it allows for the analysis of risk factors related to the cost of emissions, technological changes and market dynamics.

The analyses conducted reveal that illimity is characterised by a **profile of moderate exposure in the short and medium term** to climate-environmental risks due to:

- **very limited physical risks** associated with the management of collaterals, corporate Banking and b-ilty guarantees, re-possessed properties and guarantees of loans pertaining to the Funds managed by the SGR;
- **impacts on capital and liquidity**, which - as part of the assessment of the impacts of ESG risks on capital adequacy (ICAAP) and liquidity (ILAAP) profiles, with reference to the CET1 ratio, LCR and NSFR indicators as of 31 December 2024 and 2025 - showed a **relatively low** level of risk (change of about -12bps in 2024 and about -23bps in 2025 on the CET1 Ratio and change of about -40 bps on LCR and about -0.4bps on NSFR in 2024).

In order to identify climate-related transition opportunities and risks in its operations and along the value chain, the Group has implemented an integrated approach that includes an **analysis of emerging climate policies and market trends**, assessing how regulatory changes and new technologies may impact business operations. In this process, to identify areas of innovation and potential vulnerabilities, it also involves key stakeholders, making sure that the strategies implemented are aligned with long-term sustainability targets.

The Group adopts a scenario-based approach to identify **climate-related transition events**, considering a future in which **global warming is limited to 1.5°C**. In particular, it analyses the climate policies and technological innovations needed to achieve this target, assessing how these changes may impact business operations as well as the value chain. Through simulations and consultations with experts, it identifies potential opportunities and challenges, ensuring that corporate strategies are aligned with the sustainability scenario. To assess how its assets and business operations may be exposed to climate-related transition events, the Group adopts a systematic approach that starts by analysing emerging climate policies and market trends, using data analysis tools to identify potential gross transition risks (such as regulatory changes and technological innovations). In parallel, the Group also explores growth opportunities in sustainable sectors.

The Group carried out an analysis of transition events in the short, medium and long term, taking into account the **risks and opportunities arising from the transition to a low-carbon economy**. Again, the analysis was conducted using Network for Greening the Financial System (NGFS) scenarios, which simulate the impact of stringent climate policies, technological changes and energy operating costs. Specifically, an internal model was applied to estimate variations in the probability of default (PD) and in expected losses (Expected Credit Loss - ECL) of the financed counterparties, considering the effects of a carbon tax and energy transition costs.

The impact of transition risks was examined on a sample of the Corporate Banking Division's credit exposures (12% of total Corporate Banking exposures), showing marginal increases in PDs (approx. +4% of the level) in 2025 in the baseline scenario (business as usual), and more significant increases (approx. +20% of the level) in stressed scenarios, characterised by stringent environmental regulations and the imposition of a carbon tax. This approach makes it possible to understand the exposure of corporate assets to transition events and to assess the long-term implications, aligning with climate-related public policy objectives.

As described above, the Group used the Valuecube-ABI model, which simulates the impact of NGFS scenarios on PD and LGD, considering risk factors such as the cost of emissions, energy efficiency and market dynamics. In addition, a simplified qualitative-quantitative approach based on ESG scores (e.g. Moody's ScoreCard & ESG Predictor) was adopted to estimate the sensitivity of corporate assets and activities to transition events.

This methodology ensures a **comprehensive assessment of corporate exposures and sensitivities to transition events**, both in the short and medium term, as well as in the long term, in line with sustainability goals and climate-related public policies.

The Bank has adopted the Single Credit Procedure (PUC), which regulates the **abstention from granting loans to certain types of counterparties considered as excluded sectors** by the Business Functions, taking into account the United Nations principles on the approach to business and human rights and consistent with the Bank's strategic policies and the guidelines expressed in its credit strategies. To this end, during the preliminary investigation, in-depth controls are carried out on counterparties in the application stage, also consulting external lists, where available, with specific focus on the purposes of the Bank's funding and considering the weight of activities excluded in relation to the overall operating activities of the party (company or group) to receive funding.

In addition, a process is in place to identify carbon-intensive sectors (carbon intensive and hard-to-abate i.e. activities that are difficult to decarbonise, due to the lack of low emission technology solutions that can be scaled up in the short term) on which strengthened processes for assessing financing opportunities should be envisaged. In relation to these sectors, the Bank uses specific targets and science-based sectoral limits integrated into the RAF from a portfolio perspective, thus directing investments towards undertakings with pathways that are aligned to decarbonisation curves consistent with international standards.

The Group has implemented an analysis of the risks of default and of loss related to different climate scenarios based on the identification and assessment of physical risks and transition-related risks/ opportunities. Through short-, medium- and long-term scenarios, it examined how **climatic variables can influence business operations**. This analysis allows the identification of vulnerabilities and potential economic impacts, also outlining the risk/opportunity mix associated with the transition to a low-emission economy.

Finally, as no fundamental assumptions related to climate were made in the Consolidated Financial Statements for the reporting period, illimity merely used the set of **NGFS scenarios to assess any climate-related risks**. For the purpose of calculating the collective impairment on the performing portfolio, an evolution of a methodological nature was introduced in the recalibration of the risk parameters; specifically, the PD (Probability of Default) curves were updated on the basis of the macroeconomic scenario of theinfo provider Oxford Economics, updated and averaged for a stressed scenario that also takes climate risks into account. The purpose of this development is to make the framework for calculating the expected credit loss (ECL) more in line with the requirements of IFRS 9, and to align with current best practices, which provide for the explicit inclusion of the effect of ESG factors (particularly climate) in the determination of the ECL.

The Group's 2024 **double materiality analysis** included all the sustainability issues from Application Requirement table 16 (AR 16) of ESRS 1 applicable to the reality of the Group in order to submit a complete list to the stakeholders. However, the final assessments revealed that the following issues Pollution (E2), Water and Marine Resources (E3), Biodiversity and Ecosystems (E4), Resource Use and Circular Economy (E5) were found to be **immaterial** to illimity. This considerations stems in fact from the assessments of IROs related to each of the above issues, which were carried out through the involvement of the stakeholders, taking into account the Group's business and main activities, including those in the value chain.

Business conduct

[G1 IRO-1]

In analysing the impacts, risks and opportunities associated with business conduct, the Group used a number of relevant criteria, including:

- **location**: the geographical impact of the Group's own operations and of the operations of its counterparties is considered, taking into account local regulations, geopolitical risks and socio-environmental vulnerabilities in the geographical area in which the Group operates;
- **activities**: the main activities of own operations and of the operations of the counterparties are examined, with a focus on business management practices and ESG risks associated with each sector;
- **sector**: a sector classification is applied to identify the specific risks associated with the counterparties' sector. Each sector is assessed against ESRS guidelines to identify and mitigate business conduct risks;
- **transaction structure**: the complexity of the transaction structure is considered, assessing the ESG risks associated with joint ventures, locations and other partnerships that could expose the company to conduct or governance risks.

With these criteria, the integrated approach allows for the precise detection of opportunities and risks related to business conduct, ensuring transparency and commitment to sustainable business practices.

<u>References for minimum disclosure requirements on policies, actions, metrics and targets related to material sustainability issues</u>

- The information on the **policies** adopted by illimity to deal with material sustainability issues is illustrated and described in detail within the relevant ESRS topic (see "**Climate Change [E1]", "Own Workforce [S1]", "Affected Communities [S3]", "Consumers and End-Users (household and corporate customers) [S4]", "Business Conduct [G1]");**
- The information on the **actions** relating to the policies adopted by illimity to deal with material sustainability issues is illustrated and described in detail within the relevant ESRS topic (see "**Climate Change [E1]", "Own Workforce [S1]", "Affected Communities [S3]", "Consumers and End-Users (household and corporate customers) [S4]", "Business Conduct [G1]**");
- The metodologies and significant assumptions underpinning the **metrics** used by illimity, including the limitations of the methodologies used to assess performance and effectiveness in relation to material impacts, risks and opportunities related to sustainability issues are detailed in each relevant thematic ESRS (see "**Climate Change [E1]", "Own Workforce [S1]", "Affected Communities [S3]", "Consumers and End-Users (household and corporate customers) [S4]", "Business Conduct [G1]"**) and for each identified and defined metric. No metric in this Sustainability Statements has been validated by an external body other than the party issuing the compliance certification;
- The information on the **targets** relating to the policies and actions adopted by illimity to deal with material sustainability issues is illustrated and described in detail within the ESRS topic (see "**Climate Change [E1]", "Own Workforce [S1]", "Affected Communities [S3]", "Consumers and End-Users (household and corporate customers) [S4]", "Business Conduct [G1]"**).

Disclosure requirements in ESRS covered by the sustainability statements

[IRO-2]

Datapoints from other EU legislation

Below is a table of all the **datapoints** deriving from other EU legislation listed in Appendix B of ESRS 2 and where they are located in the no capital letters, including those that illimity has assessed as "Not material". The above-mentioned elements on which illimity may omit the material information in the first year of reporting (so-called phase-in) are also indicated.

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ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks	Phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk	Phase-in
ESRS E1-9 Location of significant assets at material physical risk	Phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes	Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities	Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Not Material
ESRS E3-1 Water and Marine Resources	Not Material
ESRS E3-1 Dedicated policy	Not Material
ESRS E3-1 Sustainable oceans and seas	Not Material
ESRS E3-4 Total water recycled and reused	Not Material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations	Not Material
ESRS 2- SBM-3 - E4 Material impacts, risks and opportunities and their interaction with strategy and business model	152
ESRS E4-2 Sustainable land / agriculture practices or policies	Not Material
ESRS E4-2 Sustainable oceans / seas practices or policies	Not Material
ESRS E4-2 Policies to address deforestation	Not Material
ESRS E5-5 Non-recycled waste	Not Material
ESRS E5-5 Hazardous waste and radioactive waste	Not Material
ESRS 2- SBM 3 - S1 Risk of incidents of forced labour	Not Material
ESRS 2- SBM 3 - S1 Risk of incidents of child labour	Not Material
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ESRS S1-1 Processes and measures for preventing trafficking in human beings	213 – 220
ESRS S1-1 Workplace accident prevention policy or management system	213 – 220
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ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness	232
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ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD	234
ESRS 2- SBM 3 - S2 Significant risk of child labour or forced labour in the value chain	Not Material
ESRS S2-1 Human rights policy commitments	Not Material
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Environmental information

This section Environmental Information contains the disclosure pursuant to Article 8 of Regulation (EU) 2020/852 and the reporting on the sustainability matter material to climate change (ESRS E1).

Disclosures pursuant to Article 8 of 2020/852 (EU Taxonomy)

Qualitative information

illimity, in compliance with the provisions of Annex V of Delegated Regulation (EU) 2021/2178, as amended[4], carried out detailed analyses on the **prudential scope of consolidation** in order to develop the **key performance indicators (KPIs) of credit institutions** and prepare the related **European Taxonomy Disclosures**. In particular, the portions of eligibility and alignment to the Taxonomy were measured by taking into account the gross carrying amount of assets in the prudential consolidation scope as at 31 December 2024.

In relation to the eligibility and alignment assessments conducted, illimity's overall **KPI GAR stock** was found to reflect the cumulative value of the following exposure-based KPIs:

- total GAR for financing activities directed at financial undertakings, for mitigation and adaptation objectives;
- total GAR for financing activities directed at non-financial undertakings, for mitigation and adaptation objectives.

It should be noted that the following KPIs were not subject to assessment as they related to products not included in the Group's commercial offer or pertaining to activities that are not material to the business model pursued:

- GAR for retail car loans;
- GAR for use of proceeds financing local governments;
- GAR for commercial and residential repossessed real estate collateral held for sale.

4 Amended by Delegated Regulation (EU) 2023/2486

illimity conducted thorough analyses to verify that residential real estate securing loans granted to households met the set technical screening criteria[5] and concluded that, based on the available data, the analysed real estate assets are not aligned with the European Taxonomy; therefore, GAR for residential real estate exposures, including house renovation loans, is 0%.

In conducting the analyses of eligibility and alignment of its assets in the prudential consolidation scope, only the accurate data of counterparties subject to the obligation to report non-financial information pursuant to Directive 2014/95/EU86 (NFRD[6], transposed in Italy by Legislative Decree no. 254 of 30 December 2006) were retrieved and used. The data were collected by consulting the corporate documents published by counterparties and with the assistance of leading national and international information providers, applying a granularity and attention appropriate to the regulator's requirements, exercising timely control and verification of the data obtained.

With reference to the information collected, it should be noted that within the framework of the KPI calculations, illimity used the data published by the counterparties without performing additional verifications - for the specific Taxonomic activity - of compliance with the technical screening criteria and minimum social safeguards, in addition to the evaluations and analyses already carried out by counterparties.

With regard to the methodology adopted, with respect to the financial year 2023, an even more accurate and granular analysis was carried out in order to precisely trace each subsidiary back to the corporate group to which it belongs. In the absence of eligibility and alignment KPIs of the subsidiary, communicated by its direct parent or ultimate parent company, the KPIs of the closest communicating parent company were collected and used, as stated in the Frequently Asked Questions (FAQs) document[7] issued by the European Commission. In addition, the availability of alignment quotas of financial companies[8] made it possible to expand the perimeter of counterparties on which precise analyses of alignment to the European Taxonomy were carried out. The approach described above and the availability of alignment data, for climate mitigation and adaptation objectives, from counterparties in the financial sector, resulted in an **increase in the overall KPI GAR stock as of 31 December 2024**, equal to **1.92% based on revenue** (Turnover) and **2.80% based on capital expenditure** (CapEx), respectively.

The aligned economic activities that feed into the KPI GAR stock as at 31 December 2024, in line with the previous fiscal year, mainly relate to the activities described in Annex I of Delegated Regulation (EU) 2021/2139[9] under section 4 (energy) and section 6 (transport). At the same time, the aligned economic activities, processed on the basis of capital expenditure (CapEx) of the counterparties, mainly relate to section 6 (transport sector) of the aforementioned Annex I of the Regulation.

5 Delegated Regulation (EU) 2021/2178, as amended by Delegated Regulation (EU) 2023/2486, specifies the verification of the material technical screening criteria of points 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, and 7.7 of Annex I or II of Delegated Regulation (EU) 2021/2139, respectively, or of points 3.1 and 3.2 of Annex II of Delegated Regulation (EU) 2023/2486.

6 Replaced by Directive 2022/2464/EU (CSRD), transposed in Italy by Legislative Decree no. 125 of 6 September 2024.

7 FAQ No. 13, European Commission, "Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets", text published in the Official Journal on 08 November 2024.

8 Financial firms report their level of alignment to the European Taxonomy as of 1 January 2024.

9 Amended by Delegated Regulation (EU) 2023/2485.

The **Templates for the KPIs of credit institutions** reported pursuant to Annex VI of Delegated Regulation (EU) 2021/2178, as amended, are as follows:

- **Template 0**: Summary of KPIs;
- **Template 1**: Assets for the calculation of GAR;
- **Template 2**: GAR sector information;
- **Template 3**: GAR KPI (stock);
- **Template 4**: GAR KPI (flow);
- **Template 5**: KPI off-balance sheet exposures.

At the same time, the following templates for **nuclear and fossil gas related activities** pursuant to Delegated Regulation (EU) 2022/1214 are also provided:

- **Template 1**: Nuclear and fossil gas related activities;
- **Template 2**: Taxonomy-aligned economic activities (denominator);
- **Template 3**: Taxonomy-aligned economic activities (numerator);
- **Template 4**: Taxonomy-eligible but not taxonomy-aligned economic activities;
- **Template 5**: Taxonomy non-eligible economic activities.

In order to provide elements that are useful for the interpretation of the quantitative information reported in the Models, with particular reference to the main KPI (GAR stock), it is considered appropriate to highlight the specific nature of the core business of illimity, characterised by a limited overall exposure to counterparties subject to the reporting requirements under the NFRD. At the same time, we emphasise the importance of excluding certain types of counterparties, such as SMEs, which constitute the Group's main customer segment, from the numerator of the GAR, as required by current legislation. Furthermore, it should be noted that the trading book does not play a significant role in the Bank's business model, as it only includes financial instruments classified as trading derivatives, which are recognised and valued at fair value as well as debt securities classified under a “trading“ business model.

The set of activities undertaken to comply with Regulation (EU) 2020/852 and the **European Taxonomy disclosure requirements** were embedded in a broader framework relating to the achievement of the ESG targets set out in the **2021-2025 Strategic Plan** and the **2023-2025 Sustainability Plan**. In particular, the targets relating to ESG risk assessment, as part of the credit disbursement and monitoring processes, and to increasing the offer of sustainable finance products are worth mentioning. In line with its efforts to promote sustainable growth, illimity has also developed its own **Climate Strategy** with ambitious targets, which can leverage the "Green, Social and Sustainability-Linked Loan Framework". This framework is inspired by the principles of the International Capital Market Association (ICMA) and the Loan Market Association (LMA) and provides the basic parameters for classifying a financial transaction as an ESG loan, allowing the identification of related European taxonomy objectives for each type of financing product. It should also be noted that the framework aims to facilitate the achievement of a target of 15% of cumulative origination volumes (disbursements/investments) in the three-year period 2023-2025 for sustainable finance. For further details, please refer to section **"Climate Change [E1]".**

Templates for KPIs of credit institutions

The following are the Templates for the KPIs of credit institutions reported in accordance with Annex VI of the Delegated Regulation (EU) 2021/2178, as amended[4] and supplemented, applied to illimity, in relation to the prudential consolidation perimeter as at 31 December 2024. All currency amounts in the models are in thousands of Euros.

Template 0: Summary of KPIs (EU Taxonomy) - 2024

Summary of key performance indicators that illimity reports under Article 8 of the EU Taxonomy Regulation, in accordance with Template 0 of the above-mentioned Delegated Regulation.

		Total environmentally sustainable assets(*)	KPI (Turnover)	KPI (CapEx)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	**137,896**	**1.92%**	**2.80%**	82.91%	76.12%	17.09%

		Total environmentally sustainable assets(*)	KPI (Turnover)	KPI (CapEx)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	1,285	0.02%	0.02%	1.12%	93.95%	-
	(**)	N/A	N/A	N/A			
	Financial Guarantees	-	-	-			
	Asset Under Management	-	-	-			
	(***)	N/A	N/A	N/A			

(*) The amount shown refers to the stock GAR KPI calculated on the basis of Turnover. The amount related to the total green assets feeding the KPI GAR stock on the basis of capital expenditure (CapEx) is 201,556 thousand euro.
(**) N/A : Trading Book KPI shall only apply starting 2026.
(***) N/A : Fees and Commissions KPI shall only apply starting 2026.

The main KPI **(GAR stock**) as at 31 December 2024, calculated on the basis of revenues ***(Turnover)*** is **1.92%,** while this KPI calculated on the basis of capital expenditure **(*CapEx*) is 2.80%.** Compared to the previous fiscal year, the KPI increased, due in particular to the availability of alignment data from financial undertakings, which allowed for an expansion of the scope of NFRD counterparties that contributed to the calculation of assets aligned to the European Taxonomy. At the same time, more granular analyses were conducted in order to increasingly trace each subsidiary undertaking back to the corporate group to which it belongs, in order to assign the relevant eligibility and alignment quotas in a precise manner.

4 Delegated Regulation (EU) 2023/2486.

Template 0: Summary of KPIs (EU Taxonomy) - 2023

The "Template 0" of the previous year is shown below.

		Total environmentally sustainable assets(*)	KPI (Turnover)	KPI (CapEx)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	**22,777**	**0.4%**	**0.6%**	87.6%	91.1%	12.4%

		Total environmentally sustainable assets(*)	KPI (Turnover)	KPI (CapEx)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	-	-	-	0.3%	-	-
	(**)	N/A	N/A	N/A			
	Financial Guarantees	-	-	-			
	Asset Under Management	-	-	-			
	(***)	N/A	N/A	N/A			

(*) The amount shown refers to the stock GAR KPI calculated on the basis of Turnover. The amount related to the total green assets feeding the KPI GAR stock on the basis of capital expenditure (CapEx) is 201,556 thousand euro.
(**) N/A : Trading Book KPI shall only apply starting 2026.
(***) N/A : Fees and Commissions KPI shall only apply starting 2026.

Template 1: Assets for the calculation of GAR

Template 1 includes evidence of the gross carrying amount (countervalues in thousands of euros) of the assets in the prudential consolidated perimeter as at 31 December 2024 and comparative figures for the previous disclosure period (2023).

Template 1 (Turnover) - 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Thousand EUR	Fiscal Year 2024																														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Total [gross] carrying amount		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which tran-sitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	632,194	268,356	137,882	-	5,490	37,463	169	14	-	11	701	-	-	-	1,092	-	-	-	18	-	-	-	0.004	-	-	-	270,337	137,896	-	5,490	37,473
2	**Financial undertakings**	183,637	37,352	2,307	-	209	224	15	5	-	1	1	-	-	-	10	-	-	-	2	-	-	-	0.004	-	-	-	37,380	2,312	-	209	225
3	Credit institutions	177,840	36,771	2,216	-	208	207	14	5	-	1	1	-	-	-	10	-	-	-	2	-	-	-	-	-	-	-	36,798	2,221	-	208	209
4	Loans and advances	64,158	4,689	434	-	14	64	0.1	0.1	-	0.02	0.01	-	-	-	0.2	-	-	-	0.05	-	-	-	-	-	-	-	4,689	434	-	14	64
5	Debt securities, including UoP	113,682	32,082	1,782	-	193	143	14	5	-	1	1	-	-	-	10	-	-	-	2	-	-	-	-	-	-	-	32,109	1,787	-	193	145
6	Equity instruments	-	-	-		-	-	-	-		-		-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
7	**Other financial corporations**	5,797	581	91	-	1	17	0.3	0.1	-	0.04	0.03	-	-	-	0.4	-	-	-	0.1	-	-	-	0.004	-	-	-	582	91	-	1	17
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	360,693	184,403	135,575	-	5,281	37,239	155	9	-	9	701	-	-	-	1,082	-	-	-	16	-	-	-	-	-	-	-	186,356	135,584	-	5,281	37,248
21	Loans and advances	335,571	172,577	133,141	-	5,276	36,979	146	5	-	5	399	-	-	-	1,039	-	-	-	15	-	-	-	-	-	-	-	174,176	133,146	-	5,276	36,983
22	Debt securities, including UoP	24,830	11,642	2,433	-	6	260	9	5	-	5	301	-	-	-	43	-	-	-	0.2	-	-	-	-	-	-	-	11,996	2,438	-	6	265
23	Equity instruments	292	184	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	184	-		-	-
24	**Households**	87,864	46,601	-	-	-	-	-	-	-	-					-	-	-	-									46,601	-	-	-	-
25	of which loans collateralised by residential immovable property	46,601	46,601	-	-	-	-	-	-	-	-					-	-	-	-									46,601	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-																					-	-	-	-	-

Template 1 (Turnover) - 2024

Thousand EUR	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Fiscal Year 2024																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)				
	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which tran-sitional	Of which enabling
28 **Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 **Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 **Assets excluded from the numerator for GAR calculation (covered in the denominator)**	6,554,207	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33 **Financial and Non-financial undertakings**	5,571,334																														
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,159,682																														
35 Loans and advances	3,093,287																														
36 of which loans collateralised by commercial immovable property	429,289																														
37 of which building renovation loans	-																														
38 Debt securities	48,251																														
39 Equity instruments	18,145																														
40 Non-EU country counterparties not subject to NFRD disclosure obligations	122,212																														
41 Loans and advances	118,386																														
42 Debt securities	3,826																														
43 Equity instruments	-																														
44 **Derivatives**	29,385																														
45 **On demand interbank loans**	161,527																														
46 **Cash and cash-related assets**	1																														
47 **Other categories of assets (e.g. Goodwill, commodities etc.)**	791,960																														
48 **Total GAR assets**	7,186,400	268,356	137,882	-	5,490	37,463	169	14	-	11	701	-	-	-	1,092	-	-	-	18	-	-	-	0.004	-	-	-	270,337	137,896	-	5,490	37,473
49 **Assets not covered for GAR calculation**	1,481,757																														
50 **Central governments and Supranational issuers**	1,142,893																														
51 **Central banks exposure**	294,835																														
52 **Trading book**	44,029																														
53 **Total assets**	8,668,157	268,356	137,882	-	5,490	37,463	169	14	-	11	701	-	-	-	1,092	-	-	-	18	-	-	-	0.004	-	-	-	270,337	137,896	-	5,490	37,473
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
54 Financial guarantees	1,913	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55 Assets under management	554,698	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56 *Of which debt securities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57 *Of which equity instruments*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1 (Turnover) - 2023

		ag	ah	ai	aj	ak	al	am	an	ao	ap	bg	bh	bi	bj	bk
	Thousand EUR	Fiscal Year 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	592,376	56,313	22,777	-	550	17,514	20	-	-	-	56,333	22,777	-	550	17,514
2	**Financial undertakings**	134,695	26,471	47	-	-	28		-	-	-	26,471	47	-	-	28
3	Credit institutions	122,679	25,766	-	-	-	-	-	-	-	-	25,766	-	-	-	-
4	Loans and advances	45,296	5,460	-	-	-	-	-	-	-	-	5,460	-	-	-	-
5	Debt securities, including UoP	77,383	20,306	-	-	-	-	-	-	-	-	20,306	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
7	**Other financial corporations**	12,016	705	47	-	-	28	-	-	-	-	705	47	-	-	28
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
16	of which insurance undertakings	12,016	705	47	-	-	28	-	-	-	-	705	47	-	-	28
17	Loans and advances	7,146	675	47	-	-	28	-	-	-	-	675	47	-	-	28
18	Debt securities, including UoP	4,870	30	-	-	-	-	-	-	-	-	30	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	315,765	29,842	22,730	-	550	17,486	20	-	-	-	29,861	22,730	-	550	17,486
21	Loans and advances	287,034	23,994	19,483	-	3	16,662	12	-	-	-	24,006	19,483	-	3	16,662
22	Debt securities, including UoP	28,641	5,847	3,247	-	547	824	8	-	-	-	5,855	3,247	-	547	824
23	Equity instruments	90	-	-		-	-	-	-		-	-	-		-	-
24	**Households**	141,916	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	66,024	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-					-	-	-	-	-

		ag	ah	ai	aj	ak	al	am	an	ao	ap	bg	bh	bi	bj	bk
Thousand EUR		Fiscal Year 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	65.861	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	5.821.002	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Financial and Non-financial undertakings	4.587.530														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3.395.547														
35	Loans and advances	3.222.284														
36	of which loans collateralised by commercial immovable property	360.978														
37	of which building renovation loans	-														
38	Debt securities	168.540														
39	Equity instruments	4.723														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	1.191.982														
41	Loans and advances	1.185.738														
42	Debt securities	6.244														
43	Equity instruments	0,001														
44	**Derivatives**	21.393														
45	**On demand interbank loans**	147.194														
46	**Cash and cash-related assets**	1														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	1.064.885														
48	**Total GAR assets**	6.479.239	56,313	22,777	-	550	17,514	20	-	-	-	56,333	22,777	-	550	17,514
49	**Assets not covered for GAR calculation**	914.227														
50	**Central governments and Supranational issuers**	520.959														
51	**Central banks exposure**	367.351														
52	**Trading book**	25.917														
53	**Total assets**	**7.393.467**	56,313	22,777	-	550	17,514	20	-	-	-	56,333	22,777	-	550	17,514
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	860	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	*Of which debt securities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	*Of which equity instruments*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1 (CapEx) - 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Thousand EUR	Fiscal Year 2024																														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Total [gross] carrying amount		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	632,194	320,752	196,674	-	3,658	153,962	5,905	4,882	-	9	1,369	-	-	-	207	-	-	-	35	-	-	-	0.004	-	-	-	328,269	201,556	-	3,658	153,971
2	**Financial undertakings**	183,637	37,745	2,831	-	207	397	30	21	-	8	1	-	-	-	9	-	-	-	0.002	-	-	-	0.004	-	-	-	37,785	2,852	-	207	405
3	Credit institutions	177,840	37,123	2,706	-	200	367	27	19	-	7	1	-	-	-	9	-	-	-	-	-	-	-	-	-	-	-	37,159	2,725	-	200	375
4	Loans and advances	64,158	4,721	555	-	13	127	3	3	-	0.2	0.02	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	4,724	558	-	13	127
5	Debt securities, including UoP	113,682	32,401	2,151	-	188	241	24	16	-	7	1	-	-	-	9	-	-	-	-	-	-	-	-	-	-	-	32,435	2,167	-	188	248
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
7	**Other financial corporations**	5,797	623	125	-	7	30	3	3	-	0.3	0.05	-	-	-	0.4	-	-	-	0.002	-	-	-	0.004	-	-	-	626	127	-	7	30
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	360,693	236,406	193,843	-	3,451	153,565	5,875	4,860	-	1	1,368	-	-	-	198	-	-	-	35	-	-	-	-	-	-	-	243,883	198,704	-	3,451	153,566
21	Loans and advances	335,571	225,543	190,974	-	3,415	153,017	5,873	4,860	-	1	834	-	-	-	139	-	-	-	35	-	-	-	-	-	-	-	232,425	195,834	-	3,415	153,017
22	Debt securities, including UoP	24,830	10,720	2,869	-	36	548	2	0.5	-	0.5	534	-	-	-	59	-	-	-	-	-	-	-	-	-	-	-	11,315	2,869	-	36	548
23	Equity instruments	292	144	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	144	-		-	-
24	**Households**	87,864	46,601	-	-	-	-	-	-	-	-					-	-	-	-									46,601	-	-	-	-
25	of which loans collateralised by residential immovable property	46,601	46,601	-	-	-	-	-	-	-	-					-	-	-	-									46,601	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-																					-	-	-	-	-

Template 1 (CapEx) - 2024

Thousand EUR — Fiscal Year 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)				
		Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	6,554,207	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Financial and Non-financial undertakings	5,571,334																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,159,682																														
35	Loans and advances	3,093,287																														
36	of which loans collateralised by commercial immovable property	429,289																														
37	of which building renovation loans	-																														
38	Debt securities	48,251																														
39	Equity instruments	18,145																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	122,212																														
41	Loans and advances	118,386																														
42	Debt securities	3,826																														
43	Equity instruments	-																														
44	**Derivatives**	29,385																														
45	**On demand interbank loans**	161,527																														
46	**Cash and cash-related assets**	1																														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	791,960																														
48	**Total GAR assets**	7,186,400	320,752	196,674	-	3,658	153,962	5,905	4,882	-	9	1,369	-	-	-	207	-	-	-	35	-	-	-	0.004	-	-	-	328,269	201,556	-	3,658	153,971
49	**Assets not covered for GAR calculation**	1,481,757																														
50	**Central governments and Supranational issuers**	1,142,893																														
51	**Central banks exposure**	294,835																														
52	**Trading book**	44,029																														
53	**Total assets**	8,668,157	320,752	196,674	-	3,658	153,962	5,905	4,882	-	9	1,369	-	-	-	207	-	-	-	35	-	-	-	0.004	-	-	-	328,269	201,556	-	3,658	153,971
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
54	Financial guarantees	1,913	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	554,698	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	*Of which debt securities*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	*Of which equity instruments*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1 (CapEx) - 2023

		ag	ah	ai	aj	ak	al	am	an	ao	ap	bg	bh	bi	bj	bk
	Thousand EUR	Fiscal Year 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	592,376	70,940	37,492	-	1,047	23,531	606	363	-	-	71,545	37,855	-	1,047	23,531
2	**Financial undertakings**	134,695	27,176	123	-	-	8	-	-	-	-	27,176	123	-	-	8
3	Credit institutions	122,679	25,314	-	-	-	-	-	-	-	-	25,314	-	-	-	-
4	Loans and advances	45,296	5,452	-	-	-	-	-	-	-	-	5,452	-		-	-
5	Debt securities, including UoP	77,383	19,861	-	-	-	-	-	-	-	-	19,861	-		-	-
6	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
7	**Other financial corporations**	12,016	1,863	123	-	-	8	-	-	-	-	1,863	123	-	-	8
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-		-	-		-				-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-		-	-		-	-	-		-	-
16	of which insurance undertakings	12,016	1,863	123	-	-	8	-	-	-	-	1,863	123	-	-	8
17	Loans and advances	7,146	1,580	123	-	-	8	-	-	-	-	1,580	123	-	-	8
18	Debt securities, including UoP	4,870	283	-	-	-	-	-	-	-	-	283	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	315,765	43,764	37,369	-	1,047	23,523	606	363	-	-	44,369	37,732	-	1,047	23,523
21	Loans and advances	287,034	36,109	31,701	-	22	21,913	510	362	-	-	36,619	32,063	-	22	21,913
22	Debt securities, including UoP	28,641	7,655	5,668	-	1,026	1,610	96	1	-	-	7,750	5,668	-	1,026	1,610
23	Equity instruments	90	-	-		-	-	-	-		-	-	-		-	-
24	**Households**	141,916	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	66,024	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-					-	-	-	-	-

		ag	ah	ai	aj	ak	al	am	an	ao	ap	bg	bh	bi	bj	bk
Thousand EUR		Fiscal Year 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
				Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Total [gross] carrying amount			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	65,861	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	5,821,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Financial and Non-financial undertakings	4,587,530														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,395,547														
35	Loans and advances	3,222,284														
36	of which loans collateralised by commercial immovable property	360,978														
37	of which building renovation loans	-														
38	Debt securities	168,540														
39	Equity instruments	4,723														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	1,191,982														
41	Loans and advances	1,185,738														
42	Debt securities	6,244														
43	Equity instruments	0.001														
44	**Derivatives**	21,393														
45	**On demand interbank loans**	147,194														
46	**Cash and cash-related assets**	1														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	1,064,885														
48	**Total GAR assets**	6,479,239	70,940	37,492	-	1,047	23,531	606	363	-	-	71.545	37.855	-	1.047	23.531
49	**Assets not covered for GAR calculation**	914,227														
50	**Central governments and Supranational issuers**	520,959														
51	**Central banks exposure**	367,351														
52	**Trading book**	25,917														
53	**Total assets**	7,393,467	70,940	37,492	-	1,047	23,531	606	363	-	-	71.545	37.855	-	1.047	23.531
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	860	-	-	-	-	-	-	-	-	-					
55	Assets under management	-	-	-	-	-	-	-	-	-	-					
56	*Of which debt securities*	-	-	-	-	-	-	-	-	-	-					
57	*Of which equity instruments*	-	-	-	-	-	-	-	-	-	-					

Template 2: GAR sector information

Template 2 includes evidence of illimity's exposures (aggregate and environmentally sustainable) to non-financial undertakings subject to the NFRD Directive based on the prevailing NACE code, as of 31 December 2024.

Template 2 (Turnover)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Breakdown by sector - NACE 4 digits level (code and label)	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)
1	C22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	31	10			-	-			-	-			-	-			-	-			-	-			31	10		
2	C25.99 Manufacture of other fabricated metal products n.e.c.	27,484	-			-	-			-	-			-	-			-	-			-	-			27,484	-		
3	C26.11 Manufacture of electronic components	7	-			-	-			-	-			7	-			-	-			-	-			7	-		
4	C26.51 Manufacture of instruments and appliances for measuring, testing and navigation	619	285			-	-			619	-			-	-			-	-			-	-			619	285		
5	C27.11 Manufacture of electric motors, generators and transformers	301	250			-	-			-	-			-	-			-	-			-	-			301	250		
6	C28.29 Manufacture of other general-purpose machinery n.e.c.	-	-			-	-			-	-			24	-			24	-			-	-			24	-		
7	C28.49 Manufacture of other machine tools	77	-			77	-			-	-			-	-			-	-			-	-			77	-		
8	C28.92 Manufacture of machinery for mining, quarrying and construction	3,515	-			-	-			-	-			3,515	-			-	-			-	-			3,515	-		
9	C30.20 Manufacture of railway locomotives and rolling stock	0.1	0.03			-	-			-	-			-	-			-	-			-	-			0.1	0.03		
10	C30.91 Manufacture of motorcycles	832	52			-	-			832	-			832	-			832	-			-	-			832	52		
11	D35.11 Production of electricity	3,540	888			-	-			1,078	-			1,259	-			1,078	-			-	-			3,540	888		
12	D35.12 Transmission of electricity	10,752	9,139			-	-			-	-			-	-			-	-			-	-			10,752	9,139		
13	D35.13 Distribution of electricity	14,960	5,056			-	-			-	-			-	-			-	-			-	-			14,960	5,056		
14	E38.32 Recovery of sorted materials	69	19			-	-			-	-			-	-			-	-			-	-			69	19		
15	F42.11 Construction of roads and motorways	159,531	94,283			159,531	-			-	-			159,531	-			-	-			-	-			159,531	94,283		
16	F42.12 Construction of railways and underground railways	519	148			519	2			-	-			-	-			-	-			-	-			519	150		
17	F42.91 Construction of water projects	6,786	444			-	-			-	-			6,786	-			6,786	-			-	-			6,786	444		
18	F43.21 Electrical installation	152	43			152	0.7			-	-			-	-			-	-			-	-			152	44		
19	F43.22 Plumbing, heat and air-conditioning installation	7	2			-	-			-	-			-	-			-	-			-	-			7	2		
20	F43.29 Other construction installation	14	1			-	-			-	-			14	-			14	-			-	-			14	1		
21	F43.99 Other specialised construction activities n.e.c.	9,203	-			-	-			-	-			9,203	-			-	-			-	-			9,203	-		
22	H49.31 Urban and suburban passenger land transport	119	-			-	-			-	-			-	-			-	-			-	-			119	-		
23	H49.50 Transport via pipeline	9,937	2,584			-	-			-	-			-	-			-	-			-	-			9,937	2,584		
24	H52.21 Service activities incidental to land transportation	31,681	17,509			31,465	-			-	-			31,465	-			-	-			-	-			31,681	17,509		
25	J62.01 Computer programming activities	680	8			102	0.1			-	-			-	-			-	-			-	-			680	8		
26	J63.11 Data processing, hosting and related activities	70	1			70	0.01			70	-			70	-			70	-			-	-			70	1		
27	K65.12 Non-life insurance	13	0.1			13	0.001			-	-			-	-			-	-			-	-			13	0.1		
28	L68.20 Rental and operating of own or leased real estate	242	142			242	0.002			-	-			240	-			-	-			-	-			242	142		
29	M71.12 Engineering activities and related technical consultancy	702	46			-	-			-	-			702	-			702	-			-	-			702	46		
30	Q87.30 Residential care activities for the elderly and disabled	68	4			-	-			-	-			68	-			68	-			-	-			68	4		

Template 2 (CapEx)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Imprese non finanziarie (soggette a NFRD)		PMI e altre imprese non finanziarie non soggette a NFRD		Imprese non finanziarie (soggette a NFRD)		PMI e altre imprese non finanziarie non soggette a NFRD		Imprese non finanziarie (soggette a NFRD)		PMI e altre imprese non finanziarie non soggette a NFRD		Imprese non finanziarie (soggette a NFRD)		PMI e altre imprese non finanziarie non soggette a NFRD		Imprese non finanziarie (soggette a NFRD)		PMI e altre imprese non finanziarie non soggette a NFRD		Imprese non finanziarie (soggette a NFRD)		PMI e altre imprese non finanziarie non soggette a NFRD	
Breakdown by sector - NACE 4 digits level (code and label)		[Gross] carrying amount		[Gross] carrying amount		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)		Valore contabile (lordo)	
		Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM+CCA+WTR+CE+PPC+BIO)	Thousand EUR	Of which environmentally sustainable (CCM+CCA+WTR+CE+PPC+BIO)
1	C22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	31	10			-	-			-	-			-	-			-	-			-	-			31	10		
2	C25.99 Manufacture of other fabricated metal products n.e.c.	27,484	-			-	-			-	-			-	-			-	-			-	-			27,484	-		
3	C26.11 Manufacture of electronic components	7	-			-	-			-	-			7	-			-	-			-	-			7	-		
4	C26.51 Manufacture of instruments and appliances for measuring, testing and navigation	619	347			-	-			619	-			-	-			-	-			-	-			619	347		
5	C27.11 Manufacture of electric motors, generators and transformers	301	297			-	-			-	-			-	-			-	-			-	-			301	297		
6	C28.29 Manufacture of other general-purpose machinery n.e.c.	-	-			-	-			-	-			24	-			24	-			-	-			24	-		
7	C28.49 Manufacture of other machine tools	77	-			77	-			-	-			-	-			-	-			-	-			77	-		
8	C28.92 Manufacture of machinery for mining, quarrying and construction	3,515	-			-	-			-	-			3,515	-			-	-			-	-			3,515	-		
9	C30.20 Manufacture of railway locomotives and rolling stock	0.1	0.02			-	-			-	-			-	-			-	-			-	-			0.1	0.02		
10	C30.91 Manufacture of motorcycles	832	129			-	-			832	-			832	-			832	-			-	-			832	129		
11	D35.11 Production of electricity	3,540	2,266			-	-			1,078	-			1,259	-			1,078	-			-	-			3,540	2,266		
12	D35.12 Transmission of electricity	10,752	10,645			-	-			-	-			-	-			-	-			-	-			10,752	10,645		
13	D35.13 Distribution of electricity	14,960	12,686			-	-			-	-			-	-			-	-			-	-			14,960	12,686		
14	E38.32 Recovery of sorted materials	69	36			-	-			-	-			-	-			-	-			-	-			69	36		
15	F42.11 Construction of roads and motorways	159,531	131,294			159,531	3,988			-	-			159,531	-			-	-			-	-			159,531	135,283		
16	F42.12 Construction of railways and underground railways	519	205			519	36			-	-			-	-			-	-			-	-			519	241		
17	F42.91 Construction of water projects	6,786	917			-	-			-	-			6,786	-			6,786	-			-	-			6,786	917		
18	F43.21 Electrical installation	152	60			152	11			-	-			-	-			-	-			-	-			152	71		
19	F43.22 Plumbing, heat and air-conditioning installation	7	4			-	-			-	-			-	-			-	-			-	-			7	4		
20	F43.29 Other construction installation	14	2			-	-			-	-			14	-			14	-			-	-			14	2		
21	F43.99 Other specialised construction activities n.e.c.	9,203	-			-	-			-	-			9,203	-			-	-			-	-			9,203	-		
22	H49.31 Urban and suburban passenger land transport	119	-			-	-			-	-			-	-			-	-			-	-			119	-		
23	H49.50 Transport via pipeline	9,937	2,882			-	-			-	-			-	-			-	-			-	-			9,937	2,882		
24	H52.21 Service activities incidental to land transportation	31,681	24,481			31,465	737			-	-			31,465	-			-	-			-	-			31,681	25,218		
25	J62.01 Computer programming activities	680	9			102	0.1			-	-			-	-			-	-			-	-			680	9		
26	J63.11 Data processing, hosting and related activities	70	2			70	0.1			70	-			70	-			70	-			-	-			70	2		
27	K65.12 Non-life insurance	13	0.4			13	0.001			-	-			-	-			-	-			-	-			13	0.4		
28	L68.20 Rental and operating of own or leased real estate	242	198			242	6			-	-			240	-			-	-			-	-			242	204		
29	M71.12 Engineering activities and related technical consultancy	702	95			-	-			-	-			702	-			702	-			-	-			702	95		
30	Q87.30 Residential care activities for the elderly and disabled	68	9			-	-			-	-			68	-			68	-			-	-			68	9		

Template 3: GAR KPI (Stock)

Template 3 includes evidence of the % values for GAR on the stock of exposures in the prudential consolidated perimeter as at 31 December 2024, compiled from the information in Model 1 and related comparative data for the previous year (2023).

Template 3 (Turnover) - 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Fiscal Year 2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)					
% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which t ransitional	Of which enabling			Di cui impiego dei proventi	Di cui abilitante			Di cui impiego dei proventi	Di cui abilitante			Di cui impiego dei proventi	Di cui abilitante			Di cui impiego dei proventi	Di cui abilitante			Di cui impiego dei proventi	Di cui abilitante			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3.73%	1.92%	-	0.08%	0.52%	0.00%	0.00%	-	0.00%	0.01%	-	-	-	0.02%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	3.76%	1.92%	-	0.08%	0.52%	7.29%
2	**Financial undertakings**	0.52%	0.03%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.52%	0.03%	-	0.00%	0.00%	2.12%
3	Credit institutions	0.51%	0.03%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.51%	0.03%	-	0.00%	0.00%	2.05%
4	Loans and advances	0.07%	0.01%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.07%	0.01%	-	0.00%	0.00%	0.74%
5	Debt securities, including UoP	0.45%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.45%	0.02%	-	0.00%	0.00%	1.31%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	0.01%	0.00%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.01%	0.00%	-	0.00%	0.00%	0.07%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	2.57%	1.89%	-	0.07%	0.52%	0.00%	0.00%	-	0.00%	0.01%	-	-	-	0.02%	-	-	-	0.00%	-	-	-	-	-	-	-	2.59%	1.89%	-	0.07%	0.52%	4.16%
21	Loans and advances	2.40%	1.85%	-	0.07%	0.51%	0.00%	0.00%	-	0.00%	0.01%	-	-	-	0.01%	-	-	-	0.00%	-	-	-	-	-	-	-	2.42%	1.85%	-	0.07%	0.51%	3.87%
22	Debt securities, including UoP	0.16%	0.03%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.17%	0.03%	-	0.00%	0.00%	0.29%
23	Equity instruments	0.00%	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.00%	-		-	-	0.00%
24	**Households**	0.65%	-	-	-	-	-	-	-	-					-	-	-	-									0.65%	-	-	-	-	1.01%
25	of which loans collateralised by residential immovable property	0.65%	-	-	-	-	-	-	-	-					-	-	-	-									0.65%	-	-	-	-	0.54%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-																					-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	3.73%	1.92%	-	0.08%	0.52%	0.00%	0.00%	-	0.00%	0.01%	-	-	-	0.02%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	3.76%	1.92%	-	0.08%	0.52%	82.91%

Template 3 (Turnover) - 2023

		ag	ah	ai	aj	ak	al	am	an	ao	bf	bg	bh	bi	bj	bk
		Fiscal Year 2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
	% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.9%	0.4%	-	0.01%	0.3%	0.0%	-	-	-	0.9%	0.4%	-	0.01%	0.3%	8.0%
2	**Financial undertakings**	0.4%	0.0%	-	-	0.0%	-	-	-	-	0.4%	0.0%	-	-	0.0%	1.8%
3	Credit institutions	0.4%	-	-	-	-	-	-	-	-	0.4%	-	-	-	-	1.7%
4	Loans and advances	0.1%	-	-	-	-	-	-	-	-	0.1%	-	-	-	-	0.6%
5	Debt securities, including UoP	0.3%	-	-	-	-	-	-	-	-	0.3%	-	-	-	-	1.1%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
7	Other financial corporations	0.01%	0.0%	-	-	0.0%	-	-	-	-	0.01%	0.0%	-	-	0.0%	0.2%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	0.01%	0.0%	-	-	0.0%	-	-	-	-	0.01%	0.0%	-	-	0.0%	0.2%
17	Loans and advances	0.01%	0.0%	-	-	0.0%	-	-	-	-	0.01%	0.0%	-	-	0.0%	0.1%
18	Debt securities, including UoP	0.0%	-	-	-	-	-	-	-	-	0.0%	-	-	-	-	0.1%
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	0.5%	0.4%	-	0.01%	0.3%	0.0%	-	-		0.5%	0.4%	-	0.01%	0.3%	4.3%
21	Loans and advances	0.4%	0.3%	-	0.0%	0.3%	0.0%	-	-	-	0.4%	0.3%	-	0.0%	0.3%	3.9%
22	Debt securities, including UoP	0.1%	0.1%	-	0.01%	0.01%	0.0%	-	-	-	0.1%	0.1%	-	0.01%	0.01%	0.4%
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	0.0%
24	**Households**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.9%
25	of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.9%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-										
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	**Other local government financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	0.9%	0.4%	-	0.01%	0.3%	0.0%	-	-	-	0.9%	0.4%	-	0.01%	0.3%	87.6%

Template 3 (CapEx) - 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Fiscal Year 2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
	% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.46%	2.74%	-	0.05%	2.14%	0.08%	0.07%	-	0.00%	0.02%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	4.57%	2.80%	-	0.05%	2.14%	7.29%
2	**Financial undertakings**	0.53%	0.04%	-	0.00%	0.01%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.00%	-	-	-	0.53%	0.04%	-	0.00%	0.01%	2.12%
3	Credit institutions	0.52%	0.04%	-	0.00%	0.01%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.52%	0.04%	-	0.00%	0.01%	2.05%
4	Loans and advances	0.07%	0.01%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.07%	0.01%	-	0.00%	0.00%	0.74%
5	Debt securities, including UoP	0.45%	0.03%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.45%	0.03%	-	0.00%	0.00%	1.31%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	0.01%	0.00%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.00%	-	-	-	0.01%	0.00%	-	0.00%	0.00%	0.07%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	3.29%	2.70%	-	0.05%	2.14%	0.08%	0.07%	-	0.00%	0.02%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	3.39%	2.76%	-	0.05%	2.14%	4.16%
21	Loans and advances	3.14%	2.66%	-	0.05%	2.13%	0.08%	0.07%	-	0.00%	0.01%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	3.23%	2.73%	-	0.05%	2.13%	3.87%
22	Debt securities, including UoP	0.15%	0.04%	-	0.00%	0.01%	0.00%	0.00%	-	0.00%	0.01%	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.16%	0.04%	-	0.00%	0.01%	0.29%
23	Equity instruments	0.00%	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	0.00%	-		-	-	0.00%
24	**Households**	0.65%	-	-	-	-	-	-	-	-					-	-	-	-									0.65%	-	-	-	-	1.01%
25	of which loans collateralised by residential immovable property	0.65%	-	-	-	-	-	-	-	-					-	-	-	-									0.65%	-	-	-	-	0.54%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-																					-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	4.46%	2.74%	-	0.05%	2.14%	0.08%	0.07%	-	0.00%	0.02%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	4.57%	2.80%	-	0.05%	2.14%	82.91%

Template 3 (CapEx) - 2023

	ag	ah	ai	aj	ak	al	am	an	ao	bf	bg	bh	bi	bj	bk
	Fiscal Year 2023														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which 0transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.1%	0.6%	-	0.02%	0.4%	0.01%	0.01%	-	-	1.1%	0.6%	-	0.02%	0.4%	8.0%
2 **Financial undertakings**	0.4%	0.0%	-	-	0.0%	-	-	-	-	0.4%	0.0%	-	-	0.0%	1.8%
3 Credit institutions	0.4%	-	-	-	-	-	-	-	-	0.4%	-	-	-	-	1.7%
4 Loans and advances	0.1%	-	-	-	-	-	-	-	-	0.1%	-	-	-	-	0.6%
5 Debt securities, including UoP	0.3%	-	-	-	-	-	-	-	-	0.3%	-	-	-	-	1.1%
6 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
7 Other financial corporations	0.03%	0.0%	-	-	0.0%	-	-	-	-	0.03%	0.0%	-	-	0.0%	0.2%
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
16 of which insurance undertakings	0.03%	0.0%	-	-	0.0%	-	-	-	-	0.03%	0.0%	-	-	0.0%	0.2%
17 Loans and advances	0.02%	0.0%	-	-	0.0%	-	-	-	-	0.02%	0.0%	-	-	0.0%	0.1%
18 Debt securities, including UoP	0.0%	-	-	-	-	-	-	-	-	0.0%	-	-	-	-	0.1%
19 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20 **Non-financial undertakings**	0.7%	0.6%	-	0.02%	0.4%	0.01%	0.01%	-	-	0.7%	0.6%	-	0.02%	0.4%	4.3%
21 Loans and advances	0.6%	0.5%	-	0.0%	0.3%	0.01%	0.01%	-	-	0.6%	0.5%	-	0.0%	0.3%	3.9%
22 Debt securities, including UoP	0.1%	0.1%	-	0.02%	0.02%	0.0%	0.0%	-	-	0.1%	0.1%	-	0.02%	0.02%	0.4%
23 Equity instruments	-	-		-	-	-	-		-	-	-		-	-	0.0%
24 **Households**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.9%
25 of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.9%
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 of which motor vehicle loans	-	-	-	-	-										
28 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 **Other local government financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 **Total GAR assets**	1.1%	0.6%	-	0.02%	0.4%	0.01%	0.01%	-	-	1.1%	0.6%	-	0.02%	0.4%	87.6%

Template 4: GAR KPI flow

Template 4 includes evidence of the % values for GAR on the flow of exposures in the prudential consolidated perimeter (recorded only in the financial year 2024), compiled from the information in Model 1.

Template 4 (Turnover)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Fiscal Year 2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
	% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.36%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.36%	0.02%	-	0.00%	0.00%	1.12%
2	**Financial undertakings**	0.30%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.30%	0.02%	-	0.00%	0.00%	0.84%
3	Credit institutions	0.30%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.30%	0.02%	-	0.00%	0.00%	0.84%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	0.30%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.30%	0.02%	-	0.00%	0.00%	0.84%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	0.00%	0.00%	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%	-	-	0.00%	0.00%
21	Loans and advances	0.00%	0.00%	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%	-	-	0.00%	0.00%
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	0.06%	-	-	-	-	-	-	-	-					-	-	-	-									0.06%	-	-	-	-	0.28%
25	of which loans collateralised by residential immovable property	0.06%	-	-	-	-	-	-	-	-					-	-	-	-									0.06%	-	-	-	-	0.05%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-																					-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	0.36%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	0.36%	0.02%	-	0.00%	0.00%	1.12%

Template 4 (CapEx)

		Fiscal Year 2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)					
	% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.36%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.36%	0.02%	-	0.00%	0.00%	1.12%
2	**Financial undertakings**	0.30%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.30%	0.02%	-	0.00%	0.00%	0.84%
3	Credit institutions	0.30%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.30%	0.02%	-	0.00%	0.00%	0.84%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	0.30%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.30%	0.02%	-	0.00%	0.00%	0.84%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	0.00%	0.00%	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%	-	-	0.00%	0.00%
21	Loans and advances	0.00%	0.00%	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	0.00%	-	-	0.00%	0.00%
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	0.06%	-	-	-	-	-	-	-	-					-	-	-	-									0.06%	-	-	-	-	0.28%
25	of which loans collateralised by residential immovable property	0.06%	-	-	-	-	-	-	-	-					-	-	-	-									0.06%	-	-	-	-	0.05%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-																					-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	0.36%	0.02%	-	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.36%	0.02%	-	0.00%	0.00%	1.12%

Template 5: KPI off-balance sheet exposures

Template 5 includes evidence of the % values for GAR on the stock and flow of off-balance sheet exposures, compiled from the information in Model 1.

Template 5

All % values based on Turnover and CapEx on the stock and flow of off-balance sheet exposures are null, i.e. non-eligible and non-aligned.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
		Fiscal Year 2024																													
% (compared to total eligible off-balance sheet assets)		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO				TOTAL (CCM+ CCA+WTR+CE+PPC+BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Templates for Nuclear and fossil gas related activities

Below are the Models for nuclear and fossil gas related activities reported under Delegated Regulation (EU) 2022/1214 applied to illimity in relation to the prudential consolidated perimeter as at 31 December 2024.

Template 1: Nuclear and fossil gas related activities

Template 1 includes evidence if illimity carries out, finances or has exposures to nuclear and fossil gas related activities.

	Nuclear energy related activities	
1	Funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
2	Funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	NO
3	Funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO
	Fossil gas related activities	
4	Funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	Sì
5	Funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	Sì
6	Funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Sì

Template 2: Economic activities aligned to the Taxonomy (denominator)

Template 2 includes evidence of eco-friendly exposures (% values and amount) in nuclear and fossil gas related activities in the denominator of the applicable KPI.

	Economic activities	Amount and Percentage - Turnover based						Amount and Percentage - CapEx based					
		CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	137,896	1.92%	137,882	1.92%	14	0.00%	201,556	2.80%	196,674	2.74%	4,882	0.07%
8	**Total applicable KPI**	7,186,400	100%	7,186,400	100%	7,186,400	100%	7,186,400	100%	7,186,400	100%	7,186,400	100%

Template 3: Economic activities aligned to the Taxonomy (numerator)

Template 3 includes evidence of eco-friendly exposures (% values and amount) in nuclear and fossil gas related activities in the numerator of the applicable KPI.

Economic activities	Amount and Percentage - Turnover based						Amount and Percentage - CapEx based					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
2 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
3 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
4 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
5 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
6 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
7 **Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	137,896	100%	137,882	100%	14	100%	201,556	100%	196,674	100%	4,882	100%
8 **Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable**	137,896	100%	137,882	100%	14	100%	201,556	100%	196,674	100%	4,882	100%

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities

Template 4 includes evidence of eligible but not environmentally sustainable exposures (% values and amount) in nuclear and fossil gas related activities in the denominator of the applicable KPI.

	Economic activities	Amount and Percentage - Turnover based						Amount and Percentage - CapEx based					
		CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Importo e quota dell'attività economica ammissibile alla tassonomia ma non allineata alla tassonomia di cui alla sezione 4.26 degli allegati I e II del regolamento delegato (UE) 2021/2139 al denominatore del KPI applicabile	-	-	-	-	-	-	-	-	-	-	-	-
2	Importo e quota dell'attività economica ammissibile alla tassonomia ma non allineata alla tassonomia di cui alla sezione 4.27 degli allegati I e II del regolamento delegato (UE) 2021/2139 al denominatore del KPI applicabile	-	-	-	-	-	-	-	-	-	-	-	-
3	Importo e quota dell'attività economica ammissibile alla tassonomia ma non allineata alla tassonomia di cui alla sezione 4.28 degli allegati I e II del regolamento delegato (UE) 2021/2139 al denominatore del KPI applicabile	-	-	-	-	-	-	-	-	-	-	-	-
4	Importo e quota dell'attività economica ammissibile alla tassonomia ma non allineata alla tassonomia di cui alla sezione 4.29 degli allegati I e II del regolamento delegato (UE) 2021/2139 al denominatore del KPI applicabile	543	0.42%	543	0.42%	-	-	229	0.18%	229	0.18%	-	-
5	Importo e quota dell'attività economica ammissibile alla tassonomia ma non allineata alla tassonomia di cui alla sezione 4.30 degli allegati I e II del regolamento delegato (UE) 2021/2139 al denominatore del KPI applicabile	311	0.24%	311	0.24%	-	-	63	0.05%	63	0.05%	-	-
6	Importo e quota dell'attività economica ammissibile alla tassonomia ma non allineata alla tassonomia di cui alla sezione 4.31 degli allegati I e II del regolamento delegato (UE) 2021/2139 al denominatore del KPI applicabile	1	0.001%	1	0.001%	-	-	4	0.003%	3,708	0.003%	-	-
7	**Importo e quota di altre attività economiche ammissibili alla tassonomia ma non allineate alla tassonomia non incluse nelle righe da 1 a 6 al denominatore del KPI applicabile**	129,775	99.35%	129,620	99.34%	155	100%	124,805	99.76%	123,782	99.76%	1,023	100%
8	**Importo e quota totali delle attività economiche ammissibili alla tassonomia ma non allineate alla tassonomia al denominatore del KPI applicabile**	130,630	100%	130,475	100%	155	100%	125,101	100%	124,078	100%	1,023	100%

Template 5: Taxonomy non-eligible economic activities

Template 5 includes evidence of non-eligible exposures (% values and amount) in nuclear and fossil gas related activities in the denominator of the applicable KPI.

	Economic Activities	Turnover		CapEx	
		Amount	Percentage	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	594	0.01%	262	0.004%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	6,917,281	99.99%	6,859,481	100%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	6,917,875	100%	6,859,743	100%

Climate Change

[E1]

Transition Plan for climate change mitigation

[E1-1]

Since its foundation, illimity has implemented - at a consolidated level - initiatives aimed at **mitigating climate change**, despite the very nature of the Group's business model, which aims to minimise direct environmental impact and promote the responsible and efficient use of energy resources thanks to a 100% digital and fully cloud-based infrastructure and the absence of branches.

Scope 1 and Scope 2 greenhouse gas emissions of the Group refer to fuel consumption for the company car fleet and electricity consumption at the various offices. To reduce these emissions, in 2020, the Group adopted a strategic and operational approach to achieve and maintain **carbon neutrality** through a number of initiatives.

Moreover, illimity defined and applied an internal facility management procedure to regulate the management and maintenance of the real estate assets used, the systems and any associated equipment, with particular attention to the impact on the environment and the management of natural resources.

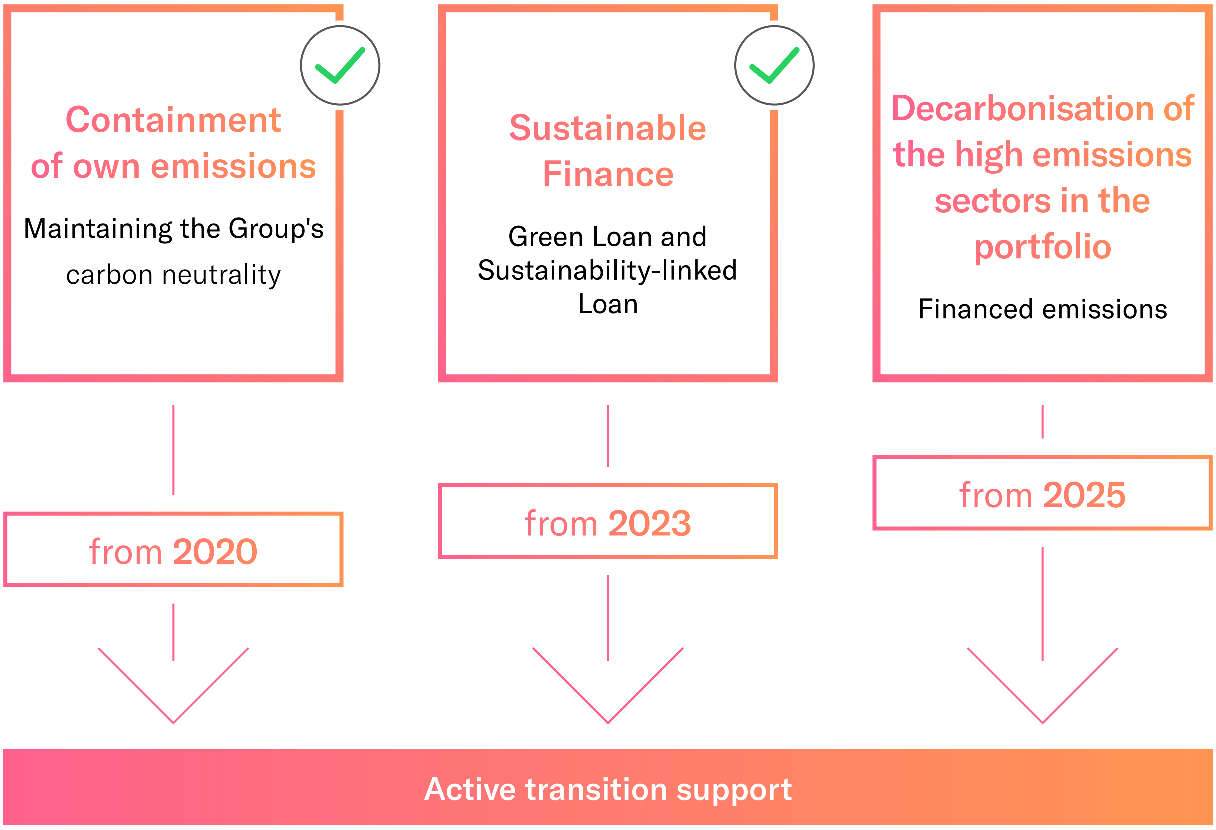
Starting from the end of 2023, in order to **reduce energy consumption** from lighting - with a focus on the areas with the highest number of operating hours/days - illimity implemented relamping (see the section **"Actions and resources in relation to climate change policies [E1-3]"**). Moreover, almost all the consumption of electricity purchased by Group companies is covered by the **purchase of renewable energy certified with Guarantees of Origin (GO)**.

These initiatives, taken over the years, have enabled the Group to achieve and maintain, since 2020, carbon neutrality for Scope 1 and Scope 2 GHG emissions, offset annually through the purchase of certified carbon credits, and one of the lowest GHG emission intensities in the Italian banking sector.

The Group's Transition Plan for climate change mitigation was adopted by illimity through the updated Climate Strategy - approved by the Board of Directors during the reference period - which is based on three fundamental pillars:

1. minimising the Group's own emissions by **achieving net-zero Scope 2 Market-based emissions by 2030** and implementing feasible actions to minimise Scope 1 emissions, while maintaining **carbon neutrality**, by offsetting residual emissions from the above areas;
2. the **development of sustainable finance** to actively support undertakings towards transition, an action started in 2023;
3. the **decarbonisation of the most carbon intensive sectors in the portfolio,** starting in 2025, with a time horizon of 2030 and 2050.

The three pillars of the Climate Strategy

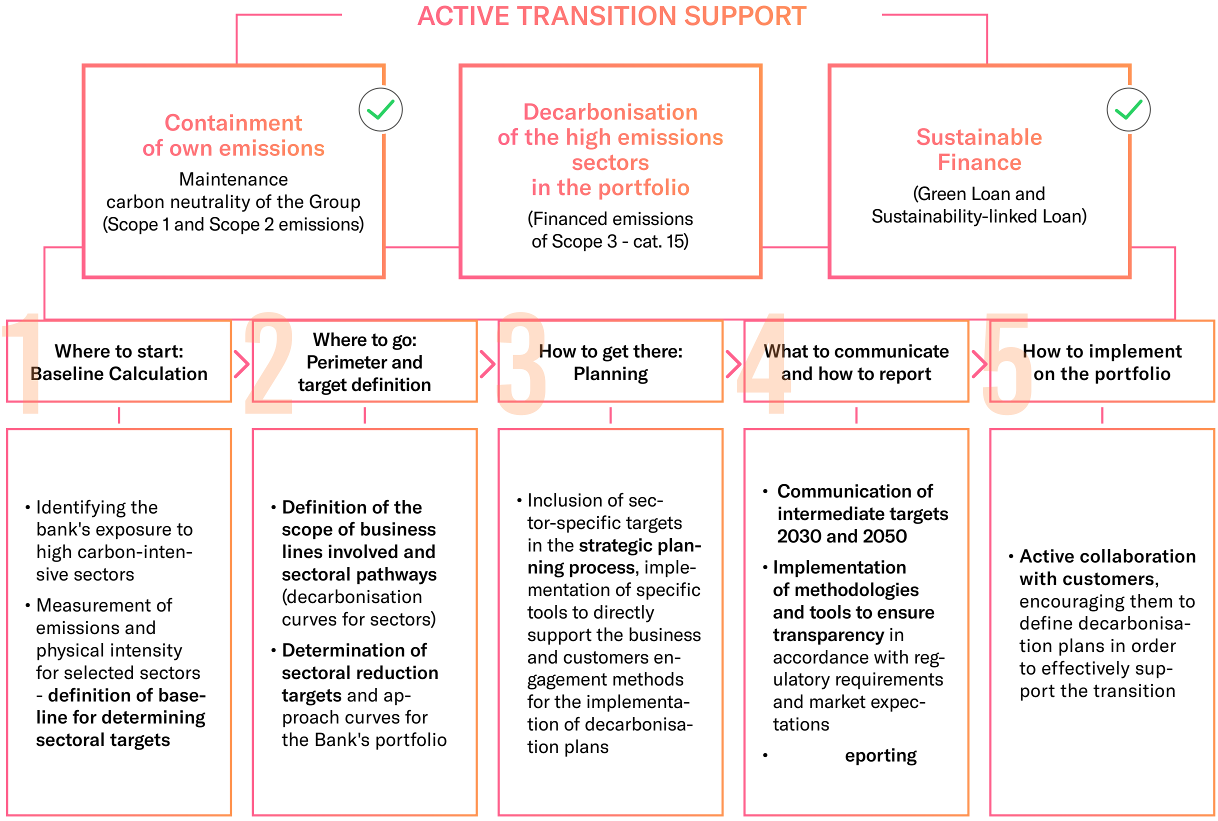


illimity's priority is to **support corporate customers** that are already demonstrating a commitment to **the renewal of their technologies and processes**, or that have the will to do so, in line with the company's mission and risk management.

Technological development, the regulatory framework and changes in consumption and production patterns will influence the transition plan, which will also vary by sector and geography.

illimity has defined its Climate Strategy with the aim of aligning its loan portfolio with the commitments of the Paris Agreement and contributing to limiting global warming to 1.5 °C. This commitment is based on a scientific approach and concrete actions to ensure the compatibility of the Bank's targets with the decarbonisation pathways required to achieve this limit.

The key points of the Climate Strategy



To ensure consistency with global climate targets, illimity has set science-based emission reduction targets, with a special **focus on the most carbon-intensive sectors in the portfolio**, such as Shipping, Power, Steel, Oil & Gas and Real Estate. These targets were defined using internationally recognised decarbonisation scenarios developed by authoritative organisations such as the International Energy Agency (IEA), the Poseidon Principles and the Science-Based Targets Initiative (SBTi). These scenarios translate the commitment of the Paris Agreement into clear sector pathways, providing a roadmap for the transition to a low-carbon economy. illimity also monitors the emission intensity of the financed companies through specific metrics, such as the "Alignment Delta" for the Shipping sector and the per unit emission intensity of physical output for other sectors. This system allows to accurately assess the progress of undertakings in reducing emissions and to direct financial support towards those that demonstrate a concrete commitment to the ecological transition.

Another key element of illimity's Climate Strategy is the **promotion of sustainable finance**. The Bank supports undertakings operating in carbon-intensive sectors by offering innovative financial instruments, such as Sustainability-Linked Loans and Green Loans, which link the terms of the financing to the achievement of specific environmental targets. This approach encourages companies to improve their sustainability performance by integrating environmental responsibility into their business models.

illimity is also committed to establishing an active dialogue with its customers, helping them to **define and implement credible transition plans** that are proportionate to their activities. To do so, the Bank works with specialised sector-specific advisors to ensure effective support for decarbonisation.

The Climate Strategy adopted by illimity is well-structured and ambitious, combining actions to reduce its greenhouse gas (GHG) emissions with initiatives to decarbonise its financing portfolio, in line with climate change mitigation targets. This approach is based on a combination of **decarbonisation levers and planned interventions** that affect both the Bank's direct operations and its value chain.

In terms of its own operations, illimity achieved carbon neutrality in 2020 and is committed to maintaining it over time.

As mentioned above, the main actions undertaken are:
- **the installation of energy-efficient LED lamps** in offices (relamping) which helped to reduce energy consumption;
- **the purchase of renewable energy certified by Guarantees of Origin** (GO), which already covers approximately 72% of the Bank's energy needs (slightly down on the previous year due to the extended reporting scope), with the aim of achieving 100% by 2030.

In terms of decarbonisation of the financing portfolio (Scope 3), illimity identified three main levers:
- the **exclusion of sectors with a high environmental impact**, such as coal-fired power plants, for which restrictions or bans on financing apply;
- the setting of science-based emission reduction targets with specific targets for the most carbon-intensive sectors of the portfolio, such as Shipping, Power, Steel, Oil & Gas and Real Estate;
- the **development of sustainable finance**: illimity offers products such as Green Loan and Sustainability-Linked Loan, which encourage undertakings to improve their sustainability performance, and works with SACE to facilitate access to the Green Guarantee for sustainability projects. Moreover, the Bank is creating an ecosystem of ESG services, in partnership with financial institutions and third-party organisations, to support undertakings with ESG assessment tools and advice on decarbonisation plans.

illimity also integrates ESG criteria into its credit rating and risk management assessment processes, introducing Risk Appetite/Tolerance thresholds for indicators such as the ESG score of financed counterparties and the emission intensity of the portfolio. To further improve the effectiveness of its actions, the Bank is exploring the adoption of new technologies to measure and monitor emissions along the value chain. For example, it is considering the use of data analysis tools to improve the quality and availability of data on the emissions of financed counterparties.

In terms of investments and financings for the implementation of the Transition Plan and the resulting climate change mitigation actions, as mentioned above, these are mainly focused on energy efficiency initiatives, emission reduction and the use of renewable energy sources.

The Transition Plan does not include interventions having an economic magnitude requiring separate report beyond ordinary investments of the undertaking. Therefore, the capital expenditure (CapEx) for mitigation actions does not have a significant impact that would require separate plans or additional communication under Commission Delegated Regulation (EU) 2021/2178. In particular, both CapEx and OpEx investments related to climate change mitigation were made in years prior to the reporting period and are not economically material to the Group.

Moreover, due to the very nature of the illimity Group's business model, “locked-in” GHG emissions are limited to a portion of direct emissions (Scope 1) so as not to compromise the achievement of the Group's environmental targets.

The Transition Plan, in its Climate Strategy form, was approved by the Bank's Board of Directors in November 2024, is embedded and aligned with the Bank's overall business strategy and financial planning (budget), and its implementation began in 2025. Specifically, the strategy is developed over a long-term time horizon of 2030 and 2050 for both the Group's own activities and those of the value chain, i.e. the Bank's portfolio; this is complemented by the environmental targets of the 2021-2025 Strategic Plan, in particular those relating to carbon neutrality and addressing financed emissions, and, similarly, by the 2023-2025 Sustainability Plan's goal relating to the development of sustainable finance.

The sustainable finance targets and emission intensity limits of the specific sectors identified by the Climate Strategy are integrated into the strategic planning and budgeting processes and into the Risk Appetite Framework, respectively.

Finally, it should be noted that illimity is excluded from the EU benchmarks aligned with the Paris Agreement.

Policies related to climate change mitigation and adaptation

[E1-2]

The environmental policy of the illimity Group focuses on mitigating climate change and, in particular, on reducing greenhouse gas emissions through a number of initiatives:

- **Carbon neutrality**: The Group maintains neutrality for Scope 1 and 2 emissions, offsetting residual emissions with certified carbon credits.
- **Measurement and management of financed emissions (Scope 3)**: illimity assesses the climate impact of its investments and financings, promoting sustainable choices.
- **Sector-specific exclusion**: Sectors with a high negative environmental impact, such as coal-fired power plants, unconventional fossil fuel extraction and unsustainable palm oil production are excluded from financings and investment.

The Group recognises the importance of **addressing the risks arising from climate change** and considers climate adaptation to be an essential element in ensuring the resilience of its business model. Physical risks related to climate change, both acute (e.g. floods, heat waves, droughts) and chronic (e.g. rising temperatures, rising sea levels), are embedded into the company's risk management processes. Embedding physical risks into decision-making processes is a first step towards a broader climate adaptation strategy, although a specific governance model for coordinating adaptation activities has yet to be defined.

illimity also promotes energy efficiency through relamping projects as explained in the section **"Actions and resources in relation to climate change policies [E1-3]"**.

Equally important for the Group is the promotion and use of renewable sources, through the target of achieving 100% electricity from renewable sources (certified by Guarantees of Origin) in its main offices.

The Group takes further environmental measures, including:

- **Sustainable waste management**: Promoting separate waste collection and responsible disposal.
- **Responsible consumption of water resources**: Measuring water consumption.
- **Use of certified materials**: Using FSC-certified paper.
- **Sustainable mobility**: The Group's Car Policy provides for the allocation of hybrid, plug-in and electric vehicles that meet European emission standards.
- **Training and awareness-raising**: The staff is trained on environmental issues and the reporting of environmental impacts is transparent.

[E1-MDR-P]

Policy	Environmental and Climate Policy
Main contents	The Policy defines the illimity Group's approach to preventing, managing and, where possible, reducing the environmental and climate impact caused and/or suffered, directly or indirectly, by the activities of the Bank and the Group's entities, also in light of the regulatory framework for environmental protection and combating climate change established by European Union legislation, and by current national and regional laws, which are constantly evolving. The Policy also defines commitments to manage and reduce direct and indirect environmental impacts, and to monitor and report them.
Main recipients	The Policy applies to Group Entities, which are subject to the management and coordination of the Parent Company for what concerns own operations and to financed and/or invested customers and counterparties, and to suppliers for what concerns indirect impacts.
Policy Implementers	Chief Financial Officer, Head of IR & Sustainability.
References to third-party standards or initiatives	• European Green Deal. • Paris Agreement. • Bank of Italy Supervisory Expectations on Climate and Environmental Risks.
Stakeholder engagement	In drafting the Policy, the Bank's internal functions were involved, requests from investors and rating agencies were collected and supervisory and regulators expectations were considered.
Methods of access/distribution	The policy is available on the "Company Regulations" portal on the company Intranet and is published, in Italian and English, on the Parent Company's Corporate website.

Policy	ESG Investment Policy (corporate finance)
Main contents	The target of the ESG Policy is to set out the strategic guidelines for the integration of ESG issues into investment analysis and responsible investment decision-making processes, with the target of reducing exposure to issuers whose behaviour is not in line with the Bank's investment principles and strategy.
Main recipients	The contents of this Policy apply to investments in financial instruments (including, but not limited to, public and private debt and equity securities) made by the Investment Banking division and the ALM & Treasury function as defined annually in theInvestment Policy & Limits approved by the Board of Directors.
Policy Implementers	Chief Financial Officer, Head of Investment Banking.
References to third-party standards or initiatives	• Principles for Responsible Investments (PRI). • Principles for Responsible Banking (PRB). • Regulation (EU) 2020/852 (EU taxonomy for environmentally sustainable economic activities).
Stakeholder engagement	In drafting the Policy, the Bank's internal functions were involved, requests from investors and rating agencies were collected, and supervisory and regulators expectations were considered.
Methods of access/distribution	The policy is available on the "Company Regulations" portal on the company Intranet and is published, in Italian and English, on the Parent Company's Corporate website.

Policy	Facility Management Procedure
Main contents	The target of the Procedure is to regulate the proper management and maintenance of the real estate assets used by the Bank, the systems and any associated equipment, with particular attention to the impact on the environment and the management of natural resources. It also aims to promote awareness and individual conduct that are consistent with principles of correct corporate management and sustainable development.
Main recipients	The Procedure applies to all entities of the illimity Banking Group, which are subject to the management and coordination of the Parent Company illimity Bank S.p.A., for the parts falling under its competence and depending on the nature of the business carried out by each subsidiary.
Policy Implementers	Chief HR & Organization Officer.
References to third-party standards or initiatives	• Legislative Decree No. 231/2001, as amended, for what concerns environmental offences and offences related to occupational health and safety. • Legislative Decree 192/2005, as amended, concerning the improvement of the energy performance of buildings. • Consolidated Environmental Law, pursuant to Legislative Decree 152/2006 as amended).
Stakeholder engagement	In drafting the Policy, the Bank's internal functions were involved, requests from investors and rating agencies were collected, and supervisory and regulators expectations were considered.
Methods of access/distribution	The policy is available on the "Company Regulations" portal on the company Intranet and is published, in Italian and English, on the Parent Company's Corporate website.

It should also be emphasised that among the climate change mitigation policies, the **Credit Procedure**, described in section **"Policies related to consumers and end-users [S4-1]",** is of particular materiality, as it regulates the processes, roles, responsibilities and controls related to illimity's loan and investment activities, thus integrating climate risk mitigation measures and the implementation of the climate strategy into operations.

Actions and resources in relation to climate change policies

[E1-3]

The main climate change mitigation actions undertaken by the illimity Group are as follows:

- Choosing to operate 100% cloud-based and the absence of branch offices to minimise the emissions related to the staff's workplaces.
- Use of renewable energy: Through the Sustainability Plan's target of achieving 100% of electricity consumed from renewable sources (Guarantees of Origin) at the Group's main offices.
- Energy efficiency of buildings: relamping project (installation of LED light bulbs with high illumination and energy efficiency) at the Group's main offices in Milan. The new devices installed can accurately light up the areas where there is a real need for light by means of photocells that only switch on the LEDs where staff is present. These devices are also combined with light meters that modulate the intensity of the light based on the external light, while guaranteeing the utmost comfort for workers.
- The Group's car policy provides for car assignment based on sustainability principles and in line with the expected use for business reasons. For this reason, the Group adopted efficient cars, such as, for example, hybrid vehicles, plug- in hybrid vehicles and electric vehicles that meet the European emission standards for pollution.

As a result of the amendment to electricity purchase contracts covered by Guarantees of Origin, Scope 2 emissions calculated using the market-based methodology have decreased over the last few years from 100 tCO_2e and in 2022 to 97 tCO_2e and in 2023, and to 86 tCO_2e and in 2024 (despite the expansion of the reporting boundary, which has increased energy consumption and therefore Scope 1 and Scope 2 emissions).

Scope 2 emissions, calculated using the market-based method, will be further reduced to zero by purchasing electricity with Guarantees of Origin.

The actions undertaken by the Group involve the use of economic resources that are not considered to be material and that are in any case provided for in the Group's budget for the maintenance and efficiency of the Group's officees.

[E1-MDR-A]

One of the actions taken by the Group concerns the choice and allocation of company cars for personal and work use, regulated by the Group-wide "Car Policy".

The selection of vehicles favours solutions with a low environmental impact, in line with the sustainability principles. In particular, the choice of cars focuses on energy-efficient models such as hybrid, plug-in hybrid and electric vehicles that meet European standards on pollutant emissions, while spiders, convertibles, coupés, pick-up trucks and sports cars cannot be ordered.

This action will directly contribute to the Group's climate targets by reducing CO_2 emissions and improving energy efficiency. The transition to less polluting vehicles supports the achievement of environmental goals and long-term sustainability policies.

This action will be implemented through the "Car Policy" by choosing low-emission vehicles over the next few years. Such action is not aimed directly at remedying past damage, but at preventing future environmental impacts.

In the short term, the Group plans to gradually increase the number of plug-in electric and hybrid vehicles.

As of 31 December 2024, approximately 45% of the Group's car fleet consists of electric hybrid, mild hybrid and plug-in vehicles. The adoption of these technologies has improved the company's environmental performance, with positive feedback from the staff.

To encourage company car users to choose full-electric cars, illimity contributes with a 10% discount on the rental fee (up to a maximum of EUR 100 per month) if the employee chooses this type of car.

The initiative started in 2024 and involved a limited number of full-electric cars. For this reason, the amount of the financial resources allocated to the above actions included in financial statement item 160.a) A/IFRS16 is not material.

Targets related to climate change mitigation and adaptation

[E1-4]

In addition to the environmental goals related to the 2023-2025 Sustainability Plan described above, illimity has set clear and measurable targets to reduce greenhouse gas (GHG) emissions through its Climate Strategy, which was approved by the Board of Directors in November 2024. In particular, the Group has committed to:

- **achieving zero Scope 2 market-based emissions by 2030** by ensuring that 100% of its energy consumption comes from certified renewable sources (GO).
- using a scientific methodology to align its credit portfolio with sector-specific pathways, illimity has set **science-based targets for 2030 and 2050**, focusing on the most carbon-intensive sectors, as reported below.

Sector-specific targets and limits

Values as of 31/12/2023

Sector		Sector-specific scenario	Metric	2023	Target			
				illimity Baseline	2030 % reduction vs baseline	2030	2050 % reduction vs baseline	2050
Shipping	Operators of maritime freight transport of goods and passengers Suppliers / Ship manufacturer / Ship Operators	Poseidon Principles (based on 2023 IMO GHG Strategy)	gCO_2/tnm	25.5	-64%	9.1	-100%	0.0
Power	Production Generation / Transformation / Transmission & Distribution	IEA NZE 2050	$kgCO_2/kWh$	0.3	-42%	0.19	-100%	0.0
					Limits			
Steel	Production Iron Mining / Manufacturing / End Products	IEA NZE 2050	tCO_2/t of steel produced	The strategy aims to restrict future financings to these sectors to companies that commit to aligning with sector-specific decarbonisation targets for 2030 and 2050	n/a	1.07	n/a	0.12
Oil & Gas	Oil and gas extraction, oil refining Upstream / Midstream / Trading	IEA NZE 2050	gCO_2e/MJ		n/a	58	n/a	17
Real Estate	Reskilling and development Building materials and construction / Operations / End of life	SBTi 1.5°C pathway for Italy	tCO_2e/m^2		n/a	0.007	n/a	0.0004

Shipping

PERIMETER

Economic activities

Maritime freight transport and passenger transport operators (Cargo and passenger ships); excluding military vessels, submarines, inland waterway boats and vessels used for production and construction

Suppliers | Ship manufacturer | Ship Operators

Scope Emissions

Direct emissions of **Scope 1** related to the operation of vessels

Lines of Business

Structured Finance, Turnaround & Special Situation Finance

METHODOLOGY

Scenario

Poseidon Principles, a "striving" scenario based on the IMO's 2023 GHG Strategy

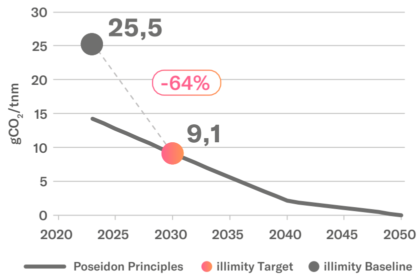
Metric and alignment

- Emission intensity expressed as gCO_2 / tnm

$$\frac{\text{SCOPE 1 EMISSION } (gCO_2)}{\text{Tonnes transported per nautical mile}}$$

- Convergence of portfolio metric to the sector's decarbonisation curve

TARGET



Sources

- Direct collection from customers whenever possible
- Database Thetis (of the European Maritime Safety Agency - EMSA), IMO

Power

PERIMETER

Economic activities

Producers of electricity from both traditional and renewable sources. Companies involved in the construction or operation of coal-fired power stations are excluded

Generation | Transformation | Transmission & Distribution

Scope Emissions

Scope 1 i.e. emissions from the combustion of fossil fuels related to energy production

Lines of Business

Structured Finance, Turnaround & Special Situation Finance

METHODOLOGY

Scenario

IEA Net Zero by 2050

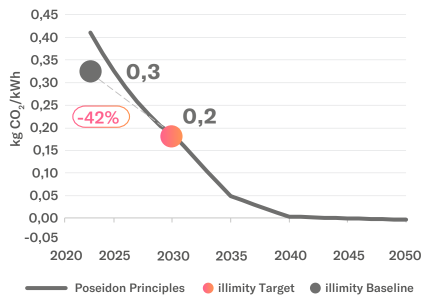
Metric and alignment

- Emission intensity expressed as $kgCO_2$ / kWh

$$\frac{\text{SCOPE 1 } (gCO_2)}{\text{Energy Produced (KWh)}}$$

- Convergence of portfolio metric to the sector's decarbonisation curve

TARGET



Sources

- Manually collected data directly from customers whenever possible
- Emission intensity factors from European Residual Mixes 2023 Association of Issuing Bodies

Steel

PERIMETER

Economic activities

Steel industry (primary steel production by blast furnace and/or basic oxygen furnace); secondary steel production or steel recycling with electric arc furnaces

Iron Mining | Manufacturing | End Products

Scope Emissions

Scope 1 i.e. direct emissions from industrial processes and **Scope 2** i.e. indirect emissions from electricity purchased and used during steel production

Lines of Business

Structured Finance, Turnaround & Special Situation Finance

METHODOLOGY

Scenario

IEA Net Zero by 2050

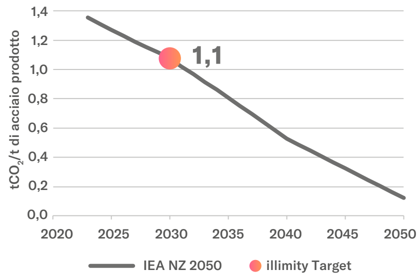
Metric and alignment

- Emission intensity expressed as tCO_2 / tonne of steel produced

$$\frac{\text{Scope 1 + Scope emissions } (tCO_2)}{\text{tonnes of steel produced}}$$

- Convergence of portfolio metric to the sector's decarbonisation curve

TARGET



Sources

- Direct collection from customers whenever possible
- World Steel Association Database

Oil & Gas

PERIMETER

Economic activities

Upstream i.e. the exploration and extraction of crude oil and gas; downstream i.e. the manufacture of products from refined petroleum products and oil refineries

Upstream | Midstream | Downstream | Trading

Scope Emissions

Scope 1 direct emissions from extraction and refining operations

Scope 2: indirect emissions of purchased energy (i.e. electricity used at refineries or extraction sites)

Scope 3 category "use of sold products": emission generated by the use of sold products

Lines of Business

Structured Finance, Turnaround & Special Situation Finance

METHODOLOGY

Scenario

IEA Net Zero by 2050

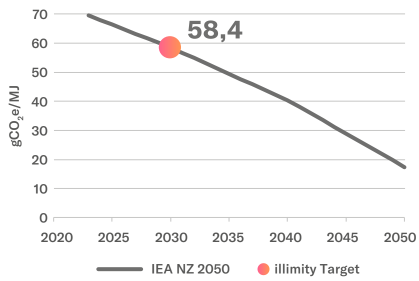
Metric and alignment

- Emission intensity expressed as gCO_2e/ MJ

$$\frac{\text{Scope 1 + Scope 2 + Scope 3 } (gCO_2e)}{\text{Energy Produced (MJ)}}$$

- Convergence of portfolio metric to the sector's decarbonisation curve

TARGET



Sources

- Direct collection from customers

Real Estate

PERIMETER

Economic activities

Financings provided to companies or intermediaries wishing to reskill/ redeploy assets

Building materials and construction | Operations | End of life

Scope Emissions

Scope 1 i.e. direct emissions from real estate assets (e.g. heating with fossil fuels) and **Scope 2** i.e. indirect emissions related to the consumption of purchased electricity (e.g. for heating, lighting, etc.)

Lines of Business

Including all performing asset-based financings aimed at asset reskilling/ redeployment

METHODOLOGY

Scenario

SBTi Operational emissions 1.5°C pathway for Italy

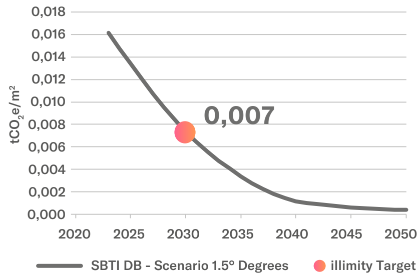
Metric and alignment

•Emissive intensity expressed as tCO_2e/m^2

$$\frac{\text{Scope 1 + Scope 2 emissions } (tCO_2e)}{\text{Surface area } (m^2)}$$

• Convergence of portfolio metric to the sector's decarbonisation curve

TARGET



Sources

• PICAF, European Building Emission Factor
• Database (European database that collects and makes available emission factors for the real estate sector)

The Bank's greenhouse gas (GHG) emission reduction targets are fully consistent with the boundary of the emissions inventory, in particular with regard to Scope 2 emissions, which refer to indirect emissions from the consumption of purchased energy (such as electricity, heat or steam), and Scope 3 category 15 "Investments".

Both targets and limits refer to 2030 and 2050 and are expressed in terms of the emission intensity of the financed counterparties. They are aligned with specific international scenarios that are officially recognised and used by major global operators to inform their targets, including the IEA report "Net Zero Roadmap: a global pathway to keep the 1.5° C Goal Reach", updated in 2023, the Poseidon Principles15 and the Science-Based Targets Initiative (SBTi). illimity has set targets and limits for physical emission intensity (CO_2 / unit of physical output), rather than absolute emissions as these allow for monitoring the actual commitment of undertakings to reducing the CO_2 emissions per unit of product by adopting innovative and sustainable technologies.

Since its inception, illimity has implemented initiatives to reduce its Scope 2 emissions by increasing the number of contracts to purchase electricity from certified renewable sources each year. More specifically:

- in 2022, all the Group's main locations, with the exception of Abilio, had contracts to purchase electricity from certified renewable sources (GO);
- since November 2023, Abilio has also amended its contract for the supply of electricity from certified renewable sources (GO).

The base value chosen to measure progress towards the GHG emission reduction targets was 2023. The base value and base year did not change as they were defined with the publication of the Group Climate Strategy in November 2024.

illimity's GHG emission reduction targets are science based and are consistent with the goal of limiting the global temperature increase to 1.5°C, as set by the Paris Agreement. In this regard, the Net Zero Emissions (NZE) scenario to 2050 of the International Energy Agency (IEA), which translates temperature commitments into a clear and measurable sectoral decarbonisation pathway, was taken as a reference.

The methodology used to set these targets includes a **sectoral decarbonisation pathway**, with climate scenarios reflecting the need to align with global emission reduction commitments. illimity's targets have been externally reviewed by experts to ensure they are consistent with global climate targets and the financial sector's transition plan.

In terms of key assumptions, illimity used internationally recognised sector-specific decarbonisation pathways as a reference and considered future developments in terms of technological innovation, climate policies and regulatory changes that could affect its emissions and its ability to reduce them. The reduction actions are therefore adaptable to any future changes that may alter the emissions and climate landscape, allowing the undertaking to remain in line with the goal of limiting global warming to 1.5°C.

illimity has also identified a number of decarbonisation levers that will contribute to achieving its GHG emission reduction target, in particular with regard to Scope 3 emissions, Category 15, with the target of achieving zero emissions by 2030. In particular:
- **Excluding certain sectors with a high environmental impact:** illimity will adopt restrictive financing policies or introduce bans on financing for sectors with a significant negative environmental impact, such as coal mining and coal and/or oil-burning power stations.
- **Setting targets for carbon-intensive sectors:** the Bank identified carbon-intensive and hard-to-abate sectors by setting science-based decarbonisation targets. Investments will therefore be directed towards undertakings that have defined decarbonisation plans in line with international standards.
- **Promoting transition finance:** illimity will provide financings to undertakings in hard-to-abate sectors, helping them to improve their operational practices and make concrete commitments to reduce their climate impact.
- **Financing green projects:** the Bank will allocate resources to specific projects that have well-defined environmental and climate targets, such as Green Loans, to encourage initiatives that contribute to sustainability.

In defining its Climate Strategy, the Bank has drawn on internationally recognised decarbonisation scenarios developed by bodies such as the International Energy Agency (IEA), the Poseidon Principles and the Science-Based Targets Initiative (SBTi). These scenarios take into account environmental, social, technological, market and political developments, and define sector-specific pathways to achieve carbon neutrality by 2050.

In particular, illimity adopted the IEA's Net Zero Emissions (NZE) scenario to 2050, which provides a roadmap for limiting global temperature increase to 1.5°C. This scenario was used to set emission intensity targets and limits for the following sectors:
- Shipping;
- Power;
- Steel;
- Oil & Gas.

For the Real Estate sector, the SBTi Operational emissions 1.5°C pathway for Italy scenario was used, developed in collaboration with the Commercial Real Estate Emissions Model (CRREM), which takes into account the decarbonisation regulations and technologies adopted in Italy.

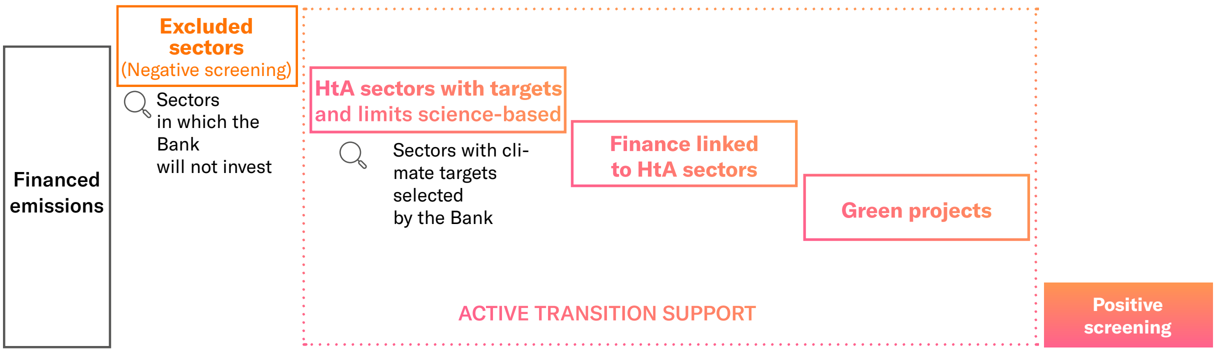
In addition to these scenarios, the Bank also considered other relevant factors, such as:
- the regulatory framework, with the EU's Fit for 55 package and the Energy Performance of Buildings Directive (EPBD);
- the technologies available for decarbonisation;
- the costs and benefits of mitigation options.

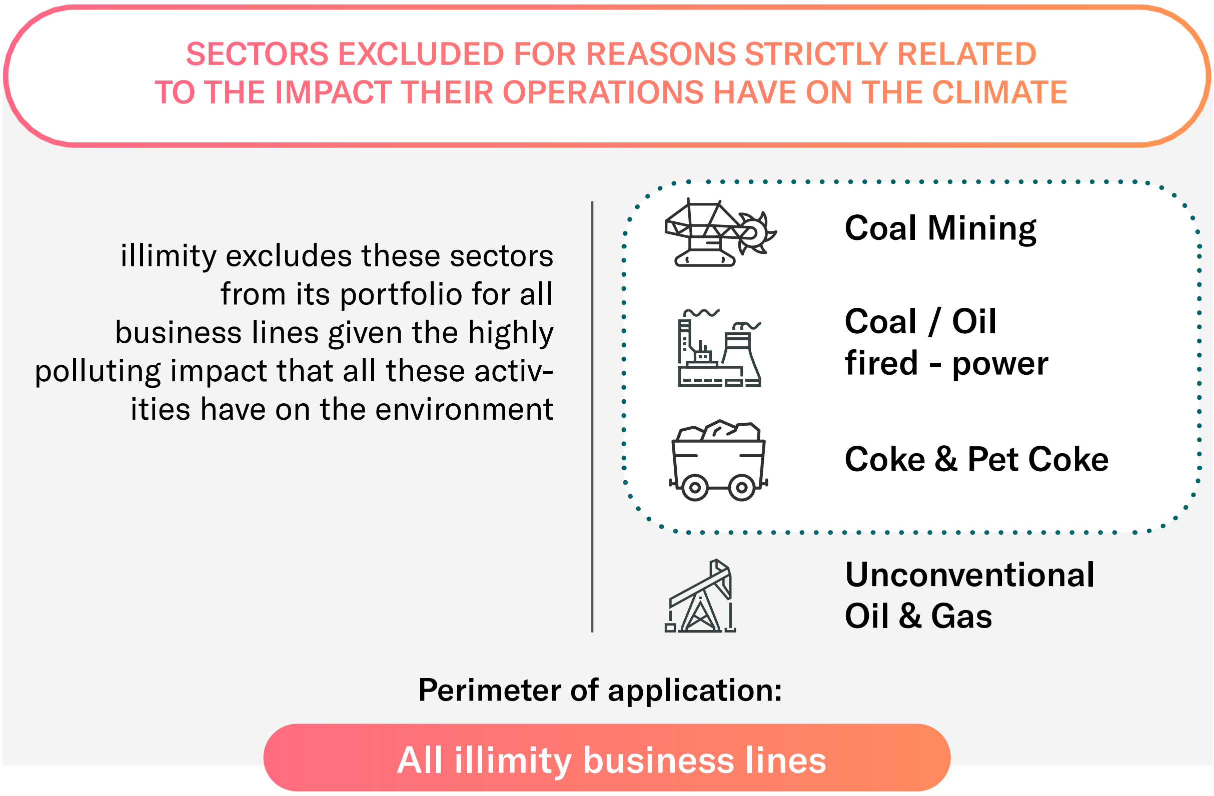
illimity is also committed to actively supporting the transition of the undertakings it finances or invests in by encouraging the definition and implementation of credible transition plans, based on decarbonisation targets aligned with science-based sector-specific limits and targets that are the levers of the Plan.

In general, illimity's Climate Strategy emphasises a structured and science-based approach to decarbonising its portfolio, recognising that strategies must adapt to future developments.

Decarbonisation of high emission sectors and sustainable finance

Decarbonisation of high emission sectors will result from a combination of several mitigation actions (exclusion of sectors, targeting of specific carbon-intensive sectors, development of sustainable finance).





On the other hand, with regard to the target of achieving net-zero Scope 2 emissions, the decarbonisation lever used is related to the purchase of energy with Guarantees of Origin. The Group has therefore committed itself to amending its electricity supply contracts to increase the use of GO until it covers its entire supply by 2030.

Reduction in Scope 1 emissions	Uom	Base year (2023)	2030 Target	2035 Target	2040 Target	2045 Target	2050 Target
Absolute value of GHG emissions	tCO_2e	292.6	NA	NA	NA	NA	NA
Percentage reduction in GHG emissions	%	-	NA	NA	NA	NA	NA
Reduction in GHG emission intensity	%	-	NA	NA	NA	NA	NA
Reduction in Scope 2 emissions Location-based method							
Absolute value of GHG emissions	tCO_2e	261.1	NA	NA	NA	NA	NA
Percentage reduction in GHG emissions	%	-	NA	NA	NA	NA	NA
Reduction in GHG emission intensity	%	-	NA	NA	NA	NA	NA
Reduction in Scope 2 emissions Market-based method							
Absolute value of GHG emissions	tCO_2e	96.8	0.0	0.0	0.0	0.0	0.0
Percentage reduction in GHG emissions	%	-	100%	100%	100%	100%	100%
Reduction in GHG emission intensity	%	-	NA	NA	NA	NA	NA
Reduction in Scope 3 emissions							
Absolute value of GHG emissions	tCO_2e	740,451.6	NA	NA	NA	NA	NA
Percentage reduction in GHG emissions	%	-	NA	NA	NA	NA	NA
Reduction in GHG emission intensity	%	-	NA	NA	NA	NA	NA
GHG emission reduction							
Scope 1 + Scope 2 - Location-based method + Scope 3	tCO_2e	741,005.3	NA	NA	NA	NA	NA
Percentage reduction in GHG emissions	%	-	NA	NA	NA	NA	NA
Reduction in GHG emission intensity	%	-	NA	NA	NA	NA	NA
Scope 1 + Scope 2 - Market-based method + Scope 3	tCO_2e	740,841.0	NA	NA	NA	NA	NA
Percentage reduction in GHG emissions	%	-	NA	NA	NA	NA	NA
Reduction in GHG emission intensity	%	-	NA	NA	NA	NA	NA

Tracking effectiveness of policies and actions through targets

[E1-MDR-T]

Since the beginning of its business in 2019, illimity has paid particular attention to environmental, social and governance (ESG) issues and has undertaken a process to integrate them into its strategies, processes and governance. In line with this target, the Bank has drawn up the 2023 - 2025 Sustainability Plan, approved by the Board of Directors in February 2023. Divided into environmental, social and governance issues, the plan sets ambitious targets that integrate the Bank's different business areas and meet the needs expressed by the various stakeholders**.**

Specifically, with particular reference to policies and actions relating to environmental aspects, illimity identified and included the following targets in the aforementioned Sustainability Plan:

Topic area	Target	State of Progress	Expected deadline
Carbon Footprint	Maintaining the Group's carbon neutrality (Scope 1 and Scope 2 emissions)	Completed	Annual target
	Measuring "financed emissions" (Scope 3)	Completed	Achieved
	Addressing "financed emissions" (Scope 3)	Completed	Achieved
Energy Desk	Reactivation of renewable energy plants through the Energy Desk	Completed	Achieved
ESG in RAF	Integrating ESG factors into credit assessment and Risk Appetite Framework	Completed	Achieved
Energy consumed	Achieving 100% of electricity consumed from renewable sources (GO) for the Group's main offices	Completed	Achieved
FSC Paper	Keeping the use of FSC paper at 100% throughout the Group	Completed	Annual target
Environmental Policy	Development of environmental policy at a Group level	Completed	Achieved
Environmental KPIs in Real Estate	Considering environmental and climate impacts when assessing and managing Real Estate assets	Completed	Achieved
Green loan and sustainable finance	Developing the sustainable finance product range and framework (green/sustainability-linked)	Completed	Achieved
	Developing ESG support/advisory services to SMEs	Ongoing	2025
	Achieving 15% of 2023-2025 cumulative origination volumes (disbursed/invested) for sustainable finance (Sustainability-linked loans, Green Loans/Investments, Taxonomy-eligible)	Ongoing	2025
ESG Asset Management	Launching Fund (SGR) with ESG characteristics	Completed	Achieved
Reporting	Reporting in line with TCFD recommendations	Completed	Achieved

All identified targets related to the areas described in the "Topic area" column, are measurable and monitored as part of the 2023-2025 Sustainability Plan of the illimity Group, which is presented to the Sustainability Committee at least quarterly.

With reference to the targets for maintaining "carbon neutrality" and "energy consumed", it should be noted that these are quantitative and absolute in nature. The other targets are of a qualitative nature as described by them.

For all the identified and described targets relating to climate change:

- no base value has been envisaged;
- the base year of reference is 2022;
- a three-year time horizon from 2023 to 2025 was identified.

Notwithstanding the time horizon, the "Expected Deadline" column in the table shows the intermediate completion date identified by illimity for each identified target. For the intermediate situation regarding the "sustainable finance" target, please refer to the section **"Consumers and end-users [S4]"**. With regard to the "ESG Asset Management" target, it is confirmed that the illimity Selective Credit Alternative Investment Fund, managed by illimity SGR and classified in accordance with art. 8 SFDR, is active since 2023. This fund promotes environmental and social characteristics, provided that they comply with good governance practices (ESG).

The targets identified and described were defined to meet the demands of the various stakeholders, the regulatory expectations on sustainable finance and climate and environmental risk management and the opinions of the main rating agencies (e.g. MSCI, CDP, ISS ESG, Standard ethics).

Moreover, the latter are not based on reliable scientific data as the Bank has considered qualitative and quantitative elements in formulating and defining them.

As mentioned above, the targets identified also reflect the requirements of some of the Group's stakeholders, in particular shareholders, rating agencies and regulators.

To date, there have been no changes to the sustainability targets related to environmental issues formalised in the 2023 - 2025 Sustainability Plan.

For more information, see the section **"Actions and resources in relation to climate change policies [E1-3]".**

Energy consumption and mix

[E1-5]

Energy consumption (MWh)	2023	2024
Energy from fossil sources		
Coal and coal products	-	-
Crude oil and petroleum products	-	-
Natural gas	-	-
Fuel from non-renewable sources[11]	1,176.7	1,156.4
Electricity and heat from fossil sources	166.5	295.0
Total consumption from fossil sources	**1,343.2**	**1,451.4**
Share of fossil sources in total energy (%)	62.6%	65.7%
Energy from nuclear sources		
Total consumption from nuclear sources	**-**	**-**
Energy from renewable sources (including Guarantees of Origin)		
Fuels, including biomass	-	-
Electricity, heat, steam and cooling[12]	803.7	757.5
Self-generated energy	-	-
Total consumption from renewable sources	**803.7**	**757.5**
Share of renewable sources in total energy (%)	37.4%	34.3%
Total energy consumption	**2,146.9**	**2,208.9**

Energy consumption in 2024 is slightly higher than in the previous year **mainly due to the effect of the extension of the reporting scope resulting from the application of the new ESRS standards**. In fact, the calculation processes were further consolidated to include the energy consumption related to additional Abilio secondary offices (mostly support offices), collateralised facilities and third-party real estate assets in use by illimity, or in favour of its employees, which in the past were not within the reporting scope.

11 Data on fuel consumption and greenhouse gas emissions for cars for personal and work use were reported for 70% of the total consumption recorded, in line with the document "ABI Lab 2024 Guidelines".

12 It only takes into account electricity certified with Guarantees of Origin (GO) for the illimity companies (Milan and Modena offices), illimity SGR, ARECneprix (Milan office), Abilio (Faenza office), Quimmo Agency and Industrial Discount.

Gross Scopes 1, 2, 3 and Total GHG emissions

[E1-6]

Gross scope 1, 2 and 3 GHG emissions and total GHG emissions at the level of the scope of consolidation of the illimity Group are reported in the following table, broken down by scope 1 and 2 and by significant categories of scope 3.

Moreover, both retrospective data, compared to the previous financial year (base year of reference), and the milestones set by illimity's Climate Strategy, as described in the previous section **"Transition Plan for climate change mitigation [E1]",** including where such milestones are not foreseen or applicable ("n/a").

Gross Scope 1, 2, 3 GHG emissions	Retrospective			Milestones and target years			
(tCO_2e)	Base year (2023)	2024	2024/ 2023 %	2030	2040	2050	Annual % target/ base year
Gross Scope 1 GHG emissions	**293**	**307**	5%	n/a	n/a	n/a	n/a
Percentage of Scope 1 GHG emissions covered by regulatory systems (%)	-	-	-	n/a	n/a	n/a	n/a
Scope 2 GHG emissions							
Gross Scope 2 location-based GHG emissions	261	292	12%	n/a	n/a	n/a	n/a
Gross Scope 2 market-based GHG emissions	97	86	-11%	-	-	-	-14%
Significant Scope 3 GHG emissions							
Total gross indirect GHG emissions (Scope 3)	**740,452**	**747,843**	**1%**	n/a	n/a	n/a	n/a
Cat. 1 - Purchased goods and services	4,550	4,444	-2%	n/a	n/a	n/a	n/a
Cat. 3 - Fuel and Energy-Related Activities	141	122	-13%	n/a	n/a	n/a	n/a
Cat. 5 - Waste generated in operations	4	3	-13%	n/a	n/a	n/a	n/a
Cat. 6 - Business travel	322	168	-48%	n/a	n/a	n/a	n/a
Cat. 7 - Employee commuting	541	465	-14%	n/a	n/a	n/a	n/a
Cat. 15 - Investments	734,893	742,640	1%	n/a	n/a	n/a	n/a
Total GHG emissions							
Total GHG emissions (location-based)	**741,005**	**748,442**	**1%**	**n/a**	**n/a**	**n/a**	**n/a**
Total GHG emissions (market-based)	**740,841**	**748,236**	**1%**	**n/a**	**n/a**	**n/a**	**n/a**

Financed Emissions (Downstream Value Chain GHG Emissions, Scope 3 - Cat. 15)

With reference to 2024, illimity quantified the GHG emissions associated with its portfolio, including loans to customers (undertakings) and securities arising from the activities of the Business Functions (Corporate Banking, Investment Banking, Specialised Credit, b-ilty), as well as equity and proprietary investments.

In particular, the measurement of financed emissions (Scope 3 Category 15 - Investments) covered approximately 70% of total gross assets as of 31 December 2024, compared to 66% in the previous period. This coverage percentage is the best available, based on the calculation methods currently applicable to the activities of illimity's value chain. However, despite the increased coverage of the measurement scope, the total financed emissions in absolute value increased by only 1% year-on-year.

There was also an improvement in the Carbon Footprint[13] indicator of illimity's consolidated portfolio, which fell from 150 to 123 tonnes of CO_2 equivalent per million euros of exposure (invested/financed), a reduction of 18% compared to the previous period.

The graph below shows the sector-specific distribution by exposure (gross assets), financed GHG emissions, relative percentage of total GHG emissions, and carbon footprint.

SECTOR	Exposure [M€]	Financed Emissions Scope 3 [tCO2]	[%]	Carbon Footprint [tCO2/M€ exposure]
K - Financial and Insurance Activities	2.402	232.278	31%	97
C - Manufacturing	1.250	156.837	21%	126
H - Transportation and Storage	191	82.837	11%	433
G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	578	70.185	9%	121
A - Agriculture, Forestry and Fishing	55	47.577	6%	863
D - Electricity, Gas, Steam and Air Conditioning Supply	94	39.451	5%	421
F - Construction	427	30.104	4%	71
M- Professional, Scientific and Technical Activities	307	26.568	4%	86
I - Accommodation and Food Service Activities	84	13.994	2%	166
L - Real Estate Activities	198	12.599	2%	64
J - Information and Communication	223	12.295	2%	55
N - Administrative and Support Service Activities	99	7.231	1%	73
B - Mining and Quarrying	19	3.602	0,5%	188
Q - Human Health and Social Work Activities	62	2.895	0,4%	46
E - Water Supply; Sewerage, Waste Management and Remediation Activities	12	2.324	0,3%	190
S - Other Service Activities	25	1.016	0,1%	41
R - Arts, Entertainment and Recreation	4	646	0,1%	161
P - Education	2	201	0,03%	91
O - Public Administration and Defence; Compulsory Social Security	0,003	0	0,0001%	151
	6,033	742,640	100%	123

Net of financial assets, which also include receivables from investment holding companies (including senior notes of special purpose vehicles), equity and proprietary investments, the largest share of financed emissions, amounting to 21%, is attributable to the Manufacturing sector, in line with the core business of illimity and the overall average carbon footprint mentioned above.

While the three sectors with the highest carbon footprint (Agriculture, Transport & Logistics, Power) together account for only 5.6% of the measured exposures (approximately 4% of total gross assets), they account for 22% of total financed emissions.

illimity adopts a transparent and rigorous approach to reporting its GHG emissions; therefore, the methods, assumptions and emission factors used to calculate and measure GHG emissions are set out below.

Methods Used

To calculate GHG emissions, illimity adopts recognised international guidelines and standards, including the Greenhouse Gas Protocol (GHG Protocol), the ABI LAB guidelines and the PCAF Standard, which are used to determine and calculate Scope 1, Scope 2 and Scope 3 emissions.

Emission Factors

- **Scope 1**: For direct emissions from business activities, such as fuel consumption and heating, illimity uses the emission factors provided by the Department for Environment, Food & Rural Affairs (DEFRA) and ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale [Italian National Institute for Environmental Protection and Research]);
- **Scope 2**: For indirect emissions from the purchase of electricity, heat and steam, illimity uses the emission factors defined by ABI LAB, which are specific to the Italian banking and financial context;
- **Scope 3**: For indirect emissions along the value chain (e.g. those related to business travel or suppliers), illimity refers to emission factors provided by the Department for Environment, Food & Rural Affairs (DEFRA), EEIO (Environmental Extended Input Output).

13 Metric of total financed GHG emissions normalised to the total invested/financed value of the portfolio and measures the impact of the portfolio in terms of GHG emissions per million invested.

Assumptions and tools

Currently, illimity does not use specific tools to calculate its greenhouse gas emissions, although automation logics have been implemented for some categories. In particular, an automated process was developed to calculate emissions related to category 15 (investments), allowing for more efficient data management. However, apart from these automated processes, the calculation of emissions is based on the application of recognised international guidelines and standards.

No special assumptions were made in the calculation methodology, which is based on the use of consolidated emission factors and company data on direct and indirect consumption, except for applying a correction factor of 30% (assuming that the real estate asset is only used on weekdays) to the estimated consumption of residential real estate assets for illimity use - based on energy efficiency data provided by the information provider and available from the Energy Performance Certificate (EPC) - and allocating 70% of consumption to Scope 1 and the remaining 30% to Scope 2, assuming that cooling is only activated in the summer months, from the end of May to the end of August.

The reference period for reporting GHG emissions is the 2024 financial year for both direct and indirect Group emissions.

The Group's direct greenhouse gas emissions (Scope 1) can be attributed to the consumption of fuel (Diesel and Petrol) used to power the illimity Group's car fleet and, from 2024, also part (70%) of the consumption of residential real estate assets for illimity use through data provided by Infoprovider on energy efficiency available from energy performance certificates (EPC) filed in public registers. Indirect greenhouse gas emissions (Scope 2), on the other hand, can be attributed to the consumption of electricity in buildings, mainly for office lighting and air conditioning, and, as mentioned above, to the consumption of guarantee-covered plants and residential real estate assets for illimity use (for 20%). Therefore, CO_2 biogenic emissions are zero.

The illimity Group adopts Guarantees of Origin as contractual instruments for the purchase of electricity in order to reduce its Scope 2 greenhouse gas emissions. The consumption covered by these instruments represents approximately 72% of the total electricity consumption, i.e., 757 MWh out of a total of 1,053 MWh of electricity purchased.

The Guarantee of Origin (GO) is an electronic certification issued by the Energy Services Operator in compliance with Directive 2009/28/EC, to guarantee that energy consumed is actually produced by renewable sources. These contracts refer to the electricity consumption of the following companies: illimity Bank S.p.A., illimity SGR S.p.A., Abilio S.p.A. (Faenza office), ARECneprix S.p.A. (Milan office), Quimmo Agency S.r.l., Industrial Discount S.r.l..

It should be noted that the emission factors used to calculate CO_2 do not distinguish between the percentage of biomass or the share of biogenic CO_2. Consequently, these elements are not separately identifiable in the reported data.

The significant categories included in illimity's inventory, based on the criteria set out in the "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" of the Greenhouse Gas Protocol are:

- **Category 1**: Purchase of goods and services
- **Category 3**: Fuel- and energy-related activities
- **Category 5:** Waste generated in operations
- **Category 6:** Business travel
- **Category 7:** Employee commuting
- **Category 15:** Investments

Category 1 - Purchased goods and services

illimity applied the Spend Based Method for reporting this category in line with the standards of reference.

In particular, the calculation was carried out according to these steps:

- A NACE code was assigned to each supplier to determine the operating segment in order to obtain the appropriate emission data.
- Where supplier-specific emission data was available, the emission intensity was calculated in tCO_2/ million turnover and multiplied by the amount spent by illimity with that supplier.
- In the absence of supplier-specific data, the calculation was performed using a sector-specific approach, using the sector-specific emission intensity derived from Eurostat's Environmentally-Extended Input-Output (EEIO) data, which was multiplied by the amount spent.

The percentage of Scope 3 emissions - Cat. 1 calculated from primary data obtained from or directly reported by suppliers through the Vendor Management platform used at the Group level is 70%, while the remaining 30% was calculated using data from the leading national supplier (Infoprovider).

Category 3 - Fuel and Energy-Related Activities

This category includes emissions from the production of fuel and energy purchased and consumed by the company during the reporting year, which are not already included in Scope 1 or Scope 2.

illimity adopted the Average-data Method to calculate these emissions, as required by the GHG Protocol. This method uses secondary emission factors to estimate upstream emissions per unit of consumption (e.g. kg CO_2e/kWh).

The emission factors used in the calculation are those published in the "UK Government GHG Conversion Factors for Company Reporting".

Category 5 - Waste generated in operations

This category includes indirect emissions resulting from the waste treatment generated by the organisation.

illimity adopted the Average-data Method to calculate these emissions, in line with the GHG Protocol guidelines. The calculation was made on the basis of the amount of waste generated, broken down both by type (e.g. paper, plastic, glass, organic and unsorted waste) and by the average disposal methods declared by the main regional waste management operators, such as A2A (Lombardy) and Hera (Emilia Romagna).

The illimity business model makes it possible to limit the production of waste, which is closely related to the activities of the staff in the offices.

The calculation process was developed as follows:

- the amount of waste generated by the illimity Group (expressed in tonnes) was calculated and broken down by type;
- each amount was multiplied by the corresponding emission factor (expressed in $kgCO_2$/tonne of waste produced), taking into account the type of waste and disposal method.

The emission factors used are those published in the "UK Government GHG Conversion Factors for Company Reporting", specific to each type of waste and the disposal method applied.

Category 6 - Business travel

This category includes indirect emissions from transporting employees to and from work.

illimity adopted the Distance-based Method to calculate the emissions associated with business travel, in line with the GHG Protocol guidelines. This method involves multiplying the distance travelled (expressed in km) by an appropriate emission factor depending on the means of transport used.

Distance travelled for work purposes was recorded and classified by mode of transport (air, rail or road). In case of travel by car, the fuel type of the car is also taken into account.

Specific emission factors were applied to each method, depending on the distance travelled, the means of transport used and the type of energy source.

The emission factors used are those published in the “UK Government GHG Conversion Factors for Company Reporting”, which are an internationally recognised benchmark.

Category 7 - Employee commuting

This category includes indirect emissions from employees commuting between home and work.

illimity conducts an annual survey by sending out a questionnaire to the entire company population to collect information on the commuting habits of employees. The following data can be obtained from the questionnaire:

- Number of working days spent in the office per month.
- Main means of transport used to get to the office.
- Average distance between home and work.
- Type of fuel used for private transport.

The data collected is processed using the Distance-based Method for information obtained from employees who responded to the questionnaire (68% of employees) and theAverage Data Method to estimate the emissions resulting from the commute of those who did not respond to the questionnaire (the remaining 32% of employees), based on the average data obtained from the commuting model.

The specific emission factors are taken from the "UK Government GHG Conversion Factors for Company Reporting".

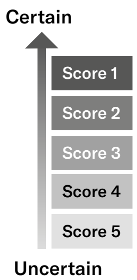
Category 15 - Investments

illimity calculated the financed emissions in accordance with the PCAF standard.

First, the Group categorised its portfolio according to the asset classes and related financial products as provided by the PCAF.

In particular, for each asset class, the PCAF provides for 5 different calculation methods, corresponding to 5 levels of quality, depending on the counterparty data available, as shown below:

- Score 1: calculation based on reported and verified emissions of each counterparty;
- Score 2: calculation based on reported but unverified emissions of each counterparty or estimated emissions from energy consumption;
- Score 3: calculation based on estimated emissions from each counterparty's production data;
- Score 4: calculation based on estimated emissions from sector-specific emission intensity;
- Score 5: calculation based on sector-specific emission intensity (per unit of asset or revenue).



To quantify the financed emissions, illimity considered the consolidated gross assets (from conservative bases reconciled with the Consolidated Financial Statements) and the methods provided by the PCAF in a combined manner, enhancing specific counterparty data (Scores 1 and 2), where available, and sector-specific data (Scores 4 and 5) for the coverage of the remaining part of the portfolio. The measurement of financed emissions involved the use of (verified and unverified) specific emission data (Scope 1 and Scope 2) of the counterparties, obtained from external suppliers, internal accounting and management databases or, if not available, sector-specific emission intensities. The emission data was analysed in detail to understand its reliability. The audits showed that in some cases there was a high degree of uncertainty in the various data provided, which led the Group to take a conservative approach. In particular, the emission data was selected using the most conservative value or applying the sector-specific estimate. Regarding the use of sector-specific data, illimity, again in line with the PCAF, used the Environmentally Extended Input-Output (EEIO) tables from Eurostat, which provide average emission factors for the NACE sector, expressed as emission intensity per turnover at an average European level.

The weighted average PCAF data quality score for total consolidated gross assets measured in the calculation of Scope 3 category 15 as of 31 December 2024 is 3.2 (average level).

It should also be noted that 38% of Scope 3 emissions - Cat. 15 was calculated using primary data provided and/or reported by the counterparties in the portfolio, while the remainder was quantified by applying the sector-specific estimate method of the PCAF standard.

Finally, categories not reported by illimity are considered not applicable or irrelevant to its organisation and to the activities of the value chain. In particular, the following categories are not subject to measurement and reporting for the reference period:

- **Category 2 (Capital goods)**: capital goods-related emissions are not relevant for the Group, as there were no significant investments in capital goods related to the business activities during the reporting period.
- **Category 4 (Upstream transportation and distribution)**: illimity did not assess the emissions related to this category because insofar as, within the Group's operations as a service provider, upstream transportation and distribution are not considered relevant to the assessment of illimity's carbon footprint. Moreover, the Group mainly purchases services that do not involve upstream transportation.
- **Category 8 (Upstream leased assets):** upstream leased assets are not part of illimity's business model and are therefore not considered relevant.
- **Category 9 (Downstream transportation and distribution):** as part of illimity's activities as a service provider, emissions related to downstream transportation and distribution are not applicable: illimity does not sell any significant products that require transport.
- **Category 10 (Processing of sold products):** the treatment of products sold is not applicable to financial products and therefore does not fall within the scope of illimity's activity as a service provider.
- **Category 11 (Use of sold products):** emissions related to the use of products sold are not applicable to the Group as the use of illimity services (financial products) does not result in any direct emissions.
- **Category 12 (End-of-Life Treatment of Sold Products):** emissions related to end-of-life treatment are not applicable to the Group as illimity services (financial products) do not require end-of-life treatment.
- **Category 14 (Franchises):** this category does not apply to illimity's business as the Group does not grant any franchise rights.

GHG intensity based on net revenues

The Group's emission intensity for total Scope 1, Scope 2 ("Location-based" and "Market-based" approach) and Scope 3 emissions was calculated as the ratio of total GHG emissions (numerator) to net revenues (denominator - determined by aggregating the accounting amounts in the Consolidated Financial Statements, defined in accordance with Council Directive 86/635/EEC and reconciled with the corresponding prudential items for credit institutions, according to the reconciliation methodology disclosed by the supervisory authority[14]).

14 Bank of Italy, Economic and Financial Issues "The Corporate Sustainability Due Diligence Directive (CSDD): an analysis of the potential economic and legal impacts" (Occasional Papers) No. 869, July 2024, p. 26.

GHG intensity compared to net revenues	Uom	
Total GHG emissions (location-based) compared to net revenues	1,000 tCO_2e/€ mln	1.3
Total GHG emissions (market-based) compared to net revenues	1,000 tCO_2e/€ mln	1.3
Net revenues used to calculate GHG emission intensity	EUR mln	581.1
Total net revenues in the financial statements	EUR mln	581.1

GHG removals and GHG mitigation projects financed through carbon credits

[E1-7]

The illimity Group did not develop projects aimed at GHG removal or storage as part of its own operations or along its value chain.

illimity is actively committed to financing climate change mitigation projects outside its own value chain, in particular through the purchase of carbon credits. Significant initiatives supported by the Bank include the 2021 "**Maputo Clean Cookstoves"** and the 2024 **"Burn Stoves Project in Kenya",** which aim to reduce greenhouse gas emissions by improving the living conditions of the local population, and the **Svilosa Biomass Bulgaria** project (supported in 2022 and 2023), which promotes the production of renewable energy from biomass, with the target of reducing environmental impact. Moreover, illimity continues to offset its emissions (Scope 1 and Scope 2 location based) through the purchase of certified carbon credits.

The total amount of carbon credits purchased by the illimity Group in 2024 is 554 Gold Standard certificates, corresponding to 554 tCO_2e, the Group's Scope 1 and Scope 2 (Location-Based) emissions for 2023. The Group is committed to purchasing 600 certified carbon credits in 2025, equivalent to its Scope 1 and Scope 2 (location-based) GHG emissions in 2024.

In accordance with the Sustainability Plan, the illimity Group is committed to purchasing, over the duration of the Plan, i.e. until 2025, an annual quantity of certified carbon credits equal to the value of Scope 1 + Scope 2 (Location-based) emissions in the previous reporting year. These purchased carbon credits have no impact on the calculation of the GHG emission reduction targets because, as previously mentioned, the Group is committed to achieving zero Scope 2 (Market-based) emissions by 2030 and to meeting the sector-specific decarbonisation targets (Scope 3 emissions) as set out in its Climate Strategy.

Cancelled carbon credits	Uom	2024
Total	**tCO_2e**	**554.0**
Share from emission reduction projects	%	100.0
Share from emission removal projects	%	0.0
Percentage of recognised quality standards	%	100.0
Share generated by projects within the EU	%	0.0
Share of carbon credits that qualify as corresponding adjustments	%	0.0

The purchased carbon credits were cancelled on 5 June 2024 by registering the cancellation in the registry of the Gold Standard certification body and receiving a cancellation certificate, preventing them from being reused or resold.

illimity has not yet set itself targets concerning net-zero targets. As already indicated, illimity's Climate Strategy is based on three fundamental pillars:

- minimising its own emissions by maintaining carbon neutrality (minimising Scope 1 and Scope 2 emissions) already achieved as from 2020;
- the development of sustainable finance to actively support undertakings in the transition, a project that has already started in 2023;
- the decarbonisation of the most carbon intensive sectors in the portfolio, starting in 2025, with a time horizon of 2030 and 2050.

As mentioned above, in 2020 the Group launched a project to define a carbon neutrality strategy by calculating the company's carbon footprint and identifying activities to streamline and reduce emissions. As mentioned above, the very nature of the illimity Group's business model aims to minimise direct environmental impact and promote the responsible and efficient use of energy resources thanks to a 100% digital and fully cloud-based infrastructure. Scope 1 emissions refer only to the fuel consumption of the company car fleet. Over the years, the Group has encouraged the use of cars with a low environmental impact (see the section **"Actions and resources in relation to climate change policies [E1-3]"** [E1.MDR-A]).

Scope 2 emissions, on the other hand, refer to electricity consumption and over the years it has gradually covered an increasing percentage of electricity supply through the purchase of GOs at the Group's main offices, in order to mitigate the environmental impact associated with its consumption. These decarbonisation levers have helped to keep total direct and indirect emissions stable or slightly increasing (despite the growth of the Group's operations). In order to offset non-avoidable emissions, the Group therefore committed to **selecting certified carbon credits** based on its carbon footprint (Scope 1 and Scope 2 Location-based).

Public claims of greenhouse gas (GHG) neutrality involving the use of carbon credits are accompanied by undertakings and targets to reduce GHG emissions.

For example, illimity pursues carbon neutrality through a strategy that includes monitoring and reporting on energy consumption and GHG emissions, purchasing certified renewable energy with Guarantees of Origin (GO), energy efficiency measures such as relamping and offsetting unavoidable emissions (Scope 1 and 2) through certified voluntary carbon credits, supporting projects such as “Burn Stoves Project in Kenya”, “Maputo Clean Cookstoves” and “Svilosa Biomass Bulgaria”.

The use of certified carbon credits does not hinder the achievement of these GHG reduction targets, but represents a further commitment by the Group to the fight against climate change. For detailed information on GHG emission reduction targets and carbon neutrality, please refer to the sections dedicated to the ESRS topics.

Finally, the carbon credits purchased by the Group are Gold Standard certified and the illimity Group did not develop projects aimed at GHG removal or storage as part of its own operations or along its value chain.

Internal carbon pricing

[E1-8]

The illimity group does not apply internal carbon pricing systems.

Social information

Own workforce

[S1]

Policies related to own workforce

[S1-1]

The Group enshrined its commitment to respect human rights and fundamental labour rights in its code of ethics, the illimity Way, recognising the importance of the values of fairness and the protection of human rights. To this end, it is committed to eliminating all discrimination and to respecting differences based on gender, age, ethnicity, religion, political and trade union membership, sexual orientation and identity, language or disability, and to operating in full respect of the fundamental freedoms enshrined in the Universal Declaration of Human Rights approved by the United Nations General Assembly in 1948.

The Group maintains an inclusive work environment that enhances uniqueness and plurality as forms of human development and, in line with the ILO Declaration on Fundamental Principles and Rights at Work, ensures respect for the personality and dignity of each worker in order to develop a “healthy” work environment, characterised by mutual trust and loyalty.

In line with the international principles of the United Nations, the OECD, the ILO and the EU, illimity aims to:

- uphold the human rights of its workers in all areas in which it operates;
- respect the freedom of association and the personal political involvement of its employees;
- ensure that everyone who works for or with the Group does so of their own free will in a healthy and safe environment;
- work towards greater solidarity based on the recognition of cultural diversity, awareness of the unique nature of mankind and the development of intercultural exchanges to ensure an inclusive environment;
- avoiding any form of discrimination, slavery or child labour, with a strong focus on these matters even when identifying parties for collaboration, to establish a work environment founded on dignity and personal respect;
- ensure gender equality in pay;
- respect labour laws and promote sustainable working hours;

- ensure and maintain an environment free from all forms of harassment, sexually inappropriate behaviour and bullying;
- ensure the protection of personal data.

Moreover, in compliance with banking sector-specific regulations and in line with the principles of Corporate Governance and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the Group adopts efficient governance rules that clearly define the roles and responsibilities of the corporate bodies and management ensuring that they are always in line with the interests of the Group and its shareholders and with the principles of honesty, transparency, fairness and independence.

Since 2021, the Bank has also joined the UN Global Compact, committing to respect and promote its ten universally accepted principles, including those on the protection of human rights by undertakings (Principles 1 and 2). In line with the principles of the Global Compact, illimity upholds the freedom of association of workers and recognises the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective elimination of child labour, and the elimination of all forms of discrimination in respect of employment and occupation.

The illimity Group certifies that its policies with respect to workforce comply with recognised international instruments, including the UNGPs on Business and Human Rights.

The communication of the policies and procedures to the entire company population is ensured through the "document package" that each employee receives on recruitment and through the illimity Group's Internal Rules portal on the company Intranet. Moreover, every update to internal rules is duly reported through a regular email alerting system "Internal Rules: what's new? " sent by the HR & Organisation Function.

The Group's main policies and procedures are also sent to business partners at their request, and, considering their materiality for external stakeholders, are published in Italian and English on the illimity Group's corporate website on a page dedicated to company policies.

In order to remedy the impact on human rights and to guarantee a work environment free from any form of discrimination or harassment, illimity is committed to going beyond physical, communicative and cultural barriers by adopting an approach that promotes inclusion and reinforces the application of the principle of non-discrimination through the following measures:

- the adoption of integrated measures within the illimity Way and the Diversity, Equity & Inclusion Policy aimed at promoting a culture of diversity and inclusion in line with international best practice rules at all levels of the organisation and among its stakeholders. In particular, during 2024, the Diversity, Equity & Inclusion Policy mentioned above was integrated into these foundational pillars for the organisation and business strategy. Diversity, equity and inclusion are in fact embedded in illimity's identity and therefore underpin the management of human capital, promoting a meritocratic work environment and consistent with work-life balance that enhances, rather than discriminates against, the specific characteristics of each person and their abilities, experiences and aspirations, including gender, age, sexual identity and orientation, nationality, ethnicity, disability, political or religious affiliation and socio-economic status, or more simply any diversity or background that characterises a person's identity. The Diversity, Equity & Inclusion training programme has been made compulsory for all Group employees from 2023, with the target of increasing knowledge on these topics and disseminating the tools for an inclusive culture, as well as developing the Social pillar of the Group's commitment to ESG in a more structured manner. The course is diversified according to the organisational impact of the recipient (in particular, whether the employee manages resources or not) and according to the role held in the company. In this regard, the employees of the HR & Organisation Function follow a specific programme, in addition to the one for the entire own workforce, to help manage an inclusive and bias-free employee experience. Failure to complete the mandatory training programme will affect the annual bonus, which may even be cancelled;
- the adoption of an Anti-Harassment Policy to be handed over at the time of recruitment and reminded through ad hoc internal communications with the target of preventing and promptly identifying harassment, sexually inappropriate behaviour and bullying and protecting whistleblowers from adopting fair and consistent behaviour in the recruiting and human resources management process, preventing favouritism, abuse and discrimination based on gender, ethnicity, religion, political and trade union affiliation, sexual orientation and identity, language, age or disability. In 2024, all employees participated in mandatory training via webinars on the topics covered by the policy. Furthermore, to maintain the

focus on these issues and to be able to offer concrete support to particularly vulnerable groups in the future, a partnership was established with Fondazione Libellula, which enabled two illimity employees to receive specific training to prepare them to act as the Group's “antennae”, i.e. as the first point of contact for receiving any complex situations that may arise both inside and outside the workplace. This partnership also provides an opportunity to explore topics such as gender inequality. The first episode of the interactive webinars available to all illimity staff was "Stories of extraordinary people". Moreover, the policy was supplemented in 2024 with a view to continuous improvement in the prevention of gender-based violence. Finally, it is worth mentioning that the Group also signed the Memorandum of Understanding for the prevention of and opposition to violence against women and domestic violence, which has also been signed by the Ministry for the Family, Birth Rate and Equal Opportunities and the Chair of the Italian Banking Association (ABI). The Memorandum, signed by illimity in 2023, has a three-year duration and is a tool for the development of interdisciplinary and organic measures in the context of policies aimed at preventing violence against women and domestic violence. Therefore, the Group will strive to give prominence and visibility to the various initiatives undertaken by ABI, including the development and promotion of good practices in preventing and combating violence and the dissemination of communication and information campaigns on these issues. The structures responsible for the Anti-Harassment Policy shall immediately report to the Supervisory Board (SB) any breaches of the rules of conduct and the methods of their enforcement. However, all staff are required to report any breach of the principles contained in the internal regulations, in the illimity Way and in the Organisation, Management and Control Model adopted by the Parent Company and the other Group Companies pursuant to Legislative Decree 231/2001. In the absence of breaches, at least once a year the structures responsible for the document shall send a communication confirming the absence of reports and/or relevant information to be sent in writing to the Supervisory Body at segnalazioni231@illimity.com;
- the adoption of a Remuneration Policy with a strong focus on Gender Equity and employee engagement to ensure a working model with a strong focus on inclusivity.

Given the Groups operating and business model, and contextualisation at national level, respect for these rights is deeply rooted in the human resources management policies, supported by national collective bargaining agreements, international principles and regulations on occupational health and safety, within the applicable regulatory framework.

The illimity Group operates in compliance with the occupational safety and health (OSH) regulations and, on the basis of the requirements of Legislative Decree 81/08, defined the responsibilities and methods for preparing for and responding to potential accidents and emergency situations, as well as the responsibilities and methods for preventing damage and injuries that may result, as set out in the Health & Safety Procedure of each Group company. The internal health and safety management system is supervised by the Employers of the individual companies, their delegates, where appointed, the Health and Safety Officer (Responsabile del Servizio di Prevenzione e Protezione, RSPP), the Occupational Health Physician and the Supervisors, with the support of the Workers' Safety Representatives (Rappresentanti dei Lavoratori per la Sicurezza, RLS), the Emergency and First Aid Managers and all the Function Heads.

The adoption of the health and safety system is intended to enable the Group to provide safe and healthy workplaces, prevent injury and illness and improve its OSH performance and is designed to ensure the health and safety of workers, customers and other visitors with disabilities through the Manual of Management Procedures and Operating Instructions on Health & Safety and with Emergency Operations Manuals such as the one implemented in 2020 for the Covid19 pandemic.

The Bank makes diversity and respect the core values of its HR policy, which it applies from recruiting to the professional development and growth of its employees, who come from over 350 companies in about 20 different sectors, often distinct from finance. The average age of employees is 38.

