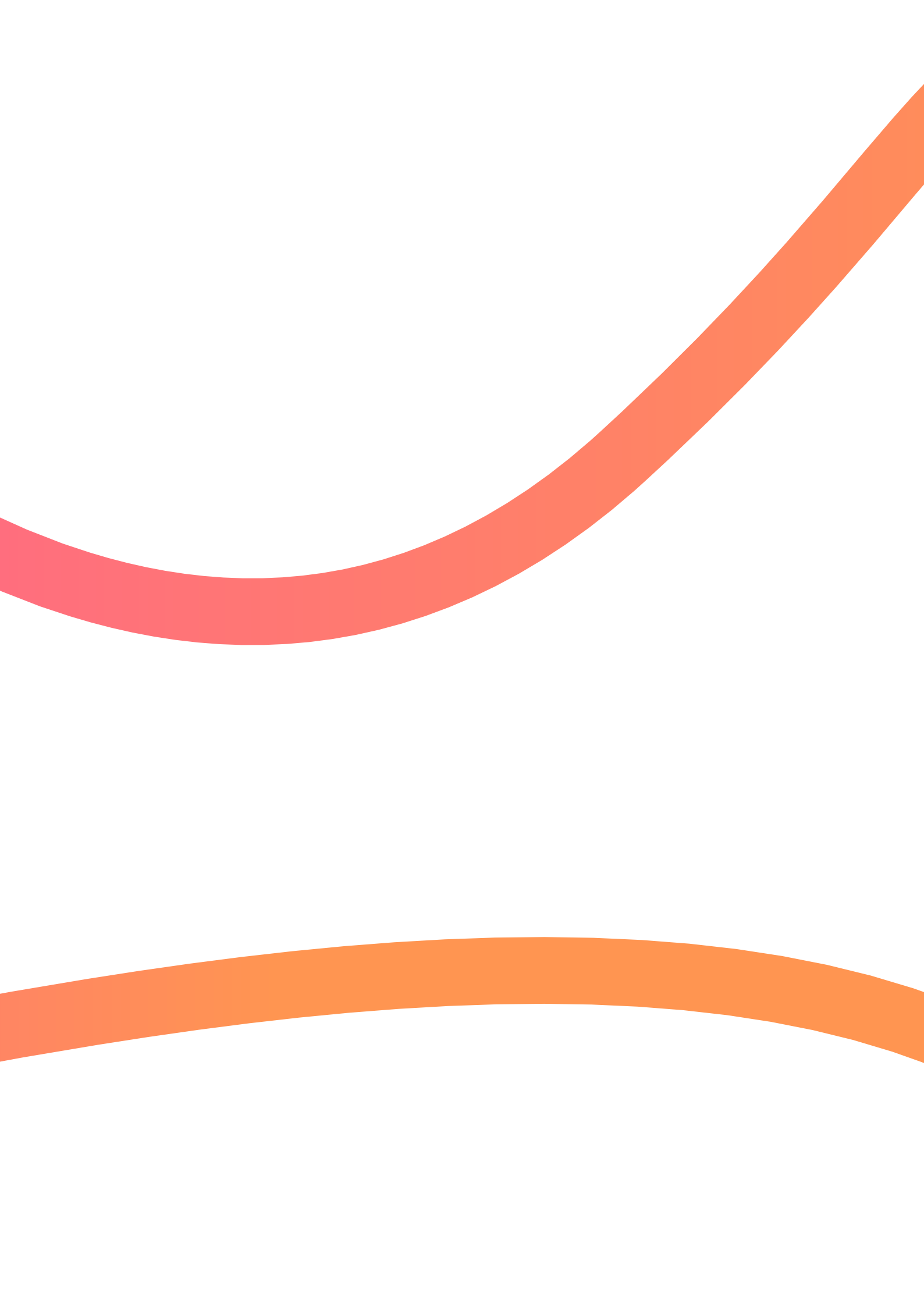


Consolidated Half-Yearly Financial Report

as at 30 June 2025





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Consolidated Half-Yearly Financial Report as at 30 June 2025

Composition of Corporate Bodies

Board of Directors^(*)

Chair

Rosalba Casiraghi

CEO

Corrado Passera

Directors

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

Secretary of the Board of Directors

Giovanni Lombardi

Audit and Internal Control Committee

Chair

Marco Bozzola

Members

Stefano Caringi
Nadia Fontana

(*) The members of the Board of Directors, including the members of the Audit and Internal Control Committee, have resigned their mandates to the parent company Banca Ifis S.p.A., in order to facilitate the rapid and orderly merging of the two entities, tendering their resignation with effect from the renewal of the Corporate Bodies, which will be resolved upon by the next Shareholders' Meeting, called for 25 September 2025. With reference to director Filippo Annunziata, the resignation will be effective as of 31 August 2025, taking into account the application of the "interlocking" regulations set forth in Article 36 of Italian Decree Law no. 201/2011 for the positions recently assumed by the exponent.

Board Committees

Nominating Committee

Marcello Valenti, Chair
Rosalba Casiraghi
Giovanni Majnoni D'Intignano

Remuneration Committee

Paola Elisabetta Galbiati, Chair
Francesca Lanza
Marcello Valenti

Risk Committee

Elena Cialliè, Chair
Filippo Annunziata
Stefano Caringi

Related Party Transactions Committee

Giovanni Majnoni d'Intignano, Chair
Nadia Fontana
Paola Elisabetta Galbiati

Sustainability Committee

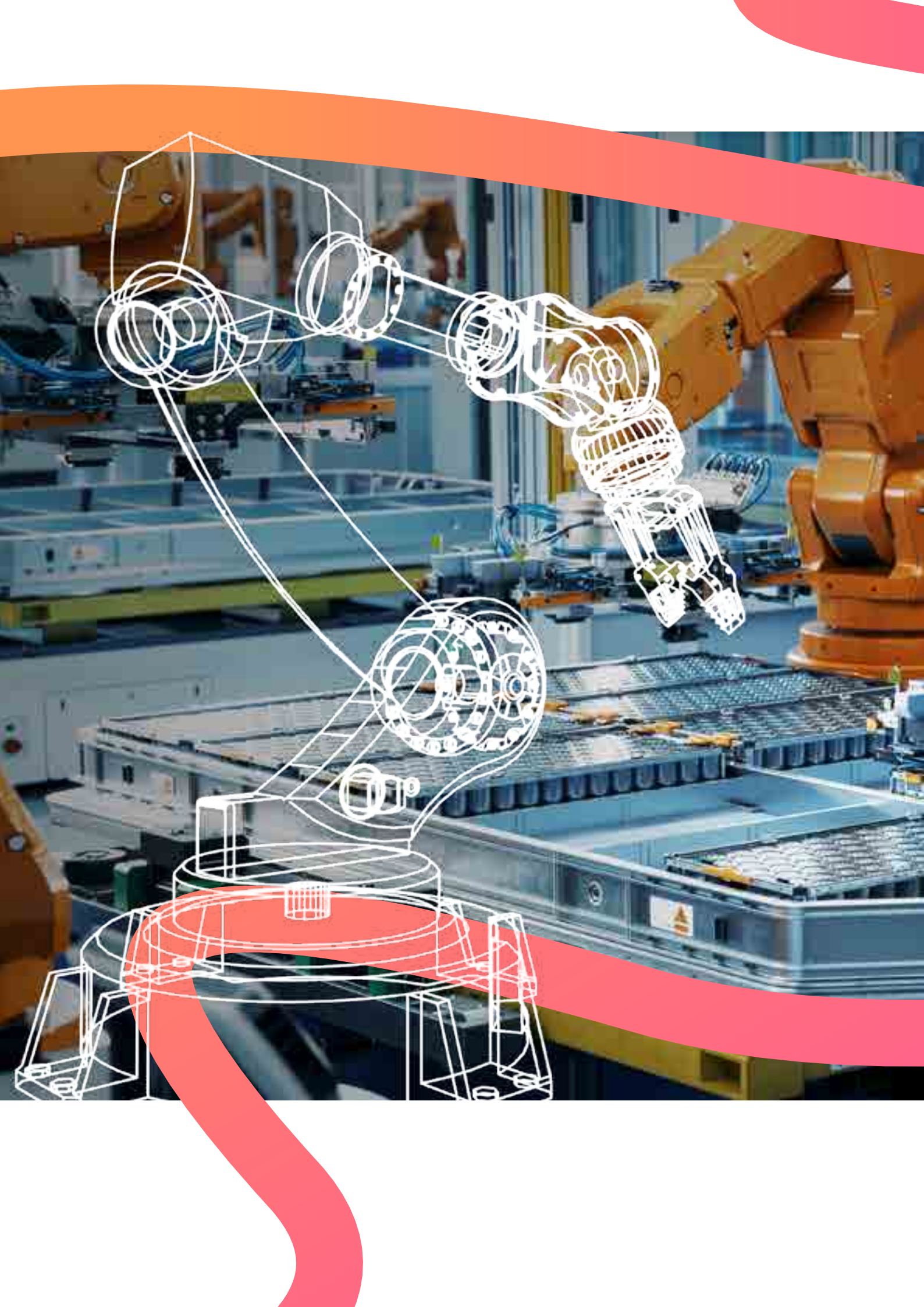
Rosalba Casiraghi, Chair
Ivana Bonnet Zivcevic
Massimo Brambilla
Elena Cialliè

Financial Reporting Officer

Sergio Fagioli

Independent Auditors

KPMG S.p.A.



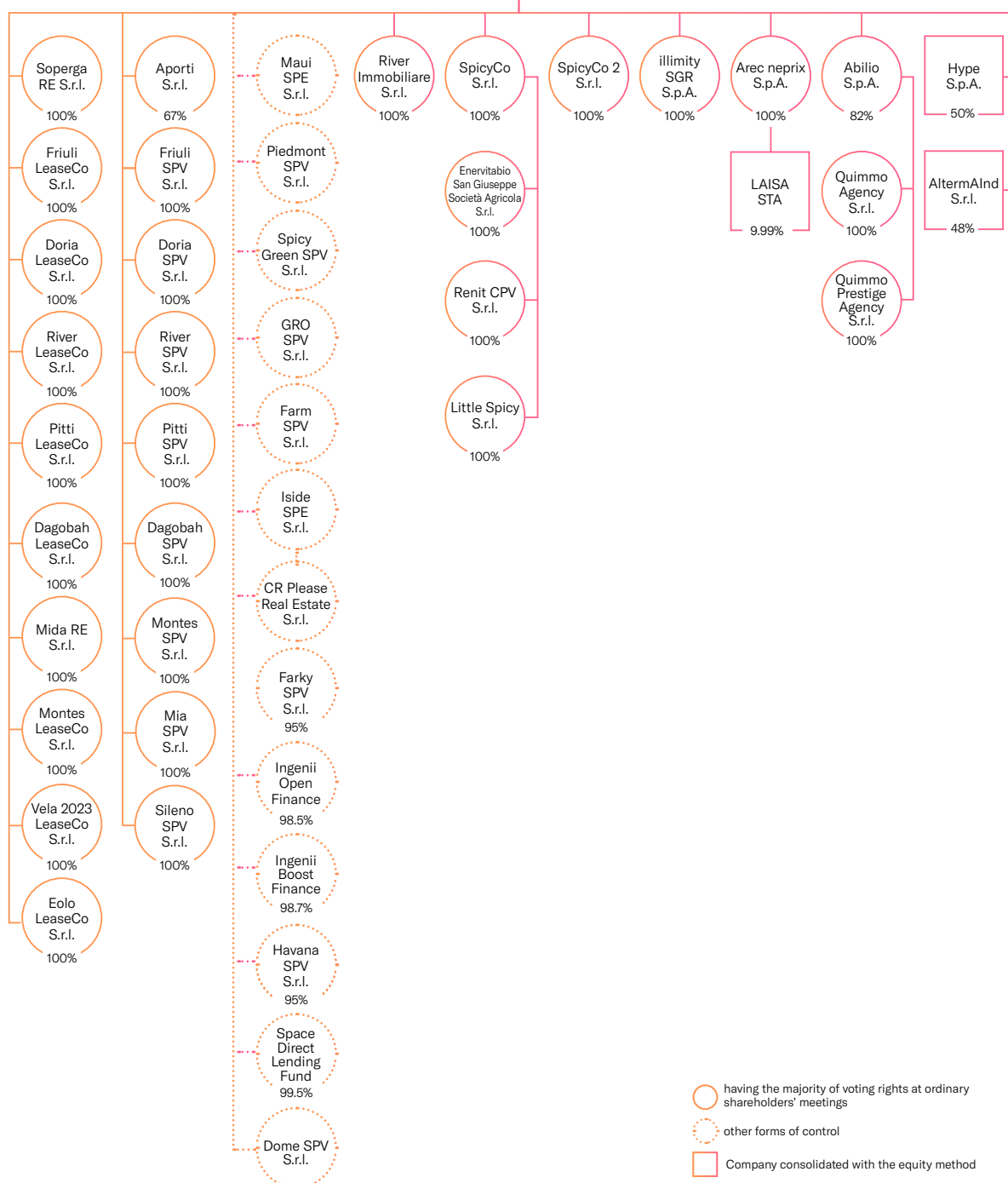
A photograph of a yellow industrial robotic arm in a factory setting, positioned over a workbench with various electronic components. The image is partially framed by a large, thick, pink wavy line that starts from the top left and curves around the right side. The text "Consolidated Half-Yearly Financial Report" is overlaid in white, bold, sans-serif font.

Consolidated Half-Yearly Financial Report

as at 30 June 2025

The illimity Group

This consolidated half-yearly financial report illustrates the operating performance and related data and results for the first half of 2025 of illimity Bank S.p.A. ("illimity" or the "Bank"), with registered office at via Soperga 9, Milan¹, and of the entities included in the scope of consolidation (together with the Bank, the "illimity Group" or the "Group"). As from 4 July 2025, the settlement date of the public tender and exchange offer related to illimity shares, the Bank and the entities of the Group related to it are subject to management and coordination by Banca IFIS S.p.A.



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

The illimity Group is engaged in the disbursement and management of credit through its business functions, especially thanks to its operations in Corporate Banking, Turnaround, Investment Banking and Asset Based Financing. Specifically, illimity provides credit to high-potential SMEs, purchases and manages credit 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 indicators as at 30 June 2025

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 indicators (ESMA/2015/1415 Guidance).

(amounts in thousands of euros)

PERFORMANCE INDICATORS	30/06/2025	30/06/2024	Chg.	% chg.
Total net operating income	123,881	157,801	(33,920)	(21%)
Operating expenses	(110,454)	(103,589)	(6,865)	7%
Operating profit (loss)	13,427	54,212	(40,785)	(75%)
Total net value adjustments/recoveries	(121,816)	(18,481)	(103,335)	>100%
Profit (loss) from operations before taxes	(117,122)	29,010	(146,132)	N/A
Profit (loss) for the period attributable to the parent company	(117,785)	22,952	(140,737)	N/A

(amounts in thousands of euros)

BALANCE SHEET INDICATORS	30/06/2025	30/06/2024	Chg.	% chg.
Net non-performing loans and investments - organic²	351,061	256,313	94,748	37%
of which: Bad loans	68,442	35,445	32,997	93%
of which: Unlikely-to-pay	232,438	196,563	35,875	18%
of which: Past-due	50,181	24,305	25,876	>100%
Net non-performing loans and investments - inorganic (POCI)³	465,303	605,811	(140,508)	(23%)
of which: Bad loans	108,881	129,159	(20,278)	(16%)
of which: Unlikely-to-pay	349,027	468,593	(119,566)	(26%)
of which: Past-due	7,395	8,059	(664)	(8%)
Performing loans – inorganic (Public Procurement Claims)	421	324	97	30%
Net performing HTC securities - Government Bonds	989,157	942,250	46,907	5%
Net performing securities and loans to customers	3,602,145	3,864,291	(262,146)	(7%)
Financial instruments (HTCS + FV)	1,327,139	1,311,249	15,890	1%
Direct customer funding	6,161,806	6,359,287	(197,481)	(3%)
Total Assets	7,854,832	8,402,526	(547,694)	(7%)
Consolidated Shareholders' Equity	784,493	899,490	(114,997)	(13%)

2 The definition of organic loans 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 receivables deriving from operations of b-ilty.

3 POCI = Purchased or Originated Credit Impaired.

RISK INDICATORS	30/06/2025	30/06/2024
Gross Organic NPE Ratio ⁴	10.2%	7.1%
Net Organic NPE Ratio ⁵	8.9%	6.2%
Coverage ratio for organic non-performing loans and investments ⁶	18.8%	15.6%
Coverage ratio - performing loans ⁷	1.05%	0.77%
Cost of organic credit risk (bps) ⁸	539	325

STRUCTURAL RATIOS	30/06/2025	30/06/2024
Shareholders' Equity/Total Liability	10.0%	10.7%
Interbank Funding/Total Funding	9.4%	12.0%
Liquidity Coverage Ratio	~310%	~252%
Net Stable Funding Ratio	>100%	>100%
Net loans to Customers/Total Assets ⁹	68.9%	67.5%
Direct customer funding/Total Liability	78.4%	75.7%

PROFITABILITY INDICATORS	30/06/2025	30/06/2024
Cost/Income ratio (Operating expenses/Total net operating income)	89.2%	59.6%
ROAE ¹⁰ [Profit (Loss) for the period/Average Shareholders' Equity]	(28.16%)	(4.16%)

CAPITAL RATIOS	30/06/2025	30/06/2024
Tier 1 capital ratio (Tier 1 capital/Total weighted assets)	13.03%	13.87%
Total capital ratio [(Tier I + Tier II)/Total weighted assets]	17.56%	17.75%
Own Funds	798,236	921,794
of which: Tier 1 capital	592,222	720,295
Risk weighted assets	4,546,529	5,191,864

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 and receivables 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 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 value adjustments on performing customer loans and gross exposure of performing customer loans.

8 Ratio of the sum of annualised value adjustments 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.

9 Ratio between the sum of loans to customers, government bonds, securities at amortised cost (ex-Specialised Credit), Asset Based Financing, Corporate Banking, Investment Banking, and b-ilty, and 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.

Composition and organisational structure

illimity Bank operates in the banking sector and is authorised to provide private banking, offer investment services and conduct trading activities. Starting from March 2025, illimity has appointed a dedicated Deputy CEO to oversee the *business*, to whom the structures responsible for *origination* report:

- Corporate Banking, with its two structures, Structured Finance and Factoring;
- Turnaround & Credit Opportunities;
- Investment Banking;
- ABF (Asset Based Finance) - Investments;
- M&A Advisory & Syndication.

Also reporting to the Deputy CEO Business are the Portfolio & Business Transformation and Special Projects structures, in charge of managing specific assets, Digital Banking, and the Strategy, Projects & Business Monitoring structure, in charge of coordinating and generally supporting business activities.

Finally, the Deputy CEO also oversees the Lending Competence Line, with responsibility for credit analysis and resolution activities, in support of the *business*.

The *business* of illimity Bank is also supported by a number of Subsidiaries, such as:

- illimity SGR, Asset Management Company, which manages the assets of closed-end alternative investment funds ("AIFs"), established with own funds and the funds of third-party institutional investors. illimity 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 is a professional operator for establishing, administering, managing, organising, promoting and selling AIFs;
- 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 non-performing 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;
- 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.

The Bank's organisational structure is also comprised of "HQ Functions", i.e., transversal structures supporting the business and monitoring risks.

In the following sections, the organisational structure that has shaped the composition of the illimity Group since March 2025 is presented.

Corporate Banking Division

The Corporate Banking Division consists of two organisational units:

1. 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);
2. Factoring, which is responsible for financing the supply chain of the operators of Italian chains and industrial districts through the activity of non-recourse and recourse purchasing of customers' trade receivables, through a dedicated digital channel.

Each unit 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 objective of the Corporate Banking Division, reporting to the Deputy CEO Business, 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 counterparties, directly supporting customer companies.

Turnaround & Credit Opportunities Division

The Turnaround & Credit Opportunities Division, reporting to the Deputy CEO Business, identifies business opportunities for companies in financial distress or facing situations of discontinuity, assessing the credit rating and defining strategies for restructuring, revitalisation or growth.

Specifically, the Division carries out transactions through various instruments (such as the purchase of loans) on Non-Performing positions, Special Situations, and Turnarounds, with the aim of implementing their rehabilitation and return to performing status. This is achieved through the identification of optimal financial solutions, which may include the disbursement of new loans or the takeover of existing ones. Additionally, the Division manages relations with shareholders, companies, creditors, and other investors, thereby creating profit plans and continuously monitoring customers' risk.

Investment Banking Division

The Investment Banking Division, reporting to the Deputy CEO Business, 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 for:

- alternative solutions for businesses, 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, securitisations of trade receivables and inventories, securitisations of secured and unsecured loans, single-tranche structures, IPOs, 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 divided into three 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 through market risk hedging instruments;
3. Securitisations & Funding Solutions, which is responsible for structuring financial optimisation solutions for corporate customers, as well as structuring funding solutions for the Bank and financial customers.