With a continued focus on gender equality, in 2020, illimity’s CEO signed the “Manifesto for Women’s Employment” of Valore D, the first association of undertakings in Italy - now over 320 - that since 2009 has been a pioneer in addressing the issue of the gender balance and spreading a culture of inclusion to support innovation, progress and growth of organisations and the country of Italy. With this Manifesto, the signatory companies undertake, progressively and in accordance with their specific size and sector, to adopt clear and measurable targets, with performance indicators and periodic monitoring, to be shared internally. Among other initiatives, the Valore D Talks Academy programme includes recurring online events open to all employees on the topics of Diversity, Equity & Inclusion. The Chief HR & Organisation Officer of the Bank is also a member of the Board of Directors of Valore D. Finally, illimity actively searches the market for the best headhunting companies to recruit persons with disabilities, who represented 3.3% of the Group's employees in 2024.

In order to monitor compliance with these principles and to take action to remedy any human rights impacts, the Group adopted procedures for reporting alleged breaches, either anonymously or by name, so that internal verification mechanisms can be activated. In particular, the whistleblower of an alleged breach can send the report using the methods indicated in the Whistleblowing Policy or by contacting the Chief HR & Organisation Officer, the person in charge of monitoring the DEI principles, who in turn forwards the report to the Head of Whistleblowing in order to initiate a timely, impartial, independent and confidential investigation process. As specified in the Anti-Harassment policy, the employee will be subject to disciplinary action if the investigation confirms harassment, or sexually inappropriate behaviour, or more generally a behaviour that is contrary to the aforementioned Policy, the illimity Way or the Diversity, Equity & Inclusion Policy.

In 2024, the illimity Group defined an internal whistleblowing system for situations that may constitute a breach of internal and external regulations, applicable to the activities carried out by the various Group companies. The related "Training Course pursuant to Legislative Decree 24/2023" was delivered to the entire own workforce with the target of explaining the methods and channels for sending and handling reports, as well as the protection measures adopted for the whistleblowers. Two further specific webinars on Whistleblowing were held for control functions (e.g. Internal Audit, Compliance & AFC) and for employers of all Group companies.

illimity promotes engagement, development and well-being of illimiters and their families. In particular, the illimity journey is a journey that maps out all the important moments and starts with the valorisation of people right from the selection process, which aims to identify resources that have the skills, the mindset and motivation to add value to the Group and, at the same time, derive value from it.

Specifically, employee involvement is encouraged and measured through various initiatives:
- training activities aimed at understanding the principles of Diversity, Equity & Inclusion (DEI);
- periodic surveys (e.g. Great Place To Work, a survey on satisfaction with professional development, materiality analysis questionnaire, commuting questionnaire);
- work-life balance;
- illimiter as Ambassador: Career Day with the businesses, newsletters, cross-division projects, events and internal initiatives;
- recognition actions (e.g. Total Reward; Performance Management; dedicated growth programmes).

There are also regular meetings such as staff meetings and team building events. Involving illimiters is fundamental to understanding their interests, expectations and information needs; it mostly takes place in the course of normal business. Communication is constant and transparent, allowing the Group to maintain a stable and proactive dialogue. Going into the measurement of this engagement, it is useful to point out that in 2024 the illimity Group was recognised as a Great Place To Work® for the sixth consecutive year. This award is given to companies with a high quality work environment. It was awarded by the consulting company leader in Italy in the study and analysis of the company climate through an annual survey to which 92% of the total number of employees responded in June 2024. The online questionnaire revealed that illimiters particularly appreciate the attention the company pays to Diversity, Equity and Inclusion issues, are proud to work for the company and have a strong sense of team spirit. More specifically, the data revealed a particularly positive perception of the work environment - above industry benchmarks -, which was rated as excellent by 70% of employees, and a Trust Index© of 71%. In particular, the Trust Index© summarises the percentage of positive responses given by employees in five areas related to the company climate: credibility, respect, fairness, pride and cohesion. The analysis of the results also makes it possible to identify potential pathways for improvement. Specifically, the 2024 questionnaire revealed the need to focus on making internal processes more efficient and on the quality of communication and of the level of involvement of the Managers. In this regard, in terms of processes, a cross-divisional team has been set up to define and monitor a pipeline of efficiency improvement projects.

Employee Training

The Group designs, implements and monitors an integrated training programme that favours the definition of professional development plans built based on the characteristics of each role, functional to the growth of the individual and of illimity, to increase the skills of the workforce, thereby developing transversal talents and people who embody the company culture and values.

Training is divided into four categories:

1. **Mandatory training & Language Courses**: Mandatory training is dynamic and updated according to the Group's priorities, following a progressive logic and covering topics of specific interest in rotation. The main topics are: Compliance; Health & Safety; ICT Security; Environmental, Social, Governance; Diversity, Equity, Inclusion. The Group pays significant attention also to language training. With a view to reaching a medium-high level of English, each employee accesses an individual programme assigned based on the results of theassessment conducted during onboarding;
2. **Specialised Learning**: In addition to the standard offer for the entire own workforce, illimity has created illimity up, a reference model for training initiatives that can be activated on demand, which leads to the definition of individual development plans built on the specificities of each role and individual growth needs. In particular, as part of the Performance Management process, employees have the opportunity to consult a catalogue of more than 50 training courses and, together with their manager, select the priority courses that best meet their individual and team needs. Further to the development plan, access to the linkedIn Learning library is available. In addition to promoting the culture of learning, this tool enables the identification of training needs and their timely fulfilment, also developing interests and creativity, going beyond the scope of work activities;
3. **Business Learning Projects**: With the target of delivering a training programme that is increasingly aligned with internal needs and the monitoring of key internal skills, the focus has been on the co-creation of training programmes with customised content, supported by external companies, or created and provided exclusively by internal staff, leaning more and more towards the consolidation of an internal Academy;
4. **Development Programmes**: The Group invests heavily in the development of the management pipeline, providing ad hoc training programmes for new Team Leaders and Managers. As from 2024, specific initiatives have been launched for the "Top Rising Stars", a specific target group of illimiters with potential identified with the support of the managers of the various areas and the use of assessment tools. Moreover, cross fertilisation initiatives such as Cross Mentoring and Erasmus continue.

[S1-MDR-P]

The policies adopted to manage sustainability issues relevant to the own workforce are described in the following tables.

Policy	illimity Way
Main contents	illimity Way is illimity Bank's code of ethics that promotes a corporate culture of integrity, sustainability, legality and long-term value creation, enhancing responsibility towards customers, shareholders, the environment and the community. It includes commitments to inclusion, gender equality and the prevention of discrimination. Monitoring is carried out through training, internal control, Model 231 and a whistleblowing system.
Main recipients	It applies to all companies in the illimity Group, covering the entire value chain without excluding any company function or stakeholders. It is binding on all levels of the organisation, including partners and suppliers in their contractual relationships with the Bank itself.
Policy Implementers	The Board of Directors is responsible for implementing the illimity Way, supported by internal governance committees that ensure compliance with the principles outlined.
References to third-party standards or initiatives	The policy is in line with international standards such as the Global Compact, the UN Sustainable Development Goals and the OECD Guidelines, consolidating an approach to sustainable growth and corporate social responsibility.
Methods of access/ distribution	illimity Way is available on the company intranet and public website, and every new employee and partner receives a copy during the recruitment phase. The policy is supported by regular training events to raise employee awareness and ensure compliance.

Policy	Diversity, Equity & Inclusion Policy
Main contents	The DEI policy aims to promote an inclusive and meritocratic environment that values diversity; ensures equal opportunities; encourages leadership that promotes the well-being and sense of belonging of employees. The impact is on professional and personal growth, well-being and employee satisfaction, which in turn affects overall productivity. The opportunities lie in retaining and attracting talent, providing the best working conditions and improving our reputation in these topics. These aspects are monitored by a questionnaire distributed to the workforce every year (Great Place to Work).
Main recipients	The policy applies to the workforce of the illimity Group. Although the Group does not have the power to control the behaviour of third parties, it does not tolerate behaviour contrary to the principles set out in this policy by external stakeholders with whom it works.
Policy Implementers	Chief HR & Organization Officer, CFO.
References to third-party standards or initiatives	UN Universal Declaration of Human Rights Gender Equality Code.
Stakeholder engagement	The DEI policy was developed through a collaborative process by employees of the IR & Sustainability, HR & Organisation, Compliance & AFC, Internal Audit functions.
Methods of access/ distribution	This policy is included in the recruitment kit, available to all employees via the company intranet and an extract is also published on the website.

Policy	Anti-Harassment Policy
Main contents	The Anti-Harassment Policy aims to prevent and combat any form of harassment in the workplace and to promote a respectful and inclusive environment for all employees. The general objectives include protecting the dignity of each individual, providing a safe work environment and supporting those who suffer harassment. This policy focuses on impacts such as reducing the risk of internal conflict, improving employee well-being and increasing trust and company morale. Monitoring is continuous, using tools such as anonymous surveys, whistleblowing channels and the involvement of the HR department, with the target of preventing and dealing with any uncomfortable situations in a timely manner.
Main recipients	The policy applies to the workforce of the illimity Group. Although the Group does not have the power to control the behaviour of third parties, it does not tolerate any harassment, sexually inappropriate behaviour, bullying or mobbing that may involve the aforementioned third parties.
Policy Implementers	Chief HR & Organization Officer, IR & Sustainability Function.
References to third-party standards or initiatives	ILO - C190 - Convention on the Elimination of Violence and Harassment in the World of Work, 2019. ILO - R206 - Recommendation on Eliminating Violence and Harassment in the World of Work, 2019 Guiding Principles on Business and Human Rights. Joint Statement on Gender-based Harassment and Violence in the Workplace - Abi and Fabi, First-Cisl, Fisac-Cgil, Uilca, Unisin Falcri Silcea Sinfub. UN Universal Declaration of Human Rights Gender Equality Code.
Stakeholder engagement	The Anti-Harassement policy was developed through a collaborative process by staff of the IR & Sustainability, HR & Organisation, Compliance & AFC, Legal & Corporate Affairs, Internal Audit functions.
Methods of access/ distribution	The Anti-Harassment policy is available to all employees via the company intranet and is included in the onboarding package for new hires. Regular training sessions are planned to raise awareness throughout the company, as well as the possibility of involving external stakeholders, such as consultants and auditors, to ensure proper implementation.

Policy	Remuneration Policy
Main contents	The Remuneration Policy of illimity aims to: • Align the interests of management and all employees with those of shareholders and other stakeholders. • Promote prudent and sustainable risk management. • Maintain a strong focus on Gender Equity and employee engagement. • Attract, motivate and retain illimiters. The policy considers the risks related to financial performance and sustainability, envisaging risk alignment mechanisms such as malus and claw-back clauses. The implementation of the policy is monitored by the Remuneration Committee, which periodically assesses its adequacy and consistency.
Main recipients	The Remuneration Policy applies to all staff of the illimity Group, with particular attention to the “Material Risk Takers” identified in accordance with the relevant regulations and internal guidelines. There are no specific exclusions in terms of activity, value chain or geographical area. The stakeholders involved include shareholders, employees, customers and regulatory authorities.
Policy Implementers	The Shareholders' Meeting is responsible for approving the Remuneration and Incentive Policy submitted to it by the Board of Directors of illimity Bank S.p.A. The latter uses the advisory and proposal function of the Remuneration Committee, to which the Policy is submitted by the Company's HR & Organization function once it has been drawn up.
References to third-party standards or initiatives	The Remuneration Policy complies with applicable regulatory provisions, including Legislative Decree No. 49 of 10 May 2019, which updated Article 123-ter of Legislative Decree 58/1998, and the 37th update of Circular 285 of Bank of Italy.
Stakeholder engagement	In defining the Remuneration Policy, illimity considers the interests of the main stakeholders, promotes sustainable and prudent risk management and ensures consistency with strategic business and sustainability targets; in particular, in this regard, the requests of investors, proxy advisors and analysts have been taken into account.
Methods of access/ distribution	The Remuneration Policy is disclosed in the document "Report on the 2024 Remuneration Policy and the compensation paid in 2023", available on the website of illimity Bank S.p.A., in the Governance section. The stakeholders can access the document to understand the bank's remuneration guidelines. The contribution of stakeholders is considered through engagement and feedback processes that can influence possible future revisions of the Policy.

Policy	"Health & Safety" procedure
Main contents	The main target of illimity's "Health & Safety" procedure is to protect occupational health and safety, in accordance with Legislative Decree 81/2008, through the prevention of occupational risks and the promotion of a safe work environment. The impacts considered include the reduction of occupational accidents and illnesses and the improvement of employee well-being. Monitoring is entrusted to the Prevention and Protection Service (PPS), which carries out regular audits and risk assessments and ensures compliance with current regulations.
Main recipients	The policy applies to all activities carried out on company premises and covers all staff, including employees and visitors. The procedure does not specify any exclusions, but focuses mainly on the bank's operational areas and activities. The stakeholders involved include employees, collaborators, customers and suppliers, with a focus on employee training and awareness-raising.
Policy Implementers	The ultimate responsibility for implementing the policy lies with the Employer, identified in the top management. The Employer uses the Prevention and Protection Service and other figures provided for by Legislative Decree 81/2008, such as the Health and Safety Officer (RSPP).
References to third-party standards or initiatives	The procedure complies with Legislative Decree 81/2008, which is the Italian regulatory framework for occupational health and safety, and other related regulations. illimity also adopts nationally and internationally recognised guidelines and best practices to continuously improve its standards.
Stakeholder engagement	The policy takes into account the interests of employees, focusing on their safety and health through participatory risk assessments and dedicated training programmes. Suppliers and collaborators are also involved, through contractual requirements and specific audits.
Methods of access/ distribution	The procedure is made available to employees through internal company channels and regular communications. Stakeholders, such as the workers' safety representatives (RLS), are actively involved in defining and updating the policy. Input is collected during specific meetings, audits and risk assessments.

Processes for engaging with own workers and workers' representatives about impacts

[S1-2]

illimity collects the views of its own workforce through an ongoing process of interaction and dialogue with the organisation to understand its interests and concerns. A key tool in this area is the double materiality process, which involves administering a questionnaire to a sample of Group employees, the "ESG Ambassadors", to investigate the most material impacts, risks and opportunities. In 2024, the questionnaire was given to 12% of the workforce. For more details on the stages of workforce involvement, please refer to section **"Processes for identifying and assessing material IROs [IRO-1]"**.

At the same time, between June and July, all employees of the illimity Group are invited to participate in the anonymous Great Place to Work (GPTW) survey, developed by an independent third party, to share their opinions and perspectives on their working experience. In 2024, the response rate reached 92%.

The operational responsibility for ensuring that this involvement takes place and that the results guide the undertaking's approach lies with the CFO for the Double Materiality questionnaire, and with the Chief HR & Organisation Officer for the Great Place to Work questionnaire.

The effectiveness of involvement is assessed by means of two (quantitative) indicators in the GPTW questionnaire: the response rate which corresponds to the participation index of the own workforce and the trust index which corresponds to the percentage of positive responses given to the various items of the questionnaire. The analysis of the results, which are reported to the relevant board committees, senior executive management and management in general, makes it possible to identify the most relevant impacts and pain points, as well as potential pathways for improvement.

illimity has not identified any specific additional measures to better understand the perspectives of its own workers who may be particularly vulnerable to impacts and/or marginalised, beyond those mentioned above.

Processes to remediate negative impacts and channels for own workers to raise concerns

[S1-3]

As explained in the previous paragraphs, the Group did not identify any negative impact on its own workforce as a result of the Double Materiality analysis. However, it has set up channels for workers in its own workforce to communicate any concerns or needs they may have.

To ensure effective monitoring and timely management of any critical situations, each company in the illimity Group adopted a structured whistleblowing system for reporting and managing breaches. To this end, the Board of Directors appointed the Head of Internal Audit as "Head of the internal whistleblowing system", who is responsible for receiving, examining and evaluating the reports received and reporting directly to the corporate bodies through appropriate escalation mechanisms.

Each company adopted a "Whistleblowing Policy" governing the process of whistleblowing and investigating the reported fact. To ensure a proper understanding of the whistleblowing system, the "Whistleblowing Policy" is made available to staff via:

- the company Intranet, to the specific section called "Whistleblowing - system for reporting breaches";
- the institutional website (illimity.com), "Whistleblowing" section.

In any case, the communication of the whistleblowing policies and procedures to the entire company population is guaranteed by the "document package" provided upon recruitment. With regard, on the other hand, to business partners, these policies and procedures are sent at their request.

During 2024, a specific webinar was held for all Group staff on "The whistleblowing management system pursuant to Legislative Decree 24/2023". In addition to mandatory training on the subject, each update of internal rules is duly reported through a regular email alerting system sent by the HR & Organization function.

To support the Whistleblowing system, illimity has created a specific platform, consisting of a Digital Room for each Group company, called, precisely, «@Whistleblowing» for sending and managing reports, including conduct that violates the Code of Ethics. The digital platform allows staff, as well as members of Corporate bodies and any external party, to report - via an online guided process - any suspected unlawful conduct or irregularities, breaches of internal rules and company provisions in general, breaches of external regulations of reference for each Group company. The system is structured to ensure that reports are received, examined and evaluated through specific, autonomous and independent channels that differ from ordinary reporting lines. The use of the platform allows those involved in managing the report to easily exchange documents and information, ensuring greater traceability to the entire process and a higher level of confidentiality to the identity of the whistleblower, who can also choose to remain completely anonymous. The Group has adopted special protection measures for the parties involved, in compliance with Italian Legislative Decree no. 196 of 30 June 2003, Regulation (EU) 2016/679 on personal data processing and subsequent rulings issued ("Privacy Regulations"), adequately protecting the whistleblower "from retaliation, discrimination or in any case unfair conduct as a result of the report" in a climate that respects their dignity. The people involved in the verifications are required to keep the information received confidential, also as regards the whistleblower's identity and in any case, the whistleblower must be protected from any retaliation, discrimination or unfair conduct as a result of the report.

It is also possible to make a hard copy report, by sending a letter addressed to the Head of internal whistleblowing system or a verbal report, by calling the specific number (not subject to recording) monitored by the Head of Whistleblowing. In both cases, the Head of internal whistleblowing system shall record the report in a specific section of the @Whistleblowing IT tool, including the email contact provided by the whistleblower, to enable the whistleblower to monitor the state of progress of the processing of the report.

The Head of Whistleblowing displays reports received from a dashboard in the tool that can also be accessed (in read-only mode) by the members of the Supervisory Body and the Supervisory Board of each Group company.

If, after further investigation, the report is found to be unfounded, it will be dismissed and no further action is taken. Alternatively, if a breach is found, the Head of the internal whistleblowing system shall immediately inform the Supervisory Body, the Body endowed with strategic control functions, the Supervisory Board and any organisational units involved, as well as the whistleblower and, if applicable, the persons reported, also in order to identify and apply the most appropriate measures, in accordance with the provisions of the Sanctions System, in force at the Company from time to time, and to inform the Authorities if there is an obligation to report. In both cases, at the end of the procedure, the whistleblower is informed that the procedure has been closed. In addition to the disciplinary sanctions described above, investigations may also reveal the need to implement and enforce organisational and procedural measures to prevent further breaches. In the event that the report concerns the Head of Whistleblowing, an "alternative" management process is envisaged, whereby such a report is visible (in read/write mode) to the Chair of the aforementioned Supervisory Body and (in read-only mode) to the other members of the Supervisory Body as well as to the members of the Supervisory Board. In such a case, the activities normally carried out by the Head of Whistleblowing should be carried out by the Chair of the specific Supervisory Body.

In any case, the result is communicated to the whistleblower within a period not exceeding three months from the confirmation of receipt of the report.

During 2024, a total of 12 reports of breaches were received, of which 10 related to the parent company illimity and 2 to the company Abilio. Following the investigations, eight reports were found to be inadmissible and four unfounded.

Taking action on material IROs related to own workforce

[S1-4]

illimity has not identified any significant negative impacts on its own workforce, but has taken steps to have a positive impact on its workforce, as explained below.

The actions taken to have a positive impact on its own workforce mainly include initiatives to promote diversity, equity and inclusion, training and professional development for its own workforce, and a focus on ensuring the satisfaction and well-being of its own workforce.

In particular:

- **Diversity, Equity and Inclusion**: illimity adopted a Diversity, Equity & Inclusion (DEI) policy, which is one of the fundamental pillars of its corporate strategy. Diversity is understood in a broad sense, including gender, age, sexual identity and orientation, nationality, ethnicity, disability, political or religious affiliation and socio-economic status. The Group is committed to ensuring equal opportunities for the entire workforce, both in terms of recruitment and working conditions, remuneration, training, professional development and company benefits. Inclusion is an integral part of illimity's identity, pervading all business processes and promoting a sense of belonging and respect.
- **Training and professional development**: illimity recognises the importance of continuous training and professional development as key elements of individual and collective growth. The company offers a wide range of training programmes, including onboarding programmes, leadership model, mandatory training and certifications, as well as language training courses. Moreover, illimity launched "illimity up", an initiative that aims to stimulate the desire to learn and improve by making the training on demand and personalised according to the organisational and technical needs of employees. These actions aim to increase the productivity of the workforce and improve the soft and hard skills of employees by contributing to their professional growth.
- **Employee satisfaction and well-being**: illimity places great emphasis on the mental, physical, professional, social and financial well-being of the workforce. The Group implemented a flexible and customisable welfare system to promote a healthy work-life balance.

The evaluation of the effectiveness of the actions put in place to produce positive impacts in its own workforce is the responsibility of the HR & Organization function, which constantly monitors the various initiatives put in place also through the annual Great Place to Work survey.

Moreover, as part of the Sustainability Plan, the KPIs related to the Plan's Social objectives are monitored on a quarterly basis and the results are brought to the attention of the Sustainability Committee.

Based on the results of the Double Materiality analysis, the Group has not identified any significant risks related to its own workforce, but has taken steps to pursue significant opportunities related to it. More specifically:

- **enhancing retention andattraction of staff**: illimity developed a framework for the attraction and development of human resources based on corporate values and the leadership model of illimity, which promotes inclusion, collaboration accountability and meritocracy. It also offers a wide range of welfare services, structured training programmes and flexible working hours to promote a good work-life balance. These initiatives aim to create a positive and stimulating work environment by reducing turnover costs and increasing productivity;
- **creating an inclusive corporate culture:** illimity is committed to promoting an inclusive corporate culture that values diversity and respect for fundamental human rights. The Group is part of the Valore D network, the first association of undertakings to promote gender balance and an inclusive culture for business growth. Moreover, as already mentioned, illimity adopted a Diversity, Equity & Inclusion (DEI) policy that pervades all business processes and guarantees respect, listening and involvement for the entire workforce. These actions contribute to an inclusive and stimulating work environment, ensuring the well-being of staff, which also translates into better work performance;

- **increase the company's reputation through an improved ESG score**: illimity is strongly committed to continuously improving its ESG score through the IR & Sustainability Function; improving external ESG ratings creates attractiveness for investors and other stakeholders.

illimity ensures that its practices do not cause or contribute to significant negative impacts on the workforce through the adoption of controls, processes and resources guaranteed by a strong system of internal rules. The company implemented strict policies and procedures to prevent and mitigate any negative impact on its own workforce, ensuring that staff, collaborators, including those in its value chain, are not subjected to child, forced or compulsory labour conditions or major accidents.

Moreover, illimity constantly monitors the effectiveness of its actions through specific targets and metrics, ensuring that its business practices meet the highest standards of fairness, well-being and safety. These efforts are an integral part of illimity's commitment to the responsible and sustainable management of human resources.

Among the resources assigned to the management of significant impacts for the illimity Group is, first and foremost, the HR & Organisation Function, which is committed to defining the set of actions that make up the HR ecosystem and is aimed at promoting the enhancement, engagement, development and well-being of its own workforce. Together with the HR & Organisation Function, the IR & Sustainability Function and the ESG Ambassadors - identified within the various divisions, functions and Departments and responsible for developing specific ESG initiatives and promoting a culture of sustainability within their teams - contribute to the management of significant impacts within their areas of responsibility.

The own workforce plays a central role in the development of initiatives and processes aimed at developing positive impacts in the organisation.

As mentioned above, following the annual Great Place to Work survey, a representative set of Group employees participates in a working group to collect suggestions for improvement actions to be presented to Management. Some of these actions are already underway, while others are being further explored.

The positive results expected from these programmes, which can have a positive impact on the own workforce, can be summarised as an improvement in operational efficiency with a consequent reduction in time spent on recurring tasks, as well as an increase in digital skills and collaboration between the different Functions.

These actions are also intended to promote the achievement of the following Sustainable Development Goals (SDGs):
- Goal 3 - Health and well-being.
- Goal 4 - Quality Education.
- Goal 4 - Gender Equality.
- Goal 8 - Decent work and economic growth.

[S1-MDR-A]

The main actions and related time horizons identified by illimity to help achieve the policy targets described in section **"Politiche relative alla forza lavoro propria [S1-1]" and [S1-MDR-P] are set out below:**
- **doubling the number of women in management roles:** the action is based on mentoring, coaching and specific training programmes for women with managerial potential. The target is to promote an inclusive environment and equal opportunities for accessing management roles, thereby directly contributing to the company's gender equity policy and to the reduction of gender inequality;
- **maintaining the balance between men and women in the talent pool and a gender pay gap with a maximum deviation of 5%:** the Bank ensures fairness in the selection and promotion processes through annual monitoring and impartial assessment tools. This aligns the remuneration policy with the "equal pay for equal work" principle and with the illimity Way code of ethics;

- **maintaining the Group's employee engagement index above 70%:** the action includes the annual Great Place to Work survey to measure engagement and action plans, such as cross-functional working groups and team-building activities to ensure well-being and a sense of belonging. This supports the objectives of continuous improvement of the work environment;
- **the maintenance of the UNI_PdR 125:2022 gender equality certification:** the certification is ensured through internal audits that verify compliance with gender equality standards, contributing to the transparency and credibility of the company's commitment to DEI;
- **development of a company Anti-Harassment policy:** the policy defines clear guidelines to prevent harassment, inappropriate sexual behaviour and bullying, and to deal promptly with any reports. This reinforces a safe and inclusive work environment. This policy provides for escalation and support for victims of misconduct, with immediate intervention to resolve critical situations and enable the Bank to remedy them;
- **maintaining an average of 42 hours of training per employee, including 3 hours of ESG training:** the Bank provides cross-disciplinary training courses to enhance technical skills and promote ESG culture, contributing to the targets of sustainable growth and awareness.

The **scope and time horizon** of the main actions mentioned are shown below:
- **promotion of equal opportunities** (time horizon: 2021-2025);
- **monitoring and analysis**: continuous measurement of the gender pay gap, annual audits and engagement surveys to identify and resolve critical issues (time horizon: annually);
- **engagement initiatives for employees** (time horizon: annual);
- **certifications**: maintaining the UNI_PdR 125:2022 certification for gender equality, with annual reviews (time horizon: one year);
- **policy and tools**: implementation of the Anti-Harassment policy and updating of the illimity Way code of ethics (time horizon: 2023-2025);
- **training**: mandatory courses on DE&I, ESG, and harassment prevention for everyone in the group (time horizon: 2023-2025).

In relation to the above actions, the main progress made by the Bank is set out below:
- **gender equity**: over the past three years, the presence of women in management roles has progressively increased. Specifically as of 31 December 2024, women executives accounted for 27% of the total number of executives, compared to 2022 (20.8%) and 2023 (23.5%). The Gender Pay Gap measured as Equal Pay Gap has a stable deviation of less than 5%. Note that the Gender Pay Gap (unadjusted), measured according to European standards (ESRS), is subject to sustainability statement;
- **engagement**: the employee engagement index was maintained above 70%, thanks to surveys and targeted initiatives;
- **UNI_PdR 125:2022 certification**: the Gender Equality certification was also confirmed for 2024 for all Group companies, highlighting the solidity of company policies and the absence of critical issues.
- **policies**: preparation of an ad hoc policy in 2023 and 100% compulsory training of the workforce;
- **training**: the average of 42 hours per employee was reached, with an average of 51 hours of training per employee during the reference period for a total of 39,828 hours delivered (45% to women and 55% to men), of which ESG training of 5,180 hours, or 6.7 hours per employee.

As previously indicated and in line with previous periods, illimity confirms the adoption and implementation of the actions described above on an ongoing basis for the year 2024. Specifically, in addition to the internal resources allocated to monitor these activities, the **current financial resources** allocated and used in the reference period for the actions indicated below amount to a total of approximately EUR 1.38 million, as part of the operating expenses (OpEx) and included in the financial statement items 160.a.) "Other personnel expenses" and 160.b) "Other administrative expenses":
- maintaining the employee engagement index above 70% – (amounting to EUR 33,669);
- maintaining the UNI_PdR 125:2022 gender equality certification - (amounting to EUR 4,703);
- maintaining an average of 42 hours of training per employee, including 3 hours of ESG training - (amounting to EUR 1,346,444).

At the same time, no material capital expenditure (CapEx) directly associated with these individual actions was recorded in the reporting period.

Material IROs targets related to own workforce

[S1-5]

In February 2023, the Board of Directors of illimity approved the 2023-2025 Sustainability Plan as a result of a comprehensive analysis inside and outside the Bank and of the Group's increased expertise in non-financial reporting which enabled it to start from a concrete baseline aimed at defining important and ambitious targets that integrate with the various aspects of the Bank's business. On the one hand, these meet the requests from the various stakeholders, whereas, on the other, they comply with regulatory expectations. The Plan is organised into environmental, social and governance (ESG) issues and presents a set of targets in a single period for completion and a set of cyclical annual targets, or with recurring periods over the time period of the plan. To achieve these strategic ESG targets, all the Group's business, central and control Functions were involved, to identify, organise and launch operational projects and actions necessary to achieve the targets.

The social targets were defined by consulting a number of stakeholders to meet their requests and demands. They are based on the key principles integrated in the 2023-2025 Sustainability Plan and in company policies, including the illimity Way and the DEI policy, and cover the following areas:

- Gender equality.
- Development of human capital.
- Gender Pay gap.
- Wrokforce engagement
- Development of social impact projects.
- Training.
- Sustainable mobility.
- Supply Chain.

The CFO, through the IR & Sustainability Function, coordinates the implementation of the Sustainability Plan, as well as its monitoring and reporting process, in constant collaboration with the various Group functions. This monitoring is reported to the Sustainability Committee on a quarterly basis and to the Board of Directors at least once a year.

The social and workforce goals of illimity are based on key principles integrated in the 2023-2025 Sustainability Plan and in the company's policies, including the illimity Way and the DEI policy, which guarantee inclusion, gender equality and respect for fundamental rights.

Tracking effectiveness of policies and actions through targets

[S1-MDR-T]

Since the beginning of its business in 2019, illimity has paid particular attention to environmental, social and governance (ESG) issues and has undertaken a process to integrate them into its strategies, processes and governance. In line with this target, the Bank has prepared the Sustainability Plan 2023 - 2025, approved by the Board of Directors in February 2023, broken down by environmental, social and governance issues and with ambitious targets that fit in with the Bank's various business areas and meet the needs expressed by the various stakeholders.

Specifically, with particular reference to policies and actions relating to social aspects, illimity identified and included the following targets in the aforementioned Sustainability Plan:

Scope	Target	State of Progress	Expected deadline
Gender Equity	Doubling the number of women in management roles	Completed	Achieved
Talent Pool & Gender Pay gap	Maintaining the balance between men and women in the formalised "talent pool" and a gender pay gap[15] with a maximum deviation of 5%	Completed	Annual target
Engagement Index	Maintaining the Group's employee engagement index above 70%;	Completed	Annual target
Fondazione illimity	Real estate impact projects through fondazione illimity	Completed	Achieved
Gender equality certification	Maintain the UNI_PdR 125-2022 gender equality certification	Completed	Annual target
Policy Anti-Harassment	Development of a company policy to combat harassment, sexually inappropriate behaviour and bullying	Completed	Achieved
Training	Maintain an average of 42 training hours/employee	Completed	Annual target
	Ensure 3 hours of ESG training per employee	Completed	Annual target
Sustainable mobility	Awareness-raising initiatives on sustainable mobility (home-work) for employees	Ongoing	2025
Supply Chain	>50% of total expenditure on goods and services by 2025 assessed by ESG criteria	Completed	Achieved

All identified and described targets are measurable and monitored as part of the 2023-2025 Sustainability Plan of the illimity Group. The targets identified and described refer to the topic areas described in the first column of the table.

For all the identified and described targets relating to the own workforce:

- no base value has been envisaged;
- the base year of reference is 2022;
- a three-year time horizon from 2023 to 2025 was identified.

Notwithstanding the reference time horizon equal to the three-year period 2023 - 2025, the "Expected Deadline" column in the table shows the intermediate completion date identified by illimity for each identified target.

The targets indicated above were defined to meet the demands expressed by the various stakeholders, and the regulatory expectations, as well as the opinions expressed by the main rating agencies (e.g. MSCI, CDP, ISS ESG, Standard Ethics). The targets are based on qualitative and quantitative data available to the Bank and are also the result of external benchmarks that the Bank has considered in formulating and defining them. As mentioned above, the identified targets also reflect the requirements of some of the Group's stakeholders, in particular shareholders, rating agencies and regulators. To date, there have been no changes to the sustainability targets related to social issues formalised in the 2023 - 2025 Sustainability Plan.

Please refer to the section **"Taking action on material impacts, risks and opportunities related to own workforce [S1-4]"** which describes the main actions on material impacts for own workforce and approaches for mitigating material risks and pursuing material opportunities in relation to own workforce, as well as the effectiveness of these actions.

15 Measured as Equal Pay Gap.

Characteristics of the undertaking's employees

[S1-6]

Below is a breakdown by contract type, gender and region of the illimity Group's employees as of 31 December 2024.

Employees by contract type, by gender and region	Female (No.)	Male (No.)	Other (No.)	Not disclosed (No.)	Total (No.)
Total employees	**364**	**415**	**-**	**-**	**779**
Lombardy	**238**	**307**	-	-	**545**
Permanent employees	237	307	-	-	544
Temporary employees	1	-	-	-	1
Non-guaranteed hours employees	-	-	-	-	-
Emilia-Romagna	**108**	**81**	-	-	**189**
Permanent employees	106	81	-	-	187
Temporary employees	2	-	-	-	2
Non-guaranteed hours employees	-	-	-	-	-
Lazio	**9**	**16**	-	-	**25**
Permanent employees	9	16	-	-	25
Temporary employees	-	-	-	-	-
Non-guaranteed hours employees	-	-	-	-	-
Other Regions	**9**	**11**	-	-	**20**
Permanent employees	9	11	-	-	20
Temporary employees	-	-	-	-	-
Non-guaranteed hours employees	-	-	-	-	-
Total employees	**364**	**415**	**-**	**-**	**779**
Lombardy	**238**	**307**	**-**	**-**	**545**
Full-time employees	236	307	-	-	543
Part-time employees	2	-	-	-	2
Emilia-Romagna	**108**	**81**	-	-	**189**
Full-time employees	102	80	-	-	182
Part-time employees	6	1	-	-	7
Lazio	**9**	**16**	-	-	**25**
Full-time employees	7	16	-	-	23
Part-time employees	2	-	-	-	2
Other Regions	**9**	**11**	-	-	**20**
Full-time employees	7	11	-	-	18
Part-time employees	2	-	-	-	2

The reported figures refer to the number of persons actually employed as of 31 December 2024.

At the end of 2024, the illimity Group had 779 employees, a decrease of 15.4% year-on-year, mainly due to the closing of the agreement between illimity and the Finwave/OCS Group on 24 December 2024. The agreement resulted in the transfer of 52% of the shares of the NewCo "altermAInd S.r.l." to the company Fibonacci, with 140 employees leaving the Group's scope of consolidation.

For a cross-reference, see item 190 "Personnel expenses" in the Consolidated Financial Statements.

During 2024, there were 79 employees whose employment contract was terminated. The turnover for outgoing staff stands at 10.1%.

Turnover rate	
Number of terminated employees	79
Employee turnover rate	10.1%

The figure is calculated as the ratio of the number of employees who terminated their employment with the illimity Group to the total number of employees as of 31 December 2024.

Collective bargaining coverage and social dialogue

[S1-8]

All employees of the illimity Group are covered by national collective bargaining agreements (CCNL). Employees of illimity Bank and illimity SGR are covered by the "Collective Bargaining Agreement for Middle Managers and staff in professional areas employed by credit, financial and instrumental companies", while employees of ARECneprix, Abilio, Quimmo Agency, Quimmo Prestige Agency and Industrial Discount are covered by the "Supplementary Credit Agreement" envisaged by Article 3 of the above-mentioned agreement.

Collective bargaining and social dialogue	
Employees covered by collective bargaining	100.0%
Coverage of social dialogue	100.0%

Coverage rate	Collective bargaining coverage		Social Dialogue
	Employees - EEA	Employees - Non-EEA	Workplace Representation (EEA only)
0-19%	-	-	-
20-39%	-	-	-
40-59%	-	-	-
60-79%	-	-	-
80-100%	Italy	-	Italy

Please note that there are no agreements with its employees for representation by a European Works Council (EWC), a European Company Works Council (ECWC) or a European Cooperative Society Works Council (ESCWC).

Diversity metrics

[S1-9]

The gender breakdown of illimity's senior executive management is shown below, defined in line with that which is represented as senior management in the Remuneration Policy as of 31 December 2024.

Senior management diversity	Number	Percentage
Female	1	14.3%
Male	6	85.7%
Other	-	0.0%
Not disclosed	-	0.0%
Total employees	**7**	**100.0%**

The figures reported in the table has been calculated as the absolute value of male and female employees who fall within illimity's definition of senior executive management and as a percentage value given by the ratio of the absolute value to the total number of senior management employees, i.e. 7 people.

The distribution of the illimity Group's employees by age bracket and contractual classification is shown below, with representation by absolute value (number of people actually employed as of 31 December 2024) and as a percentage.

Employees by age bracket (No.)	< 30 years	30-50 years	> 50 years	Total
Senior managers	-	55	19	74
Middle managers	11	271	34	316
Professional Areas	104	265	20	389
Total	**115**	**591**	**73**	**779**

Employees by age bracket (%)	< 30 years	30-50 years	> 50 years	Total
Senior managers	0.0%	7.1%	2.4%	9.5%
Middle managers	1.4%	34.8%	4.4%	40.6%
Professional areas	13.4%	34.0%	2.6%	49.9%
Total	**14.8%**	**75.9%**	**9.4%**	**100.0%**

The reported figures refer to staff employed as of 31 December 2024.

Adequate wages

[S1-10]

All employees of the Group receive an adequate wage, which is never below the limits envisaged by the credit national collective agreement (CCNL). It has been calculated that the ratio of the A23 minimum wage of the Banking national collective bargaining agreement (CCNL) (lowest classification of a Group employee) to the lowest wage received by a new employee is one.

Social protection

[S1-11]

All Group employees have social protection coverage in the event of illness, unemployment, occupational injury and disability, leave and retirement as also envisaged by national legislation.

Persons with disabilities

[S1-12]

Persons with disabilities	Number	Percentage
Persons with disabilities among employees	**26**	**3.3%**
Female	15	1.9%
Male	11	1.4%
Other	-	0.0%
Not disclosed	-	0.0%

The data reported refers to staff with disabilities expressed by gender actually employed as of 31 December 2024, represented in both absolute and percentage terms.

Training and skills development metrics

[S1-13]

	Employees who participated in regular performance reviews (No.)	Number of regular performance reviews (No.)	Number of employees (No.)	Employees who participated in periodic reviews (%)	Number of regular performance reviews carried out per employee (No.)
Female	361	361	364	99.2%	0.99
Male	408	408	415	98.3%	0.98
Other	-	-	-	0.0%	-
Not disclosed	-	-	-	0.0%	-
Total	**769**	**769**	**779**	**98.7%**	**0.99**

	Employees who participated in regular performance reviews (No.)	Number of regular performance reviews (No.)	Number of employees (No.)	Employees who participated in periodic reviews (%)	Number of regular performance reviews carried out per employee (No.)
Senior managers	74	74	74	100.0%	1.00
Middle managers	313	313	316	99.1%	0.99
Professional Areas	382	382	389	98.2%	0.98
Total	**769**	**769**	**779**	**98.7%**	**0.99**

The data shown refers to the number of employees eligible with regard to the Performance Management process for 2024, i.e. those hired by 30 September 2024.

Employees who do not participate in the 2024 performance appraisal still have the opportunity to take part in the feedforward interview receiving feedback on performance and conduct and defining their own individual development plan (within a catalogue of training and development initiatives to be activated during the year or over a long-term period).

The average training hours of Group employees by contractual classification and gender are shown below.

Employee training	Average hours
Average hours of training per employee category	
Senior managers	39
Middle managers	51
Professional areas	54
Total	**51**
Average hours of training by gender	
Female	49
Male	53
Total	**51**

Average training hours are calculated as the ratio of total training hours to the number of employees in each category (contractual classification and gender).

Health and safety metrics

[S1-14]

The illimity Group operates in compliance with occupational health and safety (OSH) regulations and on the basis of the requirements of Italian Legislative Decree No. 81/08. All Group employees are covered by the occupational health and safety management system.

Employees covered by the health and safety management system	
Own workers covered by the health and safety management system	100.0%

Rate of accidents and lost days	Employees	Non-employees	Total
Number of deaths in the own workforce due to work-related accidents and diseases	-	-	-
Number of deaths due to work-related accidents and diseases of other workers working on company sites	-	-	-
Number of recordable work-related accidents	3	-	3
Hours worked	692,482	-	692,482
Rate of recordable occupational accidents	**4.3**	**-**	**4.3**

The accident rate is calculated as the ratio of the number of accidents to the total number of hours worked. In order to improve comprehensibility, the fraction thus obtained is multiplied by 1,000,000 (hours worked) for employees, and by 200,000 (hours worked) for non-employees, as there are significantly fewer of them.

Work-life balance metrics

[S1-15]

	UoM	Female	Male	Other	Not disclosed	Total
Number of employees entitled to take family leave	No.	364	415	-	-	779
Number of eligible employees who took family leave	No.	65	31	-	-	96
Percentage of employees entitled to take family leave	%	100.0	100.0	0.0	0.0	100.0

The number of employees entitled to family leave represents the total number of employees in the Group. During 2024, 96 employees (65 women and 31 men) took family leave, representing about 12% of employees.

Compensation metrics (pay gap and total compensation)

[S1-16]

Country	Operating segment	Categories of employees	Pay gap Female - Male
Italy	Senior managers; Middle managers; Employees	Senior First Line Top Management	2.9%
		Top Management	14.0%
		Senior Management	9.5%
		Management	9.2%
		Principal Expert	5.6%
		Senior Expert	-10.9%
		Expert	1.0%
		Senior Specialist	-9.1%
		Specialist	5.9%
		Junior Specialist	5.0%
		Business Support	-3.1%
Gender Pay Gap			**37.3%**

The table shows an overall Gender Pay Gap[16] of 37.3% (unadjusted gender pay gap between female and male employees, without taking into account the pay gap for the same job or work of equal value).

Considering, on the other hand, the pay gap for the same job or work of equal value - weighting the differentials of the individual clusters by the numerosity of the clusters themselves - the Equal Pay Gap is 1.6%.

However, it can be seen that for some of the professional categories, there is a non-unidirectional pay gap, i.e. to the advantage/disadvantage of both the male and female genders, which is considered physiological and mainly linked to the variable remuneration assigned to the corporate population, which is determined by individual performance, therefore based on merit, and different company seniority levels within the individual clusters.

It can also be observed that in the managerial levels, which are on the whole limited in number compared to the company population and covered mainly by male figures, the gap tends to widen (roles from "Management" to "Top Management"). To mitigate these gaps, as from 2021 illimity has been implementing measures and strategic action to increase the presence of women in management roles, with the aim of furthering greater gender equity and ensuring a more balanced representation, in line with the targets of the Group's Sustainability Plan.

Total annual pay ratio	
Ratio of the remuneration of the highest paid person to the median remuneration among employees	23.1

The indicator shows the ratio of the total annual remuneration of the highest paid person in the illimity Group to the median total annual remuneration of all employees (excluding the highest paid person).

16 Difference between average pay levels paid to female and male workers, expressed as a percentage of the average pay level of male workers.

Incidents, complaints and severe human rights impacts

[S1-17]

During 2024, no incidents of work-related discrimination or harassment were reported. There were no complaints filed through the channels set up where the company's workers can raise concerns (including grievance mechanisms). There were no serious human rights incidents and no fines had to be paid due to sanctions and compensation related to such incidents.

Affected communities

[S3]

Policies related to affected communities

[S3-1]

Given the Group operates only in Italy and the type of business activities involved, there are no policies in place to prevent and handle impacts on indigenous peoples. The illimity Group is committed to respecting and furthering human rights in all its activities, in line with:

- the UN Guiding Principles on Business and Human Rights;
- the ILO Declaration on Fundamental Principles and Rights at Work;
- the OECD Guidelines for Multinational Enterprises.

The policies adopted to manage the impacts, risks and opportunities relating to the Company affected communities (suppliers and communities of individuals and businesses in Italy) are described in the tables below in this section:

- protection against discrimination, child and forced labour;
- the promotion of wage and gender equality;
- the guarantee of safe and healthy working conditions.

Therefore, the Group also considers the inclusion of local Italian suppliers, which represent the majority of the Group's supplier list, and suppliers with certifications, according to the Sustainable Supply Chain Policy.

With reference to the Group's processes and monitoring mechanisms, in fact, the following were carried out:

- the implementation of ESG qualification procedures for suppliers, including requiring certifications such as ISO 45001 and 14001;
- the handling of reports through whistleblowing channels with protection from retaliation for whistleblowers;
- annual assessment and review of the social and environmental performance of suppliers by means of a survey campaign via the Vendor Management portal.

Although, as mentioned above, the Group does not operate directly in contexts involving indigenous peoples, respect for human rights is ensured at all levels of the value chain. Suppliers are required to make a formal commitment not to use child labour and to respect human rights as enshrined in the illimity Way.

Furthermore, the Group constantly promotes dialogue with local and global stakeholders, particularly by means of:

- engagement with suppliers to improve ESG standards;
- initiatives to foster the economic and social development of local communities, with a specific focus on small and medium-sized enterprises and sustainable entrepreneurship (e.g. Open-es);
- stakeholder engagement referred to in the section “Processes for identifying and assessing material IROs [IRO-1]”, through discussions with sector associations, foundations, academic bodies and/or NGOs;
- surveys with regard to SMEs and households, including non-customers.

With regard to measures implemented to remedy any human rights impacts, the Group provides:

- engagement processes and remedial actions for suppliers with ESG scores below the threshold considered acceptable by the Group;
- company policies for the protection of whistleblowers, including the Whistleblowing Policy.

[S3-MDR-P]

The policies described below for the affected communities are therefore in accordance with internationally recognised standards for communities, including the United Nations Guiding Principles on Business and Human Rights. During the reporting period, no instances of non-compliance with these principles were reported in illimity's own operations or upstream and downstream in the illimity value chain.

illimity is committed to generating a positive impact on the entrepreneurial fabric through the distribution of economic value to key stakeholders, including suppliers and communities of individuals and businesses across the country, who, as mentioned above, collectively represent the communities of interest to illimity. Through dialogue, collaboration and analysis of the impact on these communities, we aim to understand and enhance the spill-over effects of our activities, fostering sustainable and inclusive growth.

Policy	Sustainable Supply Chain Policy
Main contents	The Sustainable Supply Chain Policy of the illimity Group has the following targets: • minimise the indirect environmental impact and encourage socially responsible management of activities and suppliers; • integrate ESG (Environmental, Social & Governance) principles into supplier selection and management processes; • periodically monitor indirect GHG emissions (Scope 3) linked to suppliers. The policy mitigates reputational and environmental risks by favouring suppliers with sustainable practices and reducing social and environmental impacts. The HR & Organisation function, in collaboration with IR & Sustainability unit, annually monitors the ESG score of suppliers and implements remedial actions to improve the overall sustainability profile of the Group's supplier register.
Main recipients	The Sustainable Supply Chain policy applies to Group entities and all suppliers involved in the supply chain, thus upstream in the value chain. Activities envisaged by the policy, therefore, include the selection, management and qualification of suppliers, with a focus on those that contribute most to GHG emissions. It has no specific geographic limitations, as the policy is extended to all suppliers, globally.
Policy Implementers	The guidelines of the Sustainable Supply Chain policy are approved by the Board of Directors and the HR & Organisation and IR & Sustainability functions are operationally responsible for implementing and monitoring the policy.
References to third-party standards or initiatives	The policy is aligned with: • Universal Declaration of Human Rights (UN). • ILO (International Labour Organisation) Declaration on Fundamental Principles and Rights at Work and its Follow-up. • Principles of the UN Global Compact. In addition, suppliers are required to be ISO 9001, 14001, 45001, 27001, and 37001 certified. The Group also adopts ethical practices in the field of artificial intelligence according to OECD recommendations and EU guidelines.
Stakeholder engagement	The Sustainable Supply Chain Policy envisages the identification and involvement of material suppliers so that they actively participate in the Group's sustainability initiatives, providing the information necessary for the Bank to calculate the respective ESG scores, through structured engagement processes and methodologies using questionnaires.
Methods of access/ distribution	As well as being published on the Group's corporate website, the Sustainable Supply Chain Policy is also made available to suppliers during the qualification process, which explicitly requires compliance with the ESG principles and the illimity Way as a prerequisite for long-term collaboration.

In addition, existing policies relating to the affected communities include the code of ethics, illimity Way, for the contents of which please refer to the table in the section "Policies related to own workforce" [S1-1]" [S1.MDR-P].

Processes for engaging with affected communities about impacts

[S3-2]

illimity uses the views of the affected communities to guide its decisions and activities. This is done through:

- questionnaires assessing the materiality of impacts related to sustainability issues, administered online or focus groups with regard to the affected communities to gather opinions on key sustainability issues;
- direct engagement with stakeholders including suppliers and communities of individuals and businesses across the country, as well as associations and foundations, to also identify risks and opportunities and improve existing policies accordingly.

In doing so, illimity directly involves the affected communities through legitimate representatives or their credible proxies, such as, for example, industry associations, particularly during the assessment phase of social and environmental impacts linked to the Group's activities and its value chain.

The phases in which engagement takes place are those of strategic planning and monitoring of ESG policies, which take place through theme-based questionnaires, interviews and workshops (focus groups), to assess relevant ESG impacts and on an annual basis. The ultimate responsibility for the involvement of stakeholders, including the affected communities, is always with the Board of Directors, supported by the Sustainability Committee and, operationally, by the Sustainability Team. The board also oversees the implementation of the policies and ensures that the results of involvement are integrated into business decisions.

In this regard, the evaluation of the effectiveness of involvement is carried out by defining specific KPIs that measure the results of policies and the effectiveness of action taken, such as the improvement of suppliers' ESG scores or the positive feedback from the communities involved. The results led to the implementation of improved policies for the management of the sustainable supply chain and operations of the Group.

In conclusion, the Group, not having detected within its activities or its value chain the presence of affected communities that may be particularly vulnerable to impacts and/or marginalised, has not adopted any further measures to involve such groups within the communities concerned.

Processes to remediate negative impacts and channels for affected communities to raise concerns

[S3-3]

The illimity Group's approach, despite the fact that no significant negative impacts on the affected communities have been detected, is to have adopted a Whistleblowing policy that provides for in-depth investigations and audits in the event of breaches and/or concerns also reported by suppliers, with specific remedial measures and involvement of the relevant functions. The channel can be reached either through a on-line tool **(@Whistleblowing**), or through a hard copy letter or a dedicated phone number and is a system that guarantees anonymity and confidentiality. illimity supports the availability of such Whistleblowing channels through its public on-line channel and promptly monitors and assesses all reports received through the various channels available and thereby ensures the effectiveness of these channels. In addition, all reports are recorded and classified in the @Whistleblowing tool, with reporting and evaluation shared on a regular basis.

Please also note that the Whistleblowing Policy envisages specific measures to protect whistleblowers by means of:

- confidentiality with regard to the identity of the whistleblower and the content of the reports;
- the prohibition of retaliation, with sanctions for any discriminatory or intimidating behaviour towards the whistleblower.

Reports are handled in accordance with the privacy and confidentiality of data, as required by current legislation.

Interventions on material IROs related to the affected communities

[S3-4]

In relation to material impacts, the Banking Group takes action to prevent or mitigate material adverse impacts on the affected communities through a structured approach to prevent and mitigate such eventualities on the communities. The measures taken include:

- stakeholder engagement: the involvement of local communities through surveys and focus groups to identify risks and priorities;
- social regeneration projects: the fondazione illimity furthers initiatives such as (RE)GENERATION CAMP and Barrio21 to support both children and young adults from fragile backgrounds;
- responsible value chain management: implementation of ESG questionnaires for suppliers and clustering of related sustainability risks.

Additional initiatives designed with the primary aim of producing positive impacts for the affected communities include:

- support for social enterprises and funding for urban regeneration;
- employee corporate donation initiatives for solidarity projects.

The Group monitors social regeneration projects, such as the (RE)GENERATION CAMP and Barrio21 initiatives, implements ESG questionnaires for suppliers, carries out a clustering of the risk and involves local communities through surveys and focus groups to identify risks and priorities.

To identify material impacts, illimity adopts the approach of double materiality analysis using criteria such as severity, likelihood and irretrievability of impacts. In addition, we involve internal and external stakeholders to ensure the materiality of the actions. The approach in the measure for specific negative impacts is to implement collaborative measures, e.g. with third sector associations for the social regeneration of real estate assets or direct support to marginalised communities through fondazione illimity projects. Corrective action is integrated into company policies and ESG frameworks, with regular reviews via internal committees and ESG performance indicators.

In relation to significant risks and opportunities illimity undertakes:

a) actions to mitigate material risks by means of:

- ESG questionnaires: assessment of suppliers at risk to reduce potential negative impacts in the value chain;
- strategic partnerships: collaboration with local authorities to solve critical issues.

b) actions to pursue material **opportunities:**

- illimity develops sustainable financial products, such as green loans and promotes advisory activities to support local businesses and communities.

illimity also integrates sustainability into governance and operational processes with planning that includes responsible management of the supply chain and the promotion of projects that balance social and environmental impacts, including through the fondazione illimity.

During the reporting period, no serious human rights incidents emerged in the affected communities defined by illimity. The resources allocated to the handling of these significant impacts include:

- the dedicated sustainability team and the risk management team;
- a budget for the fondazione illimity aimed at developing local and social initiatives with technical and financial support.

[S3-MDR-A]

illimity is committed to building strong and inclusive relationships with communities of individuals and businesses, furthering initiatives throughout the area that foster sustainable development, innovation and shared growth. The main actions implemented to this end are listed below:

- **TheWaveProgram**: this is the illimity format that addresses the new generations with the aim of helping young people face increasingly complex challenges in an increasingly connected but equally uncertain world. This commitment reflects the principles of the Bank's Code of Ethics, which recognises the value of diversity, collaboration and shared growth as key elements for a sustainable future.

  TheWaveProgram's first initiative was the partnership with Young Ambassadors Society (YAS), for the organisation of the Italy 2024 Youth 7 (Y7), the official G7 Summit engagement group dedicated to young people aged between 20 and 30, via which they have the opportunity to develop and present proposals to the G7 Heads of State and Government. Furthermore, thanks to the partnership with YAS, 6 young people under 35 from illimity had the opportunity to participate in the Global Youth Leaders Program, a training course on SDGs (including environmental sustainability and inclusion) and transversal skills, in order to strengthen their skills in decision-making processes and international negotiation;
- **Open-es research on SMEs & ESG**: the Bank carried out research in cooperation with Open-es in 2024 involving SMEs with which illimity does not have a business relationship, but which participate in the Open-es sustainability platform, of which the Bank is a partner. This action contributed to the development of a more inclusive ecosystem, supporting the analysis of Italian SMEs' perceptions on access to credit, with a particular focus on the need to support their environmental, social and governance sustainability initiatives. More details can be found in the section **"Consumers and end-users (household and corporate customers) - [S4]";**
- **fondazione illimity**: the Bank financially supports the fondazione illimity, which is external to the Group and which develops social regeneration projects, such as Barrio21 and (RE)GENERATION CAMP, which promote the working and social inclusion of young people from disadvantaged backgrounds, creating opportunities for growth and autonomy. Support for the foundation is also provided through the Make It Double programme, which allows each employee of the bank to allocate a sum of their salary each month through a deduction for a specific fondazione illimity project. Each month, illimity pays out the same amount collected from employees, doubling the amount to be donated to the selected project. In 2024, all projects of the fondazione illimity planned for the period were completed, including those on which illimity provided disclosure in previous periods.

In relation to the above-mentioned actions implemented during 2024, the main areas of impact related to the affected communities are:

- youth and labour inclusion;
- sustainability and access to credit for SMEs;
- urban regeneration from a social perspective.

All actions implemented by illimity aim to generate a positive impact on the affected communities. In addition to the internal resources allocated for the supervision of these activities, the **current financial resources** allocated and deployed in the reporting period for the actions outlined below amount to a total of approximately EUR 0.17 million, within the sphere of operating expenses (OpEx) and included under Financial Statement items 160.b) "Other Administrative Expenses" and 200.c) "Other expenses and income":

- TheWaveProgram - (amounting to EUR 24,400);
- support for the fondazione illimity - (amounting to EUR 150,000).

At the same time, no material capital expenditure (CapEx) directly associated with these individual actions was recorded in the reporting period.

Material IRO-related targets for the affected communities

[S3-5]

illimity uses a structured approach to define targets relating to managing negative impacts, enhancing positive impacts and managing the material risks and opportunities. The process includes:

1. **Double materiality analysis**:
   - identification of material impacts, risks and opportunities through the direct involvement of key stakeholders including employees, suppliers, customers and local communities;
   - assessment of the severity and likelihood of impacts, with a focus on social and environmental aspects, such as urban regeneration and sustainability in the supply chain.
2. **Stakeholder engagement**:
   - direct interaction with legitimate representatives of the affected communities (e.g. social cooperatives, associations);
   - use of focus groups to gather feedback.
3. **Alignment with corporate strategies**:
   - the targets are integrated into the 2023-2025 Sustainability Plan, ensuring consistency with ESG priorities and the regulatory frameworks.

As already mentioned, illimity monitors the effectiveness of the targets, also using the percentage of ESG-rated suppliers in the value chain. In addition, the targets are periodically measured and analysed through the ESG Tableau de Board, which includes KPIs and risk indicators (KRIs).

In 2025, a retrospective analysis of these Sustainability Plan targets is planned to identify successes and areas for improvement. Subsequently, strategic adjustments will be made, including the streamlining of methodologies, such as the adoption of additional metrics to measure the social impact of actions. The positive results will also be documented and used for the definition of future projects, reinforcing the data-driven and continuous improvement-oriented approach that characterises the Group's activities.

Tracking effectiveness of policies and actions through targets

[S3-MDR-T]

Within the affected communities, illimity is committed to achieving two strategic targets in its 2023-2025 Sustainability Plan: increasing the proportion of ESG-rated suppliers in the value chain and developing impactful projects in the real estate sector through the fondazione illimity.

Both targets reflect alignment with Illimity's 2023-2025 Sustainability Plan and the corporate strategy to further sustainability throughout the value chain and in local communities.

- **Value chain**: increasing the proportion of ESG-assessed suppliers supports responsible management of business relationships, improving social and environmental impacts;
- **Social real estate projects developed by the fondazione illimity**: urban regeneration contributes to reducing inequalities, creating value for communities through social initiatives and inclusive spaces.

The target on ESG suppliers is measured in percentage terms, with a target of 50% spending on ESG-assessed suppliers by 2025. Real estate projects with a social purpose are exclusively linked to the measurement of the realisation of these projects by the fondazione illimity, based on the Bank's annual financial support provided to the foundation.

The nature of the following social objectives of the Sustainability Plan:

- "achievement of more than 50% of total expenditure on goods and services by 2025 assessed using ESG criteria" is qualitative-quantitative, as it is related to supplier management processes;
- "development of impactful projects in Real Estate through the fondazione illimity" is qualitative.

On suppliers, the base value of ESG-assessed expenditure was 30% in 2022, while on Real Estate the starting point was a pilot project initiated in 2022. The reference base year is therefore 2022. On ESG suppliers the period over which the target applies is 2023-2025, while on Real Estate it is 2021-2025. There are no intermediate milestones or targets in the period 2021-2025.

The methodologies and significant assumptions used to define ESG supplier targets include:
- mapping of suppliers to identify the most strategic ones;
- standardised questionnaires to assess ESG compliance;
- clustering of suppliers to improve risk management.

The fondazione illimity carried out both collaboration with local associations and third sector organisations and analyses of the needs of local areas on the impact Real Estate projects. The targets described above are not based on sound scientific data, but only on qualitative evidence. The affected communities were not directly involved in the targets setting process for each material sustainability matter in the 2023-2025 Sustainability Plan, but the Bank relied on public information, position papers and significant research for this purpose. During the reporting period, there were no changes in the targets and corresponding metrics or measurement methodologies used, significant assumptions, limitations, sources and processes for data collection adopted.

Finally, the Group noted progress linked to the "Barrio21" project, which started in October 2023 and is still ongoing. In fact, five young adults are currently housed in the flats and interviews are underway to select further participants.

Consumers and end-users (household and corporate customers)

[S4]

Policies related to consumers and end-users

[S4-1]

Policies adopted to manage impacts, risks and opportunities relating to consumers and end-users or rather retail customers (i.e. households) and corporate customers (i.e. businesses) of the Company are described in the tables below in this section.

Specifically, illimity is aware of the importance of the values of fairness and protection of human rights and is committed to avoiding and eliminating all discrimination and to respecting differences in gender, age, ethnicity, religion, political and trade union membership, sexual orientation and identity, language or diversity. The Bank works to ensure that there is full respect for the fundamental freedoms proclaimed in the Universal Declaration of Human Rights approved in 1948 by the United Nations General Assembly, as set out in the illimity code of ethics (illimity Way). Since 2021, the Bank has been a member of the **United Nations** (UN) **Global Compact**, pledging to respect and promote its ten universally accepted principles, including those relating to the protection of human rights by businesses (Principles 1 and 2).

Furthermore, in compliance with banking sector regulations and in line with the **Code of Corporate Governance** and the **OECD Guidelines** for Multinational Enterprises on Responsible Business Conduct, illimity follows rules of governance which clearly assign roles and responsibilities to the corporate bodies and management always ensuring their alignment with the interests of the Company and its shareholders, with principles of honesty, transparency, fairness and independence. Given the Bank's operating and business model, observance of these rights is firmly rooted in the policies for managing relations with its customers and third parties, both in contractual and relational terms, within the applicable national and supranational regulatory framework. illimity integrates, in fact, respect for human rights into its policies and operations, ensuring that financing does not contribute to breaches. It implements due diligence processes to identify and mitigate human rights risks in relation to operations, corporate customers and the supply chain. In conclusion, it implements remedial mechanisms, ensuring access to the complaints channel and continuously monitoring its activities.

illimity, in line with the international principles expressed by the United Nations, the OECD and the EU, therefore aims to:

- safeguard **human rights** in all areas in which it operates;
- aspire to greater solidarity based on the **recognition of cultural diversity**, awareness, the **uniqueness of humankind** and the **development of intercultural exchange**;
- avoid any **discrimination**, **forms of slavery** or **child labour**, paying great attention to these issues also when identifying the parties, including consumers and end-users, with whom it deals;
- adopt policies and internal procedures (Credit Procedure - PUC, ESG Investment Policy - corporate finance - Bank-side, ESG Investment Policy - illimity SGR side) governing the non-execution of loans to certain types of counterparties considered as **excluded sectors**, taking into account the United Nations principles on the approach to business and human rights and on a consistent basis with the Bank's strategic guidelines and the guidelines expressed in its credit strategies;
- carry out, during the preliminary investigation, **in-depth checks on counterparties**, also consulting external lists, where available, paying attention to the purpose of the Bank's credit intervention and verifying the absence of an activity excluded from the overall operations of the entity (company or group) to be financed.

illimity is also guided by the international principles described above so as to meet the **engagement** needs of **its consumers and end-users** through a service model designed around the needs of corporate and retail customers. In particular, the Bank adopts a **digital approach** combined with the human touch, an intuitive, consumer-centric user experience available always and everywhere and a range of digital services.

Specifically, the involvement of consumers and end-users takes place mainly through:

- sending targeted **communications of interest** to retail customers, on the basis of the privacy and commercial consent expressed by the parties concerned, by means of a system of rules defined for each individual contact channel and according to the evolution of the relationship;
- **personalised assistance** according to the needs of the individual customer through the **Smart Care** service, which allows to gather and address the requests from all channels made available to the customers;
- organisation of **physical on-site and on-line events** , **research** and **surveys** to gather the views of consumers and end-users, so as to understand their main interests, expectations and needs.

The main **contact channels** used by illimity in the reporting period to relate to and engage with its customers are listed below:

- Smart Care (assistance via telephone, chat and/or e-mail);
- website (illimity.com), home banking (illimitybank.com) and corporate banking (bilty.illimity.com);
- illimity APP for retail customers and b-ilty APP for corporate customers;
- social networks;
- direct e-mail marketing;
- physical on-site and on-line events;
- surveys on brand reputation and satisfaction level;
- questionnaire on materiality of sustainability issues;
- research on the sustainability needs of SMEs (in cooperation with Open-es).

In order to remedy potential human rights impacts, illimity promotes and consistently applies the **principle of non-discrimination** within the Bank. Specifically, with particular reference to its customer relations, the Company is committed to adopting operational management processes and applications / tools including anonymisation procedures, identical for all customers. In addition, during the granting and subsequent monitoring of credit, it implements control measures (at business, risk, AML level) oriented towards respecting and **safeguarding the fundamental rights of** each individual, guaranteeing **fairness** and **transparency** at all stages of the relationship with the customer. Therefore, illimity integrates respect for human rights into its policies and operations with its customers, both consumers and end-users, and avoids financial support to those involved in the violation of these rights. In particular, the implementation of due diligence related to companies enables illimity to identify in good time and mitigate any human rights risks arising from its operations and/or ongoing interaction with customers and its supply chain.

As a result of the actions taken, illimity confirms that it has found no breaches of the principles of the UN Global Compact and the OECD Guidelines affecting consumers and end-users in the value chain.

[S4-MDR-P]

Policy	ICT Security Policy
Main contents	The policy pursues the targets of safeguarding the confidentiality, integrity and availability of data, relating both to illimity's customers and to the performance of internal business and strategic activities. The main impacts relate to enhancing the cyber security of data and infrastructures used by illimity, as well as the ability to prevent and combat cyber fraud to the detriment of customer data. The main opportunities focus on maintaining and enhancing the security of IT systems, with benefits in terms of corporate reputation and creating relationships of trust with customers. As far as monitoring is concerned, illimity has defined processes and put in place control measures to constantly prevent possible cyber security threats.
Main recipients	The policy applies to the entire workforce of illimity, as well as to all corporate and retail customers to which Group companies offer products and services.
Policy Implementers	Chief Information Officer (from 1 January 2025, Chief ICT Governance Officer).
References to third-party standards or initiatives	illimity has made available on the company intranet secure programming guidelines developed and updated with respect to the OWASP (Open Web Application Security Project) best practices and linked to evolving threats that are monitored by the dedicated cyber security team. In addition, illimity is one of the partner banks of the cyber security information campaign "Cybersecure - feasible business" furthered by CERTFin.
Stakeholder engagement	The policy was developed through a collaborative process by the ICT Governance, Compliance & AFC, Risk, HR & Organization functions.
Methods of access/ distribution	The policy is available on the illimity website and the corporate intranet portal. The Bank also provides its entire own workforce with "illimity Security Awareness Programme" training on the topics of phishing, business e-mails compromise, malware and data protection.

Policy	Privacy Policy
Main contents	The policy defines the principles underlying the processing of personal data and describes the organisational model, processes and procedures governing the performance of all related activities. The main impacts concern the breach and loss of sensitive data due to cyber attacks and/or non-compliance with current privacy regulations (GDPR). The main opportunities consist in the definition and continuous application of technical and organisational safeguards aimed at ensuring a correct and transparent approach to business activities involving the processing of personal data. With regard to monitoring, illimity ensures that the policy is regularly updated and implements all the necessary measures, both technological and organisational, to ensure that all its customers and all individuals in general are adequately informed of the data processing activities implemented by the Bank.
Main recipients	The policy applies to the entire workforce of illimity, as well as to all corporate and retail customers to which Group companies offer products and services.
Policy Implementers	Chief Compliance & AFC Officer.
References to third-party standards or initiatives	illimity confirms its alignment with current legislation on the processing and protection of personal data (GDPR).
Stakeholder engagement	The policy was developed by means of a collaborative process by the Compliance & AFC, Risk, HR & Organization, Communication & Marketing, Legal & Corporate Affairs functions.
Methods of access/ distribution	The policy is available on the illimity website and the corporate intranet portal. The Bank also provides, at least once a year, specific training to all staff involved in the processing of personal data.

Policy	Transparency of Banking and Financial Operations and Services Policy
Main contents	The policy aims to guarantee transparency in the offer of products and services to illimity's customers, and to ensure fair, clear and transparent management of relations with them. The main impacts relate to the protection of customer relations, the reduction of legal and reputational risks for the Bank and the increase of public confidence in banking and financial operators. The main opportunities lie in the strengthening of the Bank's reputation with its customers, in the creation of a bank-customer relationship based on transparency and the communication of complete, accurate and comprehensible information to enable customers to make informed decisions on the products and services offered. As far as monitoring is concerned, the policy is subject to periodic review, at least annually, in order to ensure the adequacy and compliance of the solutions adopted by the Bank vis-à-vis its customers.
Main recipients	The policy applies to the entire illimity workforce and illimity SGR, as well as to all corporate and retail customers to whom these Group companies offer products and services.
Policy Implementers	Chief Compliance & AFC Officer.
References to third-party standards or initiatives	illimity confirms its alignment with current regulations on transparency and consumer protection.
Stakeholder engagement	The policy was developed by means of a collaborative process by the Compliance & AFC, Risk, HR & Organization, Communication & Marketing, Legal & Corporate Affairs units, as well as the staff of the Bank's business divisions.
Methods of access/ distribution	The policy is available on the illimity website and the corporate intranet portal.

Policy	Credit Procedure
Main contents	The purpose of the procedure is to define and regulate the activities and processes relating to the lending activities carried out by illimity, identifying and describing the activities, roles and responsibilities of each unit in line with the Bank's strategic guidelines and the regulatory framework governing the exercise of banking activities. It includes ESG factors in the assessment of credit rating and ESG lending opportunities that aim to support companies in their transition to a low greenhouse gas emission economy through specific Green, Social or Sustainability-Linked credit facilities. The main impacts relate to consistency and compliance with the organisational and procedural rules governing lending activities, with the aim of managing and monitoring credit risk and other significant risks associated with lending activities. The main opportunities lie in the ongoing evolution and updating of the Bank's credit processes and activities, ensuring their efficiency and effectiveness, in line with the internal and external regulatory framework. As far as monitoring is concerned, the procedure is subject to periodic review in response to external regulatory developments and internal organisational changes within the Bank, with the aim of reflecting the regulatory framework and the provisions issued by the Supervisory Authority currently in force.
Main recipients	The Procedure applies to the entities of the illimity Banking Group, which are subject to the management and coordination of the Parent Company illimity Bank S.p.A., for the parts falling under its responsibility and depending on the nature of the business carried out by each subsidiary.
Policy Implementers	Chief Lending Officer
References to third-party standards or initiatives	Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation). Regulation (EU) 2020/852 (EU taxonomy for environmentally sustainable economic activities).
Stakeholder engagement	In drafting the Policy, the Bank's internal functions were involved, requests from investors and rating agencies were collected, and supervisory and regulators expectations were considered.
Methods of access/ distribution	The policy is available on the "Company Regulations" portal on the company Intranet and is published, in Italian and English, on the Parent Company's Corporate website.

Policy	Complaints Management Policy
Main contents	The aim of the Complaints Management Policy is to define the procedures for receiving and handling complaints submitted by customers, in order to ensure prompt and comprehensive responses, to promote the overcoming of critical issues identified on the basis of complaints received, and to safeguard the quality of customer relations. The main impacts concern the timely handling of issues reported by customers in order to avoid situations and/or risks of non-compliance or problems related to business operations. The main opportunities lie in maintaining solid relationships of trust with customers over time, as well as avoiding similar problems in the future. As far as monitoring is concerned, the policy is subject to periodic review, at least annually.
Main recipients	The policy applies to the entire illimity workforce, as well as to all corporate and retail customers to which the Bank offers products and services.
Policy Implementers	Chief Compliance & AFC Officer.
References to third-party standards or initiatives	illimity confirms its alignment with current regulations regarding the handling of complaints.
Stakeholder engagement	The policy was developed by means of a collaborative process by the Compliance & AFC, Legal & Corporate Affairs, Lending units and the business Functions.
Methods of access/ distribution	The policy is available on the illimity website and the corporate intranet portal.

In addition, existing policies relating to the consumers and end-users include the code of ethics, illimity Way, for the contents of which please refer to the table in the section **"Policies related to own workforce" [S1-1]"** and **[S1-MDR-P].**

Processes for engaging with consumers and end-users about impacts

[S4-2]

The views of consumers and end-users play a crucial role in guiding illimity's decisions and activities. In particular, customer involvement is key to understand their interests, expectations and needs, and to identify and manage potential impacts, risks and opportunities. For these reasons, illimity adopts a **customer-centric approach** based on **constant and transparent communication**, which allows the Bank to maintain **stable and proactive dialogue** with its customers.

In this context, one of the main tools used by illimity to gather the views of its consumers and end-users, also for the year 2024, is to carry out **materiality assessment** by means of the distribution of an **online questionnaire**. This analysis is also used to prioritise the impacts and related material matters on which the Bank focuses its actions and initiatives.

Finally, with particular reference to retail customers, illimity carries out periodic analyses of said customers' satisfaction through quarterly Net Promoter Score (NPS) surveys.

Consumers and end-users are directly involved by illimity during the **stakeholders engagement** initiatives furthered by the Bank to gather their views, interests and needs through the materiality assessment, carried out annually. Specifically, this analysis is divided into the same stages described in sections "**Interests and views of stakeholders [SBM-2]**" and "**Processes to identify and assess material IROs [IRO-1]**".

In addition to this method of engagement, illimity also constantly engages with its customers through other channels such as on-site and on-line physical events, surveys, interviews and engagement calls.

illimity's CFO Function represents the highest function and role within the Bank with operational responsibility for ensuring that consumer and end-user engagement takes place and that the results guide the Company's approach and choices on material sustainability matters.

The main tool adopted by illimity to assess the effectiveness of consumer and end-user engagement during the materiality assessment process involves measuring the **response rate** to the distributed questionnaire on materality impacts. Specifically, for 2024, the response rate from SME customers is 66%.

illimity adopts an inclusive approach in involving its consumers and end-users, thus not excluding or marginalising any individual. The point of view of each corporate and retail customer is strongly taken into account by the Bank, as it is considered essential and indispensable to intercept and address the interests, needs and possible impacts of more specific or demanding customer groups. With particular reference to retail customers illimity adopts an approach geared towards **continuously listening to customers** through its Customer Service, which is always available and can be contacted through the various channels available (e-mail, chat, telephone).

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

[S4-3]

illimity has adopted a Complaints Management Policy which pursues the purpose of defining the procedures for receiving and handling complaints submitted by customers, which also has the purposes of ensuring **prompt and comprehensive responses**, furthering the **overcoming of critical issues** identified on the basis of complaints received, and safeguarding the **quality of customer relations**.

The Bank has adopted various channels for receiving complaints from customers, who are informed of the existence of these channels through pre-contractual and contractual documentation and the Bank's website in the Complaints section. This section also indicates the modalities for having recourse to Banking and Financial Ombudsman, Financial Disputes Ombudsman or other forms of out-of-court dispute resolution.

illimity has therefore adopted a precise internal policy that allows the Complaints Department, in cooperation with the legal functions of the Bank and its Subsidiaries as well as with other functions that may be involved, to **actively and promptly manage the response to complaints** received from customers and provide for effective remedial actions, where appropriate, also to identify points of attention and areas for improvement to be addressed in the plan of activities and controls.

The Complaints Department, which is independent of the business divisions, handles complaints, including specific concerns or needs, received from consumers and end-users concerning banking and financial activities, investment services activities and insurance mediation activities. The main targets are to ensure quick and comprehensive answers, improve customers relations and solve reported critical issues. Specifically, illimity customers may submit a complaint to the Bank free of charge in one of the following ways:

- ordinary mail, to the address illimity Bank S.p.A., Complaints Department; Re: “Complaint", Via Soperga 9, 20124 Milan MI, Italy;
- registered letter with acknowledgement of receipt (A/R) to the address illimity Bank S.p.A., Complaints Department; Re: “Complaint", Via Soperga 9, 20124 Milan MI, Italy;
- e-mail to reclami@illimity.com;
- ordinary/certified e-mail to illimity@pec.illimity.com.

The Complaints Department does not disregard any communication/request that comes to its attention, even if it is not to be classified as a complaint. In order to protect the reasons of customers as well as to safeguard the quality of relations with them, the Complaints Department forwards such communications/ requests to the CRM system, whereby the customer's communication is handled and acknowledged.

illimity makes the above-mentioned channels available to its consumers and end-users directly on the Bank's website in the special section dedicated to Complaints; they are also informed of the existence of these channels through pre-contractual and contractual documentation.

To ensure that entire own workforce that does business with customers is adequately informed about these processes, as well as to guarantee maximum dissemination and compliance, the Complaints Management Policy is published on the corporate intranet platform and on the website of illimity. Participation in the relevant training courses provided by the Bank is also required.

The main control and monitoring methods adopted by illimity with regard to issues raised by customers provide for the Complaints Department to draw up a **Register** and an illustrating the activity
carried out, with particular regard to the number of complaints deemed grounded and ungrounded. On the basis of this report, which is attached to the Annual Report of the Compliance & AFC function (within which the Complaints Department is organisationally structured), evidence is provided to the Board of Directors concerning:

- the **overall situation of** complaints received and their outcomes;
- the **rulings of the Banking and Financial Ombudsman and of the Judicial Authority** that have defined in a favourable sense to the customers the issues subject of a previous complaint, deemed ungrounded;
- the main **critical issues that emerged** from the complaints received;
- the **adequacy of the procedures** and organisational solutions adopted by the Bank.

In view of the above, the Complaints Department is directly attached to the Compliance & AFC function, which enables it to continuously analyse the issues raised by customers in order to identify any recurring criticalities and promptly take the necessary steps to overcome them. The Internal Audit function also carries out verification activities relating to the complaints management process and the functioning of the Complaints Department.

Consumers and end-users are informed of the existence of the aforementioned channels through the pre-contractual documentation, the contractual documentation and the Bank's website in the Complaints section. This section also indicates the modalities for having recourse to Banking and Financial Ombudsman, Financial Disputes Ombudsman or other forms of out-of-court dispute resolution.

illimity promotes an approach that is always oriented towards safeguarding and protecting its customers and, with this in mind, it has adopted a **Privacy Policy** that defines the principles underpinning the **processing of personal data** and describes the organisational model, as well as the processes and procedures governing the performance of all related activities, in compliance with the fundamental principles of **lawfulness**, **fairness** and **transparency**. Specifically, with the aim of ensuring an integrated Group approach and consistent management of relations with all the various stakeholders, illimity has appointed a Data Protection Officer (DPO) at Group level, identified in the Bank's Chief Compliance & AFC Officer, who constitutes the apex of the organisational model adopted for the correct management of issues and regulatory compliance with regard to the processing of personal data, transparency and protection of all categories of parties with which illimity has relations.

Furthermore, with regard to complaints received from customers, illimity has adopted the **Complaints Management Policy**, which aims to define the **procedures for receiving** and **handling complaints submitted by customers** and, in particular, in addition to guaranteeing prompt and exhaustive answers and promoting the overcoming of critical issues found on the basis of complaints received, it aims to **safeguard the quality of customer relations**.

illimity promotes and maintains an ongoing commitment to the protection of the privacy of its customers and all other individuals who deal with the various Group companies, in accordance with the regulatory requirements in force from time to time at national and EU level. With this in mind, any complaints made by its customers are always **treated confidentially** and with **respect for their rights** to **confidentiality** and **data protection**.

Interventions on material IROs related to consumers and end-users

[S4-4]

illimity has not identified any material negative impacts on its consumers and end-users, only have been identified. In the table below, for each positive impact, the main remediation actions implemented and how they are monitored are outlined:

ID	Material positive impact	Remediation action	Monitoring action
1	Strengthening of customer satisfaction and attraction of new customers through high quality services/products offered and clear, timely and transparent communication by actively supporting them in the management of their resources and financial education.	Adoption of safeguards of marketing, development, management and customer care of customers to improve customer satisfaction and stimulate the attraction of new customers. It is also essential the presence of experienced staff in the contact centres available at all times to support customers, from the onboarding to the operational management of the services offered, as well as the use of controls to monitor the Group's reputational profile (e.g. indicators of sentiment analysis).	Monitoring the results of surveys of customer satisfaction, Net Sentiment (on the web) and Net Promoter Score (NPS) related to the Group's APPs and analysis of customers reports to Support, received through support channels.
2	Ability to provide financial support in the recovery and revitalisation of ailing undertakings and related value generation.	Disbursement of financings to enhance SME customers with high growth potential, foster their competitiveness and stimulate their investment and access to credit. Structuring financial solutions such as the disbursement of new finance or the taking over of existing financings.	Monitoring of credit disbursements to SMEs, including the share of sustainable finance, and related periodic information flows to the boards of directors and management.
3	Facilitating access to financial services for retail customers and SMEs through continuous technological innovation of processes, products and services.	Development of robust IT platforms to ensure IT security and a good digital customers experience. Fundamental to this are the digitisation and technological modernisation efforts undertaken by the Group to provide customers with a simple, immediate and user-friendly digital experience.	Monitoring of IT incidents and reports to Support.
4	Generating value for the retail end-customer from products such as deposit account, on which protection mechanisms are also provided.	Promotion of a clear and simple communication approach, based on sharing all key information and detailed pre-contractual documentation related to the products offered (e.g. interest rates, protection mechanisms) so that the benefits and risks associated with these instruments are immediately understood by the customer.	Monitoring of deposit account volumes and customers complaints.

For each material risk arising from impacts on consumers and end-users, illimity has identified the following mitigation actions:

ID	Material risk	Mitigation action
1	Reputational risk due to incidents of breaches of customers privacy or IT security breaches (data breach) that may damage the trust of the Group's customers.	Strengthening the security of IT systems to reduce the risks of operational disruption, safeguard the confidentiality, integrity and availability of data of both its customers and related business activities. Specifically, illimity has refined its procedures for identifying and assessing the security posture of prospects during the onboarding and increased timeliness in blocking fraudulent transactions.
2	Operational risk related to the possibility of being subject to sanctions/legal action for: • incidents of breaches of customers privacy or IT security breaches that may undermine the trust of the Group's customers; • deceptively communicating their sustainability initiatives or policies.	Adoption of a privacy management model based on the principles of data protection by design & by default directly grafted onto the operational and business processes of the various Group companies, for the benefit of a correct and transparent approach to business activities involving the processing of personal data, right from the early stages of their conception and design; as well as an effective definition and ongoing management of the safeguards adopted for this purpose. In addition, for each type of communication towards customers there is a specific control process that starts with the person who produces the content and ends with the Compliance, Legal and all relevant offices, which ensure compliance with the rules on transparency and consumer protection.

For each material opportunity arising from impacts on consumers and end-users, illimity has identified the following actions to be implemented:

ID	Material opportunity	Action to be implemented
1	Reputational improvement thanks to the streamlining of the Group's safeguards relevant to privacy and data security.	Adoption of a Privacy Policy, periodically updated, setting out the basic principles for the processing of personal data and upgrading the Bank's IT infrastructure to prevent the loss and/or theft of sensitive customers data. In addition, to guarantee the aforementioned safeguards, illimity appoints a Data Protection Officer (DPO), who is at the top of the organisational model for managing issues and regulatory compliance relating to personal data processing and information security.
2	Improving the relationship with customers and shareholders/investors through clear and transparent communication.	Setting up an internal control process for the production of corporate and commercial communication content, in order to ensure compliance with transparency and consumer protection regulations. Specifically, timely and transparent communication applies to all documentation addressed to the Bank's customers (e.g. advertising material, pre-contractual disclosure, contractual documentation). Such an approach is crucial to ensure proper business processes and to increase the sense of trust on the part of the stakeholders about the transparency of the banking and financial operations and services offered by the Bank.
3	Improving reputation through the provision of financial education training.	Definition of business strategies aimed at raising awareness of new financial instruments and products (e.g. Green Loan, Sustainability Linked-Loan, Social Loan) that can support the sustainable transition of corporate customers. The goal is to strengthen the Bank's image and reputation with its customers, as it is active and committed to the implementation of actions aimed at fostering the competitiveness of the Italian entrepreneurial system.

illimity did not detect any negative impacts on its consumers and end-users, serious problems or human rights incidents related to its consumers and end-users based on evidence gathered through the complaints channel and Data Protection Officer (DPO).

For the management of material positive impacts on consumers and end-users, the main resources identified and allocated by illimity are as follows:

- **Risk and Compliance & AFC functions**: the former ensures constant oversight of the Bank's risk management policies, while the latter prevents, manages and mitigates the risk of non-compliance and fulfils regulatory obligations on personal data protection;
- **ICT Governance function**: oversees the risks and regulatory compliance of the Group's ICT, governs and guides the development of IT tools and implements of the Digital Bank services. It also monitors first-level ICT risk and IT security controls to prevent breaches and/or losses of customers data. To further support the ICT Governance function, the Board of Directors and the Risk Committee also oversee issues related to cybersecurity;
- **Communication & Marketing function**: defines, promotes and supports the Bank's communication plan according to the principles of clear, simple and transparent communication;
- **business divisions**: responsible for specific initiatives towards the Bank's customers and, in particular, for defining a commercial offer aligned to the latter's interests and needs, also with a view to supporting a sustainable transition path.

[S4-MDR-A]

The main actions and related areas identified by illimity to contribute to the achievement of the policy targets described under section **"Policies related to consumers and end-users [S4-1]"** are outlined below:

- **Cybersecurity and Data Protection**: the main actions carried out during the reference year, as well as on an ongoing basis, in order to maintain and enhance the security of the data and information of the illimity Group's customers are:
  - application of internal rules on **IT security**, **data protection** (e.g. data breach) and **business continuity**;
  - **employee awareness** activities (illimity Security Awareness Program);
  - **incident simulation** and **assessment of IT and security vulnerabilities** (Vulnerability Assessment and Penetration Test - VAPT);
  - ongoing Third Party Risk Management process for **monitoring the security posture of suppliers, services or products provided by** the Bank;
  - **control** measures (e.g. access protocols defence systems, activities of the Compliance Function with reference to the requirements defined by GDPR and prudential regulations and IT systems with access profiling).
- **clear and transparent communication**: the main actions carried out during the reference year, as well as on an ongoing basis, in order to facilitate relations with illimity's customers, through clear and transparent communication of corporate and commercial information, are:
  - **own workforce training** initiatives on **unfair marketing practices** (e.g. organisation of webinars and courses; dissemination of training material in the form of educational pills transmitted by email);
  - **internal checks and controls** of compliance with **consumer protection** requirements in advertisements and all commercial communications addressed to customers, as well as to avoid unfair marketing practices by Communication & Marketing and Compliance & AFC.
- **entrepreneurship support and financial inclusion**: the main actions carried out in the reference year, as well as on an ongoing basis, to support corporate customers and offer accessible and inclusive financial solutions are:
  - disbursement of **financings**, also with public guarantees and facilities, mainly to corporate customers, especially SMEs, to support them in their **restructuring, revitalisation and growth process**;
  - provision of **financial instruments** (i.e. deposit account), also with guarantee measures (i.e. with the Interbank Deposit Protection Fund), to **retail customers**.

For each action and scope of intervention identified, the time horizons identified by illimity to implement these actions are given below:

- **Cybersecurity and Data Protection**: medium/long-term time horizon;
- **clear and transparent communication**: medium/long-term time horizon;
- **support for entrepreneurship and financial inclusion**: long-term time horizon**.**

The actions identified by illimity are **preventive in nature** and consequently aimed at avoiding the occurrence of material negative impacts on illimity's customers.

Specifically, with particular reference to the safeguards and measures envisaged in the area of "Cybersecurity and Data Protection", the objective is to **prevent disruptions** to banking operations, **loss and theft of sensitive data** as a result of cyber attacks and/or non-compliance with current privacy regulations (GDPR). With regard to the area of "Clear and Transparent Communication", illimity adopts policies aimed at **avoiding opaque communications** that may undermine the Bank's reputation and the sense of trust of the various stakeholders. Finally, in relation to the "Support for Entrepreneurship and Financial Inclusion" area, the target is to **support customers**, especially SMEs, by offering financing services to support their development and growth, as well as by stimulating investment and facilitating access to credit.

As previously indicated and in line with previous periods, illimity confirms the adoption and implementation of the actions described above on an ongoing basis for the year 2024. Specifically, in addition to the internal resources allocated to oversee these activities, the current financial resources allocated and used in the reference period for the actions indicated below amount to a total of approximately Eur 0.16 million, within the framework of operating expenses (OpEx) and included in Financial Statements item 160.b) "Other Administrative Expenses":

- incident simulation and assessment of IT and security vulnerabilities (Vulnerability Assessment and Penetration Test - VAPT) - (amount of Eur 105,400);
- ongoing Third Party Risk Management process for monitoring the security posture of suppliers, services or products provided by the Bank - (amounting to Eur 54,423).

At the same time, no material capital expenditure (CapEx) directly associated with these individual actions was recorded in the reporting period.

Targets related to material IROs related to consumers and end-users

[S4-5]

The process of internal and external analysis followed by illimity to draw up the Bank's Sustainability Plan 2023 - 2025, which includes, among others, the targets related to end-users and consumers described in the table in the section **"Tracking effectiveness of policies and actions through targets [S4-MDR-T]",** allows it to meet regulatory requirements related to sustainable finance and climate and environmental risk management, as well as to respond to the requests expressed by stakeholders identified by illimity. Specifically, **all of the Bank's central business and control functions** were involved in working tables for **specific interests and needs** necessary to organise and initiate operational projects and actions to achieve the pre-established targets.

In particular, the targets regarding end-users and consumers defined by illimity are as follows:

1. development of the offer and framework of **sustainable finance products**;
2. develop **ESG support / advisory services** for SMEs;
3. reaching **15% on volumes of origination** (disbursed/invested) cumulative 2023-2025 for sustainable finance.

The targets included in the Bank's 2023-2025Sustainability Plan and their state of progress are **periodically reported** within the quarterly Risk Tableau de Board, as KRI RAF (Risk Appetite Framework). The implementation, monitoring and reporting of the Sustainability Plan are coordinated by the CFO function in continuous **cooperation with the Group functions and divisions**. Specifically, the state of progress of the Plan is presented to the Sustainability Committee on a quarterly basis and to the Board of Directors at least once a year.

For each target described above, illimity has identified the following material areas for improvement:

- **customers satisfaction**: improving customer satisfaction through the reinforcement of listening systems, activities of insight and surveys to identify customers needs and requirements;
- **support for entrepreneurship**: enhancement of Italian Small and Medium Enterprises (SMEs) through an offer of investment and financing products that favour access to credit and the adoption of practices with a high social and environmental impact.

Tracking effectiveness of policies and actions through targets

[S4-MDR-T]

Since the beginning of its business in 2019, illimity has paid particular attention to environmental, social and governance (ESG) matters and has undertaken a process to integrate them into its strategies, processes and governance. In line with this target, the Bank has prepared the **Sustainability Plan 2023 - 2025**, approved by the Board of Directors in February 2023, broken down by **environmental, social and governance matters** and with ambitious targets that fit in with the Bank's various business areas and meet the needs expressed by the various stakeholders.

Specifically, with regard to policies and actions concerning consumers and end-users, illimity has identified and included the following targets within the mentioned Sustainability Plan:

Scope	Target	State of Progress	Expected deadline
Green financings and sustainable finance	1. Development of the offer and framework of sustainable finance products (green / sustainability-linked)	Completed	Achieved
	2. Develop ESG support / advisory services to SMEs	Ongoing	2025
	3. Achieving 15% of 2023-2025 cumulative origination volumes (disbursed/invested) for sustainable finance (Sustainability-linked loans, Green Loans/Investments, Taxonomy-eligible)	Ongoing	2025

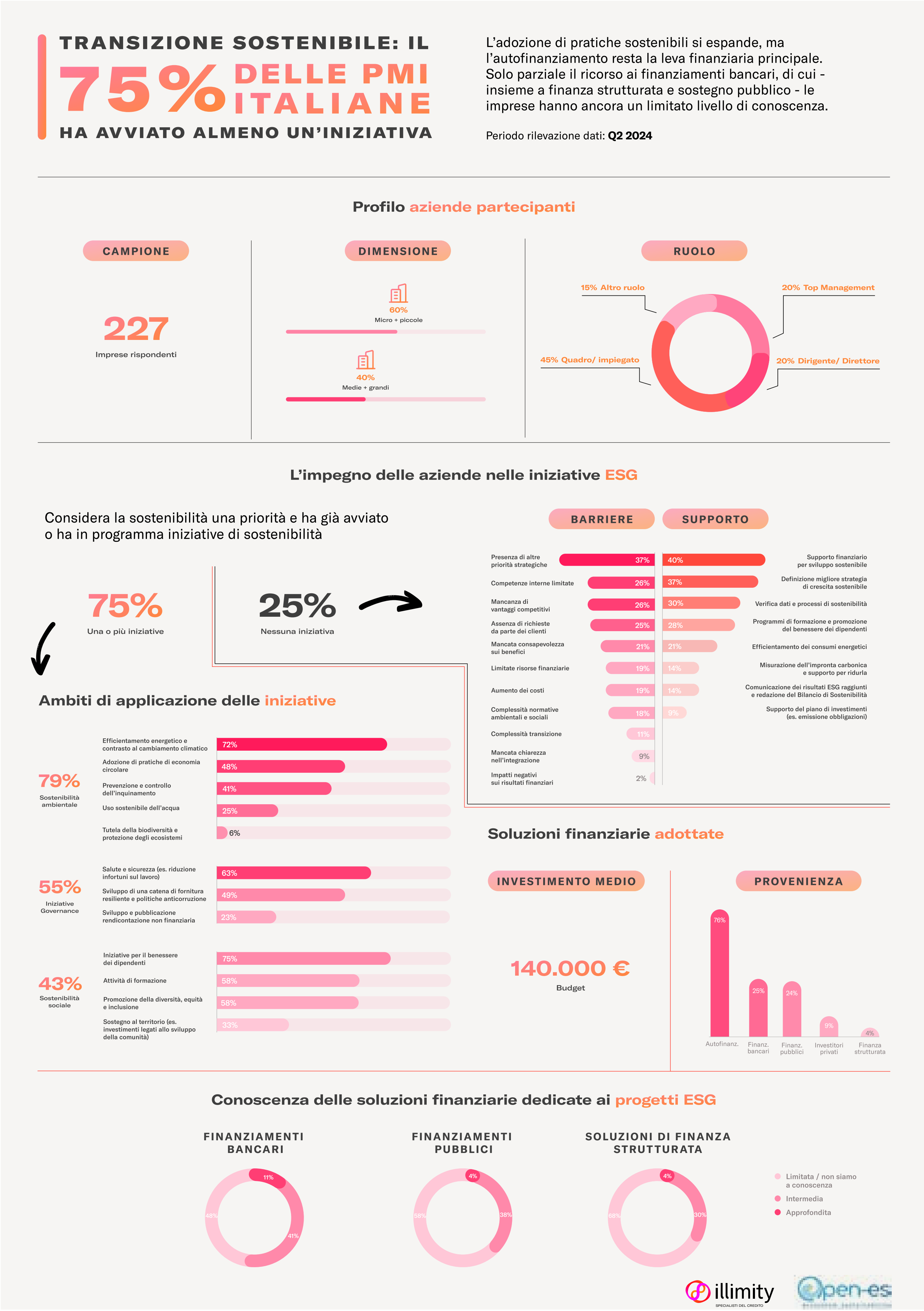
All targets identified and described in the table above are measurable targets that relate to the same thematic area, **greenfinancings** and **sustainable finance**.

In relation to the eventual level to be achieved for each target, it should be noted that targets 1 and 2 do not have a target to be achieved, while target 3 envisages the achievement of 15 per cent of volumes (expressed in euro/million) of business origination (disbursed/invested), cumulated over the period 2023 - 2025, attributable to sustainable finance.

For all consumers and end-users targets:
- no base value has been identified;
- the base year of reference is 2022;
- a three-year time horizon 2023 - 2025 has been identified, while the "Expected deadline" column in the table above shows the intermediate completion date identified by illimity for each target.

These targets were defined, first of all, from the "**Supervisory Expectations on Climate and Environmental Risks**" formulated by the Bank of Italy and simultaneously considering the market trends in sustainable finance and green investments, as well as the opinion formulated by leading rating agencies (e.g. MSCI, CDP, ISS ESG, Standard ethics). These targets are not based on firm scientific data as the Bank considered qualitative and quantitative elements in formulating and defining them.

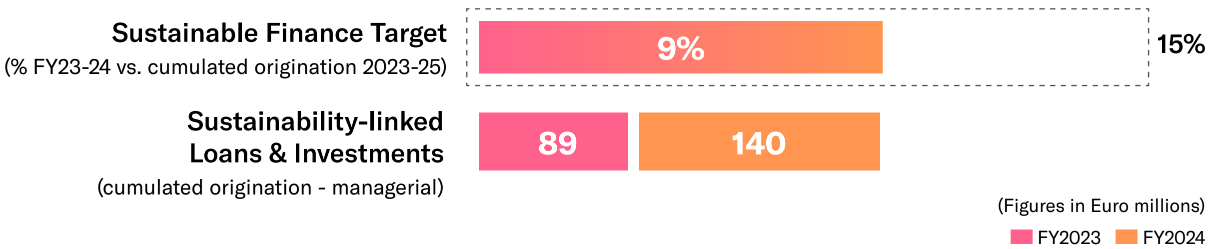
In particular, for the definition of the above-mentioned targets, during 2024, illimity stakeholders were involved in the **survey** "Sustainable growth paths of SMEs" in collaboration with **Open-es** in order to investigate the perception of Italian Small and Medium Enterprises (SMEs) regarding access to credit and specifically in relation to sustainability initiatives. Below are the main findings:
- **commitment to ESG initiatives**: 75% of SMEs consider sustainability a priority and have already started or plan to start sustainability initiatives:
  - **environmental sustainability initiatives**: 79% of undertakings have initiated environmental sustainability initiatives with a focus on energy efficiency and combating climate change;
  - **governance initiatives**: 55% of undertakings have launched governance initiatives with a focus on health and safety matters;
  - **socialsustainability initiatives**: 43% of undertakings have initiated social sustainability initiatives that are primarily oriented towards the well-being of employees;
- **instruments to finance ESG initiatives:** the main instrument to finance ESG initiatives is self-financing (76%); this is followed by bank or public financings (25% and 24% respectively);
- **barriers to the start-up of ESG initiatives:** the main barriers identified by undertakings that have not yet started sustainable development initiatives (25%) are the lack of in-house expertise in the field and the absence of perceived competitive advantages.


TRANSIZIONE SOSTENIBILE: IL
75% DELLE PMI ITALIANE
HA AVVIATO ALMENO UN'INIZIATIVA
L'adozione di pratiche sostenibili si espande, ma l'autofinanziamento resta la leva finanziaria principale. Solo parziale il ricorso ai finanziamenti bancari, di cui - insieme a finanza strutturata e sostegno pubblico - le imprese hanno ancora un limitato livello di conoscenza.
Periodo rilevazione dati: Q2 2024
Profilo aziende partecipanti
CAMPIONE
227
Imprese rispondenti
DIMENSIONE
60%
Micro + piccole
40%
Medie + grandi
RUOLO
15% Altro ruolo
20% Top Management
45% Quadro/ impiegato
20% Dirigente/ Direttore
L'impegno delle aziende nelle iniziative ESG
Considera la sostenibilità una priorità e ha già avviato o ha in programma iniziative di sostenibilità
75%
Una o più iniziative
25%
Nessuna iniziativa
BARRIERE
SUPPORTO
Presenza di altre priorità strategiche
37%
40%
Supporto finanziario per sviluppo sostenibile
Competenze interne limitate
26%
37%
Definizione migliore strategia di crescita sostenibile
Mancanza di vantaggi competitivi
26%
30%
Verifica dati e processi di sostenibilità
Assenza di richieste da parte dei clienti
25%
28%
Programmi di formazione e promozione del benessere dei dipendenti
Mancata consapevolezza sui benefici
21%
21%
Efficientamento dei consumi energetici
Limitate risorse finanziarie
19%
14%
Misurazione dell'impronta carbonica e supporto per ridurla
Aumento dei costi
19%
14%
Comunicazione dei risultati ESG raggiunti e redazione del Bilancio di Sostenibilità
Complessità normative ambientali e sociali
18%
9%
Supporto del piano di investimenti (es. emissione obbligazioni)
Complessità transizione
11%
Mancata chiarezza nell'integrazione
9%
Impatti negativi sui risultati finanziari
2%
Ambiti di applicazione delle iniziative
79%
Sostenibilità ambientale
Efficientamento energetico e contrasto al cambiamento climatico
72%
Adozione di pratiche di economia circolare
48%
Prevenzione e controllo dell'inquinamento
41%
Uso sostenibile dell'acqua
25%
Tutela della biodiversità e protezione degli ecosistemi
6%
55%
Iniziative Governance
Salute e sicurezza (es. riduzione infortuni sul lavoro)
63%
Sviluppo di una catena di fornitura resiliente e politiche anticorruzione
49%
Sviluppo e pubblicazione rendicontazione non finanziaria
23%
43%
Sostenibilità sociale
Iniziative per il benessere dei dipendenti
75%
Attività di formazione
58%
Promozione della diversità, equità e inclusione
58%
Sostegno al territorio (es. investimenti legati allo sviluppo della comunità)
33%
Soluzioni finanziarie adottate
INVESTIMENTO MEDIO
140.000 €
Budget
PROVENIENZA
76%
Autofinanz.
25%
Finanz. bancari
24%
Finanz. pubblici
9%
Investitori privati
4%
Finanza strutturata
Conoscenza delle soluzioni finanziarie dedicate ai progetti ESG
FINANZIAMENTI BANCARI
11%
41%
48%
FINANZIAMENTI PUBBLICI
4%
38%
58%
SOLUZIONI DI FINANZA STRUTTURATA
4%
30%
68%
Limitata / non siamo a conoscenza
Intermedia
Approfondita
illimity
SPECIALISTI DEL CREDITO

The results illustrated above had fundamental importance in illimity's definition of its targets for sustainable finance and green financings mentioned above. Specifically, the development of a framework and a specific offer of green products and tools allows the Bank, on the one hand, to support the sustainable transition of Italian SMEs and, on the other, to contribute to the dissemination of know-how and technical knowledge on possible financial solutions for the realisation of ESG projects that Italian undertakings can learn and implement in practice.

As of today, there have been no changes to the sustainability targets related to the policies and actions undertaken by illimity towards consumers and end-users and formalised in the Sustainability Plan 2023-2025. With respect to the identified targets, the main performances achieved and/or being achieved are as follows:

1. **development of the offer and framework of sustainable finance products**: in the third quarter of 2023, illimity completed the definition of the "Green, Social & Sustainability-linked Loan Framework", which was included in the internal regulations and in particular in the Credit Procedure (PUC). This framework allows illimity to define guidelines for the disbursement of loans and/or investments that support projects with positive impacts on the environment and society, as well as providing incentives for undertakings to improve their sustainability practices;
2. **develop ESG support/ advisory services to SMEs**: illimity has started a collaboration with third parties Advisors to support SMEs in defining social sustainability, environmental sustainability and governance targets. Specifically, a survey was sent to 250 SMEs (both Open-es member undertakings and corporate customers of the b-ilty division of illimity) to identify the main financial needs in the area of sustainability and consequently make specific services available to them (e.g. ESG services and Open-es ESG scoring services). In particular, for b-ilty customers in Q4 2024, integration was completed for automatic access to ESG services and Open-es ESG scoring services mentioned;
3. **reaching 15% on volumes of origination (disbursed/invested) cumulative 2023-2025 for sustainable finance**: achievement of this target is monitored on a quarterly basis and reported periodically in the Tableau de Board. The graph below shows the situation at the end of the reference period regarding the share of ESG-linked financings and investments, totalling Eur 228 million, in relation to the total of the business origination net cumulative from 2023 to 2024.



Governance information

Business conduct

[G1]

Politics on corporate culture and business conduct

[G1-1]

The value of integrity and the promotion of a corporate culture based on fairness and compliance with external and internal regulations are fundamental pillars for illimity. These principles guide staff behaviour and are reflected both in internal relations and with external stakeholders.

In this respect, illimity is committed to promoting fair behaviour in all activities towards each employee and collaborator, with the aim of proactively managing the risks associated with non-compliance with regulatory obligations, best practices and ethical principles.

To this end, an Organisation, Management and Control Model has been adopted pursuant to Legislative Decree 231/2001 (hereinafter also referred to as the "OMCM" or "Model"), which defines the general principles of conduct and identifies the controls aimed at preventing the risk of offences, including those of a corrupt and financial nature. The OMCM describes, among other things, the Corporate Governance system adopted, the internal whistleblowing system and the system of sanctions. The set of internal regulations (i.e. company regulations, procedures and policies), including the Anti-Corruption Policy, the illimity Way (i.e. illimity Group Code of Ethics), the Delegations and Powers Regulation also constitute an integral part of the OMCM. These tools promote transparent and responsible management of business activities, with a risk-oriented approach. The effective and concrete implementation of the OMCM is guaranteed by the Supervisory Board, appointed by the Board of Directors and endowed with autonomous powers of initiative and control over the correct application of the Model.

Compliance & AFC, in cooperation with all corporate functions, ensures the organisation's alignment with regulations through a system of compliance by design, training activities and second-level controls.

Furthermore, the Group promotes an inclusive and respectful corporate culture, combating all forms of discrimination and promoting environmental, health and safety at work protection.

The illimity Way is the Group's Code of Ethics, a true "charter of relations" expressing the corporate values of responsibility, legality, transparency, value creation and sustainability. This document guides behaviour towards customers, shareholders, employees and collaborators, suppliers, business partners, Supervisory

Authorities, Public Administration, media and the community, describing the corporate culture that the Group promotes at all levels.

The document was updated in 2022 with the incorporation of the UN, OECD and EU international principles on environmental, social and governance (ESG) sustainability, responsible business conduct and ethics in the use of artificial intelligence and is available on illimity's website and shared with all employees, collaborators and stakeholders who actively contribute to its dissemination.

With a view to implementing mechanisms to identify and report any concerns regarding unlawful behaviour or behaviour contrary to internal rules, illimity has set up a specific platform, consisting of a Digital Room for each Group company, called "**@Whistleblowing**" for sending and managing reports. The use of the platform allows those involved in managing the report to easily exchange documents and information, ensuring greater traceability to the entire process and a higher level of confidentiality to the identity of the whistleblower, who can also choose to remain completely anonymous. In addition to the IT platform, there is also the possibility of making a paper report by sending a letter addressed to the Head of the internal whistleblowing system or an oral report by calling the special telephone number (not subject to a registration procedure) supervised by the Head of Whistleblowing. In both cases, the Head of internal whistleblowing system shall record the report in a specific section of the @Whistleblowing **IT tool**, including the email contact provided by the whistleblower, to enable the whistleblower to monitor the state of progress of the processing of the report.

Illimity's whistleblowing policies and procedures, already described in the section **"Processes to remediate negative impacts and channels for own workers to raise concerns [S1-3]",** are communicated to the entire company population via the "document package" provided at recruitment, the company intranet and an email alerting system for regulatory updates. Moreover, compulsory training on the subject ensures widespread dissemination. For business partners, information is available on request or published on the illimity website.

As described in the section **"Processes to remediate negative impacts and channels for own workers to raise concerns [S1-3]",** illimity's digital platform allows staff, corporate bodies and external parties to report misconduct, regulatory or Code of Ethics breaches, including any grievance, through a guided online path. In addition to the protection of confidentiality, safeguards are in place to protect whistleblowers from retaliation or discrimination, in accordance with privacy legislation. Each report is analysed and its outcome communicated within three months after confirmation of receipt.

The whistleblowing policy stipulates that all investigations that include cases of corruption and bribery should be conducted promptly, without taking longer than is reasonably necessary given the subject matter of the report. The investigation must be conducted in an impartial and independent manner. No person with a conflict of interest should be involved in the investigation or decision-making process, nor should anyone who might be responsible for not taking measures to prevent or detect alleged breaches. Conflicts of interest, whether actual or potential, must be promptly reported by any person involved in an investigation to the Head of Whistleblowing or to the Chairman of the Bank's Audit and Internal Control Committee in the event of a conflict situation. The outcome of the investigation will be communicated to the whistleblower within a period of no more than three months from the confirmation of receipt of the report. Confidentiality applies to the facts under investigation, the person(s) involved and/or mentioned, the subject of the report, the procedure followed, the materials and information gathered and the results of the procedure. All those involved in the investigation are obliged not to disseminate any information to persons who are not directly involved in the investigation.

In order to promote an adequate compliance culture, the Group also pays particular attention to staff training and awareness with courses dedicated to the main applicable regulations (e.g. anti-money laundering, market abuse, anti-corruption and administrative liability of the entity pursuant to Legislative Decree 231/01), as well as specific initiatives aimed at fostering the effective dissemination of principles and best practices that must underpin corporate conduct.

The annual compulsory training plan provides for articulated training initiatives, differentiated in terms of content and level of depth, in relation to the roles held by staff and the sectors of activity in which they operate, with the participation also of highly specialised third-party trainers.

In addition to the standard training provided through online courses, the Group aims to focus training initiatives on internal needs and peculiarities according to a progressive logic, with the aim of significantly affecting the behaviour of illimiters; to this end, numerous meetings and initiatives are organised each year for education e training on-the-job characterised by live webinars aimed at encouraging constant interactivity and discussion with participants, as well as moments of analysis of concrete cases highlighted by the same operational or business functions and complementary initiatives (e.g. "Compliance Pills").

The training plan defined for 2024, promoted and disseminated to all levels of the organisation, focused on specific courses web-based and webinars in order to:

i. delve into the risks to which the organisation is exposed, identifying the sensitive company activities for each risk and the safeguards adopted to mitigate them;
ii. spread a corporate culture of responsibility, legality, transparency, value creation and respect for the environment;
iii. deepen the Group's values and commitment towards customers, shareholders, suppliers and business partners, towards the Supervisory Authority and the Public Administration as well as towards the Media and the Country.

Finally, again in the context of ensuring proper business conduct, the functions most sensitive to the risk of corruption and bribery are identified by the organisation within the Group's Anti-Corruption Policy, including through a dedicated risk assessment.

In particular, the process owners are identified, i.e. the control and business functions involved in the following business processes: (i) gifts, entertainment and other Utilities; (ii) charities and sponsorships; (iii) procurement; (iv) relations with public officials; (v) human resources management; (vi) acquisition, management and disposal of equity interests and other assets, as well as merger and spin-off transactions; (vii) acquisition, management and disposal of real estate assets; (viii) management of commercial activities; (ix) bookkeeping and internal controls; (x) active invoicing cycle and cash management; (xi) licences, tenders and authorisations; (xii) activities of corporate bodies; (xiii) activities of control functions; (xiv) anti-money laundering compliance; (xv) grievances management; (xvi) litigation management; (xvii) IT services; (xviii) access and physical security management.

[G1-MDR-P]

Policy	Organisation, Management and Control Model
Main contents	The Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 is a structured and organic system of prevention, deterrence and control aimed at mitigating the risk of offences being committed by identifying sensitive activities and formalising the control structures existing within the Bank.
Main recipients	The provisions of the Organisation, Management and Control Model are binding for the Directors and for all those who hold, in illimity, functions of representation, administration and direction or management and control, also *de facto*, as well as for employees and collaborators subject to the direction or supervision of the Group's top figures and for those who, although not belonging to the same, operate on behalf of the same.
Policy Implementers	The Board of Directors is responsible for the adoption and effective implementation of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001. The Supervisory Board monitors its functioning and compliance.
References to third-party standards or initiatives	The Organisation, Management and Control Model is adopted pursuant to Legislative Decree 231/2001.
Stakeholder engagement	The preparation and continuous updating of the OMCM enables the confidence of the stakeholders towards illimity.
Methods of access/ distribution	The Organisation, Management and Control Model adopted is available on the company intranet and on the corporate website. In addition, the Model is supported by training events aimed at raising staff awareness.

Policy	Anti-Corruption Policy
Main contents	The Anti-Corruption Policy describes the management system for the prevention of corruption implemented by the illimity Bank Group (hereinafter also "the Group" or "illimity"). More specifically, the Policy: (i) defines the anti-corruption principles and rules of conduct to be complied with by the Staff of illimity; (ii) identifies the activities exposed to the risk of corruption and bribery within the business processes of the Parent Company and the Group companies; (iii) identifies roles, responsibilities and controls for risk management and mitigation; (iv) introduces a methodology for identifying and assessing corruption risk with respect to the Group's sensitive processes, for the purpose of monitoring and managing it.
Main recipients	It applies to all companies in the illimity Group, covering the entire value chain without excluding any company function or stakeholders. It is binding on every level of the organisation, including partners and suppliers within the limits of their contractual relationship with the Group.
Policy Implementers	The Board of Directors is responsible for monitoring the implementation of the anti-corruption system and its effectiveness. The CEO is responsible for ensuring that the anti-corruption system, including policies and targets, is implemented, maintained and reviewed in order to adequately address the organisation's corruption risks.
References to third-party standards or initiatives	The Anti-Corruption Policy adheres to ISO Standard 37001:2016 ("ISO Anti-Corruption").
Stakeholder engagement	Through the policy, illimity makes concrete anti-corruption commitments to its stakeholders.
Methods of access/ distribution	The Anti-Corruption Policy is available on the company intranet and corporate website. The policy is supported by regular training events to raise staff awareness and ensure compliance.

Policy	Whistleblowing Policy
Main contents	The purpose of the Whistleblowing Policy is to regulate how to use the internal whistleblowing system, outlining the relevant regulatory, procedural and organisational aspects, in line with Legislative Decree 24/2023 and the 231 Organisational Model. The main targets are: • Promoting a culture of legality and business ethics. • Protection of the whistleblower from retaliatory or discriminatory behaviour. • Prevention of corporate risks related to administrative, civil, criminal and image offences for the Bank. Compliance with the contents of the Policy is ensured through continuous monitoring of the whistleblowing channels by the Head of Whistleblowing, whose activities are periodically reported to the Supervisory Body.
Main recipients	The scope of application is as follows: Activities: It concerns all Group companies. Value chain: It includes employees, shareholders, members of corporate bodies, suppliers, consultants and collaborators. Geographical areas: Applicable to activities carried out in Italy. Exclusions: It does not include interpersonal issues or those not related to breaches of rules.
Policy Implementers	The Board of Directors defines and approves the internal system aimed at enabling whistleblowers to report acts or facts that may constitute a breach of the rules governing banking activities. It also encourages the use of internal whistleblowing systems and promotes the dissemination of a culture of legality by delegating to the Head of the internal whistleblowing system the task of training and informing staff.
References to third-party standards or initiatives	The policy is based on: • Legislative Decree 24/2023, transposing EU Directive 2019/1937. • 231 Organisational Model. • ANAC Guidelines of 2023. • Circular 285/2013 of the Bank of Italy. • Personal data protection regulations (GDPR, Legislative Decree 196/2003).
Stakeholder engagement	The interests of the main stakeholders are considered through: • Involvement of corporate bodies in the approval process of the Policy and related reporting procedures. • Guaranteed protection for whistleblowers against retaliation and discrimination. • Secure and confidential channels for all stakeholders, including employees, suppliers and external collaborators.
Methods of access/ distribution	The Whistleblowing Policy is available on the corporate intranet and corporate website. The policy is supported by regular training events to raise staff awareness.

In addition, existing policies relating to business conduct include the code of ethics, illimity Way, for the contents of which please refer to the table in section **"Policies related to own workforce [S1-1]" and [S1-MDR-P].**

Management of relations with suppliers

[G1-2]

Illimity's Administration, Accounting & Control function carries out all necessary actions with the target of timely registration of invoices received from suppliers and completion of payment within the deadlines stated in the invoices. There is also a monthly monitoring process of overdue invoices aimed at identifying the causes of overdue invoices and resolving the anomaly promptly.

Organisational functions detect specific spending needs within the scope of their activities, identify potential Supplier(s) and engage the Procurement function to initiate the spending process. This process includes supplier qualification activities aimed at gathering information on potential counterparties and assessing their characteristics with a view to risk mitigation and activating, if necessary, second-level control processes.

The qualification, census and monitoring of Suppliers and the consequent management of the Suppliers Register are the responsibility of the Procurement function, which manages these activities through the "Vendor Management Portal" and which keeps the list of qualified Suppliers updated on the company intranet.

The qualification process requires the supplier to sign a self-declaration in which it certifies the absence of convictions against it relating to one or more offences under Legislative Decree 231/2001. They are also carried out:

- Anti-Money Laundering Check, via the application World Check List;
- Checking for any prejudicial circumstances that may emerge from the Chamber of Commerce's search;
- Checking of the Supplier's credit score and, where necessary, verification of any bad news by the Risk.

The Group promotes towards its suppliers the principles enshrined in the (UN) Universal Declaration of Human Rights, in the Declaration (ILO) on Fundamental Principles and Rights at Work and in the Principles of the UN Global Compact to which the Group adheres. Regarding the inclusion of local and certified suppliers, please refer to the section "Policies related to affected communities [S3-1]".

In accordance with these principles, each undertaking must:

- support and respect the protection of internationally proclaimed human rights and ensure, through the information at their disposal, that they are not complicit in human rights breaches;
- defend freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in employment and occupation;
- support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility;
- encourage the development and dissemination of environmentally friendly technologies;
- fight corruption in all its forms, including extortion and bribery.

For the purposes of the Sustainable Supply Chain policy and the application of the above principles, the Group is committed to managing its procurement processes in a sustainable manner through the selection of suppliers complying with specific requirements, including: acknowledgement and acceptance of the Group's code of ethics "illimity Way", acknowledgement and acceptance of the Sustainable Supply Chain policy, absence of convictions for one or more offences provided for by Legislative Decree 231/2001, commitment to operate in line with the provisions of Legislative Decree 231/2001 and the code of ethics "illimity Way".

The Group also adopts supplier engagement strategies that take into account the application of ESG (environmental, social and governance) issues through the distribution of an ESG questionnaire at the time of qualification and, if the annual monitoring shows the ESG rating to be below the tolerance threshold defined by the Group, the supplier is required to implement remedial action which may contribute to the improvement of the ESG rating. In addition, compliance with the highlighted principles also acts as a safeguard for the principles of sustainability, as well as the mitigation of exposure to reputational risks for the illimity Group.

In general, the Group is committed to selecting suppliers and partners on the basis of clear and transparent criteria, taking into account professional quality and adequate levels of service, reputation, reliability and respect for rules, human and workers' rights, and requiring high ethical, environmental and social standards.

Suppliers Payment Practices

[G1-6]

The average time taken to pay invoices payable is approximately 34 days from the document date of the invoice, or rather the issue date of the invoice.

The standard method of payment for the Group is the 60-day transfer at the end of the month invoice date; this specification is to be considered as a guideline for the whole Group but may be differentiated on the basis of specific agreements with the Supplier.

Standard payment terms are a guideline that is not always applicable. The percentage of payments that meet the deadlines set in the invoices is therefore shown below: 79%.

The remainder is paid following discussions with internal functions and/or the Supplier. There are no known legal proceedings due to non-payment or late payment of invoices due.

The following logic was applied to calculate the average time taken to pay invoices payable:
1. All invoices accruing in 2024 relating to payments to suppliers were identified;
2. For each invoice, the days elapsed between the invoice date and the payment date were calculated;
3. The average of all the data identified in point 2 was calculated.

Interventions for the management of material IROs related to corruption and bribery

[G1-MDR-A]

illimity has implemented the following actions to strengthen the culture of sustainability, integrity and transparency:
- **ESG Ambassador programme** (time horizon: yearly)
  - active programme at Group level, involving more than 100 employees;
  - ESG training activities dedicated to specific topics (i.e. the Group's sustainability profile and commitments, diversity, equity, inclusion, good company practices);
  - internal and external inspirational workshops internal and awareness-raising workshops on ESG issues.
- **enhancement of the Whistleblowing system** (time horizon: yearly)
  - introduction of the **@Whistleblowing** digital platform for secure and anonymous management;
  - of the reports. This platform provides a secure channel to report any issues, ensuring a timely and corrective response;
  - specific training for employees on the correct use of the platform and protection of whistleblowers;
  - available to all employees and stakeholders of the Bank with global coverage.
- **training illimity Way** (time horizon: short term)
  - the compulsory course on the illimity Way (the illimity Bank Group's code of ethics) delves into the Group's values and commitment towards customers, shareholders, suppliers and business partners, towards the Supervisory Authority and the Public Administration as well as towards the Media and the Country, and describes the corporate culture of responsibility, legality, transparency, value creation and respect for the environment promoted by the Group and spread throughout all levels of the organisation;
  - intended for all staff, with a final knowledge test. Training in 2023 was provided to all employees and in 2024 to all new employees.

In addition to these actions, training is provided to all employees on combating corruption and bribery, as described in the following section "Prevenzione e individuazione della corruzione e concussione [G1-3]**".**

In relation to the aforementioned actions, the main progress achieved by the Bank during the year 2024 is outlined below:

- **100+** active ESG Ambassadors with a direct impact on training and awareness-raising;
- **Whistleblowing channel** with training for 100 per cent of staff in 2024;
- **illimity Way** disseminated through training for 100 per cent of staff in 2023 and all new employees in 2024;

In addition to the internal resources allocated for the supervision of these activities, the **current financial resources** allocated and deployed in the reference period for the actions outlined below amount to a total of approximately Eur 0.02 million, within the framework of operating expenses (OpEx) and included under Financial Statements item 160.a) "Other personnel expenses":

- ESG Ambassador programme: (amounting to Eur 17,760), net of the training expenses indicated in the section **"Taking action on material IROs related to own workforce [S1-4]".**

At the same time, no material capital expenditure (CapEx) directly associated with these individual actions was recorded in the reporting period.

Given the implementation of the current actions in place, illimity has not planned any further actions and therefore the amount of financial resources, related to corruption and bribery, for future years has not been determined.

Prevention and detection of corruption and bribery

[G1-3]

From a preventive perspective, the control of corruption risk is implemented through the activities of the Compliance Function for the prevention of corruption, in the Compliance & AFC function (hereinafter also referred to as “Anti-Corruption Function”).

In particular, the Anti-Corruption Function (i) performs specific checks on the risk activities identified in the Anti-Corruption Policy (Management of gifts, entertainment, charities and sponsorships; Procurement process; Relations with Public Officials; Human Resources Management; Acquisition, management and disposal of real estate assets, equity interests and other assets; Management of commercial activities; Bookkeeping and internal controls; Active invoicing cycle and cash management; Licences, tenders and authorisations; Activities of the Corporate Bodies; Activities of the Control Functions; Anti-money laundering compliance; Grievances management; Management of disputes; Information Technology Services; Access and Physical Security management) aimed at verifying the compliance of processes and internal regulations adopted by the Parent Company and the other companies belonging to the Group with regard to anti-corruption; (ii) periodically assesses the effectiveness of the controls carried out and, taking into account their results, the opportunities for improvement, in order to guard against the risk of corruption in an increasingly effective manner; (iii) provides consultancy services to the functions of the Parent Company and the companies belonging to the Group, on anti-corruption policy and issues related to corruption.

These activities are adequately documented in the periodic reporting submitted to the corporate bodies and allow an assessment of the overall exposure of the Parent Company and Subsidiaries to corruption risk.

In addition, in order to comply with the provisions of internal company regulations, it should be noted that in December, the Anti-Corruption Function requested that a register of gifts received and/or donated by staff members during the year be sent to them, in order to collect information on the subject matter, purpose, sender, beneficiary and value of such donations.

In order to establish and maintain a business environment in which corruption is neither accepted nor practised, the Group provides training to its Staff on internal and external anti-corruption rules, by means of a plan defined by the Compliance & AFC function in coordination with the HR & Organisation function. Furthermore, the Parent Company and the Group companies undertake to:

- publish this Policy on the company intranet, in order to ensure knowledge and understanding of the rules contained therein;
- communicate any significant changes to the anti-corruption regulations in a timely manner.

For the purposes of identifying and handling cases of corruption, a system of reporting (described in the Whistleblowing Policy) has been put in place, as well as a system of sanctions (described in the Anti-Corruption Policy).

The Head of the internal whistleblowing system is appointed by the Board with strategic control functions on the basis of the following characteristics:

- he/she is not hierarchically or functionally subordinate and therefore reports directly to the corporate bodies;
- he/she does not perform operational functions;
- he/she does not participate in the adoption of any decision-making measures resulting from the reported breaches, which are referred to the competent corporate functions or bodies.

The Whistleblowing Policy also specifies that the investigation of reports must be conducted in an impartial and independent manner. No person with a conflict of interest should be involved in the investigation or decision-making process, nor should anyone who might be responsible for not taking measures to prevent or detect alleged breaches. Conflicts of interest, whether actual or potential, must be promptly reported by any person involved in an investigation to the Head of Whistleblowing or to the Chairman of the Bank's Audit and Internal Control Committee in the event of a conflict situation.

The Head of the internal whistleblowing system draws up, in compliance with the provisions on the protection of personal data, an annual report on the proper functioning of the internal whistleblowing system, containing aggregated information on the results of the activity carried out following the reports received, which is approved by the corporate bodies and made available to the Bank's staff.

Moreover, in the event that a breach is discovered as a result of specific investigations, the Head of the internal whistleblowing system shall immediately inform the Supervisory Body, the Body with strategic control functions, the Supervisory Board and any organisational units involved.

Communications and updates on anti-corruption policies and procedures to the own workforce follow the procedures described in section "Politiche relative alla forza lavoro propria [S1-1]**",** while suppliers view them at the qualification stage and in any case they are published on the illimity website and accessible to partners and other stakeholders.

During 2024, the Group delivered specific web-based courses (i) on Anti-Corruption, to learn more about the risk of corruption and the safeguards to be adopted within the operating activities most exposed to the risk of corruption, and (ii) on the illimity Way, with a focus on the corporate culture of responsibility, legality, transparency, value creation and respect for the environment, deepening the Group's values and commitment towards customers, shareholders, suppliers and business partners, towards the Supervisory Authority and the Public Administration as well as towards the Media and the Country.

100 per cent of the risk functions are covered by the training programme and, in addition, training was provided to all members of the Group's administrative, management and supervisory bodies.

Established cases of corruption and bribery

[G1-4]

During 2024, there were no proven incidents of corruption and no public lawsuits concerning corruption were filed against the illimity Group organisation or its employees.

Events after the reporting period

On 10 January 2025, meeting in extraordinary session, the Board of Directors of illimity acknowledged the communication, pursuant to Article 102, paragraph 1, of Italian Legislative Decree No. 58/1998 (TUF), as amended, and Article 37 of the Issuers' Regulations, circulated by Banca Ifis on 8 January 2024, concerning a voluntary take-over bid with stock swap (OPAS) for all of illimity shares. Without prejudice to the fact that illimity will comment on the offer in the time and manner provided for by law, illimity pointed out that the offer was neither solicited nor agreed upon in advance with illimity.

On 14 January 2025, the Bank announced that the Moody's agency had placed its ratings under review for upgrade, including the Long Term Deposit rating (Baa3) and the Long Term issuer rating (Ba1). The outlook was changed to Rating Under Review from Stable.

On 19 January 2025, the Bank announced that the Board of Directors, which met on 17 January 2025 - as part of the activities also functional to the preparation of the new business plan and focus on the core business of lending to SMEs in specific performing and re-performing segments, as already announced on 8 November 2024 -, approved a new internal organisational structure, designating Enrico Fagioli as Deputy CEO with responsibility for all business areas of the Bank and the illimity Group and also Giovanni Lombardi as Deputy CEO to oversee and coordinate central functions. Following these designations, the regulatory process for the purpose of the appointment was initiated.

On 22 January 2025, with reference to the voluntary takeover and exchange offer announced by Banca Ifis, the Board of Directors appointed Jefferies and Wepartners as financial advisors, and Gatti Pavesi Bianchi Ludovici (GPBL), Cappelli Riolo Calderaro Crisostomo Del Din & Partners (CRCCD) and Prof. Andrea Zoppini, lawyer, as legal advisors.

In addition, with reference to what was communicated on 5 March 2025, it should be noted that the Bank became aware of new elements concerning the potential outcome of a dispute relating to the valuation of a specific senior securitisation note linked to non-performing asset transformation transactions carried out at the beginning of 2024. Therefore, compared to what was considered in the preliminary 2024 results approved for supervisory reporting purposes, an additional adjustment was recognised, in accordance with the treatment of "events after the reporting period" (IAS 10), for a total gross amount of approximately EUR 53.5 million. This led to a net consolidated result attributable to the Parent Company of EUR 316 thousand (before impairment of goodwill), i.e. a negative result of EUR 38.4 million.

Business outlook

Economic growth in the Euro area weakened as consumption and investment slowed, with inflation remaining around 2%. Significant risks remain due to high international geopolitical tensions and possible effects of restrictive monetary policies that are more intense than expected. In January 2025, the ECB continued to reduce key interest rates and markets expect further reductions in the course of 2025.

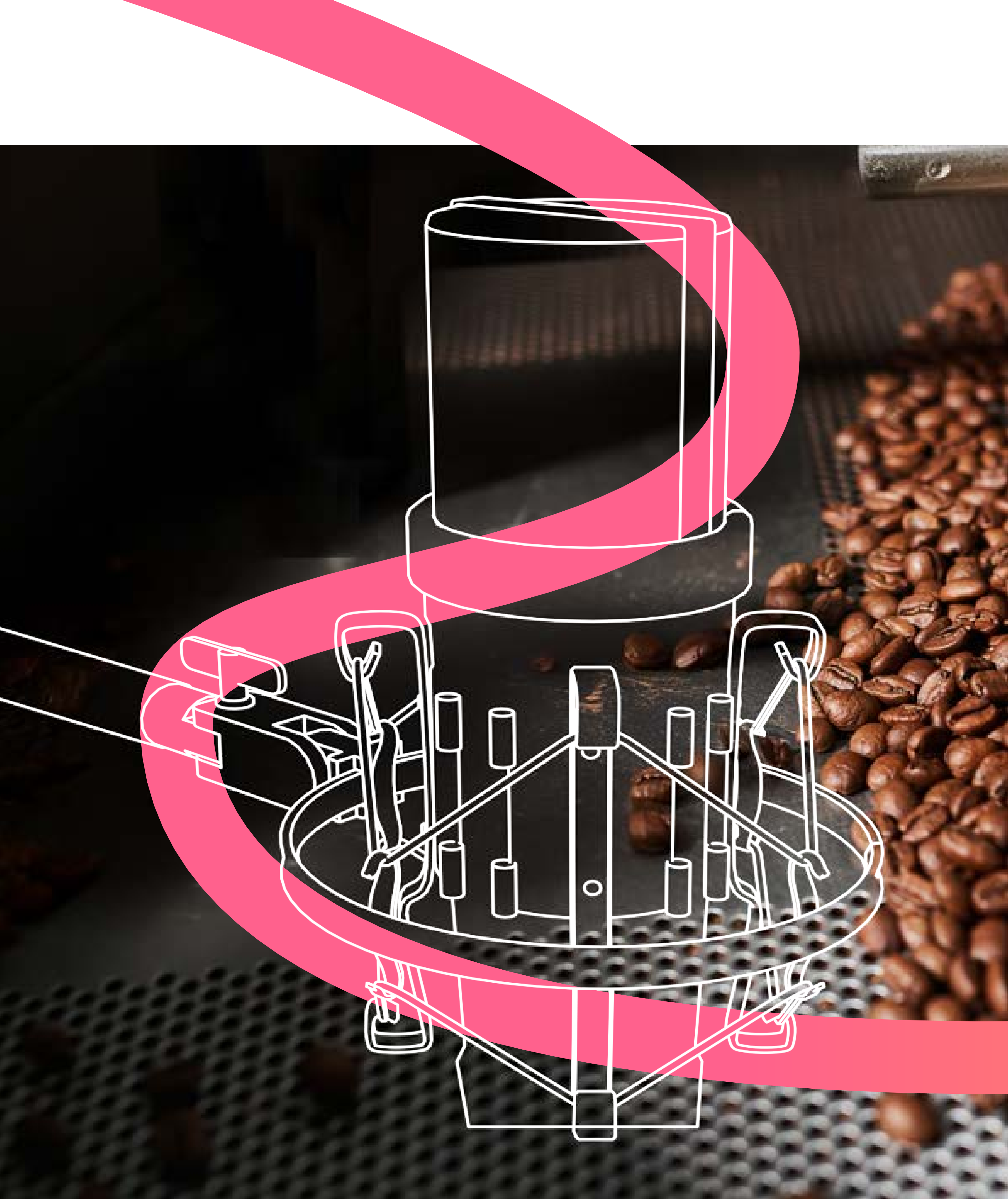
Against this backdrop, illimity will be able to rely on a strong financial solidity, a robust liquidity profile and broadly diversified funding.

Given the discontinuation of direct investments in NPE portfolios, the core business will be focused on corporate and investment banking with the disbursement of financing to SMEs focused on the performing, restructuring and relaunch segments.

Although characterised by margin pressure due to a falling interest rate environment, operating profitability will partially benefit from the expected reduction in the cost of funding, which is expected to have peaked at the end of 2024. Containing operating costs by improving efficiency will continue to be a point of major focus. Profitability in the first part of the year could also be affected by the timing of already planned strategic transactions which, following the OPAS promoted by Banca Ifis, could suffer a slowdown.

The credit quality of the portfolio will continue to be characterised by a high presence of customer loans backed by public guarantees, as well as by a provisioning policy based on the utmost prudence.

The capital situation is expected to remain at high levels.



Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

	Assets	31/12/2024	31/12/2023
10.	Cash and cash equivalents	387,264	431,696
20.	Financial assets measured at fair value through profit or loss	563,222	527,840
	a) financial assets held for trading	44,029	25,917
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	519,193	501,923
30.	Financial assets measured at fair value through other comprehensive income	748,027	456,643
40.	Financial assets measured at amortised cost	5,961,177	4,761,729
	a) due from banks	269,813	112,702
	b) loans to customers	5,691,364	4,649,027
50.	Hedging derivatives	29,385	21,393
60.	Fair value change of financial assets in generic hedged portfolios (+/-)	-	-
70.	Equity investments	140,159	81,199
80.	Insurance assets	-	-
	a) insurance policies issued that constitute assets	-	-
	b) disposals in reinsurance that constitute assets	-	-
90.	Property and equipment	89,389	88,223
100.	Intangible assets	64,281	153,768
	of which:		
	- goodwill	33,731	69,992
110.	Tax assets	102,801	62,756
	a) current	24,455	1,837
	b) deferred	78,346	60,919
120.	Non-current assets held for sale and discontinued operations	3,029	364,151
130.	Other assets	313,792	309,649
	Total assets	**8,402,526**	**7,259,047**

CONTINUED: CONSOLIDATED BALANCE SHEET

	Liabilities and shareholders' equity	31/12/2024	31/12/2023
10.	Financial liabilities measured at amortised cost	7,249,492	6,067,828
	a) due to banks	865,168	941,995
	b) due to customers	5,332,457	4,514,092
	c) securities issued	1,051,867	611,741
20.	Financial liabilities held for trading	45,107	19,476
30.	Financial liabilities designated at fair value	-	-
40.	Hedging derivatives	43	19,770
50.	Fair value change of financial liabilities in generic hedged portfolio (+/-)	-	-
60.	Tax liabilities	5,821	24,970
	a) current	1	21,704
	b) deferred	5,820	3,266
70.	Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80.	Other liabilities	172,785	157,611
90.	Employee severance pay	4,666	5,030
100.	Allowances for risks and charges	25,122	8,260
	a) commitments and guarantees issued	2,290	5,374
	b) post-employment benefits and similar obligations	46	37
	c) other allowances for risks and charges	22,786	2,849
110.	Insurance liabilities	-	-
	a) insurance policies issued that constitute liabilities	-	-
	b) disposals in reinsurance that constitute liabilities	-	-
120.	Valuation reserves	(18,298)	(30,020)
130.	Redeemable shares	-	-
140.	Equity instruments	-	-
150.	Reserves	276,527	197,584
160.	Share premium reserve	624,937	624,583
170.	Share capital	54,789	54,691
180.	Treasury shares (-)	(5,354)	(747)
190.	Equity attributable to minority interests (+/-)	5,289	5,611
200.	Profit (loss) for the year (+/-)	(38,400)	104,400
	Total liabilities and shareholders' equity	**8,402,526**	**7,259,047**

CONSOLIDATED INCOME STATEMENT

Items		31/12/2024	31/12/2023
10.	Interest income and similar income	435,303	397,291
	of which: interest income calculated according to the effective interest method	393,795	338,081
20.	Interest expenses and similar charges	(276,731)	(202,727)
30.	**Net interest income**	**158,572**	**194,564**
40.	Fee and commission income	92,082	82,088
50.	Fee and commission expense	(10,487)	(7,836)
60.	**Net fees and commissions**	**81,595**	**74,252**
70.	Dividends and similar income	257	45
80.	Net profit (loss) on trading	9,004	(459)
90.	Net profit (loss) in hedge accounting	257	(386)
100.	Profits (losses) on disposal or repurchase of:	3,529	(855)
	a) financial assets measured at amortised cost	3,037	(131)
	b) financial assets measured at fair value through other comprehensive income	512	(724)
	c) financial liabilities	(20)	-
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	3,703	7,496
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	3,703	7,496
120.	**Total net operating income**	**256,917**	**274,657**
130.	Net value adjustments/recoveries for credit risks associated with:	(124,736)	65,546
	a) financial assets measured at amortised cost	(125,121)	65,676
	b) financial assets measured at fair value through other comprehensive income	385	(130)
140.	Profits/losses on changes in contracts without derecognition	-	-
150.	**Net profit (loss) from banking activities**	**132,181**	**340,203**
160.	Profit (loss) from insurance services	-	-
	a) insurance revenues deriving from insurance policies issued	-	-
	d) costs for insurance services deriving from insurance policies issued	-	-
	c) insurance revenues deriving from disposals in reinsurance	-	-
	b) costs for insurance services deriving from disposals in reinsurance	-	-
170.	Balance of financial revenues and costs relating to insurance management	-	-
	a) net financial costs/revenues relating to insurance policies issued	-	-
	b) net financial revenues/costs relating to disposals in reinsurance	-	-
180.	**Net profit (loss) of banking and insurance management**	**132,181**	**340,203**
190.	Administrative expenses:	(152,955)	(192,267)
	a) personnel expenses	(72,052)	(98,066)
	b) other administrative expenses	(80,903)	(94,201)
200.	Net provisions to allowances for risks and charges	(17,514)	(783)
	a) commitments and guarantees issued	3,064	(511)
	b) other net provisions	(20,578)	(272)
210.	Net value adjustments/recoveries on property and equipment	(6,705)	(9,803)
220.	Net value adjustments/recoveries on intangible assets	(8,056)	(8,381)
230.	Other operating income/expenses	17,442	60,383
240.	**Operating expenses**	**(167,788)**	**(150,851)**
250.	Profits (losses) on equity investments	807	(3,493)
260.	Net profit (loss) on the measurement at fair value of property and equipment and intangible assets	-	-
270.	Goodwill impairment	(38,716)	-
280.	Profits (losses) on disposal of investments	1,252	994
290.	**Profit (loss) from continuing operations before tax**	**(72,264)**	**186,853**
300.	Income tax for the year on continuing operations	12,319	(57,557)
310.	**Profit (loss) from continuing operations after tax**	**(59,945)**	**129,296**
320.	Profit (loss) from discontinued operations after tax	19,190	(25,482)
330.	**Profit (loss) for the year**	**(40,755)**	**103,814**
340.	Profit (loss) for the year attributable to minority interests	2,355	586
350.	**Profit (loss) for the year attributable to the parent company**	**(38,400)**	**104,400**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

Items		31/12/2024	31/12/2023
10.	**Profit (loss) for the year**	**(40,755)**	**103,814**
	Other income components, after tax, that may not be reclassified to the income statement		
20.	Equity instruments measured at fair value through other comprehensive income	-	-
30.	Financial liabilities measured at fair value through profit or loss (changes in credit rating)	-	-
40.	Hedging of equity instruments measured at fair value through other comprehensive income	-	-
50.	Property and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	71	(439)
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves for equity investments measured at shareholders' equity:	15	(35)
100.	Financial revenues or costs relating to insurance policies issued	-	-
	Other income components, after taxes, that may be reclassified to the income statement		
110.	Hedging of foreign investments	-	-
120.	Foreign exchange differences	-	-
130.	Cash flow hedges	-	-
140.	Hedging instruments (undesignated elements)	-	-
150.	Financial assets (other than equities) measured at fair value through other comprehensive income	11,640	18,321
160.	Non-current assets held for sale and discontinued operations	-	-
170.	Share of valuation reserves for equity investments measured at equity	-	-
180.	Financial revenues or costs relating to insurance policies issued	-	-
190.	Financial revenues or costs relating to disposals in reinsurance	-	-
200.	**Total other income components after tax**	**11,726**	**17,847**
210.	**Comprehensive income (Item 10+200)**	**(29,029)**	**121,661**
220.	Consolidated comprehensive income attributable to minority interests	**2,351**	**594**
230.	**Consolidated comprehensive income attributable to the parent company**	**(26,678)**	**122,255**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2024

	Balance as of 31 December 2023	Change in opening balances	Balance as of 1 January 2024	Allocation of result for the previous year		
				Reserves	Dividends and other allocations	Changes in reserves
Share capital:						
a) ordinary shares	54,705	-	54,705	-	-	-
b) other shares	1,200	-	1,200	-	-	-
Share premium reserve	629,572	-	629,572	-	-	354
Reserves:						
a) of profits	160,566	-	160,566	82,917	22	(373)
b) other	37,020	-	37,020	-	-	1,591
Valuation reserves	(30,028)	-	(30,028)	-	-	-
Equity instruments	-	-	-	-	-	-
Treasury shares	(747)	-	(747)	-	-	-
Profit (loss) (+/-) for the year	**103,814**	**-**	**103,814**	**(82,917)**	**(20,897)**	**-**
Consolidated Shareholders' Equity	**956,102**	**-**	**956,102**	**-**	**(20,875)**	**1,572**
Group shareholders' equity	**950,491**	**-**	**950,491**	**-**	**(20,856)**	**1,572**
Shareholders' equity attributable to minority interests	**5,611**	**-**	**5,611**	**-**	**(19)**	**-**

CONTINUED

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2023

	Balance as of 31 December 2022	Change in opening balances	Balance as of 1 January 2023	Allocation of result for the previous year		
				Reserves	Dividends and other allocations	Changes in reserves
Share capital:						
a) ordinary shares	54,517	-	54,517	-	-	-
b) other shares	-	-	-	-	-	-
Share premium reserve	624,583	-	624,583	-	-	-
Reserves:						
a) of profits	100,059	-	100,059	60,262	16	-
b) other	35,459	-	35,459	-	-	-
Valuation reserves	(47,875)	-	(47,875)	-	-	-
Equity instruments	-	-	-	-	-	-
Treasury shares	(747)	-	(747)	-	-	-
Profit (loss) (+/-) for the year	**75,326**	**-**	**75,326**	**(60,262)**	**(15,064)**	**-**
Consolidated Shareholders' Equity	**841,322**	**-**	**841,322**	**-**	**(15,048)**	**-**
Group shareholders' equity	**841,317**	**-**	**841,317**	**-**	**(15,048)**	**-**
Shareholders' equity attributable to minority interests	**5**	**-**	**5**	**-**	**-**	**-**

CONTINUED

	Changes in the year										
	Shareholders' equity transactions										
	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests	Comprehensive income for the year	Consolidated shareholders' equity as of 31/12/2024	Group shareholders' equity as of 31/12/2024	Minority shareholders' equity as of 31/12/2024
Share capital:											
a) ordinary shares	-	-	-	-	-	98	-	-	54,803	54,789	14
b) other shares	-	-	-	-	-	-	2,084	-	3,284	-	3,284
Share premium reserve	-	-	-	-	-	-	-	-	629,926	624,937	4,989
Reserves:											
a) of profits	-	-	(36)	-	-	(5,819)	-	-	237,277	237,916	(639)
b) other	-	-	-	-	-	-	-	-	38,611	38,611	-
Valuation reserves	-	-	-	-	-	-	-	11,726	(18,302)	(18,298)	(4)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	(4,896)	-	-	-	289	-	-	(5,354)	(5,354)	-
Profit (loss) (+/-) for the year	-	-	-	-	-	-	-	(40,755)	(40,755)	(38,400)	(2,355)
Consolidated Shareholders' Equity	-	(4,896)	(36)	-	-	(5,432)	2,084	(29,029)	899,490	X	X
Group shareholders' equity	-	(4,896)	-	-	-	(5,432)	-	(26,678)	X	894,201	X
Shareholders' equity attributable to minority interests	-	-	(36)	-	-	-	2,084	(2,351)	X	X	5,289

	Changes in the year										
	Shareholders' equity transactions										
	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests	Comprehensive income for the year	Consolidated shareholders' equity as of 31/12/2023	Group shareholders' equity as of 31/12/2023	Shareholders' equity attributable to minority interests as of 31/12/2023
Share capital:											
a) ordinary shares	-	-	-	-	-	177	11	-	54,705	54,691	14
b) other shares	-	-	-	-	-	-	1,200	-	1,200	-	1,200
Share premium reserve	-	-	-	-	-	-	4,989	-	629,572	624,583	4,989
Reserves:											
a) of profits	-	-	-	-	-	229	-	-	160,566	160,564	2
b) other	-	-	-	-	-	1,561	-	-	37,020	37,020	-
Valuation reserves	-	-	-	-	-	-	-	17,847	(30,028)	(30,020)	(8)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	(747)	(747)	-
Profit (loss) (+/-) for the year	-	-	-	-	-	-	-	103,814	103,814	104,400	(586)
Consolidated Shareholders' Equity	-	-	-	-	-	1,967	6,200	121,661	956,102	X	X
Group shareholders' equity	-	-	-	-	-	1,967	-	122,255	X	950,491	X
Shareholders' equity attributable to minority interests	-	-	-	-	-	-	6,200	(594)	X	X	5,611

CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD)

Cash flow statement (indirect method)

A. OPERATING ACTIVITIES	Amount	
	31/12/2024	31/12/2023
1. Cash flow from operations	**102,122**	**220,323**
Net profit/loss for the year (+/-)	(40,755)	103,814
Gains/losses on financial assets held for trading and other financial assets/ liabilities measured at fair value through profit or loss (-/+)	(5,502)	(4,288)
Gains/losses on hedging activities (-/+)	(266)	386
Net value adjustments/recoveries for credit risk (+/-)	134,641	14,329
Net value adjustments/recoveries on property and equipment and intangible assets (+/-)	14,761	22,608
Net provisions to allowances for risks and charges and other costs/income (+/-)	21,120	25,831
Net revenues and costs relating to insurance policies issued and disposals in reinsurance (-/+)	-	-
Taxes, duties and unpaid tax credits (+)	(9,506)	59,335
Net value adjustments/recoveries on discontinued operations, net of the tax effect (+/-)	(4,526)	-
Other adjustments (+/-)	(7,845)	(1,692)
2. Cash flow generated/absorbed by financial assets	**(1,193,631)**	**(1,064,030)**
Financial assets held for trading	(11,931)	6,337
Financial assets designated at fair value	-	-
Other financial assets mandatorily measured at fair value	21,013	(12,341)
Financial assets measured at fair value through other comprehensive income	(265,831)	(43,399)
Financial assets measured at amortised cost	(939,700)	(1,095,285)
Other assets	2,818	80,658
3. Cash flow generated/absorbed by financial liabilities	**1,083,882**	**643,897**
Financial liabilities measured at amortised cost	1,117,614	714,131
Financial liabilities held for trading	25,631	(7,768)
Financial liabilities designated at fair value	-	-
Other liabilities	(59,363)	(62,466)
4. Cash generated/absorbed by insurance contracts issued and disposals in reinsurance	-	-
Insurance policies issued that constitute liabilities/assets (+/-)	-	-
Disposals in reinsurance that constitute assets/liabilities (+/-)	-	-
Net cash generated/absorbed by operating activities	**(7,627)**	**(199,810)**

B. INVESTING ACTIVITIES	Amount	
	31/12/2024	31/12/2023
1. Cash flows from	**8,370**	**6,121**
Sales of equity investments	-	-
Dividends received on equity investments	-	-
Sales of property and equipment	8,370	6,121
Sales of intangible assets		-
Sales of subsidiaries and business units	-	-
2. Cash flows used in	**(19,367)**	**(40,343)**
Purchases of equity investments	-	(8,005)
Purchases of property and equipment	(2,010)	(2,230)
Purchases of intangible assets	(17,357)	(30,108)
Purchases of subsidiaries and business units	-	-
Net cash generated/absorbed by investing activities	**(10,997)**	**(34,222)**

C. FINANCING ACTIVITIES	Amount	
	31/12/2024	31/12/2023
Issues / Purchases of treasury shares	(4,897)	-
Issues/purchases of equity instruments	-	-
Distribution of dividends and other purposes	(20,911)	(15,049)
Sale/purchase of third-party control	-	-
Net cash generated/absorbed by financing activities	**(25,808)**	**(15,049)**
NET CASH GENERATED/ABSORBED IN THE YEAR	**(44,432)**	**(249,081)**

Key:

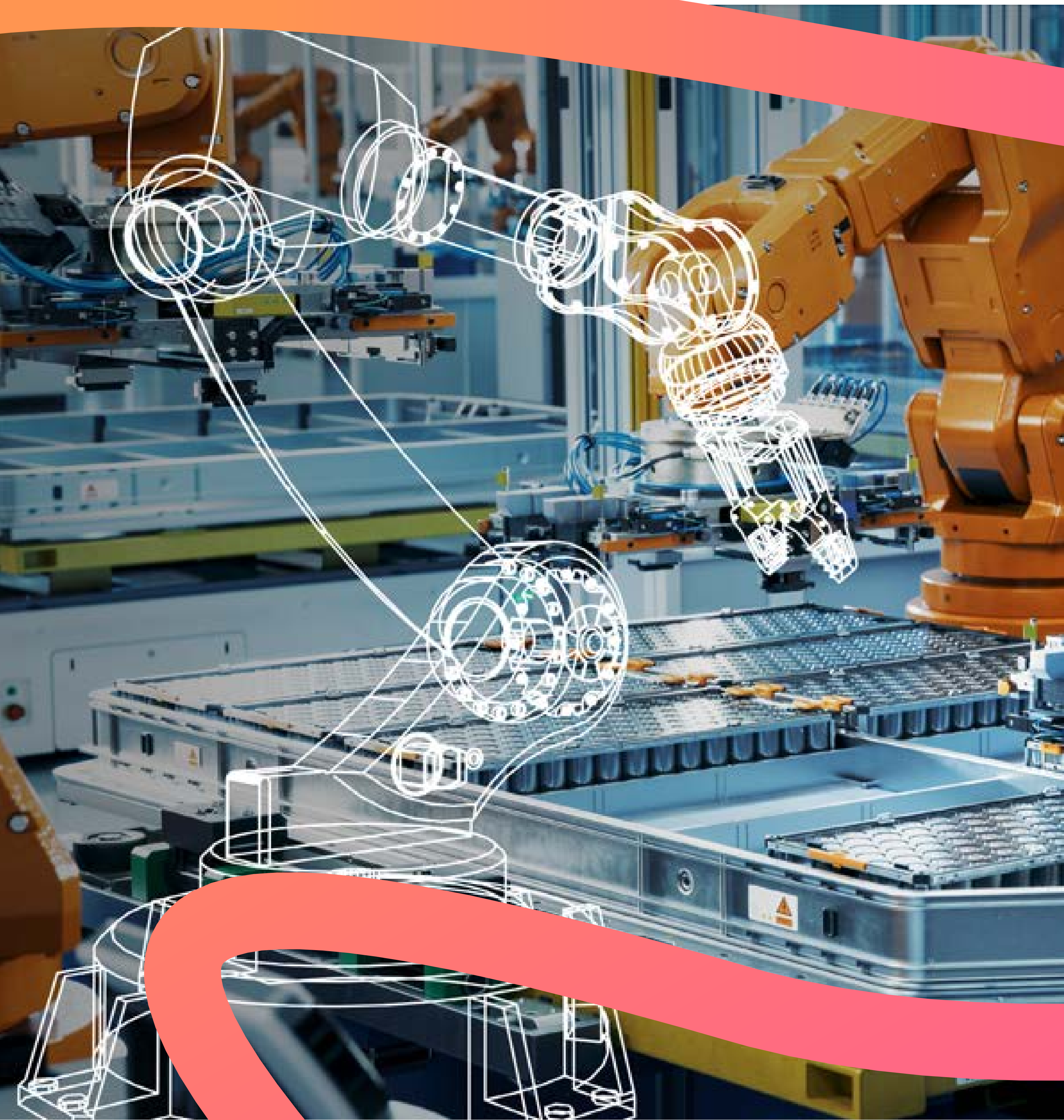
(+) generated
(–) absorbed

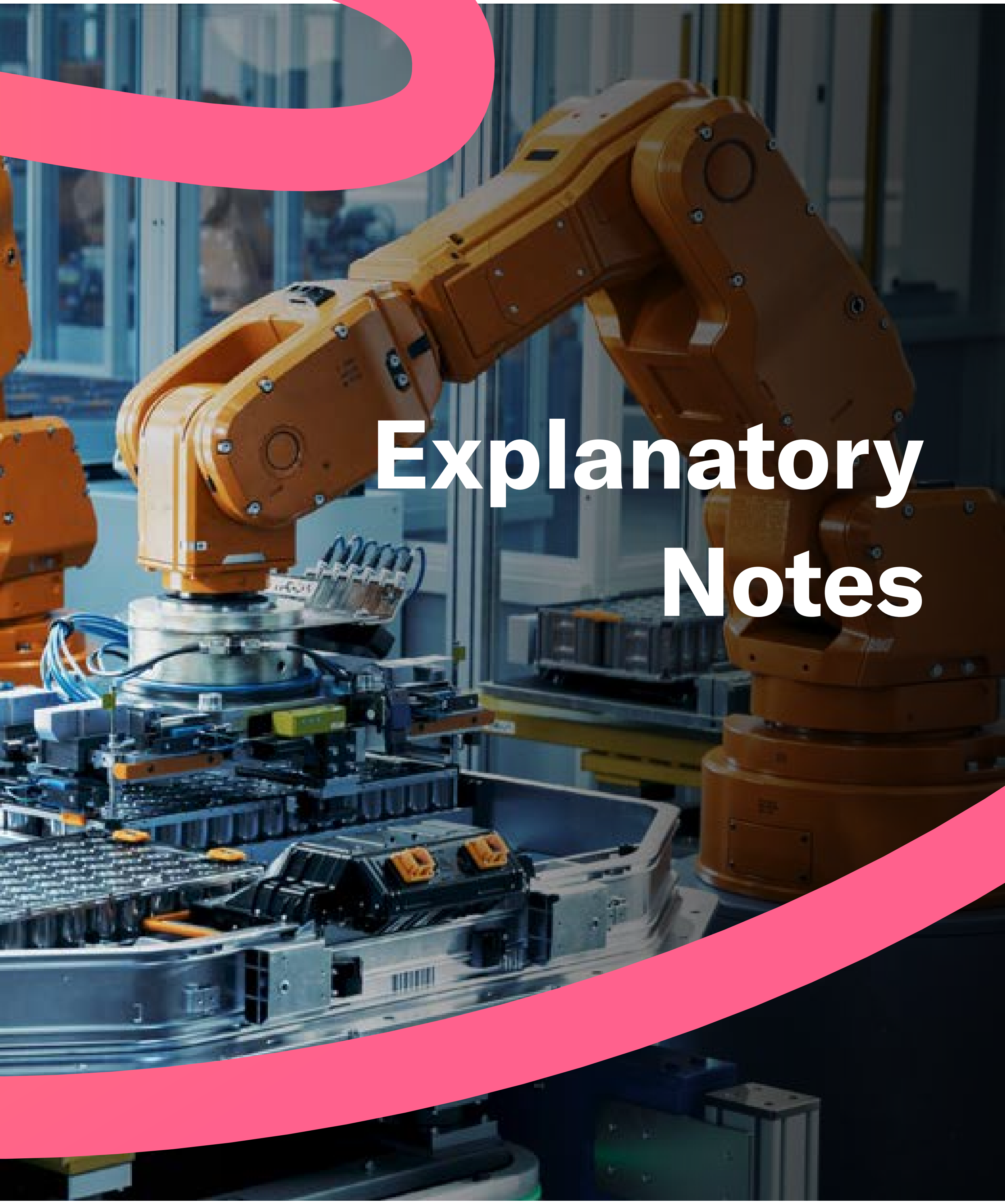
Reconciliation

FINANCIAL STATEMENT ITEMS	Amount	
	31/12/2024	31/12/2023
Cash and cash equivalents at start of financial year	**431,696**	**680,777**
Total net cash generated/absorbed in the year	(44,432)	(249,081)
Cash and cash equivalents: foreign exchange effect	-	-
Cash and cash equivalents at end of financial year	**387,264**	**431,696**

It should be noted that, in accordance with IFRS5 paragraph 33, letter c, the net cash flows attributed to discontinued operations as of 31 December 2024 amounted to a negative EUR 12 million, classified under Operating Assets.

There are no net cash flows for the investment and financing activities categories.





Explanatory Notes

PART A – Accounting policies

A.1 General information

Section 1 - Statement of compliance with IAS/IFRS

These consolidated financial statements have been prepared, pursuant to Italian Legislative Decree no. 38 of 28 February 2005, in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) approved by the European Commission and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as established by Community Regulation no. 1606 of 19 July 2002.

In preparing these consolidated financial statements, the IAS/IFRS in force as of 31 December 2024 were applied, including the SIC and IFRIC interpretations as endorsed by the European Commission. The line items presented in this report have been valued and measured on the basis of the IAS/IFRS accounting standards issued by the International Accounting Standards Board (IASB), as endorsed by the European Commission and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC), in addition to the provisions laid down in Article no. 9 of Italian Legislative Decree no. 38/05 and article 43 of Italian Legislative Decree no. 136/15.

There were no derogations from the IAS/IFRS.

With reference to the financial statements of banks and financial companies subject to supervision, the Bank of Italy has established, by Circular 262 of 22 December 2005, as amended, the financial statements and Explanatory Notes formats used for the drafting of these Financial Statements. When preparing the consolidated financial statements, the provisions of Circular 262 - 8th update, issued on 17 November 2022, were applied, and the additions contained in the Bank of Italy communication of 14 March 2023 were taken into consideration - particularly with regard to the impacts of COVID 19 and measures to support the economy.

Except as stated herein – and described in Section 5 in greater detail – there are no changes in the Accounting Standards adopted compared to the previous year.

In accordance with IFRS 5, the formats and related details in the Explanatory Notes present the economic elements related to the business unit being sold to AltermAInd on 24 December 2024 in the item Profit (Loss) from discontinued operations after tax.

This transaction being a discontinued operation in accordance with IFRS 5, its comparative figures for the previous year were also restated in the income statement.

Section 2 - Basis of Preparation

The Consolidated Financial Statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement (prepared applying the "indirect" method) and the consolidated Explanatory Notes. The Consolidated Financial Statements are also accompanied by the Directors' Report on operations, on the financial performance achieved and on the Group's financial position and cash flow. The Consolidated Report on Operations includes the disclosure relating to the Consolidated Sustainability Statements, pursuant to the *Corporate Social Responsibility Directive* ("CSRD").

The Report on Operations and the Explanatory Notes provide the information required by the International Accounting Standards, the Italian law, the Bank of Italy, the National Commission for Companies and the Stock Exchange (CONSOB) and the European Securities and Markets Authority (ESMA), as well as other information that is not compulsory but is deemed equally necessary to provide a truthful and accurate representation of the Group's situation.

As of the year 2024, in accordance with the Corporate Sustainability Reporting Directive (CSRD) 2022/2464, these financial statements include the Sustainability Statements This reporting is presented in a separate section of the Report on Operations, in line with the requirements of European and national transposing legislation.

In accordance with Delegated Regulation (EU) 2019/815 on "Regulatory technical standards on the specification of a single electronic reporting format", illimity, as an issuer whose securities are traded on a regulated market of the European Union, is publishing this annual financial report in digital format, i.e. using iXBRL tagging.

In accordance with Article 5 of Italian Legislative Decree no. 38/2005, the financial statements have been drafted using the Euro as the reporting currency. The amounts presented in the consolidated financial statements and in the Explanatory Notes are stated in thousands of euro, unless otherwise indicated. Any discrepancies between the figures presented are due solely to rounding.

These Consolidated financial statements have been prepared assuming that the Group will continue as a going concern, since there are no significant uncertainties regarding events or conditions that may lead to doubts as to the Group's ability to continue to operate as a going concern. The valuation criteria adopted are therefore consistent with the assumption of a going concern and comply with the principles of accrual, relevance and materiality of accounting information and the precedence of economic substance over legal form. These criteria remained unchanged from the previous year.

The financial statements are prepared in accordance with IAS 1 and the specific accounting standards approved by the European Commission as illustrated in the "Section on the main financial statement items" of these Explanatory Notes.

The Financial Statements have been drafted with clarity and provide a true and fair view of the financial situation and economic result of illimity Bank S.p.A. (the "Parent Company") and subsidiaries and/or consolidated companies as of 31 December 2024, as described in the section "Consolidation scope and methods".

The general principles used in the preparation of the financial statements are outlined below:
- going concern basis: the valuations are made on a going-concern basis;
- accrual principle: costs and revenues are recognised in the period in which they accrue in relation to the services received and supplied, regardless of the date of cash settlement;
- consistency of representation: to guarantee the comparability of the data and information in the financial statements and related formats, the representation and classification methods are kept the same over time, unless they need be changed to comply with international accounting standards or interpretations, or unless necessary to make the presentation of data more significant and reliable;
- materiality and aggregation: each major class of items with a similar nature or function is shown separately in the balance sheet and income statement; items with different functions or of different types, if material, are represented separately;
- no ofsetting: a no ofsetting principle is applied unless provided for or permitted under the international accounting standards or interpretations, or by the Bank of Italy Circular 262 of 22 December 2005 as amended;
- comparability with the previous year: the financial statements and formats show the amounts from the previous year, which may be adapted to ensure comparability;
- the financial statements are prepared on the basis of substance over form and in accordance with the principle of relevance and materiality of information.

The consolidated financial statements as of 31 December 2024, which were approved by the Board of Directors on 12 March 2025, were audited by the independent auditors KPMG S.p.A.

Content of the financial statements

1. Consolidated balance sheet and income statement

The consolidated balance sheet and income statement formats consist of items, sub-items and additional details. In the consolidated income statement, revenues have been presented without plus sign, whereas costs have been stated in parentheses.

2. Consolidated statement of other comprehensive income

In addition to the profit (loss) for the year, the consolidated statement of comprehensive income indicates income components taken to valuation reserves, net of the relevant tax effect, in accordance with international accounting standards.

Consolidated comprehensive income is represented by braking down the income components that will not be reinstated in the income statement in future and those which, conversely, may be subsequently reclassified under profit (loss) for the year when certain conditions are met. The statement also distinguishes the share of profit attributable to the Parent Company from that attributable to minority shareholders. Negative amounts have been stated in parentheses.

3. Statement of changes in consolidated shareholders' equity

The statement shows the composition of and changes in shareholders' equity during the reference financial year, broken down into share capital (ordinary and savings shares), capital reserves, earnings reserves and reserves from the measurement of assets or liabilities and net profit. The own shares in portfolio are deducted from shareholders' equity.

4. Consolidated cash flow statement

The statement of cash flow during the reporting year of the consolidated financial statements was prepared on the basis of the indirect method, according to which the cash flows from operating activities are represented by the results for the financial year, adjusted by the effects of non-monetary transactions. The cash flows are divided between those generated by operating activities, those generated by investment activities and those generated by financing activities.

In the statement, the cash flows generated during the year are indicated without plus sign, while those absorbed are indicated in parentheses.

Content of the Explanatory Notes

The Explanatory Notes include the information required by the international accounting standards and by the Circular of the Bank of Italy no. 262 issued on 22 December 2005, as amended and supplemented, applicable to the drafting of these financial statements.

Section 3 – Consolidation scope and methods

The following are the consolidation criteria and principles used to prepare the Consolidated Financial Statements for the year ended 31 December 2024.

The Consolidated Financial Statements include the accounting values of illimity and of the companies over which it directly or indirectly exercises control as of 31 December 2024, encompassing within the scope of consolidation, as specifically required by the international accounting standard IFRS 10, the financial statements or reports of companies operating in business segments dissimilar to that of the Parent Company.

The scope of consolidation of the financial statements as of 31 December 2024 includes the following entities:

i. **Aporti S.r.l.** ("Aporti"), in which the Bank holds a 66.7% stake, established to undertake the securitisation of Non-Performing Loans (hereinafter "NPLs"), through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

ii. **Soperga RE S.r.l.** (REOCO) ("Soperga RE") a wholly owned subsidiary of the Bank, established to manage the real estate assets associated with the portfolios of acquired NPLs pursuant to Article 7.1 of Italian Law no. 130/1999 on securitisations;

iii. **Doria LeaseCo S.r.l.** ("Doria LeaseCo"), a wholly owned subsidiary of the Bank, established to manage the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

iv. **Doria SPV S.r.l.** ("Doria SPV"), a wholly owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

v. **Friuli LeaseCo S.r.l.** ("Friuli LeaseCo"), a wholly owned subsidiary of the Bank, established to manage the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

vi. **Friuli SPV S.r.l.** ("Friuli SPV"), a wholly owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

vii. **Pitti LeaseCo S.r.l.** ("Pitti LeaseCo"), a wholly owned subsidiary of the Bank, established to manage the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

viii. **Pitti SPV S.r.l.** ("Pitti SPV"), a wholly owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

ix. **River LeaseCo S.r.l.** ("River LeaseCo"), a wholly owned subsidiary of the Bank, established to manage the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

x. **River SPV S.r.l.** ("River SPV"), a wholly owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xi. **River Immobiliare S.r.l.** ("River Immobiliare"), held entirely by the Bank, set up for the purchase, sale and management - for disposal - of property owned by the company;

xii. **ARECneprix S.p.A.** ("ARECneprix"), a wholly owned subsidiary of the Bank mainly operating in the non-performing loan sector, relying on the services of professionals with specific experience and know how in assessing and managing non-performing loans;

xiii. **illimity SGR S.p.A.** ("illimity SGR") wholly owned by the Bank, which manages the assets of closed-end alternative investment funds (AIFs), established with own funds and the funds of third-party institutional investors;

xiv. **Abilio S.p.A.** ("Abilio"), in which the Bank holds a 82% stake, a company whose purpose is to execute real estate operations and develop and organise sales through online and offline public auctions;

xv. **Quimmo Prestige Agency S.r.l.** ("Quimmo Prestige Agency"), wholly owned by Abilio, a real-estate broker that handles sales and leases and certifies the value of properties and companies for third parties;

xvi. **Quimmo Agency S.r.l.** ("Quimmo Agency"), wholly owned by Abilio, a real-estate broker that handles sales and leases and certifies the value of properties and companies for third parties;

xvii. **Industrial Discount S.r.l.** ("Industrial Discount"), wholly owned by Abilio, a real-estate broker that handles sales and leases and certifies the value of properties and companies for third parties;

xviii. **MAUI SPE S.r.l.** ("MAUI SPE"), established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xix. **Piedmont SPV S.r.l.** ("Piedmont SPV"), established to undertake the securitisation of receivables, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xx. **Dagobah LeaseCo S.r.l.** ("Dagobah LeaseCo"), a wholly owned subsidiary of the Bank, established to manage the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

xxi. **Dagobah SPV S.r.l.** ("Dagobah SPV"), a wholly owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxii. **Spicy Green SPV S.r.l.** ("Spicy Green SPV"), established to undertake the securitisation of receivables in the energy sector, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxiii. **SpicyCo 2 S.r.l.** ("SpicyCo 2"), which is responsible for the acquisition, management and sale of equity investments;

xxiv. **INGENII Open Finance** ("INGENII Open Finance Fund") in which the Bank subscribed 98.52% of the units of the UCI, set up as an closed-end reserved alternative investment fund, established and managed by INGENII SGR S.p.A.;

xxv. **Sileno SPV S.r.l.** ("Sileno SPV"), wholly owned by the Bank, established to undertake the securitisation of Non-Performing Loans (hereinafter "NPLs"), through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxvi. **MIDA RE S.r.l.** ("Mida RE"), a wholly owned subsidiary of the Bank, established to implement the management of real estate associated with the portfolios of acquired NPLs pursuant to Article 7.1 of Italian Law no. 130/1999;

xxvii. **GRO SPV S.r.l.** ("GRO SPV"), established to undertake the securitisation of receivables, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxviii. **Metafora SPV S.r.l.** ("Metafora SPV"), established to undertake real estate securitisation operations, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxix. **Montes LeaseCo S.r.l.** ("Montes LeaseCo"), a wholly owned subsidiary of the Bank, established to manage the lease transactions included in the portfolios of acquired NPLs, operating in accordance with Article 7.1 of Italian Law no. 130/1999 on securitisation;

xxx. **Montes SPV S.r.l.** ("Montes SPV"), a wholly owned subsidiary of the Bank, established to undertake the securitisation of NPL leases, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxxi. **Mia SPV S.r.l.** ("Mia SPV"), a wholly owned subsidiary of the Bank, established to undertake securitisation transactions;

xxxii. **Farky SPV S.r.l.** ("Farky SPV"), established to undertake the securitisation of receivables, through the subscription by the Bank of 95% of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxxiii. **Space Direct Lending Fund** ("Space Fund") in which the Bank subscribed 99.5% of the units in the UCI, set up as an closed-end reserved alternative investment fund, established and managed by TeamSystem Capital at Work SGR S.p.A;

xxxiv. **Iside SPE S.r.l.** ("Iside SPE"), established to undertake receivables securitisation transactions, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxxv. **CR Please Real Estate S.r.l.** ("CR Please"), established to undertake real estate securitisation transactions, through the subscription by Iside SPE of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxxvi. **Farm SPV S.r.l.** ("Farm SPV"), established to undertake receivables securitisation transactions, through the subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxxvii. **Dome SPV S.**r.l ("Dome SPV"), established to undertake receivables securitisation transactions, through the future subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xxxviii. **SpicyCo S.r.l.** ("SpicyCo"), a wholly owned subsidiary of the Bank, which is responsible for the acquisition, management and sale of equity investments;

xxxix. **Enervitabio San Giuseppe Società Agricola S.r.l.** (Enervitabio), whose entire share capital is held by SpicyCo, a company producing electricity from renewable sources;

xl. **Renit CPV S.r.l.** (Renit), whose entire share capital is held by SpicyCo, a company producing electricity from renewable sources;

xli. **Little Spicy S.r.l.** (Little Spicy), whose entire share capital is held by SpicyCo, a company producing electricity from renewable sources;

xlii. **Vela 2023 LeaseCo S.r.l.** ("Vela 2023 LeaseCo"), a wholly owned subsidiary of the Bank, which was established to manage leasing transactions included in the securitised NPL portfolios;

xliii. **Eolo LeaseCo S.r.l.** ("Eolo LeaseCo"), a wholly owned subsidiary of the Bank, which was established to manage leasing transactions included in the securitised NPL portfolios;

xliv. **INGENII Boost Finance** ("Fondo INGENII Boost Finance"), in which the Bank subscribed 100% of the units in the UCI, set up as an closed-end reserved alternative investment fund, established and managed by INGENII SGR S.p.A.;

xlv. **Havana SPV S.r.l.** ("Havana SPV"), established to undertake receivables securitisation transactions, through the future subscription by the Bank of the notes issued by the securitisation vehicle established in accordance with Italian Law no. 130/1999;

xlvi. **Hype S.p.A.** ("Hype"), in which Illimity holds a 50% stake through a joint venture with Fabrick (a company of the Sella group), that operates with a payment institute licence and is the digital solution for simple, efficient day-to-day money management. On the market since 2015, Hype has anticipated the response to the growing need of the public to access banking services in an entirely new way, offering other added value services;

xlvii. **AltermAInd S.r.l.** ("AltermAInd"), in which illimity holds 48% of the share capital, a company active in the creation and development of IT products and in the field of artificial intelligence;

xlviii. **LAISA – Società tra Avvocati per Azioni** ("STA") - in which the subsidiary ARECneprix holds a 9.99% stake - a company whose purpose is the corporate practice of law (understood to mean in-court and/or out-of-court assistance and consultancy), in all forms and variations, including during the acquisition, management and/or enforcement, collection or sale of NPEs.

This scope has changed with respect to the consolidated financial statements for the year ended 31 December 2023. Below is a summary of the transactions that led to the change in the scope of consolidation.

Increases

a) Subscription of 95% of the junior and mezzanine notes issued by the vehicle Farky SPV S.r.l., consolidated on a line-by-line basis, in lieu of the bridge loan in place at the end of the previous financial year;
b) Subscription of 99.5% of the units of the Space Fund;
c) Subscription of 100% of the notes issued by the vehicle Iside SPE S.r.l, consolidated on a line-by-line basis;
d) Subscription of 100% of the notes issued by the vehicle CR Please S.r.l. by Iside SPE S.r.l., consolidated on a line-by-line basis;
e) Subscription of 100% of the notes issued by the vehicle Farm SPV S.r.l., consolidated on a line-by-line basis;
f) Subscription of 100% of the notes issued by the vehicle Dome SPV S.r.l., consolidated on a line-by-line basis;
g) Acquisition of the remaining 51% of the share capital of SpicyCo S.r.l. consolidated on a line-by-line basis as of 9 July 2024, as well as its wholly-owned subsidiaries, i.e. Enervitabio San Giuseppe Società Agricola S.r.l., Renit CPV S.r.l. and Little Spicy S.r.l;
h) Subscription of 100% of the share capital of Vela 2023 LeaseCo S.r.l., consolidated on a line-by-line basis;
i) Subscription of 100% of the share capital of Montes LeaseCo S.r.l., consolidated on a line-by-line basis;
j) Subscription of 100% of the INGENII Boost Finance fund units, consolidated on a line-by-line basis;
k) Subscription of 95% of the notes issued by the vehicle Havana SPV, consolidated on a line-by-line basis;
l) Sale by illimity, on 20 December 2024, of the business unit related to the technology *assets* and related staff (i.e., the *Digital*Competence Line) into AltermAInd S.r.l., of which illimity initially held 100% of the share capital. On 24 December 2024, illimity completed the sale of 52% of AltermAInd's share capital to Fibonacci SubCo. The residual interest is therefore consolidated as of 31 December 2024 using the equity method as it is an equity investment with significant influence.

Decreases

a) Sale of 100% of the share capital of Ortensia SPV S.r.l., previously consolidated on a line-by-line basis.
b) Sale of 100% of the share capital of Kenobi SPV S.r.l., previously consolidated on a line-by-line basis.

For further information on changes in the scope of consolidation during 2024, reference is made to Section 5 - Other aspects.

Details of the type of control and consolidation method for the scope of consolidated entities as of 31 December 2024 are given below:

	Name	Operational headquarters	Registered office	Type of relationship (*)	Ownership relationship		
					Held by	Holding % (**)	% of consolidation attributable to the parent company
	Parent Company						
A.0	illimity Bank S.p.A.	Milan	Milan				
	Companies consolidated on a line-by-line basis						
A.1	Aporti S.r.l. (SPV)	Milan	Milan	1-4	A.0	66.7%	100%
A.2	Soperga RE S.r.l.	Milan	Milan	1	A.0	100.0%	100%
A.3	Doria LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100%
A.4	Doria SPV S.r.l. (SPV)	Milan	Milan	1-4	A.0	100.0%	100%
A.5	Friuli LeaseCo. S.r.l.	Milan	Milan	1	A.0	100.0%	100%
A.6	Friuli SPV S.r.l. (SPV)	Milan	Milan	1-4	A.0	100.0%	100%
A.7	Pitti LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100%
A.8	Pitti SPV S.r.l. (SPV)	Milan	Milan	1-4	A.0	100.0%	100%
A.9	River LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100%
A.10	River SPV S.r.l. (SPV)	Milan	Milan	1-4	A.0	100.0%	100%
A.11	River Immobiliare S.r.l.	Milan	Milan	1	A.0	100.0%	100%
A.12	ARECneprix S.p.A.	Milan	Milan	1	A.0	100.0%	100%
A.13	illimity SGR	Milan	Milan	1	A.0	100.0%	100%
A.14	Abilio S.p.A.	Faenza	Faenza	1	A.0	82.0%	82.0%
A.15	Quimmo Prestige Agency S.r.l.	Milan	Milan	1	A.14	100.0%	82.0%
A.16	Quimmo Agency S.r.l.	Faenza	Faenza	1	A.14	100.0%	82.0%
A.17	Industrial Discount S.r.l.	Faenza	Faenza	1	A.14	100.0%	82.0%
A.18	MAUI SPE S.r.l.	Milan	Milan	4	A.0		100%
A.19	Piedmont SPV S.r.l.	Milan	Milan	4	A.0		100%
A.20	Dagobah LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100%
A.21	Dagobah SPV S.r.l.	Milan	Milan	1-4	A.0	100.0%	100%
A.22	Spicy Green SPV S.r.l.	Milan	Milan	4	A.0		100%
A.23	SpicyCo2 S.r.l.	Milan	Milan	1	A.0	100.0%	100%
A.24	INGENII Open Finance	Milan	Milan	4	A.0		98.52%
A.25	Sileno SPV S.r.l.	Milan	Milan	1-4	A.0	100.0%	100.0%
A.26	Mida RE S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.27	GRO SPV S.r.l.	Milan	Milan	4	A.0		100.0%
A.28	Metafora SPV S.r.l.	Milan	Milan	4	A.0		100.0%
A.29	Montes LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.30	Montes S.P.V. S.r.l.	Milan	Milan	1-4	A.0	100.0%	100.0%
A.31	Mia SPV S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.32	Farky SPV S.r.l.	Milan	Milan	4	A.0		95%
A.33	Space Direct Lending Fund	Milan	Milan	4	A.0		99.5%
A.34	Iside Spe S.r.l.	Milan	Milan	4	A.0		100.0%
A.35	CR Please Real Estate S.r.l.	Milan	Milan	4	A.34		100.0%
A.36	Farm SPV S.r.l.	Milan	Milan	4	A.0		100.0%
A.37	Dome SPV S.r.l.	Milan	Milan	4	A.0		100.0%
A.38	SpicyCo S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.39	Enervitabio San Giuseppe Società Agricola S.r.l.	Milan	Milan	1	A.38	100.0%	100.0%
A.40	Renit CPV S.r.l.	Milan	Milan	1	A.38	100.0%	100.0%
A.41	Little Spicy S.r.l.	Milan	Milan	1	A.38	100.0%	100.0%
A.42	Vela 2023 LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.43	Eolo LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.44	INGENII Boost Finance	Milan	Milan	4	A.0		100.0%
A.45	Havana SPV S.r.l.	Milan	Milan	4	A.0		95%

	Name	Operational headquarters	Registered office	Type of relationship (*)	Ownership relationship		
					Held by	Holding % (**)	% of consolidation attributable to the parent company
	Companies consolidated on shareholders' equity						
A.46	Hype S.p.A.	Biella	Biella	5	A.0	50.0%	N/A
A.47	AltermAInd S.r.l.	Milan	Milan	6	A.0	48.0%	N/A
A.48	LAISA – Società tra Avvocati per Azioni	Milan	Milan	6	A.12	9.99%	N/A

(*) Type of relationship:
1 = majority of voting rights at the ordinary shareholders' meeting (pursuant to Article 2359 paragraph 1(1))
2 = dominant influence at the ordinary shareholders' meeting
3 = arrangements with other shareholders
4 = other forms of control
5 = joint control
6 = significant influence

(**) Availability of votes at the ordinary shareholders' meeting: the equity investment held represents voting rights in the shareholders' meeting.

2. Significant assessments and assumptions to determine the scope of consolidation

2.1 Subsidiaries

Subsidiaries are those entities, including structured entities, over which the Parent Company has direct or indirect control. Under IFRS 10, control exists if the following elements are simultaneously present:

- descision-making power over the subsidiary's main activities;
- 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

Subsidiaries are consolidated from the Group obtained control and cease to be fully consolidated on the date on which control is transferred to entities external to the Group. The costs and revenues of a subsidiary are included in the scope of consolidation from the date ofon which control was obtained. The costs and revenues of a sold subsidiary are included in the consolidated income statements until the date of the sale, i.e. until the moment when the parent company ceased to have control over the investee.

Subsidiaries are those companies, including structured entities, over which the parent company Illimity Bank S.p.A. exercises control and has the power, as defined by IFRS 10, to determine, directly or indirectly, their financial and operational policies, in order to obtain benefits from their activities.

The Group may sometimes exercise "de facto control" over certain entities when, even in the absence of a majority of voting rights, it possesses rights that allow for a one-way management of material activities of thev investee.

The subsidiary may also include "structured entities", in which the voting rights are not significant for the purposes of assessing control, including special-purpose entities and investment funds. Structured entities are considered to be controlled if:

- the Group has contractual rights that entitle it o govern the material activities;
- the Group is exposed to variable returns from those activities.

Line-by-line consolidation

Subsidiaries are consolidated using the line-by-line method. The consolidated financial statements prepared under the line-by-line method represent the Group's financial situation as a single economic entity.

The line-by-line consolidation method involves acquiring the balance sheet and income statement aggregates of subsidiaries on a "line by line" basis. After the minority shareholders have been attributed their shares of the assets and profit or loss, the value of the equity investment is cancelled as a contra entry of the residual value of the subsidiary's assets. The assets, liabilities, costs and income of a significant amount, recognised among the consolidated entities, are eliminated.

Subsidiaries are consolidated from the date on which the Group acquires control according to the purchase method, as provided for in IFRS 3, which establishes that the identifiable assets purchased and liabilities assumed (including contingent liabilities) have to be recognised at their respective fair values on the date of acquisition. Any excess in the paid price compared to the above fair values is recognised as goodwill or as other intangible assets; if the price is lower, the difference is recognised in the income statement.

If an event determines a loss of control, the effect recognised in the income statement is equal to the difference between (i) the sum of the fair value of the price received and the fair value of the residual interest held, and (ii) the previous carrying amount of the assets (including goodwill), of the liabilities of the subsidiary and of any third-party assets. The difference between the sale price of the subsidiary and the carrying amount of its net assets at the same date is recognised in the Income Statement under the item Gains (Losses) on disposal of investments for companies consolidated on a line-by-line basis. The portion attributable to minority interests is recognised in the Balance sheet under the item Shareholders' equity attributable to minority interests, separately from liabilities and shareholders' equity attributable to the Group. In the Income Statement as well, the portion attributable to minority interests is presented separately under the item Net profit (loss) attributable to minority interests.

2.2 Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more counterparties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

According to IFRS 11, joint arrantements shall be classified as Joint operation or Joint Venture depending on the contractual rights and obligations held by the Group:

- a Joint Operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement;
- a Joint Venture is a joint arrangement whereby the parties have the rights to the net assets of the arrangement.

Investments in companies under joint control qualified as joint ventures are recognized using the equity method.

2.3 Associates

An associate is an entity over which an parent company has significant influence, and which is neither a subsidiary nor a joint venture.

The parent company is considered to have significant influence if:

- it holds, directly or indirectly, at least 20% of the capital in another company, or
- it can, also through shareholders' agreements, exercise significant influence through:
  a) representation on the company governance body;
  b) participation in policy-making process, including participation in decisions about dividends or other distributions;
  c) material transactions between the investor and the investee;
  d) interchange of managerial staff;
  e) provision of essential technical information.

Investments in associates are recognised using the equity method.

Equity method

Investments in associates and jointly controlled entities are measured using the equity method. Post-acquisition profits and losses are recognised in the Income Statement under the line item Gains (losses) from investments. Any distribution of dividends is recognised minus the goodwill of the equity investment.

1. Investments in subsidiaries under sole control with a material non-controlling interest

As required by paragraph 12 of IFRS 12, it is reported that there are no material non-controlling interests in subsidiaries as of 31 December 2024.

2. Significant restrictions

The Group operates in a regulated sector and is subject to the restrictions under paragraph 13 of IFRS 12 concerning significant statutory, contractual or regulatory restrictions that could restrict the swift transfer of cash or other assets within the Group.

3. Other information

There are no financial statements of subsidiaries used in preparing illimity consolidated financial statements for a date other than that of the consolidated financial statements.

Section 4 - Subsequent events

Events subsequent to the reporting date are described in detail in the relevant section of the Consolidated Report on Operations.

In addition, with reference to what was communicated on 5 March 2025, the Bank became aware of new elements concerning the potential outcome of a dispute relating to the valuation of a specific senior securitisation note linked to non-performing asset transformation transactions carried out at the beginning of 2024. Therefore, compared to what was considered in the preliminary 2024 results approved for supervisory reporting purposes, an additional adjustment | loss was recognised, in accordance with the treatment of "events after the reporting period" (IAS 10), for a total gross amount of approximately EUR 53.5 million. This led to a net consolidated result attributable to the Parent Company of EUR 316 thousand (before impairment of goodwill), i.e. a negative result of EUR 38.4 million.

Section 5 – Other matters

5.1 SpicyCo S.r.l. acquisition

On 9 July 2024, illimity completed the purchase of the remaining 51% equity investment in SpicyCo, which resulted SpicyCo becoming a wholly-controlled subsidiary.

With the acquisition of 100% of the shares of SpicyCo, illimity is, as of the acquisition date, obliged to fully consolidate both this company and its subsidiaries, which, as of the acquisition date, consisted of the companies Enervitabio San Giuseppe S.r.l., Renit S.r.l. and Little Spicy S.r.l., instrumental companies that own or lease photovoltaic plants.

Applying the principles expressed by IFRS 3, a provisional difference to be allocated of Euro 2.5 million, recognised in the Consolidated Balance Sheet under the item Goodwill, was determined. This goodwill was fully written down as a result of the *impairment test* on the Group's goodwill as of 31 December 2024.

5.2 Incorporation of AltermAInd S.r.l. and transfer of the Digital Competence Line

On 8 November 2024, illimity finalised the terms of a binding agreement with the Finwave/OCS Group, through the company Fibonacci BidCo S.p.A., which is controlled by funds managed by Apax Partners LLP.

Following the fulfilment of the conditions precedent underlying the effectiveness of the transaction, on 24 December 2024, the closing of the agreement with the Finwave/OCS Group, through the company Fibonacci Subco S.r.l. wholly owned by Fibonacci BidCo S.p.A., controlled by funds managed by Apax Partners LLP, was completed.

The Transaction structure involved the contribution by illimity of the business unit consisting of its technology assets and highly qualified IT staff of the Digital Competence Line to a newco ("AltermAInd S.r.l.") - initially wholly owned by the Bank - and the sale of a 52% interest to Fibonacci for a consideration of EUR 62.4 million. The remaining 48% of the share capital of AltermAInd remained owned by illimity.

Use of estimates and assumptions in preparing the consolidated financial statements

In compliance with the requirements of the IFRS framework, the preparation of the consolidated financial statements requires the use of estimates and assumptions that may influence the values recognised in the balance sheet and income statement and the disclosure regarding contingent assets and liabilities presented in the Consolidated Financial Statements.

The estimates and related assumptions are based on the use of available management information and subjective assessments, as well as on historical experience. The use of reasonable estimates is, thus, an essential part of the preparation of the financial statements. The components in which the use of estimates and assumptions is substantially inherent in determining the carrying values are indicated below:

- measurement of receivables;
- measurement of financial assets not listed in active markets;
- measurement of the real estate portfolio;
- determination of the amount of provisions in funds for risks and charges;
- determination of the amount of deferred taxation;
- assessments regarding the recoverability of goodwill;
- definition of the depreciation and amortisation of property and equipment and intangible assets with finite useful lives.

An estimate may also be adjusted due to changes in the circumstances on which it was based, new information or greater experience. By their nature, the estimates and assumptions used may change from one period to the next. Accordingly, the values presented in the financial statements may differ, also to a significant degree, from current estimates. Any changes in the estimates are applied prospectively and therefore result in an impact on the income statement in the year which the change occurs as well as that for future years.

New documents issued by the IASB and endorsed by the EU, adoption of which is mandatory with effect from financial statements for years beginning on 1 January 2024.

Document title	Issuance date	Effective date	Date endorsed	EU regulation and publication date
Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16 Leasing)	September 2022	1 January 2024	20 November 2023	(EU) NO. 2023/2579 21 November 2023
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)	January 2020	1 January 2024	19 December 2023	(EU) NO. 2023/2822 20 December 2023
Loan agreements for Supply (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)	May 2023	1 January 2024	15 May 2024	(EU) NO. 2024/1317 16 May 2024

As shown in the table above, the adoption of certain changes in the accounting standards endorsed by the European Commission in 2023 and 2024 will be mandatory as of 2024.

In greater detail:

- Regulation (EU) no. 2023/2822 Amendments to IAS 1: Regulation (EU) 2023/2822 of the European Commission of 19 December 2023, which adopts amendments to IAS 1 Presentation of Financial Statements, was published in the EU Official Journal, L series, on 20 December 2023.

  The amendments improve the information a company should provide when its right to defer settlement of a liability for at least 12 months is subject to covenant. The amendments specify how a company is to determine, in the statement of financial position, debt and other liabilities with an uncertain settlement date, stipulating that they are to be classified either as current (due or potentially due to be settled within one year) or non-current.
- Regulation (EU) No. 2023/2579: Regulation (EU) 2023/2579 of the European Commission of 20 November 2023, which adopts amendments to IAS 16 Leasing, was published in the EU Official Journal, L series, on 21 November 2023.

  The amendments to IFRS 16 specify how the seller-lessee subsequently measures sale and leaseback transactions.
- Regulation (EU) No. 2024/1317 of 16 May 2024 endorsing the document "Loan Agreements for Supply (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)", published by the IASB Board on 25 May 2023.

  The document introduces disclosure requirements on loan agreements for a company's supplies. The new requirements are intended to provide users of financial statements with information that enables them to assess the impact of supplier loan arrangements on a company's liabilities and cash flows, to understand their effect on the company's exposure to liquidity risk, and to understand how the company may be affected by the possible unavailability of such arrangements.

These amendments are not particularly material to the Group.

IAS/IFRS and the relevant IFRIC interpretations applicable to financial statements of financial years starting after 31 December 2024

Documents endorsed by theEU as of 31 December 2024

Document title	Issuance date	Effective date	Date endorsed	EU regulation and publication date
"Lack of convertibility" (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)	August 2023	1 January 2025	12 November 2024	(EU) NO. 2024/2862 13 November 2024

In greater detail:

Regulation (EU) No 2024/2862 – Amendments to IAS 21: Commission Regulation (EU) 2024/2862 of 12 November 2024 amending Regulation (EU) 2023/1803 as regards International Accounting Standard (IAS) 21 was published in the Official Journal L Series on 13 November 2024.

The amendments specify when a currency is exchangeable for another currency and, if it is not, how the enterprise determines the exchange rate to be applied and the disclosures that the company must provide when a currency cannot be converted.

The company shall apply the amendments to the annual financial statements starting on or after 1 January 2025.

These amendments are not particularly material to the Group.

Documents not yet endorsed by the EU as of 31 December 2024

Document title	Issuance date by the IASB	Date of entry into force of the IASB document	Date of expected endorsement by the EU
Standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	1 January 2016	To be defined
IFRS 18 Presentation and Disclosure in Financial Statements	April 2024	1 January 2027	To be defined
IFRS 19 Subsidiaries without Public Accountability: Disclosures	May 2024	1 January 2027	To be defined
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 2014	Deferred until completion of the IASB project concerning the equity method	To be defined
Amendments regarding Classification and measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9)	May 2024	1 January 2026	To be defined
Amendments regarding Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 7 and IFRS 9)	December 2024	1 January 2026	To be defined

These documents will only apply after they have been endorsed by the EU.

Disclosure on public funds pursuant to Article 1, paragraph 125 of Law no. 124 of 4 August 2017 ("Annual Market and Competition Law")

Law no. 124 of 4 August 2017, the "Annual Market and Competition Law" (hereinafter also referred to as Law no. 124/2017), introduced, in Article 1, paragraphs 125 to 129, certain measures aimed at ensuring transparency within the public funds system. More specifically, it provides for companies to include in their Explanatory Notes information about "subsidies, grants, paid positions and any economic benefit of any kind" (hereinafter referred to for short as "public funds") received from public bodies and from any parties specified by said law.

Failure to comply with the obligation to publish said information will result in an administrative fine equal to 1% of the amounts received, with a minimum payable of EUR 2,000. Only at a later stage does the rule provide for the reimbursement of the grant itself. In order to avoid the publication of irrelevant information, the disclosure obligation does not apply if the amount of public funds received by a single party is below the threshold of EUR 10,000.

August 2017 saw the creation of the National Register of State Aid, which was established within the Directorate-General for Incentives to Companies of the Ministry of Economic Development, in which the parties that grant or manage the aid in question must publish all state aid and de minimis aid given to each company. For the individual aid granted to illimity Group companies, please refer to the "Transparency of the Register" section, which can be accessed by the public.

In light of the above, in compliance with the provisions of Article 1, paragraph 125, of Law No. 124 of 4 August 2017, during the financial year 2024, the Parent Company and its subsidiaries received approximately EUR 0.5 million mainly attributable to the category "CE651/2014 - Training Aid (art.31)" and the category "CE1863-3.1/20 - Remediation for a serious disturbance in the economy".

A.2 Section on the main financial statement items

This section presents the accounting standards used to prepare the consolidated financial statements as of 31 December 2024 with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, and for the methods used for the recognition of costs and revenues.

Financial assets measured at fair value through profit or loss

This category of financial assets measured at fair value through profit or loss (FVTPL) includes Financial assets that do not qualify as Financial assets measured at fair value through other comprehensive income or as Financial assets measured at amortised cost. This item therefore includes:

- financial assets held for trading, which are essentially debt and capital instruments and financial derivatives, for which there is a short-term profit-making strategy;
- financial assets mandatorily measured at fair value that do not meet the requirements for measurementat amortised cost or at fair value through other comprehensive income. These are assets for which the contractual terms do not provide only for reimbursement of capital and payment of interest on the amount of capital to be returned (known as failed "SPPI test"), or which are not held in connection with a business model whose target is to hold assets in order to collect contractual cash flows ("Hold to Collect" business model), or whose target is obtained through the funding of contractual cash flows and the sale of financial assets the ("Hold to Collect and Sell" business model);
- financial assets designated at fair value, namely financial assets which are thus defined at the time of first recognition, if the requirements are met. An entity can irrevocably designate, on recognition, a financial assets as being measured at fair value through profit or loss if, and only if, by so doing it would remove or significantly reduce an inconsistency in measurement.

As reported above, this item includes derivatives, which are recognised among financial assets held for trading, which are represented as assets if the fair value is positive, and as a liability if the fair value is negative. It is possible to offset current positive and negative values from transactions with the same counterparty only if there is currently a legal right to offset the recognised amounts, and where there is an intention to settle the offset positions on a net basis. Derivatives may also include those incorporated in complex financial contracts – in which the host contract is a financial liability – which have been recognised separately, as:

- their economic characteristics and risks are not closely correlated to the characteristics of the host contract;
- incorporated instruments, even if separate, meet the definition of derivative;
- hybrid instruments they belong to are not measured at fair value with the related changes recognised on the income statement.

Reclassifications to other categories of financial assets are only permitted if the entity changes its business model with regard to the management of financial assets. In such cases, which are expected to be infrequent, the financial assets may be reclassified from the category measured at fair value through profit or loss to one of the other two categories permitted by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through other comprehensive income). The transfer value is represented by the fair value at the time of reclassification and the effects of reclassification operate on a forward-looking basis, from the date of reclassification. In this case, the effective interest rate of the reclassified financial assets is determined on the basis of its fair value on the reclassification date. That date is taken to be the date of first recognition, for stage assignment for impairment purposes.

The initial recognition of financial assets takes place on the date of settlement for debt securities and equity instruments, on the date of disbursement for loans, and on the date of subscription, for derivatives. Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, without considering transaction costs or income, which are immediately recognised in the income statement, even if directly attributable to these financial assets.

After the first recognition, financial assets measured at fair value through profit or loss are measured at fair value and the effects of applying this measurement principle are recognised in the income statement. To determine the fair value of financial instruments listed on an active market, market prices are used. Without an active market, the commonly-adopted estimation and measurement models are used, which take into account all the risk factors related to the instruments and are based on observable market data, such as: (i) methods based on the measurement of listed instruments with similar characteristics; (ii) discounted cash flow calculations, models for determining the option prices; (iii) recorded values of recent comparable transactions.

Financial assets are written off from the financial statements when the contractual rights to the related cash flows expire, or when the financial asset is sold with a substantial transfer of all the related risks and benefits. Conversely, if a significant part of the risks and benefits of the sold assets has been maintained, the assets will still be recognised in the financial statements, even if legally, ownership of them has been effectively transferred.

If it is not possible to ascertain the material transfer of the risks and benefits, the financial assets will be derecognised if no type of control has been retained. Otherwise, if even partial control has been retained, the assets will be maintained to an extent equal to the residual involvement, which is measured by the exposure to changes in value of the sold assets and to changes in their cash flows.
Realised gains and losses on disposal or redemption and unrealised gains and losses arising from changes in the fair value of financial assets held for trading arenet profit recognised in the income statement under the item "Net profit of trading activity”.

The accounting treatment of financial assets mandatorily measured at fair value or designated at fair value is similar to that of "Financial assets held for trading", with the recognition of profits or losses, realised and measured, under the item "Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss", respectively under the components "a) financial assets and liabilities designated at fair value" and "b) other financial assets mandatorily measured at fair value".

Financial assets measured at fair value through other comprehensive income

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

- the financial asset is owned within a business model whose target is to hold financial assets in order to collect contractual cash flows ("Hold to Collect and Sell" business model), and
- the contractual terms of the financial assets 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 item also includes equity instruments not held for trading for which, at the time of first recognition, the option for designation at fair value through other comprehensive income has been exercised.

In particular this item includes:

- debt instruments related to a Hold to Collect and Sell model which have passed the SPPI test;
- shareholder interests that cannot qualify as a controlling, associate or joint control interest, which are not held for trading, and for which an option for designation at fair value through other comprehensive income has been exercised;
- loans connected to a Hold to Collect and Sell model that have passed the SPPI test, including shares in syndicated loans or other types of loan that, from the origin, are destined for sale and which relate to a Hold to Collect and Sell business model.

In general, IFRS 9 does not allow reclassifications to other categories of financial assets except where the entity changes its business model with regard to the management of financial assets.

In such cases, which are expected to be very infrequent, the financial assets may be reclassified from the category of assets measured at fair value through other comprehensive income to one of the other two categories permitted by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit or loss). The transfer value is represented by the fair value at the time of reclassification and the effects of reclassification operate on a forward-looking basis, from the date of reclassification. In the case of reclassification from this category to the amortised cost category, the cumulative profit (loss) recognised in the revaluation reserve is carried as an adjustment | loss to the fair value of the financial assets on the date of reclassification. In the case of reclassification into the category of fair value through profit or loss, the profit or loss that was previously recognised in the revaluation reserve is reclassified from shareholders' equity to profit (loss) for the year.

The initial recognition of financial assets takes place on the date of settlement for debt instruments and equity instruments, and on the date of disbursement for loans. At the time of first recognition, the assets are recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. This excludes costs or revenues that, despite meeting the above conditions, are the subject of reimbursement by the borrower or can be classified under normal internal administration costs.

After initial recognition, assets classified at fair value through other comprehensive income other than equity instruments are measured at fair value and the impacts from application of amortised cost are recognised on the income statement together with the effects of impairment and any foreign exchange effect, while the other profits or losses arising from a change in fair value are recognised in a specific shareholders' equity reserve until the financial assets is derecognised. At the time of total or partial disposal, the profit or loss in the revaluation reserve is reinstated, in full or in part, in the income statement. Subsequent to the initial recognition, therefore, with regard to accrued interest on interest-bearing instruments, they are recognised in the income statement according to the amortised cost criterion in the line item "Interest income and similar income" where positive, or in the line item "Interest expenses and similar charges" if negative. Profits and losses from changes in fair value are instead recognised in the Statement of comprehensive income and shown in the item "Valuation reserves" of shareholders' equity.

Equity instruments that were classified in this category are measured at fair value and the amounts recognised as a contra-entry of shareholders' equity (Statement of comprehensive income) must not be subsequently transferred to the income statement, not even in the case of disposal (OCI exemption). The only item relating to the equity instruments in question that is recorded on the income statement is the relevant dividends.

The fair value is determined on the basis of the principles already illustrated, for the Financial assets measured at fair value through profit or loss.

For the equity instruments included in this category not listed on an active market, the cost criterion is used to estimate the fair value only on a secondary basis and limited to a small number of circumstances, namely if none of the above valuation methods can be applied or if there is a wide range of possible fair value valuations, within which the cost is the most significant estimate.

Financial assets measured at fair value through other comprehensive income - in the form of debt or credit instruments – are subject to verification of the significant increase in credit risk (impairment) provided for in IFRS 9, like Assets at amortised cost, and therefore an adjustment | loss is recognised in the income statement to cover the expected losses. These impairment losses are recognised in the income statement under the item "Net value adjustments/recoveries for credit risk relating to: b) financial assets measured at fair value through other comprehensive income", offset by the statement of comprehensive income and also shown under the item "Reserves from valuation" of shareholders' equity. Equity instruments are not recognised in the income statement as impairment in accordance with IFRS9. Only dividends will be shown in the income statement under the item "Dividends and similar income".

Financial assets are derecognised from the accounts when the contractual rights to the related cash flows expire, or when the financial asset is sold with a substantial transfer of all the related risks and benefits.

Conversely, if a significant part of the risks and benefits of the sold assets has been maintained, the assets will still be recognised in the financial statements, even if legally, ownership of them has been effectively transferred.

If it is not possible to ascertain the material transfer of the risks and benefits, the financial assets will be derecognised if no type of control has been retained. Otherwise, even if partial control has been retained, the assets will be maintained to an extent equal to the residual involvement, which is measured by the exposure to changes in value of the sold assets and to changes in their cash flows.
Finally, sold financial assets are derecognised if the contractual rights to receive the related cash flows have been retained with the simultaneous acceptance of an obligation to pay those cash flows, and only those, without a significant delay, to other third parties.

In the case of disposal, profit and losses are recognised in the income statement under the item "Profits/losses on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income".
The amounts arising from the adjustment made to the carrying amounts of financial assets, considered gross of the related total write-downs/write-backs, in order to reflect changes made to contractual cash flows that do not give rise to write-offs, are recognised in the income statement under the item "Profits/losses on changes in contracts without derecognition; this item does not include the impact of contractual changes on the amount of expected losses that must be recognised under the item "Net value adjustments/recoveries for credit risk associated with: b) financial assets measured at fair value through other comprehensive income".

With regard to equity instruments, in the case of disposal, accumulated profits and losses are recorded under item "Reserves”.

Financial assets measured at amortised cost

This category includes financial assets (in particular, loans and debt instruments) that meet both the following conditions:

- the financial assets is owned according to a business model whose target is to hold assets in order to collect contractual cash flows (“Hold to Collect” business model), and
- the contractual terms of the financial assets 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 item includes: customer and bank loans disbursed directly or acquired from third parties that provide for fixed or determinable payments, which are not listed on an active market and which have not been classified at origin under Financial assets measured at fair value through other comprehensive income.

The receivables item also includes debt instruments, repos and securities acquired through subscription or private placement with determinate or determinable payments, which are not listed on active markets.

In general, IFRS 9 does not allow reclassifications to other categories of financial assets except where the entity changes its business model with regard to the management of financial assets. In such cases, which are expected to be extremely infrequent, the financial assets may be reclassified from the category measured at amortised cost in one of the other two IFRS 9 categories (Financial assets measured at amortised cost or Financial assets measured at fair value through profit or loss). The transfer value is represented by the fair value at the time of reclassification and the effects of reclassification operate on a forward-looking basis, from the date of reclassification. The profits or losses resulting from the difference between the amortised cost of the financial asset and its relevant fair value are recognised on the income statement in the case of reclassification among Financial assets measured at fair value through profit or loss and Shareholders' equity, in the relevant revaluation reserve, in the case of reclassification among Financial assets measured at fair value through other comprehensive income.
The initial recognition of the financial assets takes place on the date of settlement for debt instruments and on the date of disbursement for loans. At the time of first recognition, the assets are recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument.
With particular reference to loans, the date of disbursement is usually the date on which the contract is signed. If this is not the case, when the contract is signed a commitment will be included to disburse funds, and this commitment ends on the date the loan is disbursed. The loan will be recognised on the basis of its fair value, equal to the amount lent, or the subscription price including the costs or income directly linked to the individual loan and which can be determined from the outset of the operation, even if paid at a later date. This excludes costs that, despite meeting the above conditions, are the subject of reimbursement by the borrower or can be classified under normal internal administration costs.

After first recognition the loans are measured at the amortised cost which is equal to the value of first recognition, reduced or increased by the repayments of capital, the write-downs/write-backs and the amortisation – calculated according to the effective interest rate method – of the difference between the amount loaned and the amount repayable on maturity, which is typically linked to the costs and income directly attributable to the individual loan.
The effective interest rate is the rate that discounts the flow of estimated future payments for the expected life of the loan in order to obtain an accurate net carrying value at the time of the first recognition, which includes both the transaction costs and revenues directly attributable and also all the payments made or received between the contracting parties. This method of accounting, which uses a financial logic, allows the economic effects of the costs and income to be distributed along the expected residual life of the loan. Accrued interest is shown in the item "Interest income and similar income” where positive, or in the item “Interest expenses and similar charges” where negative. Any adjustments/write-backs are recognised in the income statement under the item "Net value adjustments/recoveries for credit risk associated with: a) financial assets measured at amortised cost”. In the event of a sale, profits and losses are recognised in the income statement under the item "Profits/losses on disposal or repurchase of: a) financial assets measured at amortised cost”. The amounts arising from the adjustment made to the carrying amounts of financial assets, considered gross of the related total write-downs/write-backs, to reflect changes made to

contractual cash flows that do not result in derecognition, are recognised in the income statement under the item "Profits/losses from contractual amendment without derecognition"; this item does not include the impact of contractual amendments on the amount of expected losses that must be recognised under the item "Net value adjustments/recoveries for credit risk associated with: a) financial assets measured at amortised cost".

The amortised cost method is not used for loans the short term of which makes the effect of applying the discounting method negligible. Those loans are measured at the historic cost. The same measurement principle is used for loans with no definite maturity date, or revolving credit.

The measurement criteria are closely connected to the inclusion of these instruments in one of the three stages of credit risk under IFRS 9, the last of which (stage 3) includes non-performing financial assets and the others (stages 1 and 2) include performing assets.

With reference to the representation of these measurements, the write-downs/write-backs referring to this type of asset are recognised in the income statement:

- at the time of initial recognition, for an amount equal to the loss expected at twelve months;
- at the time of subsequent measurement, if the credit risk has not increased significantly compared to the initial recognition, based on the changes in write-downs/write-backs due to expected losses over the following twelve months;
- at the time of subsequent measurement, if the credit risk has materially increased compared to initial recognition, based on the recognition of write-downs/write-backs for expected losses over the entire residual contractual life of the asset;
- upon subsequent measurement, if – after there has been a significant increase in the credit risk compared to initial recognition – the materiality of that increase no longer exists in relation to the change in cumulative write-downs/write-backs to take into account the transition from a loss over the asset's lifetime, to one over twelve months.

If the financial assets in question are performing, they are subjected to a measurement intended to define the write-downs/write-backs to be taken from the financial statements for each loan account (or "tranche" of the security), based on the risk parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD), and are adjusted as necessary to reflect the provisions of IFRS 9.

If, together with a significant increase in the credit risk there is also objective evidence of a loss in value, the amount of the loss is measured as the difference between the carrying value of the asset – classified as non-performing, in the same way as all the other relations with the same counterpart – and the current value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the loss recorded on the income statement is defined according to a detailed measurement process, or is determined for identical categories and therefore, is attributed in detail to each position, taking into account forward-looking information and potential alternative recovery scenarios.

Non-performing assets include financial instruments that have been given bad loan status, unlikely to pay or overrun/past-due for more than 90 days according to the Bank of Italy regulations, in line with the IAS/IFRS and European regulation.
The expected cash flows take into account the expected collection times and the presumed realisation value of any guarantees.

The effective original rate of each asset remains unchanged over time, even if there has been a restructuring of the account that led to the change in the contractual rate, and even if the account is not, in practice, bearing contractual interest.

If the reasons for the impairment are removed following a subsequent event occurring after the recognition of the impairment, write-backs are made and allocated to the income statement. The recovery may not exceed the amortised cost that the financial instrument would have had without such adjustments having been made.

Write-backs connected to the passage of time are recognised in the net interest income.

In some cases, during the life of the financial assets in question and of the loans in particular, the original contractual terms are then amended by the parties to the contract. If the contractual terms are amended during the life of an instrument, there is a need to check whether the original asset is still to be recognised or needs to be de-recognised, and a new financial instrument recognised in its place.

In general, changes to a financial assets lead to its de-recognition and the entry of a new asset, if the changes are substantial. Considerations about the materiality of the amendment are based on qualitative and quantitative factors. In some cases it may be clear, without using complex analyses, that the changes have substantially modified the characteristics and/or cash flows of a certain asset while in other cases, additional quantitative analysis has to be done to assess the effects of the changes, and to check whether or not to de-recognise the asset and enter a new one.

The quali-quantitative analyses intended to define the substance of the contractual amendments made to a financial assets must therefore consider:

- the reasons why the amendments were made: for example, renegotiations for commercial reasons and concessions due to financial difficulties of the counterparty;
    a) commercial reasons, designed to "keep" the customer, involve a borrower that is not in a situation of financial distress. This case scenario includes any renegotiation designed to adapt the burden of the debt to the market conditions. These operations involve a change in the original contractual terms, usually requested by the borrower, and relate to the onerousness off the debt resulting in an economic benefit to the borrower. In general it is considered that whenever the Group renegotiates to avoid losing a customer, the renegotiations must be considered as material because had they not taken place, the customer would be financed by another bank, and the Group would see a decrease in its expected future revenue;
    b) the second type of renegotiation, which is done for "credit risk reasons" (forbearance measures) relates to the Group's attempt to maximise the recovery of cash flows from the original loan. The underlying risks and benefits, after the amendments, are not usually substantially transferred, and, therefore, the accounting presentation that gives the most relevant information to the reader (apart from the information given below on objective elements) is "modification accounting" – which implies the recognition in the income statement of the difference between the carrying amount and the discounted value of the modified cash flows, discounted at the original interest rate – and not through derecognition;
- the presence of objective elements or triggers that affect the characteristics and/or contractual flows of the financial instrument (including change of currency, or changes to the type of risk the Bank is exposed to, if it is correlated to equity and commodity criteria), which the derecognition is expected to involve considering their impact (expected to be significant) on the original contractual flows.

Financial assets are derecognised only if the disposal resulted in the substantial transfer of all the risks and benefits connected to the assets. Conversely, if a significant part of the risks and benefits of the sold assets has been maintained, the assets will still be recognised in the financial statements, even if legally, ownership of them has been effectively transferred.

If it is not possible to ascertain the material transfer of the risks and benefits, the financial assets will be derecognised if no type of control has been retained. Otherwise, even if partial control has been retained, the assets will be maintained to an extent equal to the residual involvement, which is measured by the exposure to changes in value of the sold assets and to changes in their cash flows.

Finally, sold financial assets are derecognised if the contractual rights to receive the related cash flows have been retained with the simultaneous acceptance of an obligation to pay those cash flows and only those, without a significant delay, to other third parties.

As regards the recognition methods of purchased or originated impaired Financial assets (so-called POCI), refer to the Section "Other information" – Part A of these Explanatory Notes.

Hedging transactions

For hedges, the Group applies the option, set out in IFRS 9, to continue fully applying the provisions of the accounting standard IAS 39 on hedge accounting (the carve-out version endorsed by the European Commission).

Risk hedging operations are aimed at neutralising potential losses attributable to a specific risk and recognisable on a given element or group of elements, if that particular risk should arise.

The possible types of hedge are as follows:

- fair value hedge: a hedge to cover exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the income statement;
- cash flow hedge: a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and (ii) could affect the income statement;
- foreign exchange hedge: a hedge to cover the risks associated with an investment in a foreign company expressed in foreign currency, as defined in IAS 21.

Only instruments involving a counterparty that is external to the Group can be designated as hedging instruments.

Given the option exercised to continue fully applying the rules of IAS 39 for hedges, it is not possible to designate equity instruments classified under Financial assets designated at fair value through other comprehensive income as items hedged for price or exchange rate risk, since such instruments do not impact the income statement, even in the event of a sale (other than for dividends recognised in the income statement).

With regard to the management of hedging operations, the type of hedge selected by the Bank ("fair value hedge") refers to specific elements (micro-hedging) consisting of debt securities at fair value through other comprehensive income and deposits from customers.

Hedging derivatives, like all derivatives, are initially recognised and subsequently measured at fair value through profit or loss.

A relationship is classified as a hedge, and accounted for as such, only if all the following conditions are met:

- the hedged item and the hedging instrument must be specifically identifiable;
- at the start of the hedge, the hedging relationship is formally designated and documented, as are the company's targets in managing the risk and its strategy in carrying out the hedge. This documentation must include the identification of the hedging instrument, the hedged element or transaction, the nature of the hedged risk and how the company will assess the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged element or of the cash flows attributable to the hedged risk;

- the hedge is expected to be highly effective in offsetting the changes in fair value or the cash flows attributable to the hedged risk, in line with the originally documented risk management strategy for that particular hedging relationship;
- for cash flow hedges, a scheduled operation that is covered by the hedge must be highly probable and must present exposure to changes in cash flows that could ultimately impact the income statement;
- the effectiveness of the hedge can be reliably measured, i.e. the fair value or the cash flows of the hedged element that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured;
- the hedge is assessed as a continuing hedging relationship and is considered to have been highly effective for all the financial years for which it had been designated.

With regard to the accounting rules for hedges:

- for fair value hedges, the change in the fair value of the hedged element is offset with the change in the fair value of the hedging instrument. This offsetting is accounted for through the recognition in the income statement of the changes in value relating to both the hedged element (specifically with regard to the changes generated by the underlying risk factor) and the hedging instrument. Any difference that may arise, which represents the partial ineffectiveness of the hedge, is recognised as the net effect thereof in the income statement;
- For macro fair value hedges, the changes in fair value with regard to the hedged risk of the hedged assets and liabilities are recognised in the balance sheet, under item 60. "Fair value change of financial assets in hedged portfolios" or 50. "Fair value change of financial liabilities in hedged portfolio";
- for cash flow hedges, the changes in fair value of the derivative are recognised in shareholders' equity, for the effective portion of the hedge, and are recognised in the income statement only when, with regard to the hedged item, the change in cash flows to be offset can be seen or the hedge is ineffective;
- hedges that cover an investment in foreign currency are recognised in the same way as cash flow hedges.

A hedge is considered highly effective only if both the following conditions are met:

- at the start of the hedge and in subsequent periods, the hedge is expected to be highly effective in offsetting the changes in fair value or the cash flows attributable to the hedged risk during the period for which the hedge is designated. This expectation can be demonstrated in various ways, including a comparison between the previous changes in fair value or the cash flows of the hedged element that are attributable to the hedged risk and the previous changes in fair value or in the cash flows of the hedging instrument, or by demonstrating a high statistical correlation between the fair value or the cash flows of the hedged element and those of the hedging instrument;
- when the changes in fair value (or the cash flows) of the hedging instrument neutralise almost completely, i.e. within the limits established by the 80-125% range, the changes in the hedged instrument, for the hedged element of risk.

A company must prospectively cease accounting for fair value hedging if:

- the hedging instrument matures or is sold, terminated or exercised (to that end, the replacement or carry-over of a hedging instrument with another hedging instrument is not a conclusion or termination if said replacement or carry-over is part of the company's documented hedging strategy);
- the hedge no longer meets the hedging criteria; or
- the company revokes the designation.

If the checks do not confirm the effectiveness of the hedge, from that moment the accounting of the hedging operations, as set out above, is suspended, the hedging derivative is reclassified under trading instruments and the hedged financial instrument reassumes the measurement criteria corresponding to its classification in the financial statements. If the hedged asset or liability is measured at amortised cost, the greater or lesser value deriving from the measurement thereof at fair value as a result of the hedge that has become ineffective is recognised in the income statement using the effective interest rate method.

Lastly, a company must prospectively cease accounting for outstanding cash flow hedges in the following cases:

- the hedging instrument matures or is sold, terminated or exercised (to that end, the replacement or carry-over of a hedging instrument with another hedging instrument is not a conclusion or termination if said replacement or carry-over is part of the company's documented hedging strategy). In that case, the comprehensive profit (or loss) of the hedging instrument continues to be recognised directly in shareholders' equity until the financial year in which the hedge was effective, and is recognised separately in shareholders' equity until the scheduled transaction being hedged takes place;
- the hedge no longer meets the hedging criteria. In that case, the comprehensive profit or loss of the hedging instrument recognised directly in shareholders' equity starting from the financial year in which the hedge was effective is recognised separately in shareholders' equity until the scheduled transaction takes place;
- the scheduled transaction is no longer expected to take place, in which case any related comprehensive profit or loss on the hedging instrument recognised directly in shareholders' equity starting from the financial year in which the hedge was effective is recognised in the income statement;
- the company revokes the designation. For hedges of a scheduled transaction, the comprehensive profit or loss of the hedging instrument recognised directly in shareholders' equity starting from the financial year in which the hedge was effective is recognised separately in shareholders' equity until the forecast transaction takes place or is no longer expected to take place.

Equity investments

The item includes investments in joint ventures and associates.

Companies are considered joint ventures if, on a contractual basis, control is shared between the Bank and one or more other parties or when the unanimous consent of all the controlling parties is necessary for decisions concerning significant activities.

Companies are considered to be subject to significant influence (associates) if the Bank holds at least 20% of the voting rights (including potential voting rights) or if the Bank has a smaller share of the voting rights but can participate in determining the associate's financial and operational policies because of particular legal conditions such as participation in shareholder agreements.

Investments in joint ventures and companies subject to significant influence are recognised at cost and accounted for through the equity method.

On each reporting date, any objective evidence that the equity investment has been impaired, is verified. The recoverable value is then calculated by considering the discounted value of the future cash flows that the equity investment could generate, including the final disposal value.

Equity investments are derecognised from the financial statements when the contractual rights to the related cash flows expire, or when the investment is sold with a substantial transfer of all the related risks and benefits.

Property and equipment

This item includes property and equipment for functional use (IAS 16), those held for investment (IAS 40) and inventories of property and equipment (IAS 2). Property and equipment also include rights of use acquired through lease agreements relating to the use of property and equipment (for the lessee) and operating leasehold assets (for the lessor) under IFRS 16.

This item includes long-term assets held for the purpose of generating income, for leasing or for administration purposes such as land, instrumental real estate, property investments, technical installations, furniture and fittings, tools of any type, and works of art.

Property and equipment also include the costs of improvement to leasehold assets if they can be separated from the assets themselves. If these costs are not independently functional and usable but future benefits are expected, they are recognised under "other assets" and are depreciated over the shortest of the foreseeable life of the improvements, and the residual term of the lease. The related depreciation is entered under item "Other operating income/expenses". The value of Property and equipment also includes any advances paid for acquisition, and the restructuring of any assets not yet included in the production process and therefore not depreciated.

Property and equipment held for the provision of services or for administration purposes are defined as "for use in the business" (IAS 16), while assets "for investment purposes" (IAS 40) are those held to collect leasing charges and/or for the appreciation of the invested capital. Property and equipment constitute inventories (IAS2) where they are held for sale in the normal course of business.
Property and equipment are recognised at acquisition cost, adjusted by the ancillary costs and any incremental expenses, and are presented in the financial statements net of any impairment loss and depreciation on a straight line basis from the period in which they were input into the production process. Maintenance and repair costs that do not lead to an increase in the value of the assets are recognised in the income statement for the period.

Subsequent to initial recognition, property and equipment are recognised at cost net of accumulated depreciation and impairment losses. In fact, property and equipment are depreciated using the straight-line method, over their useful life. The properties are depreciated for a portion deemed appropriate to represent the deterioration of the assets over time as a result of their use, taking into account extraordinary maintenance costs, which increase the value of the assets.

However, the following are not depreciated:
- the land, whether acquired individually or incorporated into the value of the buildings, as it has an indefinite useful life;
- investment property that, as required by IAS 40, is measured at fair value through profit or loss, must not be depreciated;
- inventories (IAS 2): these assets are measured at the lesser between cost and the net realisable value.

A property and equipment is eliminated from the statement of financial position at the time of disposal, or when the asset is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any difference between the disposal value or recoverable amount and the carrying value is then recognised in the income statement respectively under the item "Profits (losses) on disposal of investments" or "Net value adjustments/recoveries on property and equipment".

In application of IFRS 16, the item property and equipment also includes the right of use referring to lease contracts on property and equipment. A lease is defined as a contract the fulfilment of which depends on the use of an identified asset, and that conveys the right to control the use of the asset for a period of time in exchange for consideration: IFRS 16, therefore, applies to all transactions that provide for a right to use the good, regardless of its contractual form. The scope of application of the Standard excludes contracts that have terms of less than 12 months or that refer to leased assets with negligible unit values when new.

In accordance with IFRS 16, the Bank shall initially recognise an asset representing the Right of use ("ROU") of the leased asset, together with a liability represented by the present value of the expected future lease payments over the life of the lease contract (the "Lease Liability") discounted at the implicit rate of the transaction (if determinable); if the rate cannot be easily determined, the lessee shall instead use the incremental borrowing rate (IBR). The ROU is, therefore, initially determined by increasing the Lease Liability of the initial direct costs incurred by the lessee.

With regard to measurements following the initial recognition of lease contracts, the lessee must measure the ROU on the basis of a cost model; therefore:
- the right of use was depreciated over the term of the contract or the useful life of the asset (on the basis of IAS 16) and is subject to impairment;

- the liability was progressively reduced due to the effect of the lease payments and the relevant interest expenses recognised and attributed separately to the income statement.

Intangible assets

Non-monetary identifiable non-physical assets held to be used over several years or for an indefinite period, are considered intangible. They generally include software and the rights to use intellectual property, trademarks and other intangible assets. They are recognised at the cost of purchase adjusted for any ancillary costs only if the future economic benefits attributable to the asset are likely to be realised and if the cost of the asset can be reliably determined. Otherwise, the cost of intangible assets is recognised in the income statement of the year in which it was incurred. Intangible assets also include rights of use acquired through lease agreements relating to the use of intangible assets under IFRS 16.

They are only recognised if the assets can be identified and originate from statutory or contractual rights. Otherwise, the cost of intangible assets is recognised in the income statement of the year in which it was incurred.

An intangible asset is identifiable if:
- it is separable, in other words it can be separated or divided and sold, transferred, given under licence, leased or exchanged;
- it derives from contractual or other legal rights regardless of whether those rights can be transferred or separated from other rights and obligations.

The asset can be controlled by the company as a result of past events on the assumption that through its use, the company will receive economic benefits. The company has control of an asset if it has the power to use the future economic benefits arising from that asset and it can also limit access to those benefits by third parties. An intangible asset is recognised as such if:
- it is likely that the company will receive future economic benefits from that asset;
- the cost of the asset can be reliably measured.

The likelihood that there will be future economic benefits is assessed by representing the best estimate of all the economic conditions that will exist during the useful life of the asset, taking into account the available sources of information at the time of initial recognition.
For assets with a definite life, the cost is amortised on a straight line basis. Assets with an indefinite useful life, if existing, are not systematically amortised but undergo a periodic test to check the adequacy of the recognition value.
If there is any indication that demonstrates that an asset may have suffered an impairment, its recovery value is estimated. The amount of the loss, recognised in the income statement under the item “Net value adjustments/recoveries on intangible assets” is equal to the difference between the asset’ carrying amount and its recoverable value.

Goodwill is categorised among intangible assets being the positive difference between the cost of purchase and the fair value of the assets and liabilities attributable to an acquired entity. Whenever there is evidence of an impairment, and in any case at least once a year, a check is carried out to ensure there are no long-term value impairments. For this purpose the CGU to which the goodwill should be allocated, will be identified. The CGU is the minimum level at which the goodwill is monitored for internal operational purposes and must not be greater than the operating segment determined in accordance with IFRS 8.

Any impairment is determined on the basis of the difference between the recognition value of the goodwill and its recovery value, if lower. The recovery value is equal to the higher of the fair value of the CGU, net of any costs of sale, and the related value in use. The value in use is the current value of the future cash flows expected from the CGU to which the goodwill was attributed.

To verify the adequacy of goodwill value, the impairment test is carried out, governed by accounting standard IAS 36 – Impairment of Assets, which provides that, at least on an annual basis and, in any case, whenever events arise that suggest a potential impairment, a test must be carried out to verify the adequacy of the goodwill value subject to recognition. The impairment test is carried out identifying the cash generating units to which goodwill is allocated and, if the value of goodwill is lower than its recoverable amount(determined as its value in use), any impairment losses must be recognised in the income statement and will not be susceptible to future write backs.

The value of intangible assets having a defined duration is systematically amortised starting from the inclusion of such assets in the production process. An intangible asset is therefore derecognised from the balance sheet (i) at the time of disposal, (ii) when it is fully amortised or (iii) when future economic benefits are not expected. Any difference between the disposal value or recoverable amount and the carrying amount is recognised in the income statement under the items "Profits (losses) on disposal of investments" or "Net value adjustments/recoveries on intangible assets", respectively.

With reference to the methods of recognition of leases pertaining to intangible assets in accordance with IFRS 16, see the paragraph referring to property and equipment.

Non-current assets and asset/liability groups held for sale

"Non-current assets held for sale and discontinued operations" are classified under the item assets, while "Liabilities associated with non-current assets held for sale and discontinued operations", non-current assets or asset/liability groups for which a sale process has been initiated and whose sale is considered highly probable, are classified under liabilities.

Such assets/liabilities are measured at the lower of carrying amount and fair value net of disposal costs, with the exception of certain kinds of asset (e.g. financial assets falling within the scope of application of IFRS 9), for which IFRS 5 specifies that the valuation criteria of the attributable accounting standard must be applied.

Non-current assets and asset groups may be included in portfolios of assets for which there are no prices on an active market. In that case, they should be valued at fair value, referring, if an agreement has been reached with the purchasing counterparty, to the sale prices resulting from said agreement; in the absence of an agreement, specific valuation techniques should be applied depending on the asset, potentially making use of external fairness opinions.

Income and expense (net of tax effect), attributable to asset groups held for sale or recognised as such during the course of the financial year, are recognised in the income statement under a separate item.

Current and deferred taxes

Income taxes, calculated in accordance with current tax regulations, are recognised in the income statement according to the accruals principle, in line with the recognition of the costs and revenues that generated them, except for those relating to entries debited or credited directly to shareholders' equity, for which the related taxes are recognised in the shareholders' equity, for the sake of consistency. Current and deferred taxes are recognised in the income statement under the item "Income tax for the year of continuing operations", with the exception of those taxes that refer to items that are credited or debited, in the same or another year, directly to shareholders' equity, such as, for example, those relating to profits or losses on financial assets at fair value through other comprehensive income and those relating to changes in the fair value of financial derivative instruments hedging cash flows, whose changes in value are recognised, after taxes, directly in the Statement of Comprehensive Income, among the Valuation Reserves.

Provisions for income taxes are determined on the basis of the provision of the current tax burden, the advance taxes and the deferred taxes.

In general, deferred tax assets and liabilities arise in cases where the deductibility or taxability of the cost or income is deferred with respect to their accounting recognition. Deferred tax assets and liabilities are recognised according to the tax rates that, as of the reporting date, are expected to be applicable in the year in which the asset will be realised or the liability will be extinguished, based on current tax legislation and are periodically reviewed in order to take into account any regulatory changes.

Deferred tax assets are recognised only to the extent that they are expected to be recovered through the production of sufficient taxable income by the entity. In accordance with IAS 12, the likelihood of future taxable income sufficient for the use of deferred tax assets is subject to periodic review. If the aforementioned review reveals that future taxable income is insufficient, the deferred tax assets are correspondingly reduced.

Deferred tax assets and liabilities are recognised in the statement of financial position in open balances without set-offs, the former being included in the item "tax assets" and the latter in the item "tax liabilities". Any deferred tax liabilities payable on capital reserves under tax suspension are not recognised, as it can reasonably be considered that there will be no operations that will result in their being taxed.

Provisions for risks and charges

Commitments and guarantees given

Provisions for risks and charges against commitments and guarantees given are recognised against all commitments and guarantees, revocable and irrevocable, whether they fall within the scope of IFRS 9 or within the scope of IAS 37. For these cases, the same allocation methods are adopted, in principle, between the three stages (credit risk stages) as well as the same calculation methods of the expected losses shown with reference to financial assets measured at amortised cost or the fair value through other comprehensive income.

Post-employment benefits

Post-employment benefits are set up to reflect company agreements and are classified as defined benefit plans. The liabilities relating to these plans and the welfare cost of current workers are determined according to actuarial assumptions, applying the "Unit Credit Projection" method, which projects the future expenditure based on historical statistical analysis, the demographic curve, and the financial discounting of these cash flows based on the market interest rate. The contributions paid in each financial year are considered as separate units and are identified and valued individually for the purposes of determining the final obligation. The discounting rate used is determined according to the market returns recognised on the measurement date, for the obligations of leading companies taking into account the liability's average residual life. The current value of the obligation on the reporting date is also adjusted by the fair value of any assets servicing the plan.

Actuarial gains and losses (which are changes in the current value of the obligation arising from changes in the actuarial assumptions are recognised as counterpart to shareholders' equity under the item "Valuation reserves" and shown on the statement of comprehensive income.

Other Provisions

Other provisions for risks and charges include provisions for legal obligations and those relating to employment relations or disputes, including tax disputes, originating from a past event, for which an outlay of financial resources is probable in order to fulfil the obligations, but for which a reliable estimate of the amount cannot be made.

Therefore an provision is recognised if, and only if:

- there is 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.

The amount recognised as a provision represents the best estimate of the cost required to fulfil the obligation on the reference date and reflects any risks and uncertainties that characterise multiple events and circumstances.

If the temporal value of money is a relevant aspect, the amount of the provision must be discounted at a rate, inclusive of the fiscal effects, which reflects the market valuations of the passage of time on the value of the liabilities and which takes into account the specific risks of the liability itself (IAS 37 - 45,47). The provisions and the increases due to the time factor are recognised in the income statement.

The provision is derecognised if the use of funds designed to produce economic benefits is unlikely, or when the obligation is settled. A provision can only be used for the charges for which it was originally recorded.

The provision for the year, recorded under the item "Net provisions for risks and charges: b) other net provisions" of the income statement, includes increases in provisions due to the passage of time and is net of any adjustments.

This item also includes long-term employee benefits, the cost of which is determined using simplified actuarial criteria compared to those described for the pension funds. Actuarial gains and losses are immediately recognised in the income statement.

Financial liabilities measured at amortised cost

This item includes financial instruments, other than trading liabilities and those designated at fair value, representative of the various forms of supply of funds from third parties (loans, repurchase agreements, securities lending and bonds) and includes: (i) payables to banks, (ii) payables to customers, and (iii) securities issued. The item includes operational payables with the exception of those to providers of services and goods, and lease liabilities.

These financial liabilities are initially recognised on the contractual settlement date which is normally the time of receipt of the sums collected, or the issuance of the debt securities.

Initial recognition is based on the fair value of the liabilities, normally corresponding to the amount received or the issue price, adjusted for any additional costs/income directly attributable to the individual supply or issue transaction. This excludes costs or revenues that, despite meeting the above conditions, are the subject of reimbursement by the borrower or can be classified under normal internal administration costs.

After initial recognition these financial liabilities are measured at the amortised cost through the effective interest rate method. Accrued interest is shown in the item "Interest expenses and similar charges" if negative, or in the item "Interest income and similar income" if positive.

Securities issued are measured at amortised cost using the effective interest rate method and they are presented net of any repurchased share. In the case of operations in own shares, the difference between the cost of repurchasing the securities issued and the value of the amortised cost is charged to the income statement. The subsequent sale of securities previously repurchased is, for accounting purposes, a new placement with a resulting change in the average carrying cost of the related liabilities and of the corresponding effective interest.

Liabilities are derecognised when they have expired or been discharged. They are also derecognised if there is a repurchase, even temporary, of previously issued securities.

Any difference between the carrying value of the discharged liability and the amount paid is registered in the income statement under the item "Profits (loss) on disposal or repurchase of: c) financial liabilities". If, after the repurchase, the own shares are returned to the market, this operation is considered as a new issuance and the liability is recognised at the new placement price.

Financial liabilities held for trading

The financial instruments in question are recognised as of the subscription date or the issue date, at a value equal to the fair value of the instrument, without considering any transaction costs or income directly attributable to the instruments themselves.

This category of liabilities includes, in particular, trading derivatives with negative fair value, as well as any implied derivatives with negative fair value that are separated from liabilities valued at amortised cost.

All trading liabilities are valued at fair value, with the result of the valuation recognised in the income statement.

Financial liabilities held for trading are removed from the financial statements when the contractual rights relating to the relevant cash flows expire, or when the financial liability is sold, with the essential transfer of all risks and benefits derived from the ownership thereof.

Financial liabilities designated at fair value

As of 31 December 2024 the Group does not hold financial liabilities designated at fair value.

Foreign currency transactions

Foreign currency transactions are recognised at the time of settlement, at the exchange rate for the transaction at the amount in the original currency. Foreign currency assets and liabilities are converted at the spot exchange rates in force on the closing date (ECB official average).

"Off balance sheet" transactions are valued:

- at the spot exchange rate on the closing date if they are cash transactions not yet settled;
- at the forward exchange rate on the above date, for maturities corresponding to those of the valued operations, if they are forward transactions.

Foreign exchange differences arising from the settlement of monetary elements or from the conversion of monetary elements at rates other than those of initial conversion, or of conversion of the previous financial statements, are recognised in the income statement in the period in which they arise.

Insurance assets and liabilities

As of 31 December 2024 the Group did not hold insurance assets or liabilities.

Other information

Impairment of financial instruments

In accordance with IFRS 9, the following assets are subject to impairment provisions:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income other than equity instruments;
- commitments to disburse funds and guarantees issued that are not measured at fair value through profit or loss;
- contractual activities resulting from operations covered by the scope of application of IFRS 15.

The quantification of "Expected Credit Losses" (ECL), which are expected losses to be recorded as write-downs/write-backs on the income statement, is determined according to whether or not there is a significant increase in the credit risk of a financial instrument compared to the risk determined on the date of initial recognition.

For that purpose, instruments subject to impairment regulations are usually associated to different stages, which have different criteria to quantify write-downs/write-backs:

- if there is no significant increase in the credit risk compared to the initial recognition, the financial instrument is kept in stage 1 and is adjusted by the amount of the loss expected over 12 months (or the expected loss resulting from a default on the financial assets considered possible within 12 months from the date of the reference period);
- if there is a significant increase in the credit risk compared to the initial recognition, the financial instrument is classified in stage 2 or in stage 3 if the instrument is non-performing, and a adjustment | loss is recorded equal to the amount of the expected lifetime loss (or the expected loss resulting from a default on the financial assets considered possible during its life cycle).

An exception to this are the "Purchased or originated credit impaired financial assets", known as POCI, dealt with in the next point of this paragraph.

Any significant increase in credit risk is identified on a case by case basis, using quali-quantitative criteria.

The criteria adopted by the Bank to understand the significant increase in credit risk are shown below.

Quantitative criteria

- Negative change in the rating class (known as delta notch).

Qualitative criteria

- Rebuttable presumption - 30 days past due;
- Forbearance;
- POCI;
- Watchlist.

For more detailed information on the criteria adopted by the Bank to understand the significant increase in credit risk, reference is made to Part E of the Explanatory Notes to the Consolidated Financial Statements.

Once the financial assets have been classified in the different Stages, for each exposure, it is necessary to determine the relative write-downs/write-backs following the logic of Expected Credit Loss ("ECL"), using appropriate calculation models. The principle on which the ECL is based is to create a connection between improvement or worsening of the risk profile of the exposure compared to the date of initial recognition in the financial statements, respectively with the increase or decrease in the provision funds.

For more detailed information on the criteria adopted by the Bank for the calculation of expected losses on loans classified in stage 1 and stage 2, refer to Part E of the Explanatory Notes to these Financial Statements.

Estimate of expected losses on non-performing positions (stage 3)

Non-performing positions are usually evaluated using analytical techniques. The criteria for estimating the adjustments to be made to non-performing receivables are based on the discounting of expected cash flows taking into account any supporting guarantees, and any advances received. The fundamental elements in determining the current value of the cash flows are the identification of the estimated receipts, the related due dates, and the discounting rate to be applied. The amount of the adjustment | loss is equal to the difference between the carrying value of the asset and the current value of the expected future cash flows, discounted at the original effective interest rate, which is updated as necessary in the case of a variable-rate instrument or, for positions classified as non performing, at the effective interest rate in force on the date of transition to bad loan status.

Depending on the seriousness of the impairment and the materiality of the exposure, estimates of the collection value will be based on a going concern approach which assumes that the counterparty's business will continue and will continue to generate cash flows, or alternatively on a gone-concern approach. The gone-concern approach is based on the assumption that the business that leads to the only source of cash available to recover the debt, will cease trading and that the underlying guarantees will be called on.

With particular regard to "bad loan" positions, the analytical assessment rules include forward-looking elements:

- in estimating the percentage of reduction in value of the property given as collateral(estimated on the basis of the updated valuation reports or the report of the Court-appointed Expert);
- by introducing recovery scenarios for specific exposures, considering that they are expected to be sold within a reasonable period of time to a third party in order to maximise the cash flow and also based on a specific strategy for managing non-performing loans. Therefore, the estimated expected losses of such positions reflects not only collection through ordinary management of the receivable but also the presence of a suitably adjusted sale scenario and therefore, of the cash flows arising from this operation.

For more information on the criteria adopted by the Bank for the calculation of expected losses on positions classified in stage 3, refer to the contents of Part E of the Explanatory Notes.

Purchased or originated credit impaired financial assets (POCI)

Under IFRS 9, loans considered to be non-performing right from initial recognition due to the high level of associated credit risk, are termed Purchased or Originated Credit Impaired Assets (POCI). POCI also include receivables acquired as part of sale operations (individual or portfolio sales) and business combinations.

Such receivables, when included in the impairment perimeter for the purposes of IFRS 9, are valued by allocating, from the initial recognition date, provisions to cover the losses along the entire lifetime of the receivable (Expected Credit Loss lifetime). As these are non-performing receivables, the initial recognition takes place in stage 3, but they may be moved during their lifetime to stage 2 if they are no longer impaired, based on a credit risk analysis.

These assets are not identified under a specific financial statement item but are classified according to the business model in which the asset is managed, under the following headings:

- "Financial assets measured at fair value through other comprehensive income";
- "Financial assets measured at amortised cost".

In terms of the initial recognition, measurement and derecognition criteria, please refer to the criteria mentioned in the respective items.

Interest income must be calculated by applying the effective interest rate on the net value of the instrument (therefore also considering expected losses on loans) for POCI.

As for POCI, in some cases the financial assets is considered to be non-performing at the time of initial recognition because the credit risk is very high and in the case of acquisition, it has been acquired at a significant discount. In this case it is necessary to include in the cash flow estimates the expected losses on initial receivables for the purpose of calculating the credit-adjusted effective interest rate (also called credit adjusted") for financial assets that are considered non-performing financial assets purchased or originated at the time of initial recognition.

Own shares

Own shares are recognised as a direct reduction of shareholders' equity.

Accruals and deferrals

Items that include costs and income pertaining to the period, accruing on assets and liabilities, are recognised as an adjustment | loss to the assets and liabilities to which they refer.

Costs of leasehold improvements

The costs of refurbishing non-proprietary real estate are capitalised in consideration of the fact that the lessee has control of the property throughout the term of the rental agreement, and can derive future economic benefits from it. The aforementioned costs, classified under Other assets as they are not included in the scope of IFRS 16, as required by the Bank of Italy Instructions, are amortised over a period that never exceeds the duration of the rental agreement.

Employee benefits

Employee benefits are any type of remuneration paid by the company in exchange for work done by employees. Employee benefits are classified as:

- short-term benefits (other than those due to employees for the termination of employment contract, and share ownership benefits), which are expected to be paid in full within twelve months from the end of the year in which the employees did the work, and are recognised entirely in the income statement at the time of accrual (this category includes wages and salaries, and overtime);
- post-employment benefits due after termination of the working relationship, which require the company to make future payments to staff. This type of benefit includes employee severance pay and pension fund which in turn can be divided into defined-contribution plans and defined-benefit plans or company pension schemes;
- early retirement benefits, which are payments made by the company to employees in return for termination of the employment contract following the employee's decision to retire earlier than the normal retirement date;
- long-term benefits other than the above, which are not expected to be paid in full within twelve months after the end of the year in which the employees did the work.

Employee severance pay

Employee severance pay is defined, under IAS 19 "Employee benefits" as a "post-employment benefit".

Pursuant to the 2007 Finance Act, which anticipated the supplementary pension reform of Legislative Decree No. 252 of December 5, 2005, to January 1, 2007, the shares accrued from January 1, 2007, must, at the employee's choice, be allocated to supplementary pension schemes or be retained by the company and, in the case of companies with at least 50 employees, be transferred by the latter to a specific fund managed by INPS The obligation towards employees is configured as:

- "defined contribution plan" for employee severance pay accruing from 1 January 2007 (the date of entry into force of the supplementary pension reforms in Italian Legislative Decree no. 252 of 5 December 2005) whether the employee opts for a supplementary pension fund or whether the provision is allocated to the INPS fund. For these amounts, the amount recognised under staff expenses is determined on the basis of the contributions due, without applying actuarial calculation methods;
- "defined benefit plan" recognised according to the actuarial value determined according to the unitary credit projection method, for the amount of employee severance pay accruing up until 31 December 2006.

According to this method, the amount already accrued must be increased by the current service cost, which is projected into the future until the expected date of termination of the contract, and therefore discounted to the reference date. The current service cost is also determined on the basis of the employee's expected working life.

However in this specific case, the past liability is valued without applying the prorate of the services rendered, as the service cost ("service cost") of the employee severance pay is already accrued in full. The annual provision thus only includes the "interest cost" pertaining to the value adjustment of the service expected, as a result of the passage of time.

For discounting purposes, the rate used is determined on the basis of the market yield of the bonds of leading companies taking into account the average residual life of the liabilities, weighted according to the percentage of the amount paid and advanced, for each due date, compared to the total to be paid and advanced until the whole bond is completely settled.
The costs of servicing the plan are recognised under staff expenses, while the actuarial gains and losses are recognised on the statement of comprehensive income.

Share-based payments

Share-based staff remuneration plans are recorded in the income statement, with a corresponding increase in shareholders' equity, based on the fair value of the financial instruments attributed on the assignment date, dividing the burden over the period provided for by the plan. In the presence of options, the fair value of the same is calculated using a model that considers, in addition to information such as the exercise price and the life of the option, the current price of the shares and their expected volatility, the expected dividends and the risk-free interest rate, as well as the specific characteristics of the existing plan. In the mesaurement model, the option and the probability of realisation of the conditions under which the options were assigned are assessed separately. The combination of the two values provides the fair value of the allocated instrument. Any reduction in the number of financial instruments allocated shall be accounted for as derecognition of part of them.

Recognition of revenues for commission income

The basic principle of IFRS 15 provides for the recognition of revenues when the transfer of control over the contractual goods or services takes place, at an amount that reflects the price that the company receives or expects to receive from the sale (IFRS15 - 31).

For the purposes of recognising these revenues on the accounts, the standard provides for a five-step process:

- Identification of the contract: contract for the sale of goods or services (or a combination of contracts);
- Identification of the performance obligations in the contract;
- Determination of the transaction price: the transaction price of the contract is defined by taking into account its various components;
- Allocation of price to the contract "performance obligations";
- Recognition of income when (or to the extent to which) the performance obligation has been fulfilled.

Business combinations

The accounting standard applicable to business combinations is IFRS 3.
The transfer of control of a company (or of a group of integrated assets and goods, which are managed as a single unit) constitutes a business combination.
Control is considered to have been transferred when the investor is exposed to variable returns or holds rights to such returns due to its relations with the investee company, and can simultaneously affect the returns by exercising its power over the investee.

Identifying the acquirer

IFRS 3 requires that for all business combinations an acquirer is identified. This is the person who obtains the control of another entity, in the sense of the power to determine that entity's financial and operational policies in order to receive benefits from its activities. If there are business combinations that determine the exchange of equity interests, the acquirer's identification will be based on factors such as:

- the number of new ordinary voting shares that will make up the capital of the existing company, post-combination;
- the fair value of the businesses that participate in the combination;
- the composition of the new corporate bodies;
- the entity that issues the new shares.

Determining the cost of the combination

The price transferred in a business combination operation must be determined as a sum of the fair value, on the date of the exchange, of the assets transferred, the liabilities incurred or accepted and the equity instruments issued by the acquirer in exchange for control.

The price transferred by the acquirer in exchange for the acquired entity includes any asset or liability resulting from an agreement on the potential price, to be recorded on the acquisition date based on the fair value. The transferred price may be modified if additional information arises, about facts and events existing on the acquisition date and which can be recognised during the measurement period of the business combination (twelve months from the date of acquisition, as specified below). Any other change arising from any events or circumstances after the acquisition, such as a change for the vendor, linked to the achievement of certain income targets, must be recognised in the income statement.

The costs of the acquisition, including intermediation fees, advisory, legal, accounting and professional expenses, and general administration costs, are recognised in the income statement when they are incurred.

Segment Disclosure

The operating segment of the Group is identified on the basis of IFRS 8 Operating Segments. This standard requires that disclosure be made about the measurements made by company management in the aggregation of the operating segments, by describing the aggregated segments and performance measures used to determine that the aggregated segments have similar economic characteristics. As regards the above, reference is made to Part L – Segment Disclosure.

The fair value of financial instruments

The fair value is the price that would be received for a sale of an asset or which would be paid for the transfer of a liability in a normal operation between market operators (in other words, not a involuntary liquidation or distress sale) on the valuation date. The fair value is a market valuation criterion, not specific to the entity. An entity needs to assess the fair value of an asset or liability by adopting the assumptions that the market operators would use when determining the price of the asset or liability, assuming that the market operators act to satisfy their own economic interests in the best possible way.

For financial instruments, the fair value is determined by using the market prices, in the case of instruments listed on active markets, or by using valuation models for the other financial instruments. A market is considered active if the listing prices, representing actual, regular market operations carried out during an appropriate reference period, are readily and regularly available on stock exchanges, through intermediaries, companies in the sector, pricing services or authorised entities.
The measurement method for a financial instrument is adopted on a continuing basis, and is only changed if there are significant variations in the market conditions.

Mutual open-end investment funds are considered to be listed on an active market, together with the equivalent investment instruments, spot and forward exchange transactions, futures, options and securities listed on a regulated market. Bonds for which at least two "executable" prices are continuously available on a pricing service are also considered to be listed on an active market, if the difference between the demand and supply price is below a range considered to be fair.

Instruments that do not fall into the above categories are not considered to be listed on an active market.

For financial instruments listed on active markets, the reference prices are used, namely the official closing prices or the prices of liquidation of the contract (always recorded at the end of the trading on the last market trading day in the reference period).

Units in mutual investment funds and similar instruments are valued on the basis of the prices given by the management companies, on dates consistent with the prices of the underlying financial instruments.

Funds that are not listed on official markets are periodically measured at *Fair Value* in accordance with the rules expressed in IFRS 13, based on specific methodologies that take into account the nature and type of the underlying assets of the Funds.

The valuation may also include a dedicated liquidity discount, depending primarily on the characteristics of the assets invested by the fund itself, in order to align the *Fair Value* of the instruments recognised in the financial statements with the price at which a potential third-party investor would be prepared to buy units of the fund (i.e. the "exit price").

If there is no active, liquid market, the fair value of the financial instruments is mainly determined by using valuation techniques aimed at establishing the price of a hypothetical independent transaction motivated by normal market considerations, on the valuation date. In incorporating all the factors considered by the operators when setting the price, the valuation models take into account the financial value of time at the risk free rate, the risks of insolvency, early payment and redemption, volatility of the financial instrument and, if applicable, the exchange rates, prices of raw materials and share prices.

For bonds and derivatives, valuation models have been defined that refer to current market values of substantially identical instruments, to the financial value of time and to options pricing models, by making reference to specific elements of the entity being valued and considering the market-observable criteria.

These criteria are identified and applied in view of the liquidity, depth and observability of the reference markets, and the changes in the credit ratings of counterparties and issuers.

Tax credits connected with the "Cura Italia" and "Rilancio"Decree Laws

Decree Laws 18/2020 ("Cura Italia") and 34/2020 ("Rilancio") introduced tax incentives into Italian law which are commensurate with a percentage of expenditure incurred, and are disbursed as tax credits or tax deductions. Most of the tax credits covered by the tax incentives may be sold to third parties, that will use them according to specific applicable regulations. In fact these receivables are tax credits arising from incentives of which the use, unlike receivables arising from the payment of excess taxes, is governed by the provisions that introduce them.

The receivables in question may be used to offset taxes and contributions or may be further sold to third parties. None of the receivables in question may be refunded (wholly or in party) directly by the State. Moreover, receivables may be used, as applicable, for offsetting, without the possibility of carrying forward or requesting a refund for the part not offset in the reference year due to insufficient balances.

As indicated in the Document of the Bank of Italy/Consob/Ivass no. 9, once acquired from a third party, the specific aspects of the receivables do not allow for them to be immediately attributable to a specific international accounting standard: in fact these receivables are excluded from the provisions of IAS 12 "Income taxes" as they do not come under the taxes that cover the company's ability to generate income; they do not come under the definition of government grants given in IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", as ownership of the receivable as regards the Revenue Agency only arises following the payment of an amount to the assignor; IFRS 9 Financial Instruments is not directly applicable, as the assets comprising the tax credits acquired do not originate from a contract between the assignee and the Italian government; lastly, IAS 38 "Intangible assets" does not apply as the tax credits in question can be considered as monetary assets, allowing for the payment of tax payables usually settled in cash. Therefore reference must be made to the provisions of IAS 8, which establish the following: "In the absence of a Standard or an Interpretation that specifically applies to a transaction, other event or condition, management must use its judgement in developing and applying an accounting policy that results in disclosure that is a) relevant for the economic decisions of users; and b) reliable [...]".

Based on these considerations, the Group considered the following approach applicable:
- Initial recognition: recognition of the tax receivable at the time of purchase for a value corresponding to the fair value, under the item "Other assets";
- Subsequent measurement: application of IFRS 9, which provides for measurement at amortised cost.

With reference to the economic effects of income and expenses arising from the purchase and use of tax credits, this method reflects how financial instruments are managed at amortised cost.

Tax consolidation

illimity Bank S.p.A. has opted to be a part of the national tax consolidation scheme for Corporate Income Tax (IRES), as provided for in Articles 117-129 of the Consolidated Income Tax Act (TUIR). Under this scheme, the taxable income or tax losses of each company which is consolidated are transferred to the consolidating company - along with excess amounts of ACE (economic aid for growth), withheld taxes, tax deductions and receivables - for which a single taxable income or a single tax loss to carry forward is calculated, corresponding to the algebraic sum of the taxable income or tax losses of each company.

Regulations on national tax consolidation establish optional take-up, which is binding for three financial years (with automatic renewal) and is allowed for companies between which control exists as contemplated in Article 2359, paragraph 1) no. 1 of the Italian Civil Code.

A.3 Disclosure on transfers between portfolios of financial assets

There were no such transfers during the current year.

A.4 Disclosure on fair value

Qualitative disclosure

Fair value levels 2 and 3: valuation techniques and inputs used

This section provides a summary, divided by type of instrument, of the measurement techniques used for instruments classified as having a level 2 and level 3 fair value. Lacking a dedicated fair value model, instruments shall be measured at historic cost.

Assessment of non-contributed shares and equity instruments

Items classified as level 3 are shares and equity instruments without market value contributions and for which it is not possible to identify transactions, in particular with reference to the M&A market, that, due to the time from the measurement date or nature of said provide significant information on the instruments being measured, nor are measurement techniques based on observable market multiples applicable.

In these cases, the measurement technique uses estimates of expected cash flows of the assessed entity and their expected value at the measurement date is determined. Significant exposures in non-contributed shares and equity instruments are, currently, ancillary to loan transactions, therefore the measurement techniques are consistent with the model used to measure loan transactions that evaluate the subject's capacity to repay the entire liability, including equity instruments and shares.

Measurement of loans

The characteristics of loans measured at fair value result in their failing the *SPPI* test; in fact, illimity does not hold loans for *trading.* Loans are mainly measured using the *discounted cash flow* method. That technique is supplemented with the*enterprise value* measurement method of the debtor (*e.g.*, multiples and comparable transactions) when the loan characteristics mean that its value depends on the value of the company. That dependence is normally due to the convertibility of the loans into *equity* or from their degree of subordination.

Measurement of structured loan products

Structured loan products are attributable to two groups. The first concerns the subordinated tranches of securitisations of NPL portfolios, while the second concerns securitisations of *performing* underlyings structured by illimity and held with the eventual intention to sell, in line with the *HTC&S business model*.

In the first case the exposures are part of an investment strategy that involves the subscription of the senior quota by the bank; as the originator, it is required to subscribe to part of the subordinate tranches. The starting point for the valuation is the purchase transaction; the congruency of the price is based on an analysis of the portfolio's capacity to repay firstly the senior quota and thereafter the underlying tranches, according to a waterfall mechanism. This capacity is therefore monitored during payments in order to confirm expectations of recovery predicted during the origination stage.

In the second case, as these are floating-rate *senior* notes of securitisation, the *performance* of the collateral is periodically assessed and the strength of the structure in confirming the initial recognition price or applying a write down where necessary.

The measurement includes prudent assumptions on the capacity of the underlying to generate cash flows, preferring an inclusion of expected cash flows when there is a high probability of their occurrence.

Valuation of OTC derivatives

Over The Counter (OTC) derivatives, whose value cannot be directly observed on the market, are valued using specific models and inputs pursuant to the asset class and the characteristics of the specific financial product. The valuation of OTC derivatives takes into consideration, as well as the market variables to which the instruments are sensitive, the specific risks pertaining to the counterparties with which they are traded, in particular:

- for transactions negotiated within a netting and margining agreement (CSA), the counterparty risk is considered non-material and the valuation of the instruments is based exclusively on the underlying risk factors, in accordance with the principle of non-arbitrage;
- for transactions negotiated without a netting and margining agreement, the valuation is carried out by adding the valuation of the instrument, as if it were subject to netting and margining, to the adjustments associated with the counterparty risk (i.e., credit valuation adjustment and debt valuation adjustment).

Derivatives in place at the end of the financial year are allocated, on the underlying basis, to the interest rate and foreign exchange rate classes. For both classes, the prevalent model adopted is the discounting cash flow model, with the addition of the Black model for the valuation of caps and floors.

Valuation of closed-end funds

Funds that are not listed on official markets are periodically measured at Fair Value in accordance with the rules expressed in IFRS 13, based on specific methodologies that take into account the nature and type of the underlying assets of the Funds.

The valuation may also include a dedicated liquidity discount, depending primarily on the characteristics of the assets invested by the fund itself, in order to align the fair value of the instruments recognised in the financial statements with the price at which a potential third-party investor would be prepared to buy units of the fund (i.e. the "exit price").

The table below shows information about the measurement models and non-observable inputs for assets and liabilities measured at level 3 fair value.

Financial assets	Valuation method	Principal non-observable input
Securities and loans	Discounting Cash Flows	-
ABSs	Discounting Cash Flows	Recovery rate, Credit spread
Equity	Direct transactions	-
Fund units	Discounting Cash Flows (with liquidity discount)	-

A.4.2 Processes and sensitivity of valuations

For a description of the process to measure instruments classified as having a level 3 fair value, reference is made to section A.4.1.

The table below shows the sensitivity of assets and liabilities valued at level 3 fair value with regard to one or more non-observable parameters. Data are reported for instruments measured using models that allow for analysis.

Financial assets	Non-observable parameters	Sensitivity (Thousands of euros)	Change in the non-observable parameter
FVTPL securities	Credit spread	(112)	1 bp
FVTPL securities	Recovery rate	(3,270)	(1%)

A.4.3 Fair value hierarchy

For transfers between the various fair value levels, the Group uses the following principles:

- the presence or absence of a price on a regulated market;
- the presence or absence of a price on a non-regulated market, or of one or more counterparties willing to commit to price the stock;
- the quantity of the financial instrument held, such that would allow the forecast, or not, of a negative fluctuation in its valuation or price;
- new elements on which a new methodology could be based;
- the timing (date of the event or change, start and end of year) will be common to all the changes among the various valuation classes.

For securities held at fair value level 2:

- no transfers have been made between different fair value levels;
- the method used was the market price (Bloomberg BGN bid on the last available day), without making any modifications or adjustments;
- as the financial instruments are only debt instruments (bonds) at fixed or variable rates, this method reflects the trends in market interest rates and the risk level associated with the instruments' counterparties and issuers;
- this is the same measurement method used last year, for the same securities.

For securities held at fair value level 3:

- no transfers have been made between different fair value levels;
- in the absence of prices on active markets and without any other elements such as the financial statements, the cost method is the only method that approximates the security's fair value.

To summarise the characteristics of the different fair value levels (fair value hierarchy:

Level 1

The measurement is based on observable inputs or listed prices (without adjustment) on active markets for identical assets or liabilities, which the entity can access on the measurement date. The presence of official prices on active market, namely a market where the listed prices reflect "ordinary" operations (not forced, readily and regularly available), is the best evidence of fair value. These prices are the prices to be used preferentially, for the purposes of an accurate measurement of these financial instruments (the Mark to Market Approach). To determine the fair value of financial instruments listed on an active market, the market prices on the last day of the financial year are used.

Level 2

The measurement takes place using methods used if the instrument is not listed on an active market, and is based on inputs other than those for Level 1. The measurement of the financial instrument is based on prices taken from the market prices for similar assets, or using measurement techniques whereby all the significant factors are deduced from market-observable parameters. The pricing is non-discretionary as the main parameters used are drawn from the market and the calculation methods replicate the prices on active markets. If there is no active market, the estimation methods will be based on the measurement of listed instruments with similar characteristics, on the amounts recognised in recent comparable transactions, or by using measurement models that discount future cash flows, also taking into account all the risk factors connected to the instruments, and which are based on market-observable data.

Level 3

The measurement methods will value a non-listed instrument using significant non-market observable data and therefore they require the adoption of estimates and assumptions by management (the "Mark to Model Approach").

A.4.4 Other information

As of the reporting date there is no information to be given in relation to IFRS 13, paragraphs 51, 93 (i), 96 as:

- there are no assets measured at fair value on the basis of "highest and best use";
- there was no measurement of fair value at the level of total portfolio exposure to take into account the set-off of credit risk and market risk for a certain group of financial assets or liabilities (an exception ex IFRS 13, para. 48).

Quantitative disclosure

A.4.5 *Fair value* hierarchy

Below is the disclosure required by IFRS 7, for portfolios of financial assets and liabilities measured at fair value based on the three-level hierarchy illustrated above.

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

Financial assets / liabilities measured at fair value	31 December 2024			31 December 2023		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	-	44,004	519,218	-	25,899	501,941
a) financial assets held for trading	-	44,004	25	-	25,899	18
b) financial assets at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	519,193	-	-	501,923
2. Financial assets measured at fair value through other comprehensive income	581,839	159,929	6,259	405,860	45,145	5,638
3. Hedging derivatives	-	29,385	-	-	21,393	-
4. Property and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**581,839**	**233,318**	**525,477**	**405,860**	**92,437**	**507,579**
1. Financial liabilities held for trading	-	45,107	-	-	19,476	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	43	-	-	19,770	-
Total	**-**	**45,150**	**-**	**-**	**39,246**	**-**

Key:

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

Instruments that are measured to a significant extent on the basis of non-observable parameters (Level 3) amount to 39.2% of the total financial assets measured at fair value, and on the reporting date are mainly represented by investments classified in the portfolio of “Financial assets mandatorily measured at fair value”, referable to the Specialised Credit and Corporate Banking divisions.

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**501,941**	**18**	**-**	**501,923**	**5,638**	**-**	**-**	**-**
2. Increases	**95,211**	**7**	**-**	**95,204**	**5,792**	**-**	**-**	**-**
2.1 Purchases	84,793	-	-	84,793	5,002	-	-	-
2.2 Gains recognised in:	4,558	7	-	4,551	-	-	-	-
2.2.1 Income Statement	4,558	7	-	4,551	-	-	-	-
- of which capital gains	11,379	7	-	11,372	-	-	-	-
2.2.2 Shareholders' equity	-	X	X	X	-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	5,860	-	-	5,860	790	-	-	-
3. Decreases	**77,934**	**-**	**-**	**77,934**	**5,171**	**-**	**-**	**-**
3.1 Sales	-	-	-	-	-	-	-	-
3.2 Refunds	58,113	-	-	58,113	-	-	-	-
3.3 Losses charged to:	8,911	-	-	8,911	-	-	-	-
3.3.1 Income Statement	8,911	-	-	8,911	-	-	-	-
- of which capital losses	8,911	-	-	8,911	-	-	-	-
3.3.2 Shareholders' equity	-	X	X	X	-	-	-	-
3.4 Transfers from other levels	-	-	-	-	5,171	-	-	-
3.5 Other decreases	10,910	-	-	10,910	-	-	-	-
4. Closing balance	**519,218**	**25**	**-**	**519,193**	**6,259**	**-**	**-**	**-**

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

There are no liabilities measured at fair value on a recurring basis (level 3).

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

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	31 December 2024				31 December 2023			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	5,961,177	987,528	41,114	4,949,299	4,761,729	624,830	55,243	4,056,184
2. Property and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	3,029	-	-	3,029	364,151	-	-	364,151
Total	**5,964,206**	**987,528**	**41,114**	**4,952,328**	**5,125,880**	**624,830**	**55,243**	**4,420,335**
1. Financial liabilities measured at amortised cost	7,249,492	851,185	-	6,382,133	6,067,828	594,669	-	5,594,264
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**7,249,492**	**851,185**	**-**	**6,382,133**	**6,067,828**	**594,669**	**-**	**5,594,264**

Key:
BV = Book Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

For the other financial instruments recognised at amortised cost and mainly classified among credits to banks or customers and among the financial liabilities, a fair value has been determined for the purposes of disclosure in the Explanatory Notes, as required by the reference accounting standard, IFRS 7.

A.5 Disclosure on "day one profit/loss"

According to paragraph 28 of IFRS 7, it is necessary to provide evidence of the "day one profit or loss" to be recognised on the income statement at year end, together with a reconciliation compared to the opening balance. "Day one profit or loss" refers to the difference between the fair value of a financial instrument acquired or issued at the time of initial recognition (transaction price) and the amount determined on that date using a valuation technique.

There are no cases that require disclosure in this section.

Part B – Information on the Consolidated Balance Sheet

ASSETS

Section 1 - Cash and cash equivalents – Item 10

1.1 Cash and cash equivalents: breakdown

	Total 31 December 2024	Total 31 December 2023
a) Cash and cash equivalents	2	1
b) Current accounts and on-demand deposits with Central Banks	294,835	367,351
c) Current accounts and on-demand deposits with banks	92,427	64,344
Total	**387,264**	**431,696**

The sub-item "b) On-demand deposits with Central Banks" records the liquidity deposited with the Bank of Italy.

Section 2 - Financial assets measured at fair value through profit or loss – Item 20

2.1 Financial assets held for trading: breakdown by product

Items/Values	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. Units of UCIs	-	-	25	-	-	18
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total (A)	**-**	**-**	**25**	**-**	**-**	**18**
B. Derivatives	-	-	-	-	-	-
1. Financial derivatives	-	44,004	-	-	25,899	-
1.1 held for trading	-	44,004	-	-	25,899	-
1.2 connected to the fair value option	-	-	-	-	-	-
1.3 others	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 held for trading	-	-	-	-	-	-
2.2 connected to the fair value option	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
Total (B)	**-**	**44,004**	**-**	**-**	**25,899**	**-**
Total (A+B)	**-**	**44,004**	**25**	**-**	**25,899**	**18**

Key:

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

2.2 Financial assets held for trading: borrower/issuer/counterparty breakdown

Items/Values	Total 31 December 2024	Total 31 December 2023
A. Cash assets		
1. Debt securities	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity securities	-	-
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
3. Units of UCIs	25	18
4. Loans	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total (A)	**25**	**18**
B. Derivatives		
a) Central Counterparties	-	-
b) Other	44,004	25,899
Total (B)	**44,004**	**25,899**
Total (A+B)	**44,029**	**25,917**

2.3 Financial assets at fair value: breakdown by product type

The Group does not hold financial assets designated at fair value.

2.4 Financial assets at fair value: breakdown by borrower/issuer

The Group does not hold financial assets designated at fair value.

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

Items/Values	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**19,963**	**-**	**-**	**3,779**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	19,963	-	-	3,779
2. Equity securities	**-**	**-**	**12,189**	**-**	**-**	**4,291**
3. Units of UCIs	**-**	**-**	**440,163**	**-**	**-**	**448,085**
4. Loans	**-**	**-**	**46,878**	**-**	**-**	**45,768**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	46,878	-	-	45,768
Total	**-**	**-**	**519,193**	**-**	**-**	**501,923**

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

Financial assets mandatorily measured at fair value through profit or loss amounted to EUR 519.2 million as of 31 December 2024, up by EUR 17.3 million on 31 December 2023. These financial assets consist mainly of Units of UCIs for EUR 440.2 million, which mainly refer to the Specialised Credit division for EUR 388.4 million and the Corporate Banking division for the remaining EUR 51.8 million. Loans measured at fair value refer to loans of the Corporate Banking Division for approximately EUR 46.9 million.

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

Items/Values	Total 31 December 2024	Total 31 December 2023
1. Equity securities	**12,189**	**4,291**
of which: banks	-	-
of which: other financial companies	-	-
of which: other non-financial companies	12,189	4,291
2. Debt securities	**19,963**	**3,779**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	32
d) Other financial companies	19,963	3,680
of which: insurance companies	-	-
e) Non-financial companies	-	67
3. Units of UCIs	**440,163**	**448,085**
4. Loans	**46,878**	**45,768**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	46,878	45,768
f) Households	-	-
Total	**519,193**	**501,923**

Section 3 - Financial assets measured at fair value through other comprehensive income – Item 30

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

Items/Values	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**581,839**	**159,929**	-	**405,860**	**45,145**	**5,172**
1.1 Structured securities	2,953	-	-	3,902	-	-
1.2 Other debt securities	578,886	159,929	-	401,958	45,145	5,172
2. Equity securities	-	-	**6,259**	-	-	**466**
3. Loans	-	-	-	-	-	-
Total	**581,839**	**159,929**	**6,259**	**405,860**	**45,145**	**5,638**

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

The debt securities in the financial statements item were issued by governments (EUR 441.9 million), credit institutions (EUR 95.2 million), financial companies (EUR 169.7 million) and non-financial companies (EUR 35 million).

Equity instruments classified as "Financial assets measured at fair value through other comprehensive income (IAS)" are represented by equity holdings not qualifying as investments in subsidiaries, associates or joint ventures.

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

Items/Values	Total 31 December 2024	Total 31 December 2023
1. Debt securities	**741,768**	**456,177**
a) Central banks	-	-
b) Public administrations	441,903	254,544
c) Banks	95,213	83,485
d) Other financial companies	169,688	75,149
of which: insurance companies	-	-
e) Non-financial companies	34,964	42,999
2. Equity securities	**6,259**	**466**
a) Banks	-	-
b) Other issuers:	6,259	466
- other financial companies	12	11
of which: insurance companies	-	-
- non-financial companies	6,247	455
- other	-	-
3. Loans	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**748,027**	**456,643**

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and total write-downs/write-backs

	Gross amount					Total write-downs/write-backs				Total partial write-offs
	Stage one	of which: Instruments with low credit risk	Stage two	Stage three	Purchased or originated impaired	Stage one	Stage two	Stage three	Purchased or originated impaired	
Debt securities	742,347	437,168	1,053	427	-	1,726	313	20	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**742,347**	**437,168**	**1,053**	**427**	**-**	**1,726**	**313**	**20**	**-**	**-**
Total 31/12/2023	**456,758**	**331,074**	**-**	**1,497**	**363**	**1,525**	**-**	**917**	**-**	**-**

With regard to the approach used in the representation of the gross amount and total write-downs/write-backs of non-performing financial assets, refer to Part A - Accounting policies.

Section 4 – Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: breakdown by product of amounts due from banks

Type of operations/Values	Total 31/12/2024						Total 31/12/2023					
	Book value			Fair value			Book value			Fair value		
	Stage one and Stage two	Stage three	Purchased or originated impaired	L1	L2	L3	Stage one and Stage two	Stage three	Purchased or originated impaired	L1	L2	L3
A. Due from Central Banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Reserve requirements	-	-	-	X	X	X	-	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Due from banks	**269,813**	**-**	**-**	**-**	**26,014**	**244,254**	**112,702**	**-**	**-**	**-**	**-**	**112,702**
1. Loans	244,254	-	-	-	-	244,254	112,702	-	-	-	-	112,702
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	98,051	-	-	X	X	X	71,164	-	-	X	X	X
1.3 Other loans:	146,203	-	-	X	X	X	41,538	-	-	X	X	X
- Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Loans for leasing	-	-	-	X	X	X	-	-	-	X	X	X
- Other	146,203	-	-	X	X	X	41,538	-	-	X	X	X
2. Debt securities	25,559	-	-	-	26,014	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	25,559	-	-	-	26,014	-	-	-	-	-	-	-
Total	**269,813**	**-**	**-**	**-**	**26,014**	**244,254**	**112,702**	**-**	**-**	**-**	**-**	**112,702**

Key:

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

The obligations to maintain the Reserve Requirements are fulfilled indirectly through BFF Bank S.p.A., with the balance recognised in the sub item “Time deposits”.

4.2 Financial assets measured at amortised cost: breakdown by product of loans to customers

Type of operations/ Values	Total 31/12/2024						Total 31/12/2023					
	Book value			Fair value			Book value			Fair value		
	Stage one and Stage two	Stage three	Purchased or originated impaired	L1	L2	L3	Stage one and Stage two	Stage three	Purchased or originated impaired	L1	L2	L3
1. Loans	**2,802,636**	**247,989**	**506,356**	**-**	**-**	**3,564,464**	**2,539,386**	**140,589**	**806,771**	**-**	**-**	**3,458,832**
1.1 Current accounts	15,668	4,354	29,131	X	X	X	8,299	4,259	99,019	X	X	X
1.2 Reverse repurchase agreements	39,923	-	-	X	X	X	60,940	-	-	X	X	X
1.3 Mortgages	341,095	36,396	372,084	X	X	X	326,966	11,604	551,448	X	X	X
1.4 Credit cards and personal loans, including wage assignment loans	996	588	-	X	X	X	1,129	-	363	X	X	X
1.5 Loans for leases	5,003	3,321	68,748	X	X	X	13,938	-	97,946	X	X	X
1.6 Factoring	683,695	11,200	-	X	X	X	571,919	2,393	-	X	X	X
1.7 Other loans	1,716,256	192,130	36,393	X	X	X	1,556,195	122,333	57,995	X	X	X
2. Debt securities	**1,989,155**	**4,246**	**140,982**	**987,528**	**15,100**	**1,140,581**	**1,047,743**	**14,202**	**100,336**	**624,830**	**55,243**	**484,650**
1. Structured securities	-	2,580	-	-	2,580	-	-	2,691	-	-	2,993	-
2. Other debt securities	1,989,155	1,666	140,982	987,528	12,520	1,140,581	1,047,743	11,511	100,336	624,830	52,250	484,650
Total	**4,791,791**	**252,235**	**647,338**	**987,528**	**15,100**	**4,705,045**	**3,587,129**	**154,791**	**907,107**	**624,830**	**55,243**	**3,943,482**

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

The sub-item "Other debt securities" in bonis includes mainly government bonds for EUR 942.2 million. Among financial assets Purchased or originated impaired *POCI* item under Debt securities also includes EUR 12.3 million of securities relating to the Corporate Banking Division as well as EUR 128.7 million of securities classified as unlikely to pay relating to the Specialised Credit Division.