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

ABF Investments Division

The ABF Investments Division, reporting to the Deputy CEO Business, operates in the area of asset-backed loans with the objective of returning value to the asset and maximising its production capacity. The Division is particularly focused on the 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.

Digital Banking Division

illimity, through its Digital Banking Division, offers digital banking products and services to retail customers and to business customers or to small- and medium-sized enterprises with turnover of EUR 2 million to EUR 10 million.

The Digital Banking Division, reporting to the Deputy CEO Business, is responsible for the management of the funding platform, i.e., the web and app channel for retail customers.

The Value Proposition for the Division's customers currently extends to the following categories of products and services:

- 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 one's goals – offered only to retail customers;
- 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) – offered only to retail customers.

Portfolio & Business Transformation Division

The Portfolio & Business Transformation Division manages the portfolio of positions related to the b-ilty and Distressed Credit businesses, which represent the two areas of the Division:

- b-ilty: manages the relationship with customers in order to consistently provide a high quality service, collect public information related to the customer and the reference market by monitoring the evolution of the counterparty's risk profile, taking prompt action upon the occurrence of events signalling a potential deterioration of the customer's credit rating;
- Distressed Credit: is responsible for management activities & asset optimisation portfolio, for positions derived from businesses in the distressed/specialised credit sector.

To carry out its activities pertaining to the *non-core* perimeter, formerly Specialised Credit, the Portfolio & Business Transformation Division uses the Aporti vehicles, Friuli SPV, Doria SPV, River SPV, Pitti SPV, Maui SPE, Dagobah SPV, Spicy Green SPV, Sileno 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.

To carry out the activities of the b-ilty business, the Division uses the funds INGENII Open Finance, Ingenii Boost Finance and Space Direct Lending Fund as well as the GRO SPV, Farky SPV, Farm SPV, Dome SPV and Havana SPV.

Transversal Structures – HQ Functions

Transversal operations and support activities are supervised by the Deputy CEO Operations, reporting directly to the CEO, through:

- the CFO Competence Line, responsible for coordinating the overall strategic planning process, relations with the financial community, as well as developing the Corporate Social Responsibility plan;
- the HR & Organisation Competence Line, responsible for procurement, human resources management, as well as managing the organisational activities of supervision and transversal coordination for the Bank;
- the Legal & Corporate Affairs Competence Line, responsible for legal and corporate support and managing the corporate secretariat, as well as general affairs and relations with Authorities;
- the ICT Governance Competence Line, which oversees the risks and regulatory compliance of the group ICT, governs banking operations and is responsible for the management of ICT third parties;
- the Administration, Accounting & Control Division, responsible for administrative, accounting and control activities.

In turn, the following also fall within the scope of the HQ Functions:

- the Risk Competence Line, directly reporting to the Chief Executive Officer, responsible for guaranteeing the strategic oversight and definition of risk management policies;
- the Compliance & AFC Competence Line, directly reporting to the Chief Executive Officer, responsible for non-compliance risk management and oversight of money laundering and terrorist financing risk;
- the Communication & Marketing Competence Line, directly reporting to the Chief Executive Officer, 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.

Human resources

As at 30 June 2025 the Group's registered employees numbered 750 (779 as at 31 December 2024). A breakdown of the workforce is given below, divided by job level:

Job level	30/06/2025			31/12/2024			Changes	
	Number of employees	in %	Average age	Number of employees	in %	Average age	Number of employees	in %
Senior managers	72	10%	47	74	9%	46	(2)	(3%)
Middle managers	314	42%	40	316	41%	39	(2)	(1%)
Office staff	364	48%	35	389	50%	35	(25)	(6%)
Employees	750	100%		779	100%		(29)	(4%)

Macroeconomic scenario

The most recent projections indicate a growth in global GDP a little over 3% in 2025. However, the international scenario remains characterised by a high degree of uncertainty, driven by persisting political instability and ongoing conflicts. Characterised by frequent announcements, suspensions and disputes, US trade policies continue to undermine traders' confidence and international cooperation. The unpredictability of negotiations between the US and its main economic partners led the OECD to again revise its global growth estimates downwards.

In the US, GDP contracted in the first quarter of the year, bucking the trend of the last three years. The decline largely reflects the anticipation of foreign purchases in view of the entry into force of new tariffs, which were formally announced on 2 April. This dynamic generated a temporary increase in imports. The stock markets initially reacted negatively, but prices later recovered their losses, supported also by the temporary suspension of tariffs. Linked to the deterioration of public finances and the downgrading of sovereign creditworthiness, rising risk premiums pushed 10-year bond yields up until the end of May. Subsequently, expectations of a more accommodative stance by the Federal Reserve favoured a decline in rates. The dollar depreciated against the major currencies and international investors became less willing to hold dollar-denominated assets.

In the euro area, GDP grew more than expected in the first quarter of 2025, largely supported by exports to the US, which were brought forward in anticipation of the tightening of tariffs. In the months that followed, however, activity slowed down, suffering from the normalisation of foreign demand and a domestic environment still affected by high uncertainty. The Eurosystem's macroeconomic projections indicate an average growth of 1% for the two-year period 2025-2026. At 2% in June, inflation is expected to remain in line with the medium-term target over the three-year forecast period. Between April and June the ECB cut the rate on deposits with the Eurosystem by 50 basis points to 2%. Since the start of the expansionary cycle, the cuts amounted to a total of 200 basis points. The transmission of monetary policy to the credit system continues, albeit with varying delays and intensity across countries.

In Italy, GDP increased by 0.3% in the first quarter, supported by household consumption, investments and foreign demand. Activity improved in both industry and services. After a long period of contraction, manufacturing showed positive signs, although it remained exposed to the volatile international environment. Export volumes increased in the first quarter due to anticipations from US customers, but declined in April and May. A more subdued trend in domestic demand was observed in the second quarter, held back by the climate of uncertainty. The most recent projections indicate growth of 0.6 % in 2025 and 0.8 % in the following two years.

Employment continued to grow: in the first quarter, the number of employed persons increased by 0.7% compared to the previous period, and also recorded a further, albeit more modest, increase in the second quarter. Contractual wages rose more than inflation, but in real terms remain below 2021 levels. Inflation remained around 2%, with stability in the core component. Expectations remain moderate. Credit continues to benefit from the ECB cuts: demand remains weak, but rates are gradually reducing. The European Commission positively assessed Italy's deficit reduction path, confirming the consistency of net expenditure dynamics with European commitments.

Significant events during the first six months of 2025

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

The global economic environment of the second quarter of 2025 remains uncertain and linked to multiple factors.

Overall, up to now 2025 has proven to be a complex year for global markets, due to geopolitical uncertainties, decisive monetary policies and growth opportunities, with a focus on the US labour market and interest rates. Europe is facing an economic slowdown, while Japan is experiencing a historic post-deflationary transformation.

Following the US reintroduction of tariffs – after the 90-day suspension (9 July for the rest of the world, beginning of August for Europe, 12 August for China) – a slowdown in global growth is possible. Consequently, the same uncertainty affects inflation, whose current stability could be jeopardised, with wider upside risks if energy prices rise. The major central banks are likely to respond cautiously. However, if US inflation is brought under control, it is possible that the Fed might cut rates as early as the autumn of 2025. The ECB announced that it will continue with its rate reduction policy, but also added that it is close to its target rate. Instability is greater in Europe, as long-delayed fiscal consolidation policies may finally start to be implemented, while Germany is engaged in a stimulus programme whose scope is difficult to assess at this stage.

In the Middle East, on the other hand, the conflict between Israel and Iran keeps the uncertainties surrounding oil price evolution; in fact, a suspension or even a blockade of the Strait of Hormuz would significantly increase prices per barrel. Excluding this geopolitical backdrop, however, fundamentals point to falling prices due to increased production by non-OPEC+ countries, weakened demand due to trade tensions, and the reintroduction of new production volumes by OPEC+ member states. Barring a major crisis, prices are expected to continue to be extremely volatile.

In terms of monetary policy, the ECB cut its three policy rates by 25 basis points in June. This decision to reduce the central bank deposit rate, through which the Governing Council steers monetary policy, stems from an updated assessment in relation to inflation outlook, core inflation dynamics and the intensity of monetary policy transmission. The unchanged GDP growth projection for 2025, on the other hand, reflects a stronger-than-expected first quarter performance linked to a weaker outlook for the rest of the year. Although trade policy uncertainty is expected to weigh on business investments and exports, especially in the short term, increased public investment in defence and infrastructure is increasingly supporting growth in the medium term. Rising real incomes and a robust labour market will enable households to spend more. Together with more favourable financing conditions, this is expected to increase the economy's resilience to global shocks.

Climate change, artificial intelligence, automation and digitisation remain some of the biggest challenges worldwide. COP29 has already confirmed how serious the damage caused by pollution and global heating is with extreme weather events that are and will become more frequent. Without adequate mitigating measures, there would be greater potential exposure to credit risk (recessive scenario), operational risks (extensive use of artificial intelligence in banking processes), and legal risks (cybersecurity and sensitive data breaches).

In light of the above-mentioned contextual elements, it should be noted how the illimity Group has defined its business model and developed and applied its risk management 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 business lines 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 tight governance over exposure to the riskiest economic sectors or *asset classes*, through the definition of the *Risk Appetite Framework* and related risk limits;
- climate and environmental 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 basis 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 the various topics of sustainability, which is reflected in strategic and business choices.

The successful conclusion of Banca IFIS' Public Tender and Exchange Offer for the illimity Group was recorded as at 4 July 2025. Therefore, the risks associated with the evolution of its business model will have to be framed in the context of the contribution that illimity bank and its subsidiaries will be able to make to the new Group, following the corporate consolidation phase.

To date, the Group's business decisions have focused on aspects relating to the state and development of the credit market. In particular, with reference to the *Real Estate* world, in 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 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 2025, concerning a Public Tender and Exchange Offer for all of illimity shares. As from 4 July 2025, the settlement date of the public tender and exchange offer related to illimity shares, the Bank and the entities of the Group related to it are subject to management and coordination by Banca IFIS S.p.A.

Main business transactions

In January 2025, ARECneprix acted as Originator in a real estate acquisition transaction in Rome worth EUR 9.2 million. In the context of this transaction, ARECneprix also assumed the roles of First Corporate Servicer and Calculation Agent.

In May 2025, illimity Bank S.p.A. acted as Euronext Growth Advisor (EGA) and Global Coordinator in the admission process and subsequent listing on the Euronext Growth Milan market of an AI Data Company that develops B2B Service as a Software solutions powered by artificial intelligence and advanced data analysis.

In June 2025, ARECneprix, as asset manager, and FASC Immobiliare concluded the sale of two office floors at the Palazzo del Toro in Milan. The commercial transaction, worth EUR 51.5 million, covers a total area of 4,000 square metres strategically located in the heart of the city.

In June, ARECneprix, as asset manager, closed the sale of the Talenti Village shopping centre, located in the Talenti district in Rome, in a transaction worth more than EUR 30 million in total.

Other significant information

In 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 from Stable to Rating Under Review.

In March 2025, the Board of Directors of illimity Bank S.p.A approved the draft annual financial statements and the consolidated financial statements as at 31 December 2024. Compared to what was considered in the preliminary 2024 results approved for supervisory reporting purposes, an additional value adjustment was recognised, in compliance 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.

In April 2025, the Board of Directors of illimity Bank S.p.A. approved the 2026-2028 Strategic Guidelines in a stand-alone scenario.

In the same month, the annual Shareholders' Meeting of illimity Bank S.p.A. approved the 2024 financial statements resolving to carry forward the loss of EUR 103,956,980.38. In addition, at the Shareholders' Meeting, the Consolidated Financial Statements as at 31 December 2024, which closed the year with a loss attributable to the illimity Group of EUR 38.4 million, were presented.

During the first half of 2025 and in particular in the second quarter, also as a result of the managerial discontinuity following the adoption of a new organisational structure to refocus the business, analysis activities continued on the valuation of certain securitisation notes and AIF units recognised as a result of the assets transformation transactions that occurred in previous years.

In particular, Internal Audit carried out a second assessment update concerning the verification of the classification and valuation, for accounting and prudential purposes, of these financial instruments, which was completed in July and is also included in this Consolidated Half-Yearly Financial Report.

These analyses are part of a verification process for the purpose of ensuring, at each reporting date, accurate and timely updated estimates and aimed at including the best and most recent information available – time by time – in the determination of the expected cash flows for these instruments and their impact on the financial statements.

In particular, in estimating the Expected Credit Loss (ECL) on certain securitisation notes underlying the above-mentioned transformation transactions, new information on the actual recoverability of the credit positions in the portfolio was factored in. Such information derives primarily from the natural effective and continuous management of the same positions over time, also following the communications from the servicers most recently received in June and July. The review work by the business functions and the activities relating to risk management, which were completed after mid-July 2025 with the timely involvement of the Corporate Bodies, was based on this information.

In addition, these updates were necessary due to the factoring in of changes in recovery strategies by business functions or the inclusion of the most recent updates regarding the procedures for realising collateral underlying credit positions, following new developments that occurred in the first half of 2025.

Also factored in were new developments related to the progress of legal disputes (PPC - public procurement claims), underlying a securitisation transaction subject to transformation, which occurred in the first half of 2025 which, in some cases, also entailed the need to revise the estimated realisation dates or expected cash flows from the related positions.

The inclusion of these new elements and analysis refinements, with assessments completed in July, regarding the best recoverability estimates in relation to the instruments, resulted in the reclassification in the credit status of a specific securitisation note, leading to a change in its classification from Stage 1 to Stage 2. As a result of this, a significant negative effect was determined in accordance with internal policies related to the determination of an expected loss with a “lifetime” horizon (and no longer with a 12-month horizon), with an increased impact in expected losses, specifically related only to this reclassification, amounting to approximately EUR 41.9 million.

In overall terms, considering all the instruments subject to verification and analysis, the above resulted in the recognition at the end of the second quarter of 2025 of higher charges under the item “*Net adjustments/write-backs for credit risk related to financial assets measured at amortised cost*” for a value of approximately EUR 79.1 million.

Reclassified Consolidated Financial Statements as at 30 June 2025

This consolidated interim report 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 situation, 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 income/expenses 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) from 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 investment property 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 (loss) of credit exposures to customers on closed positions is shown separately from net value adjustments/reversals for credit risk;
- the profit from discontinued operations after tax was disaggregated and reallocated to its revenue and cost items in the financial statements;
- gains and losses from changes in contracts without derecognition were reclassified to net interest income.

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

- the inclusion of hedging derivative assets, property, plant 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 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	30/06/2025	31/12/2024	Chg.	% chg.
10)	Cash and cash equivalents	355,932	387,264	(31,332)	(8%)
40 a) + 40 b)	Loans to banks, financial entities and other institutions	129,982	292,188	(162,206)	56%
40 b)	Loans to customers and investments	4,418,930	4,726,739	(307,809)	(7%)
40 b)	Government Bonds HTC	989,157	942,250	46,907	5%
30)	Financial assets HTCS	760,189	748,027	12,162	2%
20 a) + 20 c)	Financial assets FVTPL	566,950	563,222	3,728	1%
70)	Equity investments at equity	139,632	140,159	(527)	(0%)
100)	Goodwill	33,731	33,731	-	0%
100)	Other intangible assets	27,390	30,550	(3,160)	(10%)
50 + 90 + 110 + 120 + 130	Other assets	432,939	538,396	(105,457)	(20%)
	Total assets	7,854,832	8,402,526	(547,694)	(7%)

(amounts in thousands of euros)

Components of official items of the Balance Sheet	Liabilities	30/06/2025	31/12/2024	Chg.	% chg.
10 a)	Due to banks	640,355	864,958	(224,603)	(26%)
10 b)	Due to customers	5,200,347	5,307,420	(107,073)	(2%)
10 c)	Securities issued	961,459	1,051,867	(90,408)	(9%)
20 + 40 + 60 + 80 + 90 + 100	Other liabilities	268,178	278,791	(10,613)	(4%)
(*)	Shareholders' equity	784,493	899,490	(114,997)	(13%)
	Total liabilities and shareholders' equity	7,854,832	8,402,526	(547,694)	(7%)

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

Summary of consolidated balance sheet data

The Group's total assets amounted to EUR 7,854.8 million as at 30 June 2025, down by 7% compared to 31 December 2024, when they amounted to EUR 8,402.5 million. The reduction of EUR 547.7 million recorded in the half-year is mainly related to the decrease in loans both in the component to banks and the component to customers, as a result of repayments recorded by the Corporate Banking and ABF divisions, as well as of value adjustments recognised on non-core *distressed* assets in the half-year.

Loans to banks, financial entities and other institutions in fact amounted to EUR 130 million, down compared to 31 December 2024, when they amounted to EUR 292.2 million, following the decrease in loans to banks for EUR 146.8 million and the decrease in the component to financial entities and other institutions for EUR 15.4 million.

As at 30 June 2025, the Group's assets mainly consisted of financial assets measured at amortised cost deriving from loans to customers and investments totalling EUR 4,418.9 million, down from EUR 4,726.7 million as at 31 December 2024.

Government bonds HTC, whose book value was EUR 989.2 million as at 30 June 2025, were up by EUR 46.9 million compared to 31 December 2024.

Financial assets HTCS were mainly represented by government bonds and securities issued by other banks and financial entities and high yield corporate bonds. This item totalled EUR 760.2 million and was up by EUR 12.2 million compared to 31 December 2024, mainly as a result of new investments in *Collateralised Loan Obligations* completed by the Investment Banking Division.

As at 30 June 2025, the Group had a total negative net valuation reserve of EUR 14.1 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 4.2 million compared with the closing balance for the 2024 financial year.

Financial assets FVTPL amounted to EUR 567 million and were composed of other financial instruments mandatorily measured at fair value of EUR 489.8 million, loans mandatorily measured at fair value of EUR 36.4 million and financial assets held for trading of EUR 40.8 million.

Financial instruments measured at fair value amounted to EUR 489.8 million, an increase from EUR 472.3 million as at 31 December 2024. The increase was mainly due to new investments in Alternative Debt related to the Investment Banking Division.

Amounting to EUR 139.6 million, as at 30 June 2025 the equity investments item 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 AltermAlnd, established to implement the agreement with Apax Partners and subject to significant influence by illimity. The balance of equity investments decreased compared to December 2024, due to the negative results recorded during the period by the investees of illimity consolidated with the equity method.

As at 30 June 2025, intangible assets amounted to EUR 61.1 million, down by approximately EUR 3.2 million compared to 31 December 2024. The decrease is mainly attributable to the amortisation of intangible assets as well as the write-off of software recognised in the half-year.

As at 30 June 2025, the item related to goodwill amounted to EUR 33.7 million, in line with the closing balance of the previous year. The 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. In fact, it should be recalled that, in the 2024 financial year, the Group recognised in its income statement the full impairment of goodwill related to the acquisition of Banca Interprovinciale, the acquisition of Abilio and its indirect subsidiaries, as well as the goodwill that had arisen following the acquisition of instrumental companies linked to the Energy business.

The other assets items, which as at 30 June 2025 amounted to EUR 432.9 million, decreased compared to 31 December of the previous year due to the utilisation of tax credits for offsetting, as well as the reduction in the balances of non-financial receivables recorded among other assets.

Total consolidated liabilities and shareholders' equity as at 30 June 2025 amounted to EUR 7,854.8 million. Financial liabilities to customers measured at amortised cost, net of the lease liability related to IFRS 16, amounted to EUR 5,200.3 million and decreased compared to 31 December 2024, mainly due to funding from institutional counterparties.

Due to banks item – including the central banks component, and also net of the lease liabilities to banks relating to IFRS 16 – stood at EUR 640.4 million, down by EUR 224.6 million compared to 31 December 2024.

Securities issued amounted to EUR 961.5 million, down from the value at the end of the 2024 financial year mainly due to the unwinding of the senior notes of the Gro 1 securitisation, previously underwritten by JP Morgan.