4.3 Financial assets measured at amortised cost: breakdown by borrower/issuer of loans to customers

Type of operations/Values	Total 31/12/2024			Total 31/12/2023		
	Stage one and Stage two	Stage three	Purchased or originated assets impaired	Stage one and Stage two	Stage three	Purchased or originated assets impaired
1. Debt securities	**1,989,155**	**4,246**	**140,982**	**1,047,743**	**14,202**	**100,336**
a) Public administrations	942,249	-	-	585,009	-	-
b) Other financial companies	1,020,188	-	130,354	421,885	11,511	89,690
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	26,718	4,246	10,628	40,849	2,691	10,646
2. Loans to:	**2,802,636**	**247,989**	**506,356**	**2,539,386**	**140,589**	**806,771**
a) Public administrations	7,570	3,543	-	11,935	3,393	-
b) Other financial companies	357,974	20,321	3,390	234,098	16	5,384
of which: insurance companies	2,873	-	-	2,405	-	-
c) Non-financial companies	2,376,433	221,118	485,909	2,234,855	135,007	738,754
d) Households	60,659	3,007	17,057	58,498	2,173	62,633
Total	**4,791,791**	**252,235**	**647,338**	**3,587,129**	**154,791**	**907,107**

4.4 *Financial assets measured at amortised cost: gross amount and total write-downs/write-backs*

	Gross amount					Total write-downs/write-backs				Total partial write-offs
	Stage one	of which: Instruments with low credit risk	Stage two	Stage three	Purchased or originated impaired	Stage one	Stage two	Stage three	Purchased or originated impaired	
Debt securities	1,469,486	943,328	647,260	4,701	140,982	4,097	97,936	454	-	-
Loans	2,948,426	551,656	316,538	294,810	506,356	207,296	10,777	46,822	-	-
Total 31/12/2024	**4,417,912**	**1,494,984**	**963,798**	**299,511**	**647,338**	**211,393**	**108,713**	**47,276**	**-**	**-**
Total 31/12/2023	**3,618,623**	**1,138,655**	**293,206**	**186,899**	**907,107**	**209,233**	**2,765**	**32,108**	**-**	**-**

With regard to the approach used in the representation of the gross amount and total write-downs/write-backs related to *impaired* financial assets, refer to Part A – Accounting policies.

Section 5 - Hedging derivatives - Item 50

5.1 Hedging derivatives: breakdown by hedge type and level

	Fair Value 31/12/2024			NV 31 December 2024	Fair Value 31/12/2023			NV 31 December 2023
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value	-	29,385	-	691,405	-	21,393	-	195,000
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**29,385**	**-**	**691,405**	**-**	**21,393**	**-**	**195,000**

Key:

NV = Nominal Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

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

Operations/ Hedge type	Fair Value							Cash flows		Foreign investments
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equity securities and share indices	currencies and gold	credit	goods	other				
1. Financial assets measured at fair value through other comprehensive income	16,321	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	-	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**16,321**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	13,064	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**13,064**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Expected 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 - Fair value change of financial assets in hedged portfolios – Item 60

The Group has no generic hedge operations.

Section 7 - Equity investments – Item 70

7.1 Equity investments: information on shareholding relationships

Name	Registered office	Operational headquarters	Type of relationship	Ownership relationship		Votes %
				Held by	Holding %	
A. Jointly-owned subsidiaries						
Hype S.p.A.	Biella	Biella	Joint control	Illimity Bank S.p.A.	50%	50%
B. Companies in which significant influence is exercised						
AltermAInd S.r.l.	Milan	Milan	Significant influence	Illimity Bank S.p.A.	48%	48%
LAISA – Società tra Avvocati per Azioni	Milan	Milan	Significant influence	ARECneprix S.p.A.	9.99%	9.99%

Jointly-owned subsidiaries

illimity acquired a 50% stake in Hype, as part of a *joint venture* with the Sella Group. The *partnership* was established at the beginning of 2021, with the target of creating and developing a digital platform for financial and payment services that is more innovative than traditional banking models. The price paid was defined by the parties based on the *partnership's* shared growth and development targets.

Due to the life cycle stage of the company and of the *joint venture* project on which the investment is based, at the time the equity investment in Hype was acquired, no intangible assets could be identified that were distinguishable from goodwill, i.e. from the overall expectations of the future economic benefits generated by the investment in the context of the *partnership*.

As required by IAS/IFRS, the equity investment was tested for *impairment* to check for objective evidence that its recognition value may not be fully recoverable. If the test shows a recoverable value that is less than the book value, the difference constitutes an*impairment loss*to be recognised in the income statement by aligning the book value with the recoverable value determined.

For the purposes of the *impairment* test, the recoverable value is defined as the greater of value in use and *fair value* net of sales costs. Value in use expresses the current value of the future cash flows expected to be generated by the continued use of the asset. *Fair value* represents the price that would be received for the sale of the asset in a regular transaction between market operators on the valuation date, less sales costs.

Pursuant to IAS 36, it is not always necessary to determine both configurations of recoverable value, if one of the two is greater than the book value. It is therefore sufficient for at least one of the two configurations of recoverable value to be greater than the book value for the impairment test to be considered to have been passed.

Criteria for the determination of value in use

The value in use was determined using the *Discounted Dividend Model*, in the *"Excess Capital"* variant, commonly used in valuation practices in the financial industry, on the basis of which the economic value is equal to the sum of the following elements

- the current value of the dividends potentially available for distribution over a certain period of time, maintaining a minimum level of capital base consistent with the growth of the business and with the regulatory requirements;
- the current value of a perpetual yield defined on the basis of a sustainable dividend for the years following the planning period.

For the purposes of the consolidated financial statements as of 31 December 2024, the prospective financial information used to determine the value in use was inferred from the financial position as of 31 December 2024 and the 2025-2028 prospective data relating to the subsidiary.

In order to corroborate the results of the *impairment* test achieved by estimating the value in use, the *fair value* net of sales costs was also estimated, using (i) the Stock Market Multiples method and (ii) the Transaction Multiples method.

Estimates of cash flows

To extrapolate the cash flows beyond the analytical forecasting period, consideration was given to the market context in which the forward-looking scenario is defined.

With regard to the*impairment test* as of 31 December 2024 (consistent with the methodology adopted in the previous financial year), the projections for the key economic, financial and regulatory data and KPIs for Hype took into account the factors and assumptions that form the basis of the 2024-2028 Strategic Plan drawn up by the Group's *management* and are adjusted as necessary based on the investee company's historical *performance* over the last three years.

In order to determine the *terminal value*, the cash flows for the last year of the analytical forecast were projected in perpetuity based on a growth factor g determined as the average rate of growth of Italy's nominal GDP, which is equal to 2%. Lastly, the cash flows were defined by considering fulfilment of the minimum capital requirements in relation to the specific reference regulation. Specifically, from a prudential perspective, a capital requirement equal to 130% of the regulatory minimum was used, with a *buffer* of 30%.

Cash flow discounting rate

In determining the value in use, cash flows have to be discounted at a rate that reflects the current market valuations, the current value of money, and the specific risks of the business. In the case of a banking business, it is estimated using the *"equity side"* approach, which means considering only the cost of own capital (Ke), in line with the method used to determine the cash flows which, as mentioned, include the cash flows from the financial assets and liabilities.

The cost of capital was determined by using the *"Capital Asset Pricing Model"* (CAPM). According to that model, the cost of capital is determined as the sum of the return on risk-free investments and of a risk premium, which in turn depends on the specific risk of the activity (which means the risk level of the operating unit and the geographical risk level, which is the so-called "country risk").

The cost of capital is determined after taxes, to be consistent with the discounted cash flows. As the cash flows have been determined in nominal terms, the discounted rates have also been determined in the same way, in other words by incorporating the expectations on inflation.

Looking in detail at the various components that go towards determining the discounting rate, the following decisions were made:

1. as regards the *risk free* rate, the average monthly yield (average of the preceding 6 months) on 10-year Italian government bonds (BTP) was used;
2. with regard to the *market risk premium*, which represents the premium that an investor would require when investing in the equities market compared to the risk-free rate, the data in the international databases generally used for such valuations, were utilised;
3. with regard to the beta coefficient, which measures the specific risk of an individual company, this was determined by identifying a sample of comparable businesses (in terms of *business*), and the average beta recorded was then utilised by means of weekly observations over a five-year period.

In addition, a correction was made to the discount rate in order to capture the specific risks associated with the size of the company and the actual implementation of the business plan approved by the *management* of the investee company.

The Ke discounting rate used for the*impairment test* for the year ending 31 December 2024 was 15.63% (14.5% as of 31 December 2023).

Results of the*impairment test*

The results of the*impairment test* showed that the value in use of the subsidiary is higher than the *carrying amount*. Therefore, no write-down was necessary for the purposes of the consolidated financial statements for the year ended 31 December 2024.

The criteria and information used for the*impairment tests* are significantly influenced by the macroeconomic scenario and by the trends on the financial markets, which could show changes that are not currently foreseeable. If the macroeconomic scenario does deteriorate compared to the current forecast, this would impact the estimates of cash flows and the main assumptions, which could lead to results other than those prospected in these accounts, over the coming years.

Companies under significant influence

On 8 November 2024, illimity finalised the terms of a binding agreement with the Finwave/OCS Group, through the company Fibonacci BidCo S.p.A., which is controlled by funds managed by Apax Partners LLP.

Following the fulfilment of the conditions precedent underlying the effectiveness of the transaction, on 24 December 2024, the closing of the agreement with the Finwave/OCS Group, through the company Fibonacci Subco S.r.l. wholly owned by Fibonacci BidCo S.p.A., controlled by funds managed by Apax Partners LLP, was completed.

The Transaction structure involved the contribution by illimity of the business unit consisting of its technology assets and highly qualified IT staff of the Digital Competence Line to a newco ("AltermAInd S.r.l.") - initially wholly owned by the Bank - and the sale of a 52% interest to Fibonacci for a consideration of EUR 62.4 million. The remaining 48% of AltermAInd's share capital remained owned by illimity: this equity investment was therefore classified as a company subject to significant influence.

7.2 Significant shareholdings: book values, fair values and dividends received

Name	Book value	Dividends received
A. Jointly-owned subsidiaries		
Hype S.p.A.	81,695	-
B. Companies in which significant influence is exercised		
AltermAInd S.r.l.	58,275	-
LAISA – Società tra Avvocati per Azioni	189	-
Total	**140,159**	**-**

7.3 Significant shareholdings: accounting information

Name	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenues	Net interest income	Write-downs/ write-backs on property and equipment and intangible assets	Profit (loss) from continuing operations before tax	Profit (loss) from continuing operations after tax	Net profit (loss) from assets held for sale	Profit (loss) for the year (1)	Other income components, after taxes (2)	Comprehensive income (3) = (1)+(2)
A. Jointly-owned subsidiaries														
Hype S.p.A.	165,418	492,021	48,780	653,069	21,020	43,172	20,548	(4,848)	525	1,208	-	1,208	-	1,208
B. Companies in which significant influence is exercised														
AltermAInd S.r.l.	24,084	-	72,855	89	29,095	1,369	-	(237)	500	361	-	361	-	361
LAISA - Società tra Avvocati per Azioni	516	-	3,874	3,316	458	4,132	(97)	(242)	364	215	-	215	-	215

7.4 Non-significant shareholdings: accounting information

The Group does not hold interests in shareholdings that can be classified as non-significant as of the reporting date.

7.5 Equity investments: annual changes

	Total 31 December 2024	Total 31 December 2023
A. Opening balances	**81,199**	**76,375**
B. Increases	**58,960**	**8,124**
B.1 Purchases	-	8,005
- of which from business combinations	-	-
B.2 Write-backs	-	-
B.3 Revaluations	-	-
B.4 Other changes	58,960	119
C. Decreases	**-**	**(3,300)**
C.1 Sales	-	-
- of which from business combinations	-	-
C.2 Write-downs/write-backs	-	-
C.3 Depreciation	-	-
C.4 Other changes	-	(3,300)
D. Closing balance	**140,159**	**81,199**
E. Total write-backs	**-**	**-**
F. Total write-downs	**-**	**-**

7.6 Significant assessments and assumptions to establish the existence of joint control or significant influence

With regard to significant assessments and assumptions to establish the existence of joint control or significant influence, please refer to the disclosure contained in A.2 Section on the main financial statements items, under the heading Equity investments, within Section A of the Explanatory Notes.

7.7 Commitments related to equity investments in jointly-controlled subsidiaries

The Group does not hold any commitments related to equity investments in jointly-controlled subsidiaries as of the reporting date.

7.8 Commitments related to equity investments in associates

The Group does not hold any commitments related to equity investments in associates as of the reporting date.

7.9 Significant restrictions

There are no significant restrictions as of the reporting date.

7.10 Other information

There is nothing to report as of the reporting date.

Section 8 - Insurance assets – Item 80

The Group does not conduct insurance business.

Section 9 - Property and equipment – Item 90

9.1 Property and equipment with functional use: breakdown of assets measured at cost

Assets/Values	Total 31 December 2024	Total 31 December 2023
1. Proprietary assets	**4,083**	**876**
a) land	-	-
b) buildings	-	-
c) furniture and fittings	239	391
d) electronic systems	148	442
e) others	3,696	43
2. Rights of use acquired through lease agreements	**31,817**	**22,663**
a) land	-	-
b) buildings	19,607	21,164
c) furniture and fittings	-	-
d) electronic systems	-	-
e) others	12,210	1,499
Total	**35,900**	**23,539**
of which: obtained by enforcement of guarantees received	-	-

With regard to Proprietary assets and other rights of use acquired through lease agreements, it should be noted that the increase is mainly attributable to the assets of the Energy business transferred to the Group's assets following the acquisition of the remaining 51% of the share capital of SpicyCo S.r.l. and its respective investee companies.

9.2 Property and equipment held for investment: breakdown of assets measured at cost

The Group does not hold Property and equipment measured at cost and held for investment as of the reporting date.

9.3 Property and equipment with functional use: breakdown of revalued assets

The Group does not hold Property and equipment with functional use as of the reporting date.

9.4 Property and equipment held for investment: breakdown of assets measured at fair value

The Group does not hold Property and equipment held for investment measured at fair value as of the reporting date.

9.5 Inventories of property and equipment governed by IAS 2: breakdown

Assets/Values	Total 31 December 2024	Total 31 December 2023
1. Inventories of property and equipment obtained through enforcement of guarantees received	**53,489**	**64,684**
a) land	-	-
b) buildings	53,489	64,684
c) furniture and fittings	-	-
d) electronic systems	-	-
e) others	-	-
2. Other property and equipment inventories	**-**	**-**
Total	**53,489**	**64,684**
of which: measured at fair value net of costs to sell	-	-

9.6 Property and equipment with functional use: annual changes

	Land	Buildings	Furnishings	Electronic systems	Others	Total
A. Gross opening balance	**-**	**30,910**	**1,722**	**2,246**	**2,649**	**37,527**
A.1 Total net write-downs	-	9,746	1,331	1,804	1,107	13,988
A.2 Opening net balance	**-**	**21,164**	**391**	**442**	**1,542**	**23,539**
B. Increases:	**-**	**1,237**	**14**	**12**	**16,356**	**17,619**
B.1 Purchases	-	1,182	14	12	16,304	17,512
- of which from business combinations	-	-	-	-	15,502	15,502
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfers from properties held for investment purposes	-	-	X	X	X	-
B.7 Other changes	-	55	-	-	52	107
C. Decreases:	**-**	**2,794**	**166**	**306**	**1,992**	**5,258**
C.1 Sales	-	-	-	-	-	-
- of which from business combinations	-	-	-	-	-	-
C.2 Depreciation	-	2,591	144	128	1,982	4,845
C.3 Write-downs/write-backs from impairment charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property and equipment held for investment	-	-	X	X	X	-
b) non-current assets and groups of assets held for disposal	-	-	-	-	-	-
C.7 Other changes	-	203	22	178	10	413
D. Closing net balance	-	**19,607**	**239**	**148**	**15,906**	**35,900**
D.1 Total net write-downs	-	11,107	1,447	1,906	2,321	16,781
D.2 Gross closing balance	-	**30,714**	**1,686**	**2,054**	**18,227**	**52,681**
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

9.7 Property and equipment held for investment: annual changes

The Group does not hold Property and equipment held for investment as of the reporting date.

9.8 Inventories of property and equipment regulated by IAS 2: annual changes

	Inventories of property and equipment obtained through enforcement of guarantees received					Other property and equipment inventories	Total
	Land	Buildings	Furnishings	Electronic systems	Others		
A. Opening balance	**-**	**64,684**	**-**	**-**	**-**	**-**	**64,684**
B. Increases	**-**	**901**	**-**	**-**	**-**	**-**	**901**
B.1 Purchases	-	-	-	-	-	-	-
B.2 Write-backs	-	-	-	-	-	-	-
B.3 Positive foreign exchange differences	-	-	-	-	-	-	-
B.4 Other changes	-	901	-	-	-	-	901
C. Decreases	**-**	**12,096**	**-**	**-**	**-**	**-**	**12,096**
C.1 Sales	-	10,277	-	-	-	-	10,277
C.2 Write-downs/write-backs from impairment	-	1,819	-	-	-	-	1,819
C.3 Negative foreign exchange differences	-	-	-	-	-	-	-
C.4 Other changes	-	-	-	-	-	-	-
D. Closing balance	**-**	**53,489**	**-**	**-**	**-**	**-**	**53,489**

9.9 Commitments to purchase property and equipment

The Group does not hold commitments to purchase property and equipment as of the reporting date.

Section 10 - Intangible assets – Item 100

10.1 Intangible assets: breakdown by asset type

Assets/Values	Total 31/12/2024		Total 31/12/2023	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	X	**33,731**	X	**69,992**
A.1.1 attributable to the group	X	33,731	X	69,992
A.1.2 attributable to minorities	X	-	X	-
A.2 Other intangible assets	**30,550**	**-**	**83,776**	**-**
of which: software	23,305	-	76,781	-
A.2.1 Assets measured at cost:	30,550	-	83,776	-
a) Intangible assets generated internally	6,448	-	14,489	-
b) Other assets	24,102	-	69,287	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**30,550**	**33,731**	**83,776**	**69,992**

Identification of the CGU of the illimity Group

The estimate of the value in use, for *impairment* testing purposes, in keeping with provisions in IAS 36, of intangible assets with an indefinite life (including goodwill), that do not generate cash flows unless with the contribution of other company assets, requires the preliminary allocation of such intangible assets to organisational units that are fairly autonomous in management terms, that can generate flows of financial resources widely independent of those produced by other areas of activities, but interdependent within the organisational unit generating them. According to IFRS, these organisational units are called *Cash Generating Units* (CGU).

According to IAS 36, when identifying whether incoming cash flows originating from an asset (or group of assets) are widely independent of those arising from other assets (or groups of assets), the entity considers various factors, including the way in which company management controls the operations of the entity or how company management takes decisions on keeping the goods and assets of the entity operational or on their disposal.

In line with provisions in IAS 36, the level at which goodwill is tested must be correlated with the level of i *reporting* within which management controls the dynamics that increase and decrease this value. Under this profile, the definition of such a level depends closely on the organisational models and allocation of management responsibilities for the purposes of defining guidance for operating activities and consequent monitoring. The organisational models may leave aside the structure of the legal entities through which operations take place and, very often, are closely related to the definition of operating segments used in the segment reporting contemplated in IFRS 8.

Moreover, each CGU or group of CGUs to which goodwill is allocated must:

a) represent the minimum level within the entity at which the goodwill is monitored for internal operational purposes; and
b) must not be larger than an operating segment, as defined in section 5 of IFRS 8, before the combination.

Paragraph 5 of IFRS 8 indicates that an operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses concerning transactions with other components of the same entity);
b) whose operating results are reviewed regularly by the entity's chief operating decision maker for the purposes of adopting decisions on resources to allocate to the sector and evaluating results; and
c) for which discrete financial information is available.

Based on the regulatory references in the aforementioned IAS 36 and IFRS 8, a factor to consider in identifying CGUs is the organisation of the IT system outlined by the entity in keeping with IFRS 8 for *management* to evaluate results achieved by various operating segments and in order for strategic decisions to be taken.

The illimity Group, in accordance with IFRS 8 - *Operating Segments*, presents certain consolidated financial information, in line with the procedures used periodically by the entity's chief operating decision maker for the purposes of adopting decisions on resources to allocate to individual sectors and the assessment of results.

The operating segments were identified taking into consideration the procedures whereby the Bank opted for an organisation also based on the differences in products and services offered.

It should be noted that, during 2024 and early 2025, a complex reorganisation of the illimity Group took place for which the *management* has identified the following *reporting segments*[1]:

a) illimity – *business* functions;
b) Illimity - governance centre.

1 These *reporting segments* will be recognised in the segment disclosure under IFRS 8 as of the Group's consolidated financial statements as of 31 March 2025.

The illimity *reporting segment - business* functions was determined as the sum of the previous segments:

- *Specialised Credit;*
- *Corporate Banking;*
- *Investment Banking*;
- B-ilty;
- SGR.

Within the Illimity *reporting segment - business* functions, the following CGUs were identified:

a) illimity Banca, which includes all direct investment activity in credit portfolios, in securitisation notes, in the disbursement of senior loans or *asset-backed* loans. In addition, all activities carried out by the former *Corporate Banking*, *Investment Banking* and b-ilty Divisions are included. The central costs of the "illimity–governance centre" operating segment are thus fully recharged to this CGU;
b) Arec neprix, as a separate subsidiary operating in the field of credit and real estate management and structuring of complex transactions with the market offering of *structuring*, *asset management*, *special servicing* and *advisory* services to third-party counterparties;
c) Abilio, understood as the sum of the companies of the Abilio Group net of Quimmo Prestige Agency (Abilio S.p.A., Quimmo Agency S.r.l. and Industrial Discount S.r.l.), a separate group specialising in the sale of real estate and capital assets from insolvency and enforcement procedures, leasing companies and voluntary sales;
d) Quimmo Prestige Agency as a separate subsidiary operating in the specific field of real estate brokerage of premium properties;
e) SGR, as a separate subsidiary operating in the field of*asset management* through mutual funds.

In addition to these CGUs, there is the contribution to the Group's consolidated financial statements from the equity investment in *Joint Venture* in Hype S.p.A., which is shown separately.

The identification of the subsidiaries Arec neprix and Abilio as separate CGUs resulted from the restructuring of the activities of the former *Specialised Credit* Division from a unitary business model consisting of the acquisition, management and valorisation of impaired loans (previously carried out by the Bank and its subsidiaries Arec neprix and Abilio in a tightly integrated manner), when it was reoriented towards a *business* model consisting of several business sectors:

a) direct investments (in close connection with the Bank's other business structures) aimed at seizing opportunities arising from direct purchases of loans or securitisation notes, the disbursement of senior loans or *asset-backed*loans;
b) *structuring, asset management, special servicing* and *advisory* services to be realised on the market through Arec neprix;
c) services for the sale of real estate and capital assets from insolvency and enforcement procedures, *leasing* companies and voluntary sales to be realised on the market through the Abilio Group.

Furthermore, it is specified how the activities described above by the subsidiaries Arec neprix and Abilio have, over time, increasingly evolved in favour of third-party customers in the market as opposed to a previous model that was based, as specified above, on service activities in favour of the Group.

Allocation of goodwill to the identified CGUs

Following the completion of the process to define the organisation of the information system outlined by the Bank, for *management* to assess the results achieved by the various operating segments and consequently to adopt strategic decisions, in compliance with IFRS 8 and analyses to understand which operating segments have the characteristics of CGUs, six CGUs were identified that generate incoming cash flows that are largely independent for the Bank.

The goodwill resulting from the *purchase price allocation* of Banca Interprovinciale's purchase price of EUR 21.6 million, previously allocated to the *Distressed Credit* (EUR 17.6 million) and *Growth Credit* (EUR 4 million) CGUs was reallocated to the illimity Banca CGU.

Goodwill arising from the acquisition of controlling stakes in the securitisation vehicles Aporti S.r.l., Doria SPV S.r.l., Friuli SPV S.r.l., Pitti SPV S.r.l. and River SPV S.r.l., for a total of EUR 33 thousand was reallocated to the illimity Banca CGU.

The goodwill resulting from the *purchase price allocation* of the IT Auction Group's purchase price of EUR 14.6 million, previously allocated to the *Distressed Credit* CGU, was fully reallocated to the Abilio CGU.

The goodwill resulting from the *purchase price allocation* of AREC S.p.A.'s purchase price, equal to EUR 29.1 million, and the specific intangible assets, for a residual value of EUR 3.8 million as of 31 December 2024, previously allocated to the *Distressed Credit* CGU was reallocated to the Arec neprix CGU.

The goodwill resulting from the *purchase price allocation* of the purchase price of Residenze Porta Nuova S.r.l. (now *Quimmo Prestige Agency* S.r.l.), equal to EUR 4.6 million, was allocated in full to the *Quimmo Prestige Agency* CGU.

The goodwill resulting from the *purchase price allocation* of the purchase price of SpicyCo S.r.l., equal to EUR 2.5 million, was allocated in full to the illimity – Banca CGU.

The next table shows the allocation of goodwill to the CGUs of the illimity Group.

€/thousand	Illimity Banca	Arec neprix	Abilio	Quimmo Prestige Agency	Total
Goodwill arising from the BIP and Spaxs business combination	21,643	-	-	-	**21,643**
Goodwill arising from the acquisition of IT Auction	-	-	14,581	-	**14,581**
Goodwill arising from the acquisition of equity investments in securitisation vehicles	33	-	-	-	**33**
Goodwill arising from the acquisition of AREC	-	29,115	-	-	**29,115**
Goodwill arising from the acquisition of RPN	-	-	-	4,616	**4,616**
Goodwill arising from the acquisition of SpicyCo	2,459	-	-	-	**2,459**
Total Goodwill	**24,139**	**29,115**	**14,581**	**4,616**	**72,447**

Impairment test

The*impairment test* is governed by accounting standard IAS 36 – *Impairment of Assets*, which requires that, at least annually and, in any case, whenever events arise suggesting a potential impairment, a test must be carried out to verify the adequacy of the value of goodwill subject to recognition.

The*impairment test* is carried out identifying the units generating financial flows (CGU) to which goodwill is allocated and, if the value of goodwill is lower than its recoverable value (determined as its value in use), any losses in value must be recognised in the income statement, they are not susceptible to future write-backs. As required by IAS 36, goodwill was *tested* for *impairment* to check for evidence that its recognition value may not be fully recoverable.

The process of recognising impairment requires checking *impairment* indicators and determining any impairment losses. There are essentially two categories of *impairment* indicators: qualitative indicators such as a negative financial performance or a significant deviation from the *budget* targets or the targets in long-term plans announced to the market, the announcement/start of insolvency proceedings or restructuring plans; quantitative indicators showing a carrying amount of the entity's net assets higher than its market capitalisation, or a carrying amount of the equity investment in the separate financial statements higher than the carrying amount of the net assets and goodwill of the subsidiary on the consolidated financial statements, or the distribution by the latter of a dividend that is higher than its total income.

The illimity Group performed the*impairment test* by considering individually the cash flows of the CGUs to which the goodwill was allocated (CGUs illimity Banca, Arec neprix, Abilio and *Quimmo Prestige Agency*) in addition to the specific *impairment* test on the equity investment in Hype for which reference should be made to the specific detail section.

The CGU SGR was not subject to an*impairment test*, as it did not hold any non-current assets as of 31 December 2024, nor did it have goodwill or other intangible assets allocated to it, they were therefore excluded from the scope of IAS 36. Any current assets allocated to them were measured separately according to the main applicable IAS/IFRS.

Criteria for the determination of Value in Use

The value in use was determined using the *Discounted Dividend Model*, in the *"Excess Capital"* variant, commonly used in valuation practices in the financial industry, on the basis of which the economic value is equal to the sum of the following elements

- the current value of the dividends potentially available for distribution over a certain period of time, maintaining a minimum level of capital base consistent with the growth of the business and with the regulatory requirements;
- the current value of a perpetual yield defined on the basis of a sustainable dividend for the years following the planning period.

For the purposes of the consolidated financial statements as of 31 December 2024, the prospective financial information used to determine the value in use was inferred from the financial position as of 31 December 2024 and the 2025-2028 prospective data relating to the individual CGUs.

Estimates of cash flows

To extrapolate the cash flows beyond the analytical forecasting period, consideration was given to the market context in which the forward-looking scenario is defined. With regard to the*impairment test* as of 31 December 2024 (consistent with the methodology adopted in the previous financial year), in order to determine the *terminal value*, the cash flows for 2028, the last year of the analytical forecast, were projected in perpetuity based on a growth factor g determined as the average long-term rate of growth of Italy's nominal GDP, which is equal to 2%.

In accordance with provisions in section 33 of IAS 36, new initiatives not yet started at the *test* date were excluded from the year's estimate of financial flows. Instead, initiatives already underway at the reporting date were included.

The projections for the key economic, financial and regulatory data and KPIs for each individual CGU of the illimity Group have taken into account the factors and assumptions that form the basis of the 2025-2028 Projections drawn up by the Group's *management*.

As far as prudential supervisory requirements are concerned, in the development of *business* volumes related to the different CGUs, the Bank has envisaged a capital base profile with a Tier1 ratio of 14.1%, consistent with the latest SREP *letter* (13.1%), to which the new requirement for the systemic risk capital buffer (SyRB) was prudentially added (equal to 1% as of 30 June 2025).

Cash flow discounting rate

In determining the value in use, cash flows have to be discounted at a rate that reflects the current market valuations, the current value of money, and the specific risks of the business. In the case of a banking business, it is estimated using the *"equity side"* approach, which means considering only the cost of own capital (Ke), in line with the method used to determine the cash flows which, as mentioned, include the cash flows from the financial assets and liabilities.

The cost of capital was determined by using the *"Capital Asset Pricing Model"* (CAPM). According to that model, the cost of capital is determined as the sum of the return on risk-free investments and of a risk premium, which in turn depends on the specific risk of the activity (which means the risk level of the operating unit and the geographical risk level, which is the so-called "country risk").

The cost of capital is determined after taxes, to be consistent with the discounted cash flows. As the cash flows have been determined in nominal terms, the discounted rates have also been determined in the same way, in other words by incorporating the expectations on inflation.

Looking in detail at the various components that go towards determining the discounting rate, the following decisions were made:

1. as regards the *risk free* rate, the average monthly yield (average of the preceding 6 months) on 10-year Italian government bonds (BTP) was used;
2. with regard to the *market risk premium*, which represents the premium that an investor would require when investing in the equities market compared to the risk-free rate, the data in the international databases generally used for such valuations, were utilised;
3. with regard to the beta coefficient, which measures the specific risk of an individual company, this was determined by identifying a sample of comparable businesses (in terms of *business*), and the average beta recorded was then utilised by means of weekly observations over a five-year period.

The Ke discounting rate used for the*impairment test* on the CGUs for the year ended 31 December 2024 was 9.25% for the illimity Banca CGU, 10.75% for the Arec neprix and Abilio CGUs and 9.78% for the Quimmo Prestige Agency CGU.

Carrying amount of the CGUs

To carry out first level impairment testing, the *carrying amount* of the illimity Banca CGU was determined considering the*equity attribution framework* as the reference, determining the value of the CGU based on the RWA assigned to it multiplied by the *Fully Loaded CET1 ratio*, i.e., the capital base level assigned to each CGU, and to the goodwill directly or indirectly attributable to each CGU, or the specific intangibles allocated to it.

For CGUs consisting of separate subsidiaries (Arec neprix, Abilio and Quimmo Prestige Agency), the *carrying amount* was determined by taking the shareholders' equity as the best measure of the net assets attributable to these cash-generating units, plus the goodwill directly or indirectly attributable to the individual CGU, or the specific intangibles allocated to it recognised in the Group's consolidated financial statements.

The next table shows the carrying amount of the CGUs of the illimity Group:

€/thousand

	Illimity Banca	*Arec neprix*	*Abilio*	*Quimmo Prestige Agency*
Carrying amount	723,621	68,133	16,447	4,820

Results of the *impairment test*

The results of the impairment test showed that the value in use for the Arec neprix and Quimmo Prestige Agency CGUs exceeded the *carrying amount* while they showed the value in use for the illimity Banca and Abilio CGUs as being lower than their *carrying amount*.

It was therefore deemed necessary to fully write down the goodwill allocated to the illimity Banca and Abilio CGUs for a total value of EUR 38.7 million.

The criteria and information used for the *impairment tests* are significantly influenced by the macroeconomic scenario and by the trends on the financial markets, which could show changes that are not currently foreseeable. If the macroeconomic scenario does deteriorate compared to the current forecast, this would impact the estimates of cash flows and the main assumptions, which could lead to results other than those prospected in these accounts, over the coming years.

Sensitivity tests

As the value in use is determined by using estimates and assumptions that may contain uncertainties, sensitivity tests were carried out as required by IAS/IFRS, aimed at verifying the sensitivity of the results obtained, if certain parameters or underlying assumptions should vary.

From a *stress test* perspective, analyses were carried out in order to highlight the limit values of main assumptions, beyond which the *impairment tests* would require an impairment of assets to be recognised; in particular, the rate of growth g and the discounting rate that would, assuming the same flows to be discounted, lead to values in use that would be reduced but still greater than the recognition values in the financial statements, both at CGU level and at the level of the Bank as a whole.

		Sensitivity	
		g	Ke
CGU	*Illimity Banca*	n.s.	n.s.
	Arec neprix	0.8%	11.5%
	Abilio	n.s.	n.s.
	Quimmo Prestige Agency	-45.8%	24.5%

Furthermore, an impact was verified on the value in use of the CGUs of a change of up to 50 bps for the discounting rates, the g growth coefficient used to determine cash flows for the purposes of the *terminal value*, and the capital requirement. The *sensitivity* analysis also included scenarios in which the *terminal value* net profit is subject to a contraction of 5%.

The following tables show the *sensitivity analyses* for the value in use of the CGUs, the change in growth rate g or the discount rate for the Arec neprix and Quimmo Prestige Agency CGUs since, as described, the recoverable value for the illimity Banca and Abilio CGUs was lower than the carrying amount.

TABLE 1 - *SENSITIVITY ANALYSIS* OF THE CGU AREC NEPRIX

		Ke		
		10.25%	10.75%	11.25%
g	1.50%	1%	-2%	-6%
	2.00%	4%	0%	-3%
	2.50%	7%	3%	-1%

TABLE 2 - *SENSITIVITY ANALYSIS* OF THE QUIMMO PRESTIGE AGENCY CGU

		Ke		
		9.28%	9.78%	10.28%
g	1.50%	2%	-6%	-12%
	2.00%	8%	0%	-7%
	2.50%	15%	6%	-2%

For the Arec neprix CGU, the above table shows that only an increase in the ke rate by 50 bps to 11.25%, together with a simultaneous decrease in the g rate to 1.5%, would result in a potential *impairment scenario*. This combined scenario is considered remote, however, considering that market interest rates, which are used to determine the ke, are expected to fall in the near future according to market estimates.

According to the CGU Quimmo Prestige Agency, none of the scenarios outlined above would result in a potential*impairment* on the carrying value of the CGUs described above.

Furthermore, in order to develop a method of control, the progress of the illimity Group's market capitalisation and the relative implied *Price/Book Value* multiple were observed. With regard to the valuations expressed by the market, the Group's value in use is higher than its market capitalisation.

In any case, it is important to stress that the valuations expressed by the market and financial analysts typically present characteristics that distinguish them from a "fundamental" valuation represented by the value in use. With regard to the underlying targets of these latter valuations, it should be pointed out that they are intended for financial investors and are therefore carried out from the perspective of defining prices and short-term values.

Such valuations represent the value that can potentially be obtained from the sale, on the stock exchange, of limited quantities of securities, or from the disposal of minority interests, and therefore are strictly anchored in current prices and market conditions. The *fair value* calculated by analysts typically represents the price of a single share, unlike the value in use, which values the bank's entire capital.

Conversely, the value in use responds to a general logic according to which the value of an asset is a direct expression of the cash flows that it is capable of generating throughout the period of its use. This value is therefore based partly on the company's internal expectations, unlike market valuations, which are rooted in the short-term expectations of the market, taking into account elements outside of the Group's capacity to generate profits in order to remunerate its shareholders.

In summary, the difference between the values resulting from analysts' estimates, which is reflected in a methodological difference between Fair Value and Value in Use, can be explained by the following factors:
- difference in the subject matter of the valuation: *Fair Value* calculated by analysts typically represents the price of a single share, unlike the Value in Use, which values the Bank's entire capital. Between the two values, there is therefore a premium for control that is absent in the first case;
- different reference time horizons taken into account by the market, whereby the extension period of the cash flow estimates taken as a reference by analysts generally covers a shorter period than the one used for the *impairment*test;
- different capital cost value which, in analysts' estimates, being derived from stock market prices, factors in elements exogenous to the Group's ability to produce profits in order to remunerate its shareholders.

Furthermore, it should be emphasised that the current situation in the financial markets and the real economy may contribute in certain circumstances to important differences between the *Fair Value* and the Value in Use. In this specific case, the banking sector, both Italian and European, is again penalised in terms of P/BV and P/E in the face of risks linked to competition from Fintech companies and, again with particular reference to the Italian segment, the large presence of government bonds in the portfolio, correlated with a higher perceived country risk than in other European countries and higher NPL Ratio values compared to the European average, not to mention the risks linked to a regulatory context in constant evolution.

In conclusion, the *impairment* tests should nonetheless be carried out with the awareness that the current economic situation, influenced by the current macroeconomic context, impacts the expected cash flows from operating activities in the short and medium term, but without impairing the main sources of income generation and the competitive advantages that the illimity Group has, as the results from recent years have shown.

10.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**69,992**	**19,277**	**-**	**105,700**	**-**	**194,969**
A.1 Total net write-downs	-	4,788	-	36,414	-	41,202
A.2 Opening net balance	**69,992**	**14,489**	**-**	**69,286**	**-**	**153,767**
B. Increases	**2,459**	**5,651**	**-**	**17,355**	**-**	**25,465**
B.1 Purchases	2,459	1,891	-	15,466	-	19,816
- of which from business combinations	2,459	-	-	-	-	2,459
B.2 Increases in internal intangible assets	X	2,487	-	-	-	2,487
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to the income statement	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	1,273	-	1,889	-	3,162
C. Decreases	**38,720**	**13,692**	**-**	**62,539**	**-**	**114,951**
C.1 Sales	-	-	-	-	-	-
- of which from business combinations	-	-	-	-	-	-
C.2 Write-downs/write-backs	38,716	470	-	7,586	-	46,772
- Amortisation	X	470	-	6,862	-	7,332
- Write-downs	38,716	-	-	724	-	39,440
+ shareholders' equity	X	-	-	-	-	-
+ income statement	38,716	-	-	724	-	39,440
C.3 Negative changes in fair value:	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to the income statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	4	13,222	-	54,953	-	68,179
D. Closing net balance	**33,731**	**6,448**	**-**	**24,102**	**-**	**64,281**
D.1 Total net write-downs/write-backs	-	2,403	-	28,765	-	31,168
E. Gross closing balance	**33,731**	**8,851**	**-**	**52,867**	**-**	**95,449**
F. Valuation at cost	**-**	**-**	**-**	**-**	**-**	**-**

Legend

DEF: definite useful life
INDEF: indefinite useful life

10.3 Other information

The following information is provided in accordance with IAS 38:

1. there are no revalued intangible assets nor impediments to the distribution of the related gains to shareholders;
2. there are no intangible assets acquired through government concession;
3. there are no intangible assets provided as a guarantee to secure own liabilities nor commitments to buy such assets;
4. there are no leases pertaining to intangible assets.

Section 11 - Tax assets and tax liabilities – Item 110 of assets and Item 60 of liabilities

11.1 Deferred tax assets: breakdown

Tax assets amounted to EUR 78.3 million as of 31 December 2024, down from the EUR 60.9 million recognised as of 31 December 2023. Details of the breakdown of tax assets are shown below.

Main deductible temporary differences: IRES	31 December 2024	31/12/2023
Write-down of loans and receivables with customers	414	772
Tax losses	24,938	384
ACE	-	-
Write-down of HTCS/FVOCI securities	9,736	13,542
Goodwill	26,929	32,326
Allowances for risks and charges	7,282	2,502
Others	403	589
Total	**69,702**	**50,115**

Main deductible temporary differences: IRAP	31 December 2024	31 December 2023
Write-down of loans and receivables with customers	51	95
Write-down of HTCS/FVOCI securities	1,972	2,743
Goodwill	5,389	6,463
Allowances for risks and charges	1,192	43
Others	40	1,461
Total	**8,644**	**10,804**

Deferred tax assets refer primarily to the effects of the exercise of the tax relief option on goodwill and other intangible assets recognised in the financial statements following extraordinary transactions and purchases of equity investments, of the write-downs recorded on the securities portfolio measured at fair value through other comprehensive income and of the tax losses recognised during the financial year.

Deferred tax assets other than those convertible into tax credits (Article 2, paragraph 55 et seq. of Italian Legislative Decree no. 225/2010) are recognised on the basis of the likelihood of earning taxable income in future years able to reabsorb the temporary differences, as provided for in IAS 12. In particular, the ability to recover deductible temporary differences and tax losses recognised at the reporting date was simulated with future taxable income based on the analytical data of the 2025-2028 Inertial Plan for the year on the goodwill and equity investment impairment tests, as well as their extension with inertial data for the 2029-2030 period. This analysis showed that future taxable income is such that the above-mentioned deferred tax assets will be fully recovered during 2030.

11.2 Deferred tax liabilities: breakdown

Tax liabilities, relating to deferred taxes, as of 31 December 2024 amounted to EUR 5.8 million, compared to EUR 3.2 million as of 31 December 2023.

Main taxable temporary differences: IRES	31 December 2024	31 December 2023
Value adjustment of FVOCI securities	1,226	91
Others	4,309	3,089
Total	**5,535**	**3,180**

Main taxable temporary differences: IRAP	31 December 2024	31 December 2023
Revaluations of FVOCI securities	248	19
Others	37	67
Total	**285**	**86**

Deferred tax liabilities are recognised to reflect the temporary differences between the book value of an asset or liability, and its fiscal value. This recognition takes place in accordance with current tax laws.

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

	Total 31 December 2024	Total 31 December 2023
1. Initial amount	**44,520**	**45,866**
2. Increases	**27,178**	**4,338**
2.1 Deferred tax assets recognised during the year	27,178	4,338
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) write-backs	-	-
d) others	27,178	4,338
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**5,195**	**5,684**
3.1 Deferred tax assets cancelled during the year	1,441	4,931
a) reversals	1,441	4,293
b) write-downs of non-recoverable items	-	-
a) related to previous years	-	343
d) others	-	295
3.2 Reductions in tax rates	-	-
3.3 Other reductions:	3,754	754
a) conversion into tax credits pursuant to Italian Law no. 214/2011	402	-
b) other	3,352	754
4. Final amount	**66,503**	**44,520**

With reference to changes in deferred tax assets with a balancing entry in the income statement, it should be noted that the following have been included:

- under decreases, transformed deferred tax assets of EUR 0.4 million;
- under other decreases, deferred tax assets charged on the tax loss for the year and used as receivables/payables from subsidiaries under the tax consolidation and tax transparency agreement of EUR 2.4 million;
- under increases, deferred tax assets relating to the economic components of the business transferred, reclassified pursuant to IFRS 5 under the item “profit/loss from discontinued operations net of taxes” of EUR 11.9 million.

11.4 Changes in deferred tax assets pursuant to Italian Law no. 214/2011

	Total 31 December 2024	Total 31 December 2023
1. Initial amount	**867**	**1,292**
2. Increases	**-**	**-**
3. Decreases	**402**	**425**
3.1 Reversals	-	425
3.2 Conversion into tax credits	-	-
a) arising from losses for the year	-	-
b) arising from tax losses	-	-
3.3 Other reductions	402	-
4. Final amount	**465**	**867**

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

	Total 31 December 2024	Total 31 December 2023
1. Initial amount	**1,094**	**31**
2. Increases	**1,590**	**1,143**
2.1 Deferred tax liabilities recognised during the year	-	1,143
a) related to previous years	-	412
b) due to changes in accounting criteria	-	-
c) other	62	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,528	731
3. Decreases	**12**	**80**
3.1 Deferred taxes derecognised during the year	-	-
a) reversals	12	80
b) due to changes in accounting criteria	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other reductions	-	-
4. Final amount	**2,672**	**1,094**

11.6 Changes in deferred tax assets (recognised in shareholders' equity)

	Total 31 December 2024	Total 31 December 2023
1. Initial amount	**16,399**	**24,898**
2. Increases	**27**	**13**
2.1 Deferred tax assets recognised during the year	27	13
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	27	13
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**4,583**	**8,512**
3.1 Deferred tax assets cancelled during the year	4,583	8,512
a) reversals	4,583	8,512
b) write-downs of non-recoverable items	-	-
c) due to changes in accounting criteria	-	-
d) others	-	-
3.2 Reductions in tax rates	-	-
3.3 Other reductions	-	-
4. Final amount	**11,843**	**16,399**

11.7 Changes in deferred taxes (recognised in shareholders' equity)

	Total 31 December 2024	Total 31 December 2023
1. Initial amount	**2,172**	**3,321**
2. Increases	**1,408**	**222**
2.1 Deferred tax liabilities recognised during the year	1,408	222
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	1,408	222
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**432**	**1,371**
3.1 Deferred taxes derecognised during the year	-	-
a) reversals	-	-
b) due to changes in accounting criteria	-	-
c) other	432	1,371
3.2 Reductions in tax rates	-	-
3.3 Other reductions	-	-
4. Final amount	**3,148**	**2,172**

11.8 Other information

Current taxes for the year and for prior years, where unpaid, are recognised as liabilities; any surplus paid in terms of an advance on the amount due, is recognised as an asset. The current tax liabilities (assets) for the current year and for prior years are determined at the value expected to be paid/recovered from the tax authorities, applying the current tax rates and regulations. Current tax assets and liabilities are derecognised in the year in which the assets are realised or the liabilities are discharged.

The tables below show the amounts of the current tax assets and liabilities.

Current tax assets: breakdown

Type of operations/Values	31 December 2024	31 December 2023
Deferred taxes paid to tax authority	22,360	689
Withholding taxes	1,030	18
Other tax receivables	1,065	1,130
Total	**24,455**	**1,837**

Current tax liabilities: breakdown

Main taxable temporary differences: IRAP	31 December 2024	31 December 2023
Balance for the previous year	21,704	32,629
Provision for taxes	1	21,704
Withdrawals to pay taxes	(21,704)	(32,629)
Total	**1**	**21,704**

Section 12 - Non-current assets held for sale and discontinued operations and associated liabilities – Item 120 of assets and Item 70 of liabilities

	Total 31 December 2024	Total 31 December 2023
A. Assets held for sale		
A.1 Financial assets	3,029	364,151
A.2 Equity investments	-	-
A.3 Property and equipment	-	-
of which: obtained by enforcement of guarantees received	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total (A)	**3,029**	**364,151**
of which measured at cost	3,029	364,151
of which measured at level 1 fair value	-	-
of which measured at level 2 fair value	-	-
of which measured at level 3 fair value	-	-
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property and equipment	-	-
of which: obtained by enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total (B)	**-**	**-**
of which measured at cost	-	-
of which measured at level 1 fair value	-	-
of which measured at level 2 fair value	-	-
of which measured at level 3 fair value	-	-
C. Liabilities associated with assets held for sale		
C.1 Payables	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total (C)	**-**	**-**
of which measured at cost	-	-
of which measured at level 1 fair value	-	-
of which measured at level 2 fair value	-	-
of which measured at level 3 fair value	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Funds	-	-
D.5 Other liabilities	-	-
Total (D)	**-**	**-**
of which measured at cost	-	-
of which measured at level 1 fair value	-	-
of which measured at level 2 fair value	-	-
of which measured at level 3 fair value	-	-

Section 13 - Other assets – Item 130

13.1 Other assets: breakdown

Items	31/12/2024	31/12/2023
Ecobonus tax credits	105,111	119,237
Miscellaneous items	65,515	37,822
Various borrowers	110,683	115,581
Items being processed	26,832	32,562
Accrued income and prepaid expenses	3,736	2,482
Leasehold improvements	1,915	1,965
Total	**313,792**	**309,649**

The item is largely composed of ecobonus tax credits, miscellaneous items and items being processed, linked to normal banking operations, which will be properly recorded in the days following their generation, and balances due from various borrowers.

LIABILITIES

Section 1 - Financial liabilities measured at amortised cost - Item 10

1.1 Financial liabilities measured at amortised cost: breakdown of amounts due to banks

Type of operations/Values	Total 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	**100,009**	X	X	X	**100,050**	X	X	X
2. Due to banks	**765,159**	X	X	X	**841,945**	X	X	X
2.1 Current accounts and on-demand deposits	3,199	X	X	X	10,172	X	X	X
2.2 Time deposits	147,354	X	X	X	38,387	X	X	X
2.3 Loans	580,345	X	X	X	783,319	X	X	X
2.3.1 Repurchase agreements - payable	580,333	X	X	X	783,319	X	X	X
2.3.2 Others	12	X	X	X	-	X	X	X
2.4 Liabilities in respect of commitments to repurchase equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	210	X	X	X	-	X	X	X
2.6 Other payables	34,051	X	X	X	10,067	X	X	X
Total	**865,168**	**-**	**-**	**865,168**	**941,995**	**-**	**-**	**941,995**

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The explanation of the criteria for determining fair value is reported in Part A – Accounting policies. Repurchase agreements payables against financial assets sold and not derecognised are detailed in Part E – Section E of the Explanatory Notes.

1.2 Financial liabilities measured at amortised cost: breakdown of amounts due to customers

Type of operations/Values	Total 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and on-demand deposits	1,323,640	X	X	X	779,750	X	X	X
2. Time deposits	3,261,172	X	X	X	3,567,950	X	X	X
3. Loans	722,112	X	X	X	139,202	X	X	X
3.1 Repurchase agreements - payable	488,419	X	X	X	-	X	X	X
3.2 Others	233,693	X	X	X	139,202	X	X	X
4. Debt for commitments to repurchase equity instruments	-	X	X	X	-	X	X	X
5. Payables for leases	25,037	X	X	X	26,844	X	X	X
6. Other payables	496	X	X	X	346	X	X	X
Total	**5,332,457**	**-**	**-**	**5,332,457**	**4,514,092**	**-**	**-**	**4,514,092**

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

1.3 Financial liabilities measured at amortised cost: breakdown of securities issued

Type of securities/Values	Total 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	1,051,867	851,185	-	184,508	611,741	594,669	-	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	1,051,867	851,185	-	184,508	611,741	594,669	-	-
2. other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	-	-	-	-	-	-	-	-
Total	**1,051,867**	**851,185**	**-**	**184,508**	**611,741**	**594,669**	**-**	**-**

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Securities issued amounted to EUR 1,051.9 million, an increase of EUR 440.1 million compared to the value at the end of the 2023 financial year due to bond issued in May in the amount of EUR 300 million and securities issued to third parties by certain consolidated securitisation vehicles, which amounted to EUR 184.5 million at the end of the financial year.

1.4 Detail of subordinated securities/debts

	31 December 2024	31 December 2023
B.1 Subordinated securities	**201,499**	**201,137**
- banks	-	-
- customers	201,499	201,137

1.6 Lease liabilities

At the reporting date, the Group had outstanding payables for leases totalling EUR 25.2 million, of which EUR 25 million were classified as payables due to customers and EUR 0.2 million as payables due to banks. The total payables for leases are broken down into EUR 23.5 million relating to the real estate component, EUR 1.5 million relating to the company car component and EUR 0.2 million relating to the long-term equipment rental component.

Section 2 - Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by product type

Type of operations/Values	Total 31/12/2024					Total 31/12/2023				
	NV	Fair Value			Fair Value	NV	Fair Value			Fair Value
		L1	L2	L3			L1	L2	L3	
A. Cash and cash equivalents liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Amounts due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Others	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial derivatives	-	-	45,107	-	-	-	-	19,476	-	-
1.1 Held for trading	X	-	45,107	-	X	X	-	19,476	-	X
1.2 Connected to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Others	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 Connected to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Others	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**45,107**	**-**	**X**	**X**	**-**	**19,476**	**-**	**X**
Total (A+B)	**X**	**-**	**45,107**	**-**	**X**	**X**	**-**	**19,476**	**-**	**X**

Key:

NV = Nominal value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Section 3 - Financial liabilities designated at fair value – Item 30

The Group does not hold such liabilities on the reporting date.

Section 4 - Hedging derivatives – Item 40

4.1 Hedging derivatives: breakdown by hedge type and level

	Fair Value 31/12/2024			NV 31 December 2024	Fair Value 31/12/2023			NV 31 December 2023
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value	-	43	-	20,000	-	19,770	-	497,100
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**43**	**-**	**20,000**	**-**	**19,770**	**-**	**497,100**

Key:
NV = Nominal value
L1 = Level 1
L2 = Level 2
L3 = Level 3

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

Operations/Hedge type	Fair Value							Cash flows		Foreign investments
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equity securities and share indices	currencies and gold	credit	goods	other				
1. Financial assets measured at fair value through other comprehensive income	43	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	-	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**43**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Expected 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 5 - Fair value change of financial liabilities in hedged portfolio – Item 50

The Group does not hold financial liabilities in hedged portfolio on the reporting date.

Section 6 - Tax liabilities – Item 60

For details of tax liabilities, see *Section 11 – Tax assets and tax liabilities – Item 110 of assets and Item 60 of liabilities*

Section 7 - Liabilities associated with non-current assets held for sale and discontinued operations – Item 70

The Group did not hold liabilities associated with non-current assets held for sale and discontinued operations at the balance sheet date.

Section 8 - Other liabilities – Item 80

8.1 Other liabilities: breakdown

Items	31/12/2024	31/12/2023
Miscellaneous items	86,351	54,027
Due to suppliers	29,671	40,601
Tax payables	40,502	27,787
Due to staff	5,704	22,468
Accrued expenses and deferred income	6,192	8,476
Due to social security and welfare bodies	4,365	4,252
Total	**172,785**	**157,611**

Other liabilities consist mainly of miscellaneous items and trade payables to suppliers, as well as tax payables.

With regard to tax payables, the increase was mainly due to higher withholding taxes on interest on savings deposits.

Section 9 - Employee severance pay – Item 90

Following the reforms to supplementary pensions in Italian legislative decree no. 252 of 5 December 2005, post-employment benefits accruing from 1 January 2007 can be allocated either to supplementary pension schemes or transferred to the INPS pension fund, at the employee's discretion. The provisions take into account the actuarial valuations.

9.1 Employee severance pay: annual changes

	Total 31 December 2024	Total 31 December 2023
A. Opening balance	**5,030**	**3,575**
B. Increases	**1,492**	**2,480**
B.1 Provision for the year	873	1,116
B.2 Other changes	619	1,364
- of which from business combinations	-	25
C. Decreases	**1,856**	**1,025**
C.1 Payments made	401	230
C.2 Other changes	1,455	795
- of which from business combinations	-	-
D. Closing balance	**4,666**	**5,030**
Total	**4,666**	**5,030**

The following criteria were used to calculate the employee severance pay for IAS purposes:

SUMMARY OF TECHNICAL ECONOMIC ASSUMPTIONS

	31 December 2024	31 December 2023
Annual discount rate	3.61%	3.36%
Annual inflation rate	2.00%	2.00%
Annual rate of employee severance pay increase	3.00%	3.00%
Annual rate of salary increase	1.00%	1.00%

It should be noted that:

- the annual discount rate used to determine the current value of the obligation is taken, in accordance with paragraph 83 of IAS 19, from the Iboxx Corporate A index with a duration of 10+ as recorded on the measurement date. The yield with a comparable duration to that of the collective body of workers being valued was chosen for this purpose;
- the annual rate of increase in employee severance pay as provided for in Article 2120 of the Italian civil code is 75% of inflation +1.5 percentage points;

The technical demographic assumptions used are illustrated below.

SUMMARY OF TECHNICAL DEMOGRAPHIC ASSUMPTIONS

Death	ISTAT 2022
Incapacity	INPS tables by age and gender
Retirement	100% on reaching the AGO requirements

9.2 Other information

With regard to the additional information required pursuant to IAS 19, for post-employment defined-benefit plans, please see the paragraph in Section B - Explanatory Notes of the parent company, illimity Bank S.p.A. – Section 9 – Employee severance pay – Item 90 - "9.2 Other Information".

Section 10 - Allowances for risks and charges – Item 100

10.1 Allowances for risks and charges: breakdown

Items/Components	Total 31 December 2024	Total 31 December 2023
1. Allowances for credit risk relating to commitments and financial guarantees given	2,290	5,374
2. Provisions for other commitments and guarantees issued	-	-
3. Post-employment benefits	46	37
4. Other provisions for risks and charges	22,786	2,849
4.1 legal and tax disputes	1,492	1,661
4.2 staff cost	642	1,148
4.3 others	20,652	40
Total	**25,122**	**8,260**

10.2 Allowances for risks and charges: annual changes

	Provisions for other commitments and guarantees issued	Pension/ retirement funds	Other provisions for risks and charges	Total
A. Opening balance	**-**	**37**	**2,849**	**2,886**
B. Increases	**-**	**9**	**20,786**	**20,795**
B.1 Provision for the year	-	-	20,572	20,572
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to variations in the discount rate	-	-	-	-
B.4 Other changes	-	9	214	223
- of which from business combinations	-	-	-	-
C. Decreases	**-**	**-**	**849**	**849**
C.1 Utilisations for the year	-	-	808	808
C.2 Changes due to variations in the discount rate	-	-	-	-
C.3 Other changes	-	-	41	41
- of which from business combinations	-	-	-	-
D. Closing balance	**-**	**46**	**22,786**	**22,832**

10.3 Allowances for credit risk relating to commitments and financial guarantees given

	Allowances for credit risk relating to commitments and financial guarantees given				
	Stage one	Stage two	Stage three	Purchased or originated impaired	Total
Commitments to disburse funds	607	54	-	1,282	1,943
Financial guarantees issued	236	106	5	-	347
Total	**843**	**160**	**5**	**1,282**	**2,290**

10.4 Provisions for other commitments and guarantees issued

The Group does not make any provision for other commitments and guarantees issued as of the reporting date.

10.5 Defined-benefit pension funds

Company post-employment benefits, amounting to EUR 46 thousand, refer to the supplementary benefits of agents of Group companies.

10.6 Provisions for risks and charges – other provisions

This item mainly includes a provision of about EUR 20.4 million for potential risks related to the signing of contractual agreements defined in previous years.

Section 11 - Insurance liabilities – Item 110

The Group does not conduct insurance business.

Section 12 - Redeemable shares – Item 130

The Group does not hold redeemable shares as of the reporting date.

Section 13 - Group's shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180

13.1 "Capital" and "Treasury shares": breakdown

As of 31 December 2024, the Bank's share capital amounted to EUR 54,789,379.31, fully subscribed and paid up, divided into 84,067,808 ordinary shares, without indication of the par value.

As of 31 December 2024, the Bank held 1,054,191 treasury shares for a value of EUR 5.4 million, up from the amount recorded as of 31 December 2023, following the implementation of the programme to purchase treasury shares to service the Group's incentive schemes. The Bank's subsidiaries do not hold any shares in it.

13.2 Capital - Number of parent company shares: annual changes

Items/Type	Ordinary	Others
A. Shares as of the beginning of the year	**83,827,885**	**-**
- fully paid-up	83,916,330	-
- not fully paid-up	-	-
A.1 Treasury shares (-)	(88,445)	-
A.2 Shares outstanding: initial balance	**83,827,885**	**-**
B. Increases	**151,478**	**-**
B.1 New issues	-	-
- against payment:	-	-
- bonds converted	-	-
- warrants exercised	-	-
- other	-	-
- free:	-	-
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	151,478	-
C. Decreases	**965,746**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	965,746	-
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Shares outstanding: closing balance	**83,013,617**	**-**
D.1 Treasury shares (+)	1,054,191	-
D.2 Shares existing at the end of the year	84,067,808	-
- fully paid-up	84,067,808	-
- not fully paid-up	-	-

13.3 Capital: other information

See Part B - Explanatory Notes of the parent company illimity Bank S.p.A. – Section 12 – Bank assets – Items 110, 130, 140, 150, 160, 170 and 180 – "12.3 Capital: other information", which is fully disclosed here.

13.4 Profit reserves: other information

	Balance as of 31/12/2024
Legal reserve	10,938
Extraordinary reserve	10,209
Other Provisions	216,769
Total	**237,916**

13.5 Equity instruments: breakdown and annual changes

The Group does not hold equity instruments.

13.6 Other information

Basic and diluted profit (loss) per consolidated share

(amounts in thousands of euros)

Basic earnings (losses) per share	Net profit/loss for the year	Average number of shares	Basic earnings (losses) per share
Year ended 31 December 2024	(38,400)	83,375,041	(0.46)
Year ended 31 December 2023	104,400	83,712,134	1.25

(amounts in thousands of euros)

Diluted earnings (losses) per share	Net profit/loss for the year	Average number of shares	Diluted earnings (losses) per share
Year ended 31 December 2024	(38,400)	83,996,655	(0.46)
Year ended 31 December 2023	104,400	85,470,710	1.22

The table below gives a reconciliation of the shareholders' equity and the result of illimity Bank S.p.A. with the respective data for the Group as of 31 December 2024:

	Shareholders' equity	Result
illimity Bank S.p.A.	**836,739**	**(103,957)**
Effect of consolidation of subsidiaries	16,806	-
Result of subsidiaries	(11,810)	(11,810)
Consolidation adjustments	70,265	76,560
Dividends	-	-
Effect of measuring associates and joint ventures using the equity method	(17,799)	807
Group	**894,201**	**(38,400)**

In the 2024 financial year, the Bank recorded write-downs in respect of certain investments in subsidiaries as well as jointly controlled companies recorded in its balance sheet assets, and in respect of financial receivables due from the same subsidiaries which led to the write-down of equity interests.

The sterilisation of these effects at consolidated level, as well as the value adjustment of the book value (only for the purposes of the consolidated financial statements) of the residual interest in AltermAInd following the sale of 52% of the company, constitute the main reasons for the difference between the net profit of illimity Bank S.p.A. and the consolidated profit attributable to the Parent Company for the year 2024.

Section 14 - Equity of minority interests – Item 190

Company names	Total 31 December 2024	Total 31 December 2023
Investments in consolidated subsidiaries with significant minority interests	-	-
Other equity investments	5,289	5,611
Total	**5,289**	**5,611**

Other information

1. Commitments and financial guarantees issued

	Nominal value on commitments and financial guarantees given				Total 31 December 2024	Total 31 December 2023
	Stage one	Stage two	Stage three	Purchased or originated impaired		
1. Commitments to disburse funds	**269,936**	**4,741**	**277**	**30,900**	**305,854**	**281,966**
a) Central banks	-	-	-	-	-	-
b) Public administrations	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial companies	158,258	-	54	-	158,312	149,825
e) Non-financial companies	109,936	4,707	183	29,825	144,651	128,038
f) Households	1,742	34	40	1,075	2,891	4,102
2. Financial guarantees issued	**22,887**	**3,496**	**130**	**10,130**	**36,643**	**41,118**
a) Central banks	-	-	-	-	-	-
b) Public administrations	-	-	-	-	-	-
c) Banks	84	-	-	-	84	84
d) Other financial companies	-	-	-	-	-	-
e) Non-financial companies	22,784	3,496	130	8,199	34,609	39,728
f) Households	19	-	-	1,931	1,950	1,306

2. Other commitments and guarantees issued

	Nominal value Total 31 December 2024	Nominal value Total 31 December 2023
1. Other guarantees issued		
of which: non-performing loans	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
2. Other commitments		
of which: non-performing loans	841	2,687
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	12,589	12,589
e) Non-financial companies	21,214	24,357
f) Households	33	-

3. Assets given as collateral for own liabilities and commitments

Portfolios	Amount 31 December 2024	Amount 31 December 2023
1. Financial assets measured at fair value through profit or loss	-	79,612
2. Financial assets measured at fair value through other comprehensive income	685,984	281,654
3. Financial assets measured at amortised cost	1,195,084	1,258,651
4. Property and equipment	-	-
of which: Property and Equipment held as inventories	-	-

4. Administration and brokerage for third parties

Type of service	Amount
1. Execution of orders for customers	**-**
a) purchases	-
1. settled	-
2. not settled	-
b) sales	-
1. settled	-
2. not settled	-
2. Portfolio management	**-**
a) individual	-
b) collective	-
3. Custody and administration of securities	**5,653,687**
a) third-party securities held in deposit: relating to depositary bank activities (excluding portfolio management)	-
1. securities issued by companies included in the consolidation	-
2. other securities	-
b) third party securities deposited (excluding portfolio management): others	-
1. securities issued by companies included in the consolidation	-
2. other securities	12,817
c) third party securities deposited with third parties	951,194
d) proprietary securities deposited with third parties	4,689,676
4. Other transactions	**-**

5. Assets subject to offsetting in financial statements, or subject to master netting agreements or similar agreements

Technical formats	Gross amount of financial assets (a)	Amount of financial liabilities offset in the financial statements (b)	Net amount of financial assets reported in the financial statements (c=a-b)	Related amounts not offset in the financial statements		Net amount (f=c-d-e) 31 December 2024	Net amount 31 December 2023
				Financial instruments (d)	Cash deposits received as guarantees (e)		
1. Derivatives	183,238	-	183,238	-	183,238	-	-
2. Repurchase agreements	39,923	-	39,923	39,923	-	-	-
3. Loan of securities	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total 31/12/2024	**223,161**	**-**	**223,161**	**39,923**	**183,238**	**-**	**X**
Total 31/12/2023	**131,929**	**-**	**60,788**	**-**	**60,788**	**X**	**-**

6. Financial liabilities subject to offsetting in financial statements, or subject to master netting agreements and or similar agreements

Technical formats	Gross amount of financial liabilities (a)	Amount of financial assets offset in the financial statements (b)	Net amount of financial liabilities reported in the financial statements (c=a-b)	Related amounts not offset in the financial statements		Net amount (f=c-d-e) 31 December 2024	Net amount 31 December 2023
				Financial instruments (d)	Cash deposits as guarantees (e)		
1. Derivatives	50,868	-	50,868	-	50,869	-	-
2. Repurchase agreements	1,068,753	-	1,068,753	1,068,753	-	-	-
3. Loan of securities	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-
Total 31/12/2024	**1,119,621**	**-**	**1,119,621**	**1,068,753**	**50,869**	**-**	**X**
Total 31/12/2023	**832,620**	**-**	**832,620**	**783,319**	**49,301**	**X**	**-**

Since 1 January 2013, the changes to IFRS 7 concerning disclosures on set-off agreements, as approved with Regulation no. 1256 of 13 December 2012, came into mandatory application. IFRS 7 requires specific disclosures to be given about financial instruments that have been offset in the balance sheet under IAS 32, and which can potentially be offset under certain conditions, but presented in the statement of financial position with opening balances as they are regulated by “master netting agreements or similar” which do not however meet the criteria of IAS 32 to make the set off in the financial statements.

In providing *disclosures* of these agreements, the standard also requires that consideration be given to the effects of the financial collaterals (including guarantees in cash) received and given.

7. Securities lending transactions

There are no securities lending transactions at the reporting date.

9. Disclosure on joint control activities

From the 2021 financial year, Hype S.p.A. falls within the illimity Group's scope of consolidation using the equity method, pursuant to the Bank's 50% stake in the company.

The information pursuant to IFRS 12, paragraphs 3 and 21 a), is provided in sections 7.1 and 7.3 of part B (balance sheet - assets) of these Explanatory Notes.

PART C – INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 - Interest – Items 10 and 20

1.1 Interest income and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31 December 2024	Total 31 December 2023
1. Financial assets measured at fair value through profit or loss:	2,814	92	-	2,906	779
1.1 Financial assets held for trading	-	-	-	-	77
1.2 Financial assets at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	2,814	92	-	2,906	702
2. Financial assets measured at fair value through other comprehensive income	21,246	-	X	21,246	10,726
3. Financial assets measured at amortised cost:	110,323	281,216	-	391,539	349,358
3.1 Due from banks	589	15,176	X	15,765	15,762
3.2 Loans to customers	109,734	266,040	X	375,774	333,596
4. Hedging derivatives	X	X	13,944	13,944	32,089
5. Other assets	X	X	4,527	4,527	3,130
6. Financial liabilities	X	X	X	1,141	1,209
Total	**134,383**	**281,308**	**18,471**	**435,303**	**397,291**
of which: interest income on impaired assets	12,518	64,189	-	76,707	127,619
of which: interest income on finance leasing	X	1,040	X	1,040	1,237

1.2 Interest income and similar income: other information

1.2.1 Interest income on assets denominated in foreign currency

Items/Values	31 December 2024	31 December 2023
Interest income on financial assets denominated in foreign currency	1,203	4,091

1.3 Interest expenses and similar charges: breakdown

Items/Technical forms	Debt	Securities	Other transactions	Total 31 December 2024	Total 31 December 2023
1. Financial liabilities measured at amortised cost	(213,374)	(48,663)	X	(262,037)	(168,890)
1.1 Amounts due to central banks	(37)	X	X	(37)	(2,464)
1.2 Amounts due to banks	(45,757)	X	X	(45,757)	(35,799)
1.3 Amounts due to customers	(167,580)	X	X	(167,580)	(93,726)
1.4.	X	(48,663)	X	(48,663)	(36,901)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	(533)	(533)	-
5. Hedging derivatives	X	X	(13,701)	(13,701)	(32,909)
6. Financial assets	X	X	X	(460)	(928)
Total	**(213,374)**	**(48,663)**	**(14,234)**	**(276,731)**	**(202,727)**
of which: interest expense relative to leasing liabilities	(1,753)	X	X	(1,753)	(1,771)

1.4 Interest expenses and similar charges: other information

1.4.1 Interest expense on liabilities denominated in foreign currency

As at 31 December 2024, no interest expense on foreign currency liabilities was recognised.

1.5 Differentials arising from hedging transactions

Items	Total 31 December 2024	Total 31 December 2023
A. Positive differentials arising from hedging transactions	13,944	32,089
B. Negative differentials arising from hedging transactions	(13,701)	(32,909)
C. Balance (A-B)	**243**	**(820)**

Section 2 - Fees and commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

Type of service/Values	Total 31 December 2024	Total 31 December 2023
a) Financial instruments	-	100
1. Placement of securities	-	100
1.1 With underwriting and/or on the basis of an irrevocable commitment	-	-
1.2 Without an irrevocable commitment	-	100
2. Receipt and transmission of orders and execution of orders for customers	-	-
2.1 Receipt and transmission of orders of one or more financial instruments	-	-
2.2 Execution of orders for customers	-	-
3. Other fees and commissions connected with activities related to financial instruments	-	-
of which: proprietary trading	-	-
of which: individual portfolio management	-	-
b) Corporate Finance	3,909	3,653
1. Consultancy on mergers and acquisitions	-	-
2. Treasury services	-	-
3. Other fees and commissions connected with corporate finance services	3,909	3,653
c) Investment consultancy activities	-	-
d) Netting and settlement	-	-
e) Collective portfolio management	6,403	5,569
f) Custody and administration	-	-
1. Custodian bank	-	-
2. Other fees and commissions related to custody and administration activities	-	-
g) Central administrative services for collective portfolio management	-	-
h) Fiduciary activities	-	-
i) Payment services	3,510	1,695
1. Current accounts	2,294	777
2. Credit cards	755	634
3. Debit cards and other payment cards	93	104
4. Bank transfers and other payment orders	170	140
5. Other fees and commissions related to payment services	198	40
j) Distribution of third party services	178	134
1. Collective portfolio management	-	-
2. Insurance products	8	2
3. Other products	170	132
of which: individual portfolio management	-	-
k) Structured finance	-	-
l) Servicing activities for securitisation operations	23,166	18,108
m) Commitments to disburse funds	-	-
n) Financial guarantees issued	1,260	1,298
of which: credit derivatives	-	-
o) Loan operations	41,119	37,060
of which: for factoring operations	9,358	9,435
p) Currency trading	62	56
q) Goods	-	-
r) Other fee and commission income	12,475	14,415
of which: for management of multilateral trading systems	-	-
of which: for management of organised trading systems	-	-
Total	**92,082**	**82,088**

The item "r) Other fee and commission income" refers primarily to commissions deriving from the specific business of the Group companies Abilio, Quimmo Agency, Quimmo Prestige Agency and Industrial Discount – and, in particular, commissions from auctions and associated services accrued for the use of the companies' property portals as well as commissions from Ecobonus (operations carried out by the Bank).

2.2 Fee and commission expenses: breakdown

Type of service/Values	Total 31 December 2024	Total 31 December 2023
a) Financial instruments	-	-
of which: trading in financial instruments	-	-
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- Proprietary	-	-
- Delegated to third parties	-	-
b) Netting and settlement	-	-
c) Collective portfolio management	-	-
1. Proprietary	-	-
2. Delegated to third parties	-	-
d) Custody and administration	(945)	(356)
e) Collection and payment services	(2,468)	(2,009)
of which: credit cards, debit cards and other payment cards	(1,976)	(1,709)
f) Servicing activities for securitisation operations	(95)	(103)
g) Commitments to receive funds	-	-
h) Financial guarantees received	(210)	(81)
of which: credit derivatives	-	-
i) Off-site distribution of financial instruments, products and services	-	-
j) Currency trading	-	-
k) Other fee and commission expense	(6,769)	(5,287)
Total	**(10,487)**	**(7,836)**

Section 3 - Dividends and similar income – Item 70

Items/Income	Total 31/12/2024		Total 31/12/2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	-	255	-	45
C. Financial assets measured at fair value through other comprehensive income	-	2	-	-
D. Equity investments	-	-	-	-
Total	**-**	**257**	**-**	**45**

Section 4 - Net profit of trading activity – Item 80

4.1 Net profit of trading activity: breakdown

Transaction/Income items	Capital gains (A)	Profits from trading (B)	Losses (C)	Losses from trading (D)	Net profit/ loss [(A+B)-(C+D)]
1. Financial assets held for trading	**7**	**-**	**-**	**-**	**7**
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 UCITS units	7	-	-	-	7
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	-	-	-	-	-
3. Financial assets and liabilities: foreign exchange differences	**-**	**-**	**-**	**-**	**5,523**
4. Derivatives	**47,291**	**51,254**	**(41,117)**	**(48,564)**	**3,474**
4.1 Financial derivatives:	47,291	51,254	(41,117)	(48,564)	3,474
- On debt securities and interest rates	47,291	51,254	(41,117)	(48,564)	8,864
- On equity securities and share indices	-	-	-	-	-
- On currencies and gold	-	-	-	-	(5,390)
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedging related to the fair value option	-	-	-	-	-
Total	**47,298**	**51,254**	**(41,117)**	**(48,564)**	**9,004**

Section 5 - Net profit (loss) in hedge accounting – Item 90

5.1 Net profit (loss) in hedge accounting: breakdown

Income items/Amounts	Total 31 December 2024	Total 31 December 2023
A. Income relating to:		
A.1 Fair value hedging derivatives	16,372	63,657
A.2 Hedged financial assets (fair value)	7,949	31,770
A.3 Hedged financial liabilities (fair value)	208	11,876
A.4 Cash flow hedging derivatives	-	-
A.5 Assets and liabilities in foreign currency	-	-
Total income from hedging (A)	**24,529**	**107,303**
B. Costs relating to:		
B.1 Fair value hedging derivatives	(8,158)	(56,355)
B.2 Hedged financial assets (fair value)	(4,309)	(20,540)
B.3 Hedged financial liabilities (fair value)	(11,805)	(30,794)
B.4 Cash flow hedging derivatives	-	-
B.5 Assets and liabilities in foreign currency	-	-
Total costs from hedging (B)	**(24,272)**	**(107,689)**
C. Net profit (loss) in hedge accounting (A - B)	**257**	**(386)**
of which: result of hedging of net positions	-	-

Section 6 - Profits (Losses) on disposal/repurchase – Item 100

6.1 Profits (Losses) on disposal/repurchase: breakdown

Item/Income item	Total 31/12/2024			Total 31/12/2023		
	Profit	Loss	Net profit/ loss	Profit	Loss	Net profit/ loss
Financial assets						
1. Financial assets measured at amortised cost	4,389	(1,352)	3,037	30,788	(30,919)	(131)
1.1 Due from banks	-	-	-	-	-	-
1.2 Loans to customers	4,389	(1,352)	3,037	30,788	(30,919)	(131)
2. Financial assets measured at fair value through other comprehensive income	1,934	(1,422)	512	1,960	(2,684)	(724)
2.1 Debt securities	1,934	(1,422)	512	1,960	(2,684)	(724)
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**6,323**	**(2,774)**	**3,549**	**32,748**	**(33,603)**	**(855)**
Financial liabilities measured at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**
1. Due to banks	-	-	-	-	-	-
2. Amounts due to customers	-	-	-	-	-	-
3. Securities issued	-	(20)	(20)	-	-	-
Total liabilities (B)	**-**	**(20)**	**(20)**	**-**	**-**	**-**

Section 7 - Net profit (loss) on other financial assets and liabilities measured at *fair value* through profit or loss – Item 110

7.1 Profit (loss) on other financial assets and liabilities measured at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

Group did not record any profits (or losses) from such financial assets or liabilities at fair value in 2024.

7.2 Profit (loss) on other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transaction/Income items	Capital gains (A)	Realised profits (B)	Losses (C)	Losses on disposal (D)	Net profit/ loss [(A+B)-(C+D)]
1. Financial assets	**7,816**	**4,767**	**(8,880)**	**-**	**3,703**
1.1 Debt securities	1	-	(2,352)	-	(2,351)
1.2 Equity instruments	202	4,767	-	-	4,969
1.3 UCITS units	3,669	-	(6,400)	-	(2,731)
1.4 Loans	3,944	-	(128)	-	3,816
2. Financial assets: foreign exchange differences	**-**	**-**	**-**	**-**	**-**
Total	**7,816**	**4,767**	**(8,880)**	**-**	**3,703**

Section 8 – Net losses/recoveries for credit risk – Item 130

8.1 Net losses/recoveries for credit risk relating to financial assets measured at amortised cost: breakdown

Transaction/Income items	Write-downs (1)						Write-backs (2)				Total 31 December 2024	Total 31 December 2023
	Stage one	Stage two	Stage three		Purchased or originated impaired		Stage one	Stage two	Stage three	Purchased or originated impaired		
			Write-offs	Others	Write-offs	Others						
A. Due from banks	**(180)**	**-**	**-**	**-**	**-**	**-**	**66**		**-**	**-**	**(114)**	**(84)**
- Loans	(150)	-	-	-	-	-	66	-	-	-	(84)	(84)
- Debt securities	(30)	-	-	-	-	-	-	-	-	-	(30)	-
B. Loans to customers	**(11,123)**	**(107,428)**	**-**	**(32,677)**	**-**	**(170,986)**	**64,003**	**1,866**	**3,839**	**127,499**	**(125,007)**	**65,760**
- Loans	(8,104)	(9,491)	-	(30,360)	-	(170,986)	62,337	1,866	3,152	125,914	(25,672)	49,438
- Debt securities	(3,019)	(97,937)	-	(2,317)	-	-	1,666	-	687	1,585	(99,335)	16,322
Total	**(11,303)**	**(107,428)**	**-**	**(32,677)**	**-**	**(170,986)**	**64,069**	**1,866**	**3,839**	**127,499**	**(125,121)**	**65,676**

The sub-item "purchased or originated *impaired* financial assets" refers to the amount of write-downs/write-backs of loans classified as purchased or originated *impaired* loans as a result of receipts or revisions of business plans.

Write-downs/write-backs related to financial assets classified in the first and second stages include write-downs determined as a result of the Asset Quality Review process involving certain securitisation notes that were transformed into the Bank's assets. In addition to these write-downs, there are impairment losses recognised as a result of new information regarding the potential outcome of a dispute affecting the valuation of a specific senior securitisation note, which resulted in the entire senior note being moved from Stage 1 to Stage 2 with an impact on the overall securitisation transaction in terms of *Expected Credit Loss*.

8.2 Net losses/recoveries for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transaction/Income items	Write-downs (1)						Write-backs (2)				Total 31 December 2024	Total 31 December 2023
	Stage one	Stage two	Stage three		Purchased or originated impaired		Stage one	Stage two	Stage three	Purchased or originated impaired		
	Write-offs	Others	Write-offs	Others	Write-offs	Others						
A. Debt securities	(813)	(313)	-	-	-	-	614	-	897	-	385	(130)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- To customers	-	-	-	-	-	-	-	-	-	-	-	-
- To banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(813)**	**(313)**	**-**	**-**	**-**	**-**	**614**	**-**	**897**	**-**	**385**	**(130)**

Section 9 - Profits/losses on changes in contracts without derecognition – Item 140

No profits or losses on changes in contracts without derecognition were recognised as of 31 December 2024.

Section 10 - Profit (loss) from insurance services – Item 160

The Group does not conduct insurance business.

Section 11 - Balance of financial revenues and costs relating to insurance management – Item 170

The Group does not conduct insurance business.

Section 12 - Administrative expenses – Item 190

12.1 Staff expenses: breakdown

Type of expense/Amount	Total 31 December 2024	Total 31 December 2023
1) Employees	(67,618)	(93,928)
a) wages and salaries	(49,821)	(48,044)
b) social security contributions	(11,802)	(11,836)
c) provision for employee severance pay	-	-
d) pension costs	-	-
e) provision for employee severance pay	(1,564)	(1,713)
f) provision for post-employment benefits and similar provisions:	(172)	(142)
- defined contribution	(172)	(142)
- defined benefits	-	-
g) payments to external supplementary pension funds:	(1,683)	(1,391)
- defined contribution	(1,683)	(1,391)
- defined benefits	-	-
h) costs related to share-based payments	3,636	(1,496)
i) other employee benefits	(6,212)	(29,306)
2) Other staff in service	(1,238)	(1,123)
3) Directors and statutory auditors	(3,196)	(3,017)
4) Retired staff	-	-
Total	**(72,052)**	**(98,066)**

12.2 Average number of employees per category

Job level	2024
a) senior managers	82
b) middle managers	386
c) other employees	445
Total employees	**913**
Other staff	**54**

12.3 Defined-benefit pension funds: costs and revenues

This item includes the provision for post-employment benefits for supplementary benefits of agents of a Group company.

12.4 Other employee benefits

The other benefits to employees mainly relate to remunerated benefits, canteen vouchers and various insurance policies.

12.5 Other administrative expenses: breakdown

Type of expense/Amount	31/12/2024	31/12/2023
Insurance	(4,385)	(3,506)
Various consulting services	(10,458)	(12,091)
Sundry contributions	(7,523)	(7,899)
Cost of services	(4,824)	(5,901)
Financial information	(5,504)	(4,422)
Adverts and advertising	(2,820)	(5,817)
Financial statement audit	(1,248)	(1,213)
IT and software expenses	(6,071)	(7,835)
Legal and notary's fees	(7,056)	(9,536)
Property management expenses	(4,450)	(4,036)
Expenses for professional services	(9,783)	(13,876)
Utilities and services	(386)	(975)
Other indirect taxes and duties	(11,717)	(10,951)
Others	(4,678)	(6,143)
Total	**(80,903)**	**(94,201)**

Section 13 – Net allocations to allowances for risks and charges – Item 200

13.1 Net provisions for credit risk relating to commitments to disburse funds and financial guarantees given: breakdown

Items/Values	Write-downs/write-backs			Recoveries			Total
	Stage one and Stage two	Stage three	Impaired	Stage one and Stage two	Stage three	Impaired	
Guarantees issued	(342)	(4)	-	316	-	-	(30)
Irrevocable commitments to disburse funds	(398)	-	(771)	314	-	3,949	3,094
Total 31/12/2024	**(740)**	**(4)**	**(771)**	**630**	**-**	**3,949**	**3,064**
Total 31/12/2023	**(761)**	**-**	**(3,381)**	**154**	**-**	**3,477**	**(511)**

13.2 Net provisions relating to other commitments and guarantees issued: breakdown

The Group did not make any net provisions relating to other commitments and guarantees issued over the course of the year.

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

The item "net allocations to allowances for risks and charges", which has a negative balance of EUR 20,578 thousand (compared with a negative balance of EUR 272 thousand as of 31 December 2023), includes provisions for legal disputes for the year, as well as other risks and charges. For further details, please refer to the Explanatory Notes, Part B, Section 10 of the liabilities side of the balance sheet.

Section 14 - Net value adjustments/recoveries on property and equipment – Item 210

14.1. Net adjustments/recoveries on property and equipment: breakdown

Asset/Income items	Amortisation (a)	Write-downs/ write-backs for impairment (b)	Recoveries (c)	Net profit/loss (a + b - c)
A. Property and equipment				
1. Used in the business	(4,886)	-	-	(4,886)
- Owned	(504)	-	-	(504)
- Rights of use acquired through lease agreements	(4,382)	-	-	(4,382)
2. Held for investment purposes	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through lease agreements	-	-	-	-
3. Inventories	X	(1,819)	-	(1,819)
Total	**(4,886)**	**(1,819)**	**-**	**(6,705)**

Section 15 - Net value adjustments/recoveries on intangible assets – Item 220

15.1 Net write-downs/write-backs on intangible assets: breakdown

Asset/Income items	Amortisation (a)	Write-downs/ write-backs for impairment (b)	Recoveries (c)	Net profit/loss (a + b – c)
A. Intangible assets				
of which: software	(5,558)	(684)	-	(6,242)
A.1 Owned	(7,332)	(724)	-	(8,056)
- Generated internally by the company	(470)	-	-	(470)
- Other	(6,862)	(724)	-	(7,586)
A.2 Rights of use acquired through lease agreements	-	-	-	-
B. Assets held for sale	-	-	-	-
Total	**(7,332)**	**(724)**	**-**	**(8,056)**

Section 16 - Other operating expenses and income – Item 230

16.1 Other operating expenses: breakdown

Items/Technical forms	31 December 2024	31 December 2023
Amortisation of expenses for leasehold improvements	(190)	(232)
Other operating expenses	(1,791)	(8,143)
Total	**(1,981)**	**(8,375)**

In the year 2023, other operating expenses included non-recurring adjustments relating to trade receivables for approximately EUR 4.3 million. Net of this transaction, other operating expenses decreased by approximately EUR 2 million.

16.2 Other operating income: breakdown

Items/Technical forms	31 December 2024	31 December 2023
Recoveries of expenses from other customers	8,839	6,260
Other income	8,315	59,512
Rental income	2,269	2,986
Total	**19,423**	**68,758**

The decrease in other operating income mainly resulted from the commercial agreement with the Engineering Group for EUR 54 million recognised in the second quarter of 2023 year. Net of this transaction, therefore, the change would have been a positive EUR 4.7 million and mainly related to the recovery of expenses from other customers and other income.

Section 17 - Profits (losses) on equity investments – Item 250

17.1 Profits (losses) on equity investments: breakdown

Income items/Sectors	Total 31 December 2024	Total 31 December 2023
1) Jointly controlled companies		
A. Income	604	-
1. Revaluations	604	-
2. Gains on disposal	-	-
3. Recoveries	-	-
4. Other income	-	-
B. Costs	-	(3,102)
1. Write-downs	-	(3,102)
2. Write-downs/write-backs for impairment	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net profit/loss	**604**	**(3,102)**
2) Companies in which significant influence is exercised		
A. Income	203	119
1. Revaluations	203	119
2. Gains on disposal	-	-
3. Recoveries	-	-
4. Other income	-	-
B. Costs	-	(510)
1. Write-downs	-	(510)
2. Write-downs/write-backs for impairment	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net profit/loss	**203**	**(391)**
Total	**807**	**(3,493)**

Section 18 - Net profit (loss) on the measurement at fair value of property and equipment and intangible assets – Item 260

The Group did not hold property and equipment and intangible assets measured at fair value during the year.

Section 19 - Goodwill impairment – Item 270

The balance of the item as of 31 December 2024 was negative EUR 38,716 thousand. This item refers to the write-offs made on the goodwill arising from the SPAXS business combination with Banca Interprovinciale (amounting to EUR 21.6 million), as well as on the goodwill recognised on the acquisition of IT Auction (now Abilio and Industrial Discount) and its subsidiaries in the 2020 financial year (amounting to EUR 14.6 million), recorded after the impairment test carried out in accordance with IAS 36. It should be noted that as part of the impairment test, the provisional difference of EUR 2.5 million arising from the Purchase Price Allocation following the acquisition of the remaining 51% of SpicyCo's share capital, which had been provisionally recognised as goodwill in the third quarter of 2024, was fully adjusted.

For more details on the impairment test, please refer to Part B, Section 10 of these Explanatory Notes.

Section 20 - Profits (losses) on disposal of investments – Item 280

20.1 Profits (losses) on disposal: breakdown

Income items/Sectors	Total 31 December 2024	Total 31 December 2023
A. Property	1,252	994
- Gains on disposal	1,252	1,001
- Losses on disposal	-	(7)
B. Other assets	-	-
- Gains on disposal	-	-
- Losses on disposal	-	-
Net profit/loss	**1,252**	**994**

Section 21 - Income tax for the year on continuing operations – Item 300

21.1 Income tax for the year on continuing operations: breakdown

Income items/Sectors	Total 31 December 2024	Total 31 December 2023
1. Current tax (-)	(3,112)	(47,657)
2. Adjustment to current taxes for prior years (+/-)	4,117	2,139
3. Reduction of current taxes for the year (+)	-	-
3.bis Reduction of current tax for the year due to tax credits (Italian Law 214/2011 (+))	-	-
4. Change in deferred tax assets (+/-)	12,892	(10,976)
5. Change in deferred taxes (+/-)	(1,578)	(1,063)
6. Tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**12,319**	**(57,557)**

Positive income tax for the year amounted to EUR 12.3 million, broken down as follows: an expense of EUR 3.1 million relating to current taxes and substitute taxes, an income of EUR 4.1 million relating to current taxes for the previous financial year and primarily resulting from the application of the "Patent Box" regulation (Article 6 of Decree-Law no. 146/2021), an expense of EUR 12.9 million relating to the change in prepaid IRES and IRAP taxes, and an expense of EUR 1.6 million relating to the change in deferred IRES taxes. It should be noted that income taxes for the year relating to the economic components referring to the business unit transferred to Fibonacci were reclassified pursuant to IFRS 5 under the item "profit/loss from discontinued operations net of taxes" and amounted to a positive EUR 11.9 million.

21.2 Reconciliation of theoretical tax charge with actual tax charge

Items/Components	31/12/2024
Profit (loss) from continuing operations before tax	**(72,264)**
IRES - theoretical tax charge (27.5%)	19,873
effect of lower rate	395
effect of non-deductible expenses and other increases - permanent	(16,490)
effect of non-taxable income and other decreases - permanent	6,151
Non-current IRES	3.602
IRES - actual tax charge	**13,530**
IRAP - theoretical tax charge (5.57%)	4,025
effect of lower rate	237
effect of income/charges that to not contribute to the taxable base	(5,988)
Non-current IRAP	515
IRAP - actual tax charge	**(1,211)**
Other taxes	**-**
Financial statements actual tax charge	**12,319**

The theoretical tax charge, considered on an individual basis, was equal to 33.07% (27.5% ordinary and additional IRES and 5.57% IRAP), for banks and financial entities, and equal to 27.9% (24% ordinary and additional IRES and 3.9% IRAP) for industrial and service companies. The differences in terms of the actual tax charge were mainly impacted by the positive effects resulting from the tax exemption on the tax gain realised on the sale of the business unit (Digital Competence Line) to Fibonacci, through the application for IRES purposes of the PEX regime (Article 87 of Italian Presidential Decree 917/1986), as well as the negative effects resulting from the partial write-down of the goodwill recognised. It should be noted that income taxes for the year relating to the economic components referring to the business unit transferred to Fibonacci were reclassified pursuant to IFRS 5 under the item "profit/loss from discontinued operations net of taxes".

Section 22 - Profit (loss) from discontinued operations after tax – Item 320

22.1 Profit (loss) from discontinued operations after tax: breakdown

Income items/Sectors	Total 31 December 2024	Total 31 December 2023
1. Income	540	166
2. Charges	(45,754)	(35,278)
3. Result of asset group valuations and associated liabilities	-	-
4. Realised gains (losses)	52,526	-
5. Taxes and fees	11,878	9,630
Profit (loss)	**19,190**	**(25,482)**

22.2 Details of income taxes on discontinued operations

Type of operations/Values	31 December 2024	31 December 2023
1. Current taxation (-)	(38)	-
2. Change in deferred tax assets (+/-)	11,916	9,630
3. Change in deferred taxes (+/-)	-	-
4. Income tax for the year (-1+/-2+/-3)	**11,878**	**9,630**

This item includes the financial performance, in accordance with the requirements of IFRS 5, relating to the business unit, consisting of technological assets and highly qualified IT staff of the Digital Competence Line, transferred to a newly established company ("AltermAInd S.r.l.") - initially wholly owned by the Bank - and subsequently sold (for a 52% share) to Fibonacci for a consideration of EUR 62.4 million.

Section 23 - Profit (loss) for the financial year attributable to minority interests – Item 340

23.1 Breakdown of item 340 "Profit (loss) for the financial year attributable to minority interests"

Company names	Total 31 December 2024	Total 31 December 2023
Investments in consolidated subsidiaries with significant minority interests	-	-
Other equity investments	2,355	586
Total	**2,355**	**586**

Section 24 - Other information

No information other than that already provided in the previous sections is reported.

Section 25 - Profit per share

25.1 Average number of ordinary shares with diluted capital

The Basic earnings (losses) per share is calculated by dividing the Group's net profit (loss) for the year by the weighted average number of ordinary shares in issue during the year.

Basic earnings (losses) per share	Net profit/loss for the year	Average number of shares	Basic earnings (losses) per share
Year ended 31 December 2024	(38,400)	83,375,041	(0.46)
Year ended 31 December 2023	104,400	83,712,134	1.25

The diluted earnings (losses) per share differs from the basic earnings per share due to the *potential shares* servicing the long-term incentive *(LTI)* plan.

Diluted earnings (losses) per share	Net profit/loss for the year	Average number of shares	Diluted earnings (losses) per share
Year ended 31 December 2024	(38,400)	83,996,655	(0.46)
Year ended 31 December 2023	104,400	85,470,710	1.22

25.2 Other information

There is no other information as of the reporting date.

PART D – CONSOLIDATED COMPREHENSIVE INCOME

ANALYTICAL STATEMENT OF THE CONSOLIDATED COMPREHENSIVE INCOME

		31/12/2024	31/12/2023
10.	**Profit (loss) for the year**	**(40,755)**	**103,814**
	Other income components not reclassifed through income statement		
20.	Equity instruments measured at fair value through other comprehensive income:	-	-
	a) fair value changes	-	-
	b) transfers to other items of shareholders' equity	-	-
30.	Financial liabilities measured at fair value through profit or loss (changes of one's own credit rating)	-	-
	a) fair value changes	-	-
	b) transfers to other items of shareholders' equity	-	-
40.	Hedging of equity instruments measured at fair value through other comprehensive income		
	a) fair value changes (hedged instrument)	-	-
	b) fair value changes (hedging instrument)	-	-
50.	Property and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	95	(597)
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves for equity investments measured at shareholders' equity	21	(48)
100.	Financial revenues or costs relating to insurance policies issued	-	-
110.	Income taxes relating to other income components without reclassification to income statement	(30)	171
	Other income components with reclassification through income statement		
120.	Hedging of foreign investments		
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
130.	Foreign exchange differences		
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
140.	Cash flow hedges		
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes of which: result of net positions	-	-
150.	Hedging instruments (undesignated elements)		
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
160.	Financial assets (other than equities) measured at fair value through other comprehensive income:	17,582	26,166
	a) fair value changes	17,455	26,760
	b) reclassification through income statement	127	(594)
	- adjustments for credit risk	(385)	130
	- profits/losses on disposals	512	(724)
	c) other changes	-	-
170.	Non-current assets held for sale and discontinued operations:		
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
180.	Share of valuation reserves for equity investments measured at shareholders' equity:		
	a) fair value changes	-	-
	b) reclassification through income statement		
	- adjustment due to impairment	-	-
	- profits/losses on disposals	-	-
	c) other changes	-	-
190.	Financial revenues or costs relating to insurance policies issued		
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
200.	Financial revenues or costs relating to disposals in reinsurance		
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
210.	Income taxes relating to other income components with reclassification to the income statement	(5,942)	(7,845)
220.	**Total other income components**	**11,726**	**17,847**
230.	**Other comprehensive income (Item 10+220)**	**(29,029)**	**121,661**
240.	Consolidated comprehensive income attributable to minority interests	**2,351**	**594**
250.	**Consolidated comprehensive income attributable to the Parent Company**	**(26,678)**	**122,255**

PART E – INFORMATION ON RISKS AND RELATED HEDGING POLICIES

Introduction

Risk Management Process and Internal Control System

The illimity Group has a structured Risk Management Process (RMP), used as a reference model in the organisational and procedural development and systematic performance of all operations and business activities put in place - which may be standard, or non-systematic or contingent. In line with the mission assigned, strategies and targets pursued, these operations and activities entail undertaking and continually managing risks, in order to contribute to a sustainable value creation process, while also ensuring regulatory compliance and, among others, a coordinated use of human resources, technologies and methodologies.

At a general level, the Group implements the aforementioned process through an organisation model that requires the coordinated use of human resources, technologies and methodologies based on a set of internal rules that define the structure of management controls, the policies (rules, authorities, targets and limits in governing risks of various operating and business segments), and the processes in which the activities are carried out, including the control activities.

The Board of Directors of the Parent Company plays a fundamental role in risk control. It sets the strategic guidelines, targets and risk limits, approves and reviews the risk management policies and assesses the level of efficiency and adequacy of the Internal Control System. The Board of Directors relies on the Risk Committee and the Management Committee to carry out the preparatory and advisory work relating to internal control and the monitoring of business risks. In collaboration with the Chief Executive Officer, it additionally looks after the implementation of strategic direction and the implementation of the *Risk Appetite Framework* ("RAF") and the risk management policies.

The Audit and Internal Control Committee supervises the adequacy and practical functioning of the Company's organisational structure and internal control system, and supports the Board of Directors in establishing the directional lines of the internal control and risk management system, consistent with the Bank's strategies, and in assessing, on at least an annual basis, the adequacy of this system for the Bank's characteristics and assumed risk profile, as well as its effectiveness.

The Competence Line Risk oversees the "second level" control activities as a Risk Management Function, ensuring, through the support of the technical functions concerned, constant control of the risks assumed by the Group, governing the process of identification, analysis, modelling, assessment, measuring, controlling and *reporting*.

The Competence Line Compliance & AFC, as the "second level" control function, oversees compliance with laws and regulations, with a view to preventing, managing and mitigating the risk of incurring judicial or administrative penalties, significant financial losses or reputational damage arising from breaches of imperative laws and regulations or self-regulation requirements as well as with a view to prevent money laundering risk, terrorist financing and breaches of financial sanctions. In addition, the Compliance & AFC discharges the Group's controls on matters regarding the processing of personal data in support of the Data Protection Officer, identified in compliance with applicable laws and regulations in the person of the Chief Compliance & AFC Officer.

The ICT and Security Risks Function (made up of the resources of Risk and Compliance & AFC), ensures the control of the risk to ICT and Security arising from the information system (managed in outsourcing, as of the end of December 2024, through the outsourcing of Essential or Important Function to the newly-formed company AltermAInd), consistent with the RAF limits.

The Internal Audit Department oversees the so-called "third level" control activities as the Internal Audit Function. Specifically, it monitors the regular performance of operations and the evolution of risks, and assesses the completeness, adequacy, functionality and reliability of the organisational structure and the internal control system, notifying the company bodies of possible improvements, with specific regard to the RAF, the risk management process and the risk measurement and monitoring tools.

To ensure that the Risk Management Process functions efficiently and effectively, and can fully cover all existing or potential risks, also in accordance with regulatory requirements, the Group has implemented:

- a system of risk limits and targets of the RAF that represents an organic and structured approach, which has implications on integrated risk management and governance processes, producing impacts on nearly all company functions. The RAF is detailed at an operating level by Company, business division and area of activity and envisages escalation processes, metrics and limits of a quantitative nature as well as qualitative guidelines, all of which set out on an annual basis within the *Risk Appetite Statement* ("RAS"). The formalisation of the risk management process is fundamental for ensuring sound and prudent business management;
- self-evaluation processes on the adequacy of capital (ICAAP) and liquidity profile (ILAAP), which have the aim of providing an internal assessment of capital compared to the exposure to the risks that characterise operations and the operating and structural liquidity profile, in ordinary and *stress* conditions, and also from the standpoint of the future for achieving the targets of the Strategic Plan and Budget;
- an ex ante assessment process for Major Transactions ("OMR") with a prior opinion on their sustainability at a credit and earnings level and their consistency with the RAF.

Alongside these processes for the management and control of risks in ordinary operating conditions is the process connected with the preparation of the Recovery Plan, a tool that governs crisis situations and the strategies and options for reinstating normal working conditions, and the *Contingency Funding Plan* (emergency plan for managing liquidity in crisis situations).

In accordance with the prudential regulatory provisions, the Group has defined the way in which information is provided to the public about its capital adequacy, risk exposure and the general characteristics of the systems it uses to identify, measure, manage and control these risks (Pillar 3 of Basel II - "Pillar 3"), separate disclosure in addition to that already present in the financial statements. The disclosure is published in accordance with the rules laid down by the Bank of Italy on its website at www.illlimity.com ("Investor Relations" section).

The Group has defined, codified and continually adopted an operational *risk mapping* process based on quali-quantitative metrics and rules shared within the organisation, which identifies the individual types of risk that the Group is or might be exposed to, as well as for the assessment of their relevance according to specific criteria representing the significance and materiality of the risk itself. The ESG risk category is also included in the assessment.

The result of the identification process of material risks is formalised in the risk map, the objective of which is to represent, in relative terms, the categories of risks inherent in the Group's operations, and to structure them according to the business lines that generate these risks, as a functional requirement to determine the overall risk exposure.

With regard to ESG risk, the Bank also performs the annual double materiality assessment process through which it identifies impacts, risks and opportunities related to sustainability for reporting purposes (Italian Legislative Decree 125/2024). The determination of material sustainability issues is performed considering both the definition of impact as well as the financial aspect.

The execution of the process to identify material risks for the Group is overseen by the Competence Line Risk, together with the functions of the Chief Financial Officer (CFO) and with the support of other organisational units of the Parent Company and subsidiaries.

The results arising from this process represent the assessments and measures of *input* needed to develop the processes correlated with the ICAAP (assessment of capital adequacy) and the ILAAP (assessment of liquidity adequacy), i.e. the Strategic Plan, Budget and RAF, and accordingly are validated by *top management*, discussed and analysed by the Risk Committee and the Audit and Internal Control Committee and submitted for approval by the Board of Directors of the parent company.

Below is comprehensive information about the risk governance system and specific information about material risks, indicated below, and the related management, control and hedging policies adopted by the Group:

- credit risk (which also includes concentration risk);
- market risk (interest rate risk and price risk - regulatory trading portfolio);
- interest rate risk (interest rate risk and price risk - banking book);
- liquidity risk;
- operational risk;
- ICT and security risk;
- ESG risks (for a more in-depth discussion of this issue, please refer to the Sustainability Statements prepared pursuant to Italian Legislative Decree 125/2024), in the Report on Operations accompanying the Consolidated Financial Statements.

The other risks considered relevant as a result of the *risk mapping* process described above are also subsequently reported and defined.

The Group has a system of quantitative limits with reference to assets at risk towards related parties and others. In accordance with the relevant supervisory provisions, indication of the level of risk appetite required by the provisions for the determination and formalisation by banks and banking entities was planned, defined in terms of the maximum limit of the lines of credit granted to related parties deemed acceptable in relation to the total lines of credit granted by illimity Bank.

Further limits are envisaged with reference to the exposures granted to subjects in conflict of interest pursuant to Article 2391 of the Italian civil code, bankruptcy proceedings, as well as stricter limits than the regulations for the individual borrower or connected group.

Section 1 - Accounting consolidation risks

Quantitative information

A. Credit quality

A.1 Performing and non-performing credit exposures: amounts, adjustments, changes and economic breakdown

A.1.1 Breakdown of financial assets by portfolio and credit quality (book value)

Portfolio/quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	164,602	665,157	32,364	146,895	4,952,159	5,961,177
2. Financial assets measured at fair value through other comprehensive income	-	407	-	-	741,361	741,768
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	3,305	-	-	63,535	66,840
5. Financial assets held for sale	500	2,529	-	-	-	3,029
Total 31/12/2024	**165,102**	**671,398**	**32,364**	**146,895**	**5,757,055**	**6,772,814**
Total 31/12/2023	**447,012**	**659,546**	**37,511**	**203,028**	**4,284,505**	**5,631,602**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

Portfolio/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total write-downs/ write-backs	Net exposure	Total partial write-offs (*)	Gross exposure	Total write-downs/ write-backs	Net exposure	
1. Financial assets measured at amortised cost	909,399	(47,276)	862,123	-	5,419,160	(320,106)	5,099,054	5,961,177
2. Financial assets measured at fair value through other comprehensive income	427	(20)	407	-	743,399	(2,038)	741,361	741,768
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	3,305	-	3,305	-	X	X	63,535	66,840
5. Financial assets held for sale	3,029	-	3,029	-	-	-	-	3,029
Total 31/12/2024	**916,160**	**(47,296)**	**868,864**	**-**	**6,162,559**	**(322,144)**	**5,903,950**	**6,772,814**
Total 31/12/2023	**1,177,093**	**(33,024)**	**1,144,069**	**-**	**6,291,954**	**(1,850,664)**	**4,487,533**	**5,631,602**

Portfolio/quality	Assets of evident low credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	44,029
2. Hedging derivatives	-	-	29,385
Total 31/12/2024	**-**	**-**	**73,414**
Total 31/12/2023	**-**	**-**	**47,292**

B. Disclosure of structured entities (other than securitisation companies)

The Group does not have any structured entities as of the reporting date.

Section 2 - Prudential consolidation risks

1.1 Credit risk

Qualitative information

1. General aspects

Credit risk is the risk of incurring losses due to the breach of contractual obligations by a counterparty unable to repay interest and/or capital (default risk), expressed as the difference between the value of the credit and the value effectively recovered, or losses associated with impairment of the counterparty's credit rating (risk of migration).

Credit risk also includes the case of risk of concentration, arising from exposures to counterparties including central counterparties, groups of related parties and parties operating in the same economic sector, in the same geographical region, or exercising the same activity or dealing in the same goods, and from the application of techniques to mitigate credit risk including, in particular, risks of indirect exposures, such as those towards individual guarantors. There are two main components of concentration risk:
- single name, arising from the fact that significant parts of the portfolio are allocated to a single counterparty (or groups of counterparties that share specific characteristics in terms of legal and economic ties);
- geo-sectorial, arising from concentrations with counterparties that have a high correlation in terms of the default risk as they come from the same economic sector or the same geographical area.

The Group attributes great importance to the control of credit risk and to the relative control systems, which are necessary to create the conditions to:
- ensure a structural, significant creation of value in a controlled risk environment;
- protect the Group's asset and financial solidity, as well as its image and reputation;
- allow a proper, transparent representation of the risk level inherent in its lending portfolio.

The main operational factors that contribute to determining and managing credit risk relate to:
- loan application processes;
- credit risk management;
- monitoring of exposures;
- debt recovery.

The quality of the lending portfolio is preserved by adopting specific operational methods at every stage of the loan management process (contact, application stage, decision and disbursement, monitoring and litigation). Credit risk is controlled right from the first stage of the application process, by means of:
- checking creditworthiness, with particular attention to the customer's current and forward-looking capacity to produce income and, above all, sufficient cash flows to honour the debt;
- an assessment of the nature and scope of the required loan in relation to the actual needs and the financial and economic capacity of the applicant, the performance of the account if already in existence, and the sources of repayment;
- the membership in Legal and Economic Groups.

Surveillance and monitoring activity is based on a system of internal controls aimed at optimising the management of credit risk. In particular, this is done by using measurement and control methods called "performance". These methods take into consideration every aspect of the customer relationship, such as the general details (information about the customer's place of residence, business, legal status, the last decision taken on their account, adverse events, corporate structure, irregularities in the Central Risks Register, status and doubtful outcome, the persons managing the account and finally, information about whether the account has been in default), information about credit facilities (form of loan, authorised credit limit, overdraft credit line, utilisation, overrun/availability and credit expiry date), details of the guarantees backing the loans, plus information about any other significant factors. "Performance" monitoring interacts with the credit control and management procedures, making the credit monitoring process more efficient by enhancing the information available, and makes the recovery process more effective.

The opening and granting of a new line of credit is based on a process of analysing the applicant's financial and business data supported by qualitative information about their company, the purpose of the loan, the market they operate in, and the presence and assessment of any collateral guarantees.

With regard to the Risk Appetite Framework, the Group verifies aspects including the following, in relation to the risk in question and certain aspects of the relative concentration risk:
- the ratio of the volume of non-performing exposures to the total portfolio, the cost of the risk and the coverage ratio of performing exposures and non-performing exposures;
- the level of concentration, with regard to exposures to a counterparty or group of connected counterparties (*single name*exposures), and at sectoral level (paying attention to *real estate* exposures), including in relation to Own Funds;
- the *collections* made compared with those forecast with regard to non-performing exposures for which there is a Business Plan;
- the assumption of exposures classified as "Large Risks", direct acquisition of real estate and the assumption of *assets* classified as level 3;
- the Group's level of exposure to repossessed real estate;
- the Bank's level of exposure to related parties (IAS 24) and parties in conflict of interests (pursuant to Article 2391 of the Italian Civil Code);
- observance of the limits provided for by the supervisory regulations.

For the purposes of determining internal capital in relation to credit risk, the Group uses the standardised methodology adopted for the calculation of prudential requirements in relation to said risk.

2. Credit risk management policies

2.1 Organisational aspects

The following section shows the organisational structure that characterised the composition of the illimity group for essentially the entire year 2024. It should be noted, however, that following the sale (finalised on 24 December 2024) of 52% of the share capital of AltermAInd, a company to which illimity had contributed on 20 December 2024 the business unit relating to the technology assets and related staff (i.e. the Digital Competence Line), and taking into account the most recent regulatory changes required by the Digital Operational Resilience Act (DORA) and the Corporate Sustainability Reporting Directive (CSRD), illimity has approved a reorganisation effective from 1 January 2025 that updates the organisational structure information described below.

2.2 Management, measurement and control systems

Corporate Banking Division

The target of the Corporate Banking Division is to serve businesses, usually medium-sized, with a credit standing that is not necessarily high, but that have a good industrial potential and which, due to the complex nature of transactions to be financed, or their financial difficulties, require a specialist approach to supporting business development programmes or plans to rebalance and relaunch industrial activities.

Therefore the Division mainly focuses on structuring detailed loan transactions that meet the complex needs of its customers, directly supporting companies and, if considered appropriate, acquiring credit positions with third-party banks, mainly at a discount, for turnaround operations.

The Corporate Banking Division is divided into three organisational units, described below:
1. Factoring, which is responsible for financing the supply chain of the operators of Italian chains and industrial districts through the activity of recourse and non-recourse purchasing of customers' trade receivables, through a dedicated digital channel;
2. Structured Finance, which is responsible for loans to high-potential businesses with a suboptimal financial structure and/or with a low rating or no rating; the crossover segment also includes financing solutions dedicated to acquisition activities (acquisition finance);
3. Turnaround & Special Situation Finance, which is responsible for the purchase of loans classified as unlikely to pay (UTP), with the target of recovering and restoring them to performing status by identifying optimal financial solutions, which may include disbursement of new loans or the purchase of existing loans.

The Corporate Banking Division is organised by specialised business areas, on the basis of the segments and products defined above, each of which is responsible for managing activities for its own customers. Each Area is tasked with analysing the customers and sector within its portfolio to design the optimal financing solution, assess the risk level of each position, define product pricing or transaction specifications, interface with customers to monitor the risk profiles of counterparties and intervene promptly, where necessary, in the event of problems, in coordination with the Bank unit responsible for monitoring loans.

The specialised business areas are supported by the oversight of the Strategy, Solutions & Business Monitoring Area, which is responsible for producing the Division's operational reporting and supports the business areas in the definition of instruments and processes.

Investment Banking Division

The Investment Banking Division is responsible for defining and executing capital markets operations (both in the equity segment and the debt segment for counterparties), for derivatives trading on own behalf and for third parties, for structuring structured finance transactions for funding and capital optimisation purposes to support the other units of the Bank.

The Division's Value Proposition provides:
- alternative solutions for companies, to provide new “finance” and/or improve their financial position, in addition to those already offered by the Bank, exploiting the synergies with the other Group divisions (i.e. Basket Bonds, Basket Loans, securitisation of trade receivables and inventories, securitisation of secured and unsecured loans, single-tranche structures, IPOs, M&A, advisory, derivative instruments to provide solutions for interest rate and exchange rate risk, etc.);
- structuring funding transactions and capital optimisation (i.e. SRTs), also supporting other Company Divisions and Functions.

The Division is broken down into five organisational units, described below:
1. Capital Markets, which provides strategic development solutions for businesses, also through access to capital markets;
2. Investment & Hedging Solutions, which manages the “Corporate Bonds” and “Alternative Debt Securities” portfolio and offers solutions to SMEs and Mid Caps to hedge market risks;
3. Structuring, which is responsible for structuring financial structure optimisation solutions for counterparties;
4. Financial Securitisations & Funding Solutions, which is responsible for structuring funding solutions for the Bank and for financial customers;
5. M&A Advisory & Syndication, which is responsible for enhancing the development of investor relations and supporting advisory and M&A operations.

For the conduct its Investment Banking business, illimity also avails itself of the vehicles Piedmont SPV and Mia SPV.

Specialised Credit Division

The Specialised Credit Division is the business area operating in the following segments:

- asset-backed loans, especially in the Real Estate and Energy sectors, with the target of restoring the asset's value and maximising its production capacity;
- investments in *non-performing* loans to counterparties classified as bad loans or*unlikely to pay* (UTP), through the purchase of loans sold by banks or other investors;
- sales of non-performing loans or real estate assets to third-party investors;
- management (servicing) of *secured* and *unsecured* corporate asset classes through efficient, wide-reaching loan and asset management and recovery strategies, based on a specialised servicing platform developed internally or through commercial agreements with specialist operators.

The Specialised Credit Division is broken down into two Departments: Investments and Business Management.

The Investments Department is responsible for identifying and managing the Division's investment and loan opportunities, and is structured as follows:

1. The Asset Based Solutions Area, aimed at investment/financing opportunities in so-called *single name* loans with underlying real estate, as well as *senior financing* opportunities aimed at *single name* third-party investors or the subscription of notes issued by SPVs that acquire asset-based NPEs;
2. The Energy Area, aimed at investment/financing opportunities in loans involving corporate counterparties operating in the renewable energy sector;
3. The Combined Credit Solutions Area, aimed at investment opportunities in NPE loans backed by public guarantees or in *secured* or *unsecured* loans, as well as *senior financing* opportunities via financing aimed at third-party investors or the subscription of notes issued by SPVs that acquire NPE loans;
4. The Alternative Investments Unit, aimed at investment and loan opportunities concerning disputes on both the primary market (*performing*companies) and the secondary market (investors/procedures), as well as the structuring of complex financing.

At the organisational level, the Investments Department reports to the Head of the Division and interacts with the Business Management Department and the Bank's structures (Legal & Corporate Affairs, Administration, Accounting & Control, Risk Management, Compliance & AFC), acting as an interface between internal units and investors.

The Business Management Department is responsible for coordinating all activities that support the Division's business and is structured as follows:

1. The Business Monitoring & Optimisation Area, which is responsible for optimising portfolio, *single name* and repossessed property management by identifying market opportunities for their sale (or redevelopment in the case of properties), in accordance with the thresholds set by the Bank, and coordinating the entire process, from the initial analysis phase to post-sales. The Area is also responsible for governing and managing the cost monitoring process, the income statement and the performance of the Division;
2. The Pricing & Data Area, which is responsible for the development, implementation and maintenance of the pricing/*capital structure* models of the Division's investment/loan opportunities. The Area also oversees the process of acquiring, processing and using the data originated and used by the Division;
3. The Operating Model & Servicing Coordination Unit, which is responsible for coordinating and monitoring the activities organised by the Division, the interface with the internal and external control functions, and overseeing and coordinating *cross-entity* activities and projects.

The Bank is supported by ARECneprix S.p.A., created through the merger by incorporation of Arec S.p.A. (acquired on 30 June 2022) by neprix S.r.l. with legal effect from 1 January 2023, for the direct management of distressed loans or their indirect management through commercial agreements with servicers selected from time to time on the basis of the characteristics of the assets acquired. Specifically, ARECneprix is an *Asset Manager* and *Special Servicer*, operating in the real estate sector, of distressed loans, whether UTP or NPL, in an*advisory* role and in all associated activities across the entire value chain, from origination to supporting investors during the *underwriting* and *structuring* stages of transactions, through to the management of loans and real estate assets.

The Bank is also supported by Abilio S.p.A., a company formed by the proportional partial spin-off of neprix S.r.l. that became operational on 1 April 2022. The company manages and sells property and capital goods originating from insolvency proceedings and foreclosure, through its own network of platforms/online auctions and a network of professionals operating nationwide.

To carry out its activities, the Specialised Credit division uses the vehicles Aporti, Friuli SPV, Doria SPV, River SPV, Pitti SPV, Maui SPE, Dagobah SPV, Spicy Green SPV, Sileno SPV, Metafora SPV, Montes SPV, Iside SPE, CR Please Real Estate and of the companies Soperga RE, Friuli LeaseCo, Doria LeaseCo, River LeaseCo, Pitti LeaseCo, Dagobah LeaseCo, Montes LeaseCo, Vela 2023 LeaseCo, Eolo LeaseCo, River Immobiliare, Mida RE, SpicyCo, SpicyCo 2, Enervitabio San Giuseppe Società Agricola, Renit CPV and Little Spicy.

B-ilty Division

illimity, via the b-ilty Division, offers digital banking and digital lending products and services to corporate customers or to small and medium-sized enterprises with turnover of EUR 2 million to EUR 10 million, with the target of improving their financial management. The Division aims to develop a range of products and services that can fulfil the needs of the market. It is responsible for designing the Value Proposition and its relative commercial and pricing components.

The b-ilty Value Proposition currently extends to the following products and services categories:
- Deposit accounts with competitive rates and a simple, customisable product structure;
- Current accounts, offered through an innovative, digital User Experience, with associated credit, debit and prepaid cards managed in collaboration with nexi;
- Account Aggregator Service, a feature that enables aggregation in each customer's home banking of accounts held with other banks, providing an overview of the customer's financial situation within a single screen;
- Digital credit, which includes factoring and green loan transactions;
- Insurance products offered to customers through partnerships with selected market operators.

The Division is divided into the organisational units described below:
1. Digital Lending & Coverage, which focuses on defining the target market for counterparties in the field of credit, defining business models and developing the sales network;
2. Digital Products & Business Processes, which focuses primarily on structuring products and services for the Division and designing the relevant disbursement processes;
3. Data & Strategy, which is responsible primarily for the Division's strategic planning, monitoring the achievement of cost management targets, defining the development strategies for partnerships and managing and developing the Division's information assets;

In conducting its business, the b-ilty division also uses the funds INGENII Open Finance, Ingenii Boost Finance and Space Direct Lending Fund as well as the vehicles GRO SPV, Farky SPV, Farm SPV, Dome SPV and Havana SPV.

Digital Division

The Digital Division is responsible for managing IT infrastructure as well as managing the funding platform, i.e. the web and app channel for retail customers.

Through ICT Platforms & Data Monetization, illimity offers digital banking products and services to retail customers. The target of this structure is to manage the technological platforms and initiatives for developing and monetising the platforms.

The Direct Banking Value Proposition for retail customers currently extends to the following products and services categories:

- Current accounts, offered through an innovative, digital user experience, with associated credit, debit and prepaid cards managed in collaboration with nexi;
- Deposit accounts with competitive rates and a simple, customisable product structure;
- Spending projects, to simply and automatically save to achieve targets;
- Account Aggregator and Payment Initiation Service, i.e. features that enable the aggregation in each customer's home banking of accounts held with other banks, making it possible to perform transactions;
- Offer of a complete range of products (i.e. personal loans, American Express credit cards and insurance products).

As previously mentioned, we draw your attention to the fact that on 24 December 2024 the sale to Fibonacci SubCo S.r.l. of 52% of the share capital of AltermAInd, the company to which illimity had contributed, on 20 December 2024, the business unit relating to the technology *assets* and related staff (i.e. the *Digital*Competence Line) was completed.

Asset Management Company

illimity SGR S.p.A. is the Asset Management Company ("SGR") of the illimity Bank Group which manages the assets of closed-end alternative investment funds, established with own funds and the funds of third-party institutional investors.

The SGR was set up with the target of operating and developing activities in the strategic areas indicated by its parent company illimity Bank S.p.A. and the Banking Group of which the latter is the parent, and is a professional operator for establishing, administering, managing, organising, promoting and selling alternative investment funds.

To pursue its business targets in an effective and consistent manner, the SGR has adopted a "traditional" governance model, which has a structure comprising a Board of Directors and a Board of Statutory Auditors. The structure, described below, has been set up for the best management possible of the operational model defined for the Company in line with regulatory principles and guidelines, and also with guidance from the Parent Company. In accordance with the characteristics of its own operations, with future planned developments and with the guidelines of the long-term business plan of the SGR and the Group it belongs to, the SGR has the following organisation:

"Business Areas" comprising:

- The UTP & Turnaround Funds Area, focused on setting up and managing AIFs with investment strategies and policies centred on the turnaround market and on businesses in financial difficulty with prospects for relaunch;
- The Private Capital Funds Area, focused on setting up and managing AIFs with investment strategies and policies targeting asset classes with underlying financial instruments issued by performing companies;
- The NPL Small Medium Tickets Funds Area, focused on setting up and managing AIFs with investment strategies and policies in the granular (typically unsecured) Non-Performing Loans (NPL) market, with potential counterparties both small corporates and retail businesses, and different areas of origination (utilities, consumer, commercial credit, etc.).

A transversal support area named Operations & Administration supports the organisation as a whole in all formal, administrative and operational aspects connected with managing AIFs and the SGR.

Lastly, the SGR's organisation comprises the establishment of Compliance and AML, Risks Management and Internal Audit functions, outsourced to the respective central units of the parent company illimity Bank, in order to have a structured system to monitor internal controls. It also appoints a Supervisory Body pursuant to Legislative Decree 231/01, whose composition, in accordance with the approach adopted by the Group, consists of the Company's Board of Statutory Auditors.

Other functions - Corporate Center

The organisation also monitors risk management and support activities through functions directly reporting to the Chief Executive Officer:

- The CFO, responsible for coordinating the complex planning, control and administration process, managing strategic planning and relations with the financial community, as well as developing the Corporate Social Responsibility Plan;
- HR & Organization, responsible for optimising operating and procurement costs, managing human resources, as well as managing the organisational activities of supervision and transversal coordination for the Bank.
- Legal & Corporate Affairs, responsible for legal and corporate support and managing the corporate secretariat, as well as general affairs and relations with authorities;
- Risk Management, responsible for guaranteeing the strategic oversight and definition of risk management policies;
- Lending, which monitors credit analysis and approval activities;
- Digital, responsible for managing IT infrastructure, Back Office activities and the Contact Center. The Digital Competence Line is also responsible for the platforms owned by illimity (illimity.com) and related development opportunities, as well as the customers managed through those platforms;
- Compliance & AFC, responsible for compliance risk management and oversight of money laundering and terrorist financing risk;
- Communication & Marketing, responsible for promoting and supporting the development of a single, shared identity of the Bank among the stakeholders and formulating the Bank's communications plan and brand development strategy to ensure positioning, customer acquisition results and optimal customer management.

The pricing structure of all credit transactions proposed, prepared by specific areas of the business, is first submitted to the Risk Division for an independent assessment of the main underlying risks, in ordinary and stress conditions, and also considering the regulatory compliance, reputational and ESG factors, and the connected impact on RAF indicators (Risk Opinion), with the formalisation of sustainability and coherence analyses, in particular for Major Transactions. The CFO is also involved in considerations on the control and compliance with the capital and liquidity limits allocated to each Division, the funding structure associated with the transaction and accounting treatment of the transaction, as well as the start of the income recognition phase according to the amortised cost method adjusted for credit risk.

The approval of the above pricing structure to be submitted to the decision-making body identified on the basis of the approval thresholds is the responsibility of the head of the proposing business Division.

The controls and relative reporting of the Risk Management Department also operate, an overall Group portfolio level, as regards compliance with the credit risk limits and targets defined in the RAF, through indicators referred to different analysis profiles (for example the cost of risk |cost of borrowing, expected loss, hedging rates, effectiveness of the recovery process, the concentration profiles of credit exposures).

For management purposes in order to support the assessment of own client reliability, as well as for the calculation of collective write-downs related to performing loans, internal rating models are used.

The Competence Line Risk also carries out second-level controls, through the Risk Management and Risk Strategy & Group Controls Areas, for example in terms of portfolio quality evolution (transition matrices), capital absorptions, monitoring compliance with the targets and risk limits (RAF) and effectiveness of the recovery process (comparing the estimated recovery rates and those achieved).

2.3 Methods of measuring expected losses

Expected losses are estimated in line with the accounting standard IFRS 9. Among the main elements characterising this standard are:

- the classification of credits into three different levels (or "Stages") to which different methods of calculating the losses to be recognised correspond: Stage 1 includes performing positions that have not undergone a significant increase in credit risk since they were disbursed, Stage 2 includes performing exposures that have undergone a significant increase in credit risk compared to their first entry in the Bank's books and Stage 3 includes all exposures classified as non-performing;
- for Stage 2 exposures, it is necessary to assess the expected loss over the entire residual life of the credit (i.e. and not only with a time horizon of one year as for Stage 1 exposures);
- whereas, it is necessary to take into account the conditions of the current business cycle (Point in Time) in place of a calibration of parameters along the business cycle (Through the Cycle) required for regulatory purposes;
- the introduction of forecast information regarding the future dynamics of the macroeconomic factors (forward looking) considered potentially able to influence the situation of the borrower.

The staging methodology has been defined on the basis of qualitative and quantitative drivers, identified for the analysis of the significant increase in credit risk and, therefore, for the identification of the exposures to be included in the different stages. It should be noted that, when verifying the increase in credit risk compared to origination, no account is taken of the guarantees that assist the individual exposure, which play a key role in determining write-downs/write-backs. Below are the criteria adopted by the Group to capture the significant increase in credit risk.

Significant increase in credit risk

Below are the criteria adopted by the Group to capture the significant increase in credit risk.

Quantitative criteria

Negative change in the rating class (so-called delta notch): in order to identify the "significant increase in credit risk", for the exposures of the credit portfolio, an approach was used that determines the classification in Stage 2 if the change in rating classes between the origination and the detection date shows a worsening above certain thresholds.

Qualitative criteria

- Rebuttable presumption - 30 days past due: consistent with IFRS9, there is a relative presumption that the credit risk of the financial assets has increased significantly – compared to the initial recognition – when contractual payments have expired for more than 30 days. The accounting standard provides that this presumption can be contradicted in the presence of reasonable information demonstrating that the credit risk has not significantly increased since the initial recognition, even if the contractual payments have expired for more than 30 days. To date, the Group has not used this possibility;
- Forbearance: this criterion provides that a credit exposure is allocated to Stage 2 when a concession measure (forbearance) is granted for that exposure;
- Watchlist: the management classification (so-called Watchlist) aims to identify, on the basis of expert-based indications, situations of significant increase in credit risk.

Once the financial assets have been classified in the different Stages, for each exposure, it is necessary to determine the relative write-downs/write-backs following the logic of Expected Credit Loss ("ECL"), using appropriate calculation models. The principle on which the ECL is based is to create a connection between improvement or worsening of the risk profile of the exposure compared to the date of initial recognition in the financial statements, respectively with the increase or decrease in the provision funds.

IFRS 9 defines loss on a financial instrument as the present value of the difference between the contractual cash flows due to the entity and the cash flows it expects to receive. The average of all losses weighted for the respective default risk represents the value of the expected loss.

The calculation method provides for two different measurement criteria based on the time horizon for calculating expected losses:

- limit to a time horizon of 12 months, if the financial assets are classified in Stage 1 (ECL 12 months);
- residual life of the financial assets, for positions classified in Stage 2 (Lifetime ECL).

With reference to debt securities, the methodology used by the Group for the allocation of relationships in the different Stages is based, contrary to the above for credit exposures, only on quantitative drivers (so-called delta notch) as well as on a practical rule expressly permitted by IFRS 9 (Low Credit Risk Exemption). With respect to the latter, the legislation provides that an entity may use its own internal credit risk ratings or other methodologies consistent with a globally shared definition of low credit risk to determine whether a financial instrument is low credit risk, taking into account the risks and type of financial instruments being measured. In particular, an exposure is considered to have "low credit risk" if the financial instrument presents a low risk of default, i.e. if the borrower has a strong ability to meet its obligations regarding short-term contractual cash flows and if unfavourable changes in longer-term economic and commercial conditions could reduce, but will not necessarily reduce, the borrower's ability to meet its obligations regarding contractual cash flows.

Consistent with the provisions of the standard, the Group has decided to adopt, even in the presence of information on credit risk measures at the date of origination, the assumption according to which the credit quality of a government "investment grade" rating can be assumed not to have significantly deteriorated, thus making use of the Low Credit Risk Exemption (LCRE) option. Therefore, only securities that, on the reporting date, have an "investment grade" rating are allocated to Stage 1, while single-tranche notes associated with defaulting securities are classified in Stage 3.

Specifically, the impairment calculation formula for Stage 1 and 2 tranches of securities is consistent with the approach adopted for credit exposures. The Stage allocation of performing debt securities presupposes the use of an external rating of the issue; the classification in the Stages is defined according to specific criteria related to this type of portfolio. Debt securities exposures are classified in Stage 3 in cases where credit risk has deteriorated to the point where the security is to be considered non-performing, i.e. classified as non-performing.

In accordance with IFRS9, the Group has defined a specific methodological framework aimed at modelling the following risk parameters, which are relevant for the calculation of IFRS 9 impairment:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Stage allocation criteria;
- Calculation of expected losses including point-in-time elements.

The methodologies developed for the estimation and calibration of the above parameters have been defined taking into account the complexity of the Group's portfolio. The loan portfolio of illimity Bank is broken down between the legacy portfolio originated by the former Banca Interprovinciale, the new exposures originated by illimity and the non-performing loans acquired by the Bank. The latter are broken down into medium/long-term exposures of the CB Division, factoring exposures of that Division and the medium/long-term exposures of the b-ilty Division. The specific characteristics of each aggregate differ significantly in terms, for example, of size, risk profile and management rules.

For this purpose, the illimity Bank Group has maintained a model (hereinafter, the "Main Model") that implements the following approaches, differentiated by type of portfolio:

- application of an evolved model (*Credit Scoring*) for the assignment of ratings to counterparties financed by illimity, used in credit risk management processes (origination and risk control) for estimating Probabilities of Default/ratings of Corporate Banking exposures and for accounting purposes (calculation of collective write-downs);
- application of an external rating to the remaining exposures (former Banca Interprovinciale Portfolio, b-ilty portfolio) and attribution of the relative probabilities of default based on historical default rates and expectations also linked to the macroeconomic scenario, using the PD forward looking Model;
- adoption of the LGD model based on the estimate of recovery percentages in the case of bad loans calibrated based on the business plans of bad loans of the Specialised Credit Division;
- application of a model for collective impairment of factoring portfolios that uses ratings provided by the rating agency Crif as inputs. The Risk Management function has developed an engine for calculating Expected Credit Loss, so as to be able to manage in house any methodological choice relating to the application of Probability of Default (PD) and Loss Given Default (LGD) parameters, in line with the continuous developments in terms of business practices and obtaining greater alignment with the portfolio's risk profile.
- use of a Monte Carlo approach to determine the ECL of exposures to securitisation notes of a material amount or complexity.

In 2024 year, a methodological refinement was introduced to reflect ESG variables relating to climate risk in the *expected credit loss*. Specifically, unlike the previous methodological framework adopted, two macroeconomic scenarios produced by the Oxford Economics provider (baseline and stressed for climate risk) were considered in the calibration of the *forward looking* PD.

2.4 Credit risk mitigation techniques

To mitigate credit risk, when the loan is granted, various types of guarantee are usually required. These mainly consist of collaterals on property or movable assets, and personal guarantees, consortium guarantees or other types of commitments and covenants related to the structure and reason for the operation.

In general, the decision to obtain a guarantee is based on the customer's credit rating and the characteristics of the operation. After that, it may be appropriate to obtain additional guarantees to mitigate the risk, taking into account the presumed recoverable value offered by the guarantee.

The value of financial collaterals is periodically monitored. This involves comparing the current value of the guarantee with the initial value to allow the manager to intervene promptly if there is a significant reduction in the amount of the guarantee.

In 2024, the illimity Bank Group further increased the share of its portfolio represented by loans backed by state guarantees.

3. Non-performing credit exposures

3.1 Strategies and management policies – 3.2 Write-offs – 3.3 Purchased or originated credit impaired financial assets

The default portfolio is classified according to the regulatory definitions. In particular:

- "non-performing past due exposures", which correspond to on-balance sheet credit exposures other than those classified under bad loans or unlikely-to-pay positions, which on the reporting date were past-due or have been overrun continuously for more than 90 days;
- "unlikely-to-pay positions, which, rather, correspond to exposures for which it is considered unlikely that the borrower will fulfil their loan obligations without the recourse to actions such as enforcement of guarantees. This assessment is made regardless of whether or not there are any amounts or instalments overdue and unpaid. There is thus no need to wait for an express signal such as non-repayment, if there are factors that imply a risk of the borrower defaulting (for example a crisis in the industry they operate in). The total on- and off-balance sheet exposures to the same borrower in the above situation will be termed an unlikely to pay position unless there are conditions for classifying the borrower among bad loans.
- "bad loans", which correspond to on- and off-balance sheet exposures to a borrower in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the Group. They do not, therefore, take into account any collaterals or personal guarantees given in respect of the loan. They exclude exposures where the irregularity relates to country risk aspects.

The EBA's Implementing Technical Standard (ITS) also introduced the concept of "forborne" which refers to exposures where a concession has been granted, in other words a change to the previous contractual conditions and/or a partial or total refinancing of the debt, given the customer's financial difficulties at the time of the concession.

When implementing the EC regulation, the Bank of Italy introduced, with reference to non-performing loans, what is known as "non-performing forborne exposures" means individual on-balance sheet exposures and revocable and irrevocable commitments to disburse funds, which are subject to a concession that meets the rules in paragraph 180 of the ITS. These exposures are cross-category and depending on the situation, they are included in bad loans, unlikely-to-pay positions or non-performing past due exposures. They do not form a separate category of non-performing assets.

The main forborne exposures or support measures are:

- changes to the terms and conditions of a loan that the counterparty cannot repay, by including new conditions that would not have been granted if the customer had not been in financial difficulty;
- total or partial refinancing, meaning the use of a loan disbursement intended to ensure the full or partial repayment of other existing loan agreements, which would not have been granted if the counterparty had not been in financial difficulty.

It should be noted that the forborne attribution distinguishes the individual line of credit and may relate to performing or non-performing lines.

In addition, as indicated by IFRS 9, in some cases a financial assets is considered to be non-performing at the time of initial recognition because the credit risk is very high and, in the case of acquisition, it has been acquired at a large discount compared to the initial disbursement value. If the financial assets in question, based on the application of the classification driver (the SPPI test and Business model), can be classified among assets measured at amortised cost or at fair value through other comprehensive income, they are classified as “Purchased or Originated Credit Impaired Asset” and undergo a special treatment with regard to the impairment process. In addition, for assets classified as POCI, a credit-adjusted effective interest rate is calculated on the date of initial recognition, the so-called “credit-adjusted effective interest rate”, which requires the inclusion of the expected initial losses, in the estimates of cash flows. To apply the amortised cost and the resulting calculation of interest, this credit-adjusted effective interest rate is applied.

The Group structures that manage the relationship with the borrower use objective and subjective criteria for the purpose of proposing the classification of credit exposures to non-performing exposures. The first objective criteria are triggered by the overrun of specific limits (as defined in the Bank of Italy Circular 272), while the second subjective criteria relate to other irregularities on the credit relationship, such as adverse events, central risk register irregularities, other sources of information, etc.

In 2021 criteria (sometimes stricter than in the past) required by prudential regulations for the identification of exposures in default were introduced. Among others, these include materiality thresholds for past due exposures, a criterion for onerous restructuring, and a prohibition on netting different credit lines. The impact of the new regulation on the cost of risk |cost of borrowing for the illimity Group has been very limited.

Bad loans correspond to on- and "off-balance sheet" credit exposures to a borrower in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, independently of any loss forecasts made by the Group.

These two statuses described above are determined independently of any consideration about the nature and extent of any guarantees supporting the loans. The write-downs/write-backs, which are valued in detail on each account, reflect prudential criteria relating to the possibility of recovery, which may also relate to any collateral guarantees. They are periodically verified.

A loan account will be reclassified as performing in accordance with the legal provisions.

4. Financial assets subject to commercial negotiations and forborne exposures

The forbearance and commercial renegotiation measures are governed by a specific internal policy, which defines the criteria for classifying *forborne* loans, in line with the reference external regulations.

Quantitative information

For the purposes of quantitative disclosure on credit quality, the term "credit exposures” means financial assets excluding equity securities and units of UCIs.

A. Credit quality

A.1. Performing and non-performing credit exposures: amounts, adjustments, changes and economic breakdown

A.1.1 Prudential consolidation – Breakdown of financial assets by past due brackets (book value)

Portfolios/risk stages	Stage one			Stage two			Stage three			Purchased or originated impaired		
	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days
1. Financial assets measured at amortised cost	35,839	5,030	755	69,648	5,477	25,227	3,258	2,467	201,659	11,422	218	376,660
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	407	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	3,029
Total 31/12/2024	**35,839**	**5,030**	**755**	**69,648**	**5,477**	**25,227**	**3,258**	**2,467**	**202,066**	**11,422**	**218**	**379,689**
Total 31/12/2023	**144,854**	**3,288**	**-**	**96,062**	**4,513**	**1,033**	**3,616**	**33,422**	**112,515**	**34,749**	**12,236**	**772,905**

A.1.2 Prudential consolidation – Financial assets, commitments to disburse funds and financial guarantees issued: trend in total write-downs/write-backs and total provisions

Description/risk stages	Total write-downs/write-backs											
	Assets in stage one						Assets in stage two					
	Due from banks and central banks on demand Financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which individual write-downs	of which collective write-downs	Due from banks and central banks on demand Financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which individual write-downs	of which collective write-downs
Opening total adjustments	**30**	**12,851**	**1,525**	**-**	**-**	**14,406**	**-**	**2,764**	**-**	**-**	**-**	**2,764**
Increases in purchased or originated financial assets	-	8,324	630	-	-	8,954	-	102,828	-	-	-	102,828
Derecognitions other than write-offs	-	5,663	557	-	-	6,220	-	683	-	-	-	683
Net value adjustments/ recoveries for credit risk (+/-)	24	2,302	143	-	-	2,469	-	1,320	-	-	19	1,301
Contractual amendments without derecognitions	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimate methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	(2,520)	(16)	-	-	(2,536)		2,484	313	-	65	2,732
Final total adjustments	**54**	**15,294**	**1,725**	**-**	**-**	**17,073**		**108,713**	**313**	**-**	**84**	**108,942**
Recoveries from receipts on written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-

A.1.2 Prudential consolidation – Financial assets, commitments to disburse funds and financial guarantees issued: trend in total write-downs/write-backs and total provisions

Total write-downs/write-backs															Total
Assets in stage three						Purchased or originated credit impaired financial assets					Total provisions on commitments to disburse funds and financial guarantees issued				
Due from banks and central banks on demand Financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which individual write-downs	of which collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which individual write-downs	of which collective write-downs	Stage one	Stage two	Stage three	Commitments to disburse funds and financial guarantees issued purchased or originated impaired	
-	**32,108**	**917**	**-**	**31,913**	**1,112**	**-**	**-**	**-**	**-**	**-**	**620**	**292**	**-**	**4,460**	**55,567**
-	8,913	-	-	8,171	742	-	-	-	-	-	519	32	4	-	121,250
-	8,403	-	-	7,952	451	-	-	-	-	-	226	235	-	-	15,767
-	4,279	(897)	-	3,795	(413)	-	-	-	-	-	(44)	99	-	(3,179)	4,047
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	10,379	-	-	9,724	655	-	-	-	-	-	(27)	(29)			10,584
-	**47,276**	**20**	**-**	**45,651**	**1,645**	-	-	-	-	-	**842**	**159**	**4**	**1,281**	**175,681**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: transfers between the various credit risk stages (gross and nominal amounts)

Portfolios/risk stages	Gross values/nominal value					
	Transfer between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 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 measured at amortised cost	845,713	6,816	66,381	32	103,812	127
2. Financial assets measured at fair value through other comprehensive income	1,053	-	-	-	-	
3. Financial assets held for sale	-	-	-	-	-	
4. Commitments to disburse funds and financial guarantees issued	2,442	54	51	44	188	2
Total 31/12/2024	**849,208**	**6,870**	**66,432**	**76**	**104,000**	**129**
Total 31/12/2023	**158,827**	**9,506**	**48,367**	**634**	**24,671**	**-**

A.1.4 Prudential consolidation – On and off-balance sheet credit exposures to banks: gross and net

Type of exposures/values	Gross exposure					Total write-downs/write-backs and total provisions					Net exposure	Total partial write-offs (*)
		Stage one	Stage two	Stage three	Purchased or originated impaired		Stage one	Stage two	Stage three	Purchased or originated impaired		
A. On-balance sheet credit exposures												
A.1 On demand	387,318	387,318	-	-	-	54	54	-	-	-	387,264	-
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	387,318	387,318	-	X	-	54	54	-	X	-	387,264	-
A.2 Other	**365,342**	**365,325**	**17**	**-**	**-**	**316**	**316**	**-**	**-**	**-**	**365,026**	**-**
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	365,342	365,325	17	X	-	316	316	-	X	-	365,026	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	**752,660**	**752,643**	**17**	**-**	**-**	**370**	**370**	**-**	**-**	**-**	**752,290**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	84	84	-	X	-	-	-	-	X	-	84	-
Total (B)	**84**	**84**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**84**	**-**
Total (A+B)	**752,744**	**752,727**	**17**	**-**	**-**	**370**	**370**	**-**	**-**	**-**	**752,374**	**-**

A.1.5 Prudential consolidation - On- and off-balance sheet credit exposures to customers: gross and net

Type of exposures/ values	Gross exposure					Total write-downs/write-backs and total provisions					Net exposure	Total partial write-offs (*)
		Stage one	Stage two	Stage three	Purchased or originated impaired		Stage one	Stage two	Stage three	Purchased or originated impaired		
A. On-balance sheet credit exposures												
a) Bad loans	191,344	X	-	61,397	129,947	26,242	X	-	26,242	-	165,102	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	689,369	X	-	214,457	474,912	17,971	X	-	17,971	-	671,398	-
- of which: forborne exposures	169,201	X	-	6,132	163,070	1,922	X	-	1,922	-	167,279	-
c) Non-performing past due exposures	35,447	X	-	27,388	8,059	3,083	X	-	3,083	-	32,364	-
- of which: forborne exposures	3,694	X	-	3,694	-	373	X	-	373	-	3,321	-
d) Performing past due exposures	148,539	45,693	68,096	X	34,750	1,643	313	1,330	X	-	146,896	-
- of which: forborne exposures	21,503	-	926	X	20,577	83	-	83	X	-	21,420	-
e) Other performing exposures	5,712,217	5,173,826	535,693	X	2,698	320,188	212,491	107,697	X	-	5,392,029	-
- of which: forborne exposures	16,911	-	16,911	X	-	65	-	65	X	-	16,846	-
Total (A)	**6,776,915**	**5,219,518**	**603,789**	**303,242**	**650,366**	**369,127**	**212,804**	**109,027**	**47,296**	**-**	**6,407,788**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	29,988	X	-	1,195	28,793	1,101	X	-	4	1,097	28,887	-
b) Performing	360,761	340,288	8,236	X	12,237	1,189	843	157	X	189	359,573	-
Total (B)	**390,749**	**340,288**	**8,236**	**1,195**	**41,030**	**2,290**	**843**	**157**	**4**	**1,286**	**388,460**	**-**
Total (A+B)	**7,167,664**	**5,559,806**	**612,025**	**304,437**	**691,396**	**371,415**	**213,647**	**109,184**	**47,300**	**1,286**	**6,796,248**	**-**

A.1.6 Prudential consolidation – On-balance sheet credit exposures to banks: trend in gross non-performing exposures

There are no non-performing on-balance sheet exposures to banks as initial and/or final exposures for the year, nor have any occurred during the year.

A.1.6bis Prudential consolidation – On-balance sheet credit exposures to banks: trend of the gross forborne exposures, distinguished by credit quality

There are no forborne on-balance sheet exposures to banks.

A.1.7 Prudential consolidation – On-balance sheet credit exposures to customers: trend in gross non-performing exposures

Descriptions/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Opening balance - gross exposure	**467,139**	**671,409**	**38,547**
- of which: assets sold but not derecognised	-	10,529	14,508
B. Increases	**296,015**	**506,389**	**38,963**
B.1 transfers from performing exposures	6,980	182,809	32,615
B.2 transfers from purchased or originated credit impaired financial assets	31,079	63,070	3,238
B.3 transfers from other non-performing exposures	30,218	23,848	-
B.4 contractual amendments without derecognition	-	-	-
B.5 Other increases	227,737	236,661	3,110
C. Decreases	**571,809**	**488,428**	**42,063**
C.1 transfers to performing exposures	-	-	856
C.2 write-offs	277,930	9,661	6,386
C.3 collections	120,806	206,747	3,498
C.4 proceeds from disposals	29,098	84,812	-
C.5 losses on disposal	-	-	-
C.6 transfers to other non-performing exposures	1,363	25,402	27,301
C.7 contractual amendments without derecognition	-	-	-
C.8 other decreases	142,612	161,806	4,022
D. Gross exposure closing balance	**191,344**	**689,369**	**35,447**
- of which: assets sold but not derecognised	9,010	40,422	3,387

With reference to gross non-performing exposures, it should be noted that as at 31 December 2024, these referred to POCI exposures for EUR 612.9 million. Specifically, exposures classified as bad loans amount to EUR 129.9 million, exposures classified as unlikely to pay amount to EUR 474.9 million, and exposures classified as non-performing past due amount to EUR 8.1 million.

The significant reduction in gross exposures compared to the end of the previous year is mainly attributable to asset transformation transactions, i.e., the contribution of POCI positions instead of the subscription of UCI units and senior securitisation notes.

A.1.7bis Prudential consolidation – On-balance sheet credit exposures to customers: trend of the gross forborne exposures, distinguished by credit quality

Descriptions/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening balance - gross exposure	**131,294**	**76,437**
- of which: assets sold but not derecognised	-	-
B. Increases	**86,910**	**35,535**
B.1 transfers from performing exposures not forborne	-	34,026
B.2 transfers from performing forborne exposures	4,129	X
B.3 transfers from non-performing forborne exposures	X	-
B.4 inflows from non-performing, non-forborne exposures	1,107	-
B.5 other increases	81,674	1,509
C. Decreases	**45,309**	**73,558**
C.1 Transfers to performing exposures not forborne	X	-
C.2 Transfers to performing forborne exposures	-	X
C.3 Outflows towards non-performing forborne exposures	X	5,236
C.4 write-offs	-	-
C.5 collections	40,465	4,102
C.6 proceeds from disposals	-	-
C.7 losses on disposal	-	-
C.8 other decreases	4,844	64,220
D. Gross exposure closing balance	**172,895**	**38,414**
- of which: assets sold but not derecognised	-	22,099

A.1.8 Prudential consolidation – On-balance sheet non-performing credit exposures to banks: trend of the total write-downs/write-backs

There are no non-performing on-balance sheet exposures to banks as initial and/or final exposures for the year, nor have any occurred during the year.

A.1.9 Prudential consolidation – On-balance sheet non-performing credit exposures to customers: trend of total write-downs/write-backs

Descriptions/Categories	Bad loans		Unlikely to pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Total opening adjustments	**20,128**	**-**	**11,861**	**1,066**	**1,035**	**-**
- of which: assets sold but not derecognised	-	-	-	-	-	-
B. Increases	**11,598**	**-**	**25,550**	**1,132**	**3,810**	**373**
B.1 write-downs/write-backs from purchased or originated credit impaired financial assets	-	-	-	-	-	-
B.2 other write-downs/write-backs	6,844	-	22,197	1,132	3,810	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other non-performing exposures	4,754	-	822	-	-	-
B.5 contractual amendments without derecognition	-	-	-	-	-	-
B.6 other increases	-	-	2,531	-	-	373
C. Decreases	**5,485**	**-**	**19,440**	**276**	**1,762**	**-**
C.1 write-backs from measurement	2,403	-	1,854	106	24	-
C.2 write-backs from recoveries	2,016	-	12,627	48	78	-
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-offs	1,066	-	-	-	-	-
C.5 transfers to other non-performing exposures	-	-	4,041	-	1,534	-
C.6 contractual amendments without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	918	122	126	-
D. Total closing adjustments	**26,241**	**-**	**17,971**	**1,922**	**3,083**	**373**
- of which: assets sold but not derecognised	-	-	1,251	-	512	-

A.2 Classification of exposures based on internal and external ratings

For the purposes of calculating the capital requirement for credit risk, illimity Bank uses the external rating agency (ECAI) Fitch Ratings only for positions included in the "Exposures to central governments or central banks" and "Exposures to institutions" classes; no external ratings are used for other asset classes.

A.2.1 Prudential consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees issued: by classes of external ratings (gross values)

Exposures	External rating classes						No rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	**173,460**	**10,110**	**17,329**	**2,177**	**-**	**-**	**6,125,484**	**6,328,560**
- Stage one	173,460	10,110	17,329	2,177	-	-	4,575,814	4,778,890
- Stage two	-	-	-	-	-	-	602,822	602,822
- Stage three	-	-	-	-	-	-	299,511	299,511
- Purchased or originated impaired	-	-	-	-	-	-	647,337	647,337
B. Financial assets measured at fair value through other comprehensive income	**15,984**	**5,470**	**88,447**	**21,133**	**-**	**-**	**612,793**	**743,827**
- Stage one	15,984	5,470	88,447	21,133	-	-	611,313	742,347
- Stage two	-	-	-	-	-	-	1,053	1,053
- Stage three	-	-	-	-	-	-	427	427
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**3,029**	**3,029**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	3,029	3,029
Total (A+B+C)	**189,444**	**15,580**	**105,776**	**23,310**	**-**	**-**	**6,741,306**	**7,075,416**
D. Commitments to disburse funds and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**342,496**	**342,496**
- Stage one	-	-	-	-	-	-	292,822	292,822
- Stage two	-	-	-	-	-	-	8,236	8,236
- Stage three	-	-	-	-	-	-	408	408
- Purchased or originated impaired	-	-	-	-	-	-	41,030	41,030
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**342,496**	**342,496**
Total (A+B+C+D)	**189,444**	**15,580**	**105,776**	**23,310**	**-**	**-**	**7,083,802**	**7,417,912**

A.2.2 Prudential consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees issued by category of internal rating (gross values)

p.1

Exposures	Internal rating classes							
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	Class 8
A. Financial assets measured at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Commitments to disburse funds and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B+C+D)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

A.2.2 Prudential consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees issued by category of internal rating (gross values)

p.2

Exposures	Internal rating classes							Total
	Class 9	Class 10	Class 11	Class 12	Class 13	Class 14	No rating	
A. Financial assets measured at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**	**6,328,560**	**6,328,560**
- Stage one	-	-	-	-	-	-	4,778,890	4,778,890
- Stage two	-	-	-	-	-	-	602,822	602,822
- Stage three	-	-	-	-	-	-	299,511	299,511
- Purchased or originated impaired	-	-	-	-	-	-	647,337	647,337
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**743,827**	**743,827**
- Stage one	-	-	-	-	-	-	742,347	742,347
- Stage two	-	-	-	-	-	-	1,053	1,053
- Stage three	-	-	-	-	-	-	427	427
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**3,029**	**3,029**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	3,029	3,029
Total (A+B+C)	**-**	**-**	**-**	**-**	**-**	**-**	**7,075,416**	**7,075,416**
D. Commitments to disburse funds and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**342,496**	**342,496**
- Stage one	-	-	-	-	-	-	292,822	292,822
- Stage two	-	-	-	-	-	-	8,236	8,236
- Stage three	-	-	-	-	-	-	408	408
- Purchased or originated impaired	-	-	-	-	-	-	41,030	41,030
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**342,496**	**342,496**
Total (A+B+C)	**-**	**-**	**-**	**-**	**-**	**-**	**7,417,912**	**7,417,912**

A.3 Breakdown of guaranteed credit exposures by guarantee type

A.3.1 Prudential consolidation – Guaranteed on- and off-balance sheet credit exposures to banks

	Gross exposure	Net exposure	Collaterals (1)			
			Real estate - mortgages	Real estate - Loans for leasing	Securities	Other collaterals
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**
1.1 totally secured	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
1.2 partially secured	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**
2.1 totally secured	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
2.2 partially secured	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-

CONTINUED

	Personal guarantees (2)									Total (1)+(2)
	Credit derivatives					Endorsement credits				
	CLN	Other derivatives								
		Central counterparties	Banks	Other financial companies	Other entities	Public administrations	Banks	Other financial companies	Other entities	
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1. totally secured	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-
1.2. partially secured	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1. totally secured	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-
2.2. partially secured	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-

A.3.2 Prudential consolidation – Guaranteed on- and off-balance sheet credit exposures to customers

p.1

	Gross exposure	Net exposure	Collaterals (1)				Personal guarantees (2)	
							Credit derivatives	
			Real estate - mortgages	Real estate - Loans for leasing	Securities	Other collaterals	CLN	Other derivatives
								Central counterparties
1. Guaranteed on-balance sheet credit exposures:	**2,604,293**	**2,565,615**	**308,367**	**24,956**	**85,183**	**112,922**	**-**	**-**
1.1 totally secured	687,403	667,177	278,887	3,878	73,280	37,761	-	-
- of which non-performing	265,231	249,708	132,812	3,878	14,652	1,217	-	-
1.2 partially secured	1,916,890	1,898,438	29,480	21,078	11,903	75,161	-	-
- of which non-performing	283,064	271,914	24,485	440	442	931	-	-
2. Guaranteed "Off-Balance Sheet" credit exposures:	**15,429**	**15,411**	**406**	**-**	**-**	**3,390**	**-**	**-**
2.1 totally secured	2,766	2,757	406	-	-	1,304	-	-
- of which non-performing	894	894	109	-	-	103	-	-
2.2 partially secured	12,663	12,654	-	-	-	2,086	-	-
- of which non-performing	1,931	1,931	-	-	-	1,154	-	-

A.3.2 Prudential consolidation – Guaranteed on- and off-balance sheet credit exposures to customers

p.2

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Endorsement credits				
	Other derivatives							
	Banks	Other financial companies	Other entities	Public administrations	Banks	Other financial companies	Other entities	
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**678,029**	**28,170**	**19,534**	**1,217,367**	**2,474,528**
1.1 totally secured	-	-	-	105,413	-	7,770	165,474	672,463
- of which non-performing	-	-	-	44,292	-	41	63,246	260,138
1.2 partially secured	-	-	-	572,616	28,170	11,764	1,051,893	1,802,065
- of which non-performing	-	-	-	44,716	2,506	1,894	147,907	223,321
2. Guaranteed "Off-Balance Sheet" credit exposures:	**-**	**-**	**-**	**160**	**-**	**2**	**476**	**4,434**
2.1 totally secured	-	-	-	160	-	2	469	2,341
- of which non-performing	-	-	-	-	-	2	268	482
2.2 partially secured	-	-	-	-	-	-	7	2,093
- of which non-performing	-	-	-	-	-	-	-	1,154

A.4 Prudential consolidation - Financial and non-financial assets obtained through the enforcement of guarantees received

	Derecognised credit exposure	Gross amount	Total write-downs/write-backs	Book value	
					of which obtained during the financial year
A. Property and equipment	**-**	**53,489**	**-**	**53,489**	**-**
A.1. Used in the business	-	-	-	-	-
A.2. For investment purposes	-	-	-	-	-
A.3. Inventories	-	**53,489**	-	53,489	-
B. Equity securities and debt securities	**-**	**-**	**-**	**-**	**-**
C. Other assets	**-**	**-**	**-**	**-**	**-**
D. Non-current assets held for sale and discontinued operations	**-**	**-**	**-**	**-**	**-**
D.1. Property and equipment	-	-	-	-	-
D.2. Other assets	-	-	-	-	-
Total 31/12/2024	**-**	**53,489**	**-**	**53,489**	**-**
Total 31/12/2023	**-**	**65,681**	**1,107**	**64,684**	**5,563**

B. DISTRIBUTION AND CONCENTRATION OF CREDIT EXPOSURES

B.1 Prudential consolidation - Sector breakdown of on- and "off-balance sheet" credit exposures to customers

p.1

Exposures/counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs
A. On-balance sheet credit exposures						
A.1 Bad loans	-	-	764	31	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.2 Unlikely to pay	3,543	-	155,375	2,384	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	2	-	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.4 Performing exposures	1,391,723	1,630	1,567,404	106,455	2,873	6
- of which: forborne exposures	-	1	-	-	-	-
Total (A)	**1,395,266**	**1,630**	**1,723,545**	**108,870**	**2,873**	**6**
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures	-	-	-	-	-	-
B.2 Performing exposures	-	-	168,881	343	-	-
Total (B)	**-**	**-**	**168,881**	**343**	**-**	**-**
Total (A+B) 31/12/2024	**1,395,266**	**1,630**	**1,892,426**	**109,213**	**2,873**	**6**
Total (A+B) 31/12/2023	**866,659**	**211,174**	**919,787**	**3,608**	**2,405**	**14**

B.1 Prudential consolidation - Sector breakdown of on- and "off-balance sheet" credit exposures to customers

p.2

Exposures/counterparties	Non-financial companies		Households	
	Net exposure	Total write-downs/write-backs	Net exposure	Total write-downs/write-backs
A. On-balance sheet credit exposures				
A.1 Bad loans	152,494	24,629	11,844	1,581
- of which: forborne exposures	-	-	-	-
A.2 Unlikely to pay	505,403	15,079	7,077	508
- of which: forborne exposures	166,639	1,664	640	258
A.3 Non-performing past due exposures	31,361	2,848	1,001	234
- of which: forborne exposures	3,321	373	-	-
A.4 Performing exposures	2,518,997	213,465	60,801	279
- of which: forborne exposures	37,616	131	651	16
Total (A)	**3,208,255**	**256,021**	**80,723**	**2,602**
B. Off-balance sheet credit exposures				
B.1 Non-performing exposures	25,880	1,063	3,007	38
B.2 Performing exposures	188,865	846	1,827	-
Total (B)	**214,745**	**1,909**	**4,834**	**38**
Total (A+B) 31/12/2024	**3,423,000**	**257,930**	**85,557**	**2,640**
Total (A+B) 31/12/2023	**3,778,365**	**1,670,652**	**167,942**	**2,587**

B.2 Prudential consolidation – Territorial distribution of on- and "off-balance sheet" credit exposures to customers

p.1

Exposures/Geographic areas	Italy		Other European countries		America
	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures
A. On-balance sheet credit exposures					
A.1 Bad loans	165,105	26,240	-	1	-
A.2 Unlikely to pay	654,169	16,573	17,219	1,394	11
A.3 Non-performing past due exposures	32,364	3,082	-	-	-
A.4 Performing exposures	4,989,331	319,292	479,760	2,402	37,087
Total (A)	**5,840,969**	**365,187**	**496,979**	**3,797**	**37,098**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	28,886	1,101	-	-	-
B.2 Performing exposures	353,923	1,174	5,643	15	7
Total (B)	**382,809**	**2,275**	**5,643**	**15**	**7**
Total (A+B) 31/12/2024	**6,277,255**	**367,462**	**502,622**	**3,812**	**37,105**
Total (A+B) 31/12/2023	**5,304,319**	**1,885,055**	**353,463**	**2,823**	**34,900**

B.2 Prudential consolidation – Territorial distribution of on- and "off-balance sheet" credit exposures to customers

p.2

Exposures/Geographic areas	America	Asia		Rest of the World	
	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs
A. On-balance sheet credit exposures					
A.1 Bad loans	-	-	-	1	-
A.2 Unlikely to pay	4	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-
A.4 Performing exposures	86	29,832	41	2,914	8
Total (A)	**90**	**29,832**	**41**	**2,915**	**8**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	1	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**1**	**-**
Total (A+B) 31/12/2024	**90**	**29,832**	**41**	**2,916**	**8**
Total (A+B) 31/12/2023	**94**	**18,434**	**33**	**21,637**	**17**

B.2 Prudential consolidation – Territorial distribution of on- and "off-balance sheet" credit exposures to customers

Exposures/Geographic areas	North west Italy		North east Italy		Central Italy		Southern Italy and islands	
	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs
A. On-balance sheet credit exposures								
A.1 Bad loans	28,768	4,629	32,236	14,284	61,067	5,332	43,034	1,996
A.2 Unlikely to pay	373,401	8,248	168,204	4,334	74,079	2,616	38,485	1,375
A.3 Non-performing past-due exposures	8,148	748	4,829	532	9,706	1,026	9,681	776
A.4 Performing exposures	2,439,869	114,411	434,290	2,807	1,747,230	199,535	367,942	2,539
Total (A)	**2,850,185**	**128,036**	**639,559**	**21,957**	**1,892,082**	**208,509**	**459,142**	**6,686**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	1,634	117	23,096	845	4,027	139	129	-
B.2 Performing exposures	259,805	805	32,102	60	52,849	307	9,167	2
Total (B)	**261,439**	**922**	**55,198**	**905**	**56,876**	**446**	**9,296**	**2**
Total (A+B) 31/12/2024	**3,111,625**	**128,958**	**694,757**	**22,862**	**1,948,958**	**208,955**	**468,438**	**6,688**
Total (A+B) 31/12/2023	**2,353,980**	**21,983**	**736,858**	**20,853**	**1,754,872**	**1,839,651**	**458,607**	**2,568**

B.3 Prudential consolidation - Territorial distribution of on- and "off-balance sheet" credit exposures to banks

p.1

Exposures/Geographic areas	Italy		Other European countries		America
	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures
A. On-balance sheet credit exposures					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-
A.4 Performing exposures	606,967	326	145,312	44	-
Total (A)	**606,967**	**326**	**145,312**	**44**	**-**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2024	**606,967**	**326**	**145,312**	**44**	**-**
Total (A+B) 31/12/2023	**597,786**	**238**	**30,129**	**15**	**-**

B.3 Territorial distribution of on- and "off-balance sheet" credit exposures to banks

p.2

Exposures/Geographic areas	America	Asia		Rest of the World	
	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/write-backs
A. On-balance sheet credit exposures					
A.1 Bad loans	-	-	-	(1)	1
A.2 Unlikely to pay	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-
A.4 Performing exposures	-	-	-	11	(1)
Total (A)	**-**	**-**	**-**	**10**	**-**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2024	**-**	**-**	**-**	**10**	**-**
Total (A+B) 31/12/2023	**-**	**-**	**-**	**(1)**	**1**

B.3 Prudential consolidation - Territorial distribution of on- and "off-balance sheet" credit exposures to banks

Exposures/Geographic areas	North west Italy		North east Italy		Central Italy		Southern Italy and islands	
	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/write-backs
A. On-balance sheet credit exposures								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	274,235	281	9,388	11	323,344	34	-	-
Total (A)	**274,235**	**281**	**9,388**	**11**	**323,344**	**34**	**-**	**-**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2024	**274,235**	**281**	**9,388**	**11**	**323,344**	**34**	**-**	**-**
Total (A+B) 31/12/2023	**183,052**	**177**	**16,308**	**22**	**398,426**	**39**	**-**	**-**

B.4 Large exposures

	31/12/2024
Book value	5,426,500
Weighted value	725,708
Number	11

According to the regulations in force, the number of large exposures shown in the table is determined by referring to unweighted “exposures” exceeding 10% of the Eligible Capital, as defined by EU Regulation no. 575/2013 (so-called CRR), where "exposures” means the sum of on-balance sheet risk assets and off-balance sheet transactions (excluding those deducted from Eligible Capital) towards a client, or a group of connected customers, without the application of weighting factors. These exposure criteria lead to including subjects in the financial statements table relating to large exposures who - although weighted at 0% – have an unweighted exposure exceeding 10% of the Eligible Capital for the purposes of large risks.

C. SECURITISATION TRANSACTIONS

Qualitative information

With regard to third-party securitisations, below is a brief description, by Division.

Specialised Credit Division

For its NPL operations, the Parent Company uses some securitisation vehicles in accordance with Italian Law 130/99, comprising 130 Servicing, a financial intermediary and securitisation *master servicer*.

The Parent Company acquires loan portfolios from independent third parties through securitisation vehicles, which funds itself by issuing *mono-tranching* notes fully subscribed by the Bank, replicating the entire return of the underlying portfolio.

Also within the Specialised Credit Division, the parent company also structures senior financing operations, represented by financing services to investors of *distressed* loans through the subscription of Senior, Mezzanine or Junior notes.

Investment Banking Division

To carry out its performing loan securitisation activities, the Parent Company works with the vehicle Piedmont SPV, which was established by Banca Finint, a financial intermediary and securitisation *master servicer*, pursuant to Law 130/99. The vehicle Piedmont SPV is subject to line-by-line consolidation. The division also carries out its operations through securitisation notes that do not fall within the accounting or prudential scope of consolidation.

B-ilty Division

To carry out its performing loan securitisation activities, the parent company uses securitisation vehicles established pursuant to Law 130/99 and consolidated on a line-by-line basis.

Quantitative information

C.1 Prudential consolidation - Exposures resulting from the main originated securitisation transactions broken down by type of securitised asset and by type of exposure

The Group has no exposures in proprietary securitisations.

Disclosure about "self-securitisation" operations can be found in part E - section 2 "Risks of prudential consolidation 1.4 Liquidity risk". These are operations in which the Group has fully subscribed the securities issued by the vehicle, with the target of using them to obtain liquidity, typically by means of repurchase agreements with market counterparties.

C.2 Prudential consolidation – Exposures resulting from the main "third party" securitisation transactions broken down by type of securitised asset and by type of exposure

Type of underlying asset/ exposures	On-balance sheet exposures							
	Single tranche		Senior		Mezzanine		Junior	
	Book value	(Write-downs)/ write-backs	Book value	(Write-downs)/ write-backs	Book value	(Write-downs)/ write-backs	Book value	(Write-downs)/ write-backs
Specialised Credit Division	128,676	-	720,123	(99,570)	5,989	-	2,039	-
Corporate Banking Division	-	-	47,473	(56)	-	-	5,250	-
Investment Banking Division	-	-	378,761	(767)	6,480	-	205	-

C.3 *Prudential consolidation – Interests in securitisation vehicles*

As described above, in order to carry out its activities, the Group utilises securitisation vehicles pursuant to Law 130/99.

NAME OF SECURITISATION/ VEHICLE COMPANY	REGISTERED OFFICE	CONSOLIDATION	ASSETS			LIABILITIES			
			Receivables	Debt securities	Others	Single-tranche	Senior	Mezzanine	Junior
APORTI SRL - SEGMENT I	MILAN	a)	34,507	-	18,842	48,915	-	-	-
APORTI SRL - SEGMENT II	MILAN	a)	-	-	228	1,681	-	-	-
APORTI SRL - SEGMENT III	MILAN	a)	395	-	574	907	-	-	-
APORTI SRL - SEGMENT IV	MILAN	a)	989	-	2,571	20,194	-	-	-
APORTI SRL - SEGMENT VI	MILAN	a)	324	-	635	853	-	-	-
CR PLEASE REAL ESTATE SRL	MILAN	b)	-	-	704	382	-	-	-
DAGOBAH SPV SRL	MILAN	a)	16,257	-	15,423	20,583	-	-	-
DOME SPV SRL	MILAN	b)	16,841	-	879	-	11,956	1,714	4,098
DORIA SPV SRL	MILAN	a)	52	-	81,259	6,944	-	-	-
FARKY SPV SRL	MILAN	b)	122,657	-	7,208	-	82,790	18,356	28,513
FARM SPV SRL	MILAN	b)	6,880	-	612	-	5,466	789	1,539
FRIULI SPV SR (SPV)	MILAN	a)	666	-	7,230	2,857	-	-	-
GRO SPV SRL - SEGMENT I	MILAN	b)	139,031	-	11,273	-	100,644	19,629	30,000
GRO SPV SRL - SEGMENT II	MILAN	b)	61,407	-	2,416	-	44,770	6,433	12,644
HAVANA SPV SRL	MILAN	b)	3,617	-	176	-	2,674	383	763
ISIDE SPE SRL	MILAN	b)	9,392	382	6,331	-	13,603	-	1,658
MAUI SPE	MILAN	b)	-	-	10,802	11,000	-	-	-
Metafora SPV SRL	MILAN	b)	-	-	36,417	36,856	-	-	-
MONTES SPV	MILAN	a)	13,935	-	4,265	15,724	-	-	-
PIEDMONT SPV	MILAN	b)	34,561	-	3,339	37,833	-	-	-
PITTI SPV SRL	MILAN	a)	9,484	-	12,554	12,828	-	-	-
RIVER SPV SRL	MILAN	a)	-	-	7,786	2,084	-	-	-
SILENO SPV SRL	MILAN	a)	60,788	-	7,376	65,522	-	-	-
SPICY GREEN SPV SRL	MILAN	b)	38,005	-	26,705	63,126	-	-	-

a) Company consolidated using the line-by-line method pursuant to the majority of voting rights at the Ordinary Shareholders' Meeting

b) Company consolidated using the line-by-line method pursuant to other forms of control

C.4 *Prudential consolidation - Non-consolidated securitisation vehicles*

In addition to the operations listed above, subject to line-by-line consolidation, the Convivio SPV securitisation must also be taken into account, in relation to which illimity subscribed 50% of the *mono-tranching* notes in a joint venture with Apollo Global Management.

C.5 *Prudential consolidation – Servicer activities – originated securitisations: collections of securitised loans and redemptions of securities issued by the securitisation vehicles*

Servicer	Vehicle Company	SECURITISED ASSETS (end-of-period figure)		COLLECTIONS OF RECEIVABLES REALISED DURING THE YEAR		PERCENTAGE SHARE OF SECURITIES REDEEMED		
		Non-performing	Performing	Non-performing	Performing	Senior	Mezzanine	Junior
ArecNeprix	**Vela 2023 SPV**	84,094	256,058	41,442	20,371	6%	-	
ArecNeprix	**Zefiro SPV**	183,726	-	23,887	-	-	-	
Total		**267,820**	**256,058**	**65,329**	**20,371**	**6%**	**-**	**-**

C.6 Prudential consolidation - Consolidated securitisation vehicles

The Special Purpose Vehicles used for securitisations relating to the Specialised Credit, b-ilty and Investment Banking Divisions subject to consolidation are the following:

- Aporti SPV (Specialised Credit - NPL);
- CR Please Real Estate (Specialised Credit - RE)
- Dagobah SPV (Specialised Credit - NPL);
- Dome SPV (b-ilty - Organic portfolios)
- Doria SPV (Specialised Credit - NPL);
- Farky SPV (b-ilty – Organic portfolios);
- Farm SPV (b-ilty - Organic portfolios);
- Friuli SPV (Specialised Credit - NPL);
- GRO SPV (b-ilty – Organic portfolios);
- Havana SPV (b-ilty - Organic portfolios);
- ISIDE SPE (Specialised Credit - NPL);
- MAUI SPE (Specialised Credit – RE);
- Metafora SPV (Specialised Credit - RE);
- Montes SPV (Specialised Credit - NPL);
- Piedmont SPV (Investment Banking – Organic portfolios).
- Pitti SPV (Specialised Credit - NPL);
- River SPV (Specialised Credit - NPL);
- Sileno SPV (Specialised Credit - NPL);
- Spicy Green SPV (Specialised Credit - NPL);

The operations subject to securitisation within that scope are therefore the following:

- Securitisations of NPLs attributable to the Specialised Credit Division;
- Real estate securitisations attributable to the Specialised Credit division;
- Securitisations of organic loans attributable to the b-ilty Division;
- Securitisations of organic loans attributable to the Investment Banking Division;

D. DISPOSALS

A. Financial assets sold and not fully derecognised

Qualitative information

The sales connected to financial assets sold and not derecognised relate to repurchase agreements - payable, where the buyer has to resell on expiration of the assets (for example securities).

Quantitative information

D.1. Prudential consolidation – Financial assets sold and fully recognised and associated financial liabilities: book values

	Financial assets sold and fully recognised				Associated financial liabilities		
	Book value	of which: subject to securitisation transactions	of which: subject to sale agreements with repurchase clause	of which non-performing	Book value	of which: subject to securitisation transactions	of which: subject to sale agreements with repurchase clause
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets carried at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**311,651**	**-**	**311,651**	**-**	**274,133**	**-**	**274,133**
1. Debt securities	311,651	-	311,651	-	274,133	-	274,133
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**980,448**	**481,442**	**499,006**	**42,329**	**794,619**	**-**	**794,619**
1. Debt securities	499,006	-	499,006	-	794,619	-	794,619
2. Loans	481,442	481,442	-	42,329	-	-	-
Total 31/12/2024	**1,292,099**	**481,442**	**810,657**	**42,329**	**1,068,752**	**-**	**1,068,752**
Total 31/12/2023	**1,566,352**	**720,617**	**286,295**	**10,029**	**783,319**	**-**	**783,319**

D.2 Financial assets sold and partially recognised and associated financial liabilities: book value

On the reporting date, the Group does not hold financial assets sold and partially recognised and associated financial liabilities.

D.3 Disposals with liabilities with repayment exclusively based on assets sold and not fully derecognised: fair value

In table D.1, the book value of the financial assets indicated may be considered a proxy of the fair value.

B. Financial assets sold and fully derecognised with recognition of continuing involvement

The Group has no such operations.

D.4 Covered bond transactions

The Group has no such operations.

E. PRUDENTIAL CONSOLIDATION – CREDIT RISK MEASUREMENT MODELS

For management purposes, as well as for the calculation of collective write-downs, internal rating models were developed by the Group. These models were developed with the target of making the measurement metrics more risk-sensitive and more relevant to the Group's business. The most advanced component of these models is the credit scoring model of “organic” exposures originating from illimity, which has been calibrated using deep external databases (Corporate counterparties of the European market), including the forward looking component to incorporate the effect of the expected macroeconomic scenario (baseline and climate-risk stressed) and providing a documented override process downstream (with qualitative notching in the case of more information).

Rating models provided by external providers are also used to calculate the creditworthiness of the component of exposures arising from the operations of the former Banca Interprovinciale and the b-ilty Division, with the application of conservative margins. Since the end of 2021, ratings have also been issued by external providers to assess the creditworthiness of the exposures of the Factoring portfolio.

With regard to the Loss Given Default (LGD) risk parameter, applied to the calculation of collective impairment, illimity maintained the model developed internally in 2020, based on estimated recovery percentages for bad loans, calibrated on the basis of the business plans for bad loans of the Specialised Credit Division.

Finally, a roadmap is planned for the evolution and consolidation of the aforementioned models (including external performance and calibration on internal data), which will see the use of the innovative component previously described also during origination, both for the definition of decision-making powers, and as a tool for analysis and simulation by business units also for the purpose of pricing.

1.2 Market risks

1.2.1 Interest rate risk and price risk - regulatory trading book

Qualitative information

General aspects

Market risk is the risk of change in the market value of financial instruments held, as a result of unexpected changes in market conditions (adverse changes in market parameters such as interest rates, exchange rates, prices and volatility) and of the Group’s credit rating.

Measurement and control of market risks are activities conducted daily by the Risk Management Area, taking as reference all positions subject to value adjustment at fair value through profit or loss and equity. The scope of the positions subject to this measurement is broader than the "regulatory trading book" (e.g., Trading book), also involving part of the positions of the banking book.

The measurement and control of the market risks is performed with the Value at Risk methodology (hereinafter “VAR”); VAR is a probability indicator that measures the probable maximum loss of value (fair value) which the Group might be affected by with reference to a given time horizon and a specific confidence level, confirmed by historic scenarios (historic simulation approach).

The daily VAR measurement is accompanied by periodic stress test analyses, which simulate the impacts on the income statement and balance sheet in the event of an unexpected shock in market values. These shocks can consist of scenarios based on extreme market events that actually happened (historical scenarios), or ad-hoc created scenarios (EBA scenarios).

The reliability of the risk measurement outputs through the VAR methodology is verified daily through the execution of back testing tests.

VAR measures are compared with the risk limits and targets formalised in the RAF and with the operational limits, on a daily basis by the CRO Division. VAR measures are used together with other indicators such as sensitivities and greeks, as well as position measures, that form the basis of level two and early warning limits.

Processes for managing and methods for measuring interest rate risk and price risk

For instruments classified in the trading book, the IAS/IFRS require a fair value measurement, with a contra entry in the income statement. For financial instruments listed on active markets, the best estimate of the fair value is represented by the prices themselves (Mark to Market), taken from the information providers (Bloomberg, Thomson Reuters, etc.).

The value expressed by the relevant market for a listed financial instrument, even if admitted for trading on an organised market, should still be considered insignificant, for illiquid instruments. Illiquid instruments are financial products for which there are no suitably liquid or transparent trading markets available, which can provide immediate, objective reference benchmarks for the transactions. Therefore, due to the low volumes traded, the low frequency of trades and the concentration of free float, the Mark to Market does not express the actual “presumable realisation value” of the instrument.

For unlisted or illiquid financial instruments, the fair value is determined by applying measurement techniques aimed at determining the price that the instrument would have had on the market where freely negotiated between the parties motivated by usual commercial considerations. The techniques include:

- reference to market prices of similar instruments with the same risk profiles as those being valued (comparable approach);
- valuations based on generally accepted pricing models (i.e. Black & Scholes, Discount Cash Flow Model, etc.) or internal models, based on market input data and possibly on estimates or assumptions (Mark to Model).

Funds that are not listed on official markets are periodically measured at Fair Value in accordance with the rules expressed in IFRS 13, based on specific methodologies that take into account the nature and type of the underlying assets of the funds.

The valuation may also include a dedicated liquidity discount, depending primarily on the characteristics of the assets invested by the fund itself, in order to align the fair value of the instruments recognised in the financial statements with the price at which a potential third-party investor would be prepared to buy units of the fund (i.e. the “exit price”).

Some complex financial products (structured or synthetic) can be valued on the basis of:

- the breakdown of the product into its elementary components;
- valuation models that can generate numerical scenarios defined on the basis of a probability density function that identifies the simulated pay-offs for the complex product to be valued;
- valuation models used to value the components described in the previous points (elementary components or assimilated pay-offs), together with the operational market prices used to parametrise the models or to know the valuation of some of their components (for example implicit inflation, for inflation linked components).

Some complex financial products for which there is no commonly accepted valuation model nor the availability of all the descriptive information about the product, can be particularly hard to value. These products can be valued: (i) through the Bank's internal valuation models able to produce a fair value for comparison, in any case, with the operating BIDs obtained by independent counterparties; (ii) if there are no validated internal models, reference is made to the operational BIDs obtained from independent market counterparties.

Quantitative information

1. Regulatory trading portfolio: distribution by residual maturity (repricing date) on-balance sheet financial assets and liabilities and financial derivatives

Type/Residual maturity	On demand	Up to 3 months	3 Months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	Between 5 and 10 years	More than 10 years	Indefinite duration
1. Cash assets	**28**	**-**	**35**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	28	-	35	-	-	-	-	-
2. On-balance sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repos	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	**10,506**	**1,989,278**	**888,421**	**855,805**	**6,082,429**	**1,702,220**	**2,379**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other	-	53,991	-	-	-	-	-	-
+ Long positions	-	53,991	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	6	63,710	98,163	534,388	2,734,270	507,364	2,379	-
+ Long positions	5	51,913	48,381	328,592	1,299,288	240,731	1,230	-
+ Short positions	1	11,797	49,782	205,796	1,434,982	266,633	1,149	-
- Other derivatives	10,500	1,871,577	790,258	321,417	3,348,159	1,194,856	-	-
+ Long positions	-	976,700	354,195	154,664	1,674,639	585,339	-	-
+ Short positions	10,500	703,546	433,885	165,409	1,673,520	609,517	-	-

2. Regulatory trading book: distribution of exposures in equity instruments and share indices for the main stock market countries

The Group does not hold equity instruments and share indices in the trading portfolio, as of the reporting date.

3. Regulatory trading portfolio: internal models and other methods of sensitivity analysis

Over The Counter (OTC) derivatives, whose value cannot be directly observed on the market, are valued using specific models and inputs pursuant to the asset class and the characteristics of the specific financial product. The valuation of OTC derivatives takes into consideration, as well as the market variables to which the instruments are sensitive, the specific risks pertaining to the counterparties with which they are traded, in particular:

- for transactions negotiated within a netting and margining agreement (CSA), the value adjustment for credit risk is considered non-material and the valuation of the instruments is based exclusively on the underlying risk factors, in accordance with the principle of non-arbitrage;
- for transactions negotiated without a netting and margining agreement, the valuation is carried out by adding the valuation of the instrument, as if it were subject to netting and margining, to the adjustments associated with the counterparty risk (i.e. credit valuation adjustment and debt valuation adjustment).

1.2.2 Interest rate risk and price risk – banking book

The banking book consists of all the financial instruments, receivable and payable, not included in the trading book referred to in the "Market risks section".

Qualitative information

A. General aspects, management processes and measurement methods for interest rate risk and price risk

Banking portfolio interest rate risk (IRRBB) consists of the risk that unexpected changes in interest rates will be negatively reflected on:

- formation of the net interest income, and thus, the Bank's earnings (cash flow risk);
- the net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk);
- relative to the assets other than those allocated to the trading book, in relation to the non-timing between the maturity and the re-pricing of assets and liabilities and the short and long term off-balance sheet positions (re-pricing risk), the risk arising from changes to the slope and shape of the yield (yield curve risk), the hedging of interest rate risk of an exposure using an exposure with a rate that reprices in different conditions (basis risk) and risks arising from options (for example, consumers redeeming fixed-rate products when the market rates change).

To measure, control and manage interest rate risk and the prices of all the cash flows in the banking book, the impact of any unexpected changes in market conditions on profit will be analysed, and the risk-return alternatives will be evaluated, so that Group management decisions can be taken.

Exposure to interest rate risk is assessed from two different perspectives. In the short term view, the "earnings perspective" approach is adopted, which focuses on the impact of changes in interest rates on the profits accrued or recognised (cash flow risk), as regards the component represented by the net interest income. For a long term view of the effects of changes in interest rates, the "economic performance perspective" approach is used, representing a method, in accordance with prudential supervisory regulations, used to assess the sensitivity of the Group's shareholders' equity to changes in rates (fair value risk).

Interest rate risk management is intended to limit the impact of adverse changes to the rates curve, both in terms of economic performance and in terms of the cash flow generated by the financial statement items, and is achieved primarily through the indexing of assets and liabilities to money market benchmarks, typically the Euribor, and the balancing of the duration of the asset and liability.

Quantitative information

1. Banking book: distribution by residual maturity (repricing date) of financial assets and liabilities

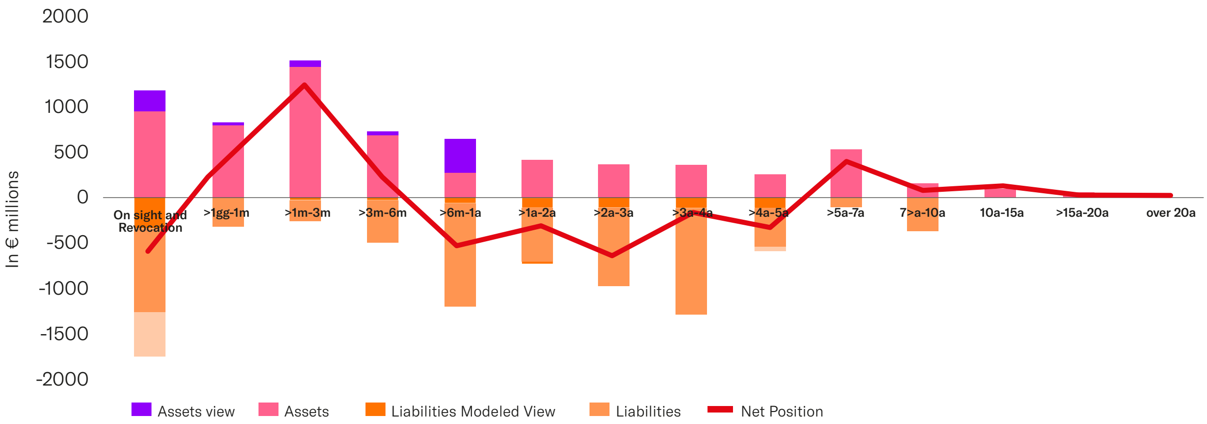
Type/Residual maturity	On demand	Up to 3 months	3 Months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	Between 5 and 10 years	More than 10 years	Indefinite duration
1. Cash assets	**752,725**	**3,582,889**	**749,794**	**177,040**	**1,093,091**	**527,491**	**245,871**	**31,184**
1.1 Debt securities	50,267	1,509,288	16,685	86,218	673,121	480,453	105,640	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	50,267	1,509,288	16,685	86,218	673,121	480,453	105,640	-
1.2 Loans to banks	261,345	294,835	-	-	-	-	74,292	-
1.3 Loans to customers	441,113	1,778,766	733,109	90,822	419,970	47,038	65,939	31,184
- current account	20,635	1,283	2,137	3,655	8,023	581	1	-
- other loans	420,478	1,777,483	730,972	87,167	411,947	46,457	65,938	31,184
- with early repayment option	140,677	601,290	549,611	14,517	58,383	1,618	-	-
- other	279,801	1,176,193	181,361	72,650	353,564	44,839	65,938	31,184
2. On-balance sheet liabilities	**2,151,434**	**1,035,687**	**202,550**	**1,189,682**	**2,532,394**	**10,389**	**127,354**	-
2.1 Amounts due to customers	1,561,724	703,234	202,538	888,982	1,965,550	10,427	-	-
- current account	1,285,947	-	-	-	-	-	-	-
- other payables	275,777	703,234	202,538	888,982	1,965,550	10,427	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	275,777	703,234	202,538	888,982	1,965,550	10,427	-	-
2.2 Amounts due to banks	589,710	147,907	12	24	162	-	127,354	-
- current account	3,199	-	-	-	-	-	-	-
- other payables	586,511	147,907	12	24	162	-	127,354	-
2.3 Debt securities	-	184,546	-	300,676	566,682	(38)	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	184,546	-	300,676	566,682	(38)	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	45,107	-	-	-	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	45,107	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	45,107	-	-	-	-	-	-	-
+ Long positions	45,107	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
4. Other off-balance sheet transactions	**(178,723)**	**752**	**734**	**9,356**	**126,390**	**41,491**	-	-
+ Long positions	901	752	734	9,356	126,390	41,491	-	-
+ Short positions	179,624	-	-	-	-	-	-	-

2. Bank portfolio: internal models and other methods of sensitivity analysis

The measuring of IRRBB takes place according to the standardised methodology (SA) set out in EBA/RTS/2022/09. The methodology requires the calculation of economic value (EVE) and net interest income (NII) in a base case *forward* scenario and, respectively, in six and two stress scenarios. The difference between the base and worst-case stress scenarios identifies the banking book's sensitivity to interest rate risk (ΔEVE, ΔNII). The Bank also continues to calculate interest rate risk according to the simplified methodology in Annex C of Bank of Italy Circular No. 285, in order to have additional benchmarks for measuring risk exposure.

As required by law, the Bank has adopted a behavioural model to estimate the repricing of demand liabilities (NMD), which has been submitted for approval by the board bodies. The Bank is below the materiality threshold with respect to the adoption of additional behavioural models proposed by the law.

The following graphic shows the distribution by maturity bands of net imbalances of assets and liabilities in the banking book as of 31 December 2024, based on which the exposure to the interest rate risk was estimated.



As at 31 December 2024, ΔEVE and ΔNII were below the regulatory thresholds of 15% and 5% of Tier1 Capital as indicated by the *Supervisory Outlier Test* (SOT). At the reporting date, the Bank had an economic value sensitivity (ΔEVE) of 4.87% in the stress *steepener* scenario. The sensitivity of net interest income (ΔNII), on the other hand, is 2.18% under the assumption of a parallel decreasing rate shock.

1.2.3 Exchange risk

Qualitative information

A. General aspects, management processes and measurement methods for exchange rate risk

The exchange risk is determined on the basis of the existing mismatching between currency assets and liabilities (spot and forward), for each currency other than the euro. The main sources of risk are:

- loans and deposits in foreign currency with counterparties and retail customers;
- the holding of foreign currency financial instruments;
- the holding of any shares or units in UCIs still denominated in euros, for which it is not possible to determine the foreign currency composition of the underlying investments and/or for which the maximum foreign currency investment is not known and is binding;
- the trading of foreign banknotes.

The exchange risk is determined on the basis of the methodology proposed by the Bank of Italy and is quantified at 8% of the net foreign exchange position. This is determined as the highest component (in absolute values) between the sum of the net long positions and the sum of the net short positions (position per currency) to which is added the exposure to the exchange rate risk implied in any investments in UCIs. The internal VAR-based model is therefore not used in the calculation of capital requirements on market risks.

Exposure to exchange risk is thus determined on the basis of the net foreign exchange position using a methodology based on the supervisory regulations. Equity investments and property and equipment are not included in the net foreign exchange position.

B. Exchange rate risk hedging

The exchange risk arising from exposures on the banking book is generally cancelled using systematic balancing with funding/lending | loan operations in the same currency as the original transaction, and marginally through exchange rate financial derivatives.

Quantitative information

1. Breakdown by currency of assets, liabilities and derivatives

Items	Currencies					
	USD	MXN	GBP	ZAR	CHF	OTHER CURRENCIES
A. Financial assets	**156,322**	**-**	**377**	**-**	**122**	**408**
A.1 Debt instruments	-	-	-	-	-	-
A.2 Equity instruments	8	-	-	-	-	-
A.3 Loans to banks	37,591	-	368	-	122	408
A.4 Loans to customers	118,723	-	9	-	-	-
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**-**	**-**	**-**	**-**	**-**	**243**
C. Financial liabilities	**(1,572)**	**-**	**-**	**-**	**-**	**-**
C.1 Amounts due to banks	-	-	-	-	-	-
C.2 Amounts due to customers	(1,572)	-	-	-	-	-
C.3 Debt instruments	-	-	-	-	-	-
C.4 Other financial assets	-	-	-	-	-	-
D. Other liabilities	**(504)**	**-**	**(307)**	**-**	**-**	**(421)**
E. Financial derivatives	**(194,850)**	**-**	**-**	**-**	**-**	**(2)**
- Options	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives	(194,850)	-	-	-	-	(2)
+ Long positions	(23,199)	-	-	-	-	-
+ Short positions	(171,651)	-	-	-	-	(2)
Total assets	**179,751**	**-**	**377**	**-**	**122**	**651**
Total liabilities	**(173,727)**	**-**	**(307)**	**-**	**-**	**(423)**
Difference (+/-)	**5,794**	**-**	**(70)**	**-**	**122**	**228**

2. Internal models and other methods of sensitivity analysis

Foreign currency activity is extremely limited, according to policy, and the net daily position tends to be zero, excluding any foreign currency cash deposits. No internal models or other methods have been developed for sensitivity analysis.

1.3 Derivative instruments and hedging policies

1.3.1 Trading derivatives

Trading in derivatives was authorised with effect from 2021: the main type of trading derivatives used is interest rate swaps (IRS), either plain or structured (with the presence of caps and floors).

Derivatives are mainly traded in the context of over-the-counter (OTC) agreements with customers in relation to loan operations. Those derivative operations are carried out within the trading portfolio and involve the active management of market risks, through the hedging of the derivatives with institutional counterparties.

A.1 Financial derivatives held for trading: end-of-period notional values

Underlying assets/Types of derivatives	Total 31/12/2024				Total 31/12/2023			
	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 securities and interest rates	**-**	**3,466,082**	**1,156,024**	**-**	**742,628**	**503,600**	**386,872**	**-**
a) Options	-	984,593	9,750	-	-	503,600	26,379	-
b) Swaps	-	2,481,489	1,092,283	-	742,628	-	296,114	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	53,991	-	-	-	64,379	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and share indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**181,660**	**686**	**-**	**-**	**101,652**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	181,660	686	-	-	101,652	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Goods	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	**-**	**3,647,742**	**1,156,710**	**-**	**742,628**	**605,252**	**386,872**	**-**

A.2 Financial derivatives held for trading: positive and negative gross fair value - distribution by products

Types of derivatives	Total 31/12/2024				Total 31/12/2023			
	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	-	6,155	-	-	-	8,133	-	-
b) Interest rate swaps	-	23,296	14,438	-	14,200	-	2,109	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	53	-	-	-	1,423	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**29,504**	**14,438**	**-**	**14,200**	**9,556**	**2,109**	**-**
2. Negative fair value								
a) Options	-	9,916	2	-	-	8,607	102	-
b) Interest rate swaps	-	32,689	1,167	-	5,539	-	5,114	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	1,320	13	-	-	113	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**43,925**	**1,182**	**-**	**5,539**	**8,720**	**5,216**	**-**

A.3 OTC financial derivatives held for trading – notional values, positive and negative gross fair value by counterparties

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not covered by netting agreements				
1) Debt securities and interest rates				
- notional value	X	53,991	749,356	352,677
- positive fair value	X		10,876	3,562
- negative fair value	X			1,168
2) Equity securities and share indices		53,991	749,356	352,677
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	686.00
- positive fair value	X	-	-	-
- negative fair value	X	-	-	13
4) Goods				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting agreements				
1) Debt securities and interest rates				
- notional value	-	3,466,082	-	-
- positive fair value	-	29,451	-	-
- negative fair value	-	42,605	-	-
2) Equity securities and share indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	181,660	-	-
- positive fair value	-	53	-	-
- negative fair value	-	1,320	-	-
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	216,234	2,897,396	1,508,476	4,622,106
A.2 Financial derivatives on equity securities and share indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	182,346	-	-	182,346
A.4 Financial derivatives on goods	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	**398,580**	**2,897,396**	**1,508,476**	**4,804,452**
Total 31/12/2023	**501,334**	**1,026,512**	**206,905**	**1,734,751**

1.3.2 Hedge accounting

Since the 2022 financial year, the illimity Group has implemented a hedge accounting framework to develop micro fair value hedges using financial derivatives.

For hedges, the Group applies the option, set out in IFRS 9, to continue fully applying the provisions of the accounting standard IAS 39 on hedge accounting (the carve-out version endorsed by the European Commission).

Type of hedging

Risk hedging operations are aimed at neutralising potential losses attributable to a specific risk and recognisable on a given element or group of elements, if that particular risk should arise.

The type of hedging used by the Group is fair value hedging: it is intended to cover exposure to changes in the fair value (attributable to the different types of risk) of assets and liabilities recognised in the financial statements or portions thereof, of groups of assets/liabilities, of irrevocable commitments and of portfolios of financial assets and liabilities, including deposits. There are no macro fair value hedges.

There are no cash flow hedges.

There are no hedges of foreign investments.

Hedged instruments

The main types of hedged element are:

- Debt securities classified under assets: debt securities classified under assets at FVOCI are hedged through micro fair value hedges, using interest rate swaps (IRS). Interest rate risk is hedged for the entire duration of the obligation. The dollar offset method is used to verify the effectiveness of the hedge. This method is based on the relationship between the accumulated changes (from the start of the hedge) in the fair value of the hedging instrument, attributable to the hedged risk, and the changes in the fair value of the hedged element (the so-called delta fair value), net of accrued interest.
- Bond funding: part of the bond funding is hedged against interest rate risk with micro fair value hedges, using Interest Rate Swaps (IRS). Hedging follows the methodologies provided for the FVOCI portfolio.
- Fixed-term funding: fixed-term funding comprised of deposits is hedged through micro fair value hedges, using interest rate swaps (IRS). The aim of this type of hedge is to protect the net interest income against possible interest rate reductions that could narrow the spread between variable-rate loans and fixed-rate fixed-term funding. Risk Management performs ongoing monitoring and checks to assess the effectiveness of these hedges. The dollar offset method is used, in the terms indicated above, to verify the effectiveness of the hedge.

Recognition criteria

Hedging derivatives, like all derivatives, are initially recognised and subsequently accounted for at fair value. A relationship is classified as a hedge, and accounted for as such, only if all the following conditions set out in IAS 39 are met:

- at the start of the hedge, there is formal documentation of the hedging relationship that describes the company's targets in managing the risk and its strategy in carrying out the hedge. This documentation includes the identification of the hedging instrument, the hedged element or transaction, the nature of the hedged risk and how the Group assesses the effectiveness of the hedging strategy in offsetting the exposure to changes in the hedged element's fair value;
- the assessment concludes that the hedge is highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed as a continuing hedging relationship and is effective for the financial years for which it was designated.

Measurement criteria

Hedging derivatives are measured at fair value: the change in the fair value of the hedged element is offset with the change in the fair value of the hedging instrument. This offsetting is measured through the recognition in the income statement of the changes in value of both the hedged element (specifically with regard to the changes generated by the risk factor for which the hedge was adopted) and the hedging instrument. Any difference or partial ineffectiveness of the hedge that may arise is then recognised in the income statement.

The effectiveness of the hedge depends on the extent to which the changes in the fair value of the hedged instrument are offset by those of the hedging instrument; the effectiveness is therefore measured by comparing the aforementioned changes, taking into account the company's intention when putting the hedge in place. The hedge is considered to be effective when the changes in the fair value of the financial hedging instrument offset, within the limits established by the 80-125% range, the changes in the hedged instrument due to the hedged risk factor.

The effectiveness assessment is carried out on a monthly basis, using:

- prospective tests, which assess the expected effectiveness of the hedge;
- retrospective tests, which assess the degree of effectiveness achieved by the hedge in the reference period.

Fair value hedges cease to be accounted for in the following cases:

- the hedging instrument reaches maturity;
- the hedge no longer meets the aforementioned hedging criteria;
- the Group revokes the designation.

Specifically, if the checks do not confirm the effectiveness of the hedge, from that moment the accounting of the hedging operations is suspended: the hedging derivative is reclassified under trading instruments and the hedged financial instrument reassumes the measurement criteria corresponding to its classification in the financial statements.

Fair value hedging activities

The hedging implemented by the illimity Group aims at immunising the banking book from changes in the fair value of funding through deposits and the use of securities at FVOCI caused by changes in the interest rate risk curve (interest rate risk). The Group adopts micro fair value hedging.

The type of derivatives used are interest rate swaps (IRS) executed with third parties. The derivatives are not listed on regulated markets, but are traded in over the counter (OTC) systems.

The main causes of ineffectiveness of the model adopted by the Group to verify hedge effectiveness could be attributable to the following:

- misalignment between the notional value of the derivative and the hedged underlying recognised on initial designation or generated subsequently, as in the case of partial redemption of deposits;
- different maturities between the set of hedged instruments and the hedging instruments (macro fair value hedges of time deposits);

Any ineffectiveness of the hedging is recognised for the purpose:

- of determining the effects to record in the income statement;
- of the assessment of the possibility of continuing to apply hedge accounting rules.

The Group does not use dynamic hedges, as defined in IFRS 7, paragraph 23C.

Quantitative information

A. Financial hedging derivatives

A.1 Hedging derivatives: end-of-periodnotional values

Underlying assets/Types of derivatives	Total 31/12/2024				Total 31/12/2023			
	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 securities and interest rates	**-**	**711,405**	**-**	**-**	**-**	**690,100**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	711,405	-	-	-	690,100	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and share indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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. Goods	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**711,405**	**-**	**-**	**-**	**690,100**	**-**	**-**

Types of derivatives	Total 31/12/2024				Total 31/12/2023			
	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	
Positive fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	29,385	-	-	-	21,393	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**29,385**	**-**	**-**	**-**	**21,393**	**-**	**-**
Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	43	-	-	-	19,770	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**43**	**-**	**-**	**-**	**19,770**	**-**	**-**

A.3 OTC financial hedging derivatives - notional values, positive and negative gross fair value by counterparties

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not covered by netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and share indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Goods				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting agreements				
1) Debt securities and interest rates				
- notional value	-	711,405	-	-
- positive fair value	-	29,385	-	-
- negative fair value	-	43	-	-
2) Equity securities and share indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other	-	-	-	-
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial hedging derivatives: notional values

Underlying assets/Residual life	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	586,405	125,000	711,405	586,405
A.2 Financial derivatives on equity securities and share indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on goods	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	**586,405**	**125,000**	**711,405**	**586,405**
Total 31/12/2023	**472,100**	**50,000**	**170,000**	**692,100**

B. Credit hedging derivatives

The Group does not hold credit derivatives classified as hedges.

C. Non-derivative hedging instruments

The Group does not hold non-derivative instruments classified as hedges.

D. Hedged instruments

D.1 Fair value hedges

	Specific hedges: book value	Specific hedges - net positions: book value of assets or liabilities (before offsetting)	Specific hedges			Generic hedges: Book value
			Cumulative changes in the fair value of the hedged instrument	Termination of hedging: residual cumulative changes in fair value	Changes in the value used to recognise the ineffectiveness of the hedge	
A. Assets						
1. Financial assets measured at fair value through other comprehensive income - hedging of:	**254,603**	**-**	**919**	**-**	**-**	**-**
1.1 Debt securities and interest rates	254,603	-	919	-	-	X
1.2 Equity securities and share indices	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Receivables	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets measured at amortised cost - hedging of:	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities and interest rates	-	-	-	-	-	X
1.2 Equity securities and share indices	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Receivables	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
Total 31/12/2024	**254,603**	**919**	**-**	**-**	**-**	**-**
Total 31/12/2023	**208,246**	**33**	**-**	**-**	**-**	**-**
B. Liabilities						
1. Financial liabilities measured at amortised cost - hedging of:	**560,579**	**-**	**(1,198)**	**-**	**-**	**-**
1.1 Debt securities and interest rates	560,579	-	(1,198)	-	-	X
1.2 Currencies and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total 31/12/2024	**560,579**	**(1,198)**	**-**	**-**	**-**	**-**
Total 31/12/2023	**599,338**	**(2,266)**	**-**	**-**	**-**	**-**

D.2 Cash flow hedges and foreign investments

The Group does not hold cash flow hedges or foreign investments.

A. Effects of hedging operations on Shareholders' equity

The Group does not hold cash flow hedges or foreign investments.

1.3.3 Other information on (trading and hedging) derivatives

A. Financial and credit derivatives

A.1 Over the counter financial and credit derivatives: net fair value for counterparties

The portfolio does not contain any netting carried out in the financial statements for derivatives whose netting agreements meet the criteria set out in IAS 32, par. 42.

1.4 Liquidity risk

Qualitative information

A. General aspects, management processes and measurement methods for liquidity risk

Liquidity risk is the risk of defaulting on payment obligations. It arises due to the inability to source funds or the risk of sourcing them at above-market costs (funding liquidity risk), or to the risk of mobilising assets under unfavourable conditions (market liquidity risk), thus incurring capital losses. The liquidity risk derives from the misalignment in terms of amount and/or date of realisation, of the inflows and outflows relating to all the assets, liabilities and off-balance sheet items and is correlated to the conversion of expiry date which is typically done by the banks.

The reference framework of the measurement, monitoring and management of liquidity risk is defined in the liquidity risk policy, which sets out the rules aimed at pursuing and maintaining a sufficient diversified level of funding and an adequate structural balance of sources and invested assets, by means of coordinated, efficient funding and lending | loan policies. The short-term liquidity risk management system set out in the policy is based on a series of early warning thresholds and limits that reflect the general principles on which liquidity management is based. The policy therefore defines the company functions and bodies responsible for liquidity management.

The ALM & Treasury Area, with the assistance of the Strategy & Planning Area, aims to maintain a low level of exposure to liquidity risk, by putting in place a system of controls and limits which are based on a gap analysis of financial inflows and outflows, according to categories of residual life. The primary target of liquidity risk management is to meet payment obligations and to source additional funds from the market, while minimising costs and without affecting potential future earnings.

The liquidity risk is controlled by the Risk Management Area through the measurement, monitoring and management of the liquidity requirement using a model that analyses the net liquidity balance, supplemented by stress tests that assess the bank's capacity to cope with a series of crisis scenarios ranked by increasing levels of severity. The net liquidity balance is obtained from the operational maturity ladder, by comparing the projection of expected cash flows against the counter balancing capacity over a period of up to 12 months. The cumulative sum of the expected cash flows and the counter balancing capacity for each time band quantifies the liquidity risk, evaluated in different stress scenarios.

The stress tests are intended to assess the Bank's vulnerability to exceptional but possible events, and give a better assessment of the exposure to liquidity risk, of the systems used to mitigate and control that risk and of the survival period in the case of adverse scenarios. In defining the stress scenarios, a series of risk factors are considered, that can either impact the cumulative imbalance in inflows and outflows, or the liquidity reserve, for example the risk that future unexpected events may require a liquidity that is far higher than expected (contingent liability risk), or the risk of not being able to obtain necessary funds or of obtaining them at costs above market costs (funding liquidity risk).

The monitoring of the level of coverage of the expected liquidity requirements through an adequate level of liquidity reserve is accompanied by the daily monitoring of exposure on the interbank market. The Bank also monitors the structural liquidity profile with a long-term maturity ladder that incorporates behavioural models and assumptions.

When these limits and early warnings are exceeded, the Contingency Funding Plan is also activated.

In line with the supervisory provisions, the Group performs daily monitoring of the Liquidity Coverage Ratio (LCR) indicator for the purpose of strengthening the short-term liquidity risk profile by ensuring that enough high-quality liquid assets (HQLA) are available and can be immediately converted into cash on the private markets to meet the 30-day liquidity, requirements in a liquidity stress scenario.

The monitoring of structural balance is also pursued through the daily measurement and monitoring of the Net Stable Funding Ratio (NSFR) structural requirement, which is aimed at promoting greater recourse to stable funding, preventing that medium and long-term operations give rise to excessive imbalances, to be funded in the short term. It establishes the minimum necessary amount of funding longer than a year, in relation to the requirements arising from the liquidity characteristics and the residual term of assets and off-balance sheet exposures.

On the reporting date, the Group does not present a high risk profile in terms of liquidity requirements; the liquidity profile of the Group is adequate in the medium/long term, reflecting the coherence between the process to construct assets and the adoption of relative funding policies, while complying with internal and regulatory risk limits.

At the reporting date, the Group had a level of LCR of NSFR in line with the internal limits defined in the RAF.

Quantitative information

1. Breakdown of financial assets and liabilities by residual contractual maturity

EUROS

P1

Items/Time bands	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 months to 3 months
Cash assets	**925,989**	**334,505**	**158,367**	**213,385**	**621,226**
A.1 Government bonds	378	-	48,950	65,066	196,985
A.2 Other debt instruments	16,636	20	1,882	26,557	7,404
A.3 Units in UCIs	438,237	-	-	-	-
A.4 Loans	470,738	334,485	107,535	121,762	416,837
- Banks	233,040	294,810	-	-	-
- Customers	237,698	39,675	107,535	121,762	416,837
On-balance sheet liabilities	**1,469,154**	**91,041**	**187,216**	**362,907**	**284,644**
B.1 Deposits and current accounts	1,468,424	41,196	137,205	44,249	128,457
- Banks	34,057	20,000	100,000	-	14
- Customers	1,434,367	21,196	37,205	44,249	128,443
B.2 Debt instruments	18	-	-	-	-
B.3 Other liabilities	712	49,845	50,011	318,658	156,187
“Off-balance sheet” transactions	**120**	**232,877**	**20,269**	**123,300**	**159,850**
C.1 Financial derivatives with exchange of capital		232,877	20,269	123,296	118,330
- Long positions	-	116,407	10,066	61,080	59,141
- Short positions	-	116,470	10,203	62,216	59,189
C.2 Financial derivatives without exchange of principal					**20**
- Long positions	-	-	-	-	20
- Short positions	-	-	-	-	-
C.3 Deposits and loans to be collected					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	**120**			**4**	**41,500**
- Long positions	60	-	-	2	20,750
- Short positions	60	-	-	2	20,750
C.5 Financial guarantees issued	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of capital					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of capital					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

P2

Items/Time bands	3 Months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Indefinite duration
A. Cash assets	**435,770**	**484,872**	**1,968,298**	**2,714,320**	**23,801**
A.1 Government bonds	27,746	72,605	255,000	749,055	-
A.2 Other debt instruments	19,373	40,440	263,561	1,080,979	-
A.3 Units in UCIs	-	-	-	1,066	-
A.4 Loans	388,651	371,827	1,449,737	883,220	23,801
- Banks	-	-	-	74,395	23,801
- Customers	388,651	371,827	1,449,737	808,825	-
B. On-balance sheet liabilities	**238,375**	**1,315,876**	**1,641,356**	**1,777,437**	**-**
B.1 Deposits and current accounts	214,305	956,484	1,343,497	855,942	-
- Banks	14	28	108	127,404	-
- Customers	214,291	956,456	1,343,389	728,538	-
B.2 Debt instruments	19,024	329,321	297,859	441,643	-
B.3 Other liabilities	5,046	30,071	-	479,852	-
C. "Off-balance sheet" transactions	**5,942**	**104,250**	**173,208**	**207,972**	
C.1 Financial derivatives with exchange of capital	**4,409**	**2,684**	-	-	
- Long positions	2,195	1,343	-	-	-
- Short positions	2,214	1,341	-	-	-
C.2 Financial derivatives without exchange of principal	**65**	**709**	**13,214**	**29,879**	
- Long positions	65	709	13,214	29,879	-
- Short positions	-	-	-	-	-
C.3 Deposits and loans to be collected					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.4 Commitments to disburse funds	**1,468**	**100,857**	**159,994**	**178,093**	
- Long positions	734	50,429	79,997	89,047	-
- Short positions	734	50,428	79,997	89,046	-
C.5 Financial guarantees issued	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-
C.7 Credit derivatives with exchange of capital					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-
C.8 Credit derivatives without exchange of capital					
- Long positions	-	-	-	-	-
- Short positions	-	-	-	-	-

2. Self-Securitisations

Below is a brief illustration of the self-securitisations originated by illimity, existing as of 31 December 2024, in which the Bank subscribed 100% of the securities issued by the related vehicle (self-securitisation).

COLT SPV

In December 2022, the Bank entered into a receivable sale agreement with the special-purpose vehicle COLT SPV for the recourse sale, en bloc, of a portfolio of performing variable-rate loans to corporate counterparties originated by illimity. COLT SPV is a vehicle incorporated pursuant to Law 130/1999, not owned by illimity, which, on 19 December 2022, issued senior, mezzanine and junior notes for a total notional value of EUR 570.1 million, fully subscribed by illimity.

In 2023 the Bank subscribed additional notes issued by the vehicle for a total of around EUR 138 million.

In 2024, the Bank entered into another receivable sale agreement with the special-purpose vehicle COLT SPV for the recourse sale, en bloc, of a portfolio of performing loans originated by illimity to corporate counterparties of the b-ilty Division. Against this, the COLT SPV is structured in two segments.

This transaction falls under transactions without derecognition aimed at expanding the portfolio of assets that can be set aside to constitute a liquidity reserve that can be activated through loan transactions with the ECB, repos or other transactions. The notes subscribed by illimity were used as a guarantee for reverse repurchase agreements in order to ensure that the bank has sufficient liquidity for its funding policies.

ENERGIA SOSTENIBILE SPV

In 2022, the Bank subscribed several minibond issues of leading industrial companies, to favour the energy transition and improve issuers' sustainability profiles. Mainly for the purpose of mitigating the risk relating to the Bank's exposure, it was agreed to give priority to issues of minibonds that could benefit from guarantees such as those from SACE and the EIF. It was thus verified, through legal assessments, that the minibonds benefiting from those guarantees cannot be transferred to third parties or to any securitisation vehicle established pursuant to Law 130/99 specifically due to the framework agreements of the guarantors.

In February 2023, the Bank thus structured a synthetic securitisation with the vehicle Energia Sostenibile SPV, established pursuant to Law 130/1999, not held by illimity, which issued single tranche notes fully subscribed by illimity. Using the funds deriving from illlimity's (the sole noteholder) subscription of the single tranche notes, the SPV disbursed a limited recourse loan, of which illimity is the sole borrower, whose characteristics were exactly replicated from the minibonds at the single closings (in terms of interest, redemptions, economic terms and conditions, etc.).

This transaction falls under transactions without derecognition ("self-securitisations") typically aimed at expanding the portfolio of assets that can be set aside to constitute a liquidity reserve that can be activated through loan transactions, repos or other transactions.

1.5 Operational risks

Qualitative information

A. General aspects, management processes and methods used to measure operational risk

Operational risk is the risk of incurring losses due to inadequate or malfunctioning procedures, human resources or internal systems, or due to exogenous events. This type of risk includes internal and external fraud, errors in the performance of operational processes, interruptions to operations, unavailability of systems, cases of contractual non-fulfilment and natural disasters. This definition does not cover strategic or business risk and reputational risk, but does cover ICT and security risk and legal risk, with the latter being understood as the risk deriving from the infringement of laws or other regulations in force, or from failure to honour contractual and extra-contractual responsibilities. In some cases, operational risk may include several types of risk that can be classified, due to their causal factors, as deriving from ESG (Environmental, Social and Governance) risk. Those cases of risk, at times, may derive from the inadequacy of the internal processes of assessment or management of the environmental, social or governance impact of financial counterparties and of the Bank.

Operational risk is therefore characterised by a cause and effect, such that an adverse event, and the related operating loss, is generated by one or more triggers. This loss is defined as the entire set of negative financial effects generated by an operational risk event, as recognised in the company accounts and likely to have an impact on the income statement.

The Group's overall operational risk management framework is based on a set of shared human and technological resources, procedures and organisational rules aimed at identifying, analysing, recording and mitigating all operational risks inherent in the current and prospective operations of the various operational units.

The primary objective of the framework is, in fact, the prevention and containment of the impact on business functions of such risk events through the ex ante implementation of organisational and operational controls, and ex post targeted mitigation measures. The guiding principles on which the operational risk prevention and mitigation framework is based include:

- increasing the efficiency and security of internal and third party-facing processes;
- increasing overall operational and IT security;
- ensuring the regulatory and organisational compliance of business activities;
- promoting the culture of risk among staff
- mitigating the effects of the occurrence of risk events;
- transferring any risks that are not to be maintained, where possible, using insurance-type contracts;
- protecting relations with stakeholders, reputation and the brand.

The mitigation tools available within the Group therefore include insurance policies that offer broad coverage against various types of adverse event. In that respect, the Group took out adequate policies covering various instances of operational risk and, in particular, cyber risk, property risk, employee infidelity risk, risk of non-integrity of the real estate repossessed by the Group and of the value of the properties received as collateral in the purchase of non-performing loans, and risk of disregard for advanced electronic signatures and graphometrics. This insurance is subject to valuation and continuous adjustment, including based on the progressive operational and structural evolution of the Group.

With regard to the management of critical ICT and security risks, the Group has a disaster recovery plan, which sets out the technical and organisational measures necessary to deal with the unavailability of IT systems or infrastructure. The plan aims to guarantee the functioning of critical IT procedures at alternative sites to those of production, and forms an integral part of the business continuity plan, ensuring the return to normal Group operations within reasonable timing. In line with the regulatory instructions issued by the Bank of Italy, and in relation to the company's digital operational resilience strategy, this system is managed by the provider altermAInd through the internal coordination of the ICT Management & Digital Resilience area.

Furthermore, to control the economic risks arising from legal proceedings against the Group, a provision is made in the financial statements, which is appropriate for and consistent with international accounting standards. The amount of the provision is estimated on the basis of multiple factors, which mainly concern the predicted outcome of the dispute, and in particular the likelihood of losing the proceedings and an order being made against the Group, and the amount to be paid to the adverse party.

In order to guarantee the correct management and integrated oversight of operational risk, the Group has put in place a continuous structured loss data collection (LDC) process and a process to determine the Group’s forward-looking exposure to operational risk, based on an annual Risk Self Assessment (RSA).

Through the LDC process, the main information related to the Group's operational risk events and their economic effects is collected and analysed in a timely manner. The process extends throughout the entire banking group, also involving the subsidiaries for which illimity carries out risk management activities as an outsourcer. The activity of reporting and gathering data also makes use of IT applications and processes that guarantee the ordered and systematic inclusion of events and operational losses, thereby facilitating the recording of such information for the purposes of monitoring and assessing adequate mitigation measures.

RSA activity instead aims to quantify exposure to the Group's operational risks in the year following the assessment, based on a forward-looking self assessment which is conducted from main operating areas. This activity is launched through the definition of and agreement on possible future operational risk scenarios, is carried out through a structured process involving the assessment of the frequency, expected impact and *worst case* scenario for the main operational risk events that may characterise each organisational unit. These forward-looking estimates are then screened by the control functions based on objective criteria which are, lastly combined to provide an overall vision of expected and unexpected operational losses at an individual Company or Group level. This is also accompanied by a qualitative assessment of the status of controls (processes, checks and systems and resources), with the identification of possible mitigation interventions.

Both key processes to identify and manage operational risk cover all illimity Group companies on a uniform basis, so as to effectively supplement the operational, ICT and security risk control systems, and therefore ensure a unique management framework adopted. Future actions are planned for the ongoing consolidation and monitoring of the integration of subsidiaries in terms of risk supervision and measurement and to update internal regulations.

The operational risk data collection process benefited from the active contribution of illimity Bank, and from all its subsidiaries.

What was observed in the previous year in terms of a low number of operational loss events with an overall economic impact below the risk appetite thresholds set for the year is also confirmed for 2024.

In general, and in line with the risk profile recorded in recent years, the most significant events detected in terms of intrinsic risk relate to the Bank's current operations, and in particular, concern shortcomings in the finalisation of transactions or in the management of processes, as well as in the management of relations with commercial counterparties, vendors and suppliers (ET 7), and to a lesser extent, non-compliance with professional obligations towards customers or the nature or characteristics of the product or service provided (ET 4) and external fraud (ET2). Operational risk events that do not and did not generate actual losses are continuously monitored due to their potential ability to generate future losses. No significant risk events were recorded with regard to the subsidiaries.

No internal fraud occurred (ET1) or disputes regarding work practices (ET3), or damage from external events (ET 5).

1.6 ESG risks

Definition of ESG risks, physical risks and transition risks

The illimity Group assesses the profiles of impacts, risks and opportunities related to sustainability and related ESG (environmental, social and governance) factors in two separate exercises: both as part of the activities to identify and update the Group's relevant risks ("risk radar"), which are also functional to the conduct of the regulatory self-assessment exercises of capital adequacy (ICAAP) and liquidity (ILAAP), as well as the Strategic Plan, Budget and RAF; as well as part of the "Double Materiality" process by which material information on sustainability impacts, risks and opportunities (so-called IROs) is determined in order to support strategic decisions, the determination of material sustainability issues to be reported in the sustainability statements, carried out annually by the organisation. The purpose of this process is to determine the materiality of an issue in the context of reporting under Italian Legislative Decree 125/2024. A sustainability matter is material if it meets the definition of impact materiality (an inside-out perspective: the impact of the Group's activities on the environment and people, and thus how its operations affect pollution, biodiversity, social wellbeing, equity, etc.), financial materiality (an outside-in perspective: how environmental, social and governance factors can affect the Group's financial performance and capital stability, with potential negative impacts on asset value, profitability, cost of capital and reputation) or both.

Focusing on the "E" (*Environmental*) component and therefore on climate and environmental risks, the following risks have been identified:
- physical risk indicates the impact of climate change, including extreme weather events which are more frequent and gradual climate changes, as well as environmental degradation, i.e. atmospheric, water and soil pollution, water stress, loss of biodiversity and deforestation; this type of risk also includes hydrogeological events. These can be classed as "acute" risks, if caused by extreme events such as drought, floods, cyclones, storms, heatwaves and forest fires; landslides and earthquakes, or as "chronic", if caused by gradual changes such as rising temperatures, rising sea levels, water stress, changes in atmospheric precipitation levels, loss of biodiversity and scarcity of resources. Such a risk can directly cause, for example, material damage to property and/or *collaterals* or a drop in productivity, or can indirectly cause subsequent events such as the interruption of production and logistical chains. This kind of risk may affect the Bank directly (through operating and business losses) or indirectly by having an impact on its customers (with negative consequences for their credit rating and for the recovery of any collaterals);
- transition risk indicates the financial loss that the Bank may incur, directly or indirectly, as a result of the process of adjusting to a low-carbon and more environmentally sustainable economy. This situation could be caused, for example, by the relatively unexpected adoption of climate-related and environmental policies, technological progress, or changes in market and customer/consumer confidence and preferences. This impact may occur directly, for example due to a lower profitability of companies or write-down of their activities, or indirectly through macro-financial changes.

Focusing on the "S" (Social) component, we can see that this includes aspects related to diversity management policies, the protection of human and workers' rights, labour standards and community relations.

Focusing on the "G" (Governance) component, we can see that this includes aspects related to the composition of the corporate governance bodies, management policies and systems, transparency and reputation, exposure to the risk of sanctions, penalties, etc...

Furthermore, ESG risks do not constitute a new category of risk, but instead represent causal factors in relation to the traditional financial risk categories, such as credit, market, liquidity and operating risk, and, in light of that, are measured and managed in the context of the risk management processes.

Material ESG risks for the illimity Group

In the context of the activities carried out to identify and update the significant risks facing the Group (the "risk radar"), which are also useful for performing the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) regulatory exercises, as well as for the Strategic Plan, the Budget and the RAF, the assessment of the significance of the impact of ESG risks has also been included since 2024.

At the level of the Group's individual business areas, the level of physical, transitional and ESG risk is identified, taking into account the model, strategies and market context of the relevant business. This analysis makes it possible to measure the overall level of risk, which, when compared with the predetermined thresholds, determines its materiality. Next, climate environmental risk scenarios characterised by the following factors are identified, mapped and analysed:
- environmental climate risk drivers of acute physical (e.g. floods, fires) and/or chronic (e.g. droughts, landslides) and transitional (e.g. government regulations, technological changes) nature;
- microeconomic (i.e. consumer effects) or macroeconomic (i.e. exchange rate effects) transmission channels;
- traditional banking risks (i.e. credit, market, operational) impacted by the climate environmental risk scenario;

- time horizon (short, medium and long term) of impact;
- financial statement items impacted by the risk scenario;
- management procedure (i.e. mitigation actions).

From this mapping activity, we identify the areas of the Group's operations that are most exposed to climate environmental factors such as, for example: the impact of acute or chronic physical risk on counterparties' credit rating (PD) and on the value of collaterals (LGD, haircuts on Business Plans); the impact of transition risk (regulatory changes and customer preferences) on the credit rating of counterparties (PD). The Competence Line Risk continuously monitors these areas of operations and identifies mitigation actions.

Double Materiality Assessment of ESG risks

As part of the so-called "Double Materiality Assessment" of ESG risks, the Risk Strategy & Group Controls area oversees the identification of risks within the overall list of Impacts, Risks and Opportunities (IROs), and specifically deals with their assessment in the financial materiality assessment.

The long list of IROs identified by Sustainability, in agreement with Administration, Accounting & Control and Risk Strategy & Group Controls, are validated by the Sustainability Committee and Risk Committee prior to their materiality assessment.

In order to identify the long-list of risks and opportunities related to the topics and sub-topics, the Sustainability function, assisted by Risk Strategy & Group Controls, together with the specific business, central and control Functions of reference for topics and sub-topics, performs the following activities:

- Identification of material outside-in risks and opportunities that are material for the Group at the economic-financial level by associating the respective reference time horizon (short, medium and long);
- Consolidation of the risks identified in the ICAAP/ILAAP and the Risk Self Assessment (RSA) of Operational Risks, with regard to ESG risks;
- Completion of risks and opportunities for the topics not covered by ICAAP/ILAAP and RSA.

Sustainability risks are thus associated with classic financial risks (primarily credit, liquidity, rate, compliance, market, reputational and operational/ICT) and the 10 topics listed in AR16, just as opportunities are associated with these topics. The purpose of this process is to determine the materiality of an issue in the context of reporting under Italian Legislative Decree 125/2024.

Measurement, monitoring, reporting and management of ESG risks

The illimity Group assesses, monitors and controls exposure to ESG risks in line with supervisory expectations, Bank of Italy guidelines and emerging best practices through the internal development of methodologies and systems and the support of data provided by external info providers.

Specifically, these risks are the subject of quarterly reporting in the *RAF Tableau de Bord* intended for the Administrative Body, the Corporate Bodies, Top Management and the Supervisory Authorities. This reporting is also useful for verifying compliance with the pre-established risk limits and targets.

Examples of some of the tools used for such reporting are given below:

- GHG emissions of financed counterparties, energy certifications on real estate used as a guarantee, level of transition of economic sectors);
- ESG scores/ratings resulting from the distribution of questionnaires or the application of automatic models (via info-providers), related to financed counterparties, issuers of own-portfolio securities, suppliers and partners, and the ESG rating assigned to illimity by external ratings agencies;
- Risk and loss indices (indices of the physical and transition risk of financed counterparties, indices of the physical risk of *real estate* assets, level of expected and unexpected loss of value of *collaterals* due to physical risk scenarios;
- Assessment of the sentiment of the ESG news published on social networks and in the media, relating both to counterparties/issuers/suppliers and partners and to illimity, its company representatives and the Group's brands;

- Operating losses resulting from ESG risk factors, recognised in the final balance or as a result of the assessment of prospective risk scenarios;
- ESG complaints received;
- Internal models (models used to estimate the impacts of climate-environmental scenarios on credit risk parameters (PD, LGD), model used to estimate the physical risk of the *collaterals* portfolio via the "Monte Carlo" simulation);
- Scenario analysis and stress testing: ad hoc and stress scenarios applied to specific risks and portfolios, partly borrowed from the regulatory exercises of the European Central Bank.

The Bank has created the *ESG datalake* which serves as a corporate information system containing a number of assessment tools and which centralises internal and external data and risk estimates, their uploading processes, historicisation, *data quality* and use by the various internal users (business structures, control and central functions for the *disclosure* and reporting processes) through, also, specific *front ends* for consulting and obtaining financial and sustainability information.

The assumption and management of ESG risks is governed by the system of risk limits and targets (the Risk Appetite Framework), which, since 2023, has been supplemented by an initial set of indicators associated with ESG risks and opportunities, both for illimity and for financed credit and financial counterparties, with a particular focus on climate-environmental risks. In particular, reference is made to the following indicators: ESG scores relating to financed counterparties, hydraulic and hydrogeological physical risk scores relating to *collaterals* in relation to NPL portfolios, sustainable finance targets in terms of volumes of loans disbursed/financial instruments acquired, ESG rating attributed to the illimity Group, operating losses generated by ESG factors, illimity's emission intensity (GHG scope 1 and scope 2 emitted per employee).

Furthermore, ESG risk mitigation and governance tools include the adoption of negative screening mechanisms; the adoption of a transition strategy with which a *business origination* quota has been established for the Bank dedicated to loans and investments that are sustainable or associated with sustainability; the preparation of action plans for counterparties with high ESG risk; criteria and limits at *investment policy*level; processes for sectoral diversification of loans and geographical/type diversification of *real estate collaterals*; interventions to reskill and regenerate assets and their development from an energy perspective (e.g. support for their reskilling in terms of energy certifications, installation of solar panels, etc...) and the use of insurance cover.

2024 ESG risk profiles

The illimity Group is characterised by a profile of moderate exposure to ESG risks in the short and medium term - and in particular to climate-environmental risks – pursuant to the following considerations:

- very low physical risks, associated with the management of *collaterals* arising from NPL portfolio acquisitions, collaterals relating to performing loans, repossessed properties and guarantees relating to the loans of the AIFs managed by illimity SGR, in relation to the riskiness of the geographical areas of location (ISPRA data) and the high geographical diversification thereof;
- limited transition risks, relating to the financed counterparties and issuers of own-portfolio securities, in relation to sectoral *asset allocation*, the specific characteristics of the financial companies, and climate-environmental scenarios that have the greatest impacts on the counterparties most exposed beyond the 2025 time horizon;
- limited negative impact - in relation to the occurrence of climate-environmental scenarios - in terms of both capital (up to a maximum of approximately -20/-25 bps in the event of a medium-term stress scenario) and liquidity (with LCR and NSFR indicators that are adequately above the minim regulatory levels, including in a stress scenario);
- absence of operating losses from ESG factors (and prospective scenarios of low-impact operating risk) and of complaints associated with sustainability profiles;
- high ESG standing of the illimity Group among the main stakeholders (as also shown by the ESG ratings assigned to illimity by specialist agencies);
- strong *governance* to oversee the 2023-2025 Sustainability Plan and the Plan of adaptation to the Bank of Italy's expectations with regard to climate and environmental risks.

Plan of action to adapt to the Bank of Italy's expectations

The illimity Group has defined, approved and implemented a Plan of action (separately for illimity Bank and illimity SGR) in order to carry out, in the 2023-2025 period, interventions aimed at achieving alignment with the Bank of Italy's expectations with regard to the integration of climate and environmental (physical and transition) risks, concerning the following contexts:

- governance and control systems, business model and corporate strategy;
- organisational system and operating processes;
- market disclosure and risk management system.

With regard to risk management profiles, the interventions concern aspects such as: risk appetite; KRI & reporting, assessment of materiality, risk quantification, mitigation and management measures, impacts on capital adequacy, disclosure (Pillar 3).

At the end of 2024 the work progress status showed that around 92% of the interventions had been carried out, which is above the expected threshold.

Accounting impacts

The illimity Group is carrying out specific analyses in order to assess the best solutions for gradually integrating ESG risk factors, with a particular focus on climate environmental risks, into the credit risk management process and the related accounting practices. In particular:

- Investigation process: the Group aims to improve the current process by introducing a documented and formalised preliminary analysis of counterparties' ESG and climate environmental risk profiles. This analysis will consider various aspects, such as collaterals and the status of the parties involved;
- Credit monitoring: the Group plans to enhance its existing range of monitoring tools with new *early warning* indicators that also take account of ESG risks, thereby making it easier to identify potential exposures to risk early on;
- Collective adjustment framework: methodological evolution of the macroeconomic mode in orderl to reflect in the *expected credit loss* stressed macroeconomic scenarios and ESG variables (i.e. different ECLs) related to environmental climate risk;
- *Rating attribution*process: the Group will assess the integration of ESG factors into the rating assignment process, with a view to adopting *override* criteria in the presence of significant climate-environment risks, whilst maintaining a flexible approach to exceeding specific thresholds.

Attention will also be paid to adapting the practices used to evaluate and manage collaterals, with the aim of including, where necessary, considerations relating to the effects of climate change, in terms of both physical and transition risk, in the development of such activities.

These processes will be implemented taking into consideration the limitations relating to data availability and the need for an effective governance approach that is supported by transparent, objective documentation.

Lastly, the illimity Group may consider the use of *overlay* techniques as an integral part of its strategy to deal with ESG risks, thereby providing for the possible adoption of adjustments to the existing models such as the introduction of new models or scenarios based on*expertise*, to better reflect the impact of climate-environmental risks. These tools will be developed taking into account actual data availability, with a view to implementing them flexibly and gradually, and in line with the evolution of the applicable regulations and emerging best practices.

OTHER MATERIAL RISKS

Risk of over-leverage

This risk of over-leverage is defined by the prudential regulations as the risk that a particularly high level of indebtedness compared to the amount of own funds making the Group vulnerable, and requiring the adoption of corrective measures to the Strategic Plan, including the sale of assets and the recognition of impairment losses or write-downs/write-backs.

Risk exposure is measured by the Leverage Ratio (the financial leverage index, measured as the ratio between own assets and total on- and off-balance sheet assets that, not including corrections/weighting for the risk, serves as supplement to the capital requirements of the first pillar) and through other indicators that can identify any imbalances between assets and liabilities (structural and operational liquidity ladder). The strategic and operational target is to control the risk by keeping asset trends within limits that are compatible with long-term equilibrium in order to avoid jeopardising the Group's stability.

The over-leverage risk relates to the entire financial statements, to the exposures arising from derivatives and the off-balance sheet assets, and is accepted as part of the exercise of core business. It is closely connected to planning and capital management activities; the level of exposure to risk is an expression of the guidelines and development lines elaborated by the Board of Directors. Risk exposure is mitigated through capital management and asset management allocation measures, which remain within the guidelines set out in the current Strategic Plan. Consideration is also given to the potential increase in risk connected to the recognition of expected or realised losses which reduce capital.

Settlement risk

Settlement risk is the risk connected to non-simultaneous settlements, in other words for operations on debt instruments, equity instruments, foreign currencies and goods (apart from sales with repurchase clauses or operations for the granting and acceptance on loan of securities or goods that are not liquidated after expiry of the related delivery date). Article 378 of the CRR requires a bank to calculate its requirements in terms of own funds for settlement risk by calculating the price difference it would be exposed to if that difference could result in a loss. The difference between the agreed liquidation price and the current market value would determine the risk related to operations where settlement is not simultaneous with the actual delivery.

Counterparty risk

Counterparty risk is the risk that the counterparty in an operation defaults before the final payment of the cash flows of that operation, with regard to transactions concerning financial derivatives and credit instruments traded on unregulated markets (OTC), repurchase operations and operations with deferred settlement.

The losses involved with this type of risk are generated when the transactions with a certain counterparty have a positive value at the time of the insolvency.

Transfer risk

Transfer risk is the risk that a bank, which has exposure towards a party funded in a currency other than that of its main source of income, realises losses due to the borrower's difficulties in converting its currency into the currency of the exposure.

Sovereign risk

Sovereign risk is the risk of a reduction in the value of bonds of an issuer State, almost all of which are included in the Held to Collect and Sell (HTCS) and Held to Collect (HTC) portfolio categories, in relation to a decrease in the credit rating, or in an extreme scenario, the insolvency of the State. Exposure is regularly monitored and reported to the executive bodies.

Strategic and business risk

Strategic and business risk is the current or forward-looking risk of falling profits or capital resulting from changes to the operational context or from incorrect business decisions, the inadequate implementation of decisions, or lack of response to changes in the competitive environment.

The two components refer to strategic risk related to business interruption (for example entry on new markets or the adoption of significant operating changes) and business risk, which is the risk of a potential reduction in profits as a result of changes in the operational environment within the normal course of business (for example volatility of volumes or changes in customer preferences).

Exposure to strategic and business risk is not connected to specific operating activities but to the adequacy of the decisions and the efficiency of their implementation. In particular the risk relates to the stages of defining the business strategies and the related phases of implementation consisting of the definition of the strategic plan, commercial planning, budgeting, management control and the monitoring of markets and the competitive environment, capital allocation and capital management.

By defining, approving and monitoring the annual planning and progress of the Strategic Plan, top management carries out strategic checks on the evolution of the various areas of business and the risks connected to its activities. The CRO Division continually monitors and controls the level of exposure to risk, providing adequate reporting on a quarterly basis to company bodies and top management.

Compliance risk

Compliance risk is the risk of incurring legal or administrative penalties, major financial losses or damage to reputation as a result of breaches of mandatory laws (laws and regulations), or codes of self-governance (such as articles of association or codes of conduct). The Group pays particular attention to compliance risk, considering that the adoption of the highest standard of conformity to laws and regulations is a way of maintaining its reputation over time.

Money laundering risk

Money laundering risk is the risk of incurring legal or reputation risks as a result of potential involvement in illegal operations connected to money laundering or the financing of terrorism. The Group has set up a specialised function within its organisational structure, in accordance with the current regulatory requirements that is responsible for overseeing, in a general perspective, the aforementioned management of AML risk, and for providing the necessary support and advice to business Divisions.

Reputation risk

Reputation risk is defined as "the current or forward-looking risk of a decline in profits or equity due to a negative perception of the Group's image by customers, counterparties, the Group's shareholders, investors or Regulators". Likewise, reputation is an intangible asset of essential importance and is a distinctive feature which forms the basis for a long-term competitive advantage.

The risk relates primarily to the area of stakeholder relations. It can originate from factors outside of the business perimeter and beyond the bank's operations (for example the publication of inaccurate information or rumours, or phenomena affecting the banking system that may affect all banks indiscriminately). The primary, essential control on the management of reputation risk is the sharing by all staff, suppliers, partners and consultants of the system of values, standards and rules of conduct inspiring all.

The Bank's reputation is overseen by specific communication strategies, policies and processes and is continually monitored, for example through "sentiment analysis" instrument that identify how its image is perceived by the media, market operators and social media. In addition, the Competence Line Risk, receives ad hoc requests via a dedicated service desk on JIRA, in order to assess the reputational risk associated with transactions and the onboarding of new suppliers, issuing a (non-binding) opinion that supports stakeholders in their operations.

PART F – INFORMATION ON CONSOLIDATED SHAREHOLDERS' EQUITY

Section 1 - Consolidated shareholders' equity

Qualitative information

Shareholders' equity is defined by the International accounting standards as "what remains of the company's assets after deducting all the liabilities". From a financial viewpoint, equity is the monetary amount of the funds contributed by the proprietors, or generated by the business.

B.1 Consolidated shareholders' equity: breakdown by type of enterprise

Items in shareholders' equity	Prudential consolidation	Insurance companies	Other companies	Eliminations and adjustments from consolidation	Total
1. Share capital	58,087	-	-	-	58,087
2. Share premium reserve	629,926	-	-	-	629,926
3. Reserves	275,888	-	-	-	275,888
4. Equity instruments	-	-	-	-	-
5. (Treasury shares)	(5,354)	-	-	-	(5,354)
6. Valuation reserves:	(18,302)	-	-	-	(18,302)
- Equity securities measured at fair value through other comprehensive income	5	-	-	-	5
- Hedging of equity securities measured at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (other than equity securities) at fair value through other comprehensive income	(18,660)	-	-	-	(18,660)
- Property and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedging of foreign investments	-	-	-	-	-
- Cash flow hedges	-	-	-	-	-
- Hedging instruments [undesignated elements]	-	-	-	-	-
- Foreign exchange differences	-	-	-	-	-
- Non-current assets held for sale and discontinued operations	-	-	-	-	-
- Financial liabilities measured at fair value through profit or loss (changes in credit rating)	-	-	-	-	-
– Actuarial gains (losses) relating to defined benefit plans	353	-	-	-	353
- Shares of valuation reserves for equity investments measured at shareholders' equity	-	-	-	-	-
- Financial revenues or costs relating to insurance policies issued	-	-	-	-	-
- Financial revenues or costs relating to disposals in reinsurance	-	-	-	-	-
- Special laws regarding value adjustment	-	-	-	-	-
7. Profit (loss) (+/-) for the financial year attributable to the Group and minority interests	(40,755)	-	-	-	(40,755)
Total	**899,490**	**-**	**-**	**-**	**899,490**

B.2 Valuation reserves of the financial assets measured at fair value through other comprehensive income: breakdown

Assets/Values	Prudential consolidation		Insurance companies		Other companies		Eliminations and adjustments from consolidation		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	5,318	(23,978)	-	-	-	-	-	-	5,318	(23,978)
2. Equity securities	5	-	-	-	-	-	-	-	5	-
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**5,323**	**(23,978)**	**-**	**-**	**-**	**-**	**-**	**-**	**5,323**	**(23,978)**
Total 31/12/2023	**7,240**	**(37,536)**	**-**	**-**	**-**	**-**	**-**	**-**	**7,240**	**(37,536)**

B.3 Valuation reserves of the financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity securities	Loans
1. Opening balance	**(30,301)**	**5**	**-**
2. Positive changes		-	**-**
2.1 Increases in fair value	24,240	-	-
2.2 Value adjustments for credit risk	902	X	-
2.3 Reclassification through income statement of negative reserves from disposal	226	X	-
2.4 Transfers to other items of shareholders' equity (equity securities)	-	-	-
2.5 Other changes	34,991	-	-
3. Negative changes		-	**-**
3.1 Decreases in fair value	(2,656)	-	-
3.2 Value recoveries for credit risk	(1,287)	-	-
3.3 Reclassification through income statement of positive reserves from disposal	(2,958)	X	-
3.4 Transfers to other items of shareholders' equity (equity securities)	-	-	-
3.5 Other changes	(41,818)	-	-
4. Closing balance	**(18,660)**	**5**	**-**

B.4 Valuation reserves on defined benefit plans: annual changes

	31/12/2024
1. Opening balance	**268**
2. Positive changes	
2.1 Increases in fair value Actuarial (Gains)/Losses	-
2.2 Reclassification through income statement of negative reserves	-
2.3 Other changes	89
3. Negative changes	
3.1 Decreases in fair value Actuarial (Gains)/Losses	-
3.2 Reclassification through income statement of positive reserves	-
3.3 Other changes	(4)
4. Closing balance	**353**

Section 2 – Own funds and capital ratios

For information on own funds and capital adequacy, reference is made to the separate document Third Pillar of Basel 3 – Public Disclosure, 31 December 2024.

PART G – BUSINESS COMBINATIONS OF COMPANIES OR BUSINESS UNITS

Section 1 - Transactions carried out during the financial year

1.1 Business combinations

On 9 July 2024, illimity finalised the purchase of the remaining 51%, for a value of EUR 5 thousand, of the shares of SpicyCo S.r.l., which was therefore subject to line-by-line consolidation in the Group's consolidated financial statements as of that date.

With the acquisition of 100% of the shares of SpicyCo, illimity was in fact, as of the acquisition date, obliged to fully consolidate both this company and its subsidiaries, which, as of the acquisition date, consisted of the companies Enervitabio San Giuseppe S.r.l., Renit S.r.l. and Little Spicy S.r.l., instrumental companies that own or *lease* photovoltaic plants.

By applying the principles expressed by IFRS 3, a provisional difference to be allocated, originally recognised under the item Intangible Assets as goodwill, in the amount of Euro 2.5 million was therefore determined. This asset was fully written down as a result of the *impairment test* on the Group's goodwill as of 31 December 2024.

For further details, please refer to the disclosure provided in Part B - Section 10 Intangible Assets.

1.2 Transactions between subjects under common control

On 8 November 2024, illimity finalised the terms of a binding agreement with the Finwave/OCS Group, through the company Fibonacci BidCo S.p.A., which is controlled by funds managed by Apax Partners LLP.

Following the positive verification of the conditions precedent underlying the effectiveness of the transaction, on 24 December 2024, the *closing* of the agreement with the Finwave/OCS Group, through the company Fibonacci Subco S.r.l. wholly owned by Fibonacci BidCo S.p.A., controlled by funds managed by Apax Partners LLP, was completed.

The Transaction structure initially envisaged the contribution by illimity of the business unit consisting of its technology assets and highly qualified IT staff of the Digital Competence Line to a newly incorporated company ("AltermAInd S.r.l.") - initially wholly owned by the Bank (and therefore initially definable as an "*under common control*" transaction) - and the subsequent sale of a 52% interest to Fibonacci for a consideration of EUR 62.4 million. The remaining 48% of the share capital of AltermAInd remained owned by illimity.

In this regard, it should be noted that following the sale of 52% of AltermAInd S.r.l.'s share capital to Fibonacci, an equity investment in AltermAInd S.r.l. was recognised in the consolidated financial statements of the illimity Group, as the company qualifies as an affiliate, and subject to significant influence, in accordance with IAS 28 standard.

The Purchase Price Allocation on the provisional difference to be allocated, that is implicit in the initial recognition value of the equity investment, has started, and will be completed within 12 months in accordance with the relevant accounting standards.

During 2024, there were no other transactions between entities *under common control*.

Section 2 – Transactions carried out after the end of the financial year

2.1 Business combinations

There were no business combinations governed by IFRS 3 after the end of 2024 year.

2.2 Transactions between subjects under common control

There were no business combinations between entities under common control after the end of 2024 year.

Section 3 – Retrospective adjustments

No retrospective adjustment | loss was made during 2024 to business combinations taking place in previous years.

PART H – RELATED PARTY TRANSACTIONS

Related party transactions are mainly governed by Article 2391-bis of the Italian Civil Code, according to which the executive bodies of companies resorting to the risk capital markets have to adopt rules, according to criteria indicated by CONSOB, which ensure "the transparency and material and procedural fairness of transactions with related parties" carried out directly or through subsidiaries. The Supervisory Body is required to oversee compliance with the rules and reports on this in its report to the shareholders' meeting.

In its decision of 12 March 2010, no. 17221, and in implementation of the authority contained in Article 2391-bis of the Italian Civil Code, CONSOB approved the "Regulation on related party transactions", which sets out the general principles that companies making recourse to the risk capital markets have to observe when setting rules designed to ensure transparency, and the material fairness and procedural fairness of related party transactions.

In relation to this specific activity, companies are also subject to the provisions of Article 136 of the Consolidated Law on Banking on the obligations of corporate officers.

Related party transactions as identified according to IAS 24 and the CONSOB Regulation issued in Decision no. 17221 as amended, for within the normal operations of the Bank and are settled at market conditions or on the basis of the costs incurred, if there are no suitable criteria.

In 2024 a material related party transaction was carried out involving an agreement to manage operations with said counterparty related to the liquidity deposited by the latter in current and deposit accounts with illimity Bank S.p.A. (about which adequate disclosure was provided to the market, which should be referred to for further details). There were no further material or minor related party transactions in 2024 year which significantly affected the Group's capital or financial performance.

In relation to CONSOB communication no. DEM/6064293 of 28 July 2006, transactions or positions with related parties as classified in IAS 24 and the CONSOB Regulation have a limited impact on the financial situation and capital, financial performance and cash flows of the Group.

According to IAS 24, related parties are parties:

a) that directly or indirectly, through one or more intermediaries,
    (i) control the entity, are controlled by it, or are under joint control (including controlling entities, subsidiaries and associates);
    (ii) hold an equity investment in the entity of an extent that they may have considerable influence on the latter; or
    (iii) jointly control the entity;
b) represent an associate of the entity;
c) represent a joint venture in which the entity participates;
d) are one of the key managers of the entity or its parent company;
e) are a close family member of one of the parties in points (a) or (d);
f) are an entity controlled by, jointly controlled or subject to significant influence by one of the subjects in points (d) or (e), or those parties have directly or indirectly, a significant portion of voting rights; or
g) are a pension fund for employees of the entity or of any related entity.

On 12 December 2011 the Bank of Italy issued the 9th update to Circular no. 263 of 27 December 2006 which introduced prudential supervisory requirements for banks, issued in implementation of Article 53, paragraph 4 et seq., of the Consolidated Law on Banking and in accordance with Resolution of the Interministerial Committee for Credit and Savings no. 277 of 29 July 2008, as well as the regulations set forth by Article 136 of the Consolidated Law on Banking. Among others, one of the requirements is a specific provision relating to risk and conflicts of interests regarding Connected Parties, a definition that includes related parties as defined by CONSOB but also parties connected to the same related parties as identified in the same provisions; these requirements were modified by the Bank of Italy on 23 June 2020, merging said regulation into Circular no. 285 (see 33rd update of 23 June 2020 Part Three, issued by the Bank of Italy on 23 June 2020, which added a new Chapter 11 "Risk assets and conflicts of interest with connected parties" into said

Circular no. 285). This update therefore supplements the CONSOB Regulation, in turn revised and updated by CONSOB with decision no. 21624 of 10 December 2020, in order to implement Directive (EU) 2017/828 on shareholder rights (SHRD II).

1. Information on remuneration of key management personnel

The total remuneration and other benefits paid pertaining to the financial year to directors, statutory auditors and other key management personnel is EUR 11,651 thousand. As required by the new IAS 24, paragraph 17, further information has been provided about the following categories of remuneration for key management personnel and employees:

(Thousands of euros)

Category	Amount
a) short-term benefits	5,884
b) post-employment benefits	359
c) share-based payments	242
d) compensation of members of the Board of Directors and the Audit and Internal Control Committee/ Board of Statutory Auditors	5,166

2. Information on related party transactions

With regard to financial relations, and remembering that key management personnel also include the directors and the Audit and Internal Control Committee of the bank and the directors and statutory auditors of the Group companies, the situation on the end date of the consolidated financial statements is that shown in the following table, expressed in thousands of euros.

Under the terms of CONSOB Communication no. 6064293 of 28 July 2006, the effects on the consolidated financial statements of related party transactions as referred to in the table below, are highlighted in the relevant column.

(Thousands of euros)

BALANCE SHEET				
Assets		**Book value**	**of which with related parties**	**Impact of related parties**
10.	**Cash and cash equivalents**	387,264	6,901	1.78%
	- To other related parties		6,901	
20.	**Financial assets measured at fair value through profit or loss**	563,222	5,327	0.95%
	c) other financial assets mandatorily measured at fair value	519,193	5,327	1.03%
	To other related parties		5,327	
40.	**Financial assets measured at amortised cost**	5,961,177	228,709	3.84%
	b) loans to customers	5,691,364	228,709	4.02%
	To key management personnel		3,813	
	To other related parties		224,896	
70.	**Equity investments**	140,159	140,159	100.00%
	To companies subject to significant influence		58,464	
	To companies subject to joint control		81,695	
100.	**Intangible assets**	64,281	174	0.27%
	To other related parties		174	
120.	**Other assets**	313,792	24,874	7.93%
	To companies subject to joint control		13	
	To companies subject to significant influence		24,478	
	To other related parties		383	

(Thousands of euros)

BALANCE SHEET				
Liabilities		**Book value**	**of which with related parties**	**Impact of related parties**
10.	**Financial liabilities measured at amortised cost**	7,249,492	212,297	2.92%
	b) amounts due to customers	5,332,457	212,297	3.98%
	To companies subject to significant influence		24,210	
	To key management personnel		4,552	
	To companies subject to joint control		163,377	
	To other related parties		20,158	
80.	**Other liabilities**	172,785	2,449	1.42%
	To companies subject to joint control		22	
	To companies subject to significant influence		1,704	
	To key management personnel		381	
	To other related parties		342	
90.	**Employee severance pay**	4,666	464	9.94%
	To key management personnel		464	
100.	**Allowances for risks and charges**	25,122	197	0.78%
	a) commitments and guarantees given	2,290	197	8.60%
	To other related parties		197	
140.	**Reserves**	276,527	819	0.30%
	To key management personnel		819	

(Thousands of euros)

INCOME STATEMENT				
Items		**Book value**	**of which with related parties**	**Impact of related parties**
10.	**Interest income and similar income**	**435,303**	**10,707**	**2.46%**
20.	**Interest expenses and similar charges**	**(276,731)**	**(7,458)**	**2.70%**
40.	**Fee and commission income**	**92,082**	**1,698**	**1.84%**
50.	**Fee and commission expense**	**(10,487)**	**(89)**	**0.85%**
130.	**Net value adjustments/recoveries for credit risks associated with:**	**(124,736)**	**(711)**	**0.57%**
	a) financial assets measured at amortised cost	(125,121)	(711)	0.57%
190.	**Administrative expenses:**	**(152,955)**	**(18,192)**	**11.89%**
	a) staff expenses	(72,052)	(10,412)	14.45%
	b) other administrative expenses	(80,903)	(7,780)	9.62%
220.	**Net value adjustments/recoveries on intangible assets**	**(6,705)**	**(48)**	**0.71%**
230.	**Other operating income/expenses**	**17,442**	**576**	**3.30%**
280.	**Profits (losses) on equity investments**	**807**	**807**	**100%**

PART I - SHARE-BASED PAYMENTS

Qualitative information

1. Description of share-based payments

With reference to the variable component, the Group's Remuneration Policy provides for a "*Long Term Incentive*" (LTI) plan.

On 15 December 2021, the illimity Bank S.p.A. Ordinary Shareholders' Meeting, on the premise that remuneration represents one of the most important factors for attracting and retaining individuals with the professional expertise and skills appropriate to the company's medium- and long-term needs, approved a *Long Term Incentive Plan* ("LTIP", "the Plan") for the 2021-2025 period, associated with the economic, financial and ESG targets set out in the Strategic Plan.

This LTI Plan replaced:

- the "Stock Option Plan" (also "SOP"), the adoption of which was resolved on 18 January 2019 by the Shareholders' Meeting, reserved for a selected number of employees of illimity and the companies directly and/or indirectly controlled by it; and
- the 2020-2023 Long Term Incentive Plan reserved for the Chief Executive Officer and the rest of illimity's Top Management, whose adoption was resolved upon on 22 April 2020 by the Shareholders' Meeting.

The LTI Plan aims to ensure that the time horizon of the long-term incentive plan for key resources of the Bank is aligned with that of the 2021-25 Strategic Plan presented on 22 June 2021; to ensure strict alignment between the interests of the Bank, its shareholders and the beneficiaries of the LTI Plan, by incentivising commitment to achieving the Strategic Plan goals; and to support the achievement of ESG (Environmental, Social & Governance) targets in addition to economic and financial targets, in accordance with the overall framework of the aforementioned Strategic Plan.

The LTI plan was classified, in accordance with IFRS 2, as *equity-settled*, since it provides for payments based on the Bank's shares.

Quantitative information

1. Annual changes

Items/Number of options and exercise prices	31/12/2024			31/12/2023		
	Number of options	Average exercise prices	Average expiration date	Number of options	Average exercise prices	Average expiration date
A. Opening balance	**1,752,155**	**-**	**31/12/2025**	**1,746,228**	**-**	**31/12/2025**
B. Increases	-		X	155,563		X
B.1 New issues	-	-	X	155,563	-	31/12/2025
B.2 Other changes	-		X	-		X
C. Decreases	**(1,130,541)**		**X**	**(149,636)**		**X**
C.1 Derecognised	(992,697)	-	X	(149,636)	-	X
C.2 Exercised	(137,844)	-	X	-	-	X
C.3 Past-due	-	-	X	-	-	X
C.4 Other changes	-	-	X	-	-	X
D. Closing balance	**621,614**	-	**31/12/2025**	**1,752,155**	-	**31/12/2025**
E. Options exercised as of the end of the financial year	**-**	**-**	**X**	**-**	**-**	**X**

2. Other information

In 2023, the last allocation cycle for the ESOP ("*Employee Stock Option Plan*") was concluded, therefore no shares were granted to employees in 2024 year with reference to this plan.

PART L - SEGMENT DISCLOSURE

illimity Group operating segments

For segment disclosure purposes, as provided for by IFRS 8, the identification of operating segments is consistent with the business activities of the segments, the organisational structure of the Group and internal reporting used by *management* to periodically review results and allocate resources.

Please refer to the report on operations for further details of the Group's organisational structure and the *mission* of the Divisions, the operating segments identified and the criteria for producing the Reclassified Financial Statements.

Financial data broken down by operating segment

Economic performance	Corporate Banking	Investment Banking	Specialised Credit	b-ilty	Digital	Corporate Center	SGR	Hype	31/12/2024
Net interest margin	70.7	9.2	53.9	15.7	7.7	-	-	-	157.2
Net fees and commissions	27.4	6.7	37.7	6.1	0.1	-	5.4	-	83.4
Other economic components	17.5	7.6	12.6	0.8	54.9	-	1.1	-	94.6
Total net operating income	**115.6**	**23.5**	**104.2**	**22.6**	**62.7**	**-**	**6.5**	**-**	**335.1**
Staff expenses	(9.1)	(4.7)	(31.4)	(4.0)	(8.9)	(19.1)	(2.5)	-	(79.7)
Other administrative expenses and Net value adjustments/ recoveries on property and equipment and intangible assets	(7.2)	(3.9)	(42.9)	(7.2)	(36.2)	(21.7)	(0.9)	-	(120.0)
Operating expenses	**(16.3)**	**(8.6)**	**(74.3)**	**(11.2)**	**(45.1)**	**(40.8)**	**(3.4)**	**-**	**(199.7)**
Operating profit (loss)	**99.3**	**14.9**	**29.8**	**11.4**	**17.6**	**(40.8)**	**3.1**	**-**	**135.3**
Total net value adjustments/ recoveries and other provisions	(16.5)	0.2	(106.6)	(11.6)	-	-	-	-	(134.5)
Contributions and other non-recurring expenses	(4.0)	-	(34.7)	-	(20.4)	(7.5)	-	-	(66.6)
Other income (expenses) on investments	-	-	0.1	-	0.1		-	0.6	0.8
Profit (loss) from operations before taxes	**78.8**	**15.1**	**(111.4)**	**(0.2)**	**(2.7)**	**(48.3)**	**3.1**	**0.6**	**(65.0)**

Economic performance	Corporate Banking	Investment Banking	Specialised Credit	b-ilty	Digital	Corporate Center	SGR	Hype	31/12/2024
Financial assets measured at fair value through profit or loss	117.3	46.2	397.4	0.3	-	-	2.0	-	563.2
Customer loans	2,259.3	36.0	458.2	781.1	-	-	-	-	3,534.6
Asset securities at amortised cost	557.7	323.2	1,157.1	96.4	-	-	-	-	2,134.4
Property and equipment	-	-	67.8	-	-	21.6	-	-	89.4
Intangible assets	-	-	49.7	-	14.6	-	-	-	64.3
Amounts due to customers and securities issued	-	-	-	54.8	3,754.6	2,574.9	-	-	6,384.3
RWAs	1,893.1	406.1	2,169.6	154.9	159.7	341.9	12.8	53.8	5,238.7

Shown below are the main financial data illustrating developments in the operating segments of the illimity Group in the 2023 financial year.

Economic performance	Corporate Banking	Investment Banking	Specialised Credit	b-ilty	Digital	Corporate Center	SGR	Hype	31/12/2023
Total net operating income	103.9	17.7	163.8	8.5	59.7	-	5.3	-	**358.9**
Operating expenses	(21.8)	(7.1)	(97.0)	(10.1)	(41.9)	(45.5)	(3.6)	-	**(227.0)**
Profit (loss) from operations before taxes	**80.0**	**10.1**	**108.6**	**(5.8)**	**13.5**	**(53.3)**	**1.7**	**(3.1)**	**151.7**

Financial data	Corporate Banking	Investment Banking	Specialised Credit	b-ilty	Digital	Corporate Center	SGR	Hype	31/12/2023
Financial assets measured at fair value through profit or loss	68.2	9.6	449.2	-	-	-	0.8	-	**527.8**
Customer loans	2,363.5	52.3	761.5	309.4	-	-	-	-	**3,486.7**
Asset securities at amortised cost	397.1	297.4	441.7	26.1	-	-	-	-	**1,162.3**
Property and equipment	-	-	64.7	-	-	23.5	-	-	**88.2**
Intangible assets	4.0	-	82.8	-	67.0	-	-	-	**153.8**
Amounts due to customers and securities issued	-	-	-	48.0	3,827.8	1,250.1	-	-	**5,125.8**
RWAs	**1,812.6**	**229.8**	**2,428.5**	**95.8**	**130.4**	**330.0**	**7.4**	**45.2**	**5,079.7**

Information on geographical areas

The illimity Group mainly operates in Italy.

PART M – LEASE DISCLOSURE

Section 1 - Lessor

Qualitative information

Contracts of the Group may be classified in the two following categories:

1. Rental of business and personal use properties;
2. Long-term rental of cars;
3. Long-term rental of equipment.

As of 31 December 2024, there were 152 leasing contracts, of which 25 related to real estate *leasing* , with a total value of rights of use amounting to EUR 30.1 million, of which 126 related to cars, with a total value of rights of use of EUR 1.5 million and 1 pertaining to equipment, with a total value of rights of use of EUR 0.2 million.

Real estate leasing contracts refer to the leasing of buildings intended for instrumental (office) use and personal use.
Contracts, as a rule, have a duration of greater than 12 months, and typically have renewal and termination options that can be exercised by the parties according to the provisions of law or specific contractual provisions.

Contracts referring to other *leasing* relate to cars and equipment. The former are long-term rental contracts available to employees. Generally, these contracts have a four-year duration, with monthly or quarterly payments, without the option of renewal and do not include the option of purchasing the asset.

Sub-lease transactions are attributable to properties intended for residential use.

As previously specified in the accounting policies, the scope of application of IFRS 16 excludes contracts that have terms of less than 12 months or that refer to leased assets with low unit values when new.

Quantitative information

The following table provides a summary of the components of the Balance Sheet relating to *leasing* contracts; for further information, see Part B of the Explanatory Notes:

TYPE OF CONTRACT	Right of use	Lease Liability
Real estate leasing	30,121	23,498
Long-term Cars Rental	1,491	1,538
Long-term Equipment Rental	206	210
Total	**31,818**	**25,246**

The following table shows a summary of the components of the Income Statement relating to leasing contracts; for further information refer to the contents of Part C of the Explanatory Notes:

TYPE OF CONTRACT	Interest expenses	Net value adjustments on property and equipment
Real estate leasing	1,663	3,548
Long-term Cars Rental	81	788
Long-term Equipment Rental	9	46
Total	**1,753**	**4,382**

As of 31 December 2024 there were no material amounts relating to lease commitments not yet entered into.

Section 2 - Lessor

Qualitative information

As of the reporting date, the Group had no *leasing* in the role of lessor with third parties.

Certifications

illimity

Certifications of the Consolidated Financial Statements pursuant to Article 154-bis of Italian Legislative Decree 58/1998

1. The undersigned Corrado Passera, as chief executive officer, and Sergio Fagioli, as Financial Reporting Officer of illimity Bank S.p.A. certify, also considering Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 of 24 February 1998:
   - the adequacy in relation to the characteristics of the enterprise and
   - the effective application of the administrative and accounting procedures used to draft the consolidated financial statements during financial year 2024.
2. The adequacy of the administrative and accounting procedures used in the formation of the consolidated financial statements as of 31 December 2024 is checked according to the "Internal Control – Integrated Framework" (CoSO) and the "Control Objective for IT and related Technologies" (Cobit), which are the benchmarks for the internal control system applicable to financial reporting and generally accepted at international level.
3. We can also certify that:
   - the consolidated financial statements:
     i. were drafted in conformity with the applicable international accounting standards endorsed by the European Community under the terms of Regulation (EC) 1606/2002 of the European Parliament and Council, of 19 July 2002;
     ii. correspond to the accounting records;
     iii. provide a true and fair view of the financial position and performance and cash flows of the issuer.
   - The report on operations includes a reliable analysis of the progress and results of operations as well as the issuer's situation, together with a description of the key risks and uncertainties the issuer is exposed to.

Milan, 12 March 2025

Signature Chief Executive Officer
Corrado Passera
Signed

Signature Financial Reporting Officer

Sergio Fagioli
Signed

Certification of the Sustainability Statements pursuant to Article 81-ter, paragraph 1, of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Corrado Passera, as chief executive officer, and Sergio Fagioli, as Financial Reporting Officer of illimity Bank S.p.A. certify, also considering Article 154-bis, paragraph 5-ter of Italian Legislative Decree no. 58 of 24 February 1998, that the Sustainability Reporting included in the Consolidated Report on Operation was drafted:

- in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Italian Legislative Decree 125 of 6 September 2024;
- with the specifications adopted in accordance with Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Milan, 12 March 2025

Signature Chief Executive Officer
Corrado Passera
Signed

Signature Financial Reporting Officer

Sergio Fagioli
Signed

Independent Auditors' Reports

illimity

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(The accompanying translated consolidated financial statements of the illimity Bank Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors ' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
illimity Bank S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the illimity Bank Group (the "group"), which comprise the statement of financial position as at 31 December 2024, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the illimity Bank Group as at 31 December 2024 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, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors ' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of illimity Bank S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. 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.

Illimity Bank Group
Independent auditors ' report
31 December 2024

Measurement of loans and receivables with customers recognised under financial assets at amortised cost

Notes to the consolidated financial statements "Part A - Accounting policies": paragraph "Financial assets at amortised cost"

Notes to the consolidated financial statements "Part B - Information on the statement of financial position": section 4 "Financial assets at amortised cost - caption 40"

Notes to the consolidated financial statements "Part C - Information on the income statement": section 8 "Net impairment losses/gains for credit risk - caption 130"

Notes to the consolidated financial statements "Part E - Information on risks and related hedging policies": paragraph 1.1 "Credit risk"

Key audit matter	**Audit procedures addressing the key audit matter**
Loans and receivables with customers recognised under financial assets at amortised cost totalled €5,691 million at 31 December 2024, accounting for 67.7% of total assets. Net impairment losses on loans and receivables with customers recognised in profit or loss during the year totalled €125 million. For measurement purposes, the directors make analyses that are sometimes complex in order to identify those positions that show both an increase in credit risk and evidence of impairment after disbursement or purchase. To this end, they consider both internal information about the performance of exposures and external information about the reference sector and the borrowers ' overall exposure to banks. Measuring loans and receivables with customers is a complex activity, with a high degree of uncertainty and subjectivity, with respect to which the directors apply internal valuation models that consider many quantitative and qualitative factors, including historical collection flows, expected cash flows and related estimated collection dates, the existence of any indicators of impairment, an assessment of any guarantees, the impact of macroeconomic variables, future scenarios and risks of the sectors in which the parent 's and the group companies ' customers operate. The complexity of the directors ' estimation process has been affected by the increased geopolitical uncertainties which have an impact on the current economic conditions and potential future macroeconomic scenarios and have severely affected, inter alia, the energy market, supply chains, inflationary pressure and its effect on monetary policies in the main economies and real estate market trends and indicators. This required the directors to revisit the valuation processes and methods.	Our audit procedures included: • gaining an understanding of the parent 's and group companies ' processes and IT environments in relation to the disbursement, monitoring, classification and measurement of loans and receivables with customers; • assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the identification of exposures with indicators of impairment and the calculation of impairment losses; • analysing the classification criteria used for allocating loans and receivables with customers to the IFRS 9 categories (staging); • analysing the individual and collective impairment assessment policies and models used by the directors and checking the reasonableness of the main assumptions and variables included therein, as well as the adjustments made as a result of the financial effects of the geopolitical situation. We carried out these procedures with the assistance of experts of the KPMG network; • selecting a sample of exposures tested collectively, checking the application of the measurement models applied and checking that the impairment rates applied complied with those provided for in such models; • selecting a sample of exposures tested individually and checking the reasonableness of the indicators of impairment identified and of the assumptions about their recoverability, including considering the guarantees received;

Key audit matter	Audit procedures addressing the key audit matter
For the above reasons, we believe that the measurement of loans and receivables with customers recognised under financial assets at amortised cost is a key audit matter.	• analysing the significant changes in the categories of loans and receivables with customers and in the related net impairment losses compared to the previous years ' figures and discussing the results with the relevant internal departments; • analysing the events after the reporting date; • assessing the appropriateness of the disclosures about loans and receivables with customers recognised under financial assets measured at amortised cost.

Measurement of goodwill

Notes to the consolidated financial statements "Part A - Accounting policies": paragraph "Intangible assets"

Notes to the consolidated financial statements "Part B - Information on the statement of financial position": section 10 "Intangible assets - caption 100"

Key audit matter	Audit procedures addressing the key audit matter
Before the impairment test, the carrying amount of goodwill amounted to €72 million. As disclosed in the notes, in accordance with IFRS 3, the directors allocated goodwill to the cash-generating units ("CGUs") they identified. The directors tested goodwill for impairment by discounting the cash flows that are expected to be generated by the individual CGUs using the dividend discount model to calculate their recoverable amount. The impairment test performed by the directors showed that the CGUs ' recoverable amount was lower than their carrying amount. Therefore, goodwill was impaired by €39 million. Testing goodwill for impairment requires complex valuations and a high level of judgement, especially in relation to: • the CGUs ' expected cash flows, calculated by taking into account historical cash flows, the general economic performance and that of the group 's sector and the directors ' forecasts about its future performance; • the financial parameters to be used to discount the cash flows. The complexity of the directors ' estimation process has been affected by the geopolitical uncertainties which	Our audit procedures included: • understanding the process adopted to prepare the impairment tests approved by the parent 's directors; • gaining an understanding of the process used to draft the 2025-2028 plan approved by the parent 's directors and used for impairment testing; • analysing the criteria used to identify the CGUs and tracing the carrying amounts of the assets and liabilities allocated thereto to the consolidated financial statements; • assessing the measurement models and key assumptions used by the parent 's directors to determine the CGUs ' value in use. Our assessment included checking the consistency of the method adopted with that used in the previous year and comparing the key assumptions used to external information, where available, also in the light of the financial effects of the geopolitical situation. We carried out these procedures with the assistance of experts of the KPMG network; • checking the sensitivity analysis presented in the notes in relation to the key assumptions used for impairment testing; • analysing the events after the reporting date;

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31 December 2024

Key audit matter	Audit procedures addressing the key audit matter
have had an impact on the current economic conditions and potential future macroeconomic scenarios. For the above reasons, we believe that the measurement of goodwill is a key audit matter.	• assessing the appropriateness of the disclosures about goodwill and the related impairment test.

Recoverability of the investment in a joint venture

Notes to the consolidated financial statements "Part A – Accounting policies": paragraph "Equity investments"

Notes to the consolidated financial statements "Part B - Information on the statement of financial position": section 7 "Equity investments - caption 70"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2024 include an investment in a joint venture of €81.7 million. The parent acquired this investment in Hype S.p.A. during 2022. The parent 's directors measured such equity investment and tested it for impairment, by discounting the cash flows that are expected to be generated by the investee using the dividend discount model to calculate its recoverable amount. Testing the equity investment for impairment requires complex valuations and a high level of judgement, especially in relation to: • the investee 's expected cash flows, calculated by taking into account historical cash flows, the general economic performance and that of investee 's sector and the directors ' forecasts about its future performance; • the financial parameters to be used to discount the cash flows. The complexity of the directors ' estimation process has been affected by the geopolitical uncertainties which have had an impact on the current economic conditions and potential future macroeconomic scenarios. Considering the materiality of the financial statements caption and the high level of estimate required to measure the equity investment 's recoverable amount, we believe that the recoverability of the carrying amount of the investment in the joint venture is a key audit matter.	Our audit procedures included: • understanding the process adopted to prepare the impairment tests approved by the parent 's directors; • analysing the reasonableness of the key assumptions used by the parent 's directors to determine the recoverable amount of the investment in the joint venture and the related forecast cash flows, as well as the assumptions used to prepare the impairment test. We carried out these procedures with the assistance of experts of the KPMG network; • analysing the events after the reporting date; • assessing the appropriateness of the disclosures provided in the notes about the measurement of the investments in the joint venture.

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Measurement of financial assets and liabilities at fair value levels 2 and 3

Notes to the consolidated financial statements "Part A – Accounting policies": paragraphs A.2 "Financial assets at fair value through profit or loss", A.2 "Financial assets at fair value through other comprehensive income", A.2 "Hedge accounting", A.2 "Financial liabilities held for trading", A.2 "Financial liabilities designated at fair value" and A.4 "Information on fair value"

Notes to the consolidated financial statements "Part B - Information on the statement of financial position - Assets": sections 2 "Financial assets at fair value through profit or loss - caption 20", 3 "Financial assets at fair value through other comprehensive income - caption 30" and 5 "Hedging derivatives - caption 50"

Notes to the consolidated financial statements - "Part B - Information on the statement of financial position - Liabilities": sections 2 "Financial liabilities held for trading - caption 20", 3 "Financial liabilities designated at fair value - caption 30" and 4 "Hedging derivatives - caption 40"

Notes to the consolidated financial statements "Part C - Information on the income statement": sections 4 "Net trading income (loss) - caption 80", 5 "Net hedging income (loss) - caption 90" and 7 "Net gains (losses) on other financial assets and liabilities at fair value through profit or loss - caption 110"

Notes to the consolidated financial statements "Part E - Information on risks and related hedging policies": sections 2.1.2 "Market risk" and 2.1.3 "Derivatives and hedging policies"

Key audit matter	Audit procedures addressing the key audit matter
Trading in and holding financial instruments are two of the parent 's and group companies ' core activities. The consolidated financial statements at 31 December 2024 include financial assets and financial liabilities at fair value totalling €1.341 million and €45 million, respectively. A portion thereof, equal to €759 million and €45 million, respectively, is made up of financial assets and liabilities at fair value without a quoted price on an active market. The parent 's and group companies ' directors have classified them in levels 2 and 3 of the fair value hierarchy. Measuring fair value levels 2 and 3 financial instruments require a high level of judgement given the complexity of the models and parameters used. The complexity of the above procedure has also been affected by the increased geopolitical uncertainties and the related effects on the main economic and financial variables. For the above reasons, we believe that the measurement of financial assets and liabilities at fair value levels 2 and 3 is a key audit matter.	Our audit procedures included: • gaining an understanding of the parent 's and group companies ' processes and IT environments in relation to the trading, classification and measurement of financial instruments; • assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the measurement of financial instruments with fair value levels 2 and 3, also in the light of the financial effects of geopolitical situation; • for a sample of financial instruments with fair value levels 2 and 3, assessing the reasonableness of the measurement models and parameters used by the directors for their measurement, also in the light of the financial effects of the geopolitical situation; we carried out these procedures with the assistance of experts of the KPMG network; • analysing the changes in the composition of the financial instrument portfolios compared to the previous year end and discussing the results with the relevant internal departments; • analysing the events after the reporting date; • assessing the appropriateness of the disclosures about financial instruments and related fair value levels.

Illimity Bank Group
Independent auditors ' report
31 December 2024

Responsibilities of the parent 's directors and audit committee for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view 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 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian 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 for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing, within the terms established by the Italian law, the group 's financial reporting process.

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors ' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors ' report to the related disclosures in the consolidated financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors ' report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate 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;

- obtain 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 communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors ' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 17 December 2018, the parent 's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2018 to 31 December 2026.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the audit committee prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent 's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2024 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2024 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent 's directors are responsible for the preparation of the group 's directors ' report and report on corporate governance and ownership structure at 31 December 2024 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors ' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the consolidated financial statements;
- express an opinion on the consistency of the directors ' report, excluding the section that includes the consolidated sustainability statement, and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the applicable law;
- issue a statement of any material misstatements in the directors ' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98.

In our opinion, the directors ' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 are consistent with the group 's consolidated financial statements at 31 December 2024.

Moreover, in our opinion, excluding the section which includes the consolidated sustainability statement, the directors ' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Our opinion on compliance with the applicable law does not extend to the section of the directors ' report which includes the consolidated sustainability statement. Our conclusion on the compliance of this section with the legislation governing its preparation and with the disclosure requirements of article 8 of Regulation (EU) 2020/852 is included in the assurance report prepared in accordance with article 14-bis of Legislative decree no. 39/10.