Consolidated shareholders' equity amounted to EUR 784.5 million, down from the EUR 899.5 million recorded as at 31 December 2024, mainly due to the negative result for the period of EUR 117.8 million.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(amounts in thousands of euros)

Components of official items of the Income Statement	Income Statement items	30/06/2025	30/06/2024	Chg.	% chg.
10 + 20 + 140 + 320	Net interest margin	58,264	78,524	(20,260)	(26%)
40 + 50	Net fee and commission income	30,937	46,311	(15,374)	33%
70 + 80 + 90 + 100 + 110	Net profit (loss) from financial assets trading	20,533	19,903	630	3%
130 a) + 130 b) + 200 a) + 280	Net profit (loss) on closed positions	10,049	8,231	1,818	22%
230	Other operating expenses and income (excluding taxes)	4,098	4,832	(734)	(15%)
Total net operating income		123,881	157,801	(33,920)	(21%)
190 a)	Personnel expenses	(40,540)	(48,388)	7,848	(16%)
190 b)	Other administrative expenses	(61,815)	(42,785)	(19,030)	44%
210 + 220	Net value adjustments/reversals on property, plant and equipment and intangible assets	(8,099)	(12,416)	4,317	(35%)
Operating expenses		(110,454)	(103,589)	(6,865)	7%
Operating profit (loss)		13,427	54,212	(40,785)	(75%)
130 a)	Net value adjustments/reversals for credit risk – HTC Banks, Financial entities and Customers	(120,451)	(17,937)	(102,514)	>100%
130 b)	Net value adjustments/reversals for credit risk – HTCS	(1,648)	127	(1,775)	N/A
200 a)	Net value adjustments/reversals for commitments and guarantees	283	(671)	954	N/A
Total net value adjustments/recoveries		(121,816)	(18,481)	(103,335)	>100%
200 b)	Other net provisions	(586)	(169)	(417)	>100%
250	Other income (expenses) on equity investments	(2,532)	764	(3,296)	N/A
190 b) + 230	Contributions and other non-recurring expenses	(5,615)	(7,316)	1,701	(23%)
Profit (loss) from operations before taxes		(117,122)	29,010	(146,132)	N/A
300 + 320	Income taxes for the period on continuing operations	(1,330)	(6,237)	4,907	(79%)
Profit (Loss) for the period		(118,452)	22,773	(141,225)	N/A
340	Profit (loss) for the period attributable to minority interests	667	179	488	>100%
Profit (Loss) for the period attributable to the Parent Company		(117,785)	22,952	(140,737)	N/A

Consolidated financial performance highlights

The Group's total net operating income as at 30 June 2025 amounted to EUR 123.9 million, down from the same period of the previous year, when it amounted to EUR 157.8 million.

In particular, in terms of net interest income, there was a reduction of EUR 20.3 million, mainly as a result of the transformation of *distressed* assets into Senior securitisation notes finalised during 2024, as well as the reduction in the reference interest rates on the market which contributed to the decline in interest income more rapidly than the change that they affected on interest expense.

Net fee and commission income, equal to EUR 30.9 million as at 30 June 2025, decreased by EUR 15.4 million with respect to the comparative figure, mainly due to the reduction in revenue both from servicing activities for securitisation transactions and from financing transactions.

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) from financial assets trading rose by EUR 0.6 million with respect to the comparative figure, mainly due to the profits generated by the sale of government bonds held within a HTC and HTCS business

model, in compliance with significance and frequency limits, as well as to revaluations from collections on SFP and on credit positions mandatorily measured at Fair Value.

Total net operating income includes the net profit (loss) on closed positions in the first six months of 2025 for a total of EUR 10 million (EUR 8.2 million as at 30 June 2024).

Finally, the balance of other operating expenses and income was down compared to the first half of 2024 by EUR 0.7 million.

Amounting to EUR 110.5 million as at 30 June 2025, operating expenses were up compared to same period of the last year. It should be noted that the first half of 2025 includes non-recurring advisory costs strictly related to the Public Tender and Exchange Offer promoted by Banca IFIS for EUR 8.4 million, as well as write-offs on software for EUR 1.6 million. Net of these two non-recurring items, operating expenses would have decreased by EUR 3.1 million.

Personnel expenses amounted to approximately EUR 40.5 million and consist mainly of employee wages and salaries, as well as related social security contributions. The amount decreased compared to the same period of the previous year, mainly due to the reduction in personnel related to the transfer of the Digital business unit to AltermAInd finalised at the end of 2024. This is accompanied by lower costs related to the variable component of remuneration and a reduction in wage and salary expenses due to higher turnover.

The decrease in this item, as well as that recorded in the item Net value adjustments/reversals on intangible assets, should be read in conjunction with the increase in Other administrative expenses. In fact, services that were previously rendered “in-house” directly by the personnel of the former *Digital* division in the current year are instead reflected in the cost that the Bank incurs in respect of its service agreement with AltermAInd, which as such is fully recognised under Other administrative expenses.

Therefore, these were higher than in the same period of the previous year, due to both the above-mentioned reason and the costs incurred in connection with the Public Tender and Exchange Offer promoted by Banca IFIS. Please refer to the “Financial Performance” section for further details on the contribution of the individual expenditure categories and their related changes compared to 30 June 2024.

Net value adjustments on property, plant and equipment and intangible assets amounted to approximately EUR 8.1 million, down by EUR 4.3 million compared to 30 June 2024. As mentioned in the preceding sections, this reduction is a consequence of the sale of software within the *Digital* business unit in the context of the deal with AltermAInd in the fourth quarter of 2024, resulting in a lower impact in the current year in terms of amortisation of intangible assets.

Total net value adjustments/reversals on portfolio positions worsened by EUR 103.3 million, mainly due to the value adjustments recorded in the securitisation notes relating to the transformed POCI assets. In particular, the analyses carried out on the valuation of the transformed assets led to the reclassification of the credit status of one of these transactions, which resulted in an increase in the *Expected Credit Loss* of about EUR 53.9 million, of which EUR 41.9 million related specifically to this reclassification. Net adjustments on positions measured at amortised cost are also related to analytical and collective assessments of loans to customers.

Moreover, expenses on equity investments, related to the period results of the companies consolidated with the equity method, amounted to EUR 2.5 million, down compared to the same period of the previous year, mainly due to Hype's results.

In addition, contributions and other non-recurring expenses and net provisions of approximately EUR 5.6 million were recognised, related to contingent liabilities, down compared to the EUR 7.3 million recorded as at 30 June 2024, which included the FITD contribution.

Based on the above, as at 30 June 2025 the result for the period before taxes was a loss of EUR 117.1 million.

Net of income taxes for the current operations, equal to approximately EUR 1.3 million, the net loss attributable to the parent company as at 30 June 2025 was EUR 117.8 million – down compared to the profit of EUR 23 million recorded as at 30 June 2024. It is specified that the consolidated result includes the net loss attributable to minority interests of EUR 667 thousand.

Basic earnings per share (EPS) as at 30 June 2025, calculated by dividing the result for the financial year attributable to the parent company by the weighted average number of ordinary shares issued, was a negative EUR 1.4. The diluted EPS is in line with the basic EPS on 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	30/06/2025		31/12/2024		Change	
	Book value	% inc.	Book value	% inc.	Absolute	% chg.
Cash and cash equivalents	355,932	4.9%	387,264	5.1%	(31,332)	(8%)
Financial assets held for trading	40,754	0.6%	44,029	0.6%	(3,275)	(7%)
Financial assets mandatorily measured at fair value	526,196	7.3%	519,193	6.8%	7,003	1%
- Factoring & Structured Finance	53,767	0.7%	49,776	0.6%	3,991	8%
- Turnaround	53,636	0.7%	64,118	0.8%	(10,482)	(16%)
- Investment Banking	25,596	0.4%	6,685	0.1%	18,911	>100%
- Asset Based Financing	6,989	0.1%	7,416	0.1%	(427)	(6%)
- illimity SGR	2,209	0.0%	1,951	0.0%	258	13%
- Non-core assets	383,999	5.3%	389,247	5.1%	(5,248)	(1%)
Financial assets HTCS	760,189	10.5%	748,027	9.8%	12,162	2%
- ALM & Treasury portfolio	487,912	6.8%	503,194	6.6%	(15,282)	(3%)
- Investment Banking	266,038	3.7%	238,575	3.1%	27,463	12%
- Factoring & Structured Finance	790	0.0%	790	0.0%	-	0%
- Other equity instruments	5,449	0.1%	5,468	0.1%	(19)	(0%)
Loans to banks, financial entities and other institutions	129,982	1.8%	292,188	3.8%	(162,206)	56%
Government Bonds HTC	989,157	13.7%	942,250	12.3%	46,907	5%
Loans to customers – Loans and PPCs	4,418,930	61.2%	4,726,739	61.7%	(307,809)	(7%)
- Factoring & Structured Finance	1,558,011	21.6%	1,669,284	21.8%	(111,273)	(7%)
- Turnaround	664,420	9.2%	697,731	9.1%	(33,311)	(5%)
- Investment Banking	295,466	4.1%	263,540	3.4%	31,926	12%
- Asset Based Financing	279,369	3.9%	344,337	4.5%	(64,968)	(19%)
- ALM & Treasury portfolio	14,640	0.2%	14,257	0.2%	383	3%
- B-ilty	811,167	11.2%	779,586	10.2%	31,581	4%
- Non-core assets	795,857	11.0%	958,004	12.5%	(162,147)	(17%)
Total Invested assets	7,221,140	100%	7,659,690	100%	(438,550)	(6%)

The item Loans to customers and investments amounted to approximately EUR 4,418.9 million, down from EUR 4,726.7 million at the end of the previous year.

The reduction in loans to customers is due to the repayments recorded by the Corporate Banking and ABF divisions, as well as by the non-core *distressed* assets due to value adjustments recorded in the half-year.

Financial assets mandatorily measured at fair value through profit or loss as at 30 June 2025 amounted to EUR 526.2 million, up from EUR 519.2 million recognised as at 31 December 2024. These financial assets consist of loans measured at fair value in the amount of EUR 36.4 million, which refer to the Turnaround division, and financial instruments in the amount of EUR 489.8 million.

Financial instruments measured at fair value amounted to EUR 489.8 million, an increase from EUR 472.3 million as at 31 December 2024. The increase was mainly due to new investments in Alternative Debt related 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, amount to approximately EUR 760.2 million, and were mainly represented by government bonds and securities issued by other banks and financial entities and by high yield corporate bonds. These assets increased by EUR 12.2 million compared to 31 December 2024, primarily due to the

effect of new investments in *Collateralised Loan Obligations* completed by the Investment Banking division, net of the ALM & Treasury operations, reducing mainly due to sales of government bonds by the Treasury.

(amounts in thousands of euros)

INVESTED ASSETS BY TECHNICAL FORM	30/06/2025		31/12/2024		Change	
	Book value	% inc.	Book value	% inc.	Absolute	% chg.
Cash and cash equivalents	355,932	4.9%	387,264	5.1%	(31,332)	(8%)
Loans to banks	97,998	1.4%	244,255	3.2%	(146,257)	(60%)
Current accounts and deposits	97,998	1.4%	244,255	3.2%	(146,257)	(60%)
Loans to financial entities and other institutions	6,929	0.1%	22,375	0.3%	(15,446)	(69%)
Loans to customers and PPCs	3,393,628	47.0%	3,534,606	46.1%	(140,978)	(4%)
Current accounts held by customers	42,825	0.6%	49,152	0.6%	(6,327)	(13%)
Reverse Repurchase Agreements	31,320	0.4%	39,923	0.5%	(8,603)	(22%)
Loans	3,319,062	46.0%	3,445,207	45.0%	(126,145)	(4%)
Public Procurement Claims	421	0.0%	324	0.0%	97	30%
Loans mandatorily measured at fair value	36,354	0.5%	46,878	0.6%	(10,524)	(22%)
Securities and financial derivatives	3,330,299	46.1%	3,424,312	44.7%	(94,013)	(3%)
Debt securities	2,831,387	39.2%	2,921,673	38.1%	(90,286)	(3%)
- Government bonds	1,429,612	19.8%	1,384,153	18.1%	45,459	3%
- Bank bonds	90,512	1.3%	120,772	1.6%	(30,260)	(25%)
- Financial companies	1,248,287	17.3%	1,341,859	17.5%	(93,572)	(7%)
- Non-financial companies	62,976	0.9%	74,889	1.0%	(11,913)	(16%)
Financial Derivatives	40,729	0.6%	44,004	0.6%	(3,275)	(7%)
Participatory Financial Instruments/earnouts	12,488	0.2%	12,189	0.2%	299	2%
Equity investments	5,449	0.1%	5,449	0.1%	-	0%
Equity securities	808	0.0%	809	0.0%	(1)	(0%)
UCIs Units	439,438	6.1%	440,188	5.7%	(750)	(0%)
Total	7,221,140	100%	7,659,690	100%	(438,550)	(6%)

Loans to banks amounted to EUR 98 million, down from 31 December 2024 due to the lower incidence of repo transactions with banks.

Loans to customers and PPCs, which amounted to EUR 3,393.6 million as at 30 June 2025, decreased compared to the figure at the end of the previous financial year mainly as a result of the reimbursements recorded by the Corporate Banking divisions.

Debt securities amounted to EUR 2,831.4 million, down from 31 December 2024 by EUR 90.3 million, mainly due to the value adjustments recognised in the half-year.

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	30/06/2025	% inc.	31/12/2023	% inc.	Chg.	% chg.
- Factoring & Structured Finance	1,558	28.8%	1,669	29.3%	(111)	(7%)
- Turnaround	664	12.3%	698	12.3%	(34)	(5%)
- Investment Banking	295	5.4%	264	4.6%	31	12%
- Asset Based Financing	279	5.2%	344	6.0%	(65)	(19%)
- Non-core assets (Specialised Credit)	796	14.7%	958	16.8%	(162)	(17%)
- b-ilty	811	15.0%	780	13.7%	31	4%
- ALM & Treasury portfolio	15	0.3%	14	0.2%	1	7%
Total Loans to customers – Loans and PPCs	4,418	81.6%	4,726	83.0%	(309)	(7%)
Loans to financial entities and other institutions	7	0.1%	23	0.4%	(16)	(70%)
Government Bonds	989	18.3%	942	16.6%	47	5%
Loans to customers and financial entities measured at amortised cost	5,415	100%	5,691	100%	(276)	(5%)

Financial assets measured at amortised cost

The table below provides an overview of the Group's main financing transactions at amortised cost, compared with the relevant values as at 31 December 2024.

(amounts in thousands of euros)

FINANCIAL ASSETS AT AMORTISED COST	30/06/2025						31/12/2024					
	Gross exposure	% inc.	Value adjustments	Book value	% inc.	Coverage ratio (*)	Gross exposure	% inc.	Value adjustments	Book value	% inc.	Coverage ratio (*)
Loans to banks	123,170	2.0%	(117)	123,053	2.2%	0.09%	270,017	4.3%	(204)	269,813	4.5%	0.08%
- Loans	123,170	2.0%	(117)	123,053	2.2%	0.09%	270,017	4.3%	(204)	269,813	4.5%	0.08%
- Stage 1-2	123,170	2.0%	(117)	123,053	2.2%	0.09%	270,017	4.3%	(204)	269,813	4.5%	0.08%
Loans to financial entities and other institutions	6,929	0.1%	-	6,929	0.1%	0.00%	22,375	0.4%	-	22,375	0.4%	0.00%
- Loans	6,929	0.1%	-	6,929	0.1%	0.00%	22,375	0.4%	-	22,375	0.4%	0.00%
- Stage 1-2	6,929	0.1%	-	6,929	0.1%	0.00%	22,375	0.4%	-	22,375	0.4%	0.00%
Government Bonds	990,304	16.5%	(1,147)	989,157	17.9%	0.12%	943,328	14.9%	(1,078)	942,250	15.8%	0.11%
- Stage 1-2	990,304	16.5%	(1,147)	989,157	17.9%	0.12%	943,328	14.9%	(1,078)	942,250	15.8%	0.11%
Loans to customers and Investments	4,891,106	81.4%	(472,176)	4,418,930	79.8%	9.65%	5,092,839	80.5%	(366,100)	4,726,739	79.3%	7.19%
Loans	3,491,150	58.1%	(97,943)	3,393,207	61.3%	2.81%	3,602,751	56.9%	(68,469)	3,534,282	59.3%	1.90%
- Stage 1-2	2,684,431	44.7%	(28,158)	2,656,273	48.0%	1.05%	2,828,405	44.7%	(21,647)	2,806,758	47.1%	0.77%
- Stage 3	806,719	13.4%	(69,785)	736,934	13.3%	N/A	774,346	12.2%	(46,822)	727,524	12.2%	N/A
Securities	1,203,380	20.0%	(178,078)	1,025,302	18.5%	14.80%	1,293,512	20.4%	(101,379)	1,192,133	20.0%	7.84%
- Stage 1-2	1,112,504	18.5%	(166,632)	945,872	17.1%	14.98%	1,158,458	18.3%	(100,925)	1,057,533	17.7%	8.71%
- Stage 3	90,876	1.5%	(11,446)	79,430	1.4%	12.60%	135,054	2.1%	(454)	134,600	2.3%	0.34%
Public Procurement Claims	196,576	3.3%	(196,155)	421	0.0%	N/A	196,576	3.1%	(196,252)	324	0.0%	N/A
Total	6,011,509	100%	(473,440)	5,538,069	100.0%	N/A	6,328,559	100%	(367,382)	5,961,177	100%	N/A

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

Financial assets at amortised cost, equal to EUR 5,538.1 million as at 30 June 2025, were mainly composed of loans to customers and investments, which comprise 79.8% of the item total, in addition to loans to banks, which comprise 2.2% of the total, government bonds, which comprise 17.9% of the total, and loans to financial entities, which comprise 0.1% 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	30/06/2025						31/12/2027					
	Gross exposure	% inc.	Value adjustments	Book value	% inc.	Coverage ratio (*)	Gross exposure	% inc.	Value adjustments	Book value	% inc.	Coverage ratio (*)
Non-performing loans - Organic	396,338	9.4%	(69,785)	326,553	8.3%	17.61%	298,889	7.0%	(46,822)	252,067	6.1%	15.67%
- Bad loans	101,348	2.4%	(35,366)	65,982	1.7%	34.90%	58,687	1.4%	(25,822)	32,865	0.8%	44.00%
- Unlikely-to-pay positions	238,908	5.6%	(28,518)	210,390	5.3%	11.94%	212,814	5.0%	(17,917)	194,897	4.7%	8.42%
- Past-due positions	56,082	1.3%	(5,901)	50,181	1.3%	10.52%	27,388	0.6%	(3,083)	24,305	0.6%	11.26%
Non-performing securities - organic	35,954	0.9%	(11,446)	24,508	0.62%	31.84%	4,700	0.1%	(454)	4,246	0.10%	9.66%
- Bad loans	3,000	0.1%	(540)	2,460	0.1%	18.00%	3,000	0.1%	(420)	2,580	0.1%	14.00%
- Unlikely-to-pay positions	32,954	0.8%	(10,906)	22,048	0.6%	33.09%	1,700	0.0%	(34)	1,666	0.0%	2.00%
Performing loans	3,796,935	89.8%	(194,790)	3,602,145	91.12%	5.13%	3,986,863	92.9%	(122,572)	3,864,291	93.78%	3.07%
- Loans	2,684,431	63.5%	(28,158)	2,656,273	67.2%	1.05%	2,828,405	65.9%	(21,647)	2,806,758	68.1%	0.77%
- Securities	1,112,504	26.3%	(166,632)	945,872	23.9%	14.98%	1,158,458	27.0%	(100,925)	1,057,533	25.7%	8.71%
Total	4,229,227	100.0%	(276,021)	3,953,206	100.0%	6.53%	4,290,452	100.0%	(169,848)	4,120,604	100.0%	3.96%

Missing Note

Organic non-performing loans amounted to EUR 326.6 million, an increase compared to 31 December 2024, mainly due to the deterioration of certain counterparties falling within the non-core and b-ilty business perimeter. As regards the coverage ratio of organic non-performing loans as at 30 June 2025, this stood at 17.6%, up from the figure as at 31 December 2024.

As at 30 June 2025, performing loans amounted to EUR 2,656.3 million and performing securities amounted to EUR 945.9 million, both down from 31 December 2024 mainly due to collections made in the Factoring and Structured Finance segments, as well as on non-core *distressed* assets due to the value adjustments recognised in the half-year.

The coverage ratio for the Bank's performing loans as at 30 June 2025 was equal to 1.1%, up compared to the figure as at 31 December 2024. The increase in the coverage ratio of performing securities is largely attributable to the value adjustments on assets of the non-core business mentioned above.

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	30/06/2025						31/12/2024					
	Gross exposure	% inc.	Value adjustments	Book value	% inc.	Coverage ratio (*)	Gross exposure	% inc.	Value adjustments	Book value	% inc.	Coverage ratio (*)
Non-performing loans - inorganic	410,381	62.0%	-	410,381	88.1%	N/A	475,457	59.3%	-	475,457	78.4%	N/A
- Bad loans	108,881	16.5%	-	108,881	23.4%	N/A	129,159	16.1%	-	129,159	21.3%	N/A
- Unlikely-to-pay positions	294,105	44.4%	-	294,105	63.2%	N/A	338,239	42.2%	-	338,239	55.8%	N/A
- Past-due positions	7,395	1.1%	-	7,395	1.6%	N/A	8,059	1.0%	-	8,059	1.3%	N/A
Non-performing securities - Inorganic	54,922	8.3%	-	54,922	11.8%	N/A	130,354	16.2%	-	130,354	21.5%	N/A
- Unlikely-to-pay positions	54,922	8.3%	-	54,922	11.8%	N/A	130,354	16.2%	-	130,354	21.5%	N/A
PPCs	196,576	29.7%	(196,155)	421	0.1%	N/A	196,576	24.5%	(196,252)	324	0.1%	N/A
Total	661,879	100.0%	(196,155)	465,724	100.0%	N/A	802,387	100%	(196,252)	606,135	100.0%	N/A

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

Inorganic non-performing loans amounted to EUR 410.4 million, of which:

- EUR 108.9 million related to transactions classified as Bad loans mainly referred to the Non-Core segment, down from EUR 129.2 million as at 31 December 2024;
- EUR 294.1 million related to transactions classified as unlikely-to-pay positions mainly related to Turnaround, Non-Core and Asset Based Financing segments, down from EUR 338.2 million as at 31 December 2024;
- EUR 7.4 million related to transactions classified as *past due* referring to the Non-Core segment, down from EUR 8.1 million as at 31 December 2024.

On the other hand, with regard to inorganic non-performing securities, amounting to EUR 54.9 million as at 30 June 2025, these decreased with respect to the comparative figure as at 31 December 2024 mainly due to reimbursements related 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 0.4 million.

Funding

(amounts in thousands of euros)

CUSTOMER FUNDING BY TECHNICAL FORM	30/06/2025		31/12/2024		Change	
	Book value	% inc.	Book value	% inc.	Absolute	% chg.
Due to customers (A)	5,200,347	76.5%	5,307,420	73.5%	(107,073)	(2.0%)
Securities issued (B)	961,459	14.1%	1,051,867	14.6%	(90,408)	(8.6%)
Total direct customer funding (A) + (B)	6,161,806	90.6%	6,359,287	88%	(197,481)	(3.1%)
Due to banks (C)	640,355	9.4%	864,958	12.0%	(224,603)	(26.0%)
Total debt (A) + (B) + (C)	6,802,161	100.0%	7,224,245	100%	(422,084)	(5.8%)

The Group's liabilities present total "direct funding" of EUR 6,802.2 million, broken down between customers for EUR 6,161.8 million and banks for EUR 640.4 million. Due to banks, including the central bank component, showed a decrease compared to the comparative figure as at 31 December 2024.

Securities issued amounted to EUR 961.5 million, down from the value at the end of the 2024 financial year mainly due to the unwinding of the senior notes of the Gro 1 securitisation, previously underwritten by JP Morgan.

Property, plant and equipment and intangible assets

Property, plant and equipment amounted to approximately EUR 56 million as at 30 June 2025, down compared to EUR 89.4 million as at 31 December 2024. This reduction is mainly related to the sale of the Bufalotta real estate asset, finalised in June 2025.

In accordance with IFRS 16, the item includes the Right of Use of assets acquired through lease agreements, of approximately EUR 29.7 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 at 30 June 2025, intangible assets other than goodwill amounted to EUR 27.4 million, a decrease of about EUR 3.2 million compared to 31 December 2024. The decrease is mainly attributable to the amortisation and write-offs of intangible assets recognised in the half-year.

As at 30 June 2025, the goodwill item amounted to EUR 33.7 million, and includes the value of the 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.

Tax assets and tax liabilities

As at 30 June 2025, tax assets amounted to EUR 102.6 million, down from EUR 102.8 million recognised as at 31 December 2024. Details of the breakdown of tax assets are shown below.

(amounts in thousands of euros)

TAX ASSETS	30/06/2025	31/12/2024	Chg.	% chg.
Current	28,678	24,455	4,223	17%
Deferred	73,920	78,346	(4,426)	(6%)
Total	102,598	102,801	(203)	(0%)

Deferred tax assets other than those convertible into tax credits (Article 2, paragraphs 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.

In this regard, it should be noted that following the successful outcome of the Public Tender and Exchange Offer and pending a combined plan by the new shareholder, which will provide, among other things, for the merger by incorporation of illimity Bank into Banca Ifis, no new deferred tax assets were recognised on the tax loss accrued during the period, in the amount of approximately Euro 31 million.

On the other hand, with regard to the recognition of deferred tax assets on the tax losses recognised as at 31 December 2024 for EUR 25 million, it should be noted that the probability test was updated to certify their full recoverability.

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, and of the write-downs recorded on the securities portfolio measured at fair value through other comprehensive income, and tax losses relating to the 2024 financial year recorded in the previous year.

The main changes from the previous year refer to the reduction of write-downs recorded on the securities portfolio measured at fair value through other comprehensive income and the gradual reversal of the fiscally recognised portions relating to goodwill and other intangible assets.

As at 30 June 2025, tax liabilities amounted to EUR 3 million, down from EUR 5.8 million as at 31 December 2024 due to the reversal of a portion of deferred taxes during the half-year.

(amounts in thousands of euros)

TAX LIABILITIES	30/06/2025	31/12/2024	Chg.	% chg.
Current	219	1	218	>100%
Deferred	2,767	5,820	(3,053)	(52%)
Total	2,986	5,821	(2,835)	(49%)

Capital adequacy

On 1 January 2014, the new prudential requirements for banks and investment companies 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 Directive EU/2019/878 (CRD5), in order to prevent and mitigate systemic risks not otherwise covered by other macroprudential tools.

(amounts in thousands of euros)

Capital ratios	30/06/2025	31/12/2024
Common Equity Tier 1 (CET1) capital	592,222	720,295
Additional Tier 1 (AT1) capital	-	-
Tier 2 (T2) capital	206,014	201,499
Total own funds	798,236	921,794
<i>Credit risk</i>	321,912	361,033
<i>Credit valuation adjustment risk</i>	-	-
<i>Settlement risks</i>	-	-
<i>Market risks</i>	6,015	13,373
<i>Operational risk</i>	35,795	40,943
<i>Other calculation factors</i>	-	-
Total minimum requirements	363,722	415,349
Risk weighted assets	4,546,529	5,191,864
Common Equity Tier 1 ratio (Phased-in)	13.03%	13.87%
Common Equity Tier 1 ratio (Fully Loaded)	12.71%	13.42%
Total capital ratio (Phased-in)	17.56%	17.75%
Total capital ratio (Fully Loaded)	17.25%	17.30%

The difference between the Fully Loaded ratio and the Phased-in ratio is due to the application of Article 468 of the CRR relating to unrealised gains on assets and liabilities measured at fair value.

In the determination of market risk, starting from the first quarter of 2025, the bank has adopted the "duration based" method for calculating general position risk on debt securities, replacing the "maturity based" method used up to the previous quarter.

Changes in shareholders' equity

Consolidated shareholders' equity amounted to EUR 784.5 million, down compared with the end of the 2024 financial year mainly due to the income statement result of the first half of 2025.

(amounts in thousands of euros)

Items/Technical Forms	30/06/2025	31/12/2024
1. Share capital	54,789	54,789
2. Share premium reserve	624,922	624,937
3. Reserves	236,090	276,527
4. Equity instruments	-	-
5. (Treasury shares)	(5,070)	(5,354)
6. Valuation reserves	(14,139)	(18,298)
7. Profit (loss) for the period attributable to the parent company	(117,785)	(38,400)
Total shareholders' equity attributable to the Group	778,807	894,201
Shareholders' equity attributable to minority interests	5,686	5,289
Total shareholders' equity	784,493	899,490

Share capital and ownership structure

As at 30 June 2025, 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 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 at 30 June 2025, the Bank held 998,182 treasury shares for an amount of EUR 5.1 million, down from the figure recorded as at 31 December 2024 when there were 1,054,191 treasury shares with a countervalue of EUR 5.4 million. 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 at 30 June 2025:

(amounts in thousands of euros)

	Shareholders' equity	Result
illimity Bank S.p.A.	729,450	(109,616)
Effect of consolidation of subsidiaries	49,094	-
Result of subsidiaries	(16,233)	(16,233)
Consolidation adjustments	20,174	10,596
Dividends	-	-
Effect of measuring associates and joint ventures using the equity method	(3,678)	(2,532)
Group	778,807	(117,785)

Financial performance

Net interest margin

(amounts in thousands of euros)

Items/Technical Forms	Loans/ Payables	Debt securities	Other transactions	30/06/2025	30/06/2024	Absolute changes	% change
Interest income							
1. Financial assets at FV through profit or loss	-	3,670	-	3,670	1,904	1,766	93%
<i>Held for trading</i>		1		1	-	1	N/A
<i>Designated at FV</i>				-	-	-	N/A
<i>Mandatorily measured at fair value</i>	-	3,669		3,669	1,904	1,765	93%
2. Financial assets at FV through other comprehensive income		9,382		9,382	9,683	(301)	(3%)
3. Financial assets at amortised cost	112,442	55,229	-	167,671	191,322	(23,651)	(12%)
<i>Loans to banks</i>	5,431	496		5,927	7,418	(1,491)	(20%)
<i>Loans to customers</i>	107,011	54,733		161,744	183,904	(22,160)	(12%)
4. Hedging derivatives			356	356	8,010	(7,654)	(96%)
5. Other assets			3,630	3,630	2,431	1,199	49%
6. Financial liabilities				908	349	559	>100%
Total interest income	112,442	68,281	3,986	185,617	213,699	(28,082)	(13%)
Interest expenses							
1. Financial liabilities at amortised cost	(93,010)	(28,359)		(121,369)	(124,414)	3,045	(2%)
<i>Due to central banks</i>	(20)			(20)	(25)	5	(20%)
<i>Due to banks</i>	(10,299)			(10,299)	(23,805)	13,506	(57%)
<i>Due to customers</i>	(82,691)			(82,691)	(81,110)	(1,581)	2%
<i>Securities issued</i>		(28,359)		(28,359)	(19,474)	(8,885)	46%
2. Financial liabilities held for trading				-	-	-	N/A
3. Financial liabilities designated at FV				-	-	-	N/A
4. Other liabilities and provisions			(2,559)	(2,559)	(1,686)	(873)	52%
5. Hedging derivatives			(3,250)	(3,250)	(8,784)	5,534	(63%)
6. Financial assets				(175)	(291)	116	(40%)
Total interest expenses	(93,010)	(28,359)	(5,809)	(127,353)	(135,175)	7,822	(6%)
Net interest margin	19,432	39,922	(1,823)	58,264	78,524	(20,260)	(26%)

As at 30 June 2025, the net interest margin amounted to approximately EUR 58.3 million, down from the same period of the previous year, when it amounted to approximately EUR 78.5 million.

The change described above is mainly attributable to the transformation of *distressed* assets into senior securitisation notes finalised during 2024, as well as the reduction in the market reference interest rates, which contributed to the reduction in interest income more rapidly than the change that they affected on interest expenses.

The reduction in interest is in fact attributable mainly to interest income accrued on financial assets at amortised cost; in particular, interest on loans to customers decreased by EUR 22.2 million compared to the same period of the previous year.

Interest income on financial assets mandatorily measured at fair value showed an increase of about EUR 1.8 million compared to 30 June 2024.

The interest expense component decreased by EUR 7.8 million compared to the corresponding period in 2024, mainly due to the lower cost of funding related to the decrease in market interest rates.

Interest expenses increased on securities issued and due to customers by EUR 8.9 million following the issue of a bond loan and subscription of securitisation notes, by third parties, and by EUR 1.6 million as a result of higher stocks than in the first half of the previous period. Interest expenses on amounts due to banks decreased by EUR 13.5 million, consistent with the reduction in interbank funding volumes.

The negative contribution made by hedging differentials as at 30 June 2025 amounted to EUR 2.9 million.

Net fee and commission income

(amounts in thousands of euros)

Items/Technical Forms	30/06/2025	30/06/2024	Absolute changes	% change
Fee and commission income				
b) Corporate Finance	1,677	1,298	379	29%
e) Collective portfolio management	3,680	3,027	653	22%
i) Payment services	1,871	1,677	194	12%
j) Distribution of third party services	56	125	(69)	(55%)
l) Servicing activities for securitisation operations	9,019	13,522	(4,503)	33%
n) Financial guarantees issued	615	736	(121)	(16%)
o) Loan transactions	14,447	23,270	(8,823)	(38%)
p) Currency trading	14	44	(30)	(68%)
r) Other fee and commission income	6,243	6,909	(666)	(10%)
Total	37,622	50,608	(12,986)	(26%)
Fee and commission expense				
d) Custody and administration	(504)	(452)	(52)	12%
e) Collection and payment services	(1,263)	(1,172)	(91)	8%
f) Servicing activities for securitisation operations	(63)	(30)	(33)	>100%
h) Financial guarantees received	(179)	(194)	15	(8%)
k) Other fee and commission expense	(4,676)	(2,449)	(2,227)	91%
Total	(6,685)	(4,297)	(2,388)	56%
Net fee and commission income	30,937	46,311	(15,374)	33%

Net fee and commission income as at 30 June 2025 amounted to EUR 30.9 million, down compared to the period ended 30 June 2024, when it amounted to EUR 46.3 million.

The reduction in fee and commission income is mainly explained by the decrease in revenue deriving from the servicing of securitisation operations and from loan transactions, down by EUR 4.5 and EUR 8.8 million respectively compared to the same period of the previous year.

Fee and commission expense includes the unwinding fee of the senior notes of the Gro 1 securitisation, previously underwritten by JP Morgan, amounting to EUR 1.5 million.

Other operating expenses and income

(amounts in thousands of euros)

Items/Technical Forms	30/06/2025	30/06/2024	Changes absolute	% change
Other operating expenses				
Amortisation of expenses for improvements on third party assets	(190)	(95)	(95)	100%
Other operating expenses	(4,153)	(920)	(3,233)	>100%
Total	(4,343)	(1,015)	(3,328)	>100%
Other operating income				
Recoveries of expenses from other customers	4,014	4,348	(334)	(8%)
Other income	3,050	79	2,971	>100%
Rental income	1,377	1,420	(43)	(3%)
Total	8,441	5,847	2,594	44%
Other operating income/expenses	4,098	4,832	(734)	(15%)

This item includes operating expenses and income incurred by the Bank and its subsidiaries. Although the item as a whole was in line with the result for the first half of 2024, there was an increase in both other income and other expenses, due to the presence of non-recurring items. In particular, operating income reflects the benefits derived from a deferred component of the *consideration* received for the sale of the AltermAInd business unit, while expenses account for the negative effects of write-downs of tax receivables purchased in previous years and recorded among other assets. It is emphasised that these changes balance each other, generating a compensatory effect.

Personnel expenses

(amounts in thousands of euros)

Items/Technical Forms	30/06/2025	30/06/2024	Absolute changes	% change
1. Employees	(37,136)	(45,380)	8,244	(18%)
2. Other personnel in service	(2,177)	(1,428)	(749)	52%
3. Directors and statutory auditors	(1,227)	(1,580)	353	(22%)
Personnel expenses	(40,540)	(48,388)	7,848	(16%)

Personnel expenses amounted to approximately EUR 40.5 million and consist mainly of employee wages and salaries, as well as related social security contributions. The amount decreased compared to the same period of the previous year, mainly due to the reduction in personnel related to the transfer of the Digital business unit to AltermAInd finalised at the end of 2024. This is accompanied by lower costs related to the variable component of remuneration and a reduction in wage and salary expenses due to higher turnover.

In total, the number of Group employees as at 30 June 2025 was 750, down from the corresponding number as at 30 June 2024, when it was 927. It is recalled that the number of employees of the digital branch transferred to AltermAInd was 140.

The decrease in this item, as well as that recorded in the item Net value adjustments/reversals on intangible assets, should be read in conjunction with the increase in Other administrative expenses. In fact, services that were previously rendered “in-house” directly by the personnel of the former *Digital* division in the current year are instead reflected in the cost that the Bank incurs in respect of its service agreement with AltermAInd, which as such is fully recognised under Other administrative expenses.

Other Administrative expenses

(amounts in thousands of euros)

Items/Technical Forms	30/06/2025	30/06/2024	Absolute changes	% change
Insurance	(2,302)	(2,020)	(282)	14%
Various consulting services	(13,084)	(4,634)	(8,450)	>100%
Cost of services	(2,680)	(2,675)	(5)	0%
Financial information	(1,886)	(2,021)	135	(7%)
Ads and advertising	(959)	(1,209)	250	(21%)
Financial statement audit	(665)	(704)	39	(6%)
IT and software expenses	(27,035)	(12,110)	(14,925)	>100%
Legal and notary fees	(2,505)	(4,086)	1,581	(39%)
Property management expenses	(3,801)	(3,411)	(390)	11%
Expenses for professional services	(3,237)	(5,235)	1,998	(38%)
Utilities and services	(131)	(473)	342	(72%)
Other indirect taxes and duties	(1,843)	(2,230)	387	(17%)
Others	(1,687)	(1,977)	290	(15%)
Total other administrative expenses	(61,815)	(42,785)	(19,030)	44%

Other administrative expenses amounted to approximately EUR 61.8 million, up from the end of the same period of the previous year.

This change is mainly due to the fact that in 2025, the Bank records the fee payable to AltermAInd (fully recognised under administrative expenses), whereas in the first half of 2024 the services covered by AltermAInd were recognised under other administrative expenses, personnel expenses and amortisation of intangible assets.

For this reason, although the change in other administrative expenses is worsening, total operating expenses are improving – excluding one-off advisory costs related to the Public Tender and Exchange Offer, amounting to EUR 8.4 million.

Net value adjustments/reversals on property, plant and equipment and intangible assets

(amounts in thousands of euros)

Items/Technical Forms	30/06/2025	30/06/2024	Absolute changes	% change
Net value adjustments/reversals on property, plant and equipment				
Property, plant and equipment with functional use				
<i>of which: Own property, plant and equipment</i>	(156)	(171)	15	(9%)
<i>of which: Inventories</i>	(170)	(90)	(80)	89%
<i>of which: Rights of use acquired through lease agreements</i>	(2,622)	(1,718)	(904)	53%
Total	(2,948)	(1,979)	(969)	49%
Net value adjustments/reversals on intangible assets				
Finite useful life	(5,151)	(10,437)	5,286	(51%)
Indefinite useful life				
Total	(5,151)	(10,437)	5,286	(51%)
Net value adjustments/reversals on property, plant and equipment and intangible assets	(8,099)	(12,416)	4,317	(35%)

Net value adjustments on property, plant and equipment and intangible assets amounted to approximately EUR 8.1 million, compared to EUR 12.4 million as at 30 June of the previous year. This effect is explained by the reduction in adjustments on intangible assets following the sale of the software of the *Digital* business unit contributed to AltermAlnd, net of the write-off of EUR 1.6 million.

The increase in depreciation compared to the first half of 2024 is largely attributable to the amortisation of right-of-use assets in the energy business, which were consolidated from July 2024 following the acquisition of 100% of Spicyco's capital.

Net value adjustments/reversals and profit on closed positions

(amounts in thousands of euros)

Transactions/Income components	Value adjustments (1)			Reversals (2)			Total (1)+(2) 30/06/2025	of which Closed Positions (3)	Net value adjustments (1)+(2)-(3) 30/06/2025
	Stage one and Stage two	Stage three	Impaired	Stage one and Stage two	Stage three	Impaired			
Assets measured at Amortised Cost									
- Loans	(14,220)	(31,005)	(29,117)	7,451	6,335	26,231	(34,325)	9,360	(43,685)
- Debt securities	(85,335)	(10,992)	-	19,561	-	-	(76,766)	-	(76,766)
Amortised Cost Subtotal	(99,555)	(41,997)	(29,117)	27,012	6,335	26,231	(111,091)	9,360	(120,451)
Assets HTCS									
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	(901)	(1,929)	-	1,182	-	-	(1,648)	-	(1,648)
HTCS Subtotal	(901)	(1,929)	-	1,182	-	-	(1,648)	-	(1,648)
Guarantees given and Irrevocable commitments to disburse funds	(388)	4	(353)	440	-	648	350	67	283
Total	(100,844)	(43,922)	(29,470)	28,634	6,335	26,879	(112,389)	9,427	(121,816)

The negative amount equal to EUR 121.8 million of LLPs as at 30 June 2025 includes EUR 106.5 million for adjustments on organic exposures, and therefore contributed towards the determination of the Cost of risk – equal to 539 bps – as presented in the section “Alternative Performance Indicators as at 30 June 2025”.

The profit generated during the year on closed positions, which amounted to EUR 10 million, is detailed below.

Recap Closed Positions	30/06/2025
On financial assets HTC - POCI	9,360
On financial assets HTC - Other	-
On Guarantees given and Irrevocable commitments to disburse funds	67
Closed Positions Loan Portfolios Subtotal	9,427
On disposal of Repossessed Assets	622
Closed Positions Real Estate Subtotal	622
Total	10,049

Regarding the positive contribution from closed positions, it is noted that this stems from the disposal of POCI positions for EUR 9.4 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 period by the weighted average number of ordinary shares issued during the period.