Milan, 26 March 2025

KPMG S.p.A.

(signed on the original)

Alberto Andreini
Director of Audit

KPMG S.p.A.
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' limited assurance report on the consolidated sustainability statement pursuant to article 14-bis of Legislative decree no. 39 of 27 January 2010

To the shareholders of
illimity Bank S.p.A.

Conclusion

Pursuant to articles 8 and 18.1 of Legislative decree no. 125 of 6 September 2024 (the "decree"), we have been engaged to perform a limited assurance engagement on the 2024 consolidated sustainability statement of the illimity Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report (the "consolidated sustainability statement").

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the group's 2024 consolidated sustainability statement has not been prepared, in all material respects, in accordance with the reporting standards endorsed by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standards, "ESRS");
- the information presented in section "Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy)" of the consolidated sustainability statement has not been prepared, in all material respects, in accordance with article 8 of Regulation (EU) 2020/852 of 18 June 2020 (the "taxonomy regulation").

Basis for conclusion

We have performed the limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under SSAE (Italia) are further described in the "*Auditors' responsibilities for the sustainability assurance engagement*" section of our report.

We are independent in accordance with the ethics and independence rules and standards applicable in Italy to sustainability assurance engagements.

Our company applies International Standard on Quality Management 1 (ISQM Italia 1) and, accordingly, is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have acquired is sufficient and appropriate to provide a basis for our conclusion.

Other matters

In section "Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy)", the 2024 consolidated sustainability statement presents the 2023 comparative information required by article 8 of the taxonomy regulation, which has not been subjected to an assurance engagement.

Responsibilities of the directors and audit committee of illimity Bank S.p.A. (the "parent") for the consolidated sustainability statement

The directors are responsible for designing and implementing the procedures to identify the information included in the consolidated sustainability statement in accordance with the ESRS (the "materiality assessment process") and for the description of these procedures in section "Processes to identify and assess material IROs [IRO-1]" of the consolidated sustainability statement.

The directors are also responsible for the preparation of a consolidated sustainability statement in accordance with article 4 of the decree, which contains the information identified through the materiality assessment process, including:

- compliance with the ESRS;
- compliance of the information presented in section "Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy)" with article 8 of the taxonomy regulation.

Moreover, the directors are responsible, within the terms established by the Italian law, for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of a consolidated sustainability statement in accordance with article 4 of the decree that is free from material misstatement, whether due to fraud or error. They are also responsible for selecting and applying appropriate methods to produce disclosures and formulating assumptions and estimates about specific information on sustainability matters that are reasonable in the circumstances.

The *audit committee* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Inherent limitations in preparing the consolidated sustainability statement

For the purpose of disclosing forward-looking information in accordance with the ESRS, the directors are required to prepare such information based on assumptions, described in the consolidated sustainability statement, regarding future events and the group's actions that are not necessarily expected to occur. Actual results are likely to be different from the forecast sustainability information since anticipated events frequently do not occur as expected and the variation could be material.

The disclosures provided by the group about Scope 3 emissions are subject to more inherent limitations than those on Scope 1 and Scope 2 emissions, given the lack of availability and relative precision of information used for determining both qualitative and quantitative Scope 3 emissions information from value chain.

KPMG

illimity Group
Independent auditors' report
31 December 2024

Auditors' responsibilities for the sustainability assurance engagement

Our objectives are to plan and perform procedures in order to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of intended users taken on the basis of the consolidated sustainability statement.

As part of a limited assurance engagement in accordance with SSAE (Italia), we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify disclosures where a material misstatement is likely to occur, whether due to fraud or error;
- designing and performing procedures to check disclosures where a material misstatement is likely to occur. 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;
- directing, supervising and performing the sustainability limited assurance engagement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves carrying out procedures to obtain evidence as a basis for our conclusion.

The procedures performed are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the consolidated sustainability statement, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

We have performed the following main procedures:

- we gained an understanding of the group's business model, strategies and operating environment with regard to sustainability matters;
- we gained an understanding of the process adopted by the group to identify and assess material sustainability-related impacts, risks and opportunities (IROs), based on the double materiality principle. Moreover, on the basis of the information acquired, we evaluated any emerging inconsistencies that may indicate the presence of sustainability matters not addressed by the group in its materiality assessment process; Specifically, mostly through inquiries, observations and inspections, we gained an understanding of how the group:
  - considered the interests and opinions of the stakeholders involved;
  - identified its sustainability-related IROs, assessing their consistency with our knowledge of the group and its sector;
  - defined and assessed material IROs by analysing the qualitative and quantitative materiality thresholds it determined;
- we gained an understanding of the processes underlying the generation, recording and management of the qualitative and quantitative information disclosed in the consolidated sustainability statement,

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including of the reporting boundary, through interviews and discussions with the group's personnel and selected procedures on documentation;

- we identified the disclosures associated with a risk of material misstatement, whether due to fraud or error;
- we designed and performed procedures, based on our professional judgement, to respond to identified risks of material misstatement, including:
  - for information gathered at parent and subsidiaries:
    - with reference to qualitative information and, in particular, the sustainability-related policies, actions and objectives, we held inquiries and performed limited procedures on documentation;
    - with reference to quantitative information, we carried out analytical procedures, inspections, observations and recalculations on a sample basis;
- we gained an understanding of the process adopted by the group to determine taxonomy-eligible exposures and whether they were aligned under the taxonomy regulation and checked the related disclosures presented in the consolidated sustainability statement;
- we checked the consistency of the disclosures contained in the consolidated sustainability statement with those included in the group's consolidated financial statements pursuant to the applicable financial reporting framework, the underlying accounting records or management accounts;
- we checked the compliance of the structure and presentation of disclosures included in the consolidated sustainability statement with the ESRS;
- we obtained the representation letter.

Milan, 26 March 2025

KPMG S.p.A.

(signed on the original)

Grazia Calandra
Director of Audit

Annex 1 – Reconciliation between the reclassified balance sheet and income statement and financial statements

Below are the reconciliation schemes used for the preparation of the reclassified balance sheet and income statement. Any discrepancies between the figures presented are due solely to rounding.

Reclassified Balance Sheet

Assets	Values as of 31/12/2024
Cash and cash equivalents	**387,264**
Loans to banks, financial entities and other institutions	**292,188**
Item 40. a) Loans to banks	269,813
Loans to financial entities	22,375
Loans to customers and investments	**4,726,739**
Item 40. b) Loans to customers	5,691,364
To be deducted:	
Loans to financial entities	*(22,375)*
Government Bonds	*(942,250)*
Government Bonds	**942,250**
HTCS Financial assets	**748,027**
FVTPL Financial assets	**563,222**
Investments in equity	**140,159**
Goodwill	**33,731**
Other intangible assets	**30,550**
Item 100. Intangible assets	64,281
To be deducted:	
Goodwill	(33,731)
Other assets	**523,690**
Item 50. Hedging derivatives	29,385
Item 90. Property and equipment	89,389
Item 110. Tax assets	102,801
Item 120. Non-current assets held for sale and discontinued operations	3,029
Item 130. Other assets	313,792
Total assets	**8,402,526**

Liabilities and shareholders' equity	Values as of 31/12/2024
Amounts due to banks	**864,958**
Item 10. a) Amounts due to banks	865,168
To be deducted:	
Lease Liabilities (IFRS 16) towards banks	(210)
Amounts due to customers	**5,307,420**
Item 10. b) Amounts due to customers	5,332,457
To be deducted:	
Lease Liabilities (IFRS 16) towards customers	(25,037)
Securities issued	**1,051,867**
Item 10. c) Securities issued	1,051,867
Other liabilities	**278,791**
Item 80. Other Liabilities	172,785
Increase:	
Lease Liabilities (IFRS 16) towards customers	25,037
Lease Liabilities (IFRS 16) towards banks	210
Item 20. Financial liabilities held for trading	45,107
Item 40. Hedging derivatives	43
Item 60. Tax liabilities	5,821
Item 70. Liabilities associated with assets held for sale	-
Item 90. Employee severance pay	4,666
Item 100. Allowances for risks and charges	25,122
Shareholders' equity	**938,260**
Share capital and reserves	
Item 120. Valuation reserves	(18,298)
Item 150. Reserves	276,527
Item 160. Share premium reserves	624,937
Item 170. Share capital	54,789
Item 180. Treasury shares (-)	(5,354)
Item 190. Equity attributable to minority interests (+/-)	5,289
Item 200. Profit (loss) for the year	(38,400)
Total liabilities and shareholders' equity	**8,402,526**

Reclassified income statement

Income Statement items	Values as of 31/12/2024
Net interest margin	**157,163**
Item 10. Interest income and similar income	435,303
Item 20. Interest expenses and similar charges	(276,731)
Reclassification of Raisin operating components	*(3,157)*
To be deducted:	
Reclassification from item 320. Profit (loss) from discontinued operations after tax	*(5)*
IFRS 16 interest expenses	*1,753*
Net fees and commissions	**83,350**
Item 40. Fee and commission income	92,082
Item 50. Fee and commission expense	(10,487)
Reclassification of HFS fee and commission expense	-
To be deducted:	
Reclassification from item 320. Profit (loss) from discontinued operations after tax	75
Raisin operating components	*1,680*
Net profit (loss) in hedge accounting, trading and sale of financial assets	**16,750**
Item 70. Dividends and similar income	257
Item 80. Net profit (loss) on trading	9,004
Item 90. Net profit (loss) in hedge accounting	257
Item 100. Profits (losses) from disposal or repurchase	3,529
Item 110. Net profit (loss) on other assets and liabilities measured at fair value through profit or loss	3,703
Net profit (loss) on closed positions	**13,861**
of which: Net profit (loss) on closed positions - Clients - POCI	11,209
of which: Net profit (loss) on closed positions - Clients - PPC	1,400
of which: Net profit (loss) on closed positions - Clients - Energy performing	-
Reclassification from item 280. Profits (losses) on disposal of investments	1,252
Other profits (losses) from the disposal of investments	**-**
Item 280. Profits (losses) on disposal of investments	1,252
To be deducted:	
Reclassification to Net profit (loss) on closed positions	(1,252)
Other operating expenses and income (excluding taxes)	**63,944**
Item 230. Other operating income/expenses	17,442
To be deducted:	
Reclassification of recovery of other operating income/expenses to Other administrative expenses	*(6,489)*
Reclassification from item 320. Profit (loss) from discontinued operations after tax	*52,991*
Total net operating income	**335,068**
Staff expenses	**(79,745)**
Item 190. Administrative expenses: a) Staff expenses	(72,052)
To be deducted:	
Reclassification from item 320. Profit (loss) from discontinued operations after tax	*(7,405)*
Reclassification of HR expenses from other administrative expenses	*(288)*
Other administrative expenses	**(91,284)**
Item 190. Administrative expenses: b) Other administrative expenses	(80,903)
Reclassification from item 320. Profit (loss) from discontinued operations after tax	(24,405)
Reclassification of IFRS 16 interest expenses	(1,753)
Reclassification of HR expenses to staff expenses	*288*
Reclassification of recovery of other operating income/expenses to Other administrative expenses	6,489
Raisin operating components	*1,477*
Reclassification of contributions and other non-recurring expenses	*7,523*
Net value adjustments/recoveries on property and equipment and intangible assets	**(28,700)**
Item 210. Net value adjustments/recoveries on property and equipment	(6,705)
Item 220. Net value adjustments/recoveries on intangible assets	(8,056)
To be deducted:	
Reclassification from item 320. Profit (loss) from discontinued operations after tax	(13,939)
Operating expenses	**(199,729)**
Operating profit (loss)	**135,339**

Income Statement items	Values as of 31/12/2024
Net value adjustments/recoveries for credit risk - HTC Banks and financial entities	**(114)**
Net value adjustments/recoveries for credit risk - HTC Clients	**(134,429)**
Item 130. Value adjustments/recoveries for credit risk associated with: a) financial assets measured at amortised cost	(125,121)
Reclassification of Net profit (loss) on closed positions - HTC&S Clients - POCI to item 130b	-
Reclassification of Net profit (loss) on closed positions - HTC Clients - POCI off-balance to item 200	3,187
To be deducted:	
Net value adjustments/recoveries for credit risk - HTC Banks and financial entities	114
Value adjustments/recoveries for credit risk associated with: a) financial assets measured at amortised cost - Write-backs on Datio in solutum transactions	-
Net profit (loss) on closed positions - Clients - PPC	(1,400)
Net profit (loss) on closed positions - Clients - Energy performing	-
Net profit (loss) on closed positions - Clients - POCI	(11,209)
Net value adjustments/recoveries for credit risk - HTCS	**385**
Item 130. Value adjustments/recoveries for credit risk associated with: b) financial assets measured at fair value through other comprehensive income	385
To be deducted:	
Net profit (loss) on closed positions - HTC&S Clients - POCI	-
Net value adjustments/recoveries for commitments and guarantees	**(123)**
Item 200. Net allowances for risks and charges: a) commitments and guarantees given	3,064
To be deducted:	
Net profit (loss) on closed positions - HTC Clients - POCI off-balance	(3,187)
Total net value adjustments/recoveries	**(134,281)**
Other net provisions	**(169)**
Item 200. Net allowances for risks and charges: b) other net provisions	(20,578)
Reclassification of one-off components of the income statement related to trade receivables	20,409
Other income (expenses) on investments	**807**
Item 250. Profits (losses) on equity investments	*807*
Contributions and other non-recurring expenses	***(66,648)***
of which: Contributions and other non-recurring expenses	(7,523)
Reclassification of one-off components of the income statement related to extraordinary transactions	(20,409)
of which: Goodwill impairment	(38,716)
Other profits (losses) from the disposal of investments	**-**
Item 280. Profits (losses) on disposal of investments	1,252
To be deducted:	
Reclassification to Net profit (loss) on closed positions	(1,252)
Profit (loss) from operations before taxes	**(64,952)**
Income tax for the year on continuing operations	**24,197**
Item 300. Income tax for the year on continuing operations	12,319
Reclassification from Profit (Loss) from discontinued operations	11,878
Item 320. Profit (loss) from discontinued operations after tax	**-**
Item 320. Profit (loss) from discontinued operations after tax	19,190
To be deducted:	
Interest expenses and similar charges	5
Fee and commission income	(75)
Profits (losses) on disposal of investments	(52,526)
Staff expenses	7,405
Other administrative expenses	24,405
Net value adjustments/recoveries on property and equipment	81
Net value adjustments/recoveries on intangible assets	13,858
Other operating income/expenses	(465)
Income tax for the year on continuing operations	(11,878)
Profit (loss) for the year	**(40,755)**
Item 340. Profit (loss) for the year attributable to minority interests	*2,355*
Profit (loss) for the year	**(38,400)**

Annex 2 – Fees for audit and non-audit services pursuant to Article 149-duodecies of CONSOB Regulation no. 11971

Pursuant to the provisions of Article 149-duodecies of CONSOB Issuers' Regulation, the following table lists information regarding the payments disbursed to Independent Auditors KPMG S.p.A. and coming from companies belonging to the same network. The amounts reported below are net of VAT and Operating Costs:

In thousands of euros

Type of service	Service provider	Sums due	
		illimity Bank S.p.A.	Group Companies
Accounting Audit	KPMG S.p.A.	482	454
Certification services	KPMG S.p.A.	226	17
Other services	KPMG Advisory S.p.A.	-	25
Total		**708**	**497**

Annex 3 – Public Disclosure Country by Country (pursuant to Bank of Italy Circular no. 285 of 17 December 2013 “Supervisory Provisions for banks” – 49th update of 23 July 2024)

Listed below is information relating to points a), b), c), d), e) and f) of Annex A to Section One, Title III, Chapter 2 of the aforementioned Supervisory Provisions for banks.

Situation resulting from the consolidated financial statements as of 31 December 2024

As a result of company events that have taken place in recent years and from time to time have been the subject of public disclosure via press releases or in the context of periodic financial reporting, as of the reporting date of 31 December 2024, the illimity Group is located exclusively in Italy.

a) Name of company and nature of activity

Illimity Bank. S.p.A., with registered offices in Milan at via Soperga 9, is the parent company of the illimity Group, registered under number 245 in the Register of Banking Groups.

The illimity Group is made up of the parent company, illimity Bank S.p.A., the subsidiaries Arec neprix S.p.A. and illimity SGR, with registered offices in Milan at via Soperga 9, and the subsidiary Abilio S.p.A., with registered offices in Faenza at via Galileo Galilei 6. The scope of the Group also includes the special purpose companies consisting of the LeaseCos, which support the bank in the management of lease operations, the ReoCos and the other property companies, which are active in the management of the properties linked to the acquired portfolios, and the Special Purpose Vehicles (SPVs) established to undertake securitisation operations. Finally, we should also mention the 50% *joint venture* with the Sella Group in Hype S.p.A., as well as the 48% equity investment in the capital of AltermAInd, a company created in 2024 from the sale of the Digital Branch of illimity.

Information/Geographical area		Italy
Turnover[1]	Thousands of euros	256,917
Number of employees on a full-time equivalent basis[2]	Number of units	836
Profit (loss) before taxes[3]	Thousands of euros	(64,952)
Taxes on profit or loss[4]	Thousands of euros	24,197
Government grants received[5]	Thousands of euros	454

1 This figure represents Item 120. “Total net operating income” of the Income Statement of the consolidated financial statements

2 The number of employees was calculated by taking into consideration the number of hours actually worked in total by all employees, excluding overtime, divided by the number of hours in a week as contractually required for full time, multiplied by 52 weeks, minus 25 days - as conventionally defined - for annual leave.

3 This figure represents the sum of Item 290. “Profit (loss) from continuing operations before taxes” and 320. “Profit (loss) from discontinued operations” (before taxes) of the Income Statement of the consolidated financial statements

4 This figure represents the sum of Item 300. “Income tax for the year on continuing operations” and 320. “Profit (loss) from discontinued operations” (solely for the portion of taxes in question) of the Income Statement of the consolidated financial statements.

5 This figure indicates the government grants not taken into consideration in transactions that fall within state aid schemes reported in Section A of the Explanatory Notes

Annex 4 - Reconciliation Statement of the 2023 Consolidated Income Statement published with the Pro-forma restated in accordance with International Financial Reporting Standard IFRS 5

Consolidated Income Statement items	Balance as of 31 December 2023 (Published)	Reclassifications	Balance as of 31 December 2023 pro-forma in accordance with accounting standard IFRS 5
Interest income and similar income	397,291		397,291
of which interest income calculated according to the effective interest method	338,081		338,081
Interest expenses and similar charges	(202,729)	2	(202,727)
Net interest income	194,562	2	194,564
Fee and commission income	82,248	(160)	82,088
Fee and commission expense	(7,836)		(7,836)
Net fees and commissions	74,412	(160)	74,252
Dividends and similar income	45		45
Net profit (loss) on trading	(459)		(459)
Net profit (loss) in hedge accounting	(386)		(386)
Profit (loss) on disposal or repurchase of:	(855)	-	(855)
a) financial assets measured at amortised cost	(131)		(131)
b) financial assets measured at fair value through other comprehensive income	(724)		(724)
c) financial liabilities	-		-
Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	7,496	-	7,496
a) financial assets and liabilities measured at fair value	-		-
b) other financial assets mandatorily measured at fair value	7,496		7,496
Total net operating income	274,815	(158)	274,657
Net value adjustments/recoveries for credit risks associated with:	65,546	-	65,546
a) financial assets measured at amortised cost	65,676		65,676
b) financial assets measured at fair value through other comprehensive income	(130)		(130)
Profits/losses on changes in contracts without derecognition	-		-
Net profit (loss) from banking activities	340,361	(158)	340,203
Net premiums			-
Other net insurance income (expense)			-
Net profit (loss) of banking and insurance management	340,361	(158)	340,203
Administrative expenses:	(217,552)	25,285	(192,267)
a) staff expenses	(105,057)	6,991	(98,066)
b) other administrative expenses	(112,495)	18,294	(94,201)
Net allowances for risks and charges	(783)	-	(783)
a) commitments and guarantees given	(511)		(511)
b) other net provisions	(272)		(272)
Net value adjustments/recoveries on property and equipment	(9,895)	92	(9,803)
Net value adjustments/recoveries on intangible assets	(18,280)	9,899	(8,381)
Other operating income/expenses	60,389	(6)	60,383
Operating expenses	(186,121)	35,270	(150,851)
Profits (losses) on equity investments	(3,493)		(3,493)
Net profit (loss) on the measurement at fair value of property and equipment and intangible assets	-		-
Goodwill impairment	-		-
Profits (losses) on disposal of investments	994		994

Consolidated Income Statement items	Balance as of 31 December 2023 (Published)	Reclassifications	Balance as of 31 December 2023 pro-forma in accordance with accounting standard IFRS 5
Profit (loss) before tax from continuing operations	**151,741**	**35,112**	**186,853**
Income tax for the year on continuing operations	(47,927)	(9,630)	(57,557)
Profit (loss) after tax from continuing operations	103,814	25,482	129,296
Profit (loss) from discontinued operations after tax	-	(25,482)	(25,482)
Profit (loss) for the year	103,814	-	103,814
Profit (loss) attributable to minority interests	586		586
Profit (loss) attributable to the Parent company	**104,400**	**-**	**104,400**

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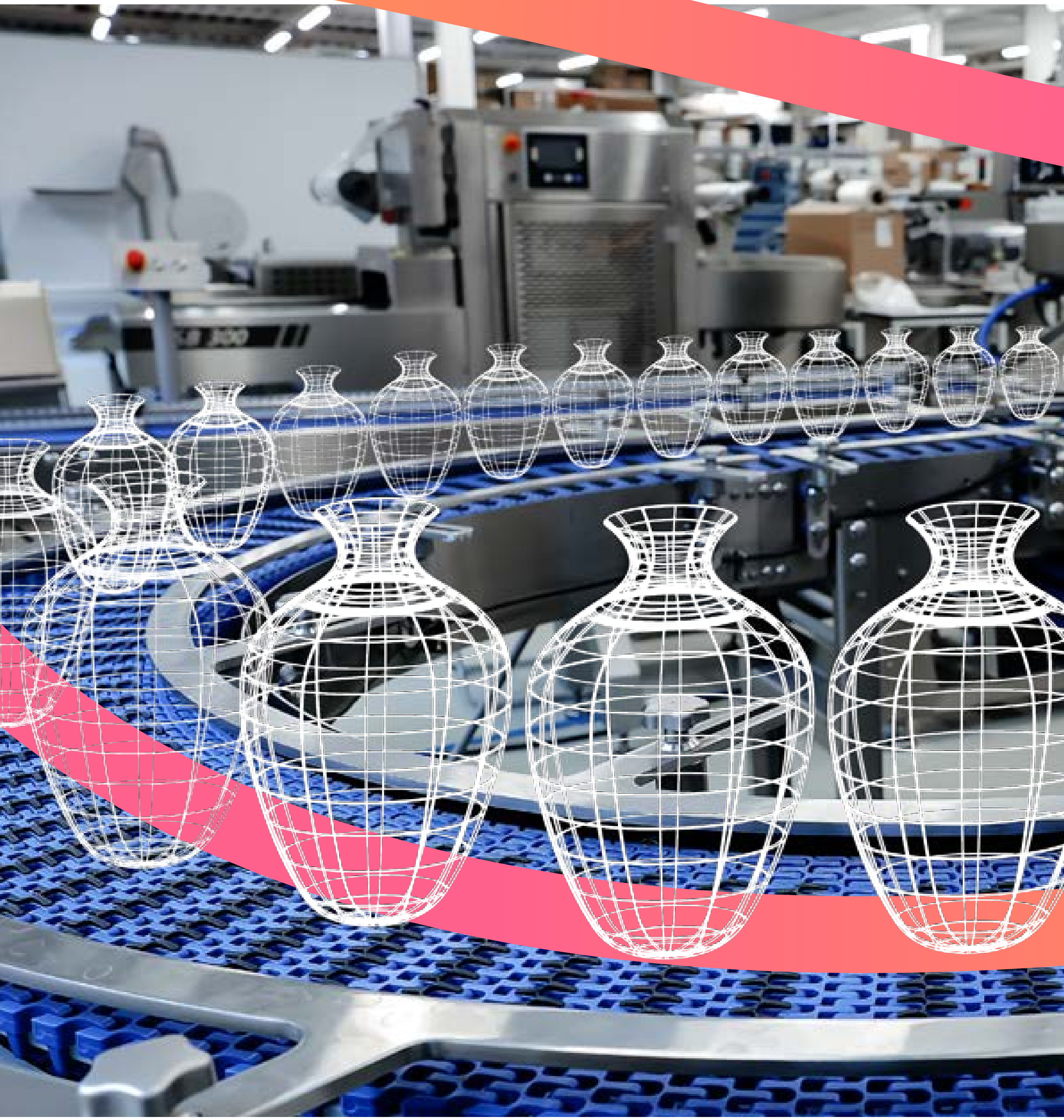
Report and Financial Statements of illimity Bank

illimity



Report on Operations

as of 31 December 2024

illimity

This Report illustrates the performance and the related data and results of illimity Bank S.p.A. ("illimity" or the "Bank").

Alternative performance measures as of 31 December 2024

The main indicators of the Bank are presented below.
Although not covered by IAS/IFRS, the figures presented are provided in compliance with the indications in CONSOB Communication No. 0092543 of 3 December 2015, and of the ESMA Recommendations on alternative performance measures (ESMA/2015/1415 Guidance).

(amounts in thousands of Euros)

PERFORMANCE MEASURES	31/12/2024	31/12/2023	Chg.	Chg. %
Total net operating income	218,682	304,391	(85,709)	(28%)
Operating expenses	(132,554)	(158,839)	26,285	(17%)
Operating profit (loss)	86,128	145,552	(59,424)	(41%)
Total net value adjustments/recoveries	(136,960)	14,576	(151,536)	N/A
Profit (loss) from operations before taxes	(130,400)	148,055	(278,455)	N/A
Profit (loss) for the year	(103,957)	102,307	(206,264)	N/A

STRUCTURAL RATIOS	31/12/2024	31/12/2023
Shareholders' Equity/Total Liability	10.2%	13.0%
Interbank Funding/Total Funding	12.1%	15.3%
Liquidity Coverage Ratio	~216%	~226%
Net Stable Funding Ratio	>100%	>100%
Net loans with Customers/Total assets	64.0%	67.7%
Direct customer funding/Total Liability	76.3%	71.1%

CAPITAL RATIOS	31/12/2024	31/12/2023
Tier I capital ratio (Tier I capital/Total weighted assets)	13.92%	15.34%
Total capital ratio [(Tier I + Tier II)/Total weighted assets]	17.95%	19.38%
Own Funds	898,433	963,378
of which: Tier I capital	696,934	762,241
Risk-weighted assets	5,005,898	4,969,713

For details on the construction logic of the alternative performance indicators shown in the tables above, please refer to the same section of the Report on Consolidated Operations.

Composition and organisational structure

illimity operates in the banking sector and is authorised to provide private banking, investment and trading services. In 2024 Illimity structured itself into four Business Divisions, in addition to the Digital Competence Line for the component regarding the management of retail customers:

- Corporate Banking;
- Investment Banking;
- Specialised Credit;
- b-ilty
- Digital.

There is also the Asset Management Company (illimity SGR), which manages the assets of closed-end alternative investment funds ("AIFs"), established with own funds and the funds of third-party institutional investors.
The Bank's organisational structure also comprises other units supporting the business and monitoring risks.

For further details on the Bank's composition and organisational structure, please refer to the Report on Consolidated Operations.

Bank branches and offices

The Bank's branches and offices are as follows:

- Milan -Via Soperga, 9 (registered office);
- Modena –Via F. Lamborghini 88/90 (branch).

Human resources

On 31 December 2024 the Bank's registered employees were 422 (542 on 31 December 2023). A breakdown of the workforce is given below, divided by job level:

Category	31/12/2024			31/12/2023			Changes	
	Number of employees	in %	Average age	Number of employees	in %	Average age	Number of employees	in %
Senior managers	52	12%	47	59	11%	47	7	12%
Middle managers	207	50%	39	275	51%	38	68	25%
Office employees	163	38%	32	208	38%	31	45	22%
Employees	**422**	**100%**		**542**	**100%**		**120**	**22%**

Relations with subsidiaries

Name	Registered office	Operational headquarters	Shareholding %	Votes %
A. Wholly-owned subsidiaries				
1. Soperga RE S.r.l.	Milan	Milan	100%	100%
2. Friuli LeaseCo S.r.l.	Milan	Milan	100%	100%
3. Doria LeaseCo S.r.l.	Milan	Milan	100%	100%
4. River LeaseCo S.r.l.	Milan	Milan	100%	100%
5. Arecneprix S.p.A.	Milan	Milan	100%	100%
6. illimity SGR S.p.A.	Milan	Milan	100%	100%
7. Pitti LeaseCo S.r.l.	Milan	Milan	100%	100%
8. River Immobiliare S.r.l.	Milan	Milan	100%	100%
9. Aporti S.r.l.	Milan	Milan	66.7%	66.7%
10. Pitti SPV S.r.l.	Milan	Milan	100%	100%
11. Friuli SPV S.r.l.	Milan	Milan	100%	100%
12. Doria SPV S.r.l.	Milan	Milan	100%	100%
13. River SPV S.r.l.	Milan	Milan	100%	100%
14. Spicy Co S.r.l.	Milan	Milan	100%	100%
15. SpicyCo 2 S.r.l.	Milan	Milan	100%	100%
16. Abilio S.p.A.	Faenza	Faenza	82%	82%
17. Dagobah SPV S.r.l.	Milan	Milan	100%	100%
18. Dagobah LeaseCo S.r.l.	Milan	Milan	100%	100%
19. Mida RE S.r.l.	Milan	Milan	100%	100%
20. Sileno SPV S.r.l.	Milan	Milan	100%	100%
21. Montes SPV S.r.l.	Milan	Milan	100%	100%
22. Montes LeaseCo S.r.l.	Milan	Milan	100%	100%
23. Mia SPV S.r.l.	Milan	Milan	100%	100%
24. Vela 2023 LeaseCo S.r.l.	Milan	Milan	100%	100%
25. Eolo LeaseCo S.r.l.	Milan	Milan	100%	100%
B. Jointly-owned associates				
26. Hype S.p.A.	Biella	Biella	50%	50%
C. Companies in which significant influence is exercised				
27. AltermAInd S.r.l.	Milan	Milan	48%	48%

The breakdown of the book value of individual shareholdings is given below:

Name	Book value	Dividends received
A. Wholly-owned subsidiaries		
1. Soperga RE S.r.l.	10	-
2. Friuli LeaseCo S.r.l.	10	-
3. Doria LeaseCo S.r.l.	10	-
4. River LeaseCo S.r.l.	10	-
5. Arecneprix S.p.A.	44,668	-
6. illimity SGR S.p.A.	4,055	-
7. Pitti LeaseCo S.r.l.	10	-
8. River Immobiliare S.r.l.	10	-
9. Aporti S.r.l.	11	-
10. Pitti SPV S.r.l.	14	-
11. Friuli SPV S.r.l.	14	-
12. Doria SPV S.r.l.	14	-
13. River SPV S.r.l.	14	-
14. SpicyCo S.r.l.	10	-
15. SpicyCo 2 S.r.l.	30	-
16. Abilio S.p.A.	1,662	-
17. Dagobah SPV S.r.l.	10	-
18. Dagobah LeaseCo S.r.l.	64	-
19. Mida RE S.r.l.	10	-
20. Sileno SPV S.r.l.	10	-
21. Montes SPV S.r.l.	10	-
22. Montes LeaseCo S.r.l.	42	-
23. Mia SPV S.r.l.	10	-
24. Vela 2023 LeaseCo S.r.l.	10	-
25. Eolo LeaseCo S.r.l.	10	
B. Jointly-owned associates		
26. Hype S.p.A.	82,844	-
C. Companies in which significant influence is exercised		
27. AltermAInd S.r.l.	32,897	-
Total	**166,469**	**-**

Macroeconomic scenario

The macroeconomic scenario has been described in the Report on Consolidated Operations, to which reference is made.

Significant events in 2024

Corporate transactions

In April 2024, the illimity Shareholders' Meeting resolved to purchase, also in several tranches, illimity shares up to a maximum number of 1,000,000 shares to serve the group's incentive schemes - and in any case for an amount not exceeding EUR 5.5 million. In May 2024, in execution of the above-mentioned Shareholders' Meeting resolution, illimity started this programme, which ended in June with the purchase of all of the maximum 1,000,000 ordinary shares envisaged for a total value of EUR 4,886,923.47.

In May 2024, the Board of Directors of illimity approved the free share capital increase to serve the long-term incentive scheme for a total of EUR 78,687.56, corresponding to 120,742 ordinary illimity shares.

In June 2024, following the Chief Executive Officer's resolution that resulted in the partial exercise of the power to increase the share capital pursuant to Article 2443 of the Italian Civil Code and of Article 5, paragraph 5, of the By-laws (as already communicated on 30 May 2023 and on 5 June 2023), for the beneficiaries of the MBO Plan or of any compensation paid in the event of early termination of the employment contract, with a share capital increase of EUR 20,030.65 and the issuance of 30,736 new ordinary shares for the purpose of such share capital increase.

On 4 June 2024, illimity Bank S.p.A announced the new composition of its share capital, issuing 151,478 new ordinary shares.

On 9 July 2024, illimity finalised the purchase of the remaining 51% of the shares of SpicyCo S.r.l., which is subject to line-by-line consolidation in the Group's Consolidated Financial Statements as of that date. For further details, please refer to what is described in section "5.1 - SpicyCo Acquisition" of the Accounting Policies.

On 8 November 2024, illimity finalised the terms of a binding agreement with the Finwave/OCS Group, through the company Fibonacci BidCo S.p.A., which is controlled by funds managed by Apax Partners LLP. The agreement led to the creation of a major technology operator in the artificial intelligence and banking services sector, whose activities will be focused on three main business lines dedicated to (i) the further development and marketing of Digital Products for the financial sector in the AI, ESG and Cloud markets, (ii) supporting companies in defining a strategy for technological and digital evolution, with particular focus on the transformation of core banking, and (iii) the provision of premium banking technology services dedicated to illimity itself.
The transaction structure involved the contribution by illimity of the business unit consisting of its technology assets and highly qualified IT staff of the Digital Competence Line to AltermAInd, a newly incorporated company - initially wholly owned by the Bank - and the sale of a 52% interest to Fibonacci BidCo S.p.A. on 24 December 2024 for a consideration of EUR 62.4 million, plus a possible earn-out (up to a maximum of EUR 30 million) calculated on the basis of a portion of the company's 2028 revenue. The remaining 48% of the share capital of AltermAInd remained owned by illimity.

Main business transactions

In March 2024, illimity Bank S.p.A. announced that it had signed a new agreement with SACE aimed at supporting Italian businesses, and in particular SMEs, in their strategic investments concerning technological innovation and digitisation processes. Through a totally digitised process, companies will be able to benefit from SACE's 70% Future Guarantee and receive medium- and long-term loans with a principal of up to EUR 50 million. This new agreement runs alongside SACE's Green Guarantee, which has been made available by illimity since last December with the aim of supporting companies in investments aimed at reducing their environmental impact.

In March 2024 illimity Bank S.p.A. announced that it had acted as Euronext Growth Advisor (EGA) and Global Coordinator in the process of admission to trading of a company that specialises in the creation of advanced systems for material handling, logistics and maintenance of rolling stock, including through the design and production of self-driving vehicles.

In May 2024, illimity Bank S.p.A. - jointly with Confida and PSP - announced the launch of Pehi, the new proximity network for payments to the public administration through vending machines.

In May 2024, illimity Bank S.p.A. structured a securitisation transaction of performing loan portfolios originated by a leading company operating in the operating lease of capital goods to commercial and industrial customers. This transaction provides for an investment by illimity in senior securities up to a value of EUR 50 million.

In the same month, illimity Bank S.p.A. successfully completed the placement of its third senior preferred bond issue for a total amount of EUR 300 million and a duration of three years, under its EUR 3 billion EMTN Programme.

In May 2024, illimity Bank S.p.A. announced that it had acted as Euronext Growth Advisor (EGA) and Global Coordinator in the admission process and subsequent market listing of a leading digital engineering company.

In July 2024, illimity Bank S.p.A. announced that it had structured, together with a specialised fintech advisor, two new credit securitisation programmes, continuing the success of the first programme launched in 2023. The Bank has also committed to the subscription of partly paid ABS notes for a total value of EUR 250 million by 2025.

In the same month, illimity Bank S.p.A. acted as Arranger in a securitisation transaction aimed at financing an Italian company operating in the hydrocarbon refining and electricity generation sector for EUR 350 million. illimity also participated in the transaction as Noteholder with an investment of EUR 52 million and as Servicer of the securitisation vehicle.

In October 2024, illimity Bank S.p.A. structured a new transaction that saw the disbursement of a EUR 23 million loan as well as the confirmation of a EUR 15 million factoring line to a leading paper packaging company for the luxury, cosmetics, food & beverage and pharma segments.

In December 2024, illimity Bank S.p.A. provided support to a major international operator active in the production and marketing of fresh pasta and delicatessen products, through a loan totalling EUR 21.1 million, EUR 9.1 million of which was subscribed by illimity SGR.

Other significant information

In January 2024, the ratings agency Moody's Investors Service assigned ratings to the Bank for the first time. In particular, its long- and short-term ratings on deposits were investment-grade ratings of "Baa3" and "Prime-3" respectively. The long-term issuer and senior debt ratings were both "Ba1" with a stable outlook.

In February 2024, independent Director Patrizia Canziani handed in her resignation from the position, with effect from 31 March 2024. Ms Canziani, a non-executive and independent Director and member of the Risk Committee and the Sustainability Committee, elected from the minority list by the Shareholders' Meeting of 28 April 2022, resigned due to new professional commitments that were incompatible with her continuing in her roles at the Bank.

In April 2024, the annual Shareholders' Meeting of illimity Bank S.p.A. approved the financial statements for 2023 and the distribution of a dividend of EUR 0.2488 per share, as well as the appointment of Ivana Bonnet Zivcevic as the new member of the Board of Directors of illimity, following a proposal presented by a plurality of asset management companies and funds.

In May 2024, illimity announced that the agency Fitch Ratings confirmed all the ratings assigned to the Bank. In particular, the Long-Term Issuer Default Rating (IDR) was maintained at "BB-" with Stable Outlook, and the Long-Term Deposits Rating at "BB".

In July, illimity announced that, upon completion of its annual review process, Standard Ethics upgraded the Bank's Corporate Rating (SER) to "EE" from the previous "EE-", thus moving from the "adequate" to the "strong" category.

In August, illimity announced that MSCI had raised its ESG rating from "AA" to "AAA" at the end of the review process, thus confirming it as a leader in its sector.

In October, illimity announced that, as part of its annual review process, the rating agency Moody's Investors Service confirmed all of the Bank's ratings. In particular, the long-term rating on deposits stands at "Baa3", in the investment grade area. The long-term issuer and senior debt ratings were both "Ba1" with a stable outlook.

Recalling the communication of the Bank on publication of its results as of 30 September 2024, the Bank has completed, through the Internal Audit function, the analysis concerning the classification and valuation, for accounting and prudential purposes, of certain securitisation notes and AIF Units subject to transformation of the Bank's assets. As a result of this analysis, which led to an updating of the recovery plans for the portfolios underlying these assets following the further deterioration of the NPE market in 2024, the Bank recorded value adjustments totalling EUR 44.4 million in Q4 2024.

An ordinary general inspection was conducted by the Bank of Italy during 2024, with the findings being received by the Bank in October 2024. Following this inspection, the Bank was, among other things, requested to conduct an analysis, through the Internal Audit function, concerning the accounting and prudential classification and valuation of certain Securitisation Notes and FIA Units that were subject to the Bank's asset transformation processes. As a result of this analysis, which led to an update of the recovery plans for the portfolios underlying these assets due to the further deterioration of the NPE market in 2024, the Bank recorded impairments totalling EUR 44.4m in the fourth quarter of 2024. With reference to the prudential treatment of a particular securitisation transaction and the effects on regulatory capital, please refer to the section on "Capital Adequacy" below in the Report on Operations.

In relation to the above, and considering the current context (following the announcement of the public tender and exchange offer by Banca IFIS S.p.A. on 8 January 2025), the dialogue with the Supervisory Authority remains active

In addition, with reference to what was communicated on 5 March 2025, it should be noted that the Bank became aware of new elements concerning the potential outcome of a dispute relating to the valuation of a specific senior securitisation note linked to non-performing asset transformation transactions carried out at the beginning of 2024. Therefore, compared to what was considered in the preliminary 2024 results approved for supervisory reporting purposes, an additional value adjustment was recognised, in accordance with the treatment of "events after the reporting period" (IAS 10), for a total gross amount of approximately EUR 53.5 million.

Reclassified financial statements as of 31 December 2024

This Report on Operations has been prepared on the basis of tables in the Bank of Italy Circular No. 262 of 22 December 2005 as amended.

In this document, the mandatory financial statements have been reclassified according to a managerial approach better suited to representing the Bank's financial performance and financial position. The goal has been to simplify the use of these financial statements through the specific aggregations of line items and reclassifications detailed below. Therefore, this Report on Operations includes a reconciliation between the financial statements presented and the mandatory financial reporting format laid down in Bank of Italy Circular No. 262, whose values converge in the items of the reclassified financial statements.

Reconciliation with the mandatory items of financial statements aids in reclassification of the items in question, but above all facilitates the understanding of the criteria adopted in constructing the Report on Operations; additional details useful to this end are provided below:

- recoveries of taxes recognised among other operating expenses/income are deducted directly from the indirect taxes included among other administrative expenses and therefore their amount has been set off against the relevant item of the mandatory financial statements;
- the cost components related to Raisin's operations are deducted from the net interest margin;
- dividends received from financial assets measured at fair value through profit or loss were included in the net profit (loss) on financial assets trading;
- personnel expenses also include documented, itemised reimbursements of room, board and travel expenses incurred by employees on business trips and the costs of mandatory examinations;
- contributions and membership fees are excluded from other administrative expenses and recognised in a separate item, named "Contributions and other non-recurring expenses". Value adjustments and one-off components related to the valuation of trade receivables were also classified in that item;
- interest expense resulting from the Lease Liability (IFRS 16) is recognised under other administrative expenses;
- net profit (loss) on closed positions include profits and losses generated from the sale of property investments and *datio in solutum* transactions;
- net profit of credit exposure to customers on closed positions is shown separately from net value adjustments/recoveries for credit risk;
- write-backs and write-downs linked to transformations of capital assets, which are not loans, are reclassified to Other operating expenses and income (excluding taxes);
- net profit of credit exposure to customers on closed positions is shown separately from net value adjustments/recoveries for credit risk;
- the profit from discontinued operations after tax was disaggregated and reallocated to its revenue and cost items in the financial statements. The gain from the sale of 52% of AltermAInd's share capital was classified as other operating income and expenses before tax.

Some assets and liabilities in the balance sheet were grouped together, concerning:

- the inclusion of hedging derivative assets, property and equipment, tax assets and assets held for sale in the residual item other assets;
- the aggregation of Loan and securities at amortised cost from banks and financial entities;
- the separate indication of government bonds at amortised cost and loans to customers and investments at amortised cost;
- the separate indication of goodwill and other intangible assets;
- the reclassification of lease agreement liabilities, recognised under the amounts due to customers based on IFRS 16, to other liabilities for operational purposes;
- the inclusion of hedging derivative liabilities, the Allowance for Risks and Charges and employee severance pay in residual items of other liabilities;
- the aggregate indication and items comprising shareholders' equity.

RECLASSIFIED BALANCE SHEET

Components of official items of the Balance Sheet	Assets	31/12/2024	31/12/2023	Chg.	Chg. %
10)	Cash and cash equivalents	340,587	392,921	(52,334)	(13%)
40 a)	Loans to banks, financial entities and other institutions	292,188	112,442	179,746	>100%)
40 b)	Loans to customers and investments	4,302,587	4,402,128	(99,541)	(2%)
40 b)	Government Bonds	942,250	585,009	357,241	61%
30)	HTCS Financial assets	748,027	456,643	291,384	64%
20 a) + 20 c)	FVTPL Financial assets	972,469	732,058	240,411	33%
70)	Investments in Equity	166,469	163,773	2,696	2%
90)	Goodwill	-	21,643	(21,643)	100%
90)	Other intangible assets	14,601	66,979	(52,378)	(78%)
50 + 80 + 100 + 110 + 120	Other assets	421,597	428,831	(7,234)	(2%)
	Total assets	**8,200,775**	**7,362,427**	**838,348**	**11%**

Components of official items of the Balance Sheet	Liabilities	31/12/2024	31/12/2023	Chg.	Chg. %
10 a)	Amounts due to banks	864,936	941,982	(77,046)	(8%)
10 b)	Amounts due to customers	5,393,302	4,623,190	770,112	17%
10 c)	Securities issued	867,359	611,741	255,618	42%
20 + 40 + 60 + 80 + 90 + 100	Other liabilities	238,439	226,864	11,575	5%
(*)	Shareholders' equity	**836,739**	**958,650**	**(121,911)**	**(13%)**
	Total liabilities and shareholders' equity	**8,200,775**	**7,362,427**	**838,348**	**11%**

(*) 110 + 120 + 130 + 140 + 150 + 160 + 170 + 180

RECLASSIFIED INCOME STATEMENT

Components of official items of the Income Statement	Income Statement items	31/12/2024	31/12/2023	Chg.	Chg. %
10 + 20 + 140 + 290	Net interest margin	118,941	190,414	(71,473)	(38%)
40 + 50	Net fees and commissions	45,068	41,786	3,282	8%
70 + 80 + 90 + 100 + 110	Net profit (loss) on financial assets trading	19,976	(4,195)	24,171	N/A
130 a) + 130 b) + 170 a)	Net profit (loss) on closed positions	3,943	14,867	(10,924)	(73%)
250	Other profits (losses) from the disposal of investments	-	-	-	N/A
200	Other operating expenses and income (excluding taxes)	30,754	61,518	(30,764)	(50%)
Total net operating income		**218,682**	**304,391**	**(85,709)**	**(28%)**
160 a)	Personnel expenses	(49,513)	(70,856)	21,343	(30%)
160 b)	Other administrative expenses	(61,833)	(70,990)	9,157	(13%)
180 + 190	Net value adjustments/recoveries on property and equipment and intangible assets	(21,208)	(16,993)	(4,215)	25%
Operating expenses		**(132,554)**	**(158,839)**	**26,285**	**(17%)**
Operating profit (loss)		**86,128**	**145,552**	**(59,424)**	**(41%)**
130 a)	Net value adjustments/recoveries for credit risk - HTC Banks, Financial Entities and Customers	(137,242)	16,226	(153,468)	N/A
130 b)	Net value adjustments/recoveries for credit risk - HTCS	385	(130)	515	N/A
170 a)	Net value adjustments/recoveries for commitments and guarantees	(102)	(1,520)	1,418	(93%)
Total net value adjustments/recoveries		**(136,960)**	**14,576**	**(151,536)**	**N/A**
170 b)	Other net provisions	(163)	(20)	(143)	>100%
220	Other income (expenses) on investments	(29,894)	-	(29,894)	N/A
160 b)	Contributions and other non-recurring expenses	(49,511)	(12,053)	(37,458)	>100%
Profit (loss) from operations before taxes		**(130,400)**	**148,055**	**(278,455)**	**N/A**
270 + 290	Income tax for the year on continuing operations	26,443	(45,748)	72,191	N/A
Profit (loss) for the year		**(103,957)**	**102,307**	**(206,204)**	**N/A**

Key data on capital

Given the almost total contribution of the Bank to the Consolidated Financial Statements of the illimity Group, please refer to the Report on Consolidated Operations, for more information on the Key data on capital.

Capital adequacy

On 1 January 2014, the new prudential requirements for banks and investment firms came into force, which are contained in Regulation (EU) No 575/2013 (Capital Requirements Regulation, the CRR) and in Directive 2013/36/EU (Capital Requirements Directive, the CRD IV), which have transposed into the EU the standards set by the Basel Committee on Banking Supervision (Basel 3 Framework). The CRR entered into effect in the Member States directly, whereas the rules laid down in CRD IV were transposed into Italian law by Legislative Decree no. 72 of 12 May 2015, which entered into force on 27 June 2015. Following a public consultation process launched in November, on 17 December 2013 the Bank of Italy published Circular no. 285, "Prudential supervisory regulations for banks", implementing the new EU rules to the extent of its remit, together with Circular no. 286, "Instructions for completing prudential reports for banks and securities brokerage firms" and the update to Circular no. 154 "Supervisory reports by credit and financial institutions. Reporting formats and instructions for submitting data streams" (the above set of rules has been updated on several occasions).

On 5 February 2024, illimity Bank received a conclusive measure from Bank of Italy containing the outcomes of the Supervisory Review and Evaluation Process (SREP) carried out on the Group. The new requirements set out below must be adopted on a consolidated basis as of 31 March 2024:

- CET1 ratio of 9.60%;
- Tier 1 ratio of 11.10%;
- Total Capital ratio of 13.10%.

These ratios include an additional Pillar 2 requirement (P2R) of 2.60% and a Capital Conservation Buffer component of 2.50%, both to be maintained in the form of CET 1 capital.

As of 31 December 2024, the"Systemic Risk Buffer", or "SyRB" must also be added to these requirements as provided for in Article 133 of EU Directive/2019/878 (CRD5), in order to prevent and mitigate systemic risks not otherwise covered by other macroprudential tools.

In determining own funds, the profit (loss) for the period was allocated net of all charges and dividends that may be forecast pursuant to the CRR, Article 26, paragraph 2, letter b) and Delegated Regulation (EU) 241/2014, articles 2 and 3.

Capital ratios	31/12/2024	31/12/2023
Common Equity Tier 1 (CET1) capital	**696,934**	**762,241**
Additional Tier 1 (AT1) capital	**-**	**-**
Tier 2 (T2) capital	**201,499**	**201,137**
Total own funds	**898,433**	**963,378**
Credit risk	*353,397*	*360,612*
Credit valuation adjustment risk	-	-
Settlement risks	-	-
Market risks	*13,373*	*4,409*
Operational risk	*33,701*	*32,556*
Other calculation factors	-	-
Total minimum requirements	**404,472**	**397,577**
Risk-weighted assets	**5,005,898**	**4,969,713**
Common Equity Tier 1 ratio (*Phased-in*)	**13.92%**	**15.34%**
Common Equity Tier 1 ratio (*Fully Loaded*)	**13.45%**	**15.28%**
Total capital ratio (*Phased-in*)	**17.95%**	**19.38%**
Total capital ratio (*Fully Loaded*)	**17.48%**	**19.32%**

The difference between the Fully Loaded ratio and the Phased-in ratio is due to the application of Regulation 2020/873, in relation to the application of IFRS 9 to own funds and capital ratios.

It should be noted that, as per the guidance of the Supervisory Authority, with reference to the interpretation of the regulations on the prudential treatment of a particular securitisation transaction, which had resulted in a positive component in the income statement in the fourth quarter 2023 (amounting to EUR 27.8 million net of taxes), the Bank had sterilised the effects on capital ratios. For the sake of completeness, it should be noted that the impact of this filter on the Bank's Tier 1 capital as at 31 December 2024 was absorbed by the impairments recorded during the year.

Changes in shareholders' equity

As of 31 December 2024, the consolidated shareholders' equity, including the profit for the year, amounted to approximately EUR 836.7 million, a decrease compared to 2023 mainly due to the effect of dividends distributed to shareholders during the year, as well as due to the share buy-back programme to service the incentive scheme, net of the improvement observed in the valuation reserve.

Items/Technical Forms	31/12/2024	31/12/2023
1. Share capital	54,789	54,691
2. Share premium reserve	624,937	624,584
3. Reserves	284,933	208,084
4. Equity instruments	-	-
5. (Treasury shares)	(5,354)	(747)
6. Valuation reserves	(18,609)	(30,269)
7. Profit (loss) for the year	(103,957)	102,307
Total shareholders' equity	**836,739**	**958,650**

Share capital and ownership structure

As of 31 December 2024, the Bank's share capital amounted to EUR 54,789,379.31, fully subscribed and paid up, divided into 84,067,808 Ordinary Shares, without indication of the par value.

The Ordinary Shares were admitted to trading on the Euronext Milan market organised and managed by Borsa Italiana S.p.A. on 5 March 2019. Under Borsa Italiana's Provision no. 8688 of 2 September 2020, the ordinary shares were admitted to trading on the STAR (Securities with High Requirements) segment of the Euronext Milan market.

Treasury shares

As of 31 December 2024, the Bank held 1,054,191 treasury shares for a value of EUR 5.4 million, up from the amount recorded as of 31 December 2023, following the implementation of the programme to purchase treasury shares to service the Group's incentive schemes. The Bank's subsidiaries do not hold any of its shares.

Financial performance

Given the almost total contribution of the Bank in the Consolidated Financial Statements, please refer to the Report on Operations of the Consolidated Financial Statements for more information on financial performance.

Basic and diluted earnings (losses) per share

The basic earnings (losses) per share is calculated by dividing the Bank's net Profit (loss) for the year by the weighted average number of ordinary shares issued during the year.

(amounts in thousands of Euros)

Basic earnings (losses) per share	Net profit/loss for the year	Average number of shares	Basic earnings (losses) per share
Year ended 31 December 2024	(103,957)	83,375,041	(1.25)
Year ended 31 December 2023	102,307	83,712,134	1,22

The diluted earnings (losses) per share differs from the basic earnings (losses) per share due to the *potential shares* in service of the Long-Term Incentive (LTI) plan.

(amounts in thousands of Euros)

Diluted earnings (losses) per share	Net profit/loss for the year	Average number of shares	Diluted earnings (losses) per share
Year ended 31 December 2024	(103,957)	83,996,655	(1.24)
Year ended 31 December 2023	102,307	85,470,710	1.19

Illimity Bank share performance

The ordinary shares of illimity are traded on the Mercato Telematico Azionario Euronext Milan organised and managed by Borsa Italiana since 5 March 2019. From 10 September 2020, the ordinary shares were admitted to trading on the STAR (Securities with High Requirements) segment of the Euronext Milan market. Share performance in the last three years is reported below:

Significant shareholders with a stake of at least 3% in the share capital with voting rights in illimity, with the percentages calculated by the Bank based on the number of shares resulting from the most recent information available and number of ordinary shares issued, updated at 7 March 2025, are reported below:

Declaring entity, i.e. subject at the head of the control chain	Direct shareholder	Share held	Holding % of the ordinary capital	Holding % of the voting capital
Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Owned	10.00%	10.00%
ION Investment Corporation Sàrl	FermION Investment Group Limited	Owned	9.4%	9.4%
LR Trust – FIDIM	Fidim Srl	Owned	7.7%	7.7%
Tensile Capital Management LLC	Tensile-Metis Holdings Sàrl	Owned	7.3%	7.3%
Atlas Merchant Capital LLC	AMC Metis Sàrl	Owned	6.3%	6.3%
Corrado Passera	Corrado Passera	Owned	4.0%	4.0%

In addition to the shareholders listed above, Sand Grove Capital Management, an alternative investment management company, holds a 5.04% interest in illimity through an equity swap agreement.

With regard to ownership structures, so far as the Bank is aware, there are currently no material shareholders' agreements in place in relation to illimity Bank. The agreement entered into between AMC Metis S.à.r.l., Metis S.p.A. and Corrado Passera on 18 March 2019, pertaining directly and indirectly to shares of Tetis S.p.A. (a company nearly wholly owned by Metis S.p.A. which in turn is 90% owned by Corrado Passera) and ordinary shares of illimity, containing shareholders' agreement measures, came to the end of its natural duration on 19 March 2024 and therefore ceased to be valid. This agreement, which governed AMC Metis S.à.r.l.'s pre-emptive right to ordinary illimity shares held by Tetis S.p.A. subject to certain conditions, provided among other things that Corrado Passera and Metis S.p.A. take steps to ensure that the illimity shareholders' meeting appointed, depending on the make-up of the Company's Board of Directors, one or two non-executive directors nominated by AMC Metis S.à.r.l. On 21 March 2024 the parties to said agreement announced (as per the document published on that date on the Bank's website, to which reference should be made) that it was no longer in force.

Management of business risks

For information on the management of business risks, reference is made to the Report on Operations of the Consolidated Financial Statements.

Main risks and uncertainties

For information about the main risks and uncertainties, reference is made to the Report on Operations of the Consolidated Financial Statements.

Transactions with related parties

Transactions with related parties are mainly governed by Article 2391-bis of the Italian civil code, according to which the executive bodies of companies resorting to the risk capital markets have to adopt rules, according to criteria indicated by Consob, which ensure "the transparency and material and procedural fairness of operations with related parties" carried out directly or through subsidiaries. The supervisory body is required to oversee compliance with the rules and reports on this, in its report to the shareholders' meeting.

In its decision of 12 March 2010, no. 17221, and in implementation of the authority contained in Article 2391-bis of the Italian civil code, Consob approved the "Regulation on related party transactions", which sets out the general principles that companies making recourse to the risk capital markets have to observe when setting rules designed to ensure transparency, and the material fairness and procedural fairness of related party transactions.

In relation to this specific activity, companies are also subject to the provisions of Article 136 of the Italian Consolidated Law on Banking on the obligations of corporate officers.

Related party transactions, as identified according to IAS 24 and the Consob Regulation issued in Decision no. 17221 as amended, are included within the normal operations of the Bank and are settled at market conditions or on the basis of the costs incurred, if there are no suitable criteria.

In 2024 a material related party transaction was carried out involving an agreement to manage operations with said counterparty related to the liquidity deposited by the latter in current and deposit accounts with illimity Bank S.p.A. (about which adequate disclosure was provided to the market, which should be referred to for further details). There were no further material or minor related party transactions in 2024 which significantly affected the Bank's capital or its financial performance.

In relation to Consob Communication no. DEM/6064293 of 28 July 2006, operations or positions with related parties as classified in IAS 24 and the Consob Regulation have a limited impact on the capital situation, performance and cash flows of the Bank.

According to IAS 24, related parties are parties:

a) that directly or indirectly, through one or more intermediaries,
   (i) control the entity, are controlled by it, or are under joint control (including controlling entities, subsidiaries and associates);
   (ii) hold an equity investment in the entity of an extent that they may have considerable influence on the latter; or
   (iii) jointly control the entity;
b) represent an associate of the entity;
c) represent a joint venture in which the entity participates;
d) are one of the key senior managers of the entity or its parent company;
e) are a close family member of one of the parties in points (a) or (d);
f) are an entity controlled by, controlled jointly or subject to significant influence by one of the subjects in points (d) or (e), or those parties having directly or indirectly, a significant portion of voting rights; or
g) are a pension fund for employees of the entity or of any related entity.

On 12 December 2011 the Bank of Italy issued the 9th update to Circular no. 263 of 27 December 2006 which introduced prudential supervisory requirements for banks, issued in implementation of Article 53, paragraph 4 et seq., of the Consolidated Law on Banking and in accordance with Resolution of the Interministerial Committee for Credit and Savings no. 277 of 29 July 2008, as well as the regulations set forth by Article 136 of the Consolidated Law on Banking. Among others, one of the requirements is a specific provision relating to risk and conflicts of interests regarding Connected Parties, a definition that includes related parties as defined by Consob but also parties connected to the same related parties as identified in the same provisions; these requirements were modified by the Bank of Italy on 23 June 2020, merging said regulation into Circular no. 285 (see 33rd update of 23 June 2020 Part Three, issued by the Bank of Italy on 23 June

2020, which added a new Chapter 11 “Risk assets and conflicts of interest with connected parties” into said Circular no. 285). This update therefore supplements the Consob Regulation, in turn revised and updated by Consob with ruling no. 21624 of 10 December 2020, in order to implement Directive (EU) 2017/828 on shareholder rights (SHRD II).

For more detail about the operations with related parties and for an examination of the impact of these operations on the financial situation, refer to Part H of the Explanatory Notes.

Atypical or non-ordinary transactions

In 2024 the Bank did not carry out any such transactions as defined in the Consob Communication no. 6064293 of 28 July 2006.

Research and Development

Illimity's Research and Development activities led to the realisation of various projects of significance to the Bank. Specifically, during the course of 2024, the Digital Division continued to invest in a single open, scalable and secure IT infrastructure and in illimitybank.com, supplementing and further developing the digital platform so that all the Bank's businesses can fully make use of the new data, augmented and artificial intelligence technologies.

The work focused on optimising certain infrastructure components to achieve better operational efficiency in terms of both performance and scalability, while maintaining high IT security standards.

Events after the reporting period

On 10 January 2025, meeting in extraordinary session, the Board of Directors of illimity acknowledged the communication, pursuant to Article 102, paragraph 1, of Italian Legislative Decree No. 58/1998 (TUF), as amended, and Article 37 of the Issuers' Regulations, circulated by Banca Ifis on 8 January 2024, concerning a voluntary take-over bid with stock swap (OPAS) for all of illimity shares. Without prejudice to the fact that illimity will comment on the offer in the time and manner provided for by law, illimity pointed out that the offer was neither solicited nor agreed upon in advance with illimity.

On 14 January 2025, the Bank announced that the Moody's agency had placed its ratings under review for upgrade, including the Long Term Deposit rating (Baa3) and the Long Term issuer rating (Ba1). The outlook was changed to Rating Under Review from Stable.

On 19 January 2025, the Bank announced that the Board of Directors, which met on 17 January 2025 - as part of the activities also functional to the preparation of the new business plan and focus on the core business of lending to SMEs in specific performing and re-performing segments, as already announced on 8 November 2024 -, approved a new internal organisational structure, designating Enrico Fagioli as Deputy CEO with responsibility for all business areas of the Bank and the illimity Group and also Giovanni Lombardi as Deputy CEO to oversee and coordinate central functions. Following these designations, the regulatory process for the purpose of the appointment was initiated.

On 22 January 2025, with reference to the voluntary takeover and exchange offer announced by Banca Ifis, the Board of Directors appointed Jefferies and Wepartners as financial advisors, and Gatti Pavesi Bianchi Ludovici (GPBL), Cappelli Riolo Calderaro Crisostomo Del Din & Partners (CRCCD) and Prof. Andrea Zoppini, lawyer, as legal advisors.

In addition, with reference to what was communicated on 5 March 2025, it should be noted that the Bank became aware of new elements concerning the potential outcome of a dispute relating to the valuation of a specific senior securitisation note linked to non-performing asset transformation transactions carried out at the beginning of 2024. Therefore, compared to what was considered in the preliminary 2024 results approved for supervisory reporting purposes, an additional value adjustment was recognised, in accordance with the treatment of "events after the reporting period" (IAS 10), for a total gross amount of approximately EUR 53.5 million.

Business outlook

For more detail about the outlook for operations, please refer to the Report on Operations of the Consolidated Financial Statements.

Proposed allocation of the result for the year

The Board of Directors submits the following proposal for a resolution to the Meeting.

PROPOSAL

The Shareholders' Meeting of illimity Bank S.p.A. ("illimity" or the "Bank"),

- having examined the draft financial statements of the Bank for the year ended 31 December 2024, accompanied by the annexes and documents prescribed by the law, as well as having examined the Consolidated Financial Statements of the Group as of 31 December 2024;
- examined the results of said draft financial statements for the year, which closed with a loss for the year of EUR 103,956,980.38 and the Group's Consolidated Financial Statements, which closed with a loss for the year attributable to the Parent Company of EUR 38,400 thousand;
- having examined the report of the Board of Directors on operations as of 31 December 2024;
- having acknowledged the reports drafted by the Audit and Internal Control Committee and by the Independent Auditor KPMG S.p.A. mandated to carry out the legal audit, respectively;

RESOLVED

- to approve the annual financial statements of illimity Bank S.p.A., accompanied by the report of the Board of Directors on operations as of 31 December 2024, that show a loss for the year of EUR 103,956,980.38, and, therefore, to carry forward the loss in full, i.e. EUR 103,956,980.38.

Milan, 12 March 2025

On behalf of the Board of Directors
Rosalba Casiraghi, Chair

Financial Statements

BALANCE SHEET

	Assets	31/12/2024	31/12/2023
10.	Cash and cash equivalents	340,587,214	392,921,409
20.	Financial assets measured at fair value through profit or loss	972,468,508	732,058,127
	a) financial assets held for trading	44,028,937	25,917,103
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	928,439,571	706,141,024
30.	Financial assets measured at fair value through other comprehensive income	748,027,306	456,642,654
40.	Financial assets measured at amortised cost	5,537,025,377	5,099,578,745
	a) due from banks	269,813,468	112,441,909
	b) loans to customers	5,267,211,909	4,987,136,836
50.	Hedging derivatives	29,384,561	21,393,423
60.	Fair value change of financial assets in generic hedged portfolios (+/-)	-	-
70.	Equity investments	166,469,136	163,772,586
80.	Property and equipment	18,778,128	21,379,466
90.	Intangible assets	14,600,812	88,622,453
	of which:		
	- goodwill	-	21,643,000
100.	Tax assets	98,521,364	57,614,408
	a) current	23,136,030	364,371
	b) deferred	75,385,334	57,250,037
110.	Non-current assets held for sale and discontinued operations	-	48,386,490
120.	Other assets	274,912,147	280,057,554
	Total assets	**8,200,774,553**	**7,362,427,315**

CONTINUED: BALANCE SHEET

	Liabilities and shareholders' equity	31/12/2024	31/12/2023
10.	Financial liabilities measured at amortised cost	7,148,068,834	6,201,747,559
	a) due to banks	865,146,410	941,982,311
	b) due to customers	5,415,563,542	4,648,024,248
	c) securities issued	867,358,882	611,741,000
20.	Financial liabilities held for trading	45,106,761	19,475,881
30.	Financial liabilities designated at fair value	-	-
40.	Hedging derivatives	42,742	19,769,717
50.	Fair value change of financial liabilities in generic hedged portfolio (+/-)	-	-
60.	Tax liabilities	4,153,984	22,871,371
	a) current	-	21,615,940
	b) deferred	4,153,984	1,255,431
70.	Liabilities associated with non-current assets held for sale and discontinued operations	-	-
80.	Other liabilities	139,010,437	128,945,319
90.	Employee severance pay	2,737,125	2,936,181
100.	Allowances for risks and charges	24,915,574	8,031,178
	a) commitments and guarantees issued	2,290,237	5,374,008
	b) post-employment benefits and similar obligations	-	-
	c) other allowances for risks and charges	22,625,337	2,657,170
110.	Valuation reserves	(18,609,363)	(30,268,780)
120.	Redeemable shares	-	-
130.	Equity instruments	-	-
140.	Reserves	284,933,592	208,084,456
150.	Share premium reserve	624,936,792	624,583,587
160.	Share capital	54,789,379	54,690,661
170.	Treasury shares (-)	(5,354,324)	(746,902)
180.	Profit (loss) for the year (+/-)	(103,956,980)	102,307,087
	Total liabilities and shareholders' equity	**8,200,774,553**	**7,362,427,315**

INCOME STATEMENT

Items		31/12/2024	31/12/2023
10.	Interest income and similar income	395,012,014	395,227,622
	of which: interest income calculated according to the effective interest method	354,243,680	336,718,633
20.	Interest expenses and similar charges	(274,513,736)	(202,694,329)
30.	**Net interest income**	**120,498,278**	**192,533,293**
40.	Fee and commission income	51,416,760	46,987,097
50.	Fee and commission expense	(8,103,810)	(7,661,272)
60.	**Net fees and commissions**	**43,312,950**	**39,325,825**
70.	Dividends and similar income	2,674,548	45,341
80.	Net profit (loss) on trading	9,003,892	(459,336)
90.	Net profit (loss) in hedge accounting	257,085	(386,239)
100.	Profits (losses) on disposal or repurchase of:	3,529,400	(855,109)
	a) financial assets measured at amortised cost	3,037,289	(131,022)
	b) financial assets measured at fair value through other comprehensive income	511,831	(724,087)
	c) financial liabilities	(19,720)	-
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	4,511,103	3,781,605
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	4,511,103	3,781,605
120.	**Total net operating income**	**183,787,256**	**233,985,380**
130.	Net value adjustments/recoveries for credit risk:	(136,101,428)	29,954,983
	a) financial assets measured at amortised cost	(136,486,390)	30,085,031
	b) financial assets measured at fair value through other comprehensive income	384,962	(130,048)
140.	Profits/losses on changes in contracts without derecognition	-	-
150.	**Net profit (loss) from banking activities**	**47,685,828**	**263,940,363**
160.	Administrative expenses:	(97,073,999)	(133,146,481)
	a) personnel expenses	(42,598,053)	(64,131,912)
	b) other administrative expenses	(54,475,946)	(69,014,569)
170.	Net provisions to allowances for risks and charges	(17,487,043)	(531,666)
	a) commitments and guarantees issued	3,084,941	(511,500)
	b) other net provisions	(20,571,984)	(20,166)
180.	Net value adjustments/recoveries on property and equipment	(3,111,067)	(2,942,618)
190.	Net value adjustments/recoveries on intangible assets	(4,329,438)	(4,059,055)
200.	Other operating income/expenses	12,978,164	59,907,203
210.	**Operating expenses**	**(109,023,383)**	**(80,772,617)**
220.	Profits (losses) on equity investments	(29,893,717)	-
230.	Net profit (loss) on the measurement at fair value of property and equipment and intangible assets	-	-
240.	Goodwill impairment	(21,643,000)	-
250.	Profits (losses) on disposal of investments	(1)	-
260.	**Profit (loss) from continuing operations before tax**	**(112,874,273)**	**183,167,746**
270.	Income tax for the year on continuing operations	14,526,830	(55,378,168)
280.	**Profit (loss) from continuing operations after tax**	**(98,347,443)**	**127,789,578**
290.	Profit (loss) from discontinued operations after tax	(5,609,537)	(25,482,491)
300.	**Profit (loss) for the year**	**(103,956,980)**	**102,307,087**

STATEMENT OF COMPREHENSIVE INCOME

		31/12/2024	31/12/2023
10.	**Profit (loss) for the year**	**(103,956,980)**	**102,307,087**
	Other income components, after taxes, that may not be reclassified to the income statement		
20.	Equity instruments measured at fair value through other comprehensive income	471	(339)
30.	Financial liabilities measured at fair value through profit or loss (changes in credit rating)	-	-
40.	Hedging of equity instruments measured at fair value through other comprehensive income	-	-
50.	Property and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	18,668	(314,645)
80.	Non-current assets held for sale and discontinued operations	-	-
90.	– Share of valuation reserves for equity investments measured at equity	-	-
	Other income components, after taxes, that may be reclassified to the income statement		
100.	Hedging of foreign investments	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (undesignated elements)	-	-
140.	Financial assets (other than equities) measured at fair value through other comprehensive income	11,640,278	18,320,711
150.	Non-current assets held for sale and discontinued operations	-	-
160.	– Share of valuation reserves for equity investments measured at equity	-	-
170.	**Total other income components after tax**	**11,659,417**	**18,005,727**
180.	**Other comprehensive income (Item 10+170)**	**(92,297,563)**	**120,312,814**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2024

				Allocation of result for the previous year		
	Balance on 31/12/2023	Change to opening balances	Balance on 1/1/2024	Reserves	Dividends and other allocations	Change in reserves
Share capital:						
a) ordinary shares	*54,690,661*	-	*54,690,661*	-	-	-
b) other shares	-	-	-	-	-	-
Share premium reserve	624,583,587	-	624,583,587	-	-	353,205
Reserves:						
a) of profits	170,261,166	-	170,261,166	81,428,704	22,005	(373,236)
b) other	37,823,290	-	37,823,290	-	-	1,590,601
Valuation reserves	(30,268,780)	-	(30,268,780)	-	-	-
Equity instruments	-	-		- -	-	-
Treasury shares	(746,902)	-	(746,902)	-	-	-
Profit (loss) for the year	102,307,087	-	102,307,087	(81,428,704)	(20,878,383)	-
Shareholders' equity	958,650,109	-	958,650,109	-	(20,856,378)	1,570,570

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2023

				Allocation of result for the previous year		
	Balance on 31/12/2022	Change to opening balances	Balance on 1/1/2023	Reserves	Dividends and other allocations	Change in reserves
Share capital:						
a) ordinary shares	*54,513,906*	-	*54,513,906*	-	-	-
b) other shares	-	-	-	-	-	-
Share premium reserve	624,583,587	-	624,583,587	-	-	-
Reserves:						
a) of profits	*104,364,934*	-	*104,364,934*	*65,650,805*	*15,929*	-
b) other	*36,261,838*	-	*36,261,838*	-	-	-
Valuation reserves	(48,274,507)	-	(48,274,507)	-	-	-
Equity instruments	-	-	-	-	-	-
Treasury shares	(746,902)	-	(746,902)	-	-	-
Profit (loss) for the year	**80,715,289**	-	**80,715,289**	**(65,650,805)**	**(15,064,484)**	-
Shareholders' equity	**851,418,145**	-	**851,418,145**	-	**(15,048,555)**	-

	Changes in the year							
	Shareholders' equity transactions							
	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income as of 31/12/2024	Shareholders' equity as of 31/12/2024
Share capital:								
a) ordinary shares	-	-	-	-	-	98,718	-	**54,789,379**
b) other shares	-	-	-	-	-	-	-	**-**
Share premium reserve	-	-	-	-	-	-	-	**624,936,792**
Reserves:								
a) of profits	-	-	-	-	-	(5,818,938)	-	**245,519,701**
b) other	-	-	-	-	-	-	-	**39,413,891**
Valuation reserves	-	-	-	-	-	-	11,659,417	**(18,609,363)**
Equity instruments	-	-	-	-	-	-		**-**
Treasury shares	-	(4,896,690)	-	-	-	289,268		**(5,354,324)**
Profit (loss) for the year	-	-	-	-	-		**(103,956,980)**	**(103,956,980)**
Shareholders' equity	-	**(4,896,690)**	-	-	-	**(5,430,952)**	**(92,297,563)**	**836,739,096**

	Changes in the year							
	Shareholders' equity transactions							
	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income as of 31/12/2023	Shareholders' equity as of 31/12/2023
Share capital:								
a) ordinary shares	-	-	-	-	-	*176,755*	-	***54,690,661***
b) other shares	-	-	-	-	-	-	-	**-**
Share premium reserve	-	-	-	-	-	-	-	**624,583,587**
Reserves:								
a) of profits	-	-	-	-	-	*229,498*	-	***170,261,166***
b) other	-	-	-	-	-	*1,561,452*	-	***37,823,290***
Valuation reserves	-	-	-	-	-	-	18,005,727	**(30,268,780)**
Equity instruments	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	**(746,902)**
Profit (loss) for the year	-	-	-	-	-	-	**102,307,087**	**102,307,087**
Shareholders' equity	-	-	-	-	-	**1,967,705**	**120,312,814**	**958,650,109**

CASH FLOW STATEMENT (INDIRECT METHOD)

A. OPERATING ACTIVITIES	Amount	
	31/12/2024	31/12/2023
1. Cash flow from operations	**41,883,613**	**218,051,998**
Net profit/loss for the year (+/-)	(103,956,980)	102,307,087
Gains/losses on financial assets held for trading and other financial assets/ liabilities measured at fair value through profit or loss (-/+)	(6,309,346)	(7,490,375)
Gains/losses on hedging activities (-/+)	(266,272)	386,239
Net value adjustments/recoveries for credit risk (+/-)	133,681,174	31,252,460
Net value adjustments/recoveries on property and equipment and intangible assets (+/-)	29,083,505	16,993,063
Net provisions to allowances for risks and charges and other costs/income (+/-)	19,805,181	19,950,967
Taxes, duties and unpaid tax credits (+)	(12,938,250)	54,654,545
net value adjustments/recoveries on discontinued operations, net of the tax effect (+/-)	(27,274,989)	-
Other adjustments (+/-)	10,059,590	(1,988)
2. Cash flow generated/absorbed by financial assets	**(948,926,904)**	**(1,143,572,544)**
Financial assets held for trading	(11,931,459)	6,336,674
Financial assets designated at fair value	-	-
Other financial assets mandatorily measured at fair value	(183,207,666)	(135,882,081)
Financial assets measured at fair value through other comprehensive income	(265,831,957)	(43,398,699)
Financial assets measured at amortised cost	(491,518,955)	(1,042,641,160)
Other assets	3,563,133	72,012,722
3. Cash flow generated/absorbed by financial liabilities	**851,342,468**	**694,049,877**
Financial liabilities measured at amortised cost	882,968,706	752,674,941
Financial liabilities held for trading	25,630,880	(7,768,142)
Financial liabilities designated at fair value	-	-
Other liabilities	(57,257,118)	(50,856,922)
Net cash generated/absorbed by investing activities	**(55,700,823)**	**(231,470,669)**

B. INVESTING ACTIVITIES	Amount	
	31/12/2024	31/12/2023
1. Cash flows from	**48,024,000**	**-**
Sales of equity investments	48,024,000	-
Dividends received on equity investments	-	-
Sales of property and equipment	-	-
Sales of intangible assets	-	-
Sales of business units	-	-
2. Cash flows used in	**(18,904,305)**	**(37,068,450)**
Purchases of equity investments	(45,100)	(8,111,290)
Purchases of property and equipment	(826,348)	(2,405,537)
Purchases of intangible assets	(18,032,857)	(26,551,623)
Purchases of business units	-	-
Net cash generated/absorbed by investing activities	**29,119,695**	**(37,068,450)**

C. FINANCING ACTIVITIES	Amount	
	31/12/2024	31/12/2023
Issues / Purchases of treasury shares	(4,896,690)	-
Issues/purchases of equity instruments	-	-
Distribution of dividends and other purposes	(20,856,378)	(15,048,555)
Net cash generated/absorbed by financing activities	**(25,753,068)**	**(15,048,555)**
NET CASH GENERATED/ABSORBED IN THE YEAR	**(52,334,196)**	**(283,587,674)**

RECONCILIATION

FINANCIAL STATEMENT ITEMS	Amount	
	31/12/2024	31/12/2023
Cash and cash equivalents at start of financial year	**392,921,409**	**676,509,083**
Total net cash generated/absorbed in the year	(52,334,196)	(283,587,674)
Cash and cash equivalents: foreign exchange effect	-	-
Cash and cash equivalents at end of financial year	**340,587,213**	**392,921,409**

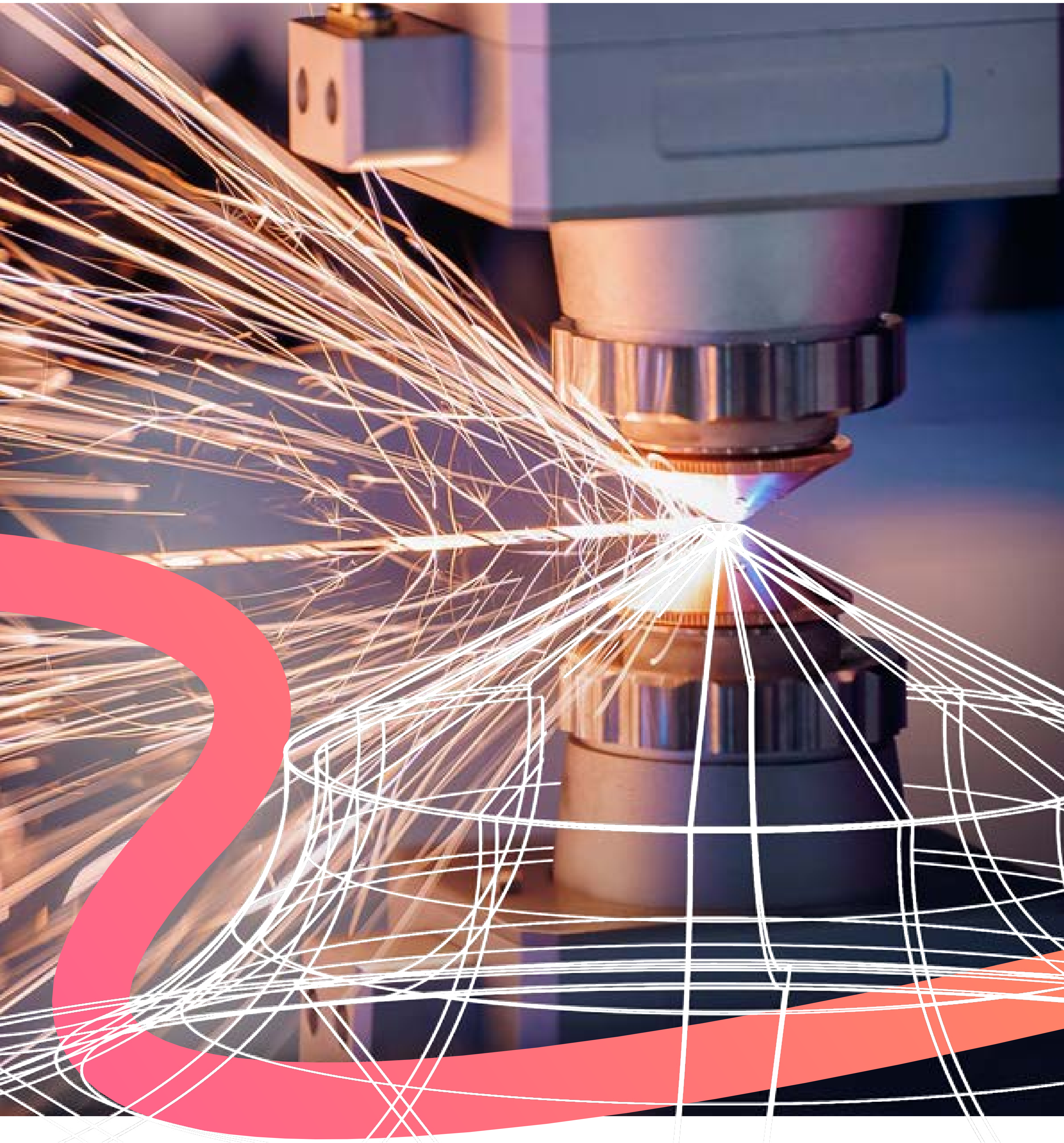
Key:

(+) generated
(–) absorbed

It should be noted that, in accordance with IFRS5 paragraph 33, letter c, the net cash flows attributed to discontinued operations as of 31 December 2024 are as follows:

1. Negative operating activities of EUR 60 million;
2. Positive investment activities of EUR 48 million.

There are no net cash flows for the financing activities category.



Explanatory Notes

Part A – Accounting policies

A.1 General information

Section 1 – Declaration of compliance with IAS/IFRS

These Financial Statements have been drafted in application of Legislative Decree no. 38 of 28 February 2005, in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) endorsed by the European Commission and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as established by Community Regulation no. 1606 of 19 July 2002.

In preparing these Financial Statements, the IAS/IFRS in force as of 31 December 2024 were applied, including the SIC and IFRIC interpretations as endorsed by the European Commission. The line items presented in this report have been valued and measured on the basis of the IAS/IFRS accounting standards issued by the International Accounting Standards Board (IASB) including the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission, in addition to the guidelines laid down in Article no. 9 of Italian Legislative Decree no. 38/05 and article 43 of Italian Legislative Decree no. 136/15.

There were no derogations from IAS/IFRS.

With reference to the financial statements of banks and financial companies subject to supervision, the Bank of Italy has established, by Circular 262 of 22 December 2005, as amended, the financial statement formats used for the drafting of the Financial Statements. The financial statements of illimity Bank have been prepared subject to the application of the provisions of Bank of Italy Circular no. 262 - 8th update, issued on 17 November 2022, and taking into consideration the additions contained in the communication of 14 March 2023 - particularly with regard to the impacts of COVID 19 and measures to support the economy.

Except as stated herein – and described in Section 5 in greater detail – there are no changes in the Accounting Standards adopted compared to the previous year.

In accordance with IFRS 5, the formats and related details in the Explanatory notes present the economic elements related to the business unit being sold to AltermAInd on 24 December 2024 in the item Profit (Loss) from discontinued operations after tax.

This transaction being a discontinued operation in accordance with IFRS 5, its comparative figures for the previous year were also restated in the income statement.

Section 2 - Basis of Preparation

The Financial Statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement (prepared applying the "indirect" method) and the consolidated Explanatory Notes. The Financial Statements are also accompanied by the Directors' Report on operations.

The Report on Operations and the Explanatory Notes provide the information required by the International Accounting Standards, the Italian law, the Bank of Italy, the National Commission for Companies and the Stock Exchange (CONSOB) and the European Securities and Markets Authority (ESMA), as well as other information that is not compulsory but is deemed equally necessary to provide a truthful and accurate representation of the Banks's situation

In accordance with Article 5 of Italian Legislative Decree no. 38/2005, the financial statements have been drafted using the Euro as the reporting currency. The amounts presented in the consolidated financial statements and in the Explanatory Notes are stated in thousands of euro, unless otherwise indicated. Any discrepancies between the figures presented are due solely to rounding.

These financial statements have been prepared assuming that the company will continue as a going concern, since there are no significant uncertainties regarding events or conditions that may lead to doubts as its ability to continue to operate as a going concern. The valuation criteria adopted are therefore consistent with the assumption of a going concern and comply with the principles of accrual, relevance and materiality of accounting information and the precedence of economic substance over legal form. These criteria remained unchanged from the previous year.

The financial statements are prepared in accordance with IAS 1 and the specific accounting standards endorsed by the European Commission as illustrated in the "Section on the main financial statement items" of these Explanatory Notes. The Financial Statements have been drafted with clarity and provide a true and fair view of the financial situation and economic result of illimity Bank S.p.A..

The general principles used in the preparation of the financial statements are outlined below:
- going concern basis: the valuations are made on a going-concern basis;
- accrual principle: costs and revenues are recognised in the period in which they accrue in relation to the services received and supplied, regardless of the date of cash settlement;
- consistency of representation: to guarantee the comparability of the data and information in the financial statements and related formats, the representation and classification methods are kept the same over time, unless they have to be changed to comply with international accounting standards or interpretations, or unless there is a need to make the presentation of data more significant and reliable;
- relevance and aggregation: materiality and aggregation: each major class of items with a similar nature or function is shown separately in the balance sheet and income statement; items with different functions or of different types, if material, are represented separately;
- no ofsetting: a no ofsetting principle is applied unless provided for or permitted under the international accounting standards or interpretations, or by the Bank of Italy Circular 262 of 22 December 2005 as amended;
- comparability with the previous year: the financial statements and formats show the amounts from the previous year, which may be adapted to ensure comparability;
- the financial statements are prepared on the basis of substance over form and in accordance with the principle of relevance and materiality of information.

The Financial Statements as of 31 December 2024, which were approved by the Board of Directors on 12 March 2025, were audited by the independent auditors KPMG S.p.A.

Content of the financial statements

1. Balance sheet and income statement

The balance sheet and income statement formats consist of items, sub-items and additional details. In the income statement, revenues have been presented without plus sign, whereas costs have been stated in parentheses.

2. Statement of comprehensive income

In addition to the profit (loss) for the year, the statement of comprehensive income indicates income components taken to valuation reserves, net of the relevant tax effect, in accordance with international accounting standards.

Comprehensive income is represented by braking down the income components that will not be reinstated in the income statement in future and those which, conversely, may be subsequently reclassified under profit (loss) for the year when certain conditions are met. Negative amounts have been stated in parentheses.

3. Statement of changes in shareholders' equity

The statement shows the composition of and changes in shareholders' equity during the reference financial year, broken down into share capital (ordinary and savings shares), capital reserves, earnings reserves and reserves from the measurement of assets or liabilities and net profit.. The own shares in portfolio are deducted from shareholders' equity.

4. Cash flow statement

The statement of cash flows during the reporting year was prepared on the basis of the indirect method, according to which the cash flows from operating activities are represented by the results for the financial year, adjusted by the effects of non-monetary transactions. The cash flows are divided between those generated by operating activities, those generated by investment activities, and those generated by financing activities.

In the statement, the cash flows generated during the year are indicated without plus sign, while those absorbed are indicated in parentheses.

Content of the Explanatory Notes

The Explanatory Notes include the information required by the IAS and by the Circular of the Bank of Italy no. 262 issued on 22 December 2005, as amended and supplemented, applicable to the drafting of these financial statements.

Section 3 - Subsequent events

In detail, subsequent events are described in the relevant section of the Report on Operations.

In addition, with reference to what was communicated on 5 March 2025, the Bank became aware of new elements concerning the potential outcome of a dispute relating to the valuation of a specific senior securitisation note linked to non-performing asset transformation transactions carried out at the beginning of 2024. Therefore, compared to what was considered in the preliminary 2024 results approved for supervisory reporting purposes, an additional impairment was recognised, in accordance with the treatment of "events after the reporting period" (IAS 10), for a total gross amount of approximately EUR 53.5 million.

Section 4 – Other matters

Use of estimates and assumptions in preparing the financial statements

In compliance with the requirements of the IFRS framework, the preparation of the Report requires the use of estimates and assumptions that may influence the values recognised in the balance sheet and income statement and the disclosures regarding contingent assets and liabilities presented in the financial statements.

The estimates and related assumptions are based on the use of available management information and subjective assessments, as well as on historical experience. The use of reasonable estimates is, thus, an essential part of the preparation of the financial statements. The components in which the use of estimates and assumptions is substantially inherent in determining the carrying values are indicated below:

- measurement of receivables;
- measurement of financial assets not listed in active markets;
- measurement of the real estate portfolio;
- determination of the amount of provisions in funds for risks and charges;
- determination of the amount of deferred taxation;
- assessments regarding the recoverability of goodwill;
- definition of the depreciation and amortisation of property and equipment and intangible assets with finite useful lives.

An estimate may also be adjusted due to changes in the circumstances on which it was based, new information or greater experience. By their nature, the estimates and assumptions used may change from one period to the next. Accordingly, the values presented in the financial statement may differ, also to a significant degree, from current estimates. Any changes in the estimates are applied prospectively and therefore result in an impact on the income statement in the year which the change occurs as well as that for future years.

New documents issued by the IASB and endorsed by the EU, adoption of which is mandatory with effect from financial statements for years beginning on or after 1 January 2024.

Document title	Issuance date	Effective date	Date endorsed	EU regulation and publication date
Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16 Leasing)	September 2022	1 January 2024	20/11/2023	(EU) NO. 2023/2579 21 November 2023
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)	January 2020	1 January 2024	19 December 2023	(EU) NO. 2023/2822 20 December 2023
Loan agreements for Supply (Amendments to IAS 7 Cash Flow Statement and IFRS 7 Finan-cial Instruments: Disclosures)	May 2023	1 January 2024	15 May 2024	(EU) NO. 2024/1317 16 May 2024

As shown in the table above, the adoption of certain changes to the accounting standards endorsed by the European Commission in 2023 and 2024 will be mandatory as of 2024.

In greater detail:

- Regulation (EU) no. 2023/2822 Amendments to IAS 1: Regulation (EU) 2023/2822 of the European Commission of 19 December 2023, which adopts amendments to IAS 1 Presentation of Financial Statements, was published in the EU Official Journal, L series, on 20 December 2023.

  The amendments improve the information a company should provide when its right to defer settlement of a liability for at least 12 months is subject to covenants. The amendments specify how a company is to determine, in the statement of financial position, debt and other liabilities with an uncertain settlement date, stipulating that they are to be classified either as current (due or potentially due to be settled within one year) or non-current.
- Regulation (EU) No. 2023/2579: Regulation (EU) 2023/2579 of the European Commission of 20 November 2023, which adopts amendments to IAS 16 Leasing, was published in the EU Official Journal, L series, on 21 November 2023.

  The amendments to IFRS 16 specify how the seller-lessee subsequently measures sale and leaseback transactions.
- Regulation (EU) No. 2024/1317 of 16 May 2024 endorsing the document "Loan Agreements for Supply (Amendments to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Disclosures)", published by the IASB Board on 25 May 2023.

  The document introduces disclosure requirements on loan agreements for a company's supplies. The new requirements are intended to provide users of financial statements with information that enables them to assess the impact of supplier loan arrangements on a company's liabilities and cash flows, to understand their effect on the company's exposure to liquidity risk, and to understand how the company may be affected by the possible unavailability of such arrangements

These amendments are not particularly relevant to the Bank.

IAS/IFRS and the relative IFRIC interpretations applicable to financial statements of financial years starting after 31 December 2024

Documents endorsed by the EU as of 31 December 2024

Document title	Issuance date	Effective date	Date endorsed	EU regulation and publication date
"Lack of convertibility" (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)	August 2023	1 January 2025	12 November 2024	(EU) NO. 2024/2862 13 November 2024

In greater detail:

- Regulation (EU) No 2024/2862 – Amendments to IAS 21: Commission Regulation (EU) 2024/2862 of 12 November 2024 amending Regulation (EU) 2023/1803 as regards International Accounting Standard (IAS) 21 was published in the Official Journal L Series on 13 November 2024.

  The amendments specify when a currency is exchangeable for another currency and, if it is not, how the enterprise determines the exchange rate to be applied and the disclosures that the company must provide when a currency cannot be converted.

  The company shall apply the amendments to the annual financial statements starting on or after 1 January 2025.

Please note that these amendments are not particularly relevant to the Bank.

Documents NOT yet endorsed by the EU as of 31 December 2024

Document title	Issuance date by the IASB	Date of entry into force of the IASB document	Date of expected endorsement by the EU
Standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	1 January 2016	To be defined
IFRS 18 Presentation and Disclosure in Financial Statements	April 2024	1 January 2027	To be defined
IFRS 19 Subsidiaries without Public Accountability: Disclosures	May 2024	1 January 2027	To be defined
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 2014	Deferred until completion of the IASB project concerning the equity method	To be defined
Amendments regarding Classification and measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9)	May 2024	1 January 2026	To be defined
Amendments regarding Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 7 and IFRS 9)	December 2024	1 January 2026	To be defined

These documents will only apply after they have been endorsed by the EU.

Disclosure on public funds pursuant to Article 1, paragraph 125 of Law no. 124 of 4 August 2017 ("Annual Market and Competition Law")

Law no. 124 of 4 August 2017, the "Annual Market and Competition Law" (hereinafter also referred to as Law no. 124/2017), introduced, in Article 1, paragraphs 125 to 129, certain measures aimed at ensuring transparency within the public funds system. More specifically, it provides for companies to include in their Explanatory Notes information about "subsidies, grants, paid positions and any economic benefit of any kind" (hereinafter referred to for short as "public funds") received from public bodies and from any parties specified by said law.

Failure to comply with the obligation to publish said information will result in an administrative fine equal to 1% of the amounts received, with a minimum payable of EUR 2,000. Only at a later stage does the rule provide for the reimbursement of the grant itself. In order to avoid the publication of irrelevant information, the disclosure obligation does not apply if the amount of public funds received by a single party is below the threshold of EUR 10,000.

August 2017 saw the creation of the National Register of State Aid, which was established as part of the Directorate-General for Incentives to Companies of the Ministry of Economic Development, in which the parties that grant or manage the aid in question must publish all state aid and de minimis aid given to each company. For the individual aid granted to illimity Group companies, please refer to the "Transparency of the Register" section, which can be accessed by the public.

In light of the above, in compliance with the provisions of Article 1, paragraph 125, of Law No. 124 of 4 August 2017, during the financial year 2024, the Parent Company and its subsidiaries received approximately EUR 0.2 million mainly attributable to the category "CE651/2014 - Training Aid (art.31).

A.2 Section on the main financial statement items

This section presents the accounting standards used to prepare the financial statements as of 31 December 2024 with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, and for the methods used for the recognition of costs and revenues.

1. Financial assets measured at fair value through profit or loss

This category of financial assets measured at fair value through profit or loss (FVTPL) includes Financial assets that cannot be qualified as Financial assets measured at fair value through other comprehensive income or as Financial assets measured at amortised cost. This item therefore includes:

- financial assets held for trading, which are essentially debt and capital instruments and financial derivatives, for which there is a short-term profit-making strategy;
- financial assets mandatorily measured at fair value that do not meet the requirements for valuation at amortised cost or at fair value through other comprehensive income. These are assets for which the contractual terms do not provide only for reimbursement of capital and payment of interest on the amount of capital to be returned (known as failed "SPPI test"), or which are not held in connection with a business model whose objective is to hold assets in order to collect contractual cash flows ("Hold to Collect" business model), or whose objective is obtained through the funding of contractual cash flows and the sale of financial assets the ("Hold to Collect and Sell" business model);
- financial assets designated at fair value, namely financial assets which are thus defined at the time of first recognition, if the requirements are met. An entity can irrevocably designate, on recognition, a financial assets as being measured at fair value through profit or loss if, and only if, by so doing it would remove or significantly reduce an inconsistency in measurement.

As reported above, this item includes derivatives, which are recognised among financial assets held for trading, which are represented as assets if the fair value is positive, and as a liability if the fair value is negative. It is possible to offset current positive and negative values from transactions with the same counterparty only if there is currently a statutory right to offset the recognised amounts, and where there is an intention to settle the offset positions on a net basis. Derivatives may also include those incorporated in complex financial contracts – in which the host contract is a financial liability – which have been recognised separately, as:

- their economic characteristics and risks are not closely correlated to the characteristics of the host contract;
- incorporated instruments, even if separate, meet the definition of derivative;
- hybrid instruments they belong to are not measured at fair value with the related changes recognised on the income statement.

Reclassifications to other categories of financial assets are only permitted if the entity changes its business model with regard to the management of financial assets. In such cases, which are expected to be infrequent, the financial assets may be reclassified from the category measured at fair value through profit or loss to one of the other two categories permitted by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through other comprehensive income). The transfer value is represented by the fair value at the time of reclassification and the effects of reclassification operate on a forward-looking basis, from the date of reclassification. In this case, the effective interest rate of the reclassified asset is determined on the basis of its fair value on the reclassification date. That date is taken to be the date of first recognition, for stage assignment for impairment purposes.
The initial recognition of financial assets takes place on the date of settlement for debt securities and equity instruments, on the date of disbursement for loans, and on the date of subscription, for derivatives. Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, without considering transaction costs or income, which are immediately recognised in the income statement, even if directly attributable to these financial assets.

After the first recognition, financial assets measured at fair value through profit or loss are measured at fair value and the effects of applying this measurement principle are recognised in the income statement. To determine the fair value of financial instruments listed on an active market, market prices are used. Without an active market, the commonly-adopted estimation and measurement models are used, which take into account all the risk factors related to the instruments and are based on observable market data, such as: (i) methods based on the measurement of listed instruments with similar characteristics; (ii) discounted cash flow calculations, models for determining the option prices; (iii) recorded values of recent comparable transactions.

Financial assets are written off from the financial statements when the contractual rights to the related cash flows expire, or when the financial asset is sold with a substantial transfer of all the related risks and benefits. Conversely, if a significant part of the risks and benefits of the sold assets has been maintained, the assets will still be recognised in the financial statements, even if legally, ownership of them has been effectively transferred.
If it is not possible to ascertain the material transfer of the risks and benefits, the financial assets will be derecognised if no type of control has been retained. Otherwise, if even partial control has been retained, the assets will be maintained to an extent equal to the residual involvement, which is measured by the exposure to changes in value of the sold assets and to changes in their cash flows.

Realised gains and losses on disposal or redemption and unrealised gains and losses arising from changes in the fair value of financial assets held for trading arenet profit recognised in the income statement under the item "Net profit of trading activity".

The accounting treatment of financial assets mandatorily measured at fair value or designated at fair value is similar to that of "Financial assets held for trading", with the recording of profits or losses, realised and measured, under the item "Net profits (losses) on other financial assets and liabilities measured at fair value through profit or loss", respectively under the components "a) financial assets and liabilities measured at fair value" and "b) other financial assets mandatorily measured at fair value".

2. Financial assets measured at fair value through other comprehensive income

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

- the financial asset is owned within a business model whose objective is to hold financial assets in order to collect contractual cash flows ("Hold to Collect and Sell" business model), and
- the contractual terms of the financial assets 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 item also includes equity instruments not held for trading for which, at the time of first recognition, the option for designation at fair value through other comprehensive income has been exercised.

In particular this item includes:

- debt instruments related to a Hold to Collect and Sell model which have passed the SPPI test;
- shareholder interests that cannot qualify as a controlling, associate or joint control interests, which are not held for trading, and for which an option for designation at fair value through other comprehensive income has been exercised;
- loans connected to a Hold to Collect and Sell model that have passed the SPPI test, including shares in syndicated loans or other types of loan that, from the origin, are destined for sale and which relate to a Hold to Collect and Sell business model.

In general, IFRS 9 does not allow reclassifications to other categories of financial assets except where the entity changes its business model with regard to the management of financial assets.

In such cases, which are expected to be very infrequent, the financial assets may be reclassified from the category of assets measured at fair value through other comprehensive income to one of the other two categories permitted by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit or loss). The transfer value is represented by the fair value at the time of reclassification and the effects of reclassification operate on a forward-looking basis, from the date of reclassification. In the case of reclassification from this category to the amortised cost category, the cumulative profit (loss) recognised in the revaluation reserve is carried as an adjustment | loss to the fair value of the financial assets on the date of reclassification. In the case of reclassification into the category of fair value through profit or loss, the profit or loss that was previously recognised in the revaluation reserve is reclassified from shareholders' equity to profit (loss) for the year.

The initial recognition of financial assets takes place on the date of settlement for debt instruments and equity instruments, and on the date of disbursement for loans. At the time of first recognition, the assets are recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. This excludes costs or revenues that, despite meeting the above conditions, are the subject of reimbursement by the borrower or can be classified under normal internal administration costs.

After initial recognition, assets classified at fair value through other comprehensive income other than equity instruments are measured at fair value and the impacts from application of amortised cost are recognised on the income statement together with the effects of impairment and any foreign exchange effect, while the other profits or losses arising from a change in fair value are recognised in a specific shareholders' equity reserve until the financial assets is derecognised. At the time of total or partial disposal, the profit or loss in the revaluation reserve is reinstated, in full or in part, in the income statement. Subsequent to the initial recognition, therefore, with regard to accrued interest on interest-bearing instruments, they are recognised in the income statement according to the amortised cost criterion in the line item "Interest income and similar income" where positive, or in the line item "Interest expenses and similar charges" if negative. Profits and losses from changes in fair value are instead recognised in the Statement of comprehensive income and shown in the item "Valuation reserves" of shareholders' equity.

Equity instruments that were classified in this category are measured at fair value and the amounts recognised as a contra-entry of shareholders' equity (Statement of comprehensive income) must not be subsequently transferred to the income statement, not even in the case of disposal (OCI exemption). The only item relating to the equity instruments in question that is recorded on the income statement is the relevant dividends.

The fair value is determined on the basis of the principles already illustrated, for the Financial assets measured at fair value through profit or loss.

For the equity instruments included in this category not listed on an active market, the cost criterion is used to estimate the fair value only on a secondary basis and limited to a small number of circumstances, namely if none of the above valuation methods can be applied or if there is a wide range of possible fair value valuations, within which the cost is the most significant estimate.
Financial assets designated at fair value through other comprehensive income - in the form of debt or credit instruments – are subject to verification of the significant increase in credit risk (impairment) provided for in IFRS 9, like Assets at amortised cost, and therefore an adjustment is recognised in the income statement to cover the expected losses. These impairment losses are recognised in the income statement under the item "Net value adjustments/recoveries for credit risk relating to: b) financial assets measured at fair value through other comprehensive income", offset by the statement of comprehensive income and also shown under the item "Reserves from valuation" of shareholders' equity. Equity instruments are not recognised in the income statement as impairment in accordance with IFRS9. Only dividends will be shown in the income statement under the item "Dividends and similar income".

Financial assets are derecognised from the accounts when the contractual rights to the related cash flows expire, or when the financial asset is sold with a substantial transfer of all the related risks and benefits.
Conversely, if a significant part of the risks and benefits of the sold assets has been maintained, the assets will still be recognised in the financial statements, even though legally, ownership of them has been effectively transferred.

If it is not possible to ascertain the material transfer of the risks and benefits, the financial assets will be derecognised if no type of control has been retained. Otherwise, if even only partial control has been retained, the assets will be maintained to an extent equal to the residual involvement, which is measured by the exposure to changes in value of the sold assets and to changes in their cash flows.
Finally, sold financial assets are derecognised if the contractual rights to receive the related cash flows have been retained with the simultaneous acceptance of an obligation to pay those cash flows, and only those, without a significant delay, to other third parties.

In the event of a disposal, profit and losses are recognised in the income statement under the item "Profits/losses on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income".

The amounts arising from the adjustment made to the carrying amounts of financial assets, considered gross of the related total write-downs/write-backs, in order to reflect changes made to contractual cash flows that do not give rise to write-offs, are recognised in the income statement under the item "Profits/losses on changes in contracts without derecognition; this item does not include the impact of contractual changes on the amount of expected losses that must be recognised under the item “Net value adjustments/recoveries for credit risk associated with: b) financial assets measured at fair value through other comprehensive income”.
With regard to equity instruments, in the event of a disposal, accumulated profits and losses are recorded under the "Reserves” item.

3. Financial assets measured at amortised cost

This category includes financial assets (in particular, loans and debt instruments) that meet both the following conditions:

- the financial assets is owned according to a business model whose target is to hold assets in order to collect contractual cash flows (“Hold to Collect” business model), and
- the contractual terms of the financial assets 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 item includes: customer and bank loans disbursed directly or acquired from third parties that provide for fixed or determinable payments, which are not listed on an active market and which have not been classified at origin under Financial assets measured at fair value through other comprehensive income.

The receivables item also includes debt instruments, repos and securities acquired through subscription or private placement with determinate or determinable payments, which are not listed on active markets.

In general, IFRS 9 does not allow reclassifications to other categories of financial assets except where the entity changes its business model with regard to the management of financial assets. In such cases, which are expected to be extremely infrequent, the financial assets may be reclassified from the category measured at amortised cost in one of the other two IFRS 9 categories (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit or loss). The transfer value is represented by the fair value at the time of reclassification and the effects of reclassification operate on a forward-looking basis, from the date of reclassification. The profits or losses resulting from the difference between the amortised cost of the financial asset and its relevant fair value are recognised on the income statement in the event of reclassification among Financial assets measured at fair value through profit or loss and Shareholders' equity, in the relevant revaluation reserve, in the event of a reclassification among Financial assets measured at fair value through other comprehensive income.
The initial recognition of the financial assets takes place on the date of settlement for debt instruments and on the date of disbursement for loans. At the time of first recognition, the assets are recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument.
With particular reference to receivables, the date of disbursement is usually the date on which the contract is signed. If this is not the case, when the contract is signed a commitment to disburse funds will be included, and this commitment ends on the date the loan is disbursed. The receivable will be recognised on the basis of its fair value, equal to the amount lent, or the subscription price including the costs or income directly linked to the individual receivable and which can be determined from the outset of the operation, even if paid at a later date. This excludes costs that, despite meeting the above conditions, are the subject of reimbursement by the borrower or can be classified under normal internal administration costs.
After first recognition the receivables are measured at the amortised cost which is equal to the value of first recognition, reduced or increased by the repayments of capital, the write-downs/write-backs and the amortisation – calculated according to the effective interest rate method – of the difference between the amount disbursed and the amount repayable on maturity, which is typically linked to the costs and income directly attributable to the individual receivable.

The effective interest rate is the rate that discounts the flow of estimated future payments for the expected life of the loan in order to obtain an accurate net carrying value at the time of the first recognition, which includes both the transaction costs and revenues directly attributable and also all the payments made or received between the contracting parties. This method of accounting, which uses a financial logic, allows the economic effects of the costs and income to be distributed along the expected residual life of the loan. Accrued interest is shown in the item "Interest income and similar income” where positive, or in the item “Interest expenses and similar charges” where negative. Any adjustments/write-backs are recognised in the income statement under the item "Net value adjustments/recoveries for credit risk associated with: a) financial assets measured at amortised cost”. In the event of a sale, profits and losses are recognised in the income statement under the item "Profits/losses on disposal or repurchase of: a) financial assets measured at amortised cost”. The amounts arising from the adjustment made to the carrying amounts of financial assets, considered gross of the related total write-downs/write-backs, to reflect changes made to contractual cash flows that do not result in derecognition, are recognised in the income statement under the item "Profits/losses from contractual amendment without derecognition”; this item does not include the impact of contractual amendments on the amount of expected losses that must be recognised under the item “Net value adjustments/recoveries for credit risk associated with: a) financial assets measured at amortised cost”.

The amortised cost method is not used for loans the short term of which makes the effect of applying the discounting method negligible. Those receivables are measured at the historic cost. The same measurement principle is used for receivables with no definite maturity date, or revolving credit.

The measurement criteria are closely connected to the inclusion of these instruments in one of the three stages of credit risk under IFRS 9, the last of which (stage 3) includes non-performing financial assets and the others (stages 1 and 2) include performing assets.

With reference to the representation of these measurements, the write-downs/write-backs referring to this type of asset are recognised in the income statement:
- at the time of initial recognition, for an amount equal to the loss expected at twelve months;
- at the time of subsequent measurement, if the credit risk has not increased significantly compared to the initial recognition, based on the changes in write-downs/write-backs due to expected losses over the following twelve months;
- at the time of subsequent measurement, if the credit risk has materially increased compared to initial recognition, based on the recognition of write-downs/write-backs for expected losses over the entire residual contractual life of the asset;
- upon subsequent measurement, if – after there has been a significant increase in the credit risk compared to initial recognition – the materiality of that increase no longer exists in relation to the change in cumulative write-downs/write-backs to take into account the transition from a loss over the asset’s lifetime, to one over twelve months.

If the financial assets in question are performing, they are subjected to a measurement intended to define the write-downs/write-backs to be taken from the financial statements for each loan account (or “tranche” of the security), based on the risk parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD), and are adjusted as necessary to reflect the provisions of IFRS 9.
If, together with a significant increase in the credit risk there is also objective evidence of a loss in value, the amount of the loss is measured as the difference between the carrying value of the asset – classified as non-performing, in the same way as all the other relations with the same counterpart – and the current value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the loss recorded on the income statement is defined according to a detailed measurement process, or is determined for identical categories and therefore, is attributed in detail to each position, taking into account forward-looking information and potential alternative recovery scenarios.

Non-performing assets include financial instruments that have been given the non-performing, unlikely to pay or overrun/past-due status for more than 90 days according to the Bank of Italy regulations, in line with the IAS/IFRS and European regulation.

The expected cash flows take into account the expected collection times and the presumed realisation value of any guarantees.

The effective original rate of each asset remains unchanged over time, even if there has been a restructuring of the account that led to the change in the contractual rate, and even if the account is not, in practice, bearing contractual interest.

If the reasons for the impairment are removed following a subsequent event occurring after the recognition of the impairment, write-backs are made and allocated to the income statement. The write-back may not exceed the amortised cost that the financial instrument would have had without such adjustments having been made.

Write-backs connected to the passage of time are recognised in the net interest income.

In some cases, during the life of the financial assets in question and of the loans in particular, the original contractual terms are then amended by the parties to the contract. If the contractual terms are amended during the life of an instrument, there is a need to check whether the original asset is still to be recognised or needs to be de-recognised, and a new financial instrument recognised in its place.

In general, changes to a financial asset lead to its de-recognition and the entry of a new asset, if the changes are "material". Considerations about the materiality of the amendment are based on qualitative and quantitative factors. In some cases it may be clear, without using complex analyses, that the changes have materially modified the characteristics and/or cash flows of a certain asset while in other cases, additional quantitative analysis needs be made to assess the effects of the changes, and to check whether or not to de-recognise the asset and enter a new one.
The quali-quantitative analyses intended to define the "materiality" of the contractual changes made to a financial asset must therefore consider:

- the reasons why the amendments were made: for example, renegotiations for commercial reasons and concessions due to financial distress of the counterparty;
  a) commercial reasons, designed to "keep" the customer, involve a borrower that is not in a situation of financial distress. This case scenario includes any renegotiation designed to adapt the burden of the debt to the market conditions. These operations involve a change in the original contractual terms, usually requested by the borrower, and relate to the onerousness of the debt resulting in an economic benefit to the borrower. In general, whenever the Bank renegotiates to avoid losing a customer, the renegotiations must be considered as material because had they not taken place, the customer could be financed by another bank, and the Bank would see a decrease in its expected future revenue;
  b) the second type of renegotiation, for "credit risk reasons" (forbearance measures) relates to the Bank's attempt to maximise the recovery of cash flows from the original loan. The underlying risks and benefits, after the changes, are not usually substantially transferred, and, therefore, the accounting presentation that gives the most relevant information to the reader (apart from the information given below on objective elements) is "modification accounting" – which implies the recognition in the income statement of the difference between the carrying amount and the discounted value of the modified cash flows, discounted at the original interest rate – and not through derecognition;
- the presence of objective elements or triggers that affect the characteristics and/or contractual flows of the financial instrument (including change of currency, or changes to the type of risk the Bank is exposed to, if it is correlated to equity and commodity criteria), which the derecognition is expected to involve considering their impact (expected to be significant) on the original contractual flows.

Financial assets are derecognised only if the disposal resulted in the substantial transfer of all the risks and benefits connected to the assets. Conversely, if a significant part of the risks and benefits of the sold assets has been maintained, the assets will still be recognised in the financial statements, even if legally, ownership of them has been effectively transferred.

If it is not possible to ascertain the material transfer of the risks and benefits, the financial assets will be eliminated from the accounting statements if no type of control has been retained. Otherwise, even if partial control has been retained, the assets will be maintained to an extent equal to the residual involvement, which is measured by the exposure to changes in value of the sold assets and to changes in their cash flows.

Finally, sold financial assets are derecognised if the contractual rights to receive the related cash flows have been retained with the simultaneous acceptance of an obligation to pay those cash flows and only those, without a significant delay, to other third parties.

4. Hedging operations

For hedges, the Bank applies the option, set out in introducing IFRS 9, to continue fully applying the provisions of the accounting standard IAS 39 on hedge accounting (the carve-out version endorsed by the European Commission).

Risk hedging transactions are aimed at neutralising potential losses attributable to a specific risk and recognisable on a given element or group of elements, if that particular risk should arise.

The possible types of hedge are as follows:
- fair value hedge: a hedge to cover exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the income statement;
- cash flow hedge: a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and (ii) could affect the income statement;
- foreign exchange hedge: a hedge to cover the risks associated with an investment in a foreign company expressed in foreign currency, as defined in IAS 21.

Only instruments involving a counterparty that is external to the Bank can be designated as hedging instruments.

Given the option exercised to continue fully applying the rules of IAS 39 for hedges, equity instruments classified under Financial assets designated at fair value through other comprehensive income may not be designated as items hedged for price or exchange rate risk, since such instruments do not impact the income statement, even in the event of a sale (other than for dividends recognised in the income statement).

With regard to the management of hedging operations, the type of hedge selected by the Bank ("fair value hedge") refers to specific elements (micro-hedging) consisting of debt securities at fair value through other comprehensive income and deposits from customers.

Hedging derivatives, like all derivatives, are initially recognised and subsequently measured at fair value through profit or loss.

A relationship is classified as a hedge, and accounted for as such, only if all the following conditions are met:

- the hedged item and the hedging instrument must be specifically identifiable;
- at the start of the hedge, the hedging relationship is formally designated and documented, as are the company's targets in managing the risk and its strategy in carrying out the hedge. This documentation must include the identification of the hedging instrument, the hedged element or transaction, the nature of the hedged risk and how the company will assess the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged element or of the cash flows attributable to the hedged risk;
- the hedge is expected to be highly effective in offsetting the changes in fair value or the cash flows attributable to the hedged risk, in line with the originally documented risk management strategy for that particular hedging relationship;
- for cash flow hedges, a scheduled operation that is covered by the hedge must be highly probable and must present exposure to changes in cash flows that could ultimately impact the income statement;
- the effectiveness of the hedge can be reliably measured, i.e. the fair value or the cash flows of the hedged element that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured;
- the hedge is assessed as a continuing hedging relationship and is considered to have been highly effective for all the financial years for which it had been designated.

With regard to the accounting rules for hedges:

- for fair value hedges, the change in the fair value of the hedged element is offset with the change in the fair value of the hedging instrument. This offsetting is accounted for through the recognition in the income statement of the changes in value relating to both the hedged element (specifically with regard to the changes generated by the underlying risk factor) and the hedging instrument. Any difference that may arise, which represents the partial ineffectiveness of the hedge, is recognised as the net effect thereof in the income statement.
- for macro fair value hedges, the changes in fair value with regard to the hedged risk of the hedged assets and liabilities are recognised in the balance sheet, under item 60. "Fair value change of financial assets in hedged portfolios" or 50. "Fair value change of financial liabilities in hedged portfolio";
- for cash flow hedges, the changes in fair value of the derivative are recognised in shareholders' equity, for the effective portion of the hedge, and are recognised in the income statement only when, with regard to the hedged item, the change in cash flows to be offset can be seen or the hedge is ineffective;
- hedges that cover an investment in foreign currency are recognised in the same way as cash flow hedges.

A hedge is considered highly effective only if both the following conditions are met:

- at the start of the hedge and in subsequent periods, the hedge is expected to be highly effective in offsetting the changes in fair value or the cash flows attributable to the hedged risk during the period for which the hedge is designated. This expectation can be demonstrated in various ways, including a comparison between the previous changes in fair value or the cash flows of the hedged element that are attributable to the hedged risk and the previous changes in fair value or in the cash flows of the hedging instrument, or by demonstrating a high statistical correlation between the fair value or the cash flows of the hedged element and those of the hedging instrument;
- when the changes in fair value (or the cash flows) of the hedging instrument neutralise almost completely, i.e. within the limits established by the 80-125% range, the changes in the hedged instrument, for the hedged element of risk.

A company must prospectively cease accounting for fair value hedging if:

- the hedging instrument matures or is sold, terminated or exercised (to that end, the replacement or carry-over of a hedging instrument with another hedging instrument is not a conclusion or termination if said replacement or carry-over is part of the company's documented hedging strategy);
- the hedge no longer meets the hedging criteria; or
- the company revokes the designation.

If the checks do not confirm the effectiveness of the hedge, from that moment the accounting of the hedging transactions, as set out above, is suspended, the hedging derivative is reclassified under trading instruments and the hedged financial instrument reassumes the measurement criteria corresponding to its classification in the financial statements. If the hedged asset or liability is measured at amortised cost, the greater or lesser value deriving from the measurement thereof at fair value as a result of the hedge that has become ineffective is recognised in the income statement using the effective interest rate method.

Lastly, a company must prospectively cease accounting for outstanding cash flow hedges in the following cases:

- the hedging instrument matures or is sold, terminated or exercised (to that end, the replacement or carry-over of a hedging instrument with another hedging instrumen shall not be considered as and end or termination if said replacement or carry-over is part of the company's documented hedging strategy). In such case, the comprehensive profit (or loss) of the hedging instrument continues to be recognised directly in shareholders' equity until the financial year in which the hedge was effective, and is recognised separately in shareholders' equity until the forecast transaction being hedged takes place;
- the hedge no longer meets the hedging criteria. In that case, the comprehensive profit or loss of the hedging instrument recognised directly in shareholders' equity starting from the financial year in which the hedge was effective is recognised separately in shareholders' equity until the scheduled transaction takes place;
- the scheduled transaction is no longer expected to take place, in which case any related comprehensive profit or loss on the hedging instrument recognised directly in shareholders' equity starting from the financial year in which the hedge was effective is recognised in the income statement;
- the company revokes the designation. For hedges of a scheduled transaction, the comprehensive profit or loss of the hedging instrument recognised directly in shareholders' equity starting from the financial year in which the hedge was effective is recognised separately in shareholders' equity until the scheduled transaction takes place or is no longer expected to take place.

5. Equity investments

The item includes investments in subsidiaries, associates and joint ventures of the Bank.
Companies are considered to be subject to control if the Bank is exposed to variable returns or holds rights to such returns due to its relations with the companies, and can simultaneously affect the returns by exercising its power over them. Control only exists if all the following elements are present simultaneously:

- descision-making power over the subsidiary's main activities;
- 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

Companies are considered to be subject to significant influence (associates) if the Bank holds at least 20% of the voting rights (including potential voting rights) or if the Bank has a smaller share of the voting rights but can participate in determining the associate's financial and operational policies because of particular legal conditions such as participation in shareholder agreements.

Companies are considered joint ventures if, on a contractual basis, control is shared between the Bank and one or more other parties or when the unanimous consent of all the controlling parties is necessary for decisions concerning significant activities.
Investments in subsidiaries and companies subject to significant influence are recognised at cost at the settlement date, adjusted as necessary to reflect impairment.
For the purposes of the disclosure on equity investments as given in Part B to these Explanatory Notes, equity interests are considered significant if their value represents at least 5% of the Equity interests item, or if they are held in fully-consolidated entities.
On each reporting date, any objective evidence that the equity investment has been impaired is verified. The recoverable value will then be calculated by considering the discounted value of the future cash flows that the equity investment could generate, including the final disposal value. Any lesser value thus determined with respect to the carrying value, is recognised in the same year in the income statement under the item "Profits (Losses) on equity investments". This item also includes any future write-backs if the reasons that led to the previous write-downs no longer exist.
On each financial closing date, the Bank assesses whether there are any indications of long-term impairment of the equity investments. If such indicators do emerge, an impairment test is carried out. If the carrying amount of the equity investments exceeds the recoverable value, they will be written down to reflect the recoverable value. The recoverable value is the higher of the fair value of an asset or cash generating unit (CGU) net of the cost of sale or value in use, and is determined for each individual asset, except where that asset generates cash flows that are not largely independent of those generated by other assets or asset groups, in which case the Group will estimate the recoverable value of the CGU to which the asset belongs.

In determining the value in use, the Group discounts at present value the estimated future cash flows using the discount rate that reflects the market valuations of the time value of money and the specific risks of the business.
If the impairment recognised in previous years no longer exists or has been reduced, a write-back is made on the income statement up to the amount of the value of the cost prior to the write-down.
Equity investments are derecognised from the financial statements when the contractual rights to the related cash flows expire, or when the investment is sold with a substantial transfer of all the related risks and benefits.

6. Property and equipment

This item includes property and equipment for functional use (IAS 16), those held for investment (IAS 40) and inventories of property and equipment (IAS 2). Property and equipment also include rights of use acquired through lease agreements relating to the use of property and equipment (for the lessee) and operating leasehold assets (for the lessor) under IFRS 16.

This item includes long-term assets held for the purpose of generating income, for leasing or for administration purposes such as land, instrumental real estate, property investments, technical installations, furniture and fittings, tools of any type, and works of art.

Property and equipment also include the costs of improvement to leasehold assets if they can be separated from the assets themselves. If these costs are not independently functional and usable but future benefits are expected, they are recognised under “other assets” and are depreciated over the shortest of the foreseeable life of the improvements, and the residual term of the lease. The related depreciation is entered under item “Other operating income/expenses”. The value of Property and equipment also includes any advances paid for acquisition, and the restructuring of any assets not yet included in the production process and therefore not depreciated.

Property and equipment held for the provision of services or for administration purposes are defined as “for use in the business” (IAS 16), while assets “for investment purposes” (IAS 40) are those held to collect leasing charges and/or for the appreciation of the invested capital. Property and equipment constitute inventories (IAS2) where they are held for sale in the normal course of business.

Property and equipment are recognised at acquisition cost, adjusted by the ancillary costs and any incremental expenses, and are presented in the financial statements net of any impairment loss and depreciation on a straight line basis from the period in which they were input into the production process.

Maintenance and repair costs that do not lead to an increase in the value of the assets are recognised in the income statement for the period.

Subsequent to initial recognition, property and equipment are recognised at cost net of accumulated depreciation and impairment losses. In fact, property and equipment are depreciated using the straight-line method, over their useful life. The properties are depreciated for a portion deemed appropriate to represent the deterioration of the assets over time as a result of their use, taking into account extraordinary maintenance costs, which increase the value of the assets.

However, the following are not depreciated:

- the land, whether acquired individually or incorporated into the value of the buildings, as it has an indefinite useful life;
- investment property that, as required by IAS 40, is measured at fair value through profit or loss, must not be depreciated;
- inventories (IAS 2): these assets are measured at the lesser between cost and the net realisable value.

Property and equipment items are eliminated from the balance sheet at the time of disposal, or when the asset is permanently withdrawn from use and no future economic benefit is expected from its use or disposal. Any difference between the disposal value or recoverable amount and the carrying value is then recognised in the income statement respectively under the item "Profits (losses) on disposal of investments" or "Net value adjustments/recoveries on property and equipment".

In application of IFRS 16, the item property and equipment also includes the right of use referring to lease contracts on property and equipment. A lease is defined as a contract the fulfilment of which depends on the use of an identified asset, and that conveys the right to control the use of the asset for a period of time in exchange for consideration: IFRS 16, therefore, applies to all transactions that provide for a right to use the good, regardless of its contractual form. The scope of application of the Standard excludes contracts that have terms of less than 12 months or that refer to leased assets with negligible unit values when new.

In accordance with IFRS 16, the Bank shall initially recognise an asset representing the Right of use ("ROU") of the leased asset, together with a liability represented by the present value of the expected future lease payments over the life of the lease contract (the "Lease Liability") discounted at the implicit rate of the transaction (if determinable); if the rate cannot be easily determined, the lessee shall instead use the incremental borrowing rate (IBR). The ROU is, therefore, initially determined by increasing the Lease Liability of the initial direct costs incurred by the lessee.
With regard to measurements following the initial recognition of lease contracts, the lessee must measure the ROU on the basis of a cost model; therefore:

- the right of use was depreciated over the term of the contract or the useful life of the asset (on the basis of IAS 16) and is subject to impairment;
- the liability was progressively reduced due to the effect of the lease payments and the relevant interest expenses recognised and attributed separately to the income statement.

7. Intangible assets

Non-monetary identifiable non-physical assets held to be used over several years or for an indefinite period, are defined intangible. They generally include software and the rights to use intellectual property, trademarks and other intangible assets. They are recognised at the cost of purchase adjusted for any ancillary costs only if the future economic benefits attributable to the asset are likely to be realised and if the cost of the asset can be reliably determined. Otherwise, the cost of intangible assets is recognised in the income statement of the year in which it was incurred. Intangible assets also include rights of use acquired through lease agreements relating to the use of intangible assets under IFRS 16.
They are only recognised if the assets can be identified and originate from statutory or contractual rights.

Otherwise, the cost of intangible assets is recognised in the income statement of the year in which it was incurred. An intangible asset is identifiable if:

- it is separable, in other words it can be separated or divided and sold, transferred, given under licence, leased or exchanged;
- it derives from contractual or other statutory rights regardless of whether those rights can be transferred or separated from other rights and obligations.

The asset can be controlled by the company as a result of past events on the assumption that through its use, the company will receive economic benefits. The company has control over an asset if it has the power to use the future economic benefits arising therefrom and can also limit access to those benefits by third parties. An intangible asset is recognised as such if:

- it is likely that the company will receive future economic benefits from that asset;
- the cost of the asset can be reliably measured.

The likelihood that there will be future economic benefits is assessed by representing the best estimate of all the economic conditions that will exist during the useful life of the asset, taking into account the available sources of information at the time of initial recognition.
For assets with a definite life, the cost is amortised on a straight line basis. Assets with an indefinite useful life, if existing, are not systematically amortised but undergo a periodic test to check the adequacy of the recognition value.
If there is any indication that demonstrates that an asset may have suffered an impairment, its recovery value is estimated. The amount of the loss, recognised in the income statement under the item "Net value adjustments/recoveries on intangible assets" is equal to the difference between the asset' carrying amount and its recoverable value.
Goodwill is categorised among intangible assets being the positive difference between the cost of purchase and the fair value of the assets and liabilities attributable to an acquired entity. Whenever there is evidence of an impairment, and in any case at least once a year, a check is carried out to ensure there are no long-term value impairments. For this purpose the CGU to which the goodwill should be allocated will be identified. The CGU is the minimum level at which the goodwill is monitored for internal operational purposes and must not be greater than the operating segment determined in accordance with IFRS 8.
Any impairment loss is determined on the basis of the difference between the recognition value of the goodwill and its recovery value, if lower. The recovery value is equal to the higher of the fair value of the CGU, net of any costs of sale, and the related value in use. The value in use is the current value of the future cash flows expected from the CGU to which the goodwill was attributed.
To verify the adequacy of goodwill value, the impairment test is carried out, governed by accounting standard IAS 36 – Impairment of Assets, which provides that, at least on an annual basis and, in any case, whenever events arise that suggest a potential impairment, a test must be carried out to verify the adequacy of the goodwill value subject to recognition. The impairment test is carried out identifying the cash generating units to which goodwill is allocated and, if the value of goodwill is lower than its recoverable value (determined as its value in use), any impairment losses must be recognised in the income statement, they are not susceptible to future value recoveries.
The value of intangible assets having a defined duration is systematically amortised starting from the inclusion of such assets in the production process. An intangible asset is therefore derecognised from the balance sheet (i) at the time of disposal, (ii) when it is fully amortised or (iii) when future economic benefits are not expected. Any difference between the disposal value or recoverable amount and the carrying amount is recognised in the income statement under the items "Profits (losses) on disposal of investments" or "Net value adjustments/recoveries on intangible assets", respectively.
With reference to the methods of recognition of leases pertaining to intangible assets in accordance with IFRS 16, see the paragraph referring to property and equipment.

8. Non-current assets held for sale and discontinued operations

Non-current assets or asset/liability groups for which a sale process has been initiated and whose sale is considered highly probable, are classified under the active item “Non-current assets held for sale and discontinued operations” and the passive item ”Liabilities associated with non-current assets held for sale and discontinued operations”.

Such assets/liabilities are valued at the lower of carrying amount and fair value net of disposal costs, with the exception of certain kinds of asset (e.g. financial assets falling within the scope of application of IFRS 9), for which IFRS 5 specifies that the valuation criteria of the relevant accounting standard must be applied.

Non-current assets and asset groups may include portfolios of assets for which there are no prices on an active market. In that case, they should be valued at fair value, referring, if an agreement has been reached with the purchasing counterparty, to the sale prices resulting from said agreement; in the absence of an agreement, specific valuation techniques should be applied depending on the asset, potentially making use of external fairness opinions.

Income and expense (net of tax effect), attributable to asset groups held for sale or recognised as such during the course of the financial year, are recognised in the income statement under a separate item.

9. Current and deferred taxes

Income taxes, calculated in accordance with current tax regulations, are recognised in the income statement according to the accrual principle, in line with the recognition of the costs and revenues that generated them, apart from those relating to entries debited or credited directly to shareholders' equity, for which the recognition of the related taxes is done in shareholders' equity, for the sake of consistency. Current and deferred taxes are recognised in the income statement under the item "Income tax for the year of continuing operations”, with the exception of those taxes that refer to items that are credited or debited, in the same or another year, directly to shareholders' equity, such as, for example, those relating to profits or losses on financial assets at fair value through other comprehensive income and those relating to changes in the fair value of financial derivative instruments hedging cash flows, whose changes in value are recognised, after taxes, directly in the Statement of Comprehensive Income, among the Valuation Reserves.
Provisions for income taxes are determined on the basis of the provision of the current tax burden, the advance taxes and the deferred taxes.
In general, deferred tax assets and liabilities arise in cases where the deductibility or taxability of the cost or income is deferred with respect to their accounting recognition. Deferred tax assets and liabilities are recognised according to the tax rates that, as of the reporting date, are expected to be applicable in the year in which the asset will be realised or the liability will be extinguished, based on current tax legislation and are periodically reviewed in order to take into account any regulatory changes.
Deferred tax assets are recognised only to the extent that they are expected to be recovered through the production of sufficient taxable income by the entity. In accordance with IAS 12, the likelihood of future taxable income sufficient for the use of deferred tax assets is subject to periodic review. If the aforementioned review reveals that future taxable income is insufficient, the deferred tax assets are correspondingly reduced.
Deferred tax assets and liabilities are recognised in the balance sheet in open balances without set-offs, the former being included in the “tax assets” item and the latter in the “tax liabilities” item. Any deferred tax liabilities payable on capital reserves under tax suspension are not recognised, as it can reasonably be considered that there will be no transactions that will result in their being taxed.

10. Provisions for risks and charges

Commitments and guarantees issued

Provisions for risks and charges against commitments and guarantees given are recognised against all commitments and guarantees, revocable and irrevocable, whether they fall within the scope of IFRS 9 or within the scope of IAS 37. For these cases, the same allocation methods are adopted, in principle, between the three stages (credit risk stages) as well as the same calculation methods of the expected losses shown with reference to financial assets measured at amortised cost or at fair value through other comprehensive income.

Post-employment benefits

Post-employment benefits are set up to reflect company agreements and are classified as defined benefit plans. The liabilities relating to these plans and the welfare cost of current workers are determined according to actuarial assumptions, applying the “Unit Credit Projection” method, which projects the future expenditure based on historical statistical analysis, the demographic curve, and the financial discounting of these cash flows based on the market interest rate. The contributions paid in each financial year are considered as separate units and are identified and valued individually for the purposes of determining the final obligation. The discounting rate used is determined according to the market returns recognised on the measurement date, for the obligations of leading companies taking into account the liability's average residual life. The current value of the obligation on the reporting date is also adjusted by the fair value of any assets servicing the plan.
Actuarial gains and losses (which are changes in the current value of the obligation arising from changes in the actuarial assumptions) are recognised as counterpart to shareholders' equity under the item "Valuation reserves” and shown on the statement of comprehensive income.

Other Provisions

Other provisions for risks and charges include provisions for legal obligations and those relating to employment relations or disputes, including tax disputes, originating from a past event, for which an outlay of financial resources is probable in order to fulfil the obligations, but for which a reliable estimate of the amount cannot be made.
Therefore a provision is recognised if, and only if:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that funds designated to produce economic benefits will have to be used to fulfil the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision represents the best estimate of the cost required to fulfil the obligation on the reporting date and reflects any risks and uncertainties that characterise multiple events and circumstances.
If the temporal value of money is a relevant aspect, the amount of the provision must be discounted at a rate, inclusive of the tax effects, which reflects the market valuations of the passage of time on the value of the liabilities and which takes into account the specific risks of the liability itself (IAS 37 - 45,47). The provision and the increases due to the time factor are recognised in the income statement.
The provision is derecognised if the use of funds designed to produce economic benefits is unlikely, or when the obligation is settled. A provision can only be used for the charges for which it was originally recorded.
The allocation for the year, recorded under the item "Net allocations to provisions for risks and charges: b) other net provisions” of the income statement, includes increases in provisions due to the passage of time and is net of any adjustments.
This item also includes long-term employee benefits, the cost of which is determined using simplified actuarial criteria compared to those described for the post-employment benefits. Actuarial gains and losses are immediately recognised in the income statement.

11. Financial liabilities measured at amortised cost

This item includes financial instruments, other than trading liabilities and those designated at fair value, representative of the various forms of supply of funds from third parties (loans, repurchase agreements, securities lending and bonds) and includes: (i) payables to banks, (ii) payables to customers, and (iii) securities issued. The item includes operational payables with the exception of those to providers of services and goods, and lease liabilities.
These financial liabilities are initially recognised on the contractual settlement date which is normally the time of receipt of the sums collected, or the issuance of the debt securities.

Initial recognition is based on the fair value of the liabilities, normally corresponding to the amount received or the issue price, adjusted for any additional costs/income directly attributable to the individual supply or issue transaction. This excludes costs or revenues that, despite meeting the above conditions, are the subject of reimbursement by the borrower or can be classified under normal internal administration costs.

After initial recognition these financial liabilities are measured at the amortised cost through the effective interest rate method. Accrued interest is shown in the item "Interest expenses and similar charges" if negative, or in the item "Interest income and similar income" if positive.

Securities issued are measured at amortised cost through the effective interest rate method and they are presented net of any repurchased share. In the case of own shares transactions, the difference between the cost of repurchasing the securities issued and the value of the amortised cost is recognised in the income statement. The subsequent sale of securities previously repurchased is, for accounting purposes, a new placement with a resulting change in the average carrying cost of the related liabilities and of the corresponding effective interest.

Liabilities are derecognised when they have expired or been discharged. They are also derecognised if there is a repurchase, even temporary, of previously issued securities.

Any difference between the carrying value of the discharged liability and the amount paid is recorded in the income statement under the item "Profits (loss) on disposal or repurchase of: c) financial liabilities". If, after the repurchase, the own shares are returned to the market, this operation is considered as a new issuance and the liability is recognised at the new placement price.

12. Financial liabilities held for trading

The financial instruments in question are recognised as of the subscription date or the issuance date, at a value equal to the fair value of the instrument, without considering any transaction costs or income directly attributable to the instruments themselves.

This category of liabilities includes, in particular, trading derivatives with negative fair value, as well as any implied derivatives with negative fair value that are separated from liabilities valued at amortised cost.
All trading liabilities are valued at fair value, with the result of the measurement recognised in the income statement.

Financial liabilities held for trading are derecognised when the contractual rights relating to the relevant cash flows expire, or when the financial liability is sold, with the essential transfer of all risks and benefits derived from the ownership thereof.

13. Financial liabilities designated at fair value

As of 31 December 2024, the Bank does not hold financial liabilities designated at fair value.

14. Foreign currency transactions

Foreign currency transactions are recognised at the time of settlement, at the exchange rate for the transaction at the amount in the original currency. Foreign currency assets and liabilities are converted at the spot exchange rates in force on the closing date (ECB official average).
"Off balance sheet" transactions are valued:

- at the spot exchange rate on the closing date if they are cash transactions not yet settled;
- at the forward exchange rate on the above date, for maturities corresponding to those of the valued operations, if they are forward transactions.