(amounts in thousands of euros)

Basic earnings (losses) per share	Net profit (loss) for the period	Average number of shares	Basic earnings (losses) per share
Period ended 30 June 2025	(117,785)	83,014,550	(1.42)
Period ended 30 June 2024	22,952	83,742,456	0.27

(amounts in thousands of euros)

Diluted earnings (losses) per share	Net profit (loss) for the period	Average number of shares	Diluted earnings (losses) per share
Period ended 30 June 2025	(117,785)	83,014,550	(1.42)
Period ended 30 June 2024	22,952	84,967,427	0.27

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)

Asset items	30/06/2025	31/03/2025	31/12/2024	30/09/2024	30/06/2024
Cash and cash equivalents	355,932	424,670	387,264	368,230	321,142
Loans to banks, financial entities and other institutions	129,982	151,538	292,188	270,942	194,126
Loans to customers and investments	4,418,930	4,604,775	4,726,739	4,724,311	4,601,324
Government Bonds	989,157	969,726	942,250	985,239	933,676
Financial assets HTCS	760,189	719,766	748,027	681,321	766,471
Financial assets FVTPL	566,950	554,088	563,222	563,512	559,007
Equity investments at equity	139,632	138,302	140,159	81,709	81,961
Goodwill	33,731	33,731	33,731	72,447	69,992
Other intangible assets	27,390	29,148	30,550	90,418	87,319
Other assets	432,939	501,927	538,396	489,645	509,220
Total assets	7,854,832	8,127,671	8,402,526	8,327,774	8,124,238

(amounts in thousands of euros)

Liabilities	30/06/2025	31/03/2025	31/12/2024	30/09/2024	30/06/2024
Due to banks	640,355	705,435	864,958	944,770	876,722
Due to customers	5,200,347	5,239,922	5,307,420	4,976,666	5,091,697
Securities issued	961,459	1,059,990	1,051,867	1,111,231	925,910
Other liabilities	268,178	223,000	278,791	318,082	268,407
Shareholders' equity	784,493	899,324	899,490	977,025	961,502
Total liabilities and shareholders' equity	7,854,832	8,127,671	8,402,526	8,327,774	8,124,238

Reclassified Income Statement

(amounts in thousands of euros)

Income Statement items	2Q2025	1Q2025	4Q2024	3Q2024	2Q2024
Net interest margin	26,152	32,112	40,770	37,869	38,940
Net fee and commission income	14,960	15,977	20,265	16,774	28,250
Net profit (loss) from financial assets trading	3,823	16,710	(7,157)	4,004	11,631
Net profit (loss) on closed positions	9,170	879	3,182	2,448	2,277
Other operating expenses and income (excluding taxes)	1,575	2,523	55,699	3,413	2,272
Total net operating income	55,680	68,201	112,759	64,508	83,370
Personnel expenses	(20,074)	(20,466)	(9,340)	(22,017)	(24,900)
Other administrative expenses	(34,543)	(27,272)	(26,747)	(21,752)	(21,696)
Net value adjustments/reversals on property, plant and equipment and intangible assets	(4,762)	(3,337)	(9,234)	(7,050)	(6,238)
Operating expenses	(59,379)	(51,075)	(45,321)	(50,819)	(52,834)
Operating profit (loss)	(3,699)	17,126	67,438	13,689	30,536
Net value adjustments/reversals for credit risk - HTC Banks, financial entities and customers	(107,436)	(13,015)	(113,867)	(2,739)	(10,077)
Net value adjustments/reversals for credit risk - HTCS	(1,682)	34	186	72	819
Net value adjustments/reversals for commitments and guarantees	695	(412)	566	(18)	(165)
Total net value adjustments/recoveries	(108,423)	(13,393)	(113,115)	(2,685)	(9,423)
Other net provisions	(355)	(231)	4	(4)	(103)
Other income (expenses) on equity investments	(669)	(1,863)	282	(239)	536
Contributions and other non-recurring expenses	(5,387)	(228)	(59,243)	(89)	(6,934)
Profit (loss) from operations before taxes	(118,533)	1,411	(104,634)	10,672	14,612
Income taxes for the period on continuing operations	2	(1,332)	33,278	(2,844)	(2,521)
Profit (Loss) for the period	(118,531)	79	(71,356)	7,828	12,091
Profit (loss) for the period attributable to minority interests	485	182	1,993	183	108
Profit (Loss) for the period attributable to the Parent Company	(118,046)	261	(69,363)	8,011	12,199

Net interest margin in the second quarter of 2025 amounted to approximately EUR 26.2 million, down from the previous quarter and down compared to the corresponding quarter of 2024, mainly as a result of the transformation of distressed assets into Senior securitisation notes finalised during 2024, and as a result of the reduction in the market reference interest rates on the market, which have contributed to the reduction in net interest margin more rapidly than the change affected on interest expense.

Total net operating income for the second quarter of 2025 amounted to EUR 55.7 million. In addition to net interest margin, revenue for the quarter include net fee and commission income of EUR 15 million, net profit on positions closed in the quarter for approximately EUR 9.2 million, other net income of EUR 1.6 million and the net profit of EUR 3.8 million from financial assets trading.

Operating expenses in the second quarter of 2025, amounting to approximately EUR 59.4 million, were up compared to the previous quarter. Taking into account the fact that the second quarter of 2025 factors in the Public Tender and Exchange Offer promoted by Banca Ifis, as well as the write-offs on the illimity and Abilio software, recurring operating expenses would show an improvement compared to the first quarter of 2025.

When comparing the operating expenses of the second quarter of 2025 with the figures of the previous quarters (with the exception of the first quarter of 2025), it must be borne in mind that the decrease in personnel expenses, as well as the decrease in the item Net value adjustments/reversals on intangible assets, must be read in conjunction with the increase in other administrative expenses.

In fact, services that were previously rendered “in-house” directly by the personnel of the former Digital division, in 2025 are instead reflected in the cost that the Bank incurs in respect of its service agreement with AltermAInd, which as such is fully recognised under Other administrative expenses. Similarly, the reduction in net value adjustments/reversals on intangible assets is a consequence of the software sale to AltermAInd in the fourth quarter of 2024, resulting in a lower impact in the current quarter in terms of amortisation of intangible assets.

Personnel expenses, substantially in line with the figure for the first quarter of 2025, decreased compared to the second quarter of the previous year, mainly as a result of the reduction in personnel following the transfer of the Digital business unit to AltermAInd, finalised at the end of 2024. This is accompanied by lower costs related to the variable component of remuneration and a reduction in wage and salary expenses due to higher turnover.

The increase in operating expenses compared to the first quarter of 2025 is mainly attributable to the increase in other administrative expenses, due in particular to the increase in advisory costs related to the closing of the Public Tender and Exchange Offer.

Net value adjustments/reversals, negative for EUR 108.4 million, are mainly due to the value adjustments recorded in the securitisation notes relating to the POCI assets.

In addition, contributions and other non-recurring charges of about EUR 5.4 million were recognised, up compared to the previous quarter following the adjustment of the risk provisions related to estimated contingent liabilities.

Moreover, net expenses on equity investments, related to the period results of the companies consolidated with the equity method, amounted to EUR 0.7 million, an improved figure compared to the previous quarter but significantly worse compared to previous quarters, mainly due to Hype's results.

It should be noted that following the successful outcome of the Public Tender and Exchange Offer and pending a combined plan by the new shareholder, which will provide, among other things, for the merger by incorporation of illimity Bank into Banca Ifis, no new deferred tax assets were recognised on the tax loss accrued during the period, in the amount of approximately EUR 31 million.

Therefore, net of income taxes on current operations amounting approximately to a positive EUR 2 thousand, and the minority portion of EUR 485 thousand, the consolidated net profit (loss) attributable to the parent company as at 30 June 2025 amounted to a negative EUR 118 million – down from the profit recorded in the previous quarter and down from the profit of EUR 12.2 million recorded in the second quarter of 2024.

Contribution of operating segments to the Group's results

The illimity Group operates through an organisational structure divided into two Operating Segments, namely the "Business" segment and the "HQ Functions" segment.

The Business operating segment encompasses the following divisions/products:

- Corporate Banking;
- Turnaround & Credit Opportunities;
- Investment Banking;
- ABF-Investments;
- Digital Banking;
- B-ilty;
- Non-Core business;

to which are added the following operating companies:

- illimity SGR, focused on the management of reserved alternative investment funds;
- ARECneprix, engaged in the management and enhancement of distressed loans and real estate assets;
- Abilio S.p.A., which operates in the management and sale of assets from insolvency proceedings through online auctions and a nationwide network of professionals.

The HQ Functions, on the other hand, are transversal structures that support the business and oversee risk management. The results of the bank's equity investments in Hype and AltermAlnd, which are consolidated with the equity method, are also allocated to the HQ Functions operating segment.

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

The table below shows the main data summarising the developments in the operating segments of the illimity Group in the first half of 2025.

Economic performance	Business	HQ Functions	Intercompany Balances	30/06/2025
Net interest margin	58.3	-	-	58.3
Net fee and commission income	30.9	-	-	30.9
Other economic components	32.9	2.1	(0.4)	34.6
Total net operating income	122.1	2.1	(0.4)	123.9
Personnel expenses	(28.5)	(12.0)	-	(40.5)
Other administrative expenses and Net value adjustments/reversals on property, plant and equipment and intangible assets	(31.9)	(38.4)	0.4	(69.9)
Operating expenses	(60.4)	(50.4)	0.4	(110.5)
Operating profit (loss)	61.7	(48.3)	-	13.4
Total net value adjustments/reversals and other provisions	(122.1)	(0.3)	-	(122.4)
Contributions and other non-recurring expenses	(0.1)	(5.5)	-	(5.6)
Other income (expenses) on equity investments	-	(2.5)	-	(2.5)
Profit (loss) from operations before taxes	(60.5)	(56.6)	-	(117.1)

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 sectors of the illimity Group for the first six months of 2024.

Economic performance	Business	HQ Functions	Intercompany Balances	30/06/2024
Total net operating income	157.7	0.4	(0.4)	157.8
Operating expenses	(66.6)	(37.4)	0.4	(103.6)
Profit (loss) from operations before taxes	72.6	(43.5)	-	29.0

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

Economic performance	Business	HQ Functions	Intercompany Balances	30/06/2025
Financial assets at FV through profit or loss	567.0	-	-	567.0
Financial assets measured at amortised cost	5,408.1	130.0	-	5,538.1
Property and Equipment	40.2	17.1	(1.3)	56.0
Intangible assets	48.0	13.1	-	61.1
Amounts due to customers and securities issued	4,115.2	2,070.3	-	6,185.5
RWAs	4,113.4	433.1	-	4,546.5

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

The pre-tax profit of the Business Divisions decreased from a profit of EUR 72.6 million in the same period of the previous year to a loss of EUR 60.5 million in the current year. The main reasons for this were the rising cost of borrowing with respect to the comparative period, which in the second quarter of 2025 was particularly impacted by value adjustments recognised on a perimeter of securitisation notes with POCI and PPC portfolios as underlying assets. The following sections provide an overview of the main types of operations by each business division, as well as the main events that occurred during the reporting half-year.

The **Corporate Banking** Division is divided into two main areas, each of which responds to specific market and customer needs:

- Structured Finance, dedicated to the financing of high-potential enterprises with a sub-optimal financial structure or a low or absent credit *rating*. This also includes financing solutions dedicated to acquisition activities ("*acquisition finance*").
- Factoring, which supports the *supply chain* of operators in Italian industrial sectors and districts through the purchase of commercial receivables on a non-recourse and recourse basis, with the aid of a dedicated digital channel.

In the second quarter of 2025, the Division confirmed its good *origination* capacity, which saw, with the Structured Finance Area, the production of new loans in the amount of EUR 156 million and, with the Factoring Area, the generation of a turnover of EUR 1,508 million (through the relationship with about 320 assignors and more than 1,500 assigned debtors) and investments in the amount of EUR 610 million.

The Corporate Banking Division recorded a pre-tax profit of EUR 19.8 million in the first half of 2025, driven by a total net operating income of EUR 29.6 million and low operating expenses, resulting in a Cost/Income ratio as at 30 June 2025 at 20%.

The **Turnaround & Credit Opportunities** Division identifies business opportunities for companies in financial distress or facing situations of discontinuity, assessing the credit rating and defining strategies for restructuring, revitalisation or growth. Specifically, the Division carries out transactions through various instruments (such as the purchase of loans) on Non-*Performing* positions, Special Situations, and Turnarounds, with the aim of implementing their rehabilitation and return to *performing* status. This is

achieved through the identification of optimal financial solutions, which may include the disbursement of new loans or the takeover of existing ones. Additionally, the Division manages relations with shareholders, companies, creditors, and other investors, thereby creating profit plans and continuously monitoring customers' risk.

In the second quarter of 2025, the Division disbursed a total of EUR 95 million and recorded the early closure of several positions (amounting to a total of approximately EUR 127 million), with positive results in terms of revenue.

Thanks mainly to the recoveries recognised in the closure of some significant positions, the division closed the half-year with a pre-tax profit of EUR 24.5 million. The division's operating expenses are at a very low level, amounting to EUR 2.8 million, resulting in a Cost/Income ratio of less than 10% as at 30 June 2025.

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 securitisation structuring. 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, whose activities are aimed at developing 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.
- During the first half of 2025, two *advisory* transactions were finalised, including the first Public Tender and Exchange Offer on the Euronext Growth Milan market, as well as two IPOs relating to the companies TradeLab and Metriks.ai, for a total funding of EUR 7.25 million.
- Investment & Hedging Solutions manages the Division's investment portfolio, consisting of *corporate bonds* and *alternative debt* (*Collateralised Loans Obligations*). It also structures risk management and hedging solutions for *corporate* and institutional clients through the negotiation of derivative instruments to mitigate and limit risks related to their operations and financial statements structure.

In the first half of 2025 the Area negotiated a total of 26 new interest rate risk hedging derivatives (with a nominal value of approximately EUR 88 million) as well as initiated operations in foreign exchange hedging derivatives with three new customers (with a nominal traded value of around EUR 25 million). The structure also operated by purchasing *Collateralised Loans Obligations* for a total amount of EUR 127 million.

- Securitisations & Funding Solutions, responsible for structuring funding solutions for the Bank and corporate and financial customers through *tailor-made*, highly specialised financial expertise, aimed at achieving diversification of funding sources, improving companies' financial positions, and optimising customers' capital.

In the first quarter, the Area generated a new production of approximately EUR 68 million.

The Investment Banking Division closed the half-year with a pre-tax profit of EUR 1.7 million, driven primarily by its own commission-based contribution, as well as profit realised from its trading and purchase of financial assets.

The **ABF Investments** Division operates in the area of asset-backed loans with the objective of returning value to the asset and maximising its production capacity. The Division is particularly focused on the 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.

During the first part of the year, a commercial refocusing of the Division on low-risk transactions was planned. In this context, new loans were generated for an amount of EUR 22 million.

The **ABF Investments Division** ended the half-year with a pre-tax profit of EUR 2.4 million, thanks mainly to the revenue generated in terms of net interest income.

The **b-ilty** business closed the first half of 2025 with an operating profit of EUR 5.1 million, thanks mainly to interest income generated by the portfolios acquired through AIFs and SPVs.

The **Digital Banking** 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 personnel expenses dedicated to the Division's specific operations, are allocated to that Division.

The **Abilio** group posted a pre-tax loss of EUR 4.3 million, a deterioration of about EUR 1.4 million compared to the first half of 2024.

ARECneprix closed the period with a pre-tax profit of EUR 4.2 million, down from the figure recorded as at 30 June 2024. The decrease was mainly attributable to the decline in fees and commissions accrued during the half-year in the extra-captive business.

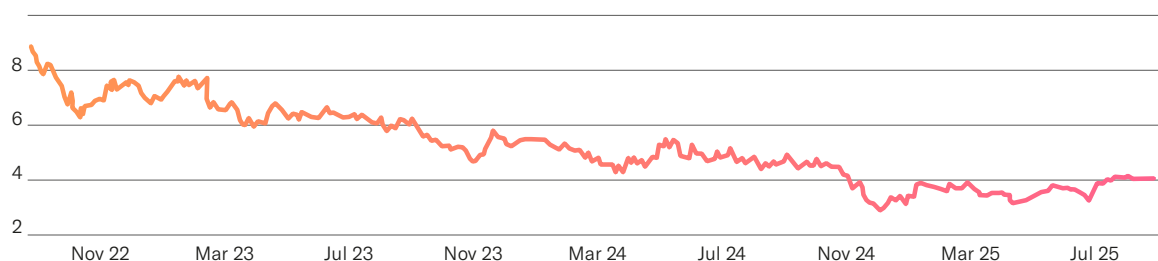
The **SGR** contributed to consolidated results as at 30 June 2025 with an operating profit of approximately EUR 0.6 million. It is believed that the growing operation of illimity SGR will gradually bring greater benefits to the Group, especially in terms of improving the commission margin.

Non-core structures closed the first half of 2025 with a loss of EUR 96.9 million. As mentioned above, this result is mainly due to value adjustments recognised on a perimeter of securitisation notes with POCI and PPC portfolios as underlying assets.

Lastly, the HQ Functions of the **Corporate Center** reported an operating loss of EUR 48.3 million in the first half of 2025, consistent with its nature as a cost centre for all other transversal functions of the Group.

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 shares were admitted to trading on the STAR (Securities with High Requirements) segment of the Euronext Milan market. Share performance in the last 3 years is reported below:



With regard to shareholders, it should be noted that from 4 July 2025 illimity is a bank belonging to the Banca Ifis Group, subject to management and coordination by the latter.

Due to the effect, in fact, of the final results of the public tender offer promoted on all illimity shares – pursuant to Articles 102, paragraph 1 and 106, paragraph 4, of the Italian Consolidated Law on Finance – communicated on 16 July 2025, Banca Ifis came to hold 92.5% of illimity's share capital.

Events after the end of the period

After the reference date of the Consolidated Half-Yearly Financial Report, no events have occurred that warrant mention or have had an impact on the Group's financial position, performance and cash flows.

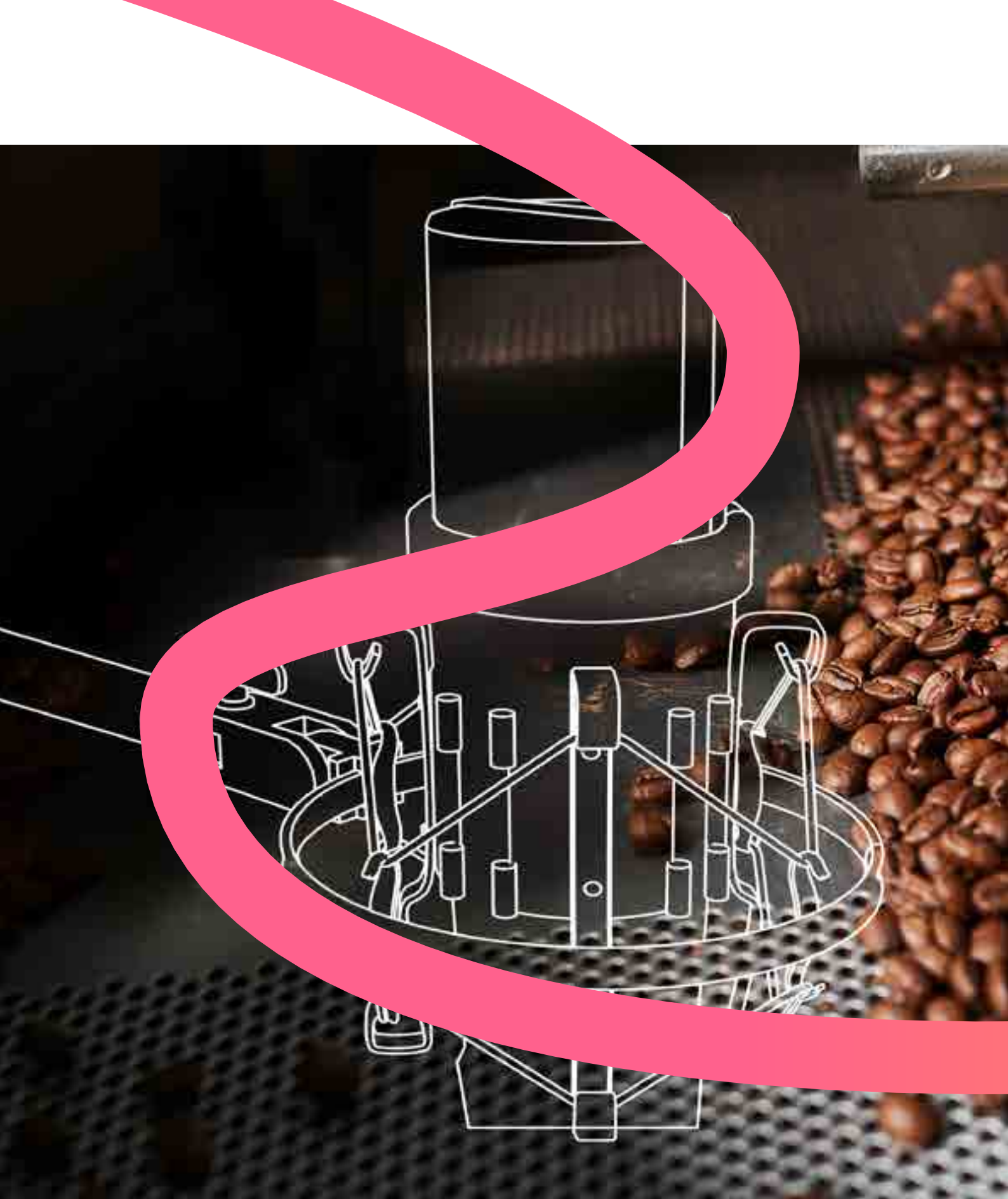
Business outlook

As a result of the successful conclusion of the Public Tender and Exchange Offer, from 4 July illimity is a bank belonging to the Banca Ifis Group and, therefore, subject to management and coordination of the same Banca Ifis S.p.A.

Therefore, the development of the Bank's activities will continue under the management and strategic guidelines of the new Group to which it belongs.

Lastly, it should be noted that on 21 July the members of the Board of Directors of illimity have resigned their mandates to the parent company Banca Ifis S.p.A., in order to facilitate the rapid and orderly merging of the two entities.

The resignations will be effective from the next Shareholders' Meeting, called for 25 September 2025, to resolve on the renewal of the corporate bodies, the amendments to the Articles of Association related to the entry of illimity into the Banca Ifis Group and the planned delisting.



A close-up photograph of coffee beans on a metal grate, likely part of a coffee machine. The beans are dark brown and glossy, and the grate has a fine, circular mesh pattern. The background is dark and out of focus.

Condensed Consolidated Half-Yearly Financial Statements

as at 30 June 2025

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets		30/06/2025	31/12/2024
10.	Cash and cash equivalents	355,932	387,264
20.	Financial assets measured at fair value through profit or loss	566,950	563,222
	a) financial assets held for trading	40,754	44,029
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	526,196	519,193
30.	Financial assets measured at fair value through other comprehensive income	760,189	748,027
40.	Financial assets measured at amortised cost	5,538,069	5,961,177
	a) loans to banks	123,053	269,813
	b) loans to customers	5,415,016	5,691,364
50.	Hedging derivatives	27,539	29,385
60.	Fair value change of financial assets in generic hedged portfolios (+/-)	-	-
70.	Equity investments	139,632	140,159
80.	Insurance assets	-	-
	a) insurance contracts issued that constitute assets	-	-
	b) disposals in reinsurance that constitute assets	-	-
90.	Property, plant and equipment	56,028	89,389
100.	Intangible assets	61,121	64,281
	of which:		
	- goodwill	33,731	33,731
110.	Tax assets	102,598	102,801
	a) current	28,678	24,455
	b) deferred	73,920	78,346
120.	Non-current assets and disposal groups held for sale	2,747	3,029
130.	Other assets	244,027	313,792
	Total assets	7,854,832	8,402,526

CONTINUED **CONSOLIDATED BALANCE SHEET**

Liabilities and shareholders' equity		30/06/2025	31/12/2024
10.	Financial liabilities measured at amortised cost	6,826,000	7,249,492
	a) due to banks	640,541	865,168
	b) due to customers	5,224,000	5,332,457
	c) securities issued	961,459	1,051,867
20.	Financial liabilities held for trading	36,269	45,107
30.	Financial liabilities designated at fair value	-	-
40.	Hedging derivatives	4,010	43
50.	Adjustments in value of generic hedging financial liabilities (+/-)	75	-
60.	Tax liabilities	2,986	5,821
	a) current	219	1
	b) deferred	2,767	5,820
70.	Liabilities associated with assets held for sale	-	-
80.	Other liabilities	165,649	172,785
90.	Employee severance pay	4,646	4,666
100.	Allowances for risks and charges	30,704	25,122
	a) commitments and guarantees given	1,940	2,290
	b) post-employment benefits and similar obligations	52	46
	c) other allowances for risks and charges	28,712	22,786
110.	Insurance liabilities	-	-
	a) insurance contracts issued that constitute liabilities	-	-
	b) disposals in reinsurance that constitute liabilities	-	-
120.	Valuation reserves	(14,139)	(18,298)
130.	Redeemable shares	-	-
140.	Equity instruments	-	-
150.	Reserves	236,090	276,527
160.	Share premium reserve	624,922	624,937
170.	Share capital	54,789	54,789
180.	Treasury shares (-)	(5,070)	(5,354)
190.	Equity attributable to minority interests (+/-)	5,686	5,289
200.	Profit (Loss) for the period (+/-)	(117,785)	(38,400)
Total liabilities and shareholders' equity		7,854,832	8,402,526

CONSOLIDATED INCOME STATEMENT

Items	30/06/2025	30/06/2024
10. Interest income and similar income	186,405	213,699
of which: interest income calculated according to the effective interest method	174,656	194,103
20. Interest expenses and similar charges	(125,852)	(134,380)
30. Net interest income	60,553	79,319
40. Fee and commission income	37,622	50,562
50. Fee and commission expense	(8,008)	(5,117)
60. Net fee and commission income	29,614	45,445
70. Dividends and similar income	1,750	-
80. Net profit (loss) from trading	1,785	5,897
90. Net profit (loss) in hedge accounting	183	67
100. Profits (losses) on disposal or repurchase of:	8,698	3,526
a) financial assets measured at amortised cost	6,959	3,816
b) financial assets measured at fair value through other comprehensive income	1,739	(290)
c) financial liabilities	-	-
110. Net profit (loss) from other financial assets and liabilities measured at fair value through profit or loss	8,117	10,413
a) financial assets and liabilities designated at fair value	-	-
b) other financial assets mandatorily measured at fair value	8,117	10,413
120. Operating income	110,700	144,667
130. Net value adjustments/reversals for credit risks associated with:	(112,739)	(12,472)
a) financial assets measured at amortised cost	(111,091)	(12,599)
b) financial assets measured at fair value through other comprehensive income	(1,648)	127
140. Profits/losses on changes in contracts without derecognition	(788)	-
150. Net profit (loss) from banking activities	(2,827)	132,195
160. Profit (loss) from insurance services	-	-
a) insurance revenue deriving from insurance contracts issued	-	-
d) costs for insurance services deriving from insurance contracts issued	-	-
c) insurance revenue deriving from disposals in reinsurance	-	-
b) costs for insurance services deriving from disposals in reinsurance	-	-
170. Balance of financial revenue and costs relating to insurance management	-	-
a) net financial costs/revenue relating to insurance contracts issued	-	-
b) net financial revenue/costs relating to disposals in reinsurance	-	-
180. Net profit (loss) of banking and insurance management	(2,827)	132,195
190. Administrative expenses:	(106,252)	(86,163)
a) personnel expenses	(40,414)	(43,969)
b) other administrative expenses	(65,838)	(42,194)
200. Net provisions to allowances for risks and charges	(5,470)	2,043
a) commitments and guarantees given	350	2,212
b) other net provisions	(5,820)	(169)
210. Net value adjustments/reversals on property, plant and equipment	(2,948)	(1,938)
220. Net value adjustments/reversals on intangible assets	(5,151)	(3,784)
230. Other operating income/expenses	7,436	8,173
240. Operating costs	(112,385)	(81,669)
250. Profit (loss) from equity investments	(2,532)	764
260. Net profit (loss) on the measurement at fair value of property, plant and equipment and intangible assets	-	-
270. Goodwill value adjustments	-	-
280. Profit (loss) from disposal of investments	622	10
290. Profit (loss) from continuing operations before tax	(117,122)	51,300
300. Income taxes for the period on continuing operations	(1,330)	(12,367)
310. Profit (loss) from continuing operations after tax	(118,452)	38,933
320. Profit (loss) from discontinued operations after tax	-	(16,160)
330. Profit (Loss) for the period	(118,452)	22,773
340. Profit (loss) for the period attributable to minority interests	667	179
350. Profit (loss) for the period attributable to the parent company	(117,785)	22,952

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

Items	30/06/2025	30/06/2024
10. Profit (Loss) for the period	(118,452)	22,773
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	(1)	
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, plant and equipment	-	
60. Intangible assets	-	
70. Defined-benefit plans	87	147
80. Non-current assets and disposal groups held for sale	-	
90. Share of valuation reserves for equity investments measured at equity	5	9
100. Financial revenue or costs relating to insurance contracts issued	-	
Other income components, after tax, 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 equity instruments) measured at fair value through other comprehensive income	4,073	5,696
160. Non-current assets and disposal groups held for sale	-	
170. Share of valuation reserves for equity investments measured at equity	-	
180. Financial revenue or costs relating to insurance contracts issued		
190. Financial revenue or costs relating to disposals in reinsurance		
200. Total other income components after tax	4,164	5,852
210. Comprehensive income (Item 10+200)	(114,288)	28,625
220. Consolidated comprehensive income attributable to minority interests	662	172
230. Consolidated comprehensive income attributable to the parent company	(113,626)	28,797

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 30 JUNE 2025

	Balance as at 31 December 2024	Change to opening balances	Balance as at 1 January 2025	Allocation of result for the previous year		Change in reserves
				Reserves	Dividends and other allocations	
Share capital:						
a) ordinary shares	54,803	-	54,803	-	-	-
b) other shares	3,284	-	3,284	-	-	-
Share premium reserve	629,926	-	629,926	-	-	-
Reserves:						
a) of profits	237,277	-	237,277	(40,755)	-	-
b) other	38,611	-	38,611	-	-	-
Valuation reserves	(18,302)	-	(18,302)	-	-	-
Equity instruments	-	-	-	-	-	-
Treasury shares	(5,354)	-	(5,354)	-	-	-
Profit (Loss) for the period	(40,755)	-	(40,755)	40,755	-	-
Consolidated Shareholders' Equity	899,490	-	899,490	-	-	-
Group shareholders' equity	894,201	-	894,201	-	-	-
Shareholders' equity attributable to minority interests	5,289	-	5,289	-	-	-

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 30 JUNE 2024

	Balance as at 31 December 2023	Change to opening balances	Balance as at 1 January 2024	Allocation of result for the previous year		Change in reserves
				Reserves	Dividends and other allocations	
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 period	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)	-

	Changes in the period								Consolidated shareholders' equity as at 30/06/2025	Group shareholders' equity as at 30/06/2025	Shareholders' equity attributable to minority interests as at 30/06/2025
	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 period			
Share capital:											
a) ordinary shares	-	-	-	-	-	-	-	-	54,803	54,789	14
b) other shares	-	-	-	-	-	-	1,059	-	4,343	-	4,343
Share premium reserve	-	-	-	-	-	(15)	-	-	629,911	624,922	4,989
Reserves:											
a) of profits	-	-	-	-	-	(2,037)	-	-	194,485	197,479	(2,994)
b) other	-	-	-	-	-	-	-	-	38,611	38,611	-
Valuation reserves	-	-	-	-	-	-	-	4,164	(14,138)	(14,139)	1
Equity instruments	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	284	-	-	(5,070)	(5,070)	-
Profit (Loss) for the period	-	-	-	-	-	-	-	(118,452)	(118,452)	(117,785)	(667)
Consolidated Shareholders' Equity											
	-	-	-	-	-	(1,768)	1,059	(114,288)	784,493	X	X
Group shareholders' equity	-	-	-	-	-	(1,768)	-	(113,626)	X	778,807	X
Shareholders' equity attributable to minority interests											
		-	-	-	-	-	1,059	(662)	X	X	5,686

	Changes in the period								Consolidated shareholders' equity as at 30/06/2024	Group shareholders' equity as at 30/06/2024	Shareholders' equity attributable to minority interests as at 30/06/2024
	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 period			
Share capital:											
a) ordinary shares	-	-	-	-	-	98	-	-	54,803	54,789	14
b) other shares	-	-	-	-	-	-	1,089	-	2,289	-	2,289
Share premium reserve	-	-	-	-	-	-	-	-	629,926	624,937	4,989
Reserves:											
a) of profits	-	-	-	-	-	(502)	-	-	242,630	243,233	(603)
b) other	-	-	-	-	-	-	-	-	38,611	38,611	-
Valuation reserves	-	-	-	-	-	-	-	5,852	(24,176)	(24,175)	(1)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	(4,896)	-	-	-	289	-	-	(5,354)	(5,354)	-
Profit (Loss) for the period	-	-	-	-	-	-	-	22,773	22,773	22,952	(179)
Consolidated Shareholders' Equity											
Equity	-	(4,896)	-	-	-	(115)	1,089	28,625	961,502	X	X
Group shareholders' equity	-	(4,896)	-	-	-	(115)	-	28,797	X	954,993	X
Shareholders' equity attributable to minority interests											
interests	-	-	-	-	-	-	1,089	(172)	X	X	6,509

CONSOLIDATED CASH FLOW STATEMENT

INDIRECT METHOD

A. OPERATING ACTIVITIES	Amount	
	30/06/2025	30/06/2024
1. Cash flow from operations	66,476	118,440
Net profit/loss for the period (+/-)	(118,452)	22,773
Gains/losses on financial assets held for trading and other financial assets/ liabilities measured at fair value through profit or loss (-/+)	3,791	(12,924)
Gains/losses on hedging activities (-/+)	(183)	(67)
Net value adjustments/reversals for credit risk (+/-)	109,862	16,361
Net value adjustments/recoveries on property, plant and equipment and intangible assets (+/-)	8,099	12,416
Net provisions to allowances for risks and charges and other costs/revenue (+/-)	8,669	9,430
Net revenue and costs relating to insurance contracts issued and disposals in reinsurance (-/+)	-	-
Taxes, duties and unpaid tax credits (+/-)	7,077	9,653
Net value adjustments/reversals on discontinued operations, net of the tax effect (+/-)	-	-
Other adjustments (+/-)	47,613	60,798
2. Net cash generated/absorbed by financial activities	438,729	(915,105)
Financial assets held for trading	2,870	2,605
Financial assets designated at fair value	-	-
Other financial assets mandatorily measured at fair value	(7,810)	(18,818)
Financial assets measured at fair value through other comprehensive income	(3,940)	(288,075)
Financial assets measured at amortised cost	367,136	(633,732)
Other assets	80,473	22,915
3. Net cash generated/absorbed by financial liabilities	(545,623)	727,476
Financial liabilities measured at amortised cost	(519,070)	752,185
Financial liabilities held for trading	(8,838)	3,200
Financial liabilities designated at fair value	-	-
Other liabilities	(17,715)	(27,909)
4. Cash generated/absorbed by insurance contracts issued and disposals in reinsurance	-	-
Insurance contracts issued that constitute liabilities/assets	-	-
Disposals in reinsurance that constitute assets/liabilities	-	-
Net cash generated/absorbed by operating activities	(40,418)	(69,189)

B. INVESTING ACTIVITIES	Amount	
	30/06/2025	30/06/2024
1. Cash flows from	13,340	350
Sales of equity investments	-	-
Dividends received on equity investments	-	-
Sales of property, plant and equipment	13,340	350
Sales of intangible assets	-	-
Sales of subsidiaries and business units	-	-
2. Cash flows used in	(4,254)	(15,943)
Purchases of equity investments	(2,000)	-
Purchases of property, plant and equipment	(263)	(1,963)
Purchases of intangible assets	(1,991)	(13,980)
Purchases of subsidiaries and business units	-	-
Net cash generated/absorbed by investing activities	9,086	(15,593)

C. FINANCING ACTIVITIES	Amount	
	30/06/2025	30/06/2024
Issues/purchases of treasury shares	-	(4,897)
Issues/purchases of equity instruments	-	-
Distribution of dividends and other purposes	-	(20,875)
Sale/purchase of third-party control	-	-
Net cash generated/absorbed by financing activities	-	(25,772)
NET CASH GENERATED/ABSORBED IN THE YEAR	(31,332)	(110,554)

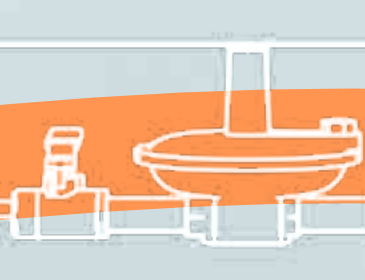
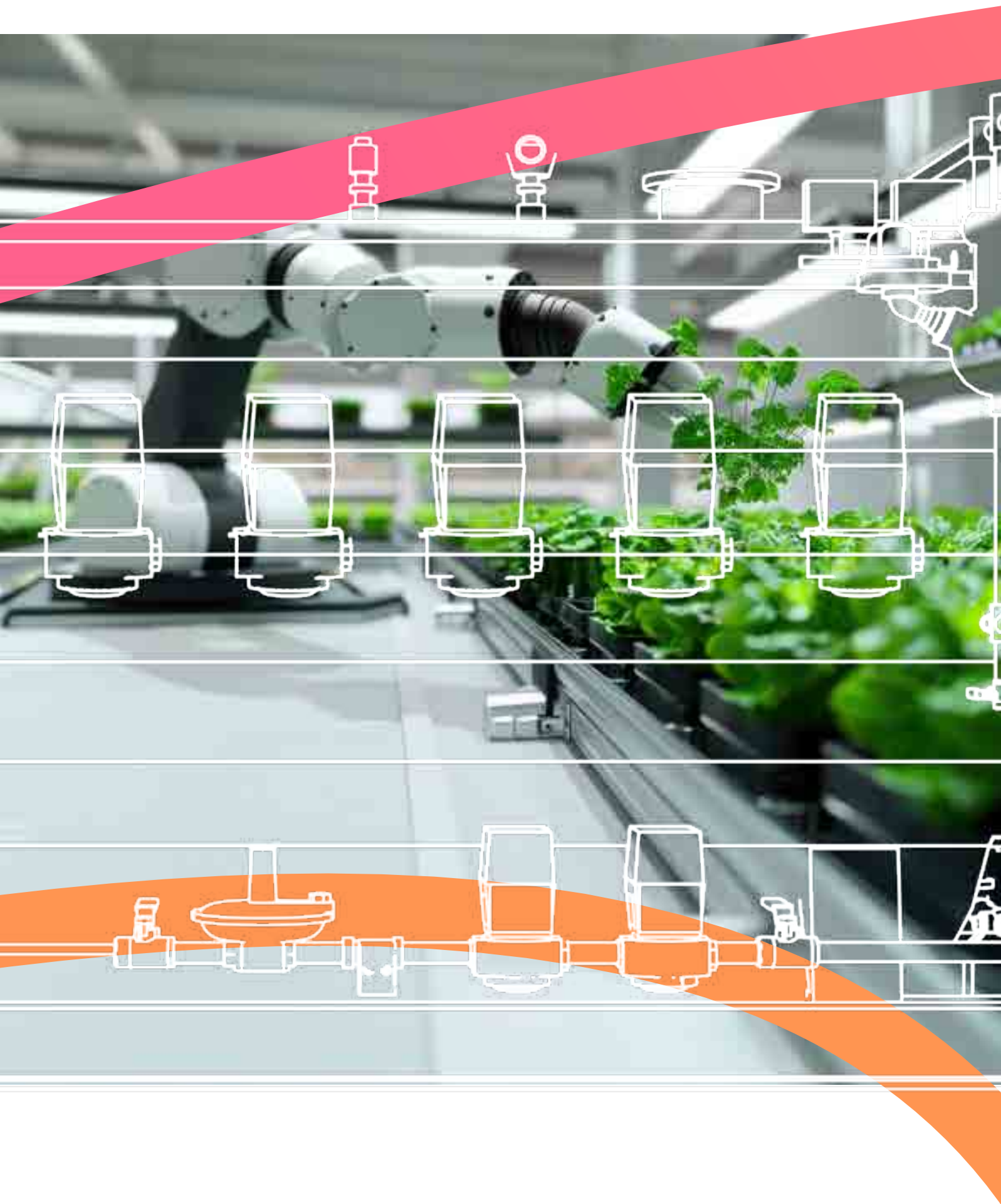
Key:

(+) generated

(-) absorbed

RECONCILIATION

FINANCIAL STATEMENT ITEMS	Amount	
	30/06/2025	30/06/2024
Cash and cash equivalents at start of the period	387,264	431,696
Total net cash generated/absorbed during the period	(31,332)	(110,554)
Cash and cash equivalents: foreign exchange effect	-	-
Cash and cash equivalents at end of the period	355,932	321,142





Consolidated explanatory notes

as at 30 June 2025

Explanatory notes

A.1 General information

illimity Bank S.p.A. is an incorporated entity with legal personality organised under the laws of the Italian Republic with its registered office in Milan, Via Soperga 9. Enrolled in the Milan Companies Register, Taxpayer identification no. 03192350365, ABI (Bankers' Association) Code 03395, registered in the Banks' Register under no. 5710.

Section 1 – Statement of compliance with International Accounting Standards

This consolidated half-yearly financial report has been prepared in compliance with the provisions of Article 154-ter, paragraph 5, of Italian Legislative Decree no. 58 of 24 February 1998. The economic and financial items presented in this document 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) and of the *Standing Interpretations Committee* (SIC). Additionally, the guidelines set out in Circular no. 262 of 22/12/2005 – 8th update of 17 November 2022 – and in the Bank of Italy Communication of 14 March 2023 have been taken into consideration – particularly with regard to the impacts of COVID-19 and the measures to support the economy – in line with the accounting policies used for the preparation of the consolidated financial statements as of 31 December 2024, to which reference is made.

There were no derogations from the IAS/IFRS accounting standards.