Foreign exchange differences arising from the settlement of monetary elements or from the conversion of monetary elements at rates other than those of initial conversion, or of conversion of the previous financial statements, are recognised in the income statement in the period in which they arise.

15. Other information

Impairment of financial instruments

In accordance with IFRS 9, the following assets are subject to impairment provisions:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income other than equity instruments;
- commitments to lend funds and guarantees issued that are not measured at fair value through profit or loss;
- contractual activities resulting from transactions covered by the scope of application of IFRS 15.

The quantification of "Expected Credit Losses" (ECL), i.e., expected losses to be recorded as write-downs/write-backs on the income statement, is determined according to whether or not there is a significant increase in the credit risk of a financial instrument compared to the risk determined on the date of initial recognition.

For that purpose, instruments subject to impairment rules are usually associated to different stages, which have different criteria to quantify write-downs/write-backs:

- if there is no significant increase in the credit risk compared to the initial recognition, the financial instrument is kept in stage 1 and is written down by the amount of the loss expected over 12 months (or the expected loss resulting from a default on the financial assets considered possible within 12 months from the date of the reference period);
- if there is a significant increase in the credit risk compared to the initial recognition, the financial instrument is classified in stage 2 or in stage 3 if the instrument is non-performing, and a write-down is recorded equal to the amount of the expected lifetime loss (or the expected loss resulting from a default on the financial assets considered possible during its life cycle).

An exception to this are the "Purchased or originated credit impaired financial assets", known as POCI, dealt with in the next point of this paragraph.
Any significant increase in credit risk is identified on a case by case basis, using both qualitative and quantitative criteria.

The criteria adopted by the Bank to understand the significant increase in credit risk are shown below.

- Quantitative criteria
  a) Negative change in the rating class (known as delta notch).
- Qualitative criteria
  a) Rebuttable presumption - 30 days past due;
  b) Forbearance;
  c) POCI;
  d) Watchlist.

For more detailed information on the criteria adopted by the Bank to understand the significant increase in credit risk, reference is made to Part E of the Explanatory Notes to the Consolidated Financial Statements.
Once the financial assets have been classified in the different Stages, for each exposure, the relevant write-downs/write-backs must be determined following the logic of Expected Credit Loss ("ECL"), using appropriate calculation models. The principle on which the ECL is based is that of creating a connection between improvement or worsening of the risk profile of the exposure compared to the date of initial recognition in the financial statements, with the increase or decrease in the provision funds respectively.
For more detailed information on the criteria adopted by the Bank for the calculation of expected losses on loans classified in stage 1 and stage 2, refer to Part E of the Explanatory Notes to these Financial Statements.

Estimate of expected losses on non-performing positions (stage 3)

Non-performing positions are usually evaluated using analytical techniques. The criteria for estimating the adjustments to be made to non-performing receivables are based on the discounting of expected cash flows taking into account any supporting guarantees, and any advances received. The fundamental elements in determining the current value of the cash flows are the identification of the estimated receipts, the relevant due dates, and the discounting rate to be applied. The amount of the adjustment is equal to the difference between the carrying value of the asset and the current value of the expected future cash flows, discounted at the original effective interest rate, which is updated as necessary in the case of a variable-rate instrument or, for positions classified as non performing, at the effective interest rate in force on the date of transition to non performing status.
Depending on the seriousness of the impairment and the materiality of the exposure, estimates of the collection value will be based on a going concern approach which assumes that the counterparty's business will continue and will continue to generate cash flows, or alternatively on a gone-concern approach. The gone-concern approach is based on the assumption that the business that leads to the only source of cash available to recover the debt, will cease trading and that the underlying guarantees will be called on.
With particular regard to "non performing" positions, the analytical assessment rules include forward-looking elements:

- in estimating the percentage of impairment of the property given as collateral(estimated on the basis of the updated valuation reports or the report of the Court-appointed Expert);
- by introducing recovery scenarios for specific exposures, considering that they are expected to be sold within a reasonable period of time to a third party in order to maximise the cash flow and also based on a specific strategy for managing non-performing receivables. Therefore, the estimated expected losses of such positions reflects not only collection through ordinary management of the receivable but also the presence of a suitably adjusted sale scenario and therefore, of the cash flows arising from this operation.

For more information on the criteria adopted by the Bank for calculating expected losses on positions classified in stage 3, please refer to the contents of Part E of the Explanatory Notes.

Purchased or originated credit impaired financial assets (POCI)

Under IFRS 9, receivables considered to be non-performing right from initial recognition due to the high level of associated credit risk, are defined as Purchased or Originated Credit Impaired Assets (POCI). POCI also include receivables acquired as part of sale operations (individual or portfolio sales) and business combinations.
Such receivables, when included in the impairment perimeter for the purposes of IFRS 9, are valued by allocating, from the initial recognition date, provisions to cover the losses along the entire lifetime of the receivable (Expected Credit Loss lifetime). As these are non-performing receivables, the initial recognition

takes place in stage 3, but they may be moved during their lifetime to stage 2 if they are no longer impaired, based on a credit risk analysis.
These assets are not identified under a specific financial statement item but are classified according to the business model in which the asset is managed, under the following headings:

- "Financial assets measured at fair value through other comprehensive income";
- "Financial assets measured at amortised cost".

In terms of the initial recognition, measurement and derecognition criteria, please refer to the criteria mentioned in the respective items.
Interest income must be calculated by applying the effective interest rate on the net value of the instrument (therefore also considering expected losses on receivables) for POCI.
As for POCI, in some cases the financial asset is considered to be non-performing at the time of initial recognition because the credit risk is very high and in the case of acquisition, it has been acquired at a significant discount. In this case it is necessary to include in the cash flow estimates the expected losses on initial receivables for the purpose of calculating the credit-adjusted effective interest rate (also called credit adjusted") for financial assets that are considered non-performing financial assets purchased or originated at the time of initial recognition.

Treasury shares

Own shares are recognised as a direct reduction of shareholders' equity.

Accruals and deferrals

Items that include costs and income pertaining to the period, accruing on assets and liabilities, are recognised as an adjustment to the assets and liabilities to which they refer.

Costs of leasehold improvements

The costs of refurbishing non-proprietary real estate are capitalised in consideration of the fact that the lessee has control of the property throughout the term of the lease agreement, and can derive future economic benefits from it. The aforementioned costs, classified under Other assets as they are not included in the scope of IFRS 16, as required by the Bank of Italy Instructions, are amortised over a period that never exceeds the duration of the lease agreement.

Employee benefits

Employee benefits are any type of remuneration paid by the company in exchange for work done by employees. Employee benefits are classified as:

1. short-term benefits (other than those due to employees for the termination of employment contract, and share ownership benefits), which are expected to be paid in full within twelve months from the end of the year in which the employees did the work, and are recognised entirely in the income statement at the time of accrual (this category includes wages and salaries, and overtime);
2. post-employment benefits due after termination of the employment relationship, which require the company to make future payments to staff. This type of benefit includes employee severance pay and pension funds which in turn can be divided into defined-contribution plans and defined-benefit plans or post-employment benefits;
3. early retirement benefits, which are payments made by the company to employees in return for termination of the employment contract following the employee's decision to retire earlier than the normal retirement date;
4. long-term benefits other than the above, which are not expected to be paid in full within twelve months after the end of the year in which the employees did the work.

Employee severance pay

Employee severance pay ("TFR") is defined, under IAS 19 "Employee benefits" as a "post-employment benefit".
Pursuant to the 2007 Finance Act, which anticipated the supplementary pension reform of Legislative Decree No. 252 of December 5, 2005, to January 1, 2007, the shares accrued from January 1, 2007, must, at the employee's choice, be allocated to supplementary pension schemes or be retained by the company and, in the case of companies with at least 50 employees, be transferred by the latter to a specific fund managed by INPS. The obligation towards employees is considered a:

1. "defined contribution plan" for employee severance pay accruing from 1 January 2007 (the date of entry into force of the supplementary pension reforms in Italian Legislative Decree no. 252 of 5 December 2005) whether the employee opts for a supplementary pension fund or whether the provision is allocated to the INPS Treasury fund. For these amounts, the amount recognised under staff expenses is determined on the basis of the contributions due, without applying actuarial calculation methods;
2. "defined benefit plan" recognised according to the actuarial value determined according to the unitary credit projection method, for the amount of employee severance pay accruing up until 31 December 2006.

According to this method, the amount already accrued must be increased by the current service cost, which is projected into the future until the expected date of termination of the contract, and therefore discounted to the reference date. The current service cost is also determined on the basis of the employee's expected working life.
However in this specific case, the past liability is valued without applying the prorate of the services rendered, as the service cost of the employee severance pay is already accrued in full. The annual provision therefore only includes the "interest cost" pertaining to the value adjustment of the service expected, as a result of the passage of time.
For discounting purposes, the rate used is determined on the basis of the market yield of the bonds of leading companies taking into account the average residual life of the liabilities, weighted according to the percentage of the amount paid and advanced, for each due date, compared to the total to be paid and advanced until the whole bond is completely discharged.
The costs of servicing the plan are recognised under staff expenses, while the actuarial gains and losses are recognised on the statement of comprehensive income.

Share-based payments

Share-based staff remuneration plans are recorded in the income statement, with a corresponding increase in shareholders' equity, based on the fair value of the financial instruments attributed on the assignment date, dividing the burden over the period provided for by the plan. In the presence of options, the fair value of the same is calculated using a model that considers, in addition to information such as the exercise price and the life of the option, the current price of the shares and their expected volatility, the expected dividends and the risk-free interest rate, as well as the specific characteristics of the existing plan. In the valuation model, the option and the probability of realisation of the conditions under which the options were assigned are assessed separately. The combination of the two values provides the fair value of the allocated instrument. Any reduction in the number of financial instruments allocated shall be accounted for as derecognition of part of them.

Recognition of revenues for commission income

The basic principle of IFRS 15 provides for the recognition of revenues when the transfer of control over the contractual goods or services takes place, at an amount that reflects the price that the company receives or expects to receive from the sale (IFRS15 - 31).
For the purposes of recognising these revenues on the accounts, there is a five-step process:

- Identification of the contract: contract for the sale of goods or services (or a combination of contracts);
- Identification of the performance obligations in the contract;
- Determination of the transaction price: the transaction price of the contract is defined by taking into account its various components;
- Allocation of the price to the contract "performance obligations";
- Recognition of income when (or to the extent to which) the "performance obligation" has been fulfilled.

Business combinations

The accounting standard applicable to business combinations is IFRS 3.
The transfer of control of a company (or of a group of integrated assets and goods, which are managed as a single unit) constitutes a business combination.
Control is considered to have been transferred when the investor is exposed to variable returns or holds rights to such returns due to its relations with the investee company, and can simultaneously affect the returns by exercising its power over the investee.

Identifying the acquirer

IFRS 3 requires that for all business combinations an acquirer is identified. This is the person who obtains the control of another entity, in the sense of the power to determine that entity's financial and operational policies in order to receive benefits from its activities. If there are business combinations that determine the exchange of shareholdings, the acquirer's identification will be based on factors such as:

1. the number of new ordinary voting shares that will make up the capital of the existing company, post-combination;
2. the fair value of the businesses that participate in the combination;
3. the composition of the new corporate bodies;
4. the entity that issues the new shares.

Determining the cost of the combination

The price transferred in a business combination operation must be determined as a sum of the fair value, on the date of the exchange, of the assets transferred, the liabilities incurred or accepted and the equity instruments issued by the acquirer in exchange for control.

The price transferred by the acquirer in exchange for the acquired entity includes any asset or liability resulting from an agreement on the potential price, to be recorded on the acquisition date based on the fair value. The transferred price may be modified if additional information arises, about facts and events existing on the acquisition date and which can be recognised during the measurement period of the business combination (twelve months from the date of acquisition, as specified below). Any other change arising from any events or circumstances after the acquisition, such as a change for the vendor, linked to the achievement of certain income targets, must be recognised in the income statement.

The costs of the acquisition, including intermediation fees, advisory, legal, accounting and professional expenses, and general administration costs, are recognised in the income statement when they are incurred.

Segment disclosure

The operating segment of the Bank is identified on the basis of IFRS 8 Operating Segments. This standard requires that information is given about the valuations made by company management in the aggregation of the operating segments, by describing the aggregated segments and performance measures used to determine that the aggregated segments have similar economic characteristics. As regards the above, reference is made to Part L – Segment disclosure.

The fair value of financial instruments

The fair value is the price that would be received for a sale of an asset or which would be paid for the transfer of a liability in a normal operation between market operators (in other words, not a forced liquidation or sale below cost) on the valuation date. The fair value is a market valuation criterion, not specific to the entity. An entity needs to assess the fair value of an asset or liability by adopting the assumptions that the market operators would use when determining the price of the asset or liability, assuming that the market operators act to satisfy their own economic interests in the best possible way.

For financial instruments, the fair value is determined by using the market prices, in the case of instruments listed on active markets, or by using valuation models for the other financial instruments. A market is considered active if the listed prices, representing actual, regular market operations carried out during an appropriate reference period, are readily and regularly available on stock exchanges, through intermediaries, companies in the sector, pricing services or authorised entities.

The measurement method for a financial instrument is adopted on a continuing basis, and is only changed if there are significant variations in the market conditions.

Mutual open-end investment funds are considered to be listed on an active market, together with the equivalent investment instruments, spot and forward exchange transactions, futures, options and securities listed on a regulated market. Bonds for which at least two "executable" prices are continuously available on a pricing service are also considered to be listed on an active market, if the difference between the demand and supply price is below a range considered to be fair.

Instruments that do not fall into the above categories are not considered to be listed on an active market.
For financial instruments listed on active markets, the reference prices are used, namely the official closing prices or the prices of liquidation of the contract (always recorded at the end of trading on the last market trading day in the reference period).

Open-end mutual investment funds units and similar instruments are valued on the basis of the prices given by the management companies, on dates consistent with the prices of the underlying financial instruments.

Funds that are not listed on official markets are periodically measured at Fair Value in accordance with the rules expressed in IFRS 13, based on specific methodologies that take into account the nature and type of the underlying assets of the funds.

The valuation may include a dedicated liquidity discount, depending primarily on the characteristics of the assets invested by the fund itself, in order to align the fair value of the instruments recognised in the financial statements with the price at which a potential third-party investor would be prepared to buy the fund units (i.e., the "exit price").

If there is no active, liquid market, the fair value of the financial instruments is mainly determined by using valuation techniques aimed at establishing the price of a hypothetical independent transaction, motivated by normal market considerations, on the valuation date. In incorporating all the factors considered by the operators when setting the price, the valuation models take into account the financial value of time at the risk free rate, the risks of insolvency, early payment and redemption, volatility of the financial instrument and, if applicable, the exchange rates, prices of raw materials and share prices.

For bonds and derivatives, valuation models have been defined that refer to current market values of substantially identical instruments, to the financial value of time and to options pricing models, by making reference to specific elements of the entity being valued and considering the market-observable criteria. These criteria are identified and applied in view of the liquidity, depth and observability of the reference markets, and the changes in the credit ratings of counterparties and issuers.

Tax credits connected with the "Cura Italia" and "Rilancio" Decrees

Decree Laws 18/2020 (Cura Italia) and 34/2020 ("Rilancio") introduced tax incentives which are commensurate with a percentage of expenditure incurred, and are disbursed as tax credits or tax deductions. Most of the tax credits covered by the tax incentives may be sold to third parties, that will use them according to specific applicable regulations. In fact these receivables are tax credits arising from incentives of which the use, unlike receivables arising from the payment of excess taxes, is governed by the provisions that introduce them.

The receivables in question may be used to offset taxes and contributions or may be further sold to third parties. None of the receivables in question may be refunded (wholly or in party) directly by the State. Moreover, receivables may be used, as applicable, for offsetting, without the possibility of carrying forward or requesting a refund for the part not offset in the reference year due to insufficient balances.

As indicated in the Document of the Bank of Italy/Consob/Ivass no. 9, once acquired from a third party, the specific aspects of the receivables do not allow for them to be immediately attributable to a specific international accounting standard: in fact these receivables are excluded from the provisions of IAS 12 "Income taxes" as they do not come under the taxes that cover the company's ability to generate income; they do not come under the definition of government grants given in IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", as ownership of the receivable as regards the Revenue Agency only arises following the payment of an amount to the assignor; IFRS 9 Financial Instruments is not directly applicable, as the assets comprising the tax credits acquired do not originate from a contract between the assignee and the Italian government; lastly, IAS 38 "Intangible assets" does not apply as the tax credits in question cannot be considered as monetary assets, allowing for the payment of tax payables usually settled in cash. Therefore reference must be made to the provisions of IAS 8, which establish the following: In the absence of a Standard or an Interpretation that specifically applies to a transaction, other event or condition, management must use its judgement in developing and applying an accounting policy that results in a disclosure that is a) relevant for the economic decisions of users; and b) reliable [...]".
Based on these considerations, the Bank considered the following approach applicable:

a) *Initial recognition*: the tax credit is recognised at the time of purchase, for a value corresponding to its fair value, within the item "Other assets";
b) *Subsequent measurement*: application of IFRS 9, which provides for measurement at amortised cost.

With reference to the economic effects of income and expenses arising from the purchase and use of tax credits, this method reflects how financial instruments are managed at amortised cost.

Tax consolidation

Illimity Bank S.p.A. has opted to be a part of the national tax consolidation scheme for Corporate Income Tax (IRES), as provided for in Articles 117-129 of the Consolidated Income Tax Act (TUIR). Under this scheme, the taxable income or tax losses of each company which is consolidated are transferred to the consolidating company - along with excess amounts of ACE (economic aid for growth), withheld taxes, tax deductions and receivables - for which a single taxable income or a single tax loss to carry forward is calculated, corresponding to the algebraic sum of the taxable income or tax losses of each company.

Regulations on national tax consolidation establish optional take-up, which is binding for three financial years (with automatic renewal) and is allowed for companies between which control exists as contemplated in Article 2359, paragraph 1) no. 1 of the Italian Civil Code.

A.3 Disclosure on transfers between portfolios of financial assets

There were no such transfers in 2024.

A.4 Disclosure on fair value

Qualitative information

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

Assessment of non-contributed shares and equity instruments

This section provides a summary, divided by type of instrument, of the measurement techniques used for instruments classified as having a level 2 and level 3 fair value.

Measurement of structured loan products

Items classified as level 3 are shares and equity instruments without market value contributions and for which it is not possible to identify transactions, in particular with reference to the M&A market, that, due to the time from the measurement date or nature provide significant information on the instruments being measured, nor are measurement techniques based on observable market multiples applicable.

In these cases, the measurement technique uses estimates of expected cash flows of the assessed entity and their expected value at the measurement date is determined.

Significant exposures in non-contributed shares and equity instruments are, currently, ancillary to loan transactions, therefore the measurement techniques are consistent with the models used to measure loan transactions that evaluate the subject's capacity to repay the entire liability, including equity instruments and shares.

Measurement of loans

The characteristics of loans measured at fair value result in their failing the SPPI test. In fact, illimity does not hold loans for trading. Loans are mainly measured using the discounted cash flow method. This technique is supplemented with the enterprise value measurement method of the debtor (e.g. multiples and comparable transactions) when the loan characteristics mean that its value depends on the value of the company. This dependence is normally due to the convertibility of the loan into equity or its degree of subordination.

Measurement of structured loan products

Structured loan products are attributable to two groups. The first concerns the subordinated tranches of securitisations of NPL portfolios, while the second concerns securitisations of performing underlyings structured by illimity and held with the eventual intention to sell, in line with an HTCS business model.

In the first case the exposures are part of an investment strategy that involves the subscription of the senior quota by the bank; as well as the subscription of part of the subordinate (mezzanine or junior) tranches.

The starting point for the valuation is the purchase transaction, in which the price is determined by analysing the debtor's capacity to repay firstly the senior portion and thereafter the subordinate tranches, according to a waterfall mechanism. This capacity is therefore monitored during payments in order to confirm expectations of recovery predicted during the origination stage.

In the second case, as these are floating-rate senior notes of securitisation, the performance of the collateral is periodically assessed and the strength of the structure is verified in order to confirm the initial recognition price or apply write down where necessary.

The measurement includes prudent assumptions on the capacity of the underlying to generate cash flows, preferring an inclusion of expected cash flows when there is a high probability of their occurrence.

Valuation of OTC derivatives

Over The Counter (OTC) derivatives, whose value cannot be directly observed on the market, are valued using specific models and inputs pursuant to the asset class and the characteristics of the specific financial product. The valuation of OTC derivatives takes into consideration, not only the market variables to which the instruments are sensitive, but also the specific risks pertaining to the counterparties with which they are traded, in particular:

- for transactions negotiated within a netting and margining agreement (CSA), the counterparty risk is considered non-material and the valuation of the instruments is based exclusively on the underlying risk factors, in accordance with the principle of non-arbitrage;

- for transactions negotiated without a netting and margining agreement, the valuation is carried out by adding the valuation of the instrument, as if it were subject to netting and margining, to the adjustments associated with the counterparty risk (i.e. credit valuation adjustment and debt valuation adjustment).

Derivatives in place at the end of the financial year are primarily allocated, on the underlying basis, to the interest rate and foreign exchange rate classes. For both classes, the prevalent model adopted is the discounting cash flow model, with the addition of the Black & Scholes model for the valuation of caps and floors.

Valuation of closed-end funds

The units in closed-end mutual funds held by the Group are periodically valued at fair value, in accordance with the rules set out by IFRS 13, based on specific methodologies that take into account the nature and type of underlying assets of the Funds.

The valuation may include a dedicated liquidity discount, depending primarily on the characteristics of the assets invested by the fund itself, in order to align the fair value of the instruments recognised in the financial statements with the price at which a potential third-party investor would be prepared to buy the fund units (i.e., the "exit price").

The table below shows information regarding the measurement models and non-observable inputs for assets and liabilities measured at level 3 fair value.

Financial assets	Valuation method	Principal non-observable input
Securities and loans	Discounting Cash Flows	-
ABSs	Discounting Cash Flows	Recovery rate, Credit spread
Equity	Direct transactions	-
Fund units	Discounting Cash Flows (with liquidity discount)	-

A.4.2 Processes and sensitivity of valuations

For a description of the process to measure instruments classified as having a level 3 fair value, reference is made to section A.4.1.

The table below shows the sensitivity of assets and liabilities valued at level 3 fair value with regard to one or more non-observable parameters. Data are reported for instruments measured using models that allow for analysis.

Financial assets	Non-observable parameters	Sensitivity (Thousands of euros)	Change in non-observable parameter
FVTPL securities	Credit spread	(112)	1 bp
FVTPL securities	Recovery rate	(3,270)	(1%)

A.4.3 Fair value hierarchy

For transfers between the various fair value levels, the Group uses the following principles:

- the presence or absence of a price on a regulated market;
- the presence or absence of a price on a non-regulated market, or of one or more counterparties willing to commit to price the stock;
- the quantity of the financial instrument held, such that would allow the forecast, or not, of a negative fluctuation in its valuation or price;
- new elements on which a new methodology could be based;
- the timing (date of the event or change, start and end of year) will be common to all the changes among the various valuation classes.

For securities held at fair value level 2:

- no transfers have been made between different fair value levels;
- the method used was the market price (Bloomberg BGN bid on the last available day), without making any modifications or adjustments;

- as the financial instruments are only debt instruments (bonds) at fixed or variable rates, this method reflects the trends in market interest rates and the risk level associated with the instruments' counterparties and issuers;
- this is the same measurement method used last year, for the same securities.

For securities held at fair value level 3:
- no transfers have been made between different fair value levels;
- in the absence of prices on active markets and without any other elements such as the financial statements, the cost method is the only method that approximates the security's fair value.

To summarise the characteristics of the different fair value levels:

Level 1

The measurement is based on observable inputs or listed prices (without adjustment) on active markets for identical assets or liabilities, which the entity can access on the measurement date. The presence of official prices on an active market, namely a market where the listed prices reflect ordinary operations (not forced, readily and regularly available), is the best evidence of fair value. These prices are the prices to be used preferentially, for the purposes of an accurate measurement of these financial instruments (the Mark to Market Approach). To determine the fair value of financial instruments listed on an active market, the market prices on the last day of the financial year are used.

Level 2

The measurement takes place using methods used if the instrument is not listed on an active market, and is based on inputs other than those for Level 1. The measurement of the instrument is based on prices taken from the market prices for similar assets, or using measurement techniques whereby all the significant factors are deduced from market-observable parameters. The pricing is non-discretionary as the main parameters used are drawn from the market and the calculation methods replicate the prices on active markets. If there is no active market, the estimation methods will be based on the measurement of listed instruments with similar characteristics, on the amounts recognised in recent comparable transactions, or by using measurement models that discount future cash flows, also taking into account all the risk factors connected to the instruments, and which are based on market-observable data.

Level 3

The measurement methods will value a non-listed instrument using significant non-market observable data and therefore they require the adoption of estimates and assumptions by management (the "Mark to Model Approach").
With reference to the instruments classified at level 3, a sensitivity analysis was carried out which showed that the changes in fair values are not material.

A.4.4 Other information

As of the reporting date there is no information to be given in relation to IFRS 13, paragraphs 51, 93 (i), 96 as:
- there are no assets measured at fair value on the basis of "highest and best use";
- there was no measurement of fair value at the level of total portfolio exposure to take into account the set-off of credit risk and market risk for a certain group of financial assets or liabilities (an exception ex IFRS 13, para. 48).

Quantitative information

A.4.5 *Fair value hierarchy*

Below is the information required byt IFRS 7, for portfolios of financial assets and liabilities measured at fair value based on the *three-level hierarchy*, illustrated above.

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

Financial assets / liabilities measured at fair value	31/12/2024			31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	-	44,004	928,465	-	25,898	706,160
a) financial assets held for trading	-	44,004	25	-	25,898	19
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	928,440	-	-	706,141
2. Financial assets measured at fair value through other comprehensive income	581,840	159,929	6,258	405,860	45,145	5,638
3. Hedging derivatives	-	29,385	-	-	21,393	-
4. Property and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**581,840**	**233,318**	**934,723**	**405,860**	**92,436**	**711,798**
1. Financial liabilities held for trading	-	45,107	-	-	19,476	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	43	-	-	19,770	-
Total	**-**	**45,150**	**-**	**-**	**39,246**	**-**

Key:

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

Instruments that are measured to a significant extent on the basis of unobservable parameters (Level 3) amount to 53% of the total financial assets measured at fair *value, and* on the reporting data are mainly represented by investments classified in the portfolio ofe *“Financial assets mandatorily measured at FV”*, ”, referable to the Specialised Credit and Corporate Banking Credit divisions.

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**706,160**	**19**	**-**	**706,141**	**5,638**	**-**	**-**	**-**
2. Increases	**321,513**	**7**	**-**	**321,506**	**5,790**	**-**	**-**	**-**
2.1. Purchases	299,029	-	-	299,029	5,002	-	-	-
2.2. Gains recognised in:	14,272	7	-	14,265	-	-	-	-
2.2.1. Income Statement	14,272	7	-	14,265	-	-	-	-
- of which capital gains	14,272	7	-	14,265	-	14,263	-	-
2.2.2. Shareholders' equity	-	X	X	X	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	8,212	-	-	8,212	788	-	-	-
3. Decreases	**99,207**	**-**	**-**	**99,207**	**5,170**	**-**	**-**	**-**
3.1. Sales	10,392	-	-	10,392	-	-	-	-
3.2. Repayments	73,952	-	-	73,952	-	-	-	-
3.3. Losses recognised in:	14,518	-	-	14,518	-	-	-	-
3.3.1. Income Statement	14,518	-	-	14,518	-	-	-	-
- of which capital losses	14,518	-	-	14,518	-	-	-	-
3.3.2. Shareholders' equity	-	X	X	X	-	-	-	-
3.4. Transfers from other levels	-	-	-	-	5,170	-	-	-
3.5. Other decreases	345	-	-	345	-	-	-	-
4. Closing balance	**928,465**	**25**	**-**	**928,440**	**6,258**	**-**	**-**	**-**

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

There are no liabilities measured at fair value on a recurring basis (level 3).

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

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2024				31/12/2023			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	5,537,025	987,528	41,114	4,525,148	5,099,579	624,830	55,243	4,394,032
2. Property and equipment held for investment								
3. Non-current assets held for sale and discontinued operations					48,386			48,386
Total	**5,537,025**	**987,528**	**41,114**	**4,525,148**	**5,147,965**	**624,830**	**55,243**	**4,442,418**
1. Financial liabilities measured at amortised cost	7,148,069	851,185		6,280,710	6,201,748	594,669		5,590,007
2. Liabilities associated with non-current assets held for sale and discontinued operations								
Total	**7,148,069**	**851,185**	**-**	**6,280,710**	**6,201,748**	**594,669**	**-**	**5,590,007**

Key:

BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

For the other financial instruments recognised at amortised cost and mainly classified among credits to banks or customers and among the financial liabilities, a fair value has been determined for the purposes of the Explanatory Notes, as required by the reference accounting standard, IFRS 7.

A.5 Information on “day one profit/loss”

According to paragraph 28 of IFRS 7, it is necessary to provide evidence of the “day one profit or loss” to be recognised on the income statement at year end, together with a reconciliation compared to the opening balance. “Day one profit or loss” refers to the difference between the fair value of a financial instrument acquired or issued at the time of initial recognition (transaction price) and the amount determined on that date using a valuation technique.

There are no cases that require reporting in this section.

Part B – Information on the balance sheet

ASSETS

Section 1 - Cash and cash equivalents – Item 10

1.1 Cash and cash equivalents: breakdown

	Total 31/12/2024	Total 31/12/2023
a) Cash and cash equivalents	1	1
b) Current accounts and on-demand deposits with central banks	294,834	367,350
c) Current accounts and on-demand deposits with banks	45,752	25,570
Total	**340,587**	**392,921**

The sub-item "b) On-demand deposits with Central Banks" records the liquidity deposited with the Bank of Italy.

Section 2 - Financial assets measured at fair value through profit or loss – Item 20

2.1 Financial assets held for trading: breakdown

Items/Values	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. Units of UCIs	-	-	25	-	-	18
4. Customer loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total (A)	**-**	**-**	**25**	**-**	**-**	**18**
B. Derivatives						
1. Financial derivatives	-	44,004	-	-	25,899	-
1.1 held for trading	-	44,004	-	-	25,899	-
1.2 connected to the fair value option	-	-	-	-	-	-
1.3 others	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 held for trading	-	-	-	-	-	-
2.2 connected to the fair value option	-	-	-	-	-	-
2.3 others	-	-	-	-	-	-
Total (B)	**-**	**44,004**	**-**	**-**	**25,899**	**-**
Total (A+B)	**-**	**44,004**	**25**	**-**	**25,899**	**18**

Key:

L1 = Level1
L2 = Level2
L3 = Level3

2.2 Financial assets held for trading: borrower/issuer/counterparty breakdown

Items/Values	Total 31/12/2024	Total 31/12/2023
A. CASH ASSETS		
1. Debt securities	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity securities	-	-
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
3. Units of UCIs	25	18
4. Customer loans	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total (A)	**25**	**18**
B. DERIVATIVES		
a) Central counterparties	-	-
b) Other	44,004	25,899
Total (B)	**44,004**	**25,899**
Total (A+B)	**44,029**	**25,917**

2.3 Financial assets designated at fair value: breakdown by product type

The Bank does not hold financial assets designated at fair value.

2.4 Financial assets designated at fair value: breakdown by borrower/issuer

The Bank does not hold financial assets designated at fair value.

2.5 Other financial instruments mandatorily measured at fair value: breakdown

Items/Values	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**241,592**	**-**	**-**	**138,259**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	241,592	-	-	138,259
2. Equity securities	**-**	**-**	**12,190**	**-**	**-**	**4,291**
3. Units of UCIs	**-**	**-**	**627,780**	**-**	**-**	**528,626**
4. Customer loans	**-**	**-**	**46,878**	**-**	**-**	**34,965**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	46,878	-	-	34,965
Total	**-**	**-**	**928,440**	**-**	**-**	**706,141**

Key:

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

Financial assets mandatorily measured at fair value through profit or loss as of 31 December 2024 with level 3 fair value amounted to EUR 928.4 million and consisted primarily of units of UCIs for EUR 627.8 million, mainly attributable to the Specialised Credit division for EUR 388.4 million and to the Corporate Banking division for EUR 51.8 million and the B-ilty division for the remaining amount. As of 31 December 2024, there was a significant increase with respect to the comparative figure due to the subscription of debt securities by the b-ilty division.
Loans measured at fair value refer to transactions of the Corporate Banking division for EUR 46.9 million.

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

	Total 31/12/2024	Total 31/12/2023
1. Equity securities	**12,190**	**4,291**
of which: banks	-	-
of which: other financial companies	-	-
of which: other non-financial companies	12,190	4,291
2. Debt securities	**241,592**	**138,259**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	32
d) Other financial companies	241,592	138,160
of which: insurance companies	-	-
e) Non-financial companies	-	67
3. Units of UCIs	**627,780**	**528,626**
4. Customer loans	**46,878**	**34,965**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	46,878	34,965
f) Households	-	-
Total	**928,440**	**706,141**

Section 3 - Financial assets measured at fair value through other comprehensive income – Item 30

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

Items/Values	Total 31/12/2024			Total 31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**581,839**	**159,929**	**-**	**405,860**	**45,145**	**5,172**
1.1 Structured securities	2,953	-	-	3,902	-	-
1.2 Other debt securities	578,886	159,929	-	401,958	45,145	5,172
2. Equity securities	**-**	**-**	**6,259**	**-**	**-**	**466**
3. Customer loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**581,839**	**159,929**	**6,259**	**405,860**	**45,145**	**5,638**

Key:

L1 = Level1
L2 = Level 2
L3 = Level 3

The debt securities in the financial statement item were issued by governments (EUR 441.9 million), credit institutions (EUR 95.2 million), financial companies (EUR 169.7 million) and non-financial companies (EUR 35 million).

Equity instruments classified as "Financial assets measured at fair value through other comprehensive income (IAS)" are represented by equity holdings not qualifying as investments in subsidiaries, associates or joint ventures.

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

Items/Values	Total 31/12/2024	Total 31/12/2023
1. Debt securities	**741,768**	**456,177**
a) Central banks	-	-
b) Public administrations	441,903	254,544
c) Banks	95,213	83,485
d) Other financial companies	169,688	75,149
of which: insurance companies	-	-
e) Non-financial companies	34,964	42,999
2. Equity securities	**6,259**	**466**
a) Banks	-	-
b) Other issuers:	6,259	466
- other financial companies	12	11
of which: insurance companies	-	-
- non-financial companies	6,247	455
- other	-	-
3. Customer loans	**-**	**-**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**748,027**	**456,643**

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and total write-downs/write-backs

	Gross amount					Total write-downs/write-backs				Total partial write-offs
	Stage one	of which: Instruments with low credit risk	Stage two	Stage three	Purchased or originated impaired	Stage one	Stage two	Stage three	Purchased or originated impaired	
Debt securities	742,347	437,168	1,053	427	-	1,726	313	20	-	-
Customer loans	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**742,347**	**437,168**	**1,053**	**427**	**-**	**1,726**	**313**	**20**	**-**	**-**
Total 31/12/2023	**456,759**	**331,074**	**-**	**1,497**	**363**	**1,525**	**-**	**917**	**-**	**-**

With regard to the approach used in the representation of the gross amount and total write-downs/write-backs of impaired financial assets, refer to Part A - Accounting policies.

Section 4 - Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: breakdown of amounts due from banks

Type of operations/Values	Total 31/12/2024						Total 31/12/2023					
	Book value			Fair value			Book value			Fair value		
	Stage one and Stage two	Stage three	Purchased or originated impaired	L1	L2	L3	Stage one and Stage two	Stage three	Purchased or originated impaired	L1	L2	L3
A. Due from Central Banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Reserve requirements	-	-	-	X	X	X	-	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Due from banks	**269,813**	**-**	**-**	**-**	**26,014**	**244,254**	**112,442**	**-**	**-**	**-**	**-**	**112,442**
1. Customer loans	244,254	-	-	-	-	244,254	112,442	-	-	-	-	112,442
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Time deposits	98,051	-	-	X	X	X	71,164	-	-	X	X	X
1.3. Other loans:	146,203	-	-	X	X	X	41,278	-	-	X	X	X
- Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Loans for leasing	-	-	-	X	X	X	-	-	-	X	X	X
- Other	146,203	-	-	X	X	X	41,278	-	-	X	X	X
2. Debt securities	25,559	-	-	-	26,014	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	25,559	-	-	-	26,014	-	-	-	-	-	-	-
Total	**269,813**	**-**	**-**	**-**	**26,014**	**244,254**	**112,442**	**-**	**-**	**-**	**-**	**112,442**

Key:

L1 = Level1
L2 = Level 2
L3 = Level 3

The obligations to maintain the Compulsory reserve are fulfilled indirectly through BFF Bank S.p.A., with the balance recognised in the sub item "Time deposits".

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

Type of operations/ Values	Total 31/12/2024						Total 31/12/2023					
	Book value			Fair value			Book value			Fair value		
	Stage one and Stage two	Stage three	Purchased or originated impaired	L1	L2	L3	Stage one and Stage two	Stage three	Purchased or originated impaired	L1	L2	L3
1. Customer loans	**2,282,986**	**215,984**	**344,666**	**-**	**-**	**2,851,118**	**2,441,180**	**137,201**	**421,776**	**-**	**-**	**2,972,241**
1.1. Current accounts	15,667	4,354	16,589	X	X	X	18,958	4,259	22,890	X	X	X
1.2. Reverse Repurchase agreements	39,923	-	-	X	X	X	60,940	-	-	X	X	X
1.3. Mortgages	341,095	36,396	299,600	X	X	X	327,466	11,604	361,060	X	X	X
1.4. Credit cards and personal loans, including wage assignment loans	996	588	-	X	X	X	1,129	-	2	X	X	X
1.5 Loans for leases	-	-	-	X	X	X	-	-	-	X	X	X
1.6. Factoring	683,695	11,200	-	X	X	X	571,919	2,393	-	X	X	X
1.7. Other loans	1,201,610	163,446	28,476	X	X	X	1,460,768	118,945	37,824	X	X	X
2. Debt securities	**2,096,163**	**15,011**	**312,403**	**987,528**	**15,100**	**1,429,776**	**1,330,486**	**14,202**	**642,292**	**624,830**	**55,243**	**1,309,349**
1. Structured securities	-	2,580	-	-	2,580	-	-	2,691	-	-	2,993	-
2. Other debt securities	2,096,163	12,431	312,403	987,528	12,520	1,429,776	1,330,486	11,511	642,292	624,830	52,250	1,309,349
Total	**4,379,149**	**230,995**	**657,068**	**987,528**	**15,100**	**4,280,894**	**3,771,666**	**151,403**	**1,064,068**	**624,830**	**55,243**	**4,281,590**

Key:

L1 = Level1
L2 = Level2
L3 = Level3

The sub-item "Other performing debt securities" primarily includes government bonds for EUR 942 million, as well as securities connected to securitisation operations relating to the Specialised Credit Division. The "Purchased or originated impaired *(POCI)* financial assets" item under "Debt securities" also includes EUR 12.3 million relating to the Corporate Banking division and EUR 300 million of securities relating to the Specialised Credit division.

4.3 Financial assets measured at amortised cost: breakdown by borrower/issuer of loans to customers

Type of operations/Values	Total 31/12/2024			Total 31/12/2023		
	Stage one and Stage two	Stage three	Assets purchased or originated impaired	Stage one and Stage two	Stage three	Assets purchased or originated impaired
1. Debt securities	**2,096,163**	**15,011**	**312,403**	**1,330,486**	**14,202**	**642,292**
a) Public administrations	942,249	-	-	585,009	-	-
b) Other financial companies	1,127,197	10,765	301,775	704,628	11,511	631,646
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	26,717	4,246	10,628	40,848	2,691	10,646
2. Loans to:	**2,282,986**	**215,984**	**344,665**	**2,441,180**	**137,201**	**421,776**
a) Public administrations	7,570	3,543	-	11,935	3,393	-
b) Other financial companies	361,143	20,322	2,791	263,421	16	1,679
of which: insurance companies	*2,873*	-	-	*2,405*	-	-
c) Non-financial companies	1,854,929	189,112	335,043	2,107,441	131,619	397,010
d) Households	59,344	3,007	6,831	58,383	2,173	23,087
Total	**4,379,149**	**230,995**	**657,068**	**3,771,666**	**151,403**	**1,064,068**

4.4 Financial assets measured at amortised cost: gross amount and total write-downs/write-backs

	Gross amount					Total write-downs/write-backs				Total partial write-offs
	Stage one	of which: Instruments with low credit risk	Stage two	Stage three	Purchased or originated impaired	Stage one	Stage two	Stage three	Purchased or originated impaired	
Debt securities	1,576,990	943,328	647,260	18,403	334,280	4,592	97,936	3,391	21,878	-
Customer loans	2,267,888	570,894	294,172	258,406	344,665	24,501	10,318	42,423	-	-
Total 31/12/2024	**3,844,878**	**1,514,222**	**941,432**	**276,809**	**678,945**	**29,093**	**108,254**	**45,814**	**21,878**	**-**
Total 31/12/2023	**3,606,973**	**1,191,223**	**292,639**	**183,285**	**1,081,153**	**12,743**	**2,762**	**31,882**	**17,085**	**-**

With regard to the approach used in the representation of the gross amount and total write-downs/write-backs of *impaired* financial assets, refer to Part A - Accounting policies.

Regarding existing loans as of 31 December 2024 that constitute new liquidity granted through mechanisms of public guarantees issued in relation to the COVID-19 context, the following situation is noted:

- loans of this type classified in Stage 1 and in Stage 2 of risk amounted to a gross total of EUR 358 million, for total adjustments/recoveries of EUR 3 million;
- loans of this type classified in Stage 3 of risk amounted to a gross total of EUR 120 million, for total adjustments/recoveries of EUR 7 million.

There were no loans of that type classified among "*purchased or originated impaired*" assets.

Section 5 - Hedging derivatives – Item 50

5.1 Hedging derivatives: breakdown by hedge type and level

	Fair Value 31/12/2024			NV 31/12/2024	Fair Value 31/12/2023			NV 31/12/2023
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value	-	29,385	-	691,405	-	21,393	-	195,000
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**29,385**	**-**	**691,405**	**-**	**21,393**	**-**	**195,000**

Key:

NV = Nominal Value
L1 = Level 1
L2 = Level 2
L3 = Level 3

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

Operations/ Hedge type	Fair Value							Cash flows		Foreign investments
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equity securities and share indices	currencies and gold	credit	goods	other				
1. Financial assets measured at fair value through other comprehensive income	16,321	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	-	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**16,321**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	13,064	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**13,064**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Expected 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 - Fair value change of financial assets in hedged portfolios – Item 60

The Bank has no generic hedging operations.

Section 7 - Equity investments – Item 70

7.1 Equity investments: information on shareholding relationships

Name	Registered office	Operational headquarters	Shareholding %	Votes %
A. Wholly-owned subsidiaries				
1. Soperga RE S.r.l.	Milan	Milan	100%	100%
2. Friuli LeaseCo S.r.l.	Milan	Milan	100%	100%
3. Doria LeaseCo S.r.l.	Milan	Milan	100%	100%
4. River LeaseCo S.r.l.	Milan	Milan	100%	100%
5. Arecneprix S.p.A.	Milan	Milan	100%	100%
6. illimity SGR S.p.A.	Milan	Milan	100%	100%
7. Pitti LeaseCo S.r.l.	Milan	Milan	100%	100%
8. River Immobiliare S.r.l.	Milan	Milan	100%	100%
9. Aporti S.r.l.	Milan	Milan	66.7%	66.7%
10. Pitti SPV S.r.l.	Milan	Milan	100%	100%
11. Friuli SPV S.r.l.	Milan	Milan	100%	100%
12. Doria SPV S.r.l.	Milan	Milan	100%	100%
13. River SPV S.r.l.	Milan	Milan	100%	100%
14. Spicy Co S.r.l.	Milan	Milan	100%	100%
15. SpicyCo 2 S.r.l.	Milan	Milan	100%	100%
16. Abilio S.p.A.	Faenza	Faenza	82%	82%
17. Dagobah SPV S.r.l.	Milan	Milan	100%	100%
18. Dagobah LeaseCo S.r.l.	Milan	Milan	100%	100%
19. Mida RE S.r.l.	Milan	Milan	100%	100%
20. Sileno SPV S.r.l.	Milan	Milan	100%	100%
21. Montes SPV S.r.l.	Milan	Milan	100%	100%
22. Montes LeaseCo S.r.l.	Milan	Milan	100%	100%
23. Mia SPV S.r.l.	Milan	Milan	100%	100%
24. Vela 2023 LeaseCo S.r.l.	Milan	Milan	100%	100%
25. Eolo LeaseCo S.r.l.	Milan	Milan	100%	100%
B. Jointly-owned subsidiaries				
26 Hype S.p.A.	Biella	Biella	50%	50%
C. Companies in which significant influence is exercised				
27. AltermAInd S.r.l.	Milan	Milan	48%	48%

Jointly-owned subsidiaries

illimity acquired a 50% stake in Hype, as part of a *joint venture* with the Sella Group. The *partnership* was established at the beginning of 2021, with the aim of creating and developing a digital platform for financial and payment services that is more innovative than traditional banking models. The price paid was defined by the parties based on the *partnership's* shared growth and development goals.

Due to the life cycle stage of the company and of the *joint venture* project on which the investment is based, at the time the equity investment in Hype was acquired, no intangible assets could be identified that were distinguishable from goodwill, i.e. from the overall expectations of the future economic benefits generated by the investment in the context of the *partnership*.

As required by IAS/IFRS, the equity investment was tested for *impairment* to check for objective evidence that its recognition value may not be fully recoverable. If the test shows a recoverable value that is less than the book value, the difference constitutes an *impairment loss* to be recognised in the income statement by aligning the book value with the recoverable value determined.

For the purposes of the *impairment test,* the recoverable value is defined as the greater of value in use and *fair value* net of sales costs. Value in use expresses the current value of the future cash flows expected to be generated by the continued use of the asset. *Fair value* represents the price that would be received for the sale of the asset in a regular transaction between market operators on the valuation date, less sales costs.

Pursuant to IAS 36, it is not always necessary to determine both configurations of recoverable value, if one of the two is greater than the book value. It is therefore sufficient for at least one of the two configurations of recoverable value to be greater than the book value for the impairment test to be considered to have been passed.

Criteria for the determination of value in use

The value in use was determined using the *Discounted Dividend Model*, in the *"Excess Capital"* variant, commonly used in valuation practices in the financial industry, on the basis of which the economic value is equal to the sum of the following elements:

- the current value of the dividends potentially available for distribution over a certain period of time, maintaining a minimum level of capitalisation consistent with the growth of the business and with the regulatory requirements;
- the current value of a perpetual yield defined on the basis of a sustainable dividend for the years following the planning period.

For the purposes of the *impairment test* as of 31 December 2024, the prospective financial information used to determine the value in use was inferred from the financial position as of 31 December 2024 and the 2025-2028 prospective data relating to the subsidiary.

In order to corroborate the results of the impairment test achieved by estimating the value in use, the *fair value* net of sales costs was also estimated, using (i) the Stock Market Multiples method and (ii) the Transaction Multiples method.

Estimates of cash flows

To extrapolate the cash flows beyond the analytical forecasting period, consideration was given to the market context in which the forward-looking scenario is defined.

With regard to the *impairment test* as of 31 December 2024 (consistent with the methodology adopted in the previous financial year), the projections for the key economic, financial and regulatory data and Hype KPI took into account the factors and assumptions that form the basis of the 2024-2028 Strategic Plan drawn up by the Group's *management* and are adjusted as necessary based on the investee company's historical *performance* over the last three years.

In order to determine the *terminal value,* the cash flows for the last year of the analytical forecast were projected in perpetuity based on a growth factor g determined as the average rate of growth of Italy's nominal GDP, which is equal to 2%. Lastly, the cash flows were defined by considering fulfilment of the minimum capital requirements in relation to the specific reference regulation. Specifically, from a prudential perspective, a capital requirement equal to 130% of the regulatory minimum was used, with a buffer of 30%.

Cash flow discounting rate

In determining the value in use, cash flows have to be discounted at a rate that reflects the current market valuations, the current value of money, and the specific risks of the business. In the case of a banking business, it is estimated using the *"equity side"* approach, which means considering only the cost of own capital (Ke), in line with the method used to determine the cash flows which, as mentioned, include the cash flows from the financial assets and liabilities.

The cost of capital was determined by using the *"Capital Asset Pricing Model"* (CAPM). According to that model, the cost of capital is determined as the sum of the return on risk-free investments and of a risk premium, which in turn depends on the specific risk of the activity (which means the risk level of the operating unit and the geographical risk level, which is the so-called "country risk").

The cost of capital is determined after taxes, to be consistent with the discounted cash flows. As the cash flows have been determined in nominal terms, the discounted rates have also been determined in the same way, in other words by incorporating the expectations on inflation.

Looking in detail at the various components that go towards determining the discounting rate, the following decisions were made:

1. with regard to the *risk free rate,* the average monthly yield (average of the preceding 6 months) on 10-year Italian government bonds (BTP) was used;
2. with regard to the *market risk premium*, which represents the premium that an investor would require when investing in the equities market compared to the risk-free rate, the data in the international databases generally used for such valuations, were utilised;
3. with regard to the beta coefficient, which measures the specific risk of an individual company, this was determined by identifying a sample of comparable businesses (in terms of *business*), and the average beta recorded was then utilised by means of weekly observations over a five-year period.

In addition, a correction was made to the discount rate in order to capture the specific risks associated with the size of the company and the actual implementation of the business plan approved by the *management* of the investee company.

The Ke discounting rate used for the *impairment test* for the year ended 31 December 2024 was 15.63% (14.5% as of 31 December 2023).

Results of the *impairment test*

The results of the *impairment test* showed that the value in use of the subsidiary is lower than the *carrying amount*. A write-down was therefore necessary for a total of EUR 16.9 million for the purposes of the financial statements for the year ended 31 December 2024.

The criteria and information used for the *impairment test* are significantly influenced by the macroeconomic scenario and by the trends on the financial markets, which could show changes that are not currently foreseeable. If the macroeconomic scenario does deteriorate compared to the current forecast, this would impact the estimates of cash flows and the main assumptions, which could lead to results other than those prospected in these accounts, over the coming years.

Companies under significant influence

On 8 November 2024, illimity finalised the terms of a binding agreement with the Finwave/OCS Group, through the company Fibonacci BidCo S.p.A., which is controlled by funds managed by Apax Partners LLP.

Following the positive verification of the conditions precedent underlying the effectiveness of the transaction, on 24 December 2024, the closing of the agreement with the Finwave/OCS Group, through the company Fibonacci Subco S.r.l. wholly owned by Fibonacci BidCo S.p.A., controlled by funds managed by Apax Partners LLP, was completed.

The transaction structure involved the contribution by illimity of the business unit consisting of its technology assets and highly qualified IT staff of the Digital Competence Line to a newly incorporated company ("AltermAInd S.r.l.") - initially wholly owned by the Bank - and the sale of a 52% interest to Fibonacci for a consideration of EUR 62.4 million. The remaining 48% of AltermAInd's share capital remained owned by illimity: this shareholding was therefore classified as a company subject to significant influence.

7.2 Significant shareholdings: book values, fair values and dividends received

Name	Book value	Dividends received
A. Wholly-owned subsidiaries		
1. Soperga RE S.r.l.	10	-
2. Friuli LeaseCo S.r.l.	10	-
3. Doria LeaseCo S.r.l.	10	-
4. River LeaseCo S.r.l.	10	-
5. Arecneprix S.p.A.	44,668	-
6. illimity SGR S.p.A.	4,055	-
7. Pitti LeaseCo S.r.l.	10	-
8. River Immobiliare S.r.l.	10	-
9. Aporti S.r.l.	11	-
10. Pitti SPV S.r.l.	14	-
11. Friuli SPV S.r.l.	14	-
12. Doria SPV S.r.l.	14	-
13. River SPV S.r.l.	14	-
14. SpicyCo S.r.l.	10	-
15. SpicyCo 2 S.r.l.	30	-
16. Abilio S.p.A.	1,662	-
17. Dagobah SPV S.r.l.	10	-
18. Dagobah LeaseCo S.r.l.	64	-
19. Mida RE S.r.l.	10	-
20. Sileno SPV S.r.l.	10	-
21. Montes SPV S.r.l.	10	-
22. Montes LeaseCo S.r.l.	42	-
23. Mia SPV S.r.l.	10	-
24. Vela 2023 LeaseCo S.r.l.	10	-
25. Eolo LeaseCo S.r.l.	10	-
B. Jointly-owned subsidiaries		
26. Hype S.p.A.	82,844	-
C. Companies in which significant influence is exercised		
27. AltermAInd S.r.l.	32,897	-
Total	**166,469**	**-**

In 2022, the Bank entered into a receivable sale agreement with the special-purpose vehicle COLT SPV for the recourse sale, en bloc, of a portfolio of performing loans to corporate counterparties originated by illimity. COLT SPV is a vehicle incorporated pursuant to Law 130/1999, which, on 19 December 2022, issued senior, mezzanine and junior notes for a total value of EUR 570.1 million. All three tranches were fully subscribed by illimity.
In 2023 the Bank subscribed additional notes issued by the vehicle for a total of around EUR 138 million.
In 2024, the Bank entered into another receivable sale agreement with the special-purpose vehicle COLT SPV for the recourse sale, en bloc, of a portfolio of performing loans to corporate counterparties of the b-ilty Division originated by illimity. With regard to this, the special-purpose vehicle COLT SPV is structured in two compartments.

These transactions fall under transactions without derecognition (“self-securitisations”) typically aimed at expanding the portfolio of assets that can be set aside to constitute a liquidity reserve that can be activated through funding transactions, repos or other transactions. For further details, please refer to the information on self-securitisation operations included in Section E of these financial statements.

In 2022, the Bank subscribed several minibond issues of leading industrial companies, to favour the energy transition and improve issuers' sustainability profiles. Mainly for the purpose of mitigating the risk relating to the Bank's exposure, it was agreed to give priority to issues of minibonds that could benefit from guarantees such as those from SACE and the EIF. It was thus verified, through legal assessments, that the minibonds benefiting from those guarantees cannot be transferred to third parties or to any securitisation vehicle established pursuant to Law 130/99 specifically due to the framework agreements of the guarantors.

In February 2023, the Bank thus structured a synthetic securitisation with the vehicle Energia Sostenibile SPV, established pursuant to Law 130/1999, not held by illimity, which issued single tranche notes fully subscribed by illimity. Using the funds deriving from illlimity's (the sole noteholder) subscription of the single tranche notes, the SPV disbursed a "*limited recourse loan*", of which illimity is the sole borrower, whose characteristics were exactly replicated from the minibonds at the single closings (in terms of interest, redemptions, economic terms and conditions, etc.).

This transaction falls under transactions without derecognition ("self-securitisations") typically aimed at expanding the portfolio of assets that can be set aside to constitute a liquidity reserve that can be activated through funding transactions, repos or other transactions. For further details, please refer to the information on self-securitisation operations included in Section E of these financial statements.

7.3 Significant shareholdings: accounting information

The information in this Paragraph is not provided pursuant to the provisions of Circular 262.

7.4 Non-significant shareholdings: accounting information

The Bank does not hold such shareholdings as of the reporting date.

7.5 Equity investments: annual changes

	Total 31/12/2024	Total 31/12/2023
A. Opening balances	**163,773**	**155,041**
B. Increases	**67,977**	**44,461**
B.1 Purchases	67,429	8,111
- from business combinations	-	-
B.2 Write-backs	-	-
B.3 Revaluations	-	-
B.4 Other changes	548	36,350
C. Decreases	**65,281**	**35,729**
C.1 Sales	35,064	-
- from business combinations	-	-
C.2 Write-downs/write-backs	-	-
C.3 Depreciation	29,894	-
C.4 Other changes	323	35,729
D. Closing balance	**166,469**	**163,773**
E. Total revaluations	**-**	**-**
F. Total write-downs	**-**	**-**

Sub-item B.1 Purchases includes the equity investment resulting from the contribution of the business unit consisting of the technological assets and highly qualified IT staff of the Digital Competence Line, to a newly incorporated company ("AltermAInd S.r.l."). Similarly, sub-item C.1 Sales represents the sale of 52% of the same equity investment to the Fibonacci Group.

Sub-item C.3 Write-downs includes the effects of the write-down of a subsidiary equity investment and the write-down of a joint control equity investment.

Section 8 - Property and equipment – Item 80

8.1 Property and equipment with functional use: breakdown of assets measured at cost

Assets/Values	Total 31/12/2024	Total 31/12/2023
1. Proprietary assets	**296**	**687**
a) land	-	-
b) buildings	-	-
c) furniture and fittings	182	320
d) electronic systems	95	348
e) others	19	19
2. Rights of use acquired through lease agreements	**18,482**	**20,692**
a) land	-	-
b) buildings	17,111	19,477
c) furniture and fittings	-	-
d) electronic systems	-	-
e) others	1,371	1,215
Total	**18,778**	**21,379**
of which: obtained by enforcement of guarantees received	-	-

8.2 Property and equipment held for investment: breakdown of assets measured at cost

The Bank does not hold Property and equipment held for investment as of the reporting date.

8.3 Property and equipment with functional use: breakdown of revalued assets

The Bank does not hold Property and equipment with functional use as of the reporting date.

8.4 Property and equipment held for investment: breakdown of assets measured at fair value

The Bank does not hold Property and Equipment held for investment measured at fair value as of the reporting date.

8.5 Inventories of property and equipment governed by IAS 2: breakdown

The Bank does not hold these items as of the reporting date.

8.6 Property and equipment with functional use: annual changes

	Land	Buildings	Furniture and fittings	Electronic systems	Others	Total
A. Gross opening balance	**-**	**27,735**	**1,447**	**1,691**	**3,196**	**34,069**
A.1 Total net write-downs	-	8,258	1,127	1,343	1,962	12,689
A.2 Opening net balance	**-**	**19,477**	**320**	**348**	**1,234**	**21,380**
B. Increases:	**-**	**11**	**13**	**11**	**800**	**835**
B.1 Purchases	-	-	13	11	800	824
- from business combinations	-	-	-	-	-	-
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Foreign exchange gains	-	-	-	-	-	-
B.6 Transfers from properties held for investment purposes	-	-	X	X	X	-
B.7 Other changes	-	11	-	-	-	11
C. Decreases:	**-**	**2,377**	**151**	**264**	**645**	**3,437**
C.1 Sales	-	-	-	-	-	-
- from business combinations	-	-	-	-	-	-
C.2 Depreciation	-	2,257	129	87	638	3,111
C.3 Write-downs/write-backs from impairment charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Foreign exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property and equipment held for investment	-	-	X	X	X	-
b) non-current assets and groups of assets held for disposal	-	-	-	-	-	-
C.7 Other changes	-	120	22	177	7	326
D. Closing net balance	**-**	**17,111**	**182**	**96**	**1,389**	**18,778**
D.1 Total net write-downs	-	10,274	1,228	1,403	1,132	14,038
D.2 Gross closing balance	**-**	**27,385**	**1,410**	**1,499**	**2,521**	**32,815**
E. Valuation at cost	**-**	**-**	**-**	**-**	**-**	**-**

8.7 Property and equipment held for investment: annual changes

The Bank does not hold Property and equipment held for investment as of the reporting date.

8.8 Inventories of property and equipment governed by IAS 2: annual changes

The Bank does not hold these items as of the reporting date.

8.9 Commitments to purchase property and equipment

The Bank did not hold Commitments to purchase property and equipment as of the reporting date.

Section 9 - Intangible assets – Item 90

9.1 Intangible assets: breakdown

Assets/Values	Total 31/12/2024		Total 31/12/2023	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	X	**-**	X	**21,643**
A.2 Other intangible assets	**14,601**	**-**	**66,979**	**-**
of which: software	**14,601**	**-**	**65,915**	**-**
A.2.1 Assets measured at cost:	14,601	-	66,979	-
a) Intangible assets generated internally	1,537	-	10,977	-
b) Other assets	13,064	-	56,002	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**14,601**	**-**	**66,979**	**21,643**

Key

DEF: definite useful life
INDEF: indefinite useful life

Impairment test

The estimate of the value in use, for impairment testing purposes, in keeping with provisions in IAS 36, of intangible assets with an indefinite life (including goodwill), that do not generate cash flows unless with the contribution of other company assets, requires the preliminary allocation of such intangible assets to organisational units that are fairly autonomous in management terms, that can generate flows of financial resources widely independent of those produced by other areas of activities, but interdependent within the organisational unit generating them. These units are known as *Cash Generating Units* (CGU).

According to IAS 36, when identifying whether incoming cash flows originating from an asset (or group of assets) are widely independent of those arising from other assets (or groups of assets), the entity considers various factors, including the way in which company management controls the operations of the entity or how company management takes decisions on keeping the goods and assets of the entity operational or on their disposal.

In line with provisions in IAS 36, the level at which goodwill is tested must be correlated with the level of *reporting* within which management controls the dynamics that increase and decrease this value. Under this profile, the definition of such a level depends closely on the organisational models and allocation of management responsibilities for the purposes of defining guidance for operating activities and consequent monitoring. The organisational models may leave aside the structure of the legal entities through which operations take place and, very often, are closely related to the definition of operating segments used in the segment reporting contemplated in IFRS 8.

IAS 36 and IFRS 8 require that one factor to be considered when identifying CGUs is the organisation of the information system determined by the entity, to allow *management* to assess the results achieved by the various sectors of the business in order to take strategic decisions.

For a description of the criteria used to determine the CGUs and procedures for goodwill impairment testing, reference is made to Part B - Intangible assets of the Explanatory Notes to the Consolidated Financial Statements. Thus the *impairment test* performed at consolidation level is also relevant for the individual financial reports, in order to verify the value for the recognition of goodwill that emerged at the time of the *purchase price allocation* by SPAXS (the company which merged with illimity on 5 March 2019) of EUR 21.6 million for Banca Interprovinciale, and of the controlling interests.

As described in the Explanatory Notes to the Group Consolidated Financial Statements, the results of the impairment test showed that the value in use for the Arec neprix and Quimmo Prestige Agency CGUs exceeded the *carrying amount* while they showed the value in use for the illimity Banca and Abilio CGUs as being lower than their *carrying amount*.

It was therefore deemed necessary to fully write-down the goodwill that emerged at the time of the *purchase price allocation* by SPAXS (the company which merged with illimity on 5 March 2019) of EUR 21.6 million for Banca Interprovinciale, and of the controlling interests.

In addition, a write-down of the equity investment in the subsidiary Abilio S.p.A. for approximately EUR 13 million, and a write-down of receivables from Abilio for EUR 16.2 million was determined against the full write-down of goodwill allocated to the subsidiary.

9.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: internally generated		Other intangible assets: others		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**21,643**	**15,154**	**-**	**85,132**	**-**	**121,929**
A.1 Total net write-downs	-	4,177	-	29,130	-	33,307
A.2 Opening net balance	**21,643**	**10,977**	**-**	**56,002**	**-**	**88,622**
B. Increases	**-**	**2,518**	**-**	**15,515**	**-**	**18,033**
B.1 Purchases	-	-	-	15,466	-	15,466
- from business combinations	-	-	-	-	-	-
B.2 Increases in internal intangible assets	X	2,487	-	-	-	2,487
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to the income statement	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	31	-	49	-	80
C. Decreases	**21,643**	**11,958**	**-**	**58,454**	**-**	**92,054**
C.1 Sales	-	-	-	-	-	-
- from business combinations	-	-	-	-	-	-
C.2 Write-downs/write-backs	21,643	470	-	3,859	-	25,972
- Amortisation	X	470	-	3,859	-	4,329
- Write-downs	21,643	-	-	-	-	21,643
+ shareholders' equity	X	-	-	-	-	-
+ income statement	21,643	-	-	-	-	21,643
C.3 Negative changes in fair value:	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to the income statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	11,487	-	54,595	-	66,082
D. Closing net balance	**-**	**1,537**	**-**	**13,064**	**-**	**14,601**
D.1 Total net write-downs/write-backs	21,643	1,791	-	19,112	-	42,545
E. Gross closing balance	**21,643**	**3,327**	**-**	**32,176**	**-**	**57,146**
F. Valuation at cost	-	-	-	-	-	-

Key

DEF: definite useful life
INDEF: indefinite useful life

9.3 Intangible assets: other information

The following information is provided in accordance with IAS 38:

1. there are no revalued intangible assets nor impediments to the distribution of the related gains to shareholders;
2. there are no intangible assets acquired through government concession;
3. there are no intangible assets provided as a guarantee to secure own liabilities nor commitments to buy such assets;
4. there are no leases pertaining to intangible assets.

Section 10 - Tax assets and tax liabilities – Item 100 of assets and Item 60 of liabilities

Tax assets amounted to approximately EUR 75.4 million as of 31 December 2024, up from the EUR 57.3 million recognised as of 31 December 2023. Details of the breakdown of tax assets are shown below.

10.1 Prepaid tax assets: breakdown

	Total 31/12/2024	Total 31/12/2023
– As a contra entry to the income statement	63,576	40,863
– As a contra entry to shareholders' equity	11,810	16,387
Total	**75,386**	**57,250**

Main deductible temporary differences: IRES	31/12/2024	31/12/2023
Write-down of loans and receivables with customers	414	772
Tax losses	24,555	-
Write-down of securities HTCS	9,736	13,542
Goodwill	25,297	30,203
Allowances for risks and charges	6,931	2,502
Others	102	129
Total	**67,035**	**47,148**

Main deductible temporary differences: IRAP	31/12/2024	31/12/2023
Write-down of loans and receivables with customers	51	95
Write-down of securities HTCS	1,972	2,743
Goodwill	5,124	6,118
Allowances for risks and charges	1,180	43
Others	24	1,104
Total	**8,351**	**10,102**

Deferred tax assets other than those convertible into tax credits (Article 2, paragraph 55 et seq. of Italian Legislative Decree no. 225/2010) are recognised on the basis of the likelihood of earning taxable income in future years able to reabsorb the temporary differences, as provided for in IAS 12. In particular, the ability to recover deductible temporary differences and tax losses recognised at the reporting date was simulated with future taxable income based on the 2025-2028 Plan's analytical data for the goodwill and equity investment impairment test, as well as their extension with inertial data for the 2029-2030 period. This analysis showed that future taxable income is such that the above-mentioned deferred tax assets will be fully recovered during 2030.
The rates used for advance taxes for IRES and IRAP purposes are 27.50% (including additional IRES) and 5.57% respectively.

10.2 Deferred tax liabilities: breakdown

As regards tax liabilities, relating to deferred taxes, as of 31 December 2024 they amounted to Euro 4.2 million, compared to Euro 1.3 million as of 31 December 2023.

Main taxable temporary differences: IRES	31/12/2024	31/12/2023
Value adjustment of securities HTCS - FVOCI	1,226	91
Others	2,680	1,146
Total	**3,906**	**1,237**

Main taxable temporary differences: IRAP	31/12/2024	31/12/2023
Value adjustment of securities HTCS - FVOCI	248	19
Others	-	-
Total	**248**	**19**

Deferred tax liabilities are recognised to reflect the temporary differences between the book value of an asset or liability, and its fiscal value. This recognition takes place in accordance with current tax laws.

10.3 Changes in prepaid tax assets (recognised in income statement)

	Total 31/12/2024	Total 31/12/2023
1. Initial amount	**40,863**	**42,185**
2. Increases	**26,976**	**3,313**
2.1 Deferred tax assets recognised during the year	26,976	3,313
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) write-backs	-	-
d) others	26,976	3,313
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
- from business combinations	-	-
3. Decreases	**4,263**	**4,635**
3.1 Deferred tax assets cancelled during the year	1,441	4,635
a) reversals	1,441	4,292
b) write-downs of non-recoverable items	-	-
c) changes in accounting criteria	-	-
d) others	-	343
3.2 Reductions in tax rates	-	-
3.3 Other reductions:	2,822	-
a) conversion into tax credits pursuant to Law No. 214/2011	402	-
b) other	2,420	-
- from business combinations	-	-
4. Final amount	**63,576**	**40,863**

With reference to changes in deferred tax assets with a balancing entry in the income statement, it should be noted that the following have been included:

- under decreases, transformed deferred tax assets of EUR 0.4 million;
- under other decreases, deferred tax assets charged on the tax loss for the year and used as receivables/payables from subsidiaries under the tax consolidation and tax transparency agreement of EUR 2.4 million;
- under increases, deferred tax assets relating to the economic components of the business transferred, reclassified pursuant to IFRS 5 under the item "profit/loss from discontinued operations net of taxes" of EUR 11.9 million.

10.3 bis Changes in prepaid tax assets pursuant to Italian Law no. 214/2011

	Total 31/12/2024	Total 31/12/2023
1. Initial amount	**867**	**1,292**
2. Increases	**-**	**-**
- from business combinations	-	-
3. Decreases	**402**	**425**
3.1 Reversals	-	425
3.2 Conversion into tax credits	402	-
a) arising from losses for the year	-	-
b) arising from tax losses	402	-
3.3 Other reductions	-	-
4. Final amount	**465**	**867**

10.4 Changes in deferred tax liabilities (recognised in income statement)

	Total 31/12/2024	Total 31/12/2023
1. Initial amount	**1,145**	**2**
2. Increases	**1,528**	**1,143**
2.1 Deferred tax liabilities recognised during the year	-	412
a) related to previous years	-	412
b) due to changes in accounting criteria	-	-
c) other	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,528	731
- from business combinations	-	-
3. Decreases	**-**	**-**
3.1 Deferred taxes cancelled during the year	-	-
a) reversals	-	-
b) due to changes in accounting criteria	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other reductions	-	-
- from business combinations	-	-
4. Final amount	**2,673**	**1,145**

10.5 Changes in prepaid tax assets (recognised in shareholders' equity)

	Total 31/12/2024	Total 31/12/2023
1. Initial amount	**16,387**	**24,898**
2. Increases	**-**	**-**
2.1 Deferred tax assets recognised during the year	-	-
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
- from business combinations	-	-
3. Decreases	**4,577**	**8,511**
3.1 Deferred tax assets cancelled during the year	4,577	8,511
a) reversals	4,577	8,511
b) write-downs of non-recoverable items	-	-
c) due to changes in accounting criteria	-	-
d) others	-	-
3.2 Reductions in tax rates	-	-
3.3 Other reductions	-	-
- from business combinations	-	-
4. Final amount	**11,810**	**16,387**

10.6 Changes in deferred taxes (recognised in shareholders' equity)

	Total 31/12/2024	Total 31/12/2023
1. Initial amount	**109**	**891**
2. Increases	**1,372**	**99**
2.1 Deferred tax liabilities recognised during the year	1,372	99
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	1,372	99
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
- from business combinations	-	-
3. Decreases	**-**	**881**
3.1 Deferred taxes cancelled during the year	-	881
a) reversals	-	-
b) due to changes in accounting criteria	-	-
c) other	-	881
3.2 Reductions in tax rates	-	-
3.3 Other reductions	-	-
- from business combinations	-	-
4. Final amount	**1,481**	**109**

Current fiscal assets: breakdown

Type of operations/Values	31/12/2024	31/12/2023
Deferred taxes paid to tax authority	21,266	-
Withholding taxes	1,030	18
Other receivables from the Treasury	840	346
Total	**23,136**	**364**

Current fiscal liabilities: breakdown

Type of operations/Values	31/12/2024	31/12/2023
Balance for the previous year	21,616	32,629
Provision for taxes	-	21,616
Withdrawals to pay taxes	(21,616)	(32,629)
Other changes	-	-
Total	**-**	**21,616**

Section 11 - Non-current assets held for sale and discontinued operations and associated liabilities – Item 110 of assets and Item 70 of liabilities

11.1 Non-current assets held for sale and discontinued operations: breakdown by asset type

	Total 31/12/2024	Total 31/12/2023
A. Assets held for sale		
A.1 Financial assets	-	48,386
A.2 Equity investments	-	-
A.3 Property and equipment	-	-
of which: obtained by enforcement of guarantees received	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total (A)	**-**	**48,386**
of which measured at cost	-	48,386
of which measured at level 1 fair value	-	-
of which measured at level 2 fair value	-	-
of which measured at level 3 fair value	-	-
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property and equipment	-	-
of which: obtained by enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total (B)	**-**	**-**
of which measured at cost	-	-
of which measured at level 1 fair value	-	-
of which measured at level 2 fair value	-	-
of which measured at level 3 fair value	-	-
C. Liabilities associated with assets held for sale		
C.1 Payables	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total (C)	**-**	**-**
of which measured at cost	-	-
of which measured at level 1 fair value	-	-
of which measured at level 2 fair value	-	-
of which measured at level 3 fair value	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Funds	-	-
D.5 Other liabilities	-	-
Total (D)	**-**	**-**
of which measured at cost	-	-
of which measured at level 1 fair value	-	-
of which measured at level 2 fair value	-	-
of which measured at level 3 fair value	-	-

Section 12 - Other assets – Item 120

12.1 Other assets: breakdown

Items	31/12/2024	31/12/2023
Ecobonus tax credits	105,110	119,237
Various borrowers	101,813	113,798
Miscellaneous items	39,303	23,210
Items being processed	26,832	21,923
Leasehold improvements	1,854	1,890
Total	**274,912**	**280,058**

The item is largely composed of ecobonus tax credits, miscellaneous items and items being processed, linked to normal banking operations, which will be properly recorded in the days following their generation, and balances due from various borrowers.

The item various borrowers includes residual receivables and other items amounting to EUR 59 million in relation to agreements entered into in FY 2023 and 2024.

LIABILITIES

Section 1 – Financial liabilities measured at amortised cost – Item 10

1.1 Financial liabilities measured at amortised cost: breakdown of amounts due to banks

Type of operations/Values	Total 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	**100,009**	X	X	X	**100,050**	X	X	X
2. Amounts due to banks	**765,137**	X	X	X	**841,932**	X	X	X
2.1 Current accounts and on-demand deposits	3,197	X	X	X	10,171	X	X	X
2.2 Time deposits	147,354	X	X	X	38,387	X	X	X
2.3 Loans	580,333	X	X	X	783,319	X	X	X
2.3.1 Repurchase agreements - payable	580,333	X	X	X	783,319	X	X	X
2.3.2 Others	-	X	X	X	-	X	X	X
2.4 Liabilities relating to commitments to repurchase equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	210	X	X	X	-	X	X	X
2.6 Other payables	34,043	X	X	X	10,055	X	X	X
Total	**865,146**	**-**	**-**	**865,146**	**941,982**	**-**	**-**	**941,982**

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The explanation of the criteria for determining fair value is reported in Part A - Accounting policies. Repurchase agreements - payable against financial assets sold and not derecognised are detailed in Part E - Section E of the Explanatory Notes.

1.2 Financial liabilities measured at amortised cost: breakdown of amounts due to customers

Type of operations/Values	Total 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and on-demand deposits	1,409,515	X	X	X	915,694	X	X	X
2. Time deposits	3,261,172	X	X	X	3,567,950	X	X	X
3. Customer loans	722,113	X	X	X	139,202	X	X	X
3.1 Repurchase agreements - payable	488,419	X	X	X	-	X	X	X
3.2 Others	233,694	X	X	X	139,202	X	X	X
4. Liabilities relating to commitments to repurchase equity instruments	-	X	X	X	-	X	X	X
5. Payables for leasing	22,262	X	X	X	24,834	X	X	X
6. Other payables	502	X	X	X	344	X	X	X
Total	**5,415,564**	**-**	**-**	**5,415,564**	**4,648,024**	**-**	**-**	**4,648,024**

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

1.3 Financial liabilities measured at amortised cost: breakdown of securities issued

Type of securities/Values	Total 31/12/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	867,359	851,185	-	-	611,741	594,669	-	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	867,359	851,185	-	-	611,741	594,669	-	-
2. other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	-	-	-	-	-	-	-	-
Total	**867,359**	**851,185**	**-**	**-**	**611,741**	**594,669**	**-**	**-**

Key:
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

1.4 Detail of subordinated securities/debts

	31/12/2024	31/12/2023
B.1 Subordinated securities	**201,499**	**201,137**
- banks	-	-
- customers	201,499	201,137

1.5 Detail of structured debts

The Group does not hold such structured debts on the reporting date.

1.6 Lease liabilities

At the reporting date, the Bank had outstanding payables for leases equal to EUR 22.5 million, divided between EUR 21 million relating to the lease fee component of Properties for personal and business use, and EUR 1.5 million relating to the component of long-term rental of automobiles and other equipment.

Section 2 - Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by product type

Type of operations/Values	Total 31/12/2024					Total 31/12/2023				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
		L1	L2	L3			L1	L2	L3	
A. Cash and cash equivalents liabilities										
1. Amounts due to banks	-	-	-	-	-	-	-	-	-	-
2. Amounts due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Others	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial derivatives	-	-	45,107	-	-	-	-	19,476	-	-
1.1 Held for trading	X	-	45,107	-	X	X	-	19,476	-	X
1.2 Connected to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Others	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 Connected to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Others	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**45,107**	**-**	**X**	**X**	**-**	**19,476**	**-**	**X**
Total (A+B)	**X**	**-**	**45,107**	**-**	**X**	**X**	**-**	**19,476**	**-**	**X**

Key:

BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Section 3 - Financial liabilities designated at fair value – Item 30

The Group does not hold such financial liabilities measured at fair value on the reporting date.

Section 4 - Hedging derivatives – Item 40

4.1 Hedging derivatives: breakdown by hedge type and level

	Fair Value 31/12/2024			NV 31/12/2024	Fair Value 31/12/2023			NV 31/12/2023
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value	-	43	-	20,000	-	19,770	-	497,100
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**43**	**-**	**20,000**	**-**	**19,770**	**-**	**497,100**

Key:

BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

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

Operations/Hedge type	Fair Value							Cash flows		Foreign investments
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equity securities and share indices	currencies and gold	credit	goods	other				
1. Financial assets measured at fair value through other comprehensive income	43	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	-	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**43**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Expected 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 5 - Fair value change of financial liabilities in hedged portfolio – Item 50

The Bank does not hold such generic hedging financial liabilities on the reporting date.

Section 6 - Tax liabilities – Item 60

Refer to Section 10 of Assets.

Section 7 - Liabilities associated with assets held for sale – Item 70

The Group does not hold liabilities associated with assets held for sale at the reporting date.

Section 8 - Other liabilities – Item 80

8.1 Other liabilities: breakdown

Items	31/12/2024	31/12/2023
Miscellaneous items	74,820	47,302
Due to suppliers	14,217	28,807
Due to the Treasury	38,882	26,254
Due to staff	4,422	20,997
Due to social security and welfare bodies	3,262	3,196
Various borrowers	3,407	2,389
Total 31/12/2024	**139,010**	**128,945**

The item consists mainly of miscellaneous items and trade payables to suppliers; this item also includes tax payables.

Section 9 - Employee severance pay – Item 90

Following the reforms to supplementary pensions in Italian legislative decree No. 252 of 5 December 2005, employee severance pay accruing from 1 January 2007 can be allocated either to supplementary pension schemes or transferred to the INPS pension fund, at the employee's discretion. The provisions take into account the actuarial valuations.

9.1 Employee severance pay: annual changes

	Total 31/12/2024	Total 31/12/2023
A. Opening balance	**2,936**	**2,049**
B. Increases	**212**	**1,117**
B.1 Provision for the year	212	673
B.2 Other changes	-	444
- from business combinations	-	-
C. Decreases	**411**	**230**
C.1 Payments made	385	230
C.2 Other changes	26	-
- from business combinations	-	-
D. Closing balance	**2,737**	**2,936**
Total	**2,737**	**2,936**

The following criteria were used to calculate the employee severance pay for IAS purposes:

SUMMARY OF TECHNICAL ECONOMIC ASSUMPTIONS

	31/12/2024	31/12/2023
Annual discount rate	3.61%	3.36%
Annual inflation rate	2.00%	2.00%
Annual rate of employee severance pay increase	3.00%	3.00%
Annual rate of salary increase	1.00%	1.00%

It should be noted that:

- the annual discount rate used to determine the current value of the obligation is taken, in accordance with paragraph 83 of IAS 19, from the Iboxx Corporate A index with a duration of 10+ as recorded on the measurement date. The yield with a comparable duration to that of the collective body of workers being valued was chosen for this purpose;
- the annual rate of increase in employee severance pay as provided for in Article 2120 of the Italian Civil Code is 75% of inflation +1.5 percentage points;

The technical demographic assumptions used are illustrated below.

SUMMARY OF TECHNICAL DEMOGRAPHIC ASSUMPTIONS

Death	ISTAT 2022
Incapacity	INPS tables by age and gender
Retirement	100% on reaching the AGO requirements

9.2 Other information

IAS19, for post-employment defined benefit plans, requires a series of additional pieces of information which must be included in the Explanatory Notes to the financial statements, such as:

- a sensitivity test for each actuarial scenario at year-end, highlighting the effect that would arise if there were changes to the actuarial scenarios that were reasonably possible on that date, in absolute terms;
- an indication of the contribution for the following year;
- an indication of the average financial duration of the obligation for defined-benefit plans;
- the payments provided for in the plan.

That information is detailed below.

Sensitivity test for the main valuation criteria	31/12/2024
Turnover rate +1.00%	2,759,756
Turnover rate -1.00%	2,709,319
Inflation rate +0.25%	2,812,008
Inflation rate -0.25%	2,665,195
Discount rate +0.25%	2,647,063
Discount rate -0.25%	2,832,151

Estimated future payments	31/12/2024
Payments scheduled for 1st year	133,377
Payments scheduled for 2nd year	157,502
Payments scheduled for 3rd year	181,050
Payments scheduled for 4th year	234,244
Payments scheduled for 5th year	224,436

Reconciliation of IAS 19 valuations for the year	31/12/2024
Defined Benefit Obligation as of 01/01/2024	2,936,181
Service Cost	723,464
Interest Cost	108,406
Benefits paid	(385,222)
Transfers in/(out)	(619,956)
Expected DBO as of 31/12/2024	2,762,874
Actuarial (Gains)/ Losses from experience	74,212
Actuarial (Gains) or Losses due to change in demographic assumptions	1,483
Actuarial (Gains) or Losses due to change in financial assumptions	(101,443)
Defined Benefit Obligation as of 31/12/2024	2,737,125

Reconciliation of employee severance pay for IAS 19 purposes and statutory employee severance pay	31/12/2024
Defined Benefit Obligation as of 31/12/2024	2,737,125
Statutory employee severance pay as of 31/12/2024	2,769,830
Surplus/(Deficit)	32,705

Service Cost and Duration	31/12/2024
Service Cost per future year	522,637
Duration of plan (years)	21

The book values, relating to the interval between the previous valuation and the current one are represented by the following components:

- the initial DBO, namely the current expected value of benefits payable in the future for work done in the past, already available at the start of the period;
- the Curtailment/Settlement, i.e. the change in the liability due to modifications to the plan or events resulting in a reduction in staff, such as plant closures, mobility, etc.;
- the Service Cost (SC), which is the current expected value of benefits payable in the future in relation to work done in the current period, which in conceptual terms is assimilated to the accruing quota of the statutory employee severance pay;
- the Interest Cost (IC), which is the interest on what was set aside at the start of the period and on the corresponding changes in the same period; this element is conceptually similar to the net legal value adjustment of employee severance pay;
- the Benefits paid and Transfers in/(out) which represent all the payments and any incoming or outgoing transfers in relation to the period in question, elements that result in the utilisation of the provision set aside.

The sum of the above elements gives the Expected DBO for the end of the period of observation. When this is compared with the DBO recalculated at the end of the period based on the actual collective, as of that date and based on the new valuation scenarios, this identifies the Actuarial Gains/Losses (AGL).

Section 10 - Allowances for risks and charges – Item 100

10.1 Allowances for risks and charges: breakdown

Items/Values	Total 31/12/2024	Total 31/12/2023
1. Allowances for credit risk relating to commitments and financial guarantees issued	2,290	5,374
2. Provisions for other commitments and guarantees issued	-	-
3. Post-employment benefits and similar commitments	-	-
4. Other allowances for risks and charges	22,626	2,657
4.1 legal and tax disputes	1,331	1,469
4.2 staff cost	642	1,148
4.3 others	20,653	40
Total	**24,916**	**8,031**

10.2 Allowances for risks and charges: annual changes

	Provisions for other commitments and guarantees issued	Pension/ retirement funds	Other allowances for risks and charges	Total
A. Opening balance	**-**	**-**	**2,657**	**2,657**
B. Increases	**-**	**-**	**20,777**	**20,777**
B.1 Provision for the year	-	-	20,572	20,572
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to variations in the discount rate	-	-	-	-
B.4 Other changes	-	-	205	205
- *from business combinations*	-	-	-	-
C. Decreases	**-**	**-**	**808**	**808**
C.1 Utilisations for the year	-	-	808	808
C.2 Changes due to variations in the discount rate	-	-	-	-
C.3 Other changes	-	-	-	-
- *from business combinations*	-	-	-	-
D. Closing balance	**-**	**-**	**22,626**	**22,626**

10.3 Allowances for credit risk relating to commitments and financial guarantees given

	Allowances for credit risk relating to commitments and financial guarantees issued				
	Stage one	Stage two	Stage three	Purchased or originated impaired	Total
Commitments to disburse funds	607	54	-	1,282	1,943
Financial guarantees issued	236	106	5	-	347
Total	**843**	**160**	**5**	**1,282**	**2,290**

10.4 Allowances for other commitments and guarantees issued

The Bank does not have any allowance for other commitments and guarantees issued as of the reporting date.

10.5 Defined-benefit pension funds

The Bank does not present any corporate pension funds as of the reporting date.

10.6 Allowances for risks and charges– other provisions

This item mainly includes a provision of about EUR 20.4 million for potential risks related to the signing of contractual agreements defined in previous years.

Section 11 - Redeemable shares – Item 120

The Bank does not hold redeemable shares as of the reporting date.

Section 12 - Bank's equity – Items 110, 130, 140, 150, 160, 170 and 180

12.1 "Capital" and "Treasury shares": breakdown

As of 31 December 2023, the Bank's share capital amounted to EUR 54,690,661.10, fully subscribed and paid up, divided into 83,916,330 ordinary shares, without indication of the par value.

12.2 Capital - Number of shares: annual changes

Items/Type	Ordinary	Others
A. Shares as of the beginning of the year	**83,827,885**	**-**
- fully paid-up	83,916,330	-
- not fully paid-up	-	-
A.1 Treasury shares (-)	(88,445)	-
A.2 Shares outstanding: initial balance	**83,827,885**	**-**
B. Increases	**151,478**	**-**
B.1 New issues	-	-
- against payment:	-	-
- bonds converted	-	-
- warrants exercised	-	-
- other	-	-
- free:	-	-
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	151,478	-
C. Decreases	**965,746**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	965,746	-
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Shares outstanding: closing balance	**83,013,617**	**-**
D.1 Treasury shares (+)	1,054,191	-
D.2 Shares existing at the end of the year	84,067,808	-
- fully paid-up	84,067,808	-
- not fully paid-up	-	-

12.3 Capital - other information

In April 2024, the illimity Shareholders' Meeting resolved to purchase, also in several tranches, illimity shares up to a maximum number of 1,000,000 shares to serve the group's incentive schemes - and in any case for an amount not exceeding EUR 5.5 million. In May 2024, in execution of the above-mentioned Shareholders' Meeting resolution, illimity started this programme, which ended in June with the purchase of all of the maximum 1,000,000 ordinary shares envisaged for a total value of EUR 4,886,923.47.

In May 2024, the Board of Directors of illimity approved the free-of-charge share capital increase to serve the long-term incentive scheme for a total of EUR 78,687.56, corresponding to 120,742 ordinary illimity shares.

In June 2024, following the Chief Executive Officer's resolution that resulted in the partial exercise of the power to increase the share capital pursuant to Article 2443 of the Italian Civil Code and of Article 5, paragraph 5, of the By-laws (as already communicated on 30 May 2023 and on 5 June 2023), for the beneficiaries of the MBO Plan or of any compensation paid in the event of early termination of the employment contract, with a share capital increase of EUR 20,030.65 and the issuance of 30,736 new ordinary shares for the purpose of such share capital increase.

On 4 June 2024, illimity Bank S.p.A announced the new composition of its share capital, issuing 151,478 new ordinary shares.

12.4 Profit reserves: other information

Items/Values	31/12/2024	31/12/2023
A. Profit reserves	**245,519**	**170,261**
1. Legal reserve	10,938	9,082
2. Reserve for purchase of treasury shares	38	16
3. Extraordinary reserve	10,209	10,288
4. Profits (losses) carried forward	194,439	142,217
5. First-time reserves	507	507
6. Other reserves	29,388	8,151
B. Capital reserves	**39,414**	**37,823**
1. Reserve on account of future capital increase	-	-
2. Other reserves	39,414	37,823
Total	**284,933**	**208,084**

The profit reserves as of 31 December 2024 amount to a positive EUR 246 million.

The item "Other profit reserves" also includes a specific non-distributable reserve equal to EUR 27.4 million, instead of paying the extraordinary tax on extra profits provided for pursuant to Article 26 of Decree-Law 104/2023.

As required by Article 2427, paragraph 1, no. 7 bis) of the Italian Civil Code, below is a report summarising the shareholders' equity items, distinguished by origin, with details of the possibility of use and distribution.

Nature/Description	Amount	Possibility of use	Available share	Summary of the amounts used in the past three years	
				to cover losses	for other reasons
Share capital	**54,789**		**-**		
Share premium reserve	**624,937**	**ABC (1)**	**624,937**		
Valuation reserves	**(18,609)**	**-**	**-**		
Financial assets measured at fair value through other comprehensive income	(18,654)	-	-		
Actuarial gains (losses) relating to defined benefit plans	45	-	-		
Reserves	**284,933**		**246,644**	**-**	
Legal reserve	10,938	B (2)	-		
Reserve for purchase of treasury shares	38	ABC	38		
Extraordinary reserve	10,209	ABC	10,209		
Extra-profits tax reserve Banks	27,351	-	-		
Other reserves	236,397	ABC	236,397	-	
Treasury shares	**(5,354)**		**-**		
Profit (loss) for the year	**(103,957)**		**-**		
Total	**836,739**		**871,581**	**-**	

Key:

A = for capital increases

B = to cover losses

C = for distribution to shareholders

(1) According to Article 2431 Italian Civil Code, the share premium reserve can be fully utilised, as the legal reserve has reached the limit of one-fifth of the share capital as required by Article 2430 of the Italian Civil Code.

(2) The legal reserve is available for a capital increase and distribution only for the portion exceeding one-fifth of the share capital, according to Article 2430 (1) of the Italian Civil Code.

(3) The revaluation reserve is not available pursuant to Article 6 of Legislative Decree No. 38/2005.

12.5 Equity instruments: breakdown and annual changes

The Bank does not hold equity instruments.

12.6 Other information

Basic and diluted earnings per share

The basic earnings (losses) per share is calculated by dividing the Bank's net profit (loss) for the year by the weighted average number of ordinary shares in issue during the year.

(amounts in thousands of euros)

Basic earnings (losses) per share	Net profit/loss for the year	Average number of shares	Basic earnings (losses) per share
Year ended 31 December 2024	(103,957)	83,375,041	(1.25)
Year ended 31 December 2023	102,307	83,712,134	1.22

The diluted earnings (losses) per share differs from the basic earnings per share due to the *potential shares* in service of the Long-Term Incentive (LTI) plan.

(amounts in thousands of euros)

Diluted earnings (losses) per share	Net profit/loss for the year	Average number of shares	Diluted earnings (losses) per share
Year ended 31 December 2024	(103,957)	83,996,655	(1.24)
Year ended 31 December 2023	102,307	85,470,710	1.19

Other information

1. Commitments and financial guarantees given

	Nominal value on commitments and financial guarantees given				Total 31/12/2024	Total 31/12/2023
	Stage one	Stage two	Stage three	Purchased or originated impaired		
1. Commitments to disburse funds	**321,590**	**4,740**	**278**	**30,900**	**357,508**	**302,721**
a) Central banks	-	-	-	-	-	-
b) Public administrations	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial companies	194,258	-	54	-	194,312	149,825
e) Non-financial companies	125,590	4,706	184	29,825	160,306	148,794
f) Households	1,742	34	40	1,074	2,890	4,102
2. Financial guarantees issued	**23,117**	**3,496**	**130**	**10,130**	**36,872**	**41,118**
a) Central banks	-	-	-	-	-	-
b) Public administrations	-	-	-	-	-	-
c) Banks	84	-	-	-	84	84
d) Other financial companies	-	-	-	-	-	-
e) Non-financial companies	23,014	3,496	130	8,200	34,840	39,728
f) Households	19	-	-	1,930	1,949	1,306

2. Other commitments and guarantees issued

	Nominal value Total 31/12/2024	Nominal value Total 31/12/2023
1. Other guarantees issued		
of which: non-performing	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
2. Other commitments		
of which: non-performing	841	2,687
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	12,589	12,589
e) Non-financial companies	21,214	24,357
f) Households	33	-

3. Assets given as collateral for own liabilities and commitments

Portfolios	Amount 31/12/2024	Amount 31/12/2023
1. Financial assets measured at fair value through profit or loss	-	79,612
2. Financial assets measured at fair value through other comprehensive income	685,984	281,654
3. Financial assets measured at amortised cost	1,232,422	1,355,120
4. Property and equipment	-	-
of which: Property and Equipment held as inventories	-	-

4. Administration and brokerage for third parties

Type of service	Amount
1. Execution of orders for customers	**-**
a) purchases	-
1. settled	-
2. not settled	-
b) sales	-
1. settled	-
2. not settled	-
2. Individual portfolio management	**-**
3. Custody and administration of securities	**13,195,582**
a) third-party securities held in deposit: relating to depositary bank activities (excluding portfolio management)	-
1. securities issued by the reporting bank	-
2. other securities	-
b) third party securities deposited (excluding portfolio management): others	12,817
1. securities issued by the reporting bank	-
2. other securities	12,817
c) third party securities deposited with third parties	951,194
d) proprietary securities deposited with third parties	12,231,571
4. Other transactions	**-**

5. Assets subject to offsetting in financial statements, or subject to master netting agreements or similar agreements

Technical formats	Gross amount of financial assets (a)	Amount of financial liabilities offset in the financial statements (b)	Net amount of financial assets reported in the financial statements (c=a-b)	Related amounts not subject to accounting offsetting		Net amount (f=c-d-e) 31/12/2024	Net amount 31/12/2023
				Financial instruments (d)	Cash deposits received as guarantees (e)		
1. Derivatives	183,238	-	183,238	-	183,238	-	-
2. Repurchase agreements	39,923	-	39,923	39,923	-	-	-
3. Loan of securities	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total 31/12/2024	**223,161**	**-**	**223,161**	**39,923**	**183,238**	**-**	**X**
Total 31/12/2023	**131,929**	**-**	**131,929**	**60,940**	**70,989**	**X**	**-**

6. Financial liabilities subject to offsetting in financial statements, or subject to master netting agreements and or similar agreements

Technical formats	Gross amount of financial liabilities (a)	Amount of financial assets offset in the financial statements (b)	Net amount of financial liabilities reported in the financial statements (c=a-b)	Related amounts not subject to accounting offsetting		Net amount (f=c-d-e) 31/12/2021	Net amount 31/12/2020
				Financial instruments (d)	Cash deposits as guarantees (e)		
1. Derivatives	50,869	-	50,869	-	50,869	-	-
2. Repurchase agreements	580,333	-	580,333	580,333	-	-	-
3. Loan of securities	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-

Total 31/12/2024	**631,202**	**-**	**631,202**	**580,333**	**50,869**	**-**	**X**
Total 31/12/2023	**832,620**	**-**	**832,620**	**783,319**	**49,301**	**X**	**-**

Since 1 January 2013, the changes to IFRS 7 concerning disclosures on set-off agreements, as approved with Regulation no. 1256 of 13 December 2012, came into mandatory application. IFRS 7 requires specific disclosures to be given about financial instruments that have been offset in the balance sheet under IAS 32, and which can potentially be offset under certain conditions, but presented in the balance sheet with opening balances as they are regulated by "master netting agreements or similar" which do not however meet the criteria of IAS 32 to make the set off in the financial statements.
In providing *disclosures* of these agreements, the standard also requires that consideration be given to the effects of the financial collaterals (including guarantees in cash) received and given.

7. Securities lending transactions

There are no securities lending transactions at the reference date.

8. Disclosure on joint control activities

With reference to the disclosure required in this paragraph, illimity holds Hype S.p.A. as a significant jointly controlled entity. For details on this entity, see Section 7 - Equity Investments - Asset Item 70.

Part C - Information on the income statement

Section 1 - Interest – Items 10 and 20

1.1 Interest income and similar income: breakdown

Items/Technical forms	Debt securities	Customer loans	Other transactions	Total 31/12/2024	Total 31/12/2023
1. Financial assets measured at fair value through profit or loss:	**5,127**	**-**	**-**	**5,127**	**3,367**
1.1 Financial assets held for trading	-	-	-	-	77
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	5,127	-	-	5,127	3,290
2. Financial assets measured at fair value through other comprehensive income	**21,246**	**-**	**X**	**21,246**	**10,726**
3. Financial assets measured at amortised cost:	**128,034**	**221,072**	**-**	**349,106**	**344,706**
3.1 Due from banks	589	14,143	X	14,732	15,256
3.2 Loans to customers	127,445	206,929	X	334,374	329,450
4. Hedging derivatives	**X**	**X**	**13,944**	**13,944**	**32,089**
5. Other assets	**X**	**X**	**4,446**	**4,446**	**3,131**
6. Financial liabilities	**X**	**X**	**X**	**1,143**	**1,209**
Total	**154,407**	**221,072**	**18,390**	**395,012**	**395,228**
of which: interest income on impaired financial assets	61,852	21,954	-	83,806	80,393
of which: interest income on finance leasing	X	-	X	-	-

1.2 Interest income and similar income: other information

1.2.1 Interest income on assets denominated in foreign currency

Items/Values	31/12/2024	31/12/2023
Interest income on financial assets denominated in foreign currency	1,203	4,091

1.3 Interest expenses and similar charges: breakdown

Items/Technical forms	Debt	Securities	Other transactions	Total 31/12/2024	Total 31/12/2023
1. Financial liabilities measured at amortised cost	(213,432)	(46,388)	-	(259,820)	(168,857)
1.1 Amounts due to central banks	(37)	X	X	(37)	(2,464)
1.2 Amounts due to banks	(45,754)	X	X	(45,754)	(35,799)
1.3 Amounts due to customers	(167,641)	X	X	(167,642)	(93,695)
1.4 Securities issued	X	(46,388)	X	(46,388)	(36,901)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	(533)	(533)	-
5. Hedging derivatives	X	X	(13,700)	(13,700)	(32,909)
6. Financial assets	X	X	X	(460)	(928)
Total	**(213,432)**	**(46,388)**	**(14,233)**	**(274,513)**	**(202,694)**
of which: interest expense relative to leasing liabilities	(1,605)	X	X	(1,605)	(1,691)

1.4 Interest expenses and similar charges: other information

1.4.1 Interest expenses on liabilities denominated in foreign currency

As at 31 December 2024, no interest expenses on foreign currency liabilities were recognised.

1.5 Differentials arising from hedging transactions

Items	Total 31/12/2024	Total 31/12/2023
A. Positive differentials arising from hedging transactions	13,944	32,089
B. Negative differentials arising from hedging transactions	(13,700)	(32,909)
C. Balance (A-B)	**244**	**(820)**

Section 2 - Fees and commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

Type of service/Values	Total 31/12/2024	Total 31/12/2023
a) Financial instruments	**-**	**100**
1. Placement of securities	-	100
1.1 With underwriting and/or on the basis of an irrevocable commitment	-	-
1.2 Without an irrevocable commitment	-	100
2. Receipt and transmission of orders and execution of orders for customers	-	-
2.1 Receipt and transmission of orders of one or more financial instruments	-	-
2.2 Execution of orders for customers	-	-
3. Other fees and commissions connected with activities related to financial instruments	-	-
of which: proprietary trading	-	-
of which: individual portfolio management	-	-
b) Corporate Finance	**3,909**	**3,653**
1. Consultancy on mergers and acquisitions	-	-
2. Treasury services	-	-
3. Other fees and commissions connected with corporate finance services	3,909	3,653
c) Investment consultancy activities	**-**	**-**
d) Netting and settlement	**-**	**-**
e) Custody and administration	**-**	**-**
1. Custodian bank	-	-
2. Other fees and commissions related to custody and administration activities	-	-
f) Central administrative services Servicesfor collective portfolio management	**-**	**-**
g) Fiduciary activities	**-**	**-**
h) Payment services	**3,510**	**1,695**
1. Current accounts	2,294	777
2. Credit cards	755	634
3. Debit cards and other payment cards	93	104
4. Bank transfers and other payment orders	170	140
5. Other fees and commissions related to payment services	198	40
i) Distribution of third party services	**178**	**133**
1. Collective portfolio management	-	-
2. Insurance products	8	2
3. Other products	170	131
of which: individual portfolio management	-	-
j) Structured finance	**-**	**-**
k) Servicing activities for securitisation operations	**935**	**539**
l) Commitments to disburse funds	**-**	**-**
m) Financial guarantees	**1,260**	**1,299**
of which: credit derivatives	-	-
n) Loan operations	**40,962**	**37,071**
of which: for factoring operations	9,358	9,435
o) Currency trading	**62**	**56**
p) Goods	**-**	**-**
q) Other fee and commission income	**601**	**2,441**
of which: for management of multilateral trading systems	-	-
of which: for management of organised trading systems	-	-
Total	**51,417**	**46,987**

2.2 Fee and commission income: distribution channels of products and services

Channel/Amount	Total 31/12/2024	Total 31/12/2023
a) at own branches:	**-**	**100**
1. portfolio management	-	-
2. placement of securities	-	100
3. third-party services and products	-	-
b) off-site:	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. third-party services and products	-	-
c) other distribution channels:	**178**	**133**
1. portfolio management	-	-
2. placement of securities	-	-
3. third-party services and products	178	133

2.3 Fee and commission expenses: breakdown

Type of service/Values	Total 31/12/2024	Total 31/12/2023
a) Financial instruments	-	-
of which: trading in financial instruments	-	-
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- Proprietary	-	-
- Delegated to third parties	-	-
b) Netting and settlement	-	-
c) Custody and administration	(945)	(356)
d) Collection and payment services	(2,468)	(2,008)
of which: credit cards, debit cards and other payment cards	(1,976)	(1,709)
e) Servicing activities for securitisation operations	(58)	(42)
f) Commitments to receive funds	-	-
g) Financial guarantees received	(210)	(81)
of which: credit derivatives	-	-
h) Off-site distribution of financial instruments, products and services	-	-
i) Currency trading	-	-
j) Other fee and commission expense	(4,423)	(5,174)
Total	**(8,104)**	**(7,661)**

Section 3 - Dividends and similar income – Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total 31/12/2024		Total 31/12/2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	-	2,674	-	45
C. Financial assets measured at fair value through other comprehensive income	-	1	-	-
D. Equity investments	-	-	-	-
Total	**-**	**2,675**	**-**	**45**

Section 4 - Net profit on trading – Item 80

4.1 Net profit (loss) on trading: breakdown

Transaction/Income items	Capital gains (A)	Profits from trading (B)	Losses (C)	Losses from trading (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets held for trading	7	-	-	-	**7**
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 UCITS units	7	-	-	-	7
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	-	-	-	-	-
3. Financial assets and liabilities: foreign exchange differences	X	X	X	X	**5,524**
4. Derivatives	**47,291**	**51,254**	**(41,117)**	**(48,565)**	**3,473**
4.1 Financial derivatives:	47,291	51,254	(41,117)	(48,565)	3,473
- On debt securities and interest rates	47,291	51,254	(41,117)	(48,565)	8,863
- On equity securities and share indices	-	-	-	-	-
- On currencies and gold	X	X	X	X	(5,390)
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedging related to the fair value option	X	X	X	X	-
Total	**47,298**	**51,254**	**(41,117)**	**(48,565)**	**9,004**

Section 5 - Net profit (loss) in hedge accounting – Item 90

5.1 Net profit (loss) in hedge accounting: breakdown

Income items/Amounts	Total 31/12/2024	Total 31/12/2023
A. Income relating to:		
A.1 Fair value hedging derivatives	16,372	63,657
A.2 Hedged financial assets (fair value)	7,949	31,770
A.3 Hedged financial liabilities (fair value)	208	11,876
A.4 Cash flow hedging derivatives	-	-
A.5 Assets and liabilities in foreign currency	-	-
Total income from hedging (A)	**24,529**	**107,303**
B. Costs relating to:		
B.1 Fair value hedging derivatives	(8,158)	(56,355)
B.2 Hedged financial assets (fair value)	(4,309)	(20,540)
B.3 Hedged financial liabilities (fair value)	(11,805)	(30,794)
B.4 Cash flow hedging derivatives	-	-
B.5 Assets and liabilities in foreign currency	-	-
Total costs from hedging (B)	**(24,272)**	**(107,689)**
C. Net profit (loss) in hedge accounting (A - B)	**257**	**(386)**
of which: result of hedging of net positions	-	-

Section 6 - Profits (Losses) on disposal/repurchase – Item 100

6.1 Profits (Losses) on disposal/repurchase: breakdown

Item/Income item	Total 31/12/2024			Total 31/12/2023		
	Profit	Loss	Net profit (loss)	Profit	Loss	Net profit (loss)
A. Financial assets						
1. Financial assets measured at amortised cost	4,389	(1,352)	3,037	30,788	(30,919)	(131)
1.1 Due from banks	-	-	-	-	-	-
1.2 Loans to customers	4,389	(1,352)	3,037	30,788	(30,919)	(131)
2. Financial assets measured at fair value through other comprehensive income	1,934	(1,422)	512	1,960	(2,684)	(724)
2.1 Debt securities	1,934	(1,422)	512	1,960	(2,684)	(724)
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**6,323**	**(2,774)**	**3,549**	**32,748**	**(33,603)**	**(855)**
B. Financial liabilities measured at amortised cost						
1. Amounts due to banks	-	-	-	-	-	-
2. Amounts due to customers	-	-	-	-	-	-
3. Securities issued	-	(20)	(20)	-	-	-
Total liabilities (B)	**-**	**(20)**	**(20)**	**-**	**-**	**-**

Section 7 – Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss – Item 110

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

Bank did not record any profits or losses from such assets or liabilities designated at fair value during 2024.

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

Transaction/Income items	Capital gains (A)	Realised profits (B)	Losses (C)	Losses on disposal (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets	**14,265**	**4,767**	**(14,521)**	**-**	**4,511**
1.1 Debt securities	3,958	-	(7,961)	-	(4,003)
1.2 Equity instruments	202	4,767	-	-	4,969
1.3 UCITS units	6,241	-	(6,432)	-	(191)
1.4 Loans	3,864	-	(128)	-	3,736
2. Financial assets denominated in foreign currencies: foreign exchange differences	**-**	**-**	**-**	**-**	**-**
Total	**14,265**	**4,767**	**(14,521)**	**-**	**4,511**

Section 8 - Net losses/recoveries for credit risk – Item 130

8.1 Net losses/recoveries for credit risk relating to financial assets measured at amortised cost: breakdown

Transaction/ Income items	Write-downs (1)						Write-backs (2)				Total 31/12/2024	Total 31/12/2023
	Stage one	Stage two	Stage three		Purchased or originated impaired		Stage one	Stage two	Stage three	Purchased or originated impaired		
			Write-offs	Others	Write-offs	Others						
A. Due from banks	**(180)**	**-**	**-**	**-**	**-**	**-**	**67**	**-**	**-**	**-**	**(113)**	**(84)**
- Loans	(150)	-	-	-	-	-	67	-	-	-	(83)	(84)
- Debt securities	(30)	-	-	-	-	-	-	-	-	-	(30)	-
B. Loans to customers	**(24,360)**	**(107,189)**	**-**	**(30,024)**	**-**	**(44,169)**	**12,085**	**1,866**	**3,831**	**51,587**	**(136,373)**	**30,169**
- Loans	(21,244)	(9,253)	-	(26,786)	-	(33,317)	10,418	1,866	3,144	45,320	(29,852)	29,572
- Debt securities	(3,116)	(97,936)	-	(3,238)	-	(10,852)	1,667	-	687	6,267	(106,521)	597
Total	**(24,540)**	**(107,189)**	**-**	**(30,024)**	**-**	**(44,169)**	**12,152**	**1,866**	**3,831**	**51,587**	**(136,486)**	**30,085**

The sub-item "purchased or originated *impaired* financial assets" refers to the amount of write-downs/ write-backs of loans classified as purchased or originated *impaired* loans as a result of receipts or revisions of business plans.

8.2 Net losses/recoveries for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transaction/ Income items	Write-downs (1)						Write-backs (2)				Total 31/12/2024	Total 31/12/2023
	Stage one	Stage two	Stage three		Purchased or originated impaired		Stage one	Stage two	Stage three	Purchased or originated impaired		
			Write-offs	Others	Write-offs	Others						
A. Debt securities	(813)	(313)	-	-	-	-	614	-	897	-	385	(130)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- To customers	-	-	-	-	-	-	-	-	-	-	-	-
- To banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(813)**	**(313)**	**-**	**-**	**-**	**-**	**614**	**-**	**897**	**-**	**385**	**(130)**

Section 9 - Profits/losses on changes in contracts without derecognition – item 140

No profits/losses on changes in contracts without derecognition were recorded as of 31 December 2024.

Section 10 - Administrative expenses – Item 160

10.1 Staff expenses: breakdown

Type of expense/Amount	Total 31/12/2024	Total 31/12/2023
1) Employees	(40,433)	(62,027)
a) wages and salaries	(31,051)	(29,732)
b) social security contributions	(7,461)	(7,156)
c) employee severance pay	-	-
d) pension costs	-	-
e) provision for employee severance pay	(407)	(530)
f) provision for post-employment benefits and similar provisions:	-	-
- defined contribution	-	-
- defined benefits	-	-
g) payments to external supplementary pension funds:	(1,502)	(1,220)
- defined contribution	(1,502)	(1,220)
- defined benefits	-	-
h) costs related to share-based payments	3,380	(865)
i) other employee benefits	(3,392)	(22,524)
2) Other staff in service	(1,342)	(1,018)
3) Directors and statutory auditors	(1,904)	(1,912)
4) Retired staff	-	-
5) Recoveries of costs of employees seconded to other companies	1,081	825
6) Reimbursement of costs of third-party employees seconded to the company	-	-
Total	**(42,598)**	**(64,132)**

10.2 Average number of employees per category

Job level	2024
a) senior executive managers	60
b) middle managers	281
c) other employees	210
Total employees	**551**
Other staff	**35**

10.3 Defined-benefit pension funds: costs and revenues

There are no company defined-benefit pension funds.

10.4 Other employee benefits

The other benefits to employees mainly relate to remunerated benefits, canteen vouchers and various insurance policies.

10.5 Other administrative expenses: breakdown

Type of expense/Amount	31/12/2024	31/12/2023
Insurance	(3,893)	(3,044)
Various consulting services	(6,751)	(6,367)
Membership fees	(7,459)	(7,804)
Cost of services	(1,289)	(2,853)
Financial information	(5,458)	(4,336)
Adverts and advertising	(934)	(3,007)
Financial statements audit	(597)	(637)
IT and software expenses	(5,298)	(7,229)
Legal and notary's fees	(2,001)	(2,519)
Property management expenses	(1,457)	(1,770)
Expenses for professional services	(7,634)	(17,658)
Utilities and services	(239)	(839)
Other indirect taxes and duties	(9,213)	(7,876)
Others	(2,253)	(3,076)
Total	**(54,476)**	**(69,015)**

Section 11 - Net provisions for allowances for risks and charges – Item 170

11.1 Net provisions for credit risk relating to commitments to disburse funds and financial guarantees given: breakdown

Items / Values	Write-downs (1)			Write-backs (2)			Total
	Stage one and Stage two	Stage three	Impaired	Stage one and Stage two	Stage three	Impaired	
Guarantees issued	(321)	(4)	-	316	-	-	(9)
Irrevocable commitments to disburse funds	(398)	-	(771)	314	-	3,949	3,094
Total 31/12/2024	**(719)**	**(4)**	**(771)**	**630**	**-**	**3,949**	**3,085**

11.2 Net provisions relating to other commitments and guarantees issued: breakdown

In 2024 the Bank did not make any net provisions relating to other commitments and guarantees issued.

11.3 Net provisions for other allowances for risks and charges: breakdown

Items / Values	31/12/2024
Provisions for employees	
Provisions for legal disputes	(163)
Provisions for other risks and charges	(20,409)
Total	**(20,572)**

During 2024, the Bank set aside provisions relating to potential liabilities on past contractual agreements for EUR 20 million.

Section 12 - Net value adjustments/recoveries on property and equipment – Item 180

12.1 Net value adjustments on property and equipment: breakdown

Asset/Income items	Amortisation (a)	Write-downs/ write-backs for impairment (b)	Recoveries (c)	Net profit (loss) (a + b - c)
A. Property and equipment				
1 For business use	(3,111)	-	-	(3,111)
- Owned	(216)	-	-	(216)
- Rights of use acquired through lease agreements	(2,895)	-	-	(2,895)
2 Held for investment	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through lease agreements	-	-	-	-
3 Inventories	X	-	-	-
Total	**(3,111)**	**-**	**-**	**(3,111)**

Section 13 - Net value adjustments/recoveries on intangible assets – Item 190

13.1 Net value adjustments/recoveries on intangible assets: breakdown

Asset/Income item	Amortisation (a)	Write-downs/ write-backs for impairment (b)	Recoveries (c)	Net profit (loss) (a + b - c)
A. Intangible assets				
of which: software	(4,329)	-	-	(4,329)
A.1 Owned	(4,329)	-	-	(4,329)
- Generated internally by the company	(470)	-	-	(470)
- Other	(3,859)	-	-	(3,859)
A.2 Rights of use acquired through lease agreements	-	-	-	-
Total	**(4,329)**	**-**	**-**	**(4,329)**

Section 14 - Other operating expenses and income – Item 200

14.1 Other operating expenses: breakdown

Items/Technical forms	Amount
Amortisation of expenses for improvements on third-party assets	(176)
Other operating expenses	(338)
Total Other operating expenses 31/12/2024	**(514)**
Total Other operating expenses 31/12/2023	**(5,031)**

14.2 Other operating income: breakdown

Items/Technical forms	Amount
Recoveries of expenses from other customers	11,378
Other income	2,114
Total Other operating income 31/12/2024	**13,492**
Total Other operating income 31/12/2023	**64,938**

Section 15 - Profits (losses) on equity investments – Item 220

15.1 Profits (losses) on equity investments: breakdown

Income item/Values	Total 31/12/2024	Total 31/12/2023
A. Income	-	-
1. Revaluations	-	-
2. Gains on disposal	-	-
3. Recoveries	-	-
4. Other income	-	-
B. Costs	(29,894)	-
1. Write-downs	(29,894)	-
2. Write-downs/write-backs for impairment	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net profit (loss)	**(29,894)**	**-**

Section 16 - Net profit on the measurement at fair value of property and equipment and intangible assets - Item 230

The Bank did not hold any property and equipment or intangible assets measured at fair value over the course of the year.

Section 17 - Goodwill impairment - item 240

The balance of the item as of 31 December 2024 was negative EUR 21,643 thousand. This item includes the full write-downs made on the goodwill arising from the SPAXS business combination with Banca Interprovinciale.
For more details on the impairment test, please refer to the Consolidated Financial Statements.

Section 18 - Profits (losses) on disposal of investments – Item 250

18.1 Profits (losses) on disposal of investments: breakdown

Income item/Values	Total 31/12/2024	Total 31/12/2023
A. Property	-	-
- Gains on disposal	-	-
- Losses on disposal	-	-
B. Other assets	(0)	-
- Gains on disposal	-	-
- Losses on disposal	(0)	-
Net profit (loss)	**(0)**	**-**

Section 19 - Income tax for the year on continuing operations –Item 270

19.1 Income tax for the year on continuing operations: breakdown

Income items/Sectors	Total 31/12/2024	Total 31/12/2023
1. Current tax (-)	-	(45,435)
2. Adjustment to current taxes for prior years (+/-)	2,434	2,152
3. Reduction of current taxes for the year (+)	-	-
3.bis Reduction of current tax for the year due to tax credits (Italian Law No. 214/2011 (+))	-	-
4. Change in deferred tax assets (+/-)	13,619	(10,952)
5. Change in deferred taxes (+/-)	(1,526)	(1,143)
6. Tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	14,527	(55,378)

Total income tax for the year amounted to EUR 14.5 million, broken down as follows: income of EUR 2.4 million relating to current taxes for the previous year and primarily resulting from the application of the "Patent Box" regulation (Article 6 of Decree-Law No. 146/2021), income of EUR 13.6 million relating to the change in prepaid IRES and IRAP taxes, and expense of EUR 1.5 million relating to the change in deferred IRES and IRAP taxes. It should be noted that income taxes for the year relating to the economic components referring to the business unit transferred to Fibonacci were reclassified pursuant to IFRS 5 under the item "profit/loss from discontinued operations net of taxes" and amounted to a positive EUR 11.9 million.

19.2 Reconciliation of theoretical tax charge with actual tax charge

Items/Components	31.12.2024
Profit (loss) from continuing operations before tax	**(112,874)**
IRES - theoretical tax charge (27.5%)	**31,040**
effect of lower rate	-
effect of non-deductible expenses and other increases - permanent	(19,380)
effect of non-taxable income and other decreases - permanent	1,370
Non-current IRES	2,016
IRES - actual tax charge	**15,046**
IRAP - theoretical tax charge (5.57%)	6,287
effect of lower rate	-
effect of income/charges that to not contribute to the taxable base	(7,223)
Non-current IRAP	418
IRAP - Actual tax charge	**(518)**
Other taxes	**-**
Financial statements actual tax charge	**14,527**

The theoretical tax charge considered on an individual basis was equal to 33.07% (24% ordinary IRES, 3.5% additional IRES and 5.57% IRAP). The differences compared to the actual tax charge are mainly due to the negative impacts of the write-down of part of the goodwill recorded in the financial statements and the write-down of the Abilio and Hype equity investments, as well as the positive impacts of the application of the Pex regime (Art. 87 Consolidated Law on Income Tax) on the tax gain realised on the sale of the business unit (competence line Digital) to Fibonacci.

Section 20 - Profit (loss) from discontinued operations after tax – Item 290

20.1 Profit (loss) from discontinued operations after tax: breakdown

Income items/Amounts	Total 31/12/2024	Total 31/12/2023
1. Income	5,227	165
2. Charges	(50,027)	(35,276)
3. Result of asset group valuations and associated liabilities	-	-
4. Gains (losses) on disposal	27,275	-
5. Taxes and duties	11,915	9,630
Profit (loss)	**(5,610)**	**(25,481)**

20.2 Details of income taxes on discontinued operations

	Amount 31/12/2024	Amount 31/12/2023
1. Current taxation (-)	-	-
2. Change in deferred tax assets (+/-)	11,915	9,630
3. Change in deferred taxes (-/+)	-	-
4. Income tax for the year (-1+/-2+/-3)	**11,915**	**9,630**

This item includes the financial performance, in accordance with the requirements of IFRS 5, relating to the business unit, consisting of technological *assets* and highly qualified IT staff of the *Digital Competence Line*, transferred to a newly established company ("AltermAInd S.r.l.") - initially wholly owned by the Bank - and subsequently sold (for a 52% share) to Fibonacci for a consideration of EUR 62.4 million.

Section 21 - Other information

There is no other information as of the reporting date.

Section 22 - Profit per share

22.1 Average number of ordinary shares with diluted capital

The basic earnings (losses) per share is calculated by dividing the Bank's net profit (loss) for the year by the weighted average number of ordinary shares in issue during the year.

Basic earnings (losses) per share	Net profit/loss for the year	Average number of shares	Basic earnings (losses) per share
Year ended 31 December 2024	(103,957)	83,375,041	(1.25)
Year ended 31 December 2023	102,307	83,712,134	1.22

Diluted earnings (losses) per share	Net profit/loss for the year	Average number of shares	Diluted earnings (losses) per share
Year ended 31 December 2024	(103,957)	83,996,655	(1.24)
Year ended 31 December 2023	102,307	85,470,710	1.19

Part D – Comprehensive income

ANALYTICAL STATEMENT OF COMPREHENSIVE INCOME

		31.12.2024	31/12/2023
10.	**Profit (loss) for the year**	**(103,957)**	**102,307**
	Other income components not reclassified through the income statement		
20.	Equity instruments measured at fair value through other comprehensive income	(0)	(0)
	a) fair value changes	(0)	(0)
	b) transfers to other items of shareholders' equity	-	-
30.	Financial liabilities measured at fair value through profit or loss (changes in credit rating)	-	-
	a) fair value changes	-	-
	b) transfers to other items of shareholders' equity	-	-
40.	Hedging of equity instruments measured at fair value through other comprehensive income	-	-
	a) fair value changes (hedged instrument)	-	-
	b) fair value changes (hedging instrument)	-	-
50.	Property and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	26	(434)
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves for equity investments measured at shareholders' equity	-	-
100.	Other income components not reclassified through income statement	(7)	119
	Other income components with reclassification through income statement		
110.	Hedging of foreign investments	-	-
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
120.	Foreign exchange differences	-	-
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
130.	Cash flow hedges	-	-
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes of which: result of net positions	-	-
140.	Hedging instruments (undesignated elements)	-	-
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
150.	Financial assets (other than equities) measured at fair value through other comprehensive income	17,582	26,166
	a) fair value changes	17,455	26,760
	b) reclassification through income statement	127	(594)
	- adjustments for credit risk	(385)	130
	- profits/losses on disposals	512	(724)
	c) other changes	-	-
160.	Non-current assets held for sale and discontinued operations:	-	-
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	c) other changes	-	-
170.	Share of valuation reserves for equity investments measured at shareholders' equity:	-	-
	a) fair value changes	-	-
	b) reclassification through income statement	-	-
	- adjustment due to impairment	-	-
	- profits/losses on disposals	-	-
	c) other changes	-	-
180.	Income taxes relating to other income components with reclassification to the income statement	(5,942)	(7,845)
190.	**Total other income components**	**11,659**	**18,006**
200.	**Other comprehensive income (Item 10+190)**	**(92,298)**	**120,313**

Part E – Information on risks and related hedging policies

Introduction

Quantitative information on the risks referred to the Bank is provided in this part of the Explanatory Notes to the Financial Statements. For qualitative information, refer to the exposure in Part E of the Explanatory Notes to the consolidated financial statements.

Section 1 – Credit Risk

Qualitative information

Qualitative information on credit quality is illustrated in Part E of the Explanatory Notes to the consolidated financial statements.

Quantitative information

For the purposes of quantitative disclosure on credit quality, the term "credit exposures" means financial assets excluding equity securities and units of UCIs.

A. Credit quality

A.1 Non-performing and performing credit exposures: amounts, write-downs/write-backs, trends and economic distribution

A.1.1 Breakdown of financial assets by portfolio and credit quality (book value)

Portfolio/quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	167,225	674,599	8,791	138,682	4,547,728	5,537,025
2. Financial assets measured at fair value through other comprehensive income	-	407	-	-	741,362	741,769
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	3,305	-	-	285,164	288,469
5. Financial assets held for sale	-	-	-	-	-	-
Total 31/12/2024	**167,225**	**678,311**	**8,791**	**138,682**	**5,574,254**	**6,567,263**
Total 31/12/2023	**519,229**	**654,184**	**18,494**	**202,464**	**4,382,995**	**5,777,366**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

Portfolio/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total write-downs/ write-backs	Net exposure	Total partial write-offs*	Gross exposure	Total write-downs/ write-backs	Net exposure	
1. Financial assets measured at amortised cost	918,306	(67,691)	850,615	-	4,823,759	(137,348)	4,686,411	5,537,025
2. Financial assets measured at fair value through other comprehensive income	427	(20)	407	-	743,400	(2,038)	741,362	741,769
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	3,305	-	3,305	-	X	X	285,164	288,469
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31/12/2024	**922,038**	**(67,711)**	**854,327**	**-**	**5,567,159**	**(139,386)**	**5,712,937**	**6,567,263**
Total 31/12/2023	**1,241,791**	**(49,984)**	**1,191,907**	**-**	**4,432,569**	**(17,030)**	**4,585,459**	**5,777,366**

Portfolio/quality	Assets of evident low credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	44,003
2. Hedging derivatives	-	-	29,385
Total 31/12/2024	**-**	**-**	**73,388**
Total 31/12/2023	**-**	**-**	**47,292**

A.1.3 Breakdown of financial assets by past due bracket (book values)

Portfolios/risk stages	Stage one			Stage two			Stage three			Purchased or originated impaired		
	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days	Between 1 and 30 days	Between 30 and 90 days	More than 90 days
1. Financial assets measured at amortised cost	36,394	556	216	64,645	12,498	24,373	3,258	2,467	180,418	11,422	218	386,390
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	407	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**36,394**	**556**	**216**	**64,645**	**12,498**	**24,373**	**3,258**	**2,467**	**180,825**	**11,422**	**218**	**386,390**
Total 31/12/2023	**96,932**	**3,288**	**-**	**96,498**	**4,513**	**1,033**	**1,166**	**33,422**	**111,576**	**34,749**	**12,236**	**824,133**

A.1.4 Financial assets, commitments to disburse funds and financial guarantees issued: trend in the total write-downs/write-backs and total provisions

p.1

Description/risk stages	Total write-downs/write-backs											
	Assets in stage one						Assets in stage two					
	Due from banks and central banks on demand Financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which individual write-downs	of which collective write-downs	Due from banks and central banks on demand Financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which individual write-downs	of which collective write-downs
Opening total adjustments	**30**	**12,713**	**1,525**	**-**	**-**	**14,268**	**-**	**2,762**	**-**	**-**	**-**	**2,762**
Increases in purchased or originated financial assets	-	20,124	630	-	-	20,754	-	102,828	-	-	-	102,828
Derecognitions other than write-offs	-	(5,919)	(557)	-	-	(6,476)	-	(683)	-	-	-	(683)
Net value adjustments/ recoveries for credit risk (+/-)	24	4,710	143	-	-	4,877	-	1,112	-	-	-	1,112
Contractual amendments without derecognitions	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimate methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	(2,535)	(16)	-	-	(2,551)	-	2,236	313	-	-	2,549
Final total adjustments	**54**	**29,093**	**1,725**	**-**	**-**	**30,872**	**-**	**108,255**	**313**	**-**	**-**	**108,568**
Recoveries from receipts on written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-

A.1.4 Financial assets, commitments to disburse funds and financial guarantees issued: trend in the total write-downs/write-backs and total provisions (continued)

p.2

Description/risk stages	Total write-downs/write-backs					
	Assets in stage three					
	Due from banks and central banks on demand Financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which individual write-downs	of which collective write-downs
Opening total adjustments	-	31,882	917	-	31,689	1,111
Increases in purchased or originated financial assets	-	11,849	-	-	11,107	742
Derecognitions other than write-offs	-	(8,403)	-	-	(7,952)	(451)
Net value adjustments/recoveries for credit risk (+/-)	-	389	(897)	-	(96)	(412)
Contractual amendments without derecognitions	-	-	-	-	-	-
Changes in estimate methodology	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-
Other changes	-	10,097	-	-	9,487	607
Final total adjustments	-	45,814	20	-	44,235	1,597
Recoveries from receipts on written-off financial assets	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-

p.3

Description/risk stages	Total write-downs/write-backs									Total
	Purchased or originated credit impaired financial assets					Total provisions on commitments to disburse funds and financial guarantees issued				
	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which individual write-downs	of which collective write-downs	Stage one	Stage two	Stage three	Commitments to disburse funds and financial guarantees issued purchased or originated impaired	
Opening total adjustments	17,085	-	-	17,085	-	621	293	-	4,461	72,290
Increases in purchased or originated financial assets	x	x	x	x	x	519	32	4	-	135,986
Derecognitions other than write-offs	-	-	-	-	-	(226)	(235)	-	-	(16,023)
Net value adjustments/recoveries for credit risk (+/-)	4,792	-	-	4,792	-	(43)	99	-	(3,178)	7,151
Contractual amendments without derecognitions	-	-	-	-	-	-	-	-	-	-
Changes in estimate methodology	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	(27)	(28)	-	-	10,035
Final total adjustments	21,877	-	-	21,877	-	844	161	4	1,283	209,443
Recoveries from receipts on written-off financial assets	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-

A.1.5 Financial assets, commitments to disburse funds and financial guarantees issued: transfers between the various credit risk stages (gross and nominal amounts)

Portfolios/risk stages	Gross values / nominal value					
	Transfers between first stage and second stage		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 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 measured at amortised cost	830,522	6,816	65,119	32	84,027	127
2. Financial assets measured at fair value through other comprehensive income	1,053	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees issued	2,441	54	51	44	188	2
Total 31/12/2024	**834,016**	**6,870**	**65,170**	**76**	**84,215**	**129**
Total 31/12/2023	**158,260**	**9,506**	**48,367**	**634**	**21,076**	**-**

A.1.6 On and off-balance-sheet credit exposures to banks: gross and net

Type of exposures/values	Gross exposure					Total write-downs/write-backs and total provisions					Net exposure	Total partial write-offs (*)
		Stage one	Stage two	Stage three	Purchased or originated impaired		Stage one	Stage two	Stage three	Purchased or originated impaired		
A.1 On demand	**340,640**	**340,640**	**-**	**-**	**-**	**54**	**54**	**-**	**-**	**-**	**340,586**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	340,640	340,640	-	X	-	54	54	-	X	-	340,586	-
A.2 Other	**365,342**	**365,325**	**17**	**-**	**-**	**316**	**316**	**-**	**-**	**-**	**365,026**	**-**
a) bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	365,342	365,325	17	X	-	316	316	-	X	-	365,026	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	**705,982**	**705,965**	**17**	**-**	**-**	**370**	**370**	**-**	**-**	**-**	**705,613**	**-**
B. Off-balance sheet credit exposures	-	-	-	-	-	-	-	-	-	-	-	-
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**705,982**	**705,965**	**17**	**-**	**-**	**370**	**370**	**-**	**-**	**-**	**705,613**	**-**

A.1.7 On and off-balance-sheet credit exposures to customers: gross and net values

Type of exposures/ values	Gross exposure					Total write-downs/write-backs and total provisions					Net exposure	Total partial write-offs (*)
		Stage one	Stage two	Stage three	Purchased or originated impaired		Stage one	Stage two	Stage three	Purchased or originated impaired		
A. On-balance sheet credit exposures												
a) bad loans	213,579	X	-	53,018	160,561	46,354	X	-	24,476	21,878	**167,225**	-
- of which: forborne exposures		X	-				X	-		-	**0**	-
b) Unlikely to pay	697,961	X	-	217,025	480,936	19,650	X	-	19,650	-	**678,311**	-
- of which: forborne exposures	169,201	X	-	6,132	163,070	1,922	X	-	1,922	-	**167,280**	-
c) Non-performing past due exposures	10,498	X	-	10,498	-	1,707	X	-	1,708	-	**8,791**	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	**0**	-
d) Performing past due exposures	140,279	37,432	68,096	X	34,751	1,597	267	1,330	X	-	**138,682**	-
- of which: forborne exposures	21,503	-	926	X	20,577	83	-	83	X	-	**21,420**	-
e) Other performing exposures	5,346,702	4,469,701	874,303	X	2,698	137,473	30,236	107,237	X	-	**5,209,229**	-
- of which: forborne exposures	11,860	-	11,860	X	19,776	16	-	16	X	-	**11,843**	-
Total (A)	**6,409,019**	**4,507,133**	**942,399**	**280,541**	**678,946**	**206,781**	**30,503**	**108,567**	**45,834**	**21,878**	**6,202,238**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	29,988	X	-	1,195	28,793	1,101	X	-	4	1,097	**28,886**	-
b) Performing	438,646	418,172	8,236	X	12,237	1,189	843	157	X	189	**437,457**	-
Total (B)	**468,634**	**418,172**	**8,236**	**1,195**	**41,030**	**2,290**	**843**	**157**	**4**	**1,286**	**466,343**	**-**
Total (A+B)	**6,877,653**	**4,925,305**	**950,635**	**281,736**	**719,976**	**209,071**	**31,346**	**108,724**	**45,838**	**23,164**	**6,668,581**	**-**

A.1.8 On-balance sheet credit exposure to banks: trend in gross non-performing exposures

There are no on-balance sheet exposures to banks non-performing as initial and/or final exposures for the year, nor have they occurred during the year.

A.1.8bis On-balance sheet credit exposure to banks: trend in gross non-performing forborne exposures, distinguished by credit quality

There are no on-balance sheet exposures to banks non-performing as initial and/or final exposures for the year, nor have they occurred during the year.

A.1.9 On-balance sheet credit exposure to customers: trend of the gross non-performing exposures

Descriptions/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Opening balance - gross exposure	**556,342**	**665,920**	**19,530**
- of which: exposures sold but not derecognised	-	10,529	14,508
B. Increases	**156,564**	**376,183**	**19,974**
B.1 transfers from performing exposures	302	174,992	15,744
B.2 transfers from purchased or originated impaired financial assets	38,003	63,070	3,238
B.3 transfers from other non-performing exposures	30,071	22,485	-
B.4 contractual amendments without derecognition	-	-	-
B.5 other increases	88,188	115,636	992
C. Decreases	**499,327**	**344,142**	**29,006**
C.1 transfers to performing exposures	-	-	857
C.2 write-offs	1,090	-	-
C.3 collections	469,139	234,075	848
C.4 proceeds from disposals	29,098	84,812	-
C.5 losses on disposal	-	-	-
C.6 transfers to other non-performing exposures	-	25,255	27,301
C.7 contractual amendments without derecognition	-	-	-
C.8 other decreases	-	-	-
D. Gross exposure closing balance	**213,579**	**697,961**	**10,498**
- of which: exposures sold but not derecognised	-	40,422	3,387

With reference to gross non-performing exposures, it should be noted that as of 31 December 2024, these referred for EUR 641.5 million to POCI exposures. In particular, exposures classified as bad loans amount to EUR 160.6 million and exposures classified as unlikely to pay amount to EUR 480.9 million.
The significant reduction in gross exposures compared to the end of the previous year is mainly attributable to asset transformation transactions, i.e., the contribution of POCI positions instead of the subscription of UCI units and senior securitisation notes.

A.1.9bis On-balance sheet credit exposures to customers: gross forborne exposures by credit quality

Descriptions/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening balance - gross exposure	**131,294**	**76,436**
- of which: exposures sold but not derecognised	-	-
B. Increases	**82,558**	**22,744**
B.1 transfers from performing exposures not forborne	-	22,291
B.2 transfers from performing forborne exposures	-	X
B.3 transfers from non-performing forborne exposures	X	-
B.4 inflows from non-performing, non-forborne exposures	1,107	-
B.4 Other increases	81,451	453
C. Decreases	**44,651**	**65,817**
C.1 transfers to performing exposures not forborne	X	**-**
C.2 transfers to performing forborne exposures	-	X
C.3 outflows towards non-performing forborne exposures	X	1,107
C.4 write-offs	-	-
C.5 collections	39,807	491
C.6 proceeds from disposals	-	-
C.7 losses on disposal	-	-
C.8 other decreases	4,844	64,219
D. Gross exposure closing balance	**169,201**	**33,363**
- of which: exposures sold but not derecognised	-	22,099

A1.10 On-balance sheet non-performing credit exposure to banks: trend in total write-downs/write-backs

There are no on-balance sheet exposures to banks non-performing as initial and/or final exposures for the year, nor have they occurred during the year.

A.1.11 On-balance sheet non-performing credit exposures to customers: trend of total write-downs/ write-backs

Descriptions/Categories	Bad loans		Unlikely to pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Total opening adjustments	**37,113**	**-**	**11,736**	**1,065**	**1,035**	**-**
- of which: exposures sold but not derecognised	-	-	500	-	290	-
B. Increases	**19,255**	**-**	**27,334**	**1,132**	**2,434**	**-**
B.1 write-downs/write-backs from purchased or originated credit impaired financial assets	9,114	X	-	X	-	X
B.2 other write-downs/write-backs	5,179	-	23,981	1,132	2,434	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other non-performing exposures	4,754	-	822	-	-	-
B.5 contractual amendments without derecognition	-	-	-	-	-	-
B.6 other increases	208	-	2,531	-	-	-
C. Decreases	**10,014**	**-**	**19,420**	**276**	**1,762**	**-**
C.1 write-backs from measurement	5,979	-	1,855	106	25	-
C.2 write-backs from recoveries	2,969	-	12,627	48	78	-
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-offs	1,066	-	-	-	-	-
C.5 transfers to other non-performing exposures	-	-	4,041	-	1,534	-
C.6 contractual amendments without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	897	122	125	-
D. Total closing adjustments	**46,354**	**-**	**19,650**	**1,921**	**1,707**	**-**
- of which: exposures sold but not derecognised	-	-	1,251	-	512	-

A.2 Classification of financial assets, of commitments to disburse funds and financial guarantees issued on the basis of external and internal ratings

For the purposes of calculating the capital requirement for credit risk, illimity Bank uses the external rating agency (ECAI) Fitch Ratings only for positions included in the "Exposures to central governments or central banks” and “Exposures to institutions” classes; no external ratings are used for other asset classes.