The Consolidated Half-Yearly Financial Report, in particular, complies with the IAS 34 accounting standard, which dictates the minimum content and principles for recognition and measurement in interim financial statements. Based on the provisions of IAS 34, para. 10, the Group has made use of the option to prepare condensed disclosures, instead of the full disclosure (which must comply with the provisions of IAS 1) required for the annual financial statements.

It should be noted that the *Digital* business unit, which was sold to AltermAInd on 24 December 2024, was identified as a discontinued operating activity in accordance with IFRS 5. The comparative figures for the previous year in the income statement and in the relevant tables in the explanatory notes have, therefore, been restated, as required by the Standard.

The Report is also prepared in compliance with CONSOB Resolution no. 11971 (Issuers' Regulation) of 14 May 1999, as amended.

Section 2 – Basis of preparation

This consolidated half-yearly financial report has 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 Consolidated Half-Yearly Financial Report has been prepared using the Euro as the Group's functional currency, and comprise the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Consolidated Shareholders' Equity, the Cash Flow Statement and the Explanatory Notes.

Unless otherwise specified, the amounts presented in the financial statements and in the explanatory notes are stated in thousands of Euro. Any discrepancies in the figures shown are solely due to the effect of rounding.

The Consolidated Half-Yearly Financial Report as at 30 June 2025 has been prepared using recognition and measurement principles and criteria consistent with those adopted in the consolidated financial statements of the illimity Bank S.p.A. as at 31 December 2024, to which reference is made for a complete description of the principles and criteria applied, except for the application of new standards that came into force on 1 January 2025, whose effects are described in the section "New documents issued by the IASB and endorsed by the EU, whose adoption is mandatory with effect from financial statements for years beginning on 1 January 2025".

The Consolidated Half-Yearly Financial Report as at 30 June 2025 is submitted to the Board of Directors for approval on 6 August 2025.

Section 3 – Consolidation scope and methods

The consolidation criteria and principles used to prepare the Consolidated Half-Yearly Financial Report as at 30 June 2025 have not changed compared to those used for the Consolidated Financial Statements for the year ended 31 December 2024.

The Consolidated Half-Yearly Financial Report includes the accounting values of illimity and of the companies over which it directly or indirectly exercises control as at 30 March 2025, 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 at 30 June 2025 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”), a wholly owned subsidiary of 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 a 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. **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;
- xxix. **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;
- xxx. **Mia SPV S.r.l.** ("Mia SPV"), a wholly owned subsidiary of the Bank, established to undertake securitisation transactions;
- xxxi. **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;
- xxxii. **Space Direct Lending Fund** ("Space Fund") in which the Bank subscribed 99.5% of the units in the UCI, set up as a closed-end reserved alternative investment fund, established and managed by TeamSystem Capital at Work SGR S.p.A.;
- xxxiii. **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;

- xxxiv. **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;
- xxxv. **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;
- xxxvi. **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;
- xxxvii. **SpicyCo S.r.l.** ("SpicyCo"), a wholly owned subsidiary of the Bank, which is responsible for the acquisition, management and sale of equity investments;
- xxxviii. **Enervitabio San Giuseppe Società Agricola S.r.l.** (Enervitabio), whose entire share capital is held by SpicyCo, a company producing electricity from renewable sources;
- xxxix. **Renit CPV S.r.l.** (Renit), whose entire share capital is held by SpicyCo, a company producing electricity from renewable sources;
- xl. **Little Spicy S.r.l.** ("Little Spicy"), whose entire share capital is held by SpicyCo, a company producing electricity from renewable sources;
- xli. **Vela 2023 LeaseCo S.r.l.** ("Vela 2023 LeaseCo"), a wholly owned subsidiary of the Bank, which was established to manage lease transactions included in the securitised NPL portfolios;
- xlii. **Eolo LeaseCo S.r.l.** ("Eolo LeaseCo"), a wholly owned subsidiary of the Bank, which was established to manage lease transactions included in the securitised NPL portfolios;
- xliii. **INGENII Boost Finance** ("INGENII Boost Finance Fund"), in which the Bank subscribed 98.7% of the units in the UCI, set up as a closed-end reserved alternative investment fund, established and managed by INGENII SGR S.p.A.;
- xliv. **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;
- xlv. **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;
- xlvi. **AltermAlnd S.r.l.** ("AltermAlnd"), 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;
- xlvii. **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 2024. Below is a summary of the transactions that led to the change in the scope of consolidation.

Decreases

- a) Dilution of the UCI units of Ingenii Boost Finance to 98.7% following the subscription of 1.3% of the fund's units by third-party investors.
- b) Subscription of 100% of the notes issued by the vehicle Metafora SPV S.r.l., previously consolidated on a line-by-line basis.

Details of the type of control and consolidation method are given below:

Name	Operational headquarters	Registered office	Type of relationship (*)	Ownership relationship			
				Held by	% Held (**)	% 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	Montes LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.29	Montes S.P.V. S.r.l.	Milan	Milan	1-4	A.0	100.0%	100.0%
A.30	Mia SPV S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.31	Farky SPV S.r.l.	Milan	Milan	4	A.0		95%
A.32	Space Direct Lending Fund	Milan	Milan	4	A.0		99.5%
A.33	Iside Spe S.r.l.	Milan	Milan	4	A.0		100.0%
A.34	CR Please Real Estate S.r.l.	Milan	Milan	4	A.34		100.0%
A.35	Farm SPV S.r.l.	Milan	Milan	4	A.0		100.0%
A.36	Dome SPV S.r.l.	Milan	Milan	4	A.0		100.0%
A.37	SpicyCo S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.38	Enervitabio San Giuseppe Società Agricola S.r.l.	Milan	Milan	1	A.38	100.0%	100.0%
A.39	Renit CPV S.r.l.	Milan	Milan	1	A.38	100.0%	100.0%
A.40	Little Spicy S.r.l.	Milan	Milan	1	A.38	100.0%	100.0%
A.41	Vela 2023 LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.42	Eolo LeaseCo S.r.l.	Milan	Milan	1	A.0	100.0%	100.0%
A.43	INGENII Boost Finance	Milan	Milan	4	A.0		98.7%
A.44	Havana SPV S.r.l.	Milan	Milan	4	A.0		95%

Name		Operational headquarters	Registered office	Type of relationship (*)	Ownership relationship		
					Held by	% Held (**)	% of consolidation attributable to the parent company
Companies consolidated with the equity method							
A.45	Hype S.p.A.	Biella	Biella	5	A.0	50.0%	N/A
A.46	AltermaInd S.r.l.	Milan	Milan	6	A.0	48.0%	N/A
A.47	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, no. 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.

Section 4 – Events after the end of the period

After the reference date of the Consolidated Half-Yearly Financial Report, no events have occurred that warrant mention or have had an impact on the Group's financial position, performance and cash flows.

Section 5 – Other matters

5.1 – New documents issued by the IASB and endorsed by the EU, whose adoption is mandatory with effect from financial statements for years beginning on 1 January 2025

Document title	Issuance date	Effective date	Endorsement date	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

As shown in the table above, the adoption of certain changes in the accounting standards endorsed by the European Commission in 2024 will be mandatory for the first time from 2025.

These amendments are not particularly material to the Group.

5.2 Use of estimates and assumptions in the preparation of the Consolidated Half-Yearly Financial Report

In compliance with the requirements of the IFRS framework, the Consolidated Half-Yearly Financial Report requires the use of estimates and assumptions that may influence the values recognised in the balance sheet and income statement.

Therefore, the use of reasonable estimates is an essential part of the preparation of this document. The financial statement items in which the use of estimates and assumptions is generally significant are indicated below:

- measurement of receivables;
- valuation of properties;
- measurement of financial assets not listed in active markets;
- determination of the amount of allowances 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, plant 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. Therefore, it cannot be excluded that 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 period in which the change occurs and, possibly, on that of future years in accordance with IAS 8.

A.2 Section on the main financial statement items

With regard to the classification and valuation criteria of the main financial statement items, please refer to Part A.2 of the Explanatory Notes to the Consolidated Financial Statements of the Group as at 31 December 2024.

A.3 Disclosure on transfers between portfolios of financial assets

There were no transfers between financial asset portfolios in the first half of 2025.

A.4 Disclosure on fair value

Qualitative disclosure

A.4.1 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 participatory financial instruments

Items classified as level 3 are shares and participatory financial 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 participatory financial 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 participatory financial 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. 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 is verified in order to confirm the initial recognition price or apply 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

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 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	Recovery Rate/Credit Spread
ABSs	Discounting Cash Flows	-
Fund units	DCF with possible liquidity discount	-
Equity	Direct transactions	-

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	(111)	1 bp
FVTPL securities	Recovery rate	(3,373)	(1%)

A.4.3 Fair value hierarchy

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 financial 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 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 applied 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 at 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

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	30/06/2025			31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	-	40,729	526,221	-	44,004	519,218
a) financial assets held for trading	-	40,729	25	-	44,004	25
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	526,196	-	-	519,193
2. Financial assets measured at fair value through other comprehensive income	545,983	207,948	6,258	581,839	159,929	6,259
3. Hedging derivatives	-	27,539	-	-	29,385	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	545,983	276,216	532,479	581,839	233,318	525,477
1. Financial liabilities held for trading	-	36,269	-	-	45,107	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	4,010	-	-	43	-
Total	-	40,279	-	-	45,150	-

Instruments that are measured to a significant extent on the basis of non-observable parameters (Level 3) amount to 39.3% of the total financial assets measured at *fair value*, mainly represented by investments classified in the portfolio of “Financial assets mandatorily measured at fair value”, referable to the non-core business.

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, plant 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	519,218	25	-	519,193	6,259	-	-	-
2. Increases	55,963	-	-	55,963	-	-	-	-
2.1 Purchases	48,901	-	-	48,901	-	-	-	-
2.2 Gains recognised in:	7,058	-	-	7,058	-	-	-	-
2.2.1 Income Statement	7,058	-	-	7,058	-	-	-	-
- of which capital gains	6,519	-	-	6,519	-	-	-	-
2.2.2 Shareholders' equity	-	X	X	X	-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	4	-	-	4	-	-	-	-
3. Decreases	48,960	-	-	48,960	(1)	-	-	-
3.1 Sales	-	-	-	-	-	-	-	-
3.2 Refunds	44,207	-	-	44,207	-	-	-	-
3.3 Losses charged to:	4,753	-	-	4,753	-	-	-	-
3.3.1 Income Statement	4,753	-	-	4,753	-	-	-	-
- of which capital losses	4,753	-	-	4,753	-	-	-	-
3.3.2 Shareholders' equity	-	X	X	X	-	-	-	-
3.4 Transfers from other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	(1)	-	-	-
4. Closing balance	526,221	25	-	526,196	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 level of fair value

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	30/06/2025				31/12/2024			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	5,538,069	1,024,149	60,718	4,477,108	5,961,177	987,528	41,114	4,949,299
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups held for sale	2,747	-	-	2,747	3,029	-	-	3,029
Total	5,540,816	1,024,149	60,718	4,479,855	5,964,206	987,528	41,114	4,952,328
1. Financial liabilities measured at amortised cost	6,826,000	863,249	-	5,949,752	7,249,492	851,185	-	6,382,133
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	6,826,000	863,249	-	5,949,752	7,249,492	851,185	-	6,382,133

Key:

BV = Book Value

L1 = Level 1

L2 = Level 2

L3 = Level 3

For the other financial instruments recognised in the financial statements at amortised cost and mainly classified among loans 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 2 – Financial assets measured at fair value through profit or loss – Item 20

2.1 Financial assets held for trading: breakdown by type

Items/Values	Total 30/06/2025			Total 31/12/2024		
	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. UCIs Units	-	-	25	-	-	25
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total (A)	-	-	25	-	-	25
B. Derivatives	-	-	-	-	-	-
1. Financial derivatives	-	40,729	-	-	44,004	-
1.1 held for trading	-	40,729	-	-	44,004	-
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)	-	40,729	-	-	44,004	-
Total (A+B)	-	40,729	25	-	44,004	25

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

2.3 Financial assets designated at fair value: breakdown by type

The Group does not hold financial assets designated at fair value.

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

Items/Values	Total 30/06/2025			Total 31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities	-	-	37,941	-	-	19,963
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	37,941	-	-	19,963
2. Equity securities	-	-	12,488	-	-	12,189
3. UCIs Units	-	-	439,413	-	-	440,163
4. Loans	-	-	36,354	-	-	46,878
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	36,354	-	-	46,878
Total	-	-	526,196	-	-	519,193

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

Financial assets mandatorily measured at fair value through profit or loss amounted to EUR 526.2 million as at 30 June 2025, up by EUR 7 million compared to 31 December 2024. These financial assets consist mainly of UCI units for EUR 439.4 million, which mainly refer to Non-Core business operations for EUR 383.7 million and the remainder refer to the Corporate Banking division and UCI units directly held by illimity SGR.

Loans measured at fair value mainly refer to loans of the Turnaround Division for approximately EUR 36.4 million.

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 30/06/2025			Total 31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities	545,983	207,948	-	581,839	159,929	-
1.1 Structured securities	4,023	-	-	2,953	-	-
1.2 Other debt securities	541,960	207,948	-	578,886	159,929	-
2. Equity securities	-	-	6,258	-	-	6,259
3. Loans	-	-	-	-	-	-
Total	545,983	207,948	6,258	581,839	159,929	6,259

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

The debt securities in the financial statement item mainly comprise government bonds and public administration securities (EUR 440.5 million), credit institutions securities (EUR 65.5 million), financial companies securities (EUR 215.7 million) and non-financial companies securities (EUR 32.3 million).

Equity instruments classified as “Financial assets measured at fair value through other comprehensive income” are represented by equity holdings not qualifying as investments in subsidiaries, associates or joint ventures.

Section 4 – Financial assets measured at amortised cost – Item 40

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

Type of operations/Values	Total 30/06/2025						Total 31/12/2024					
	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. Loans to Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserve	-	-	-	X	X	X	-	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans to banks	123,053	-	-	-	25,750	97,998	269,813	-	-	-	26,014	244,254
1. Loans	97,998	-	-	-	-	97,998	244,254	-	-	-	-	244,254
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	62,420	-	-	X	X	X	98,051	-	-	X	X	X
1.3 Other loans:	35,578	-	-	X	X	X	146,203	-	-	X	X	X
- Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Loans for leasing	-	-	-	X	X	X	-	-	-	X	X	X
- Other	35,578	-	-	X	X	X	146,203	-	-	X	X	X
2. Debt securities	25,055	-	-	-	25,750	-	25,559	-	-	-	26,014	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	25,055	-	-	-	25,750	-	25,559	-	-	-	26,014	-
Total	123,053	-	-	-	25,750	97,998	269,813	-	-	-	26,014	244,254

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

The obligations to maintain the Compulsory reserve are met 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 type of loans to customers

Type of operations/ Values	Total 30/06/2025						Total 31/12/2024					
	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	2,656,914	324,178	419,464	-	-	3,408,284	2,802,636	247,989	506,356	-	-	3,564,464
1.1 Current accounts	15,496	4,847	22,481	X	X	X	15,668	4,354	29,131	X	X	X
1.2 Reverse repurchase agreements	31,320	-	-	X	X	X	39,923	-	-	X	X	X
1.3 Mortgages	262,129	57,012	303,332	X	X	X	341,095	36,396	372,084	X	X	X
1.4 Credit cards and personal loans, including wage assignment loans	885	749	-	X	X	X	996	588	-	X	X	X
1.5 Loans for leasing	4,530	2,941	67,844	X	X	X	5,003	3,321	68,748	X	X	X
1.6 Factoring	593,572	15,254	-	X	X	X	683,695	11,200	-	X	X	X
1.7 Other loans	1,748,982	243,375	25,807	X	X	X	1,716,255	192,130	36,393	X	X	X
2. Debt securities	1,935,029	24,508	54,923	1,024,149	34,968	970,826	1,989,155	4,246	140,982	987,528	15,100	1,140,581
1. Structured securities	-	2,460	-	-	2,460	-	-	2,580	-	-	2,580	-
2. Other debt securities	1,935,029	22,048	54,923	1,024,149	32,508	970,826	1,989,155	1,666	140,982	987,528	12,520	1,140,581
Total	4,591,943	348,686	474,387	1,024,149	34,968	4,379,110	4,791,791	252,235	647,338	987,528	15,100	4,705,045

The sub-item “Other debt securities” primarily includes government bonds for EUR 989.2 million, as well as securities connected to securitisation transactions relating to Non-Core business operations. In addition to debt securities, *POCI* financial assets include EUR 1.7 million of securities classified as unlikely to pay relating to the *Corporate Banking* division and EUR 53.2 million of securities classified as unlikely to pay relating to the *ABF* Division.

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

	Gross amount					Total value adjustments				
	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	1,330,344	990,304	797,548	35,954	54,923	2,594	165,214	11,446	-	
Loans	2,650,461	408,971	328,851	393,963	419,464	210,289	14,111	69,785	-	
Total 30/06/2025	3,980,805	1,399,275	1,126,399	429,917	474,387	212,883	179,325	81,231	-	
Total 31/12/2024	4,417,912	1,494,984	963,798	299,511	647,338	211,393	108,713	47,276	-	

Section 5 – Hedging derivatives – Item 50

	Fair Value 30/06/2025			NV 30/06/2025	Fair Value 31/12/2024			NV 31/12/2025
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value	-	27,539	-	980,000	-	29,385	-	691,405
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	27,539	-	980,000	-	29,385	-	691,405

Section 9 – Property, plant and equipment – Item 90

9.1 Property, plant and equipment with functional use: breakdown of assets measured at cost

Assets/Values	Total 30/06/2025	Total 31/12/2024
1. Proprietary assets	3,919	4,083
a) land	110	-
b) buildings	-	-
c) furniture and fittings	187	239
d) electronic systems	98	148
e) others	3,524	3,696
2. Rights of use acquired through lease agreements	29,663	31,817
a) land	-	-
b) buildings	18,390	19,607
c) furniture and fittings	-	-
d) electronic systems	-	-
e) others	11,273	12,210
Total	33,582	35,900
of which: obtained by enforcement of guarantees received	-	-

9.5 Inventories of property, plant and equipment governed by IAS 2: breakdown

Assets/Values	Total 30/06/2025	Total 31/12/2024
1. Inventories of property, plant and equipment obtained through enforcement of guarantees received	22,446	53,489
a) land	-	-
b) buildings	22,446	53,489
c) furniture and fittings	-	-
d) electronic systems	-	-
e) others	-	-
2. Other property, plant and equipment inventories	-	-
Total	22,446	53,489
of which: measured at fair value net of costs to sell	-	-

Section 10 – Intangible assets – Item 100

10.1 Intangible assets: breakdown by asset type

Assets/Values	Total 30/06/2025		Total 31/12/2024	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	X	33,731	X	33,731
A.1.1 attributable to the group	X	33,731	X	33,731
A.1.2 attributable to minority interests	X	-	X	-
A.2 Other intangible assets	27,390	-	30,550	-
of which: software	24,114	-	23,305	-
A.2.1 Assets measured at cost:	27,390	-	30,550	-
a) Intangible assets generated internally	1,061	-	6,448	-
b) Other assets	26,329	-	24,102	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	27,390	33,731	30,550	33,731

As at 30 June 2025, intangible assets amounted to EUR 61.1 million, a decrease of about EUR 3.2 million compared to 31 December 2024. The item relating to goodwill amounted to EUR 33.7 million, in line with the figure at the end of the previous financial year. The 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. In fact, it should be recalled that, in the 2024 financial year, the Group recognised in its income statement the full impairment of goodwill related to the acquisition of Banca Interprovinciale, the acquisition of Abilio and its indirect subsidiaries, as well as the goodwill that had arisen following the acquisition of instrumental companies linked to the Energy business.

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 approximately EUR 73.9 million as at 30 June 2025, down from the EUR 78.3 million recognised as at 31 December 2024.

Deferred tax assets have been recognised in the financial statements on the basis of an assessment of the probability of their recovery or on the basis of the probability of sufficient future taxable income.

In this regard, it should be noted that following the successful outcome of the Public Tender and Exchange Offer and pending a combined plan by the new shareholder, which will provide, among other things, for the merger by incorporation of illimity Bank into Banca Ifis, no new deferred tax assets were recognised on the tax loss accrued during the period, in the amount of approximately EUR 31 million.

On the other hand, with regard to the recognition of deferred tax assets on the tax losses recognised as at 31 December 2024 for EUR 25 million, it should be noted that the probability test was updated to certify their full recoverability.

Main deductible temporary differences: IRES	30/06/2025	31/12/2024
Write-down of loans to customers	368	414
Tax losses and ACE	25,309	24,938
Write-down of HTCS/FVOCI securities	7,956	9,736
Goodwill	23,395	26,929
Allowances for risks and charges	8,390	7,282
Others	816	403
Total	66,236	69,702

Main deductible temporary differences: IRAP	30/06/2025	31/12/2024
Write-down of loans to customers	45	51
Write-down of HTCS/FVOCI securities	1,611	1,972
Goodwill	4,683	5,389
Allowances for risks and charges	1,252	1,192
Others	92	40
Total	7,684	8,644

11.2 Deferred tax liabilities: breakdown

As at 30 June 2025 tax liabilities relating to deferred taxes amounted to EUR 2.8 million, down compared to EUR 5.8 million as at 31 December 2024.