A.2.1 Distribution of financial assets, commitments to disburse funds and financial guarantees issued, by classes of external ratings (gross values)

Exposures	External rating classes						No Rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	**173,460**	**10,110**	**17,329**	**2,177**	**-**	**-**	**5,538,989**	**5,742,065**
- Stage one	173,460	10,110	17,329	2,177	-	-	4,002,778	4,205,853
- Stage two	-	-	-	-	-	-	580,456	580,456
- Stage three	-	-	-	-	-	-	276,809	276,809
- Purchased or originated impaired	-	-	-	-	-	-	678,946	678,946
B. Financial assets measured at fair value through other comprehensive income	**15,984**	**5,470**	**88,447**	**21,132**	**-**	**-**	**612,794**	**743,827**
- Stage one	15,984	5,470	88,447	21,132	-	-	611,314	742,347
- Stage two	-	-	-	-	-	-	1,053	1,053
- Stage three	-	-	-	-	-	-	427	427
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	**189,444**	**15,580**	**105,776**	**23,310**	**-**	**-**	**6,151,783**	**6,485,892**
D. Commitments to disburse funds and financial guarantees given	-	-	-	-	-	-	394,381	394,381
- Stage one	-	-	-	-	-	-	344,707	344,707
- Stage two	-	-	-	-	-	-	8,236	8,236
- Stage three	-	-	-	-	-	-	408	408
- Purchased or originated impaired	-	-	-	-	-	-	41,030	41,030
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**394,381**	**394,381**
Total (A+B+C+D)	**189,444**	**15,580**	**105,776**	**23,310**	**-**	**-**	**6,546,164**	**6,880,272**

A.2.2 Distribution of financial assets, commitments to disburse funds and financial guarantees issued, by classes of internal ratings (gross values)

p.1

Exposures	Internal rating classes							
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	Class 8
A. Financial assets measured at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Commitments to disburse funds and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B+C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

A.2.2 Prudential consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees issued by category of internal rating (gross values)

p.2

Exposures	Internal rating classes							TOTAL
	Class 9	Class 10	Class 11	Class 12	Class 13	Class 14	No Rating	
A. Financial assets measured at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**	**5,742,065**	**5,742,065**
- Stage one	-	-	-	-	-	-	4,205,855	4,205,855
- Stage two	-	-	-	-	-	-	580,456	580,456
- Stage three	-	-	-	-	-	-	276,809	276,809
- Purchased or originated impaired	-	-	-	-	-	-	678,946	678,946
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**743,827**	**743,827**
- Stage one	-	-	-	-	-	-	742,347	742,347
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	1,053	1,053
- Purchased or originated impaired	-	-	-	-	-	-	427	427
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage one	-	-	-	-	-	-	-	-
- Stage two	-	-	-	-	-	-	-	-
- Stage three	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	**-**	**-**	**-**	**-**	**-**	**-**	**6,485,892**	**6,485,892**
D. Commitments to disburse funds and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**394,381**	**394,381**
- Stage one	-	-	-	-	-	-	344,707	344,707
- Stage two	-	-	-	-	-	-	8,236	8,236
- Stage three	-	-	-	-	-	-	408	408
- Purchased or originated impaired	-	-	-	-	-	-	41,030	41,030
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**394,381**	**394,381**
Total (A+B+C)	**-**	**-**	**-**	**-**	**-**	**-**	**6,880,272**	**6,880,272**

A.3 Breakdown of guaranteed credit exposures by guarantee type

A.3.1 Guaranteed on- and off-balance sheet credit exposures to banks

	Gross exposure	Net exposure	Collaterals			
			Real estate - mortgages	Real estate - loans for leasing	Securities	Other collaterals
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**
1.1 totally secured	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
1.2 partially secured	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**
2.1 totally secured	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-
2.2 partially secured	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-

A.3.2 Guaranteed on- and off-balance sheet credit exposures to customers

	Gross exposure	Net exposure	Collaterals (1)			
			Real estate - Mortgages	Real estate - Loans for leasing	Securities	Other collaterals
1. Guaranteed on-balance sheet credit exposures:	**1,949,996**	**1,918,329**	**276,316**	**-**	**85,183**	**41,749**
1.1 totally secured	675,112	654,886	271,321	-	73,280	37,761
- of which non-performing	252,940	237,417	125,246	-	14,652	1,217
1.2 partially secured	1,274,884	1,263,443	4,995	-	11,903	3,988
- of which non-performing	184,021	176,757	-	-	442	393
2. Guaranteed "Off-Balance Sheet" credit exposures:	**15,429**	**15,411**	**406**	**-**	**-**	**3,390**
2.1 totally secured	2,766	2,757	406	-	-	1,304
- of which non-performing	894	894	109	-	-	103
2.2 partially secured	12,663	12,654	-	-	-	2,086
- of which non-performing	1,931	1,931	-	-	-	1,154

	Personal guarantees (2)									Total (1)+(2)
	Credit derivatives					Endorsement credits				
	CLN	Other derivatives				Public administrations	Banks	Other financial companies	Other entities	
		Central Counterparties	Banks	Other financial companies	Other entities					
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 totally secured	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-
1.2 partially secured	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-
2. Guaranteed off-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 totally secured	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-
2.2 partially secured	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-

	Personal guarantees (2)									Total (1)+(2)
	Credit derivatives					Endorsement credits				
	CLN	Other derivatives				Public administrations	Banks	Other financial companies	Other entities	
		Central Counterparties	Banks	Other financial companies	Other entities					
1. Guaranteed on-balance sheet credit exposures:	**-**	**-**	**-**	**-**	**-**	**276,629**	**-**	**11,764**	**888,270**	**1,579,911**
1.1 totally secured	-	-	-	-	-	105,413	-	7,770	143,120	638,665
- of which non-performing	-	-	-	-	-	44,292	-	41	40,892	226,340
1.2 partially secured	-	-	-	-	-	171,216	-	3,994	745,150	941,246
- of which non-performing	-	-	-	-	-	21,241	-	-	90,615	112,691
2. Guaranteed “Off-Balance Sheet” credit exposures:	**-**	**-**	**-**	**-**	**-**	**160**	**-**	**2**	**476**	**4,434**
2.1 totally secured	-	-	-	-	-	160	-	2	469	2,341
- of which non-performing	-	-	-	-	-	-	-	2	268	482
2.2 partially secured	-	-	-	-	-	-	-	-	7	2,093
- of which non-performing	-	-	-	-	-	-	-	-	-	1,154

A.4 Financial and non-financial assets obtained through the enforcement of guarantees received

There are no financial and non-financial assets obtained through the enforcement of guarantees received.

B. DISTRIBUTION AND CONCENTRATION OF CREDIT EXPOSURES

B.1 Sector breakdown of on- and off-balance sheet credit exposures to customers (book value)

p.1

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs
A. On-balance sheet credit exposures						
A.1 Bad loans	-	-	106,067	21,909	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.2 Unlikely to pay	3,543	-	231,657	5,321	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	2	-	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.4 Performing exposures	1,391,723	1,628	1,899,211	106,950	2,873	6
- of which: forborne exposures	-	-	-	-	-	-
Total (A)	**1,395,266**	**1,628**	**2,236,937**	**134,180**	**2,873**	**6**
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures	-	-	-	-	-	-
B.2 Performing exposures	-	-	230,881	343	-	-
Total (B)	**-**	**-**	**230,881**	**343**	**-**	**-**
Total (A+B) 31/12/2024	**1,395,266**	**1,628**	**2,467,818**	**134,523**	**2,873**	**6**
Total (A+B) 31/12/2023	**854,881**	**1,084**	**1,976,350**	**21,568**	**2,405**	**14**

B.1 Sector breakdown of on- and off-balance sheet credit exposures to customers (book value)

p.2

Exposures/Counterparties	Non-financial companies		Households	
	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs
A. On-balance sheet credit exposures				
A.1 Bad loans	54,769	22,864	6,389	1,581
- of which: forborne exposures	-	-	-	-
A.2 Unlikely to pay	440,705	13,822	2,406	508
- of which: forborne exposures	166,639	1,664	640	258
A.3 Non-performing past-due exposures	7,888	1,473	901	234
- of which: forborne exposures	-	-	-	-
A.4 Performing exposures	1,997,491	30,219	59,486	272
- of which: forborne exposures	32,613	83	651	16
Total (A)	**2,500,853**	**68,378**	**69,182**	**2,595**
B. Off-balance sheet credit exposures				
B.1 Non-performing exposures	25,879	1,063	3,007	38
B.2 Performing exposures	204,749	846	1,827	-
Total (B)	**230,628**	**1,909**	**4,834**	**38**
Total (A+B) 31/12/2024	**2,731,481**	**70,287**	**74,016**	**2,633**
Total (A+B) 31/12/2023	**3,032,894**	**46,279**	**95,301**	**2,585**

B.2 Territorial distribution of on- and off-balance sheet credit exposures to customers

p.1

Exposures/Geographic Areas	Italy		Other European countries		America
	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures
A. On-balance sheet credit exposures					
A.1 Bad loans	167,225	46,353	-	1	-
A.2 Unlikely to pay	661,080	18,253	17,219	1,394	11
A.3 Non-performing past-due exposures	8,790	1,707	-	-	-
A.4 Performing exposures	4,798,319	136,534	479,760	2,402	37,087
Total (A)	**5,635,414**	**202,847**	**496,979**	**3,797**	**37,098**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	28,887	1,101	-	-	-
B.2 Performing exposures	431,807	1,174	5,643	15	7
Total (B)	**460,694**	**2,275**	**5,643**	**15**	**7**
Total (A+B) 31/12/2024	**6,096,108**	**205,122**	**502,622**	**3,812**	**37,105**
Total (A+B) 31/12/2023	**5,530,992**	**68,550**	**353,464**	**2,823**	**34,900**

B.2 Territorial distribution of on- and off-balance sheet credit exposures to customers

p.2

Exposures/Geographic Areas	America	Asia		Rest of the World	
	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs
A. On-balance sheet credit exposures					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely to pay	4	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-
A.4 Performing exposures	86	29,832	41	2,913	7
Total (A)	**90**	**29,832**	**41**	**2,913**	**7**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2024	**90**	**29,832**	**41**	**2,913**	**7**
Total (A+B) 31/12/2023	**94**	**18,434**	**33**	**21,637**	**17**

B.2 Territorial distribution of on- and off-balance sheet credit exposures to customers

Exposures / Geographic Areas	North west Italy		North east Italy		Central Italy		Southern Italy and islands	
	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs	Net exposure	Total write-downs/ write-backs
A. On-balance sheet credit exposures								
A.1 Bad loans	121,128	26,139	14,685	13,931	22,021	4,647	9,390	1,637
A.2 Unlikely to pay	439,745	10,795	155,216	4,310	47,934	2,178	18,184	970
A.3 Non-performing past-due exposures	3,214	596	1,601	288	2,127	421	1,850	402
A.4 Performing exposures	2,527,601	113,904	448,429	18,536	1,651,221	2,731	171,068	1,363
Total (A)	**3,091,688**	**151,434**	**619,931**	**37,065**	**1,723,303**	**9,977**	**200,492**	**4,372**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	1,634	117	23,097	844	4,027	139	129	-
B.2 Performing exposures	300,960	805	68,769	60	52,849	307	9,167	1
Total (B)	**302,594**	**922**	**91,866**	**904**	**56,876**	**446**	**9,296**	**1**
Total (A+B) 31/12/2024	**3,394,282**	**152,356**	**711,797**	**37,969**	**1,780,179**	**10,423**	**209,788**	**4,373**
Total (A+B) 31/12/2023	**3,150,703**	**39,170**	**739,846**	**21,123**	**1,350,292**	**5,832**	**290,152**	**2,424**

B.3 Territorial distribution of on- and "off-balance sheet" credit exposures to banks

p.1

Exposures/Geographic Areas	Italy		Other European countries		America
	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures
A. On-balance sheet credit exposures					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-
A.4 Performing exposures	560,300	326	145,313	44	-
Total (A)	**560,300**	**326**	**145,313**	**44**	**-**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2024	**560,300**	**326**	**145,313**	**44**	**-**
Total (A+B) 31/12/2023	**558,751**	**239**	**30,128**	**15**	**-**

B.3 Territorial distribution of on- and "off-balance sheet" credit exposures to banks

p.2

Exposures/Geographic Areas	America	Asia		Rest of the World	
	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs
A. On-balance sheet credit exposures					
A.1 Bad loans	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-
A.4 Performing exposures	-	-	-	-	-
Total (A)	**-**	**-**	**-**	**-**	**-**
B. Off-balance sheet credit exposures					
B.1 Non-performing exposures	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2024	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2023	**-**	**-**	**-**	**-**	**-**

B.3 Territorial distribution of on- and "off-balance sheet" credit exposures to banks

	North west Italy		North east Italy		Central Italy		Southern Italy and islands	
	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs	Net exposures	Total write-downs/ write-backs
A. On-balance sheet credit exposures								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	227,568	281	9,388	11	323,344	34	-	-
Total (A)	**227,568**	**281**	**9,388**	**11**	**323,344**	**34**	**-**	**-**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2024	**227,568**	**281**	**9,388**	**11**	**323,344**	**34**	**-**	**-**
Total (A+B) 31/12/2023	**144,017**	**178**	**16,308**	**22**	**398,426**	**39**	**-**	**-**

B.4 Large exposures

	31/12/2024
Book value	3,882,700
Weighted value	511,261
Number	12

According to the regulations in force, the number of large exposures shown in the table is determined by referring to unweighted "exposures" exceeding 10% of the Eligible Capital, as defined by EU Regulation no. 575/2013 (so-called CRR), where "exposures" means the sum of on-balance sheet risk assets and off-balance sheet transactions (excluding those deducted from Eligible Capital) towards a client, or a group of connected clients, without the application of weighting factors. These exposure criteria lead to including subjects in the financial statements table relating to large exposures who - although weighted at 0% – have an unweighted exposure exceeding 10% of the Eligible Capital for the purposes of large risks.

C. SECURITISATION TRANSACTIONS

Qualitative information

With regard to third-party securitisations, below is a brief description, by Division:

Distressed Credit Division

For its NPL operations, the Parent Company uses some securitisation vehicles in accordance with Law 130/99.

The Parent Company acquires loan portfolios from independent third parties through securitisation vehicles, which funds itself by issuing single-tranche notes fully subscribed by the Bank, replicating the entire return of the underlying portfolio.

Also within the Distressed Credit Division, the Parent Company also structures senior financing operations, represented by financing services to investors of distressed credits through the subscription of Senior, Mezzanine or Junior notes.

Investment Banking Division

To carry out its performing loan securitisation activities, the Parent Company works with the vehicle Piedmont SPV, which was established by Banca Finint, a financial intermediary and securitisation *master servicer*, pursuant to Law 130/99. The vehicle Piedmont SPV is subject to line-by-line consolidation.

B-ilty Division

For its performing loan securitisation activities, the Parent Company uses some securitisation vehicles in accordance with Italian Law No. 130/99.

Quantitative information

C.1 Exposures resulting from the main originated securitisation transactions broken down by type of securitisations and by type of exposures

The Group has no exposures in proprietary securitisations.

Disclosure about "self-securitisation" operations can be found in Section E - 4 Liquidity risk. These are operations in which the Bank has subscribed the securities issued by the vehicle, with the aim of using them to obtain liquidity, typically by means of repurchase agreements with market counterparties.

C.2 Exposures resulting from the main "third party" securitisation transactions broken down by type of securitised asset and by type of exposure

Type of underlying asset / Exposures	On-balance sheet exposures							
	Single tranche		Senior		Mezzanine		Junior	
	Book value	(Write-downs)/ write-backs	Book value	(Write-downs)/ write-backs	Book value	(Write-downs)/ write-backs	Book value	(Write-downs)/ write-backs
Distressed Credit Division	405,529	(21,571)	730,888	(102,507)	5,989	-	2,039	-
Investment Banking Division	37,338	(495)	378,761	(767)	6,480	-	205	-
B-ilty division	-	-	68,818	-	42,281	-	74,768	-
Corporate Banking Division	-	-	47,473	(56)	-	-	5,250	-

C.3 Securitisation vehicles

As described above, in order to carry out the activities of the DCIS and SME Divisions, the Bank utilises securitisation vehicles pursuant to Italian Law 130/99. For further information, please refer to the contents of the relevant section in the Explanatory Notes to the consolidated financial statements.

C.4 Non-consolidated securitisation vehicles

In addition to the operations listed above, subject to line-by-line consolidation, the Convivio SPV securitisation must also be taken into account, in relation to which illimity subscribed 50% of the mono-tranching notes in a joint venture with Apollo Global Management.

C.5 Servicer activities - originated securitisations: proceeds of securitised credits and reimbursements of securities issued by the securitisation vehicle

Servicer	Securitisation vehicle	SECURTISED ASSETS (end-of-period figure)		COLLECTIONS OF RECEIVABLES REALISED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED		
		Non-performing	Performing	Non-performing	Performing	Senior	Mezzanine	Junior
ArecNeprix	**Vela 2023 SPV**	84,094	256,058	41,442	20,371	**6%**	**-**	**-**
ArecNeprix	**Zefiro SPV**	183,726	-	23,887	-	-	**-**	**-**
Total		**267,820**	**256,058**	**65,329**	**20,371**	**6%**	**-**	**-**

D. DISCLOSURE ABOUT STRUCTURED ENTITIES NOT CONSOLIDATED IN THE ACCOUNTS (UNLIKE THE SECURITISATION VEHICLES)

The Bank does not use structured entities not consolidated in the accounts, other than securitisation vehicles.

E. DISPOSAL TRANSACTIONS

A. Financial assets sold and not fully derecognised

Qualitative information

The transactions connected to financial assets sold and not derecognised relate to repurchase agreements - payable, where the buyer has to resell on expiration of the assets (for example securities).

Quantitative information

E.1 Financial assets sold and fully recognised and associated financial liabilities: book values

	Financial assets sold and fully recognised				Associated financial liabilities		
	Book value	of which: subject to securitisation transactions	of which: subject to sale agreements with repurchase clause	of which non-performing	Book value	of which: subject to securitisation transactions	of which: subject to sale agreements with repurchase clause
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Customer loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Customer loans	-	-	-	-	-	-	-
C. Financial assets carried at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Customer loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**311,651**	**-**	**311,651**	**-**	**274,133**	**-**	**274,133**
1. Debt securities	311,651	-	311,651	-	274,133	-	274,133
2. Equity securities	-	-	-	X	-	-	-
3. Customer loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	**980,448**	**481,442**	**499,006**	**42,329**	**794,619**	**-**	**794,619**
1. Debt securities	499,006	-	499,006	-	794,619	-	794,619
2. Customer loans	481,442	481,442	-	42,329	-	-	-
Total 31/12/2024	**1,292,099**	**481,442**	**810,657**	**42,329**	**1,068,752**	**-**	**1,068,752**
Total 31/12/2023	**1,606,552**	**720,617**	**326,495**	**10,029**	**783,319**	**-**	**783,319**

E.2 Financial assets sold and partially recognised and associated financial liabilities: book values

As of the reporting date of 31 December 2024, the Bank did not hold partially recognised financial assets sold and associated financial liabilities.

E.3 Disposal transactions with liabilities with repayment exclusively based on assets sold and not fully derecognised: fair value

In table E.1, the book value of the indicated financial assets may be considered a proxy of the same fair value.

B. Financial assets sold and fully derecognised with recognition of continuing involvement)

Qualitative information

The Bank has no such operations.

Quantitative information

D. Covered bond transactions

The Bank has no such operations.

F. CREDIT RISK MEASUREMENT MODELS

For information about credit risk measurement models, please see Section E of the Explanatory Notes to the Consolidated Financial Statements.

Section 2 - Market Risks

2.1 Interest rate risk and price risk – regulatory trading portfolio

Qualitative information

Qualitative information on the measurement of the financial risks generated by the regulatory trading portfolio is illustrated in Part E of the Explanatory Notes to the consolidated financial statements.

Quantitative information

1. Regulatory trading portfolio: distribution by residual maturity (repricing date) of financial assets and liabilities and financial derivatives

Type/Residual maturity	On demand	Up to 3 months	3 Months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	Between 5 and 10 years	More than 10 years	Indefinite duration
1. Cash assets	**28**	**-**	**35**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	28	-	35	-	-	-	-	-
2. On-balance sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repos	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	**10,506**	**1,797,948**	**886,242**	**854,460**	**6,082,429**	**1,702,219**	**2,380**	**-**
3.1 With underlying security	-	53,991	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	53,991	-	-	-	-	-	-
+ Long positions	-	53,991	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	10,506	1,743,957	886,242	854,460	6,082,429	1,702,219	2,380	
- Options	6	63,711	98,162	534,388	2,734,270	507,363	2,380	-
+ Long positions	5	51,914	48,380	328,592	1,299,288	240,730	1,231	-
+ Short positions	1	11,797	49,782	205,796	1,434,982	266,633	1,149	-
- Other derivatives	10,500	1,680,246	788,080	320,072	3,348,159	1,194,856	-	-
+ Long positions	-	976,700	354,195	154,664	1,674,639	585,339	-	-
+ Short positions	10,500	703,546	433,885	165,409	1,673,520	609,517	-	-

2. Regulatory trading portfolio: distribution of exposures in equity instruments and share indices for the main stock market countries

The Bank did not hold equity instruments and share indices in the trading portfolio, as of the reporting date.

3. Regulatory trading portfolio: internal models and other methods of sensitivity analysis

Reference is made to Part E of the Explanatory Notes to the consolidated financial statements.

2.2 INTEREST RATE RISK AND PRICE RISK – BANKING BOOK

Qualitative information

Qualitative information on the measurement of financial risks generated by the banking portfolio is illustrated in Part E of the Explanatory Notes to the consolidated financial statements.

Quantitative information

1. Banking book: distribution by residual maturity (repricing date) of financial assets and liabilities

Type/Residual maturity	On demand	Up to 3 months	3 Months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	Between 5 and 10 years	More than 10 years	Indefinite duration
1. Cash assets	**747,914**	**3,375,665**	**747,803**	**141,332**	**1,086,235**	**533,794**	**275,108**	**-**
1.1 Debt securities	89,821	1,808,617	17,228	93,940	770,753	515,313	136,824	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	89,821	1,808,617	17,228	93,940	770,753	515,313	136,824	-
1.2 Loans to banks	215,715	294,835	-	-	-	-	74,292	-
1.3 Loans to customers	442,378	1,272,213	730,575	47,392	315,482	18,481	63,992	-
- current account	20,634	1,283	2,137	3,655	8,022	581	1	-
- other loans	421,744	1,270,930	728,438	43,736	307,460	17,900	63,991	-
- with early repayment option	140,752	601,322	549,632	14,517	58,383	1,619	-	-
- other	280,992	669,608	178,806	29,219	249,077	16,282	63,991	-
2. On-balance sheet liabilities	**2,235,628**	**851,128**	**202,549**	**1,189,682**	**2,532,394**	**9,332**	**127,354**	**-**
2.1 Amounts due to customers	1,645,928	703,234	202,538	888,982	1,965,550	9,332	-	-
- current account	1,371,831	-	-	-	-	-	-	-
- other payables	274,097	703,234	202,538	888,982	1,965,550	9,332	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	274,097	703,234	202,538	888,982	1,965,550	9,332	-	-
2.2 Amounts due to banks	589,701	147,894	12	24	162	-	127,354	-
- current account	3,198	-	-	-	-	-	-	-
- other payables	586,503	147,894	12	24	162	-	127,354	-
2.3 Debt securities	-	-	-	300,676	566,682	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	300,676	566,682	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	**45,107**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	45,107	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	45,107	-	-	-	-	-	-	-
+ Long positions	45,107	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
4. Other off-balance sheet transactions	**178,723**	**752**	**734**	**9,356**	**126,390**	**41,491**	**-**	**-**
+ Long positions	901	752	734	9,356	126,390	41,491	-	-
+ Short positions	179,624	-	-	-	-	-	-	-

2. Bank portfolio: internal models and other methods of sensitivity analysis

Reference is made to Part E of the Explanatory Notes to the consolidated financial statements.

2.3 EXCHANGE RATE RISK

Qualitative information

For qualitative information, including exchange rate risk hedging assets, please refer to Part E of the Explanatory Notes to the consolidated financial statements.

Quantitative information

1. Breakdown by currency of assets, liabilities and derivatives

Items	Currencies					
	USD	GBP	CHF	SEK	ZLOTY	OTHER CURRENCIES
A. Financial assets	**156,322**	**377**	**122**	**104**	**50**	**199**
A.1 Debt instruments	-	-	-	-	-	-
A.2 Equity instruments	8	-	-	-	-	-
A.3 Loans to banks	37,591	368	122	104	50	199
A.4 Loans to customers	118,723	9	-	-	-	-
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**-**	**-**	**-**	**-**	**-**	**-**
C. Financial liabilities	**1,572**	**-**	**-**	**-**	**-**	**-**
C.1 Amounts due to banks	-	-	-	-	-	-
C.2 Deposits from customers	1,572	-	-	-	-	-
C.3 Debt instruments	-	-	-	-	-	-
C.4 Other financial assets	-	-	-	-	-	-
D. Other liabilities	**504**	**307**	**-**	**-**	**-**	**-**
E. Financial derivatives	**194,850**	**-**	**-**	**2**	**-**	**-**
- Options	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives	194,850	-	-	2	-	-
+ Long positions	23,199	-	-	-	-	-
+ Short positions	171,651	-	-	2	-	-
Total assets	**179,521**	**377**	**122**	**104**	**50**	**199**
Total liabilities	**173,727**	**307**	**-**	**2**	**-**	**-**
Difference (+/-)	**5,794**	**70**	**122**	**102**	**50**	**199**

2. Internal models and other methods of sensitivity analysis

Refer to Part E of the consolidated Explanatory Notes.

Section 3 - Derivative instruments and hedging policies

3.1 Trading derivatives

Trading in derivatives was authorised with effect from 2021: the main type of financial derivatives used is interest rate swaps (IRS), either plain or structured (with the presence of caps and floors).

Derivatives are mainly traded in the context of over-the-counter (OTC) agreements with customers in relation to loans. Those derivative operations are carried out within the trading portfolio and involve the active management of market risks, through the hedging of the derivatives with institutional counterparties.

A.1 Financial derivatives held for trading: end-of-period notional values

Underlying assets/ Types of derivatives	Total 31/12/2024				Total 31/12/2023			
	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 securities and interest rates								
a) Options	-	984,593	9,749	-	-	503,600	26,379	-
b) Swaps	-	2,481,489	1,092,285	-	742,628	-	296,114	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	53,991	-	-	-	64,379	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and share indices								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	181,660	686	-	-	101,651	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Goods	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**3,647,742**	**1,156,711**	**-**	**742,628**	**605,251**	**386,871**	**-**

A.2 Financial derivatives held for trading: positive and negative gross fair value - distribution by products

Types of derivatives	Total 31/12/2024				Total 31/12/2023			
	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	-	6,155	-	-	-	8,133	-	-
b) Interest rate swaps	-	23,296	14,438	-	14,200	-	2,109	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	53	-	-	-	1,423	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	**-**	**29,504**	**14,438**	**-**	**14,200**	**9,555**	**2,109**	**-**
2. Negative fair value								
a) Options	-	9,916	2	-	-	8,607	102	-
b) Interest rate swaps	-	32,689	1,167	-	5,539	-	5,114	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	1,320	13	-	-	113	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-
Total	**-**	**43,925**	**1,182**	**-**	**5,539**	**8,720**	**5,216**	**-**

A.3 OTC financial derivatives held for trading - notional values, positive and negative gross fair value by counterparties

Underlying assets	Central Counterparties	Banks	Other financial companies	Other entities
Contracts not covered by netting agreements				
1) Debt securities and interest rates				
- notional value	X	53,991	744,356	352,677
- positive fair value	X	-	10,876	3,562
- negative fair value	X	-	-	1,168
2) Equity securities and share indices		-	-	-
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold		-	-	-
- notional value	X	-	-	686
- positive fair value	X	-	-	-
- negative fair value	X	-	-	13
4) Goods		-	-	-
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others		-	-	-
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting agreements		-	-	-
1) Debt securities and interest rates		-	-	-
- notional value	-	3,466,082	-	-
- positive fair value	-	29,451	-	-
- negative fair value	-	42,605	-	-
2) Equity securities and share indices		-	-	-
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold		-	-	-
- notional value	-	181,660	-	-
- positive fair value	-	53	-	-
- negative fair value	-	1,320	-	-
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	216,234	2,897,396	1,508,476	4,622,106
A.2 Financial derivatives on equity securities and share indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	182,346	-	-	182,346
A.4 Financial derivatives on goods	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	**398,580**	**2,897,396**	**1,508,476**	**4,804,452**
Total 31/12/2023	**501,334**	**1,026,512**	**206,905**	**1,734,751**

3.2 Hedge accounting

For qualitative information, refer to Part E of the Explanatory Notes to the consolidated financial statements.

Quantitative information

A. Financial hedging derivatives

A.1 Financial hedging derivatives: end-of-period notional values

Underlying assets/ Types of derivatives	Total 31/12/2024				Total 31/12/2023			
	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 securities and interest rates	**-**	**711,405**	**-**	**-**	**-**	**692,100**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	711,405	-	-	-	692,100	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and share indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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. Goods	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**711,405**	**-**	**-**	**-**	**692,100**	**-**	**-**

A.2 Financial hedging derivatives: positive and negative gross fair value - distribution by products

Types of derivatives	Positive and negative fair value								Change in the value used to recognise the ineffectiveness of the hedge	
	Total 31/12/2024				Total 31/12/2023				Total 31/12/2024	Total 31/12/2023
	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			
Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	29,385	-	-	-	21,393	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	**-**	**29,385**	**-**	**-**	**-**	**21,393**	**-**	**-**	**-**	**-**
Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	43	-	-	-	19,770	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Others	-	-	-	-	-	-	-	-	-	-
Total	**-**	**43**	**-**	**-**	**-**	**19,770**	**-**	**-**	**-**	**-**

A.3 OTC financial hedging derivatives - notional values, positive and negative gross fair value by counterparties

Underlying assets	Central Counterparties	Banks	Other financial companies	Other entities
Contracts not covered by netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and share indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Goods				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Others				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting agreements				
1) Debt securities and interest rates				
- notional value	-	711,405	-	-
- positive fair value	-	29,385	-	-
- negative fair value	-	42,742	-	-
2) Equity securities and share indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Others	-	-	-	-
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial hedging derivatives: notional values

Underlying assets/Residual life	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	-	586,405	125,000	711,405
A.2 Financial derivatives on equity securities and share indices	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on goods	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	**-**	**586,405**	**125,000**	**711,405**
Total 31/12/2023	**472,100**	**50,000**	**170,000**	**629,100**

B. Credit hedging derivatives

The Bank does not hold credit derivatives classified as hedges.

B. Non-derivative hedging instruments

The Bank does not hold non-derivative instruments classified as hedges.

D. Hedged instruments

D.1 Fair value hedges

	Specific hedges: book value	Specific hedges - net positions: book value of assets or liabilities (before offsetting)	Specific hedges			Generic hedges: Book value
			Cumulative changes in the fair value of the hedged instrument	Termination of hedging: residual cumulative changes in fair value	Changes in the value used to recognise the ineffectiveness of the hedge	
A. Assets						
1. Financial assets measured at fair value through other comprehensive income - hedging of:	**254,603**	**-**	**(918,627)**	**-**	**-**	**-**
1.1 Debt securities and interest rates	254,603	-	(918,627)	-	-	X
1.2 Equity securities and share indices	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Receivables	-	-	-	-	-	X
1.5 Others	-	-	-	-	-	X
2. Financial assets measured at amortised cost - hedging of:	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities and interest rates	**-**	**-**	**-**	**-**	-	X
1.2 Equity securities and share indices	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Receivables	-	-	-	-	-	X
1.5 Others	-	-	-	-	-	X
Total 31/12/2024	**254,603**	**-**	**(918,627)**	**-**	**-**	**-**
Total 31/12/2023	**208,246**	**-**	**33**	**-**	**-**	**-**
B. Liabilities						
1. Financial liabilities measured at amortised cost - hedging of:	**560,579**	**-**	**(1,198)**	**-**	**-**	**-**
1.1 Debt securities and interest rates	560,579	-	(1,198)	-	-	X
1.2 Currencies and gold	-	-	-	-	-	X
1.3 Others	-	-	-	-	-	X
Total 31/12/2024	**560,579**	**-**	**(1,198)**	**-**	**-**	**-**
Total 31/12/2023	**599,338**	**-**	**(2,266)**	**-**	**-**	**-**

D.2 Cash flow hedges and foreign investments

The Bank does not hold cash flow hedges or foreign investments.

E. Effects of hedging operations on Shareholders' equity

The Bank does not hold cash flow hedges or foreign investments.

3.3 Other information on (trading and hedging) derivatives

A. Financial and credit derivatives

A.1 Over the counter financial and credit derivatives: net fair value for counterparties

The portfolio does not contain any netting carried out in the financial statements for derivatives whose netting agreements meet the criteria set out in IAS 32, par. 42.

Section 4 – Liquidity risk

Qualitative information

For qualitative information, refer to Part E of the Explanatory Notes to the consolidated financial statements.

Quantitative information

1. Breakdown of financial assets and liabilities by residual contractual maturity

Items/ Time bands	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 months to 3 months	3 Months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Indefinite duration
A. Cash assets	**1,094,859**	**325,878**	**158,117**	**214,052**	**593,781**	**403,321**	**388,835**	**1,527,181**	**2,818,948**	**23,801**
A.1 Government bonds	377	-	48,949	65,065	196,984	27,746	72,605	255,000	749,055	-
A.2 Other debt instruments	30,196	21	1,882	28,389	12,238	22,027	53,097	337,283	1,337,451	-
A.3 Units in UCIs	627,805	-	-	-	-	-	-	-	-	-
A.4 Loans	436,481	325,857	107,284	120,596	384,558	353,547	263,132	934,898	732,442	23,801
- Banks	186,364	294,810	-	-	-	-	-	-	74,395	23,801
- Customers	250,116	31,047	107,284	120,596	384,558	353,547	263,132	934,898	658,047	-
B. On-balance sheet liabilities	**1,550,539**	**91,040**	**187,216**	**362,906**	**284,504**	**238,374**	**1,315,875**	**1,641,355**	**1,591,833**	**-**
B.1 Deposits and current accounts	1,550,539	41,195	137,204	44,248	128,457	214,305	956,483	1,343,496	855,942	-
- Banks	34,048	20,000	100,000	-	14	14	27	108	127,404	-
- Customers	1,516,491	21,195	37,204	44,248	128,443	214,291	956,455	1,343,388	728,538	-
B.2 Debt instruments	-	-	-	-	-	19,023	329,321	297,859	256,040	-
B.3 Other liabilities	-	49,844	50,011	318,657	156,046	5,045	30,071	-	479,851	-
C. "Off-balance sheet" transactions										
C.1 Financial derivatives with exchange of principal										
- Long positions	-	116,407	10,066	61,079	59,140	2,195	1,344	-	-	-
- Short positions	-	116,469	10,203	62,216	59,188	2,213	1,341	-	-	-
C.2 Financial derivatives without exchange of principal										
- Long positions	-	-	-	-	19,854	64,974	709,581	13,214	29,880	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be collected										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds										
- Long positions	59	0	-	2	20,750	733,975	50,428	79,997	89,046	-
- Short positions	59	0	-	2	20,750	733,975	50,428	79,997	89,046	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

2. Self-Securitisation transactions

Below is a brief illustration of the self-securitisation transactions originated by illimity, existing as of 31 December 2023, in which the Bank subscribed 100% of the securities issued by the related vehicle (self-securitisation).

In December 2022, the Bank entered into a receivable sale agreement with the special-purpose vehicle COLT SPV for the recourse sale, en bloc, of a portfolio of performing variable-rate loans to corporate counterparties originated by illimity. COLT SPV is a vehicle incorporated pursuant to Law 130/1999, not owned by illimity, which, on 19 December 2022, issued senior, mezzanine and junior notes for a total notional value of EUR 570.1 million, fully subscribed by illimity.
In 2023 the Bank subscribed additional notes issued by the vehicle for a total of around EUR 138 million.

In 2024, the Bank entered into another receivable sale agreement with the special-purpose vehicle COLT SPV for the recourse sale, en bloc, of a portfolio of performing loans to corporate counterparties of the b-ilty Division originated by illimity. With regard to this, the special-purpose vehicle COLT SPV is structured in two compartments.

This transaction falls under transactions without derecognition aimed at expanding the portfolio of assets that can be set aside to constitute a liquidity reserve that can be activated through funding transactions with the ECB, repos or other transactions. The notes subscribed by illimity were used as a guarantee for reverse repurchase agreements in order to ensure that the bank has sufficient liquidity for its funding policies.

In 2022, the Bank subscribed several minibond issues of leading industrial companies, to favour the energy transition and improve issuers' sustainability profiles. Mainly for the purpose of mitigating the risk relating to the Bank's exposure, it was agreed to give priority to issues of minibonds that could benefit from guarantees such as those from SACE and the EIF. It was thus verified, through legal assessments, that the minibonds benefiting from those guarantees cannot be transferred to third parties or to any securitisation vehicle established pursuant to Law 130/99 specifically due to the framework agreements of the guarantors.
In February 2023, the Bank thus structured a synthetic securitisation with the vehicle Energia Sostenibile SPV, established pursuant to Law 130/1999, not held by illimity, which issued single tranche notes fully subscribed by illimity. Using the funds deriving from illlimity's (the sole noteholder) subscription of the single tranche notes, the SPV disbursed a limited recourse loan, of which illimity is the sole borrower, whose characteristics were exactly replicated from the minibonds at the single closings (in terms of interest, redemptions, economic terms and conditions, etc.).
This transaction falls under transactions without derecognition ("self-securitisations") typically aimed at expanding the portfolio of assets that can be set aside to constitute a liquidity reserve that can be activated through funding transactions, repos or other transactions.

Section 5 - Operational Risks

Qualitative information

For qualitative information, including legal risks and tax litigation, see Part E of the Explanatory Notes to the consolidated financial statements.

OTHER RISKS

For information relating to Other Risks, refer to Part E of the Explanatory Notes to the consolidated financial statements.

Part F – Information on shareholders' equity

Section 1 – Bank's shareholders' equity

Qualitative information

Shareholders' equity is defined by the International accounting standards as "what remains of the company's assets after deducting all the liabilities".From a financial viewpoint, equity is the monetary amount of the funds contributed by the proprietors, or generated by the business.

B.1 Equity: breakdown

Items/Values	Amount 31/12/2024	Amount 31/12/2023
1. Share capital	**54,789**	**54,691**
2. Share premium reserve	**624,937**	**624,584**
3. Reserves	**284,933**	**208,084**
- earnings	245,519	170,261
a) legal	10,938	9,082
b) statutory	-	-
c) treasury shares	38	16
d) others	234,543	161,163
- other	39,414	37,823
4. Equity instruments	-	-
5. (Treasury shares)	**(5,354)**	**(747)**
6. Valuation reserves:	**(18,609)**	**(30,269)**
- Equities measured at fair value through other comprehensive income	5	5
- Hedging of equity instruments measured at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) at fair value through other comprehensive income	(18,659)	(30,301)
- Property and equipment	-	-
- Intangible assets	-	-
- Hedging of foreign investments	-	-
- Cash flow hedges	-	-
Hedging instruments (undesignated elements)	-	-
- Foreign exchange differences	-	-
- Non-current assets held for sale and discontinued operations	-	-
- Financial liabilities carried at fair value through profit or loss (changes in credit rating)	-	-
- Actuarial gains (losses) relating to defined benefit plans	45	27
- Share of valuation reserves for equity investments measured at shareholders' equity	-	-
- Special value adjustment laws	-	-
7. Profit (loss) for the year	(103,957)	102,307
Total	**836,739**	**958,650**

B.2 Valuation reserves of the financial assets measured at fair value through other comprehensive income: breakdown

Assets/Values	Total 31/12/2024		Total 31/12/2023	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	5,318	(23,978)	7,235	(37,536)
2. Equity securities	5	-	5	-
3. Customer loans	-	-	-	-
Total	**5,323**	**(23,978)**	**7,240**	**(37,536)**

B.3 Valuation reserves of the financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity securities	Customer loans
1. Opening balance	**(30,301)**	**5**	**-**
2. Positive changes	**60,360**	**-**	**-**
2.1 Increases in fair value	24,240	-	-
2.2 Write-downs/write-backs for credit risk	902	X	-
2.3 Reclassification through income statement of negative reserves following disposal	226	X	-
2.4 Transfers to other items of shareholders' equity (equity instruments)	-	-	-
2.5 Other changes	34,992	-	-
3. Negative changes	**(48,719)**	**-**	**-**
3.1 Decreases in fair value	(2,656)	-	-
3.2 Adjustments in value for credit risk	(1,287)	-	-
3.3 Reclassification through income statement of positive reserves: following disposal	(2,958)	X	-
3.4 Transfers to other items of shareholders' equity (equity instruments)	-	-	-
3.5 Other changes	(41,818)	-	-
4. Closing balance	**(18,660)**	**5**	**-**

B.4 Revaluation reserves on defined benefit plans: annual changes

	31/12/2024	31/12/2023
1. Opening balance	**27**	**341**
2. Positive changes	**26**	**120**
2.1 Increases in fair value Actuarial (Gains)/Losses		
2.2 Reclassification through income statement of negative reserves		
2.3 Other changes	26	120
3. Negative changes	**(8)**	**(434)**
3.1 Decreases in fair value Actuarial (Gains)/Losses		(434)
3.2 Reclassification through profit or loss of positive reserves		
3.3 Other changes	(8)	
4. Closing balance	**45**	**27**

Section 2 – Own funds and capital ratios

For information on own funds and capital adequacy, reference is made to the separate document Third Pillar of Basel 3 – Disclosure, 31 December 2024.

PART G – Business combinations

Section 1 - Transactions carried out during the financial year

1.3 Transactions of business combinations

On 9 July 2024, illimity finalised the purchase of the remaining 51% of the shares of SpicyCo S.r.l. for a value of approximately EUR 5 thousand; this company was therefore subject to line-by-line consolidation in the Group's consolidated financial statements as of that date.

Please see Section G of the Explanatory Notes to the Consolidated Financial Statements for further details about the acquisition transaction and the consequent accounting effects recognised as of 31 December 2024.

1.4 Transactions between subjects under common control

On 8 November 2024, illimity finalised the terms of a binding agreement with the Finwave/OCS Group, through the company Fibonacci BidCo S.p.A., which is controlled by funds managed by Apax Partners LLP.

Following the positive verification of the conditions precedent underlying the effectiveness of the transaction, on 24 December 2024, the *closing* of the agreement with the Finwave/OCS Group, through the company Fibonacci Subco S.r.l. wholly owned by Fibonacci BidCo S.p.A., controlled by funds managed by Apax Partners LLP, was completed.

The Transaction structure initially envisaged the contribution by illimity of the business unit consisting of its technology assets and highly qualified IT staff of the Digital Competence Line to a newly incorporated company ("AltermAInd S.r.l.") - initially wholly owned by the Bank (and therefore initially definable as an "*under common control*" transaction) - and the subsequent sale of a 52% interest to Fibonacci for a consideration of EUR 62.4 million. The remaining 48% of the share capital of AltermAInd remained owned by illimity.

During 2024, there were no other transactions between entities*under common control*.

Section 2 - Business combinations carried out after the balance sheet date

2.1 Business combinations

There were no business combinations governed by IFRS 3 after the end of 2024.

2.2 Transactions between subjects under common control

There were no business combinations between entities under common control after the end of 2024.

Section 3 - Retrospective adjustments

No retrospective adjustment was made during 2024 to business combination transactions taking place in previous years.

Part H – Transactions with related parties

Transactions with related parties are mainly governed by Article 2391-bis of the Italian civil code, according to which the executive bodies of companies resorting to the risk capital markets have to adopt rules, according to criteria indicated by CONSOB, which ensure "the transparency and material and procedural fairness of operations with related parties" carried out directly or through subsidiaries. The supervisory body is required to oversee compliance with the rules and reports on this, in its report to the meeting of shareholders.
In its decision of 12 March 2010, no. 17221, and in implementation of the authority contained in Article 2391-bis of the Italian civil code, CONSOB approved the "Regulation on related party transactions", which sets out the general principles that companies making recourse to the risk capital markets have to observe when setting rules designed to ensure transparency, and the material fairness and procedural fairness of related party transactions.
In relation to this specific activity, companies are also subject to the provisions of Article 136 of the Consolidated Law on Banking on the obligations of corporate officers.
Related party transactions as identified according to IAS 24 and the Consob Regulation issued in Decision no. 17221 as amended, for within the normal operations of the Bank and are settled at market conditions or on the basis of the costs incurred, if there are no suitable criteria.

In 2024 a material related party transaction was carried out involving an agreement to manage operations with said counterparty related to the liquidity deposited by the latter in current and deposit accounts with illimity Bank S.p.A. (about which adequate disclosure was provided to the market, which should be referred to for further details). There were no further material or minor related party transactions in 2024 which significantly affected the Bank's capital or financial performance.

In relation to CONSOB communication no. DEM/6064293 of 28 July 2006, operations or positions with related parties as classified in IAS 24 and the CONSOB Regulation have a limited impact on the financial situation and capital, profit and loss and cash flows of the Bank.
According to IAS 24, related parties are parties:

a) that directly or indirectly, through one or more intermediaries,
   (i). control the entity, are controlled by it, or are under joint control (including controlling entities, subsidiaries and associates);
   (ii). hold an equity investment in the entity of an extent that they may have considerable influence on the latter; or
   (iii). jointly control the entity;
b) represent an associate of the entity;
c) represent a joint venture in which the entity participates;
d) are one of the key senior executive managers of the entity or its parent company;
e) are a close family member of one of the parties in points (a) or (d);
f) are an entity controlled by, controlled jointly or subject to significant influence by one of the subjects in points (d) or (e), or those parties have directly or indirectly, a significant portion of voting rights; or
g) are a pension fund for employees of the entity or of any related entity.

On 12 December 2011 the Bank of Italy issued the 9th update to Circular no. 263 of 27 December 2006 which introduced prudential supervisory requirements for banks, issued in implementation of Article 53, paragraph 4 et seq., of the Consolidated Law on Banking and in accordance with Resolution of the Interministerial Committee for Credit and Savings no. 277 of 29 July 2008, as well as the regulations set forth by Article 136 of the Consolidated Law on Banking. Among others, one of the requirements is a specific provision relating to risk and conflicts of interests regarding Connected Parties, a definition that includes related parties as defined by Consob but also parties connected to the same related parties as identified in the same provisions; these requirements were modified by the Bank of Italy on 23 June 2020, merging said regulation into Circular no. 285 (see 33rd update of 23 June 2020 Part Three, issued by the Bank of Italy on 23 June 2020, which added a new Chapter 11 "Risk assets and conflicts of interest with connected parties" into said Circular no. 285). This update therefore supplements the Consob Regulation, in turn revised and updated by Consob with ruling no. 21624 of 10 December 2020, in order to implement Directive (EU) 2017/828 on shareholder rights (SHRD II).

1. Information on remuneration of key senior executive managers

The total remuneration and other benefits paid pertaining to the financial year to directors, statutory auditors and other key senior executive managers is EUR 7,558 thousand. As required by the new IAS 24, paragraph 17, further information has been provided about the following categories of remuneration for senior executive managers with strategic responsibilities and employees:

(Thousands of euros)

Category	Amount
a) short-term employee benefits	5,112
b) post-employment benefits	296
d) share-based payments for employees	245
e) compensation of members of the Board of Directors and the Audit and Internal Control Committee	1,905

2. Information on related party transactions

With regard to the financial relations, and remembering that key senior executive managers also include the directors and statutory auditors of the Bank, the situation on the reporting date is that shown in the following table, expressed in thousands of euros.

Under the terms of CONSOB Communication no. 6064293 of 28 July 2006, the effects on the consolidated financial statements of transactions with related parties as referred to in the table below, are highlighted in the relevant column.

BALANCE SHEET

(Thousands of euros)

	Assets	31/12/2024	*of which with related parties*	*Impact of related parties*
10.	Cash and cash equivalents	340,587	6,901	*2.0%*
	- Other related parties		6,901	
20.	Financial assets measured at fair value through profit or loss	972,469	226,956	*23.3%*
	a) financial assets held for trading	44,029	-	
	b) financial assets designated at fair value	-	-	
	c) other financial assets mandatorily measured at fair value	928,440	226,956	*24.4%*
	- Other related parties		*5,327*	
	- Subsidiaries		*221,629*	
40.	Financial assets measured at amortised cost	5,537,025	521,073	
	a) due from banks	269,813	-	
	b) loans to customers	5,267,212	521,073	9.9%
	- Other related parties		*224,896*	
	- Subsidiaries		*292,364*	
	- Senior executive managers		*3,813*	
	- Companies subject to significant influence		-	
70.	Equity investments	166,469	166,469	*100%*
	- Subsidiaries		*50,728*	
	- Companies subject to significant influence		*32,897*	
	- Companies subject to joint control		*82,844*	
90.	Intangible assets	14,601	174	*1.2%*
	- Other related parties		*174*	
	- Subsidiaries		-	
	- Companies subject to joint control		-	
120.	Other assets	274,912	27,091	9.9%
	- Other related parties		*121*	
	- Subsidiaries		*2,757*	
	- Companies subject to significant influence		*24,199*	
	- Companies subject to joint control		*13*	

(Thousands of euros)

Liabilities and shareholders' equity		31/12/2024	of which with related parties	*Impact of related parties*
10.	Financial liabilities measured at amortised cost	7,148,069	295,280	*4.1%*
	a) due to banks	865,146	-	
	b) due to customers	5,415,564	295,280	*5.5%*
	- Other related parties		*20,158*	
	- Subsidiaries		*82,982*	
	- Senior executive managers		*4,552*	
	- Companies subject to significant influence		*24,210*	
	- Companies subject to joint control		*163,377*	
	c) securities issued	867,359	-	
80.	Other liabilities	139,010	5,986	*4.3%*
	- Other related parties		*265*	
	- Subsidiaries		*3,858*	
	- Senior executive managers		*237*	
	- Companies subject to significant influence		*1,604*	
	- Companies subject to joint control		*22*	
90.	Employee severance pay	2,737	294	*10.7%*
	- Senior executive managers		*294*	
100.	Allowances for risks and charges	24,916	197	*0.8%*
	a) commitments and guarantees given	2,290	197	
	- Other related parties		197	
	b) post-employment benefits and similar obligations		-	
	c) other allowances for risks and charges	22,625	-	
140.	Reserves	284,934	798	*0.3%*
	- Senior executive managers		798	

INCOME STATEMENT

Items		31/12/2024	of which with related parties	*Impact of related parties*
10.	Interest income and similar income	395,012	124,744	*31.6%*
20.	Interest expenses and similar charges	(274,514)	(7,669)	*2.8%*
40.	Fee and commission income	51,417	1,604	*3.1%*
50.	Fee and commission expense	(8,104)	(89)	*1%*
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	4,511	1,954	*43.3%*
	a) financial assets and liabilities designated at fair value	-	-	-
	b) other financial assets mandatorily measured at fair value	4,511	1,954	*43.3%*
130.	Net value adjustments/recoveries for credit risk associated with:	(136,101)	(6,314)	*4.6%*
	a) financial assets measured at amortised cost	(136,486)	(6,314)	*4.6%*
	b) financial assets measured at fair value through other comprehensive income	385	-	-
160.	Administrative expenses:	(97,074)	(17,574)	*18.1%*
	a) staff expenses	(42,598)	(7,558)	*17.7%*
	b) other administrative expenses	(54,475)	(10,016)	*18.4%*
190.	Net value adjustments/recoveries on intangible assets	(4,329)	(48)	*1.1%*
200.	Other operating income/expenses	12,978	4,415	*34%*

Part I - Share-Based Payments

Qualitative information

1. Description of payment agreements based on own equity instruments

As to the variable component, the Group Remuneration Policy provides for the following plans:

- a "*Long Term Incentive Plan*" (LTI).

"Long Term Incentive Plan" (hereinafter also "LTIP")

On 15 December 2021, the illimity Bank S.p.A. Ordinary Shareholders' Meeting, on the premise that remuneration represents one of the most important factors for attracting and retaining individuals with the professional expertise and skills appropriate to the company's medium- and long-term needs, approved a *Long Term Incentive Plan* ("LTIP", "the Plan") for the 2021-2025 period, associated with the economic, financial and ESG targets set out in the Strategic Plan.

This LTI Plan replaces:

- the "Stock Option Plan" ("SOP") whose adoption was resolved upon on 18 January 2019 by the Shareholders' Meeting, reserved for a select number of employees of illimity and of the companies directly and/or indirectly controlled by illimity; and
- the 2020-2023 Long Term Incentive Plan reserved for the Chief Executive Officer and the rest of illimity's Top Management, whose adoption was resolved upon on 22 April 2020 by the Shareholders' Meeting.

The LTI Plan aims to ensure that the time horizon of the long-term incentive plan for key resources of the Bank is aligned with that of the 2021-25 Strategic Plan presented on 22 June 2021; to ensure strict alignment between the interests of the Bank, its shareholders and the beneficiaries of the LTI Plan, by incentivising commitment to achieving the Strategic Plan goals; and to support the achievement of ESG (Environmental, Social & Governance) targets in addition to economic and financial targets, in accordance with the overall framework of the aforementioned Strategic Plan.

The LTI was classified, in accordance with IFRS 2, as *equity-settled*, since it provides for payments based on the Bank's shares.

Quantitative information

1. Annual changes

Items / Number of options and exercise prices	31/12/2024			31/12/2023		
	Number of options	Average exercise prices	Average expiration date	Number of options	Average exercise prices	Average expiration date
A. Opening balance	**1,499,146**	**-**	**31/12/2025**	**1,555,137**	**-**	**31/12/2025**
B. Increases			X			X
B.1 New issues	-	-	31/12/2025	87,224	-	31/12/2025
B.2 Other changes			X			X
C. Decreases	**(966,028)**		X			X
C.1 Derecognised	(845,905)	-	X	(143,215)	-	X
C.2 Exercised	(120,123)	-	X	-	-	X
C.3 Past-due	-	-	X	-	-	X
C.4 Other changes	-	-	X	-	-	X
D. Closing balance	**533,148**	-	**31/12/2025**	**1,499,146**	-	**31/12/2025**
E. Options exercised as of the end of the financial year	**-**	**-**	**X**	**-**	**-**	**X**

Part L - Segment disclosure

illimity S.p.A., the parent company of the illimity banking group, opting for the possibility in IFRS 8, prepares segment disclosure in Part L of the Explanatory Notes to the Consolidated Financial Statements, to which reference is made.

Part M – Lease disclosure

Section 1 - Lessee

Qualitative information

The Bank has Leasing contracts in place which can be classified into the following two categories:

1. Lease of Properties for business and personal use;
2. Long-term rental of cars;
3. Long-term equipment rental.

As of 31 December 2024, there were 88 leasing contracts, of which 13 related to real estate leasing, with a total value of rights of use of EUR 17.1 million, of which 74 related to cars, with a total value of rights of use of EUR 1.2 million and 1 related to equipment, with a total value of rights of use of EUR 206 thousand.

Real estate leasing contracts refer to the leasing of buildings intended for instrumental (office) use and personal use.
Contracts, as a rule, have a duration of greater than 12 months, and typically have renewal and termination options that can be exercised by the parties according to the provisions of law or specific contractual provisions.

Contracts referring to other leasing relate to cars and equipment.The first are long-term rental contracts available to employees. Generally, these contracts have a four-year duration, with monthly or quarterly payments, without the option of renewal and do not include the option of purchasing the asset.

Sub-leasing transactions are attributable to properties intended for residential use.

As previously specified in the accounting policies, the scope of application of IFRS 16 excludes contracts that have terms of less than 12 months or which have a unit value of the leased asset when new that is of modest value.

Quantitative information

The following table provides a summary of the components of the Balance Sheet relating to *leasing* contracts; for further information, see Part B of the Explanatory Notes:

TYPE OF CONTRACT	Right of use	Lease Liability
Real estate leasing	17,111	21,061
Long Term Rental Cars	1,165	1,200
Long Term Rental Equipment	206	210
Total	**18,481**	**22,471**

The following table contains a summary of the components of the Income Statement relating to *leasing* contracts; for further information refer to the contents of Part C of the Explanatory Notes:

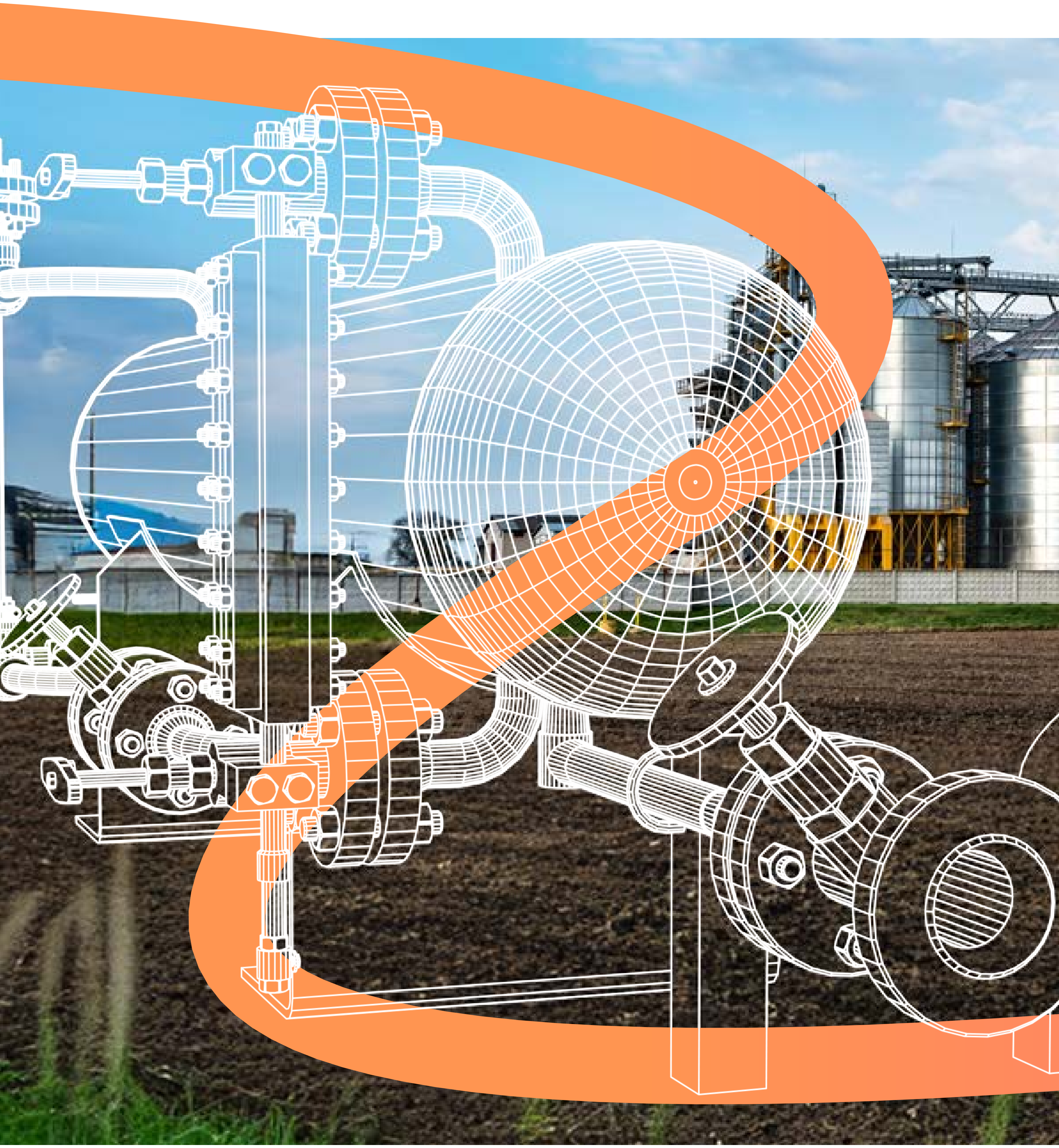
TYPE OF CONTRACT	Interest expenses	Net value adjustments on property and equipment
Real estate leasing	1,538	2,257
Long Term Rental Cars	58	592
Long Term Rental Equipment	9	46
Total	**1,605**	**2,895**

As of 31 December 2024 there were no material amounts relating to lease commitments not yet entered into.

Section 2 - Lessor

QUALITATIVE INFORMATION

At the reporting date, the Bank had no leases in the role of lessor to third parties.



Certifications of the Financial Statements

pursuant to Article 154-bis of Italian Legislative Decree 58/1998

illimity

Certifications of the Financial Statements pursuant to Article 154-bis of Italian Legislative Decree 58/1998

1. The undersigned Corrado Passera, as chief executive officer, and Sergio Fagioli, as Financial Reporting Officer of illimity Bank S.p.A. certify, also considering Article 154-bis, paragraphs 3 and 4, of ItalianLegislative Decree no.58of 24February 1998:
   - the adequacy in relation to the characteristics of the enterprise and
   - the effective application of the administrative and accounting procedures used to prepare the financial statements during financial year 2024.
2. The adequacy of the administrative and accounting procedures used in the formation of the accounts as of 31 December 2024 is checked according to the "Internal Control – Integrated Framework" (CoSO) and the "Control Objective for IT and related Technologies" (Cobit), which are the benchmarks for the internal control system applicable to financial reporting and generally accepted at international level.
3. We can also certify that:

   3.1 the financial statements:

   a) were drafted in compliance with the applicable international accounting standards endorsed by the European Community in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and the European Council, of 19 July 2002;

   b) correspond to the accounting records;

   c) provide a true and fair view of the financial position and performance and cash flows of the issuer.

   3.2 The report on operations includes a reliable analysis of the progress and results of operations as well as the issuer's situation, together with a description of the key risks and uncertainties the issuer is exposed to.

Milan, 12 March 2025

Signature Chief Executive Officer	Signature Financial Reporting Officer
Corrado Passera	Sergio Fagioli
Signed	Signed

Report of the Audit and Internal Control Committee

illimity

REPORT OF THE AUDIT AND INTERNAL CONTROL COMMITTEE TO THE SHAREHOLDERS' MEETING OF ILLIMITY BANK S.P.A. ON SUPERVISORY ACTIVITIES CONDUCTED IN 2024

Pursuant to Article 153, paragraph 1, of Italian Legislative Decree 58 of 24 February 1998

To the Shareholders,

the Audit and Internal Control Committee (*Comitato per il Controllo sulla Gestione*) (also the "**Committee**" or the "**CGC**" below), appointed by the Shareholders' Meeting of 28 April 2022, in this report references the Shareholders' Meeting of illimity Bank S.p.A. (also "**illimity**", "**illimity Bank**" or the "**Bank**", below) - pursuant to Article 153 of Italian Legislative Decree 58/1998 (the Italian Consolidated Law on Finance, hereinafter the "**TUF**") - in connection with its activities during the financial year ended 31 December 2024.

The Shareholders' Meeting held on 28 April 2022 directly appointed the members of the Audit and Internal Control Committee, also nominating the Chair, all of whom meet the requirements of professional integrity, professionalism and independence, as foreseen by the TUF, by the Corporate Governance Code for Listed Companies, by the Articles of Association, by the Italian Legislative Decree 385/1993 (the Italian Consolidated Law on Banking, hereinafter the "**TUB**") and by the Italian Ministry of Economy and Finance Decree 169 of 23 November 2020. The term of office of this Audit and Internal Control Committee will expire with the approval of the financial statements as at 31 December 2024.

The Committee, in addition to performing the tasks provided for by law and by the Articles of Association, performs (in accordance with the provisions of Bank of Italy Circular no. 285/2013) the same tasks assigned to the Supervisory Body (Board of Statutory Auditors) in the traditional model, and also the tasks envisaged by Article 19 of Italian Legislative Decree 39/2010 as the Committee for Internal Control and Auditing (*Comitato per il controllo interno e la revisione contabile*).

The Committee highlights that its overall activity leverages the unique aspects of the monistic corporate governance model. This framework ensures full transparency and real-time information sharing, the full participation of all Board of Directors members - including pre-emptive oversight functions - as well as the active participation (as members) of participants of other internal Board committees. This fosters two-way communication between the committees themselves. This process provides additional insights, broader risk and control assessment perspectives, and a more comprehensive information base on key issues, enabling timely follow-up actions within the Committee's work plan. Continuous information sharing and exchange of ideas with other internal Board committees - particularly the Risk Committee - are also critical to the effectiveness of the work. While respecting each committee's respective roles and objectives, common themes and operational priorities are aligned, resulting in a coordinated work plan that leverages diverse perspectives and analytical approaches.

In the 2024 financial year, the Committee carried out its institutional tasks in compliance with the Italian Civil Code, the TUB, the TUF, the Bank of Italy Circular no. 285/2013, the CONSOB (Italian Securities Commission) guidelines as per Communication no. 1025564 (6 April 2001) and subsequent updates, Italian Legislative Decree 39/2010 (Decree implementing Directive 2006/43/EC on the statutory audits of annual and consolidated accounts) as amended, with corporate bylaws and with regulations issued by supervisory and regulatory authorities, also taking into account the rules of conduct for the Supervisory Bodies of listed companies issued by the Italian Board of Certified Public Accountants and Bookkeepers.

Additionally, as a "Committee for Internal Control and Auditing" under applicable Public Interest Entity regulations, the Committee also fulfilled its specific control and oversight duties related to financial reporting and statutory audits, as required by Article 19 of Italian Legislative Decree 39/2010 (as amended by Italian Legislative Decree 135/2016).

In 2024, the Committee held a total of 48 meetings, with an average duration of approximately two hours and forty minutes. Of these, 18 were joint meetings - either in part or in full - with the Risk Committee. The Committee also participated in the Shareholders' Meeting held on 20 April 2024, and attended 23 sessions of the Board of Directors. Additionally, with full or near-full member attendance, the Committee participated in 29 meetings of other internal Board committees (some of which were joint sessions to address shared priorities).

During the year, the Committee also issued 27 opinions - either conforming to or concurring with decisions made by the administrative body - as required by applicable legal and/or regulatory provisions.

Meeting call notices for the Committee, indicating the agenda items, were shared with the Chair of the Risk Committee and the Secretary of the Board of Directors. The CFO and the General Counsel (the latter supported by the Corporate Governance function for fulfilling the role of Secretary) regularly attended Committee meetings. Additionally, as required for effective agenda discussions, numerous management representatives - including, in particular, the manager in charge of drawing up corporate accounting documentation (the "**Financial Reporting Officer**"), the Head of Internal Audit, the Chief Compliance & AFC Officer, the CRO, the Head of Human Resources & Organisation, the CIO, and other managers - also participated by invitation.

The Committee Chair briefed the Board of Directors on key outcomes during the first Board meeting following each Committee session, as reflected in the meeting minutes. Half-yearly activity reports were also formally submitted to the Board in accordance with Regulation.

As in the previous year, in 2024 the Committee - like other Bank governance bodies - conducted some activities and meetings via video/audio conference, leveraging remote collaboration tools. This approach, permitted under Article 30 of the Articles of Association and compliant with legal requirements, proved operationally effective due to the functional reliability of illimity's digital infrastructure.

As part of its oversight activities, the Committee, among other actions:

- monitored compliance with laws, the Articles of Association, and sector regulations, including obligations concerning regulated information, insider information or requests from Supervisory authorities;
- performed supervisory activities on adherence to sound governance principles, particularly ensuring that the internal Policy on transactions with related parties and connected persons complied with the principles set out in CONSOB Resolution no. 17221 of 12 March 2010 (as amended) and with the provisions of Bank of Italy Circular no. 285/2013, as well as monitoring compliance with the Policy itself;
- supervised the adequacy, efficiency, and functionality of the organisational structure, including through: prior review of corporate regulations of strategic importance being introduced for the first time or undergoing significant updates; review of updates prepared by the CIO on IT matters, including monitoring the progress of recommendations from control functions, the Business Continuity Plan, and disaster recovery;
- assessed the adequacy and effectiveness of the internal control and risk management system in relation to the Bank's characteristics and risk profile, also through:
    a. review of the reports periodically prepared by Internal Audit Function, the final annual report for 2024, the annual plan for 2025, and the annual reports on Whistleblowing and outsourced Critical or Important Functions;

b. within the framework of joint meetings with the Risk Committee (while respecting their respective duties and roles) and prior to approval by the Directors, assessment of the definition and approval of strategic guidelines and risk governance policies, examining the following information prepared by risk control functions and divisional management:

   i. periodic reports and quarterly dashboards (*Tableau de Bord*) prepared by control functions, annual reports of the Chief Compliance & AFC Officer, of the CRO and of the Head of Internal Audit, as well as work plans prepared by these functions for 2025;

   ii. updates to the 2024 and 2025 Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS) indicators;

   iii. the 2025 forecast exercise;

   iv. the proposals of guidelines for the new Business Plan, and their implications for the Capital Plan and Funding Plan.

- analysis of the performance reports of the Corporate Banking, Specialised Credit, direct banking (illimitybank.com), Investment Banking, and *b-ilty* Divisions, as well as reports formalising Level II controls and those related to the quarterly collective credit adjustment;
- monitored the adequacy, efficiency, and functionality of the accounting and administrative system through direct examination, gathering of data and information from the heads of the main corporate functions involved, from the Financial Reporting Officer pursuant to Article 154-bis of the TUF and from the statutory audit firm KPMG S.p.A. (hereinafter '**KPMG**' or the '**Independent Auditors**');
- reviewed the statutory audit process, monitored financial and sustainability reporting, and the independence status of the Independent Auditors;
- examined significant corporate transactions completed during the year, referred to below, and performed analyses and in-depth assessments of other matters brought to the Committee's attention or requested by it;
- oversaw, within its remit, the adoption and proper implementation of remuneration policies, particularly through the examination of performance reviews and goal setting of the CEO, the Head of Internal Audit and the Financial Reporting Officer, as well as participating, where applicable, in the performance reviews and goal-setting of other control function heads;
- supervised the adequacy and independence of the company's control functions;
- oversaw, pursuant to Art. 149, paragraph 1, letter c-bis) of the TUF, the practical implementation of the Corporate Governance Code (2020 edition), to which the company adheres, as well as the correct application of criteria and assessment procedures adopted by the Board to assess the various requirements for Directors and Supervisory Body members;
- examined actions taken or initiated by the Bank to comply with requests or suggestions from the Bank of Italy regarding best practices in internal organisation and control systems;
- met with the Boards of Statutory Auditors of the main subsidiaries Arec neprix S.p.A. (hereinafter '**Arecneprix**'), illimity SGR S.p.A. (hereinafter '**illimity SGR**'), Abilio S.p.A. and its subsidiaries ('**Abilio**'), for regular periodic exchanges of information.

Committee members were also able to exercise additional oversight (in their capacity as members of the Supervisory Body established under Italian Legislative Decree 231/2001 on the administrative liability of entities, assigned to them by the Board of Directors resolution of 15 June 2022) over measures adopted by the Board and Management, overseeing compliance with legislation relevant to the Bank's operations and verifying the application of the related Organisational Model pursuant to Italian Legislative Decree 231/2001 adopted by illimity (MOG).

Compliance with law, regulations and the Articles of Association

The Committee monitored compliance with the law and with the Articles of Association and has no observations to make in this regard.

In relation to the provisions of Article 2408 of the Italian Civil Code, the Committee makes known that during 2024, no shareholders submitted reports of inappropriate conduct. Similarly, throughout the year, the Committee received no notifications of acts or omissions that might constitute violations of banking regulations under Article 52-bis of the TUB, or under Article 6, paragraph 2-bis, of Italian Legislative Decree 231/2001, nor any reports from clients or other parties of irregularities or inappropriate conduct by Bank staff.

Also in 2024, we believe there were no instances of breaches of Directors' duties as set out in Articles 2406 and 2409 of the Italian Civil Code.

Lastly, the Committee reviewed illimity Bank S.p.A.'s 2023 Descriptive Document, which outlines the safeguards adopted by the Bank regarding the deposit and sub-deposit of financial instruments and client funds, in compliance with the regulatory requirements of the TUF (Consolidated Finance Act). Additionally, it received the final attestations issued by KPMG in accordance with the ISAE 3000 Revised auditing standard.

As required by internal rules, the Committee conducted its annual self-assessment of its composition and functioning, also with the external support of an advisor, through a process separate from that of the Board. As is known, this exercise also aims to evaluate the proper and effective performance of the Committee's functions as the Bank's Supervisory Body, in line with criteria and methods consistent with its remit.

The qualitative and quantitative results confirmed the Committee's adequacy and overall compliance with the Corporate Governance Code, EBA guidelines, the provisions of Bank of Italy Circular 285/2013 and with best practices.

Adherence to Sound Governance Principles

During 2024, the Committee - through the aforementioned processes - obtained information on the Bank's and its subsidiaries' activities, including economically, financially, and operationally significant transactions. The exchange of information between the Committee, the Management, and the CEO was further enhanced by periodic meetings, also at Board level, focused on: the Bank's and Group's performance, and also on the functionality and effectiveness of the internal control and risk management systems.

Based on this information, supplemented by regular meetings with Management and control functions, the Committee monitored compliance with regulatory requirements for such transactions. It may reasonably conclude, in this regard, that these transactions comply with law and with the Articles of Association and are not manifestly imprudent, speculative, in conflict of interest, do not contravene shareholders' meeting's resolutions or do not jeopardise corporate assets.

Disclosures under Article 150, paragraphs 1 and 2, of the TUF were provided both within the Financial Reporting Officer's reporting on financial statement preparation and during periodic meetings with the CEO. The Committee also periodically receives information pursuant to internal regulations on the governance of Materially Important Transactions ("**OMRs**") i.e. those potentially altering the risk profile defined in the Risk Appetite Framework. Under the Policy on Transactions with parties falling within the illimity Bank Group's 'Perimeter', the Committee also receives quarterly reporting on transactions with related parties and connected persons, including an assessment of significance of financial relationships for the purposes of the Directors' independence requirement.

Finally, the Committee observed the adoption and governance of the 'illimity way' (Group Code of Ethics), which reflects the Group's commitment to clients, shareholders, suppliers, business partners, the supervisory authorities, the public administration, and to the media and the broader community.

In light of the above, no atypical or unusual transactions - whether with third parties, related parties, or intra-group - were identified that might raise concerns regarding financial reporting integrity, conflicts of interest, safeguarding of corporate assets, or minority shareholder protection. Similarly, no operational irregularities or anomalous trends were detected.

The Committee also reviewed management planning and reporting documents, finding no atypical or unusual transactions involving subsidiaries, securitisation vehicles (SPVs) under Italian Law 130/1999, included in the consolidation, related parties or third parties.

The Group's operations and business model evolved strategically, with a gradual exit from direct NPL portfolio investments - facilitated by transfers to securitisation vehicles or closed-end investment funds - and a sharper focus on lending to SMEs. Meanwhile, no initiatives were overlooked that could provide support to ancillary investees, aimed at accelerating their financial equilibrium and enabling potential value creation. In this context, notable support was provided for the consolidation of HYPE S.p.A.'s growth, and for guiding the strategic direction of Abilio including launching strategic partnerships in premium real estate transactions also through the 'QUIMMO' channel, and for the development of *b-ilty* as a digital credit channel for a predominantly small corporate clientele.

The subsidiary illimity SGR operates as a specialised operator with its own autonomy, extending the Group's value chain in credit management, including non-performing loans.

To monitor adherence to sound governance, the Committee held regular meetings with key figures, including the Head of the Administrative-Accounting Function and the Financial Reporting Officer, addressing topics within its remit - particularly the implementation of ICT tools, their impact on administrative operations, and data quality.

The Financial Reporting Officer, also on the basis of his own control activities, reported no significant deficiencies in operational or control processes that would undermine his/her judgment of the adequacy and effective application of administrative-accounting procedures. This ensures the accurate representation of the Bank's and Group's economic, financial, and equity positions, as required under Article 154-bis of the TUF.

The Committee maintained rigorous oversight of the ongoing adaptation of the ICT system, aligning it with significant business expansion. Notably, the transfer of ICT operations to the company altermAInd S.r.l. (whose majority stake was sold at year-end) resulted in a full IT outsourcing model - a common practice in banking. In this new scenario, the Committee closely monitored the redesign of ICT risk governance and controls, now managed by a new internal function tasked with overseeing the outsourced activities. In 2025, the Committee initiated reviews of this new structure, with its planning activities to include a special surveillance plan to assess the effectiveness of corporate controls over essential outsourced functions.

The Bank has adopted a '*Policy on Transactions with parties falling within the illimity Bank Group's Perimeter*', adopted in compliance with the provisions of CONSOB Regulation 17221/2010 (as amended), Article 2391-bis of the Italian Civil Code, and Bank of Italy Circular no. 285/2013 on 'Risk Activities and Conflicts of Interest of Banks and Banking Groups with Related Parties'.

The Policy was last updated on 7 November 2024 in order to exclude from the exemption under paragraph 8.2.1 ('Transactions with/between subsidiaries, including jointly controlled companies, or affiliates lacking significant interests') those transactions involving AIFs managed by illimity SGR, as these assets belong to investors and remain separate from those of the management company, also for accounting and financial reporting purposes.

The Committee confirms the Policy's compliance with the CONSOB Regulation 17221/2010 and the Bank of Italy Circular 285/2013, and throughout the year monitored the Company's adherence to them.

In the Report on Operations and in the Explanatory Notes, the Board of Directors outlines the transactions carried out with Related Parties and Associated Parties, in accordance with the Internal Rules and under the Committee's control, indicating their economic, financial and equity implications and also the methods used to determine the amount of the related fees, stating that such transactions were carried out in the interest of the Company and conducted in accordance with proper management criteria.

Adequacy of the organisational structure

Within the organisational structure adopted by illimity, the duties and responsibilities of corporate functions, the hierarchical and functional relationships between them, and the related coordination mechanisms are consistently regulated through formalised Policies, with reference to both the Parent company and its subsidiaries.

The Committee has continuously monitored the adequacy of illimity's and the Group's overall organisational structure, as well as the directives issued to subsidiaries pursuant to Article 114, paragraph 2, of the TUF.

The regulatory framework comprising Regulations, Policies, and Guidelines governing the operations of the Bank and the Group underwent further integrations during 2024, to account for business developments, regulatory changes and best practices.

The Committee has analysed in advance of presentation to the Board of Directors, and thereafter continuously monitored this process of developing and implementing internal rules which, as a whole, may be deemed suitable for adequately regulating the governance, powers and responsibilities of corporate bodies and structures, as well as operational processes within an organisational system that, in its entirety, is consistent with the nature and characteristics of the Bank's and the Group's activities. Note that the organisational structure has evolved in line with the dynamic reorientation of the Bank's business model, culminating in the organisational restructuring in early 2025 with the appointment of two Deputy CEOs, responsible for the main corporate functions - on one side, business activities and the Lending Competence Line, and on the other side, Corporate Center functions (excluding control functions and the Competence Line Communication & Marketing). This evolution aligns with a greater focus on and integration of business lines, aimed at supporting the implementation of the Business Plan and reinforcing suitable governance oversight and unified strategic direction.

The Committee actively and carefully participated in the significant updates to the entire corpus of policies, to the extent of its remit.

The Committee has the necessary knowledge of the Bank's organisational structure and ICT framework and has overseen, within its competence, the implementation of adjustments and/or improvements requested by both the operational and the control functions, through the gathering of information from the Heads of the relevant internal functions who have reported on their specific verification activities. The efficiency of the organisational structure and ICT systems has also been subject to ongoing discussions with KPMG's auditors.

During 2024, the Committee was able to assess the overall effectiveness of the core banking ICT performance, given that the dynamism of the Bank's digital offering requires continuous updates and evolutions of the ICT system. The assessment of the system's functionality confirms its adequacy.

The Committee, in particular, reviewed the status of the Business Continuity and Disaster Recovery Plan for illimity and the Group's main subsidiaries, both in relation to 2024 outcomes and in relation to the planned enhancements, including in response to recommendations from control functions. No critical issues emerged regarding security and incident management, as confirmed by the absence of major cybersecurity incidents, the trend in minor and medium incidents, and the results of periodic testing activities.

Note that following the altermAInd S.r.l. transaction at year-end, from 2025 the Bank operates under a full IT outsourcing arrangement with an associated company, necessitating the redesign of a new organisational structure and the implementation of a new control system. The unique business model, indeed, requires the adoption of continuous innovative ICT solutions, partly addressed through external ICT service providers and, as mentioned above, through the outsourcing (from 2025) of the ICT centre of excellence, previously internal to the Bank. The Audit and Internal Control Committee supervises these activities on an ongoing basis.

The ICT Function (Information and Communication Technologies) is classified by the Bank of Italy as an 'Essential or Important Function' (FEI) and, being partly outsourced, is subject to special annual controls by the Internal Audit Function, with a dedicated report on its functioning which is approved by the Board of Directors and accompanied by the Committee's views.

The Committee, whose members - as mentioned - also serve as the Supervisory Body under Italian Legislative Decree 231/2001, has additionally reviewed and obtained information on organisational and procedural activities, implemented and continuously updated, which are relevant to the Decree, as amended, which concerns the administrative liability of entities for the offences provided for therein. In this regard, it has reviewed the annual report of the Supervisory Body, which raised no critical issues.

The Committee oversees, within its remit, effective internal and external flows, including in relation to instructions issued by the parent company to subsidiaries pursuant to Article 114, paragraph 2, of the TUF for the fulfilment of statutory disclosure obligations.

Corporate governance

As reported in the Corporate Governance and Ownership Report, illimity has long since adopted the Corporate Governance Code, most recently approved by the Corporate Governance Committee, which was published on 31 January 2020 and became applicable on 1 January 2021.

The Committee acknowledges that the Board of Directors as a whole has carried out an assessment of its own functioning, size and composition and those of the internal Board Committees, also with the help of a consultant. The process and results of the self-assessment activity were last reviewed by the Board of Directors at its meeting on 27 February 2025. As mentioned above, a similar self-assessment exercise was carried out by the Committee with regard to the adequacy of its composition and functioning. The Committee has concluded that its composition meets regulatory requirements and is in line with what is considered best practice, as well as complying with the requirements of professionalism, competence, integrity, compatibility, fairness and independence, and other requirements, including in particular the availability of time and situations of potential conflict of interest for individual members.

An induction plan for directors continued during the year*,* with the aim of continuously strengthening their skills and judgement on certain matters of importance to the bank.

Adequacy of the internal control and risk management system

The Report on Corporate Governance and Ownership also describes the main features of the internal control and risk management system (hereinafter the '**ICRMS**').

This system comprises the rules, procedures, and corporate structures that operate to ensure the effective functioning of the Bank and the Group, as well as to identify, measure, manage, and monitor the principal risks to which they are exposed, thereby contributing to their sustainable success. The ICRMS is an integrated system involving the entire organisational structure; its functioning requires coordinated and interdependent contributions from both corporate bodies and company functions, including control functions.

The CEO oversees the organisational, administrative, and accounting structure in order to ensure the internal control and risk management system is adequate relative to the nature and size of the Company, and reports to the Board and specifically to the Committee. The CEO is personally in charge of the establishment and maintenance of the ICRMS, thus serving as the 'Director in charge of the internal control and risk management system' under the Corporate Governance Code. Lastly, it should be noted that, also in conformity with the Corporate Governance Code and internal governance rules, the Committee expresses its opinion on the adequacy of the internal control and risk management system, while the Risk Committee reports on risk analyses carried out and their findings.

The Audit and Internal Control Committee has monitored the adequacy of the ICRMS implemented by illimity and the Group, verifying its actual functioning. In particular, it has:

i. examined and assessed the evolution of the organisational structure to align with the natural growth of the Bank's and the Group's activities and business initiatives;

ii. taken note of the assessment expressed by the CEO and the Board of Directors ("with regard to the adequacy and effectiveness of the internal control and risk management system, the Board of Directors confirms that effective risk control exists");

iii. held periodic meetings with the Group Internal Audit, Compliance & AFC and CRO Functions (hereinafter the '**Control Functions**') to evaluate work planning methodologies, based on the identification and assessment of key risks in processes and organisational units;

iv. reviewed the quarterly reports (*Tableau de Bord*) from the control functions presented to the Risk Committee, to the CGC Committee, and subsequently the Board of Directors;

v. examined summary documents on the assessment of the adequacy and effectiveness of the internal control and risk management system, also attending Risk Committee meetings and gathering adequate information, including on initiatives which this Committee deemed appropriate to promote or request on specific topics;

vi. reviewed the control tools designed by the Bank for the timely detection of critical warning signs, particularly risks related to regulatory capital and liquidity, including threats to business continuity;

vii. verified the autonomy, independence and functionality of the Internal Audit Function and maintained adequate and constant liaison with it;

viii. reviewed the audit plan prepared by the Internal Audit Function and approved by the Board of Directors, monitored its proper implementation and received updates on the audit outcomes and on the resolution of any issues;

ix. acknowledged the adequacy assessment of the ICRMS issued by the Internal Audit Function on a half-yearly basis and obtained information from the Director in charge of the Control System on 24 February 2025 and from the heads of the corporate Functions involved in the ICRMS;

x. met with the supervisory bodies of major subsidiaries pursuant to Article 151, paragraphs 1 and 2 of the TUF, during which the Committee gathered information on significant developments affecting Group companies and the internal control system;

xi. discussed the findings of the Independent Auditors' work;

xii. engaged with the supervisory inspection team, carefully reviewing the final report submitted to the Bank, and also the adequacy of the counter-arguments and planned responses in the processes and controls;

xiii. monitored developments in the Group's regulatory framework.

With reference to the adequacy of the Control Functions' professional resources, the Committee noted that the Risk Competence Line had 35 FTE resources at 2024 year-end, which were adequate both professionally and quantitatively, of which 6 held managerial positions. At the same date, the Compliance & AFC Officer Competence Line numbered 20 resources (plus one collaborator) including 1 senior manager, while the Internal Audit Competence Line had 9 resources, with 1 senior manager. In light of the Group's continuous expansion and focus on new business areas and initiatives, the Committee ensures that the control functions will continue to have quantitatively and professionally adequate resources in line with growth plans.

The Committee views favourably, on the whole, their autonomy as well as the adequacy, effectiveness and efficiency of their activities.

Regarding the adequacy and effectiveness of the internal control and risk management system - and also having noted the assessments contained in the 2024 Internal Audit annual report and the CEO's observations - the Bank considers, ultimately, that the risks inherent in business processes are substantially managed and controlled, although some areas require reinforcement without significantly impacting the Group's operations, as outlined in the Report on Corporate Governance and Ownership Structure.

At the initiative of the Board of Directors and of this Committee, and in response to supervisory requests during inspection, corrective actions *ad hoc* were already launched in 2024, given the importance of continuously evolving the internal control and risk management system in line with the ongoing transformation of the business model and the new organisational structure. Throughout 2025, this Committee will continue to monitor the planned interventions in order to assess their effectiveness and timeliness within this evolving organisational context.

Internal Audit

During 2024, the Internal Audit Function completed its activity plan for the Bank and subsidiaries, approved by the Board of Directors at the beginning of the year.

Internal Audit prepares a quarterly *Tableau de Bord* for senior management, also submitted to the Bank of Italy, detailing completed activities, outcomes, and the status of required remedial actions. In particular, the Committee received comprehensive updates on concluded audits and on the progress of the remediation plan activities.

During the reporting period, Internal Audit evaluated the adequacy of the analyses as well as process compliance with Circular 285/2013. It also brought to the Committee's attention, among other matters, information on: (i) Verification of the effectiveness of the Operational Continuity Plan; and (ii) Annual report on outsourced essential or important functions (FEI).

Overall, the Audit Function's activities showed that the corporate functions substantially manage and control the "residual risks" – generally limited in scale – that underlie the processes reviewed, with areas for improvement identified by the Committee that do not materially affect the Bank's operations or the overall effectiveness of controls.

As an additional task to the 2024 Audit Plan, Internal Audit was assigned to review the correct classification and valuation (Asset Quality Review) of certain financial instrument investments in UCIs and in senior financing. Final results were available by early February 2025 to ensure proper representation in the Bank's 31 December 2024 preliminary results.

The Committee assessed the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function, raising no exceptions.

Chief Risk Officer

The CRO function carried out critical work in 2024, monitoring key banking risks in accordance with the Bank of Italy Circular 285/2013. The activity also involved, in particular, a verification of the indicators' consistency with the Risk Appetite Framework (RAF), as well as specific checks required by the supervisory authority. This activity focused on:

(i) Regulatory compliance, particularly core capital adequacy;

(ii) Credit profile, focusing on quality and concentration;

(iii) Financial profile;

(iv) Profitability metrics (ROI, ROE, Cost/Income ratio);

(v) Other operational indicators (operational risks, ICT risks, reputational risk, etc.);

(vi) Management framework and business profiles, with alignment checks vis-a-vis the Group's risk appetite (operating as second-tier controls).

The Committee also oversaw, to the extent of its competence, the constant and continuous monitoring of regulatory capital, with specific regard to the maintenance of adequate buffers against regulatory requirements in view of the evolution of the Bank's provisions and interlocutions with the Supervisory Authority. It has also overseen:

- compliance with the provisions related to Internal Capital Adequacy Assessment Process and all'Internal Liquidity Adequacy Assessment Process (ICAAP/ILAAP) and Group Recovery Plan, with particular focus on scenario analysis and a more in-depth review of methodological and procedural aspects and of the CRO function's findings on the adequacy of the framework for quantifying economic capital and managing liquidity risk;
- the completeness, adequacy, functionality and reliability of the internal risk measurement systems for determining capital requirements (found to be compliant);
- the completeness, adequacy, functionality and reliability of the Risk Appetite Framework (RAF) for 2025, reviewing its methodological aspects, the definition process and its alignment with the 2025 forecasting exercise.

The CRO reports on the evolution of risks to the Governance Bodies in the quarterly *Tableau de Bord*. The Committee has systematically liaised with the CRO function, together with the Risk Committee, paying particular attention to the ICAAP and ILAAP Reports, to the refinements to the new model for calculating the 'collective adjustment' of performing loans, and also focusing on the backtesting and updating of collective adjustment parameters, and on improvements to second-tier credit controls.

Regarding these risks, the Committee also analysed performance and monitoring reports from the Corporate Banking, Specialised Credit, Investment Banking and b-ilty Divisions, along with quarterly reports formalising second-level credit controls. It notes that Level I reporting from these divisions is substantially complete, while Level 2 controls include specific focus on senior financing, energy and repossessed assets. In addition, the CRO function has examined the credit risk classification and the level of credit adjustments for performing and non-performing counterparties, considering that the collective adjustment estimates as at 31 December 2024 reflect necessary rating updates and model internalisation. The Committee emphasises the business importance of monitoring administrative activities for proper management of state guarantees, which were recently subject to specific review by the control functions.

The Committee, in joint sessions with the Risk Committee and the Sustainability Committee (as applicable), also received information on the process followed for the mapping of sustainability risks relevant to the Group, the outcome of which is included in the 2024 Sustainability Reporting Disclosure (CSRD), as well as updates on progress in identifying, developing and implementing analytical frameworks and methodological approaches to assess the illimity Group's exposure to ESG risks, particularly climate-environmental related risks, together with the related activity plan and, accordingly, with a view to inclusion in the 2025 ICAAP/ILAAP processes and in the 2025 Risk Appetite Statement (RAS) update.

The Committee has, finally, reviewed the 2024 final report from the CRO Function and examined, jointly with the Risk Committee, the 2025 control activity programme including the plan for subsidiaries.

Chief Compliance & AFC Officer

Dialogue and collaboration has been ongoing with the Chief Compliance & AFC Officer, both as regards the preliminary review of products and services offered to customers, and as regards ex-post controls on compliance with internal regulations and, above all, in relation to the oversight activities of the Supervisory Body, which receives the necessary operational support from both the Compliance and Internal Audit functions.

Based on documentation and information obtained in meetings with the function head, the Committee confirms regular information flows on activities performed. Key observations include the following information:

a) the updated Compliance Risk Assessment indicated low residual non-compliance risk for the Corporate Banking, Specialised Credit and Direct Banking Divisions, despite delays in rectifying a number of findings. The catalogue of Compliance controls was updated to identify controls focused on new business areas like investment banking;

b) the Chief Compliance & AFC Officer updated the Anti-Money Laundering Policy approved by the Parent Company's Board of Directors on 29 May 2024 (following favourable opinions from the Risk Committee and Audit and Internal Control Committee) in order to properly reflect changes in Group operations and the evolution of AML processes/procedures;

c) regarding AML activities, the main control findings relate to compliant document retention and adequate verification;

d) the joint control functions' report on subsidiaries was reviewed.

The Committee also reviewed the following periodic reports during the year:

- outcomes of the annual IT risk exposure assessment on procedures in operation in the Group;
- outcomes of checks and verifications of the Group's business continuity plan;
- preparation of the Group cybersecurity plan for the current year.

Business continuity and IT risk

The update to the corporate governance framework in information management implemented in 2024 aligns with the provisions of the 40th update to the Bank of Italy Circular 285/2013, concerning information technology and security risks, with clarifications regarding the strategic oversight responsibilities of the Board of Directors and of the management body.

The Group’s policies provide for continuous risk assessment concerning key application resources (applications) as well as technological (infrastructure) resources.

Within a broader context of careful risk governance and close monitoring of its evolution, conducted by the Digital Competence Line and also by the second-level control functions, the Bank's IT and security risk analysis for the financial year 2024 identified no critical and high level risks.

The IT and security risk analysis process takes into account, among other factors, the potential impact and frequency of occurrence of cyber threats, as well as Illimity's ability to effectively identify and counteract such events.

Regarding operational continuity, a Business Impact Analysis was conducted, whose results were substantially positive and led to updates to the Business Continuity Plan and the Disaster Recovery Plan, which were reviewed by the Committee as part of its remit.

ESG Matters

Given the central importance of ESG matters, the Committee pays close attention to the action and oversight plan for managing, measuring and controlling Environmental, Social and Governance risks adopted by the Bank with increasing pervasiveness, as evidenced by the broad-spectrum character of the corporate functions actively involved.

Among other things, the Committee has continued to examine key steps towards the integration of ESG themes, both in strategic development and in day-to-day operations, such as:

- the definition of a 2023-2025 Sustainability Plan, setting ambitious targets for each business sector in line with stakeholder demands and regulatory expectations on sustainable finance and governance of climatic and environmental risks;
- the monitoring of continuous improvements achieved in ESG ratings and indices awarded to the Bank by rating agencies, seen as an ongoing incentive for the evolution of practices, behaviours, and commitment to best practices;
- the Group's adherence to international frameworks, such as the UN Global Compact in 2021 and the Principles for Responsible Investment (PRI) in January 2023, through illimity SGR, as benchmarks for operating in alignment with broader ESG objectives;
- the inclusion of updated ESG risks - including those linked to climate and environmental factors - in the 2025 forecasting exercise and also in the 2025 Risk Appetite Framework indicators, in order to monitor, measure, and mitigate these risks over the long term, even factoring these aspects into capital and liquidity assessments.

The Committee also monitored compliance with the "Oversight Expectations on Climate and Environmental Risks" indicated by the Bank of Italy, and assesses positively the measures taken and their integration into the Bank's overall implementation plan, considering both the results achieved to date - including market recognition - and the pervasiveness of the approach adopted to prioritise ESG themes strategically with a view to medium- and long-term returns.

Administrative and accounting system

As previously highlighted, the Committee has systematically engaged with the Financial Reporting Officer, in order to ensure an exchange of information that is necessary, among other things, in order to ensure the requisite oversight, and also to gather information and clarifications regarding the adequacy of the administrative and accounting system, the functionality of the ICT system, and the progress of the adjustments, improvements, and implementations required in order to align the system with the new business structure - with outcomes the Committee deemed satisfactory.

Over time, in particular, it has carried out specific in-depth analyses, among other things, on the following topics: the process of preparing the consolidated financial statements, the derecognition of assigned receivables, (particularly the correct classification and valuation of financial instruments arising from Specialised Credit asset transformations), the recognition of the IT business unit transfer agreement, the accounting estimation process for risk provisions, the process applied for the impairment testing of assets with finite and indefinite lives, the fair value determination of certain financial instruments with fair value level 2 and 3, and the process of preparing sustainability information useful for the Group's Sustainability Reporting.

Statutory audit process, monitoring of the financial and sustainability reporting process, and the Independent Auditors' independence status

By resolution of the Shareholders' Meeting adopted on 17 December 2018, the statutory audit for the Group was awarded to KPMG for the financial years 2018 to 2026.

Pursuant to Article 19 of Italian Legislative Decree 39/2010, which identified the Audit and Internal Control Committee as the "Committee for Internal Control and Auditing", the Committee proceeded during the 2024 financial year to verify the preparation process of the periodic financial reporting (Consolidated Financial Report as at 30 June, Consolidated Interim Reports as at 31 March and 30 September) the Consolidated and Separate (Corporate) Financial Statements for 2024 of illimity Bank, and their compliance with applicable laws and regulations, as well as consistency with Board of Directors resolutions. A similar review was conducted for sustainability reporting to issue the opinion under Article 5, paragraph 3, of Italian Legislative Decree 254/2016.

In line with past practice, the Committee met with the Independent Auditors in connection with the results presented in the interim reports and with the Bank's 31 December 2024 separate and consolidated financial statements, with no issues raised. The Committee, like the Board of Directors, also received a report from the Financial Reporting Officer concerning the issuance of the certification pursuant to Article 154-bis, paragraph 5, of the TUF on the Annual and Consolidated Financial Statements as at 31 December 2024.

Monitoring of Financial Reporting Process

With reference to the preparation of financial statements, financial and sustainability reporting and the management of related risks, the Committee held periodic meetings and maintained ongoing dialogue with the Financial Reporting Officer to gather information on the accounting rules applied, the efficiency of ICT systems, and data quality – with particular reference to the classification and valuation of customer loans based on their stage of impairment.

In this capacity, the Committee, concerning the 2024 financial statements, has:

- informed illimity Bank's Board of Directors of the outcome of the 2024 interim data control activities and of the progress of the audit of the 2024 financial statements, and of the limited audit of illimity Bank's Sustainability Reporting conducted by KPMG;
- monitored the preparation process and limited review of the interim financial reporting;
- verified and monitored the independence of KPMG, particularly regarding non-audit services provided to the Bank.

Throughout 2024 and up to the present in 2025, the Committee held numerous meetings (12 in total) with the Independent Auditors Partner, responsible for the illimity Group audit, along with the latter's team and specialists in high-expertise areas, exchanging necessary information and assessments in accordance with Article 2409-septies of the Italian Civil Code. These meetings primarily focused on KPMG's activities, based on an audit plan approved by the Committee, also leveraging the expertise of its network to review, in particular:

- the impairment test on the equity investment in HYPE S.p.A.;
- the recoverability of finite and indefinite-lived intangible assets;
- the updating of the 'collective' adjustment calculation model;
- the valuation of certain significant credit exposures;
- the accounting recognition and valuation of Specialised Credit asset transformation transactions;
- the limited assurance review of Sustainability Reporting.

In its aforementioned capacity, the Committee also further engaged with both KPMG and the Financial Reporting Officer, to discuss and align on the adopted accounting principles, the appropriateness assessments of assets and liabilities, the methodology and results of the impairment test for goodwill and the probability test for deferred tax assets (DTA), as well as other decisions made in preparing the 2024 financial statements of illimity Bank, of Arecneprix and of illimity SGR, and the reporting packages of the securitisation vehicles established under Italian Law 130/1999 (SPVs) - special purpose entities deployed by illimity for the securitisation of acquired non-performing loans (NPLs). It is noted that Arecneprix, illimity SGR, and the SPVs are also audited by KPMG.

In early 2025, meetings between the Committee and the Independent Auditors were intensified to ensure adequate information flow in fulfilment of respective oversight obligations, particularly considering financial report preparation timelines.

In compliance with current regulations, the Independent Auditors, in time for the Shareholders' meeting documentation filing:

- issued, on 26 March 2025, its reports on the annual and consolidated financial statements as at 31 December 2024, pursuant to Article 14 of Italian Legislative Decree 39/2010 and Article 10 of EU Regulation 537/2014, including key audit matters and also an opinion confirming that the Report on Operations and the Report on Corporate Governance and Ownership Structure (limited to information under Article 123-bis, paragraph 4, of the TUF) are in line with the separate and consolidated financial statements and were prepared in accordance with law;
- confirmed that the annual and consolidated financial statements were prepared in the ESEF (European Single Electronic Format) and tagged, in all material aspects, in accordance with the provisions of EU Delegated Regulation 2019/815;
- submitted to the Audit and Internal Control Committee – pursuant to Article 11 of EU Regulation 537/2014 – an Additional Report for the Committee for Internal Control and Auditing, affirming its independence under Article 6, paragraph 2, letter a) of EU Regulation 537/2014 and paragraph 17 of International Auditing Standard (ISA Italia) 260;
- for the Sustainability Reporting under Italian Legislative Decree 125/2024 (subject to a limited assurance engagement under ISAE 3000 Revised), issued its report on 26 March 2025 (see below).

Monitoring the Sustainability Reporting Process

In compliance with Italian Legislative Decree 125/2024 and Directive 2022/2464 (Corporate Sustainability Reporting Directive "CSRD"), the Company prepared its Sustainability Reporting (the "**CSR**" or "**Reporting**", below) for the year 2024, included in a dedicated section.

The Committee has continuously monitored the CSR formation process, reviewing its framework, criteria adopted and application choices, and examining controls for quantitative data verification through engagements with relevant internal functions and joint meetings with the Sustainability Committee, Risk Committee and with the appointed Independent Auditors.

On 12 March 2025, the Board of Directors approved the Report, drafted in compliance with Italian Legislative Decree 125/2024 and considering EFRAG reporting standards.

The Committee also noted that, as mentioned above, the Independent Auditors issued the report referred to in Article 8 of the aforementioned Decree. In this report, KPMG certified that, based on work performed, no evidence came to light indicating that the drafting of the Reporting failed to comply, in all material respects, with Articles 3 and 4 of the Decree and with the aforementioned reporting standard.

The Committee, in turn, notes that in the wake of its activities, no instances have emerged of the Reporting failing to comply with regulatory provisions governing its preparation and publication.

Monitoring of non-audit services

illimity has adopted a specific Group Regulation governing the conferral of mandates to the Independent Auditors and its network, which establishes, among other things, pre-approval processes, ongoing monitoring and periodic reporting to the Committee to safeguard independence.

Throughout 2024, in conformity with Article 19, paragraph 1, letter e) of Italian Legislative Decree 39/2010 and Article 5, paragraph 4, of EU Regulation 537/2014, and in line with the provisions of the aforementioned Regulation, the Committee - as the Committee for Internal Control and Auditing - pre-assessed all proposed non-audit service engagements conferred on the Independent Auditors or on network entities submitted to its attention.

Within the scope of its assessments, the Committee verified the compatibility of such services with the prohibitions under in Article 5 of EU Regulation 537/2014, and also the absence of potential risks to the Auditor's independence arising from the performance of such services in view of the provisions of Italian Legislative Decree 39/2010 (Article 10 et seq.), the Issuers' Regulation (Article 149-bis et seq.) and Auditing Standard no. 100. After the legal requirements were ascertained, the Committee approved the assignment of these services to KPMG or other network entities.

The Annual Report 2024 includes a schedule of consolidated fees (in thousands) for the year paid to KPMG. The Committee rigorously monitored compliance with applicable regulations and policies in force at illimity on the conferral of non-audit service engagements to the appointed Independent Auditors.

Remuneration and incentive system

Without prejudice to the responsibilities of the Remuneration Committee, based on the tasks assigned to it in connection with the remuneration and incentive system, and more generally for its supervisory functions, the Committee focused in particular on some specific issues.

The Committee first examined the corporate processes that led to the definition of the remuneration policies, incorporating the recommendations of the Bank of Italy regarding the need for greater detail in the policies and operational rules underlying the annual incentive system (MBO). This was to limit discretion and avoid any ambiguity in the exact interpretation of the activities to be carried out, the responsible parties, and their respective effects.

The Committee acknowledged the non-achievement, as of 31 December 2024, of the so-called Entry Gates, based on the mechanisms set out in the 2024 Remuneration Policy and the MBO System Regulations.

The Committee was adequately informed about the verification of consistency of the 2025 MBO System with the illimity Group's Risk Appetite Framework. This assessment was based on the review by the Risk Committee and the approval of the 2025 MBO System by the Board of Directors at its meeting on 26 March 2024. Lastly, the Committee received information regarding the Criteria for Identifying Group Material Risk Takers for the 2025 year.

The Committee highlights the now full integration and significance of ESG criteria and a digital mindset within the 2025 target scorecards, consistent with the evolving context.

Other matters

The Committee carried out in-depth reviews and, at times, provided opinions on other issues brought to its attention by management. Among other things, within its remit, it examined:

a) the forecasting exercise for 2025, particularly the 2025 Capital Plan, the 2025 Funding Plan, and the 2025 Investment Policy, presented to the Board of Directors. The Committee emphasised the importance of ensuring continued focus on these topics, careful relative risk monitoring, and the adoption of appropriate tools for oversight and mitigation.

b) the progress of the *b-ilty* project, in relation to the development of a digital bank dedicated to the Small Corporate Customer segment, along with its ongoing performance monitoring;

c) risks related to contracts for the outsourcing of Essential or Important Functions (FEI) by the Bank, including, among others, agreements with Finwave S.p.A., BDY (Centrico) and, as of 20 December 2024, altermAInd S.r.l.

Finally, it should be noted that, in anticipation of the expiry of KPMG's statutory audit mandate, the Committee, with the support of the relevant corporate functions, carried out the activities relating to the process of appointing the independent auditors for the period 2027-2035 and the audit of the consolidated sustainability reporting for the period 2027-2029. In this regard, in view of the Shareholders' Meeting of 29 April 2025, the Committee formulated its reasoned proposal on 26 March 2025.

The consolidated and separate financial statements for the year 2024

The Consolidated Financial Statements of the illimity Bank S.p.A. Group include, in addition to the Parent Company illimity, the subsidiaries included in the scope of consolidation as represented in the related notes to the consolidated financial statements.

HYPE S.p.A., as a joint venture, as well as entities subject to significant influence, namely altermAInd S.r.l. and LAISA STA, also contribute to the consolidated financial statements of the illimity Bank S.p.A. Group. These companies are consolidated using the equity method.

The financial statements and reporting packages of the consolidated entities were prepared in accordance with the coordination guidelines provided by illimity Bank. As mentioned above, all companies consolidated under the full method underwent auditing by KPMG.

In the consolidated Report on Operations, the Directors provide exhaustive information on the events that characterised 2024, including the increasingly complex international political-economic context, which had inevitable repercussions on the domestic market, persisting into the first months of 2025. Despite operating in such a problematic environment, in particular due to the repercussions on the NPL lending market, illimity was able to promptly implement a strategic change in its portfolio, decisively reducing the propensity to invest in NPLs, albeit registering a decline in net interest income. At the same time, the Bank maintained a fully adequate regulatory capital position while continuing to support investments in tech initiatives still undergoing consolidation. All of these considerations - against an outlook deemed satisfactory and with a focus on the overall operating profit despite significant adjustments during the year to the financial asset portfolio (deemed predominantly non-recurring) - led the Bank to adopt accounting standards under the going concern assumption.

The Report, prepared by the Directors in compliance with legal and regulatory requirements, clearly outlines the strategies adopted and the results achieved by the Bank and the Group. It provides appropriate comparisons with the previous financial year and adequate indications on the prospective evolution of operations. As required, the Notes to the Financial Statements provide exhaustive information on potential risks (credit, market, operational, liquidity, and other), on the geopolitical risk aforementioned, on the uncertainties the Bank faces at this particular moment, and on the associated measures to control them. The information, both qualitative and quantitative, is accompanied by the required illustrative accounting schedules.

This Committee conducted an overall summary audit of the 2024 consolidated and individual financial statements of the Bank, and of the interim period reports, verifying their correct preparation and adequate disclosure. This audit focused in particular on the application of accounting standards and on the valuation criteria for balance sheet items. In this context, explicit consent is given for the inclusion of intangible assets in the financial statements.

As noted above, the Independent Auditors placed particular emphasis on the recoverability of goodwill recorded in the consolidated financial statements for the year related to the acquisition of AREC, the recognition of value adjustments for goodwill related to the acquisition of Banca Interprovinciale (by SPAX) and IT Auction, as well as the recoverability of the value of the equity investment in the joint venture in HYPE S.p.A., given the significance of the investment and the complexity of the estimates inherent in determining its value. The Committee carefully examined and endorsed the methodology - supported by an external consultant - used to conduct the aforementioned impairment tests, based on the best estimate of future cash flows in accordance with IAS 36, covering both intangible assets and deferred tax assets (DTA).

Conclusions

As detailed in this Report, the Committee verified the functionality of the entire corpus of internal procedures, deeming it suitable to guarantee compliance with law, with regulations and with the company's Articles of Association. The Committee has also confirmed that the decision-making process duly considers risk exposure and the impact of management choices, and is supported by an adequate information flow system - including with regard to any potential conflicts of interest involving Directors. The organisational structure, the accounting and administrative framework, and the statutory audit process were found to be adequate and aligned with the responsibilities assigned to the relevant parties. Furthermore, the Committee verified the absence of critical issues that could undermine the overall integrity of the internal control system and the risk governance and management processes. However, the Bank’s revised business model required both the accounting framework and the internal control system to be reinforced and adapted during 2024, in order to accommodate new types of financial assets in the portfolio. The Committee will continue to closely monitor the evolution of risk management and monitoring tools.

No censurable conduct, omissions, or irregularities requiring reporting were identified during the Committee’s oversight activities. As previously noted, based on information gathered through its supervisory role, the Committee is unaware of any transactions/operations during the reporting period that failed to adhere to sound governance principles, or were resolved and implemented in breach of law or the Articles of Association, or were not in the best interests of the Bank and the Group, or were in conflict with shareholders’ meeting resolutions, or were manifestly imprudent, speculative, or jeopardised the integrity of corporate assets.

Having reviewed the content of the reports prepared by the Independent Auditors (which holds specific responsibilities for accounting oversight and financial reporting reliability), and having acknowledged the joint attestations issued by the CEO and the Financial Reporting Officer, the Committee - within its remit - identifies no impediments to the shareholder meeting's approval of: the draft annual financial statements as at 31 December 2024 of illimity Bank S.p.A., and the accompanying Report on Operations, as approved by the Board of Directors on 12 March 2025.

Pursuant to Article 153 of the TUF, the Committee raises no comments or objections to the Shareholders' Meeting in relation to the approval of the financial statements as at 31 December 2024, and the proposal formulated by the Board of Directors concerning the operating loss.

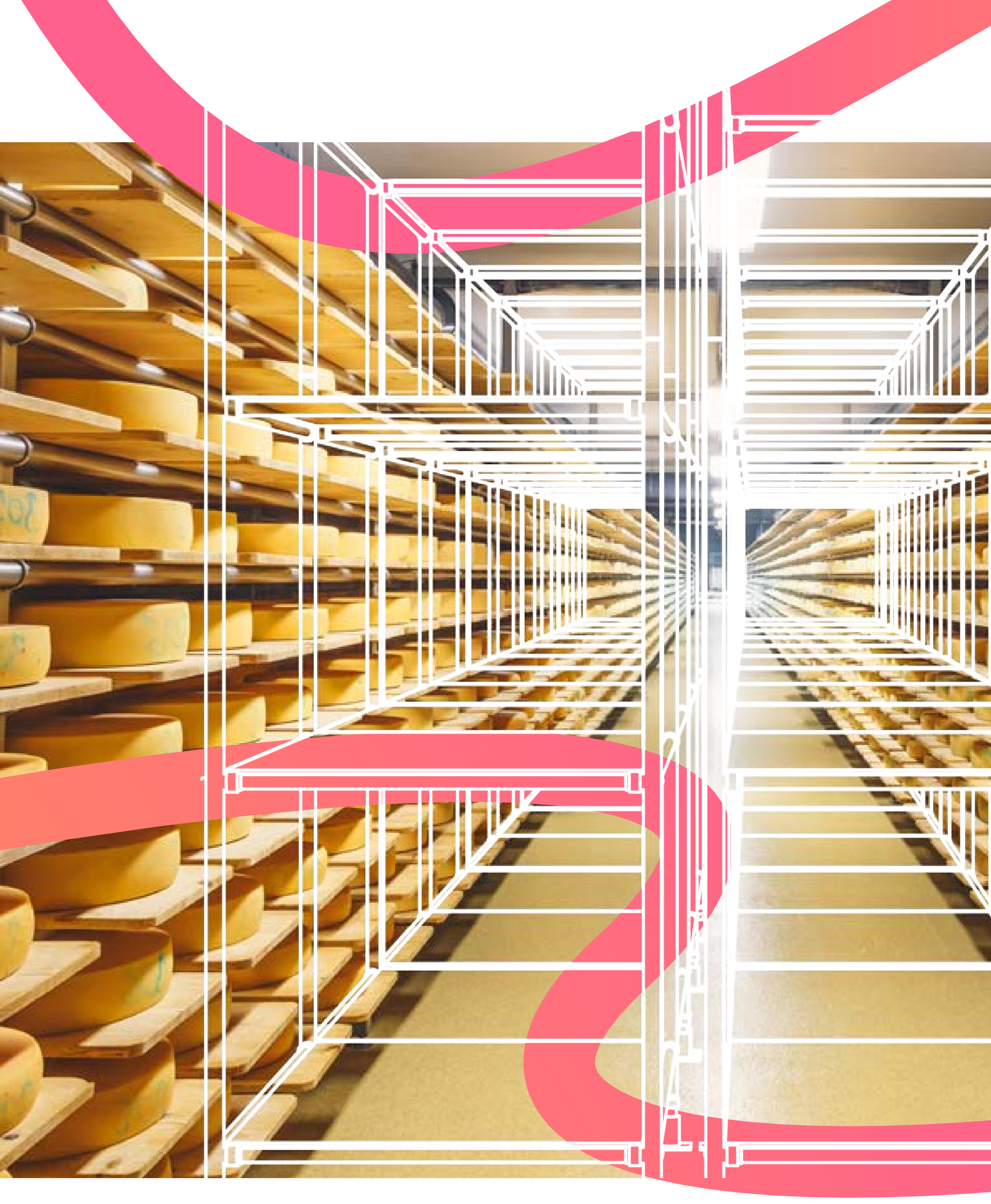
Milan, 26 March 2025

Audit and Internal Control Committee

Marco Bozzola - Chair

Stefano Caringi

Nadia Fontana



Independent Auditors' Report

illimity

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(The accompanying translated separate financial statements of Illimity Bank S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
illimity Bank S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of illimity Bank S.p.A. (the "bank"), which comprise the statement of financial position as at 31 December 2024, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of illimity Bank S.p.A. as at 31 December 2024 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, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the bank in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Illimity Bank S.p.A.
Independent auditors' report
31 December 2024

Measurement of loans and receivables with customers recognised under financial assets at amortised cost

Notes to the separate financial statements "Part A - Accounting policies": paragraph A.2.3 "Financial assets at amortised cost"

Notes to the separate financial statements "Part B - Information on the statement of financial position": section 4 "Financial assets at amortised cost - caption 40"

Notes to the separate financial statements "Part C - Information on the income statement": section 8 "Net impairment losses/gains for credit risk - caption 130"

Notes to the separate financial statements "Part E - Information on risks and related hedging policies": section 1 "Credit risk"

Key audit matter	**Audit procedures addressing the key audit matter**
Loans and receivables with customers recognised under financial assets at amortised cost totalled €5,267 million at 31 December 2024, accounting for 64.2% of total assets. Net impairment losses on loans and receivables with customers recognised in profit or loss during the year totalled €136 million. For measurement purposes, the directors make analyses that are sometimes complex in order to identify those positions that show both an increase in credit risk and evidence of impairment after disbursement or purchase. To this end, they consider both internal information about the performance of exposures and external information about the reference sector and the borrowers' overall exposure to banks. Measuring loans and receivables with customers is a complex activity, with a high degree of uncertainty and subjectivity, with respect to which the directors apply internal valuation models that consider many quantitative and qualitative factors, including historical collection flows, expected cash flows and related estimated collection dates, the existence of any indicators of impairment, the estimate repayment capacity, an assessment of any guarantees, the impact of macroeconomic variables, future scenarios and risks of the sectors in which the bank's customers operate. The complexity of the directors' estimation process has been affected by the increased geopolitical uncertainties which have an impact on the current economic conditions and potential future macroeconomic scenarios and have severely affected, inter alia, the energy market, supply chains, inflationary pressure and its effect on monetary policies in the main economies and real estate market trends and indicators. This required the directors to revisit the valuation processes and methods. For the above reasons, we believe that the measurement of loans and receivables with customers	Our audit procedures included: • gaining an understanding of the bank's processes and IT environment in relation to the disbursement, monitoring, classification and measurement of loans and receivables with customers; • assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the identification of exposures with indicators of impairment and the calculation of impairment losses; • analysing the classification criteria used for allocating loans and receivables with customers to the IFRS 9 categories (staging); • analysing the individual and collective impairment assessment policies and models used by the directors and checking the reasonableness of the main assumptions and variables included therein, as well as the adjustments made as a result of the financial effects of the geopolitical situation. We carried out these procedures with the assistance of experts of the KPMG network; • selecting a sample of exposures tested collectively, checking the application of the measurement models applied and checking that the impairment rates applied complied with those provided for in such models; • selecting a sample of exposures tested individually and checking the reasonableness of the indicators of impairment identified and of the assumptions about their recoverability, including considering the guarantees received; • analysing the significant changes in the categories of loans and receivables with customers and in the related net impairment losses compared to the previous years' figures and discussing the results with the relevant internal departments;

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Key audit matter	Audit procedures addressing the key audit matter
recognised under financial assets at amortised cost is a key audit matter.	• analysing the events after the reporting date; • assessing the appropriateness of the disclosures about loans and receivables with customers recognised under financial assets measured at amortised cost.

Measurement of goodwill

Notes to the separate financial statements "Part A - Accounting policies": paragraph A.2.7 "Intangible assets"

Notes to the separate financial statements "Part B - Information on the statement of financial position": section 9 "Intangible assets - caption 90"

Key audit matter	Audit procedures addressing the key audit matter
Before the impairment test, the carrying amount of goodwill amounted to €22 million. As disclosed in the notes, in accordance with IFRS 3, the directors allocated goodwill to the cash-generating units ("CGUs") they identified. The directors tested goodwill for impairment by discounting the cash flows that are expected to be generated by the individual CGUs using the dividend discount model to calculate their recoverable amount. The impairment test performed by the directors showed that the CGUs' recoverable amount was lower than their carrying amount. Therefore, goodwill was fully impaired. Testing goodwill for impairment requires complex valuations and a high level of judgement, especially in relation to: • the CGUs' expected cash flows, calculated by taking into account historical cash flows, the general economic performance and that of the bank's sector and the directors' forecasts about its future performance; • the financial parameters to be used to discount the cash flows. The complexity of the directors' estimation process has been affected by the geopolitical uncertainties which have had an impact on the current economic conditions and potential future macroeconomic scenarios. For the above reasons, we believe that the measurement of goodwill is a key audit matter.	Our audit procedures included: • understanding the process adopted to prepare the impairment tests approved by the bank's directors; • gaining an understanding of the process used to draft the 2025-2028 plan approved by the bank's directors and used for impairment testing; • analysing the criteria used to identify the CGUs and tracing the carrying amounts of the assets and liabilities allocated thereto to the separate financial statements; • assessing the measurement models and key assumptions used by the bank's directors to determine the CGUs' value in use. Our assessment included checking the consistency of the method adopted with that used in the previous year and comparing the key assumptions used to external information, where available, also in the light of the financial effects of the geopolitical situation. We carried out these procedures with the assistance of experts of the KPMG network; • checking the sensitivity analysis presented in the notes in relation to the key assumptions used for impairment testing; • analysing the events after the reporting date; • assessing the appropriateness of the disclosures about goodwill and the related impairment test.

Illimity Bank S.p.A.
Independent auditors' report
31 December 2024

Recoverability of the investment in a joint venture

Notes to the separate financial statements "Part A - Accounting policies": paragraph A.2.5 "Equity investments"

Notes to the separate financial statements "Part B - Information on the statement of financial position": section 7 "Equity investments - caption 70"

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 31 December 2024 include an investment in a joint venture of €82.8 million. The bank acquired this investment in Hype S.p.A. during 2022. The bank's directors measured such equity investment at cost and, if there are indicators of impairment, it is tested for impairment, by discounting the cash flows that are expected to be generated by the investee using the dividend discount model to calculate its recoverable amount. Testing the equity investment for impairment requires complex valuations and a high level of judgement, especially in relation to: • the investee's expected cash flows, calculated by taking into account historical cash flows, the general economic performance and that of investee's sector and the directors' forecasts about its future performance; • the financial parameters to be used to discount the cash flows. The complexity of the directors' estimation process has been affected by the geopolitical uncertainties which have had an impact on the current economic conditions and potential future macroeconomic scenarios. Considering the materiality of the financial statements caption and the high level of estimate required to measure the equity investment's recoverable amount, we believe that the recoverability of the carrying amount of the investment in the joint venture is a key audit matter.	Our audit procedures included: • understanding the process adopted to prepare the impairment tests approved by the bank's directors; • analysing the reasonableness of the key assumptions used by the bank's directors to determine the recoverable amount of the investment in the joint venture and the related forecast cash flows, as well as the assumptions used to prepare the impairment test. We carried out these procedures with the assistance of experts of the KPMG network; • analysing the events after the reporting date; • assessing the appropriateness of the disclosures provided in the notes about the measurement of the investments in the joint venture.

Measurement of financial assets and liabilities at fair value levels 2 and 3

Notes to the separate financial statements "Part A – Accounting policies": paragraphs A.2.1 "Financial assets at fair value through profit or loss", A.2.2 "Financial assets at fair value through other comprehensive income", A.2.4 "Hedge accounting", A.2.12 "Financial liabilities held for trading", A.2.13 "Financial liabilities designated at fair value" and A.4 "Information on fair value"

Notes to the separate financial statements "Part B - Information on the statement of financial position - Assets": sections 2 "Financial assets at fair value through profit or loss - caption 20", 3 "Financial assets at fair value through other comprehensive income - caption 30" and 5 "Hedging derivatives - caption 50"

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Notes to the separate financial statements - "Part B - Information on the statement of financial position - Liabilities": sections 2 "Financial liabilities held for trading - caption 20", 3 "Financial liabilities designated at fair value - caption 30" and 4 "Hedging derivatives - caption 40"

Notes to the separate financial statements "Part C - Information on the income statement": sections 4 "Net trading income (loss) - caption 80", 5 "Net hedging income (loss) - caption 90" and 7 "Net gains (losses) on other financial assets and liabilities at fair value through profit or loss - caption 110"

Notes to the separate financial statements "Part E - Information on risks and related hedging policies": sections 2 "Market risks" and 3 "Derivatives and hedging policies"

Key audit matter	Audit procedures addressing the key audit matter
Trading in and holding financial instruments are two of the bank's core activities. The separate financial statements at 31 December 2024 include financial assets and financial liabilities at fair value totalling €1,750 million and €45 million, respectively. These financial assets and liabilities comprise assets and liabilities measured at fair value of €1,168 million and €45 million, respectively, for which there is no quoted price on an active market and which the bank's directors have classified at levels 2 and 3 of the fair value hierarchy. Measuring fair value levels 2 and 3 financial instruments require a high level of judgement given the complexity of the models and parameters used. The complexity of the above procedure has also been affected by the increased geopolitical uncertainties and the related effects on the main economic and financial variables. For the above reasons, we believe that the measurement of financial assets and liabilities at fair value levels 2 and 3 is a key audit matter.	Our audit procedures included: • gaining an understanding of the bank's processes and IT environment in relation to the trading, classification and measurement of financial instruments; • assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the measurement of financial instruments with fair value levels 2 and 3, also in the light of the financial effects of geopolitical situation; • for a sample of financial instruments with fair value levels 2 and 3, assessing the reasonableness of the measurement models and parameters used by the directors for their measurement, also in the light of the financial effects of the geopolitical situation; we carried out these procedures with the assistance of experts of the KPMG network; • analysing the changes in the composition of the financial instrument portfolios compared to the previous year end and discussing the results with the relevant internal departments; • analysing the events after the reporting date; • assessing the appropriateness of the disclosures about financial instruments and related fair value levels.

Responsibilities of the bank's directors and audit committee for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view 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 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian 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 bank's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the bank or ceasing operations exist, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing, within the terms established by the Italian law, the bank's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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 bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 17 December 2018, the bank's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2018 to 31 December 2026.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the bank in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed herein is consistent with the additional report to the audit committee prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The bank's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 31 December 2024 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2024 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The bank's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2024 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the separate financial statements;

- express an opinion on the consistency of the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the applicable law;
- issue a statement of any material misstatements in the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 are consistent with the bank's separate financial statements at 31 December 2024.

Moreover, in our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 26 March 2025

KPMG S.p.A.

(signed on the original)

Alberto Andreini
Director of Audit

Annex 1 – Reconciliation between the reclassified balance sheet and income statement and financial statements

Below are the reconciliation schemes used for the preparation of the reclassified statement of financial position and income statement. Any discrepancies between the figures presented are due solely to rounding.

Reclassified balance sheet

Assets	Values as of 31/12/2024
Cash and cash equivalents	**340,587**
Loans to banks, financial entities and other institutions	**292,188**
Item 40. a) Due from banks	269,813
Loans to financial entities	22,375
Loans to customers and investments	**4,302,587**
Item 40. b) Loans to customers	5,267,212
To be deducted:	
Loans to financial entities	*(22,375)*
Government Bonds	*(942,250)*
Government Bonds	**942,250**
HTCS Financial assets	**748,027**
FVTPL Financial assets	**972,469**
Investments in equity	**166,469**
Goodwill	-
Other intangible assets	**14,601**
Item 90. Intangible assets	**14,601**
To be deducted:	
Goodwill	-
Other assets	**421,597**
Item 50. Hedging derivatives	29,385
Item 80. Property and equipment	18,778
Item 100. Tax assets	98,521
Item 110. Non-current assets held for sale and discontinued operations	-
Item 120. Other assets	274,912
Total assets	**8,200,775**

Liabilities and shareholders’ equity	Values as of 31/12/2024
Amounts due to banks	**864,936**
Item 10. a) Due to banks	864,936
Amounts due to customers	**5,393,302**
Item 10. b) Due to customers	5,415,564
To be deducted:	
Lease Liability (IFRS 16)	(22,262)
Securities issued	**867,359**
Item 10. c) Securities issued	867,359
Other liabilities	**238,439**
Item 80. Other Liabilities	139,010
Increase:	
Lease Liability (IFRS 16)	22,472
Item 20. Financial liabilities held for trading	45,107
Item 40. Hedging derivatives	43
Item 60. Tax liabilities	4,154
Item 70. Liabilities associated with non-current assets held for sale and discontinued operations	-
Item 90. Employee severance pay	2,737
Item 100. Allowances for risks and charges	24,916
Shareholders’ equity	**836,739**
Capital and reserves	
Item 110. Valuation reserves	(18,609)
Item 140. Reserves	284,933
Item 150. Share premium reserves	624,937
Item 160. Share capital	54,789
Item 170. Treasury shares (-)	(5,354)
Item 180. Profit (loss) for the year	(103,957)
Total liabilities and shareholders’ equity	**8,200,775**

Reclassified income statement

Income Statement items	Values as of 31/12/2024
Net interest margin	**118,941**
Item 10. Interest income and similar income	395,012
Reclassification from Profit (Loss) from discontinued operations	*(5)*
Item 140. Profits/losses on changes in contracts without derecognition	
Item 20. Interest expenses and similar charges	(274,514)
Reclassification of Raisin operating components	*(3,157)*
To be deducted:	
IFRS 16 interest expenses	*1,605*
Net fees and commissions	**45,068**
Item 40. Fee and commission income	51,417
Item 50. Fee and commission expense	(8,104)
To be deducted:	
Reclassification from item 320. Profit (loss) from discontinued operations after tax	75
Raisin operating components	*1,680*
Net profit (loss) on financial assets trading	**19,976**
Item 70. Dividends and similar income	2,675
Item 80. Net profit (loss) on trading	9,004
Item 90. Net profit (loss) in hedge accounting	257
Item 100. Profits (losses) from disposal or repurchase	3,529
Item 110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	4,511
Reclassification from item 110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss - Capital gains on equity instruments from extraordinary transactions	
Net profit (loss) on closed positions	**3,943**
of which: Net profit (loss) on closed positions - Clients - POCI	3,943
of which: Net profit (loss) on closed positions - Clients - PPC	-
of which: Net profit (loss) on closed positions - Clients - Energy performing	-
Other profits (losses) from the disposal of investments	**-**
Item 250. Profits (losses) on disposal of investments	-
To be deducted:	
Reclassification to Net profit (loss) on closed positions	-
Other operating expenses and income (excluding taxes)	**30,754**
Item 200. Other operating income/expenses	12,978
To be deducted:	
Reclassification of recovery of other operating expenses/income to Other administrative expenses	*(9,292)*
Reclassification of outsourcing services	*(652)*
Reclassification from item 110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss - Capital gains on equity instruments from extraordinary transactions	
Reclassification from item 320. Profit (loss) from discontinued operations after tax	*27,720*
Total net operating income	**218,682**
Staff expenses	**(49,513)**
Item 160. Administrative expenses: a) Staff expenses	(42,598)
To be deducted:	
Reclassification from item 320. Profit (loss) from discontinued operations after tax	(7,279)
Reclassification of outsourcing services	*652*
Reclassification of HR expenses from other administrative expenses	*(288)*
Other administrative expenses	**(61,833)**
Item 160. Administrative expenses: b) Other administrative expenses	(54,476)
Reclassification from item 320. Profit (loss) from discontinued operations after tax	(24,268)
Reclassification of IFRS 16 interest expenses	(1,605)
Reclassification of HR expenses to staff expenses	*288*
Reclassification of recovery of other operating expenses/income to Other administrative expenses	*9,292*
Raisin operating components	*1,477*
Reclassification of contributions and other non-recurring expenses	*7,459*

Income Statement items	Values as of 31/12/2024
Net value adjustments/recoveries on property and equipment and intangible assets	**(21,208)**
Item 180. Net value adjustments/recoveries on property and equipment	(3,111)
Item 190. Net value adjustments/recoveries on intangible assets	(4,329)
To be deducted:	
Reclassification from item 180. Net value adjustments/recoveries on property and equipment - Write-downs on property portfolio due to extraordinary transactions	(13,767)
Operating expenses	**(132,554)**
Operating profit (loss)	**86,128**
Net value adjustments/recoveries for credit risk - HTC Banks and financial entities	**(114)**
Net value adjustments/recoveries for credit risk - HTC Customer Banks and Financial entities	**(137,128)**
Item 130. Losses/recoveries for credit risk associated with: a) financial assets measured at amortised cost	(136,486)
Reclassification of Net profit (loss) on closed positions - HTC&S Clients - POCI to item 130b	-
Reclassification of Net profit (loss) on closed positions - HTC Clients - POCI off-balance to item 170	*3,187*
To be deducted:	
Net value adjustments/recoveries for credit risk - HTC Banks and financial entities	*(114)*
Net profit (loss) on closed positions - Clients - POCI	*(3,943)*
Net value adjustments/recoveries for credit risk - HTCS	**385**
Item 130. Adjustments/recoveries for credit risk associated with: b) financial assets measured at fair value through other comprehensive income	385
To be deducted:	
Net profit (loss) on closed positions on closed positions - HTC&S Clients - POCI	-
Net value adjustments/recoveries for commitments and guarantees	**(102)**
Item 170. Net provisions to allowances for risks and charges: a) commitments and guarantees given	3,085
To be deducted:	
Net profit (loss) on closed positions - HTC Clients - POCI off-balance	*(3,187)*
Total net value adjustments/recoveries	**(136,960)**
Other net provisions	**(163)**
Item 170. Net provisions to allowances for risks and charges: b) other net provisions	(20,572)
Reclassification of one-off components of the income statement related to extraordinary transactions	20,409
Other income (expenses) on investments	**(29,894)**
Item 220. Profits (losses) on equity investments	(29,894)
Contributions and other non-recurring expenses	***(49,511)***
of which: Contributions and other non-recurring expenses	*(7,459)*
Reclassification of one-off components of the income statement related to extraordinary transactions	(20,409)
of which: Goodwill impairment	(21,643)
Other profits (losses) from the disposal of investments	**-**
Item 250. Profits (losses) on disposal of investments	-
To be deducted:	
Reclassification to Net profit (loss) on closed positions	-
Profit (loss) from operations before taxes	**(130,400)**
Income tax for the period on continuing operations	**26,443**
Item 270. Income tax for the period on continuing operations	14,527
Reclassification from Profit (Loss) from discontinued operations	*11,916*
Profit (loss) from discontinued operations after tax	**-**
Item 290. Profit (loss) from discontinued operations after tax	(5,610)
To be deducted:	
Interest income and similar income	*5*
Fee and commission income	*(75)*
Profits (losses) on disposal of investments	*(27,275)*
Staff expenses	*7,279*
Other administrative expenses	*24,268*
Net value adjustments/recoveries on property and equipment	*81*
Net value adjustments/recoveries on intangible assets	*13,686*
Other operating income/expenses	*(445)*
Income tax for the year on continuing operations	*(11,916)*
Profit (loss) for the year	**(103,957)**

Annex 2 - Statement of reconciliation of the 2023 Income Statement published with the Pro Forma restated in accordance with International Financial Reporting Standard IFRS 5

Income Statement items	Balance as of 31 December 2023 (Published)	Reclassifications	Balance as at 31 December 2023 pro-forma in accordance with IFRS 5
Interest income and similar income	395,227,622		395,227,622
of which: interest income calculated according to the effective interest method	336,718,633		336,718,633
Interest expenses and similar charges	(202,696,131)	1,802	(202,694,329)
Net interest income	**192,531,491**	**1,802**	**192,533,293**
Fee and commission income	47,146,607	(159,510)	46,987,097
Fee and commission expense	(7,661,272)		(7,661,272)
Net fees and commissions	**39,485,335**	**(159,510)**	**39,325,825**
Dividends and similar income	45,341		45,341
Net profit (loss) on trading	(459,336)		(459,336)
Net profit (loss) in hedge accounting	(386,239)		(386,239)
Profits (losses) on disposal or repurchase of:	(855,109)		(855,109)
a) financial assets measured at amortised cost	(131,022)		(131,022)
b) financial assets measured at fair value through other comprehensive income	(724,087)		(724,087)
c) financial liabilities	-		-
Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	3,781,605		3,781,605
a) financial assets and liabilities designated at fair value	-		-
b) other financial assets mandatorily measured at fair value	3,781,605		3,781,605
Total net operating income	**234,143,088**	**(157,708)**	**233,985,380**
Net value adjustments/recoveries for credit risk associated with:	29,954,983		29,954,983
a) financial assets measured at amortised cost	30,085,031		30,085,031
b) financial assets measured at fair value through other comprehensive income	(130,048)		(130,048)
Profits/losses on changes in contracts without derecognition	-		-
Net profit (loss) from banking activities	**264,098,071**	**(157,708)**	**263,940,363**
Administrative expenses:	(158,431,355)	25,284,874	(133,146,481)
a) staff expenses	(71,123,021)	6,991,109	(64,131,912)
b) other administrative expenses	(87,308,334)	18,293,765	(69,014,569)
Net allowances for risks and charges	(531,666)		(531,666)
a) commitments and guarantees given	(511,500)		(511,500)
b) other net provisions	(20,166)		(20,166)
Net value adjustments/recoveries on property and equipment	(3,034,593)	91,975	(2,942,618)
Net value adjustments/recoveries on intangible assets	(13,958,470)	9,899,415	(4,059,055)
Other operating income/expenses	59,912,778	(5,575)	59,907,203
Operating expenses	**(116,043,306)**	**35,270,689**	**(80,772,617)**
Profits (losses) on equity investments	-		-
Net profit (loss) on the measurement at fair value of property and equipment and intangible assets	-		-
Goodwill impairment	-		-
Profits (losses) on disposal of investments	-		-
Profit (loss) before tax from continuing operations	**148,054,765**	**35,112,981**	**183,167,746**
Income tax for the year on continuing operations	(45,747,678)	(9,630,490)	(55,378,168)
Profit (loss) after tax from continuing operations	**102,307,087**	**25,482,491**	**127,789,578**
Profit (loss) from discontinued operations after tax	-	(25,482,491)	(25,482,491)
Profit (loss) for the year	**102,307,087**		**102,307,087**

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