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.

Main taxable temporary differences: IRES	30/06/2025	31/12/2024
Value adjustment of HTCS/FVOCI securities	456	1,226
Others	2,146	4,309
Total	2,603	5,535

Main taxable temporary differences: IRAP	30/06/2025	31/12/2024
Value adjustment of HTCS/FVOCI securities	92	248
Others	71	37
Total	164	285

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 applicable 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	30/06/2025	31/12/2024
Tax advances paid to tax authority	25,800	22,360
Withholding taxes	1,730	1,030
Other tax receivables	1,148	1,065
Total	28,678	24,455

Current tax liabilities: breakdown

Main taxable temporary differences: IRAP	30/06/2025	31/12/2024
Balance for the previous year	1	21,704
Provision for taxes	219	1
Withdrawals to pay taxes	(1)	(21,704)
Total	219	1

LIABILITIES

Section 1 – Financial liabilities measured at amortised cost – Item 10

1.1 Financial liabilities measured at amortised cost: breakdown by type of due to banks

Type of operations/Values	Total 30/06/2025				Total 31/12/2024			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	-	X	X	X	100,009	X	X	X
2. Due to banks	640,541	X	X	X	765,159	X	X	X
2.1 Current accounts and on-demand deposits	329	X	X	X	3,199	X	X	X
2.2 Time deposits	279,550	X	X	X	147,354	X	X	X
2.3 Loans	331,728	X	X	X	580,345	X	X	X
2.3.1 Repurchase agreements - payable	331,728	X	X	X	580,333	X	X	X
2.3.2 Others	-	X	X	X	12	X	X	X
2.4 Liabilities in respect of commitments to repurchase equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	186	X	X	X	210	X	X	X
2.6 Other payables	28,748	X	X	X	34,051	X	X	X
Total	640,541	-	-	640,541	865,168	-	-	865,168

Key:

BV = Book value

L1 = Level 1

L2 = Level 2

L3 = Level 3

1.2 Financial liabilities measured at amortised cost: breakdown by type of due to customers

Type of operations/Values	Total 30/06/2025				Total 31/12/2024			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and on-demand deposits	1,199,088	X	X	X	1,323,640	X	X	X
2. Time deposits	3,675,821	X	X	X	3,261,172	X	X	X
3. Loans	321,084	X	X	X	722,112	X	X	X
3.1 Repurchase agreements - payable	93,082	X	X	X	488,419	X	X	X
3.2 Others	228,002	X	X	X	233,693	X	X	X
4. Liabilities in respect of commitments to repurchase equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	23,653	X	X	X	25,037	X	X	X
6. Other payables	4,354	X	X	X	496	X	X	X
Total	5,224,000	-	-	5,224,000	5,332,457	-	-	5,332,457

Key:

BV = Book value

L1 = Level 1

L2 = Level 2

L3 = Level 3

1.3 Financial liabilities measured at amortised cost: breakdown by type of securities issued

Type of securities/Values	Total 30/06/2025				Total 31/12/2024			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	961,459	863,249	-	85,211	1,051,867	851,185	-	184,508
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	961,459	863,249	-	85,211	1,051,867	851,185	-	184,508
2. other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	-	-	-	-	-	-	-	-
Total	961,459	863,249	-	85,211	1,051,867	851,185	-	184,508

Key:

BV = Book value

L1 = Level 1

L2 = Level 2

L3 = Level 3

Securities issued amounted to EUR 961.5 million, down from EUR 90.4 million at the end of the 2024 financial year, mainly due to the reimbursement of senior notes to third parties of the GRO vehicle - segment 1.

Section 2 – Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by type

Type of operations/Values	Total 30/06/2025					Total 31/12/2024				
	NV	Fair value			Fair value	NV	Fair value			Fair value
		L1	L2	L3			L1	L2	L3	
A. Cash liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. 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	-	-	36,269	-	-	-	-	45,107	-	-
1.1 Held for trading	X	-	36,269	-	X	X	-	45,107	-	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	-	36,269	-	X	X	-	45,107	-	X
Total (A+B)	X	-	36,269	-	X	X	-	45,107	-	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 liabilities on the reporting date.

Section 4 – Hedging derivatives – Item 40

	NV	Fair value			NV	Fair Value		
	30/06/2025	L1	L2	L3	30/06/2025	L1	L2	L3
A. Financial derivatives	761,000	-	4,010	-	20,000	-	43	-
1) Fair value	761,000	-	4,010	-	20,000	-	43	-
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	761,000	-	4,010	-	20,000	-	43	-

Section 10 – Allowances for risks and charges – Item 100

10.1 Allowances for risks and charges: breakdown

Items/Components	Total 30/06/2025	Total 31/12/2024
1. Allowances for credit risk relating to commitments and financial guarantees given	1,940	2,290
2. Provisions for other commitments and guarantees issued	-	-
3. Post-employment benefits	52	46
4. Other allowances for risks and charges	28,712	22,786
4.1 legal and tax disputes	1,477	1,492
4.2 staff cost	792	642
4.3 others	26,444	20,652
Total	30,704	25,122

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 30/06/2025	Total 30/06/2024
1. Financial assets measured at fair value through profit or loss:	3,670	-	-	3,670	1,904
1.1 Financial assets held for trading	1	-	-	1	-
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	3,669	-	-	3,669	1,904
2. Financial assets measured at fair value through other comprehensive income	9,382	-	X	9,382	9,683
3. Financial assets measured at amortised cost:	55,229	113,230	-	168,459	191,322
3.1 Loans to banks	496	5,431	X	5,927	7,418
3.2 Loans to customers	54,733	107,799	X	162,352	183,904
4. Hedging derivatives	X	X	356	356	8,010
5. Other assets	X	X	3,630	3,630	2,431
6. Financial liabilities	X	X	X	908	349
Total	68,281	113,230	3,986	186,405	213,699
of which: interest income on impaired financial assets	7,771	18,854	-	26,625	48,978
of which: interest income on finance leases	X	322	X	322	515

1.3 Interest expenses and similar charges: breakdown

Items/Technical forms	Payables	Securities	Other transactions	Total 30/06/2025	Total 30/06/2024
1. Financial liabilities measured at amortised cost	(93,740)	(28,359)	X	(122,099)	(125,305)
1.1 Due to central banks	(20)	X	X	(20)	(25)
1.2 Due to banks	(10,299)	X	X	(10,299)	(23,805)
1.3 Due to customers	(83,421)	X	X	(83,421)	(82,001)
1.4 Securities issued	X	(28,359)	X	(28,359)	(19,474)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	(328)	(328)	-
5. Hedging derivatives	X	X	(3,250)	(3,250)	(8,784)
6. Financial assets	X	X	X	(175)	(291)
Total	(93,740)	(28,359)	(3,578)	(125,852)	(134,380)
of which: interest expense relative to lease liabilities	(731)	X	X	(731)	(891)

1.5 Differentials arising from hedging transactions

Items	Total 30/06/2025	Total 30/06/2024
A. Positive differentials arising from hedging transactions	356	8,010
B. Negative differentials arising from hedging transactions	(3,250)	(8,784)
C. Balance (A-B)	(2,894)	(774)

2.1 Fee and commission income: breakdown

Type of service/Values	Total 30/06/2025	Total 30/06/2024
a) Financial instruments	-	-
1. Placement of securities	-	-
1.1 With underwriting and/or on the basis of an irrevocable commitment	-	-
1.2 Without an irrevocable commitment	-	-
2. Receipt and transmission of orders and execution of order 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	1,677	1,298
1. Consultancy on mergers and acquisitions	-	-
2. Treasury services	-	-
3. Other fees and commissions connected with corporate finance services	1,677	1,298
c) Investment consultancy activities	-	-
d) Netting and settlement	-	-
e) Collective portfolio management	3,680	3,027
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	1,871	1,677
1. Current accounts	1,279	1,098
2. Credit cards	397	360
3. Debit cards and other payment cards	42	47
4. Bank transfers and other payment orders	47	82
5. Other fees and commissions related to payment services	106	90
j) Distribution of third party services	56	125
1. Collective portfolio management	-	-
2. Insurance products	3	2
3. Other products	53	123
of which: individual portfolio management	-	-
k) Structured finance	-	-
l) Servicing activities for securitisation operations	9,019	13,522
m) Commitments to disburse funds	-	-
n) Financial guarantees issued	615	736
of which: credit derivatives	-	-
o) Loan transactions	14,447	23,270
of which: for factoring operations	5,376	4,549
p) Currency trading	14	44
q) Goods	-	-
r) Other fee and commission income	6,243	6,863
of which: for management of multilateral trading systems	-	-
of which: for management of organised trading systems	-	-
Total	37,622	50,562

The item “r) Other fee and commission income” primarily includes commissions deriving from the specific business of the Group companies Abilio, Quimmo Agency, Quimmo Prestige Agency – and, in particular, commissions from auctions and associated services accrued for the use of the companies’ property portals.

2.2 Fee and commission expense: breakdown

Type of service/Values	Total 30/06/2025	Total 30/06/2024
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	(504)	(452)
e) Collection and payment services	(1,263)	(1,172)
of which: credit cards, debit cards and other payment cards	(1,010)	(956)
f) Servicing activities for securitisation operations	(63)	(30)
g) Commitments to receive funds	-	-
h) Financial guarantees received	(179)	(194)
of which: credit derivatives	-	-
i) Off-site distribution of financial instruments, products and services	-	-
j) Currency trading	-	-
k) Other fee and commission expense	(5,999)	(3,269)
Total	(8,008)	(5,117)

Section 4 – Net profit (loss) from trading – Item 80

4.1 Net profit (loss) from trading: breakdown

Transactions/Income components	Capital gains (A)	Profits from trading (B)	Capital 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	-	7	-	-	7
1.2 Equity instruments	-	-	-	-	-
1.3 UCI units	-	-	-	-	-
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	(2,718)
4. Derivatives	8,108	30,903	(8,514)	(30,462)	4,497
4.1 Financial derivatives:	8,108	30,903	(8,514)	(30,462)	4,497
- On debt securities and interest rates	8,108	30,903	(8,514)	(30,462)	36
- On equity securities and share indices	-	-	-	-	-
- On currencies and gold	X	X	X	X	4,461
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedging related to the fair value option	X	X	X	X	-
Total	8,108	30,910	(8,514)	(30,462)	1,785

5.1 Net profit (loss) in hedge accounting: breakdown

Income components/Amounts	Total 30/06/2025	Total 30/06/2024
A. Income relating to:		
A.1 Fair value hedging derivatives	816	13,360
A.2 Hedged financial assets (fair value)	1,292	2,736
A.3 Hedged financial liabilities (fair value)	631	-
A.4 Cash flow financial hedging derivatives	-	-
A.5 Assets and liabilities in foreign currency	-	-
Total income from hedging (A)	2,739	16,096
B. Costs relating to:		
B.1 Fair value hedging derivatives	(1,978)	(2,736)
B.2 Hedged financial assets (fair value)	(144)	(6,149)
B.3 Hedged financial liabilities (fair value)	(434)	(7,144)
B.4 Cash flow financial hedging derivatives	-	-
B.5 Assets and liabilities in foreign currency	-	-
Total costs from hedging (B)	(2,556)	(16,029)
C. Net profit (loss) in hedge accounting (A - B)	183	67
of which: result of hedging of net positions	-	-

Section 6 – Profit (Loss) from disposal/repurchase – Item 100

6.1 Profit (Loss) from disposal/repurchase: breakdown

Items/Income components	Total 30/06/2025			Total 30/06/2024		
	Profit	Loss	Net profit (loss)	Profit	Loss	Net profit (loss)
Financial assets						
1. Financial assets measured at amortised cost	7,294	(335)	6,959	4,448	(631)	3,817
1.1 Loans to banks	-	-	-	-	-	-
1.2 Loans to customers	7,294	(335)	6,959	4,448	(631)	3,817
2. Financial assets measured at fair value through other comprehensive income	5,998	(4,259)	1,739	1,041	(1,332)	(291)
2.1 Debt securities	5,998	(4,259)	1,739	1,041	(1,332)	(291)
2.2 Loans	-	-	-	-	-	-
Total assets (A)	13,292	(4,594)	8,698	5,489	(1,963)	3,526
Financial liabilities measured at amortised cost	-	-	-	-	-	-
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	-	-	-	-	-	-
Total liabilities (B)	-	-	-	-	-	-

Section 7 – Net profit (loss) from 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

The Group has no assets and liabilities designated at fair value in its portfolio.

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

Transactions/Income components	Capital gains (A)	Realised gains (B)	Capital losses (C)	Realised losses (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets	1,366	11,504	(4,752)	-	8,118
1.1 Debt securities	71	1	(333)	-	(261)
1.2 Equity instruments	273	5,739	-	-	6,012
1.3 UCI units	1,022	-	(4,419)	-	(3,397)
1.4 Loans	-	5,763	-	-	5,763
2. Financial assets: foreign exchange differences	X	X	X	X	-
Total	1,366	11,504	(4,752)	-	8,117

Section 8 – Net value adjustments/reversals for credit risk – Item 130

8.1 Net value adjustments for credit risk relating to financial assets measured at amortised cost: breakdown

Transactions/ Income components	Value adjustments (1)						Reversals (2)				Total 30/06/2025	Total 30/06/2024
	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. Loans to banks	(53)	-	-	-	-	-	134	-	-	-	81	(57)
- Loans	(53)	-	-	-	-	-	134	-	-	-	81	(32)
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	(25)
B. Loans to customers	(8,240)	(91,262)	-	(41,997)	-	(29,117)	18,690	8,188	6,335	26,231	(111,172)	(12,542)
- Loans	(6,959)	(7,208)	-	(31,005)	-	(29,117)	4,381	2,936	6,335	26,231	(34,406)	(7,487)
- Debt securities	(1,281)	(84,054)	-	(10,992)	-	-	14,309	5,252	-	-	(76,766)	(5,055)
Total	(8,293)	(91,262)	-	(41,997)	-	(29,117)	18,824	8,188	6,335	26,231	(111,091)	(12,599)

The sub-item "purchased or originated *impaired* financial assets" refers to the amount of value adjustments/reversals of loans classified as purchased or originated *impaired* loans as a result of receipts or revisions of business plans.

8.2 Net value adjustments for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/ Income components	Value adjustments (1)						Reversals (2)				Total 30/06/2025	Total 30/06/2024
	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	(901)	-	-	(1,929)	-	-	1,162	20	-	-	(1,648)	127
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- To customers	-	-	-	-	-	-	-	-	-	-	-	-
- To banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(901)	-	-	(1,929)	-	-	1,162	20	-	-	(1,648)	127

Section 12 – Administrative expenses – Item 190

12.1 Personnel expenses: breakdown

Type of expense/Amount	Total 30/06/2025	Total 30/06/2024
1) Employees	(38,186)	(41,700)
a) wages and salaries	(24,578)	(25,847)
b) social security contributions	(6,968)	(6,275)
c) employee severance pay	-	-
d) pension costs	-	-
e) provision for employee severance pay	(920)	(621)
f) provision for post-employment benefits and similar provisions:	(102)	(93)
- defined contribution	(102)	(93)
- defined benefits	-	-
g) payments to external supplementary pension funds:	(754)	(774)
- defined contribution	(742)	(774)
- defined benefits	(12)	-
h) costs related to share-based payments	20	(1,228)
i) other employee benefits	(4,884)	(6,862)
2) Other staff in service	(1,001)	(689)
3) Directors and statutory auditors	(1,227)	(1,580)
4) Retired staff	-	-
Total	(40,414)	(43,969)

12.5 Other administrative expenses: breakdown

Type of expense/Amount	Total 30/06/2025	Total 30/06/2024
Insurance	(2,302)	(2,020)
Various consulting services	(13,084)	(4,562)
Sundry contributions	(381)	(7,317)
Cost of services	(2,680)	(1,869)
Financial information	(1,886)	(2,021)
Ads and advertising	(959)	(1,209)
Financial statement audit	(665)	(704)
IT and software expenses	(27,035)	(1,868)
Legal and notary fees	(2,505)	(4,086)
Property management expenses	(3,071)	(2,523)
Expenses for professional services	(3,247)	(5,438)
Utilities and services	(131)	(219)
Other indirect taxes and duties	(5,865)	(6,067)
Others	(2,027)	(2,291)
Total other administrative expenses	(65,838)	(42,194)

Section 14 – Net value adjustments/reversals on property, plant and equipment – Item 210

14.1 Net value adjustments on property, plant and equipment: breakdown

Asset/Income component	Depreciation (a)	Value adjustments for impairment (b)	Reversals (c)	Net profit (loss) (a + b - c)
A. Property, plant and equipment				
1 For business use	(2,948)	-	-	(2,948)
- Owned	(326)	-	-	(326)
- Rights of use acquired through leases	(2,622)	-	-	(2,622)
2 Held for investment	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leases	-	-	-	-
3 Inventories	X	-	-	-
Total	(2,948)	-	-	(2,948)

Section 15 – Net value adjustments/reversals on intangible assets – Item 220

15.1 Net value adjustments on intangible assets: breakdown

Asset/Income component	Amortisation (a)	Value adjustments for impairment (b)	Reversals (c)	Net profit (loss) (a + b - c)
A. Intangible assets				
of which: software	(404)	-	-	(404)
A.1 Owned	(3,528)	(1,623)	-	(5,151)
- Generated internally by the company	(250)	(282)	-	(532)
- Other	(3,278)	(1,341)	-	(4,619)
A.2 Rights of use acquired through lease agreements	-	-	-	-
B. Assets held for sale	-	-	-	-
Total	(3,528)	(1,623)	-	(5,151)

Section 17 – Profit (loss) from equity investments – Item 250

This item includes the positive financial performance recorded by the companies Hype S.p.A., AltermAInd S.r.l. and LAISA STA for their respective portions attributable to the illimity Group, in compliance with the consolidation of these companies using the equity method. In particular, this includes the negative effects of EUR 2.5 million attributable to the consolidation of the above-mentioned companies.

Section 21 – Income taxes for the year on continuing operations – Item 300

Income taxes for the current operations period as at 30 June 2025 amounted to EUR 1.3 million, broken down as follows: expenses of EUR 0.9 million relating to current taxes, expenses of EUR 2.7 million relating to the change in prepaid IRES and IRAP taxes, and income of EUR 2.3 million relating to the change in deferred taxes for IRES and IRAP.

21.2 Reconciliation of theoretical tax charge with actual tax charge

Considered on an individual basis, the theoretical tax charge was equal to 33.07% (24% ordinary IRES rate, 3.5% additional IRES rate and 5.57% IRAP rate), for banks and financial entities, and equal to 27.9% (24% ordinary and additional IRES and 3.9% IRAP rate) for industrial and service companies. It should be noted that no deferred tax assets were recognised on the tax loss of EUR 31 million accrued in the first half of 2025.

Section 25 – Profit per share

25.1 Average number of ordinary shares with diluted capital

Basic earnings per share (EPS) as at 30 June 2025, calculated by dividing the result for the period attributable by the weighted average number of ordinary shares issued, was a EUR (1.42), as diluted profit (loss) per share.

(amounts in thousands of euros)

Basic earnings (losses) per share	Net profit (loss) for the period	Average number of shares	Basic earnings (losses) per share
Period ended 30 June 2025	(117,785)	83,014,550	(1.42)
Period ended 30 June 2024	22,952	83,742,456	0.27

(amounts in thousands of euros)

Diluted earnings (losses) per share	Net profit (loss) for the period	Average number of shares	Diluted earnings (losses) per share
Period ended 30 June 2025	(117,785)	83,014,550	(1.42)
Period ended 30 June 2024	22,952	84,967,427	0.27

25.2 Other information

There is no other information to report at the reference date.

PART E – Information on risks and related hedging policies

Introduction

Risk Management Process and Internal Control System

The illimity Group is equipped with 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 carried out - which may be of a standard, or non-systematic or contingent nature. 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 organisational 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 and management. 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 risk management. 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 guidelines 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 Risk and Compliance & AFC resources), ensures the management of the ICT and Security risk arising from the information system (managed in outsourcing, as of the end of December 2024, through the outsourcing of the 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 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* (contingency plan for managing liquidity in crisis situations).

In accordance with the prudential supervision provisions, the Group has also defined the way information is provided to the public about its capital adequacy, risk exposure and general characteristics of the systems used to identify, measure, manage and control these risks (Third Pillar of Basel 2 - “Pillar III”), separate disclosure in addition to that already included 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.illimity.com (“Investor Relations” section).

The Group has defined, codified and continually adopted an operational *risk mapping* process based on qualitative-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 of banking book);
- liquidity risk;
- operational risks;
- ICT and security risk;
- third-party/outsourcing risks;
- ESG risks (for a more in-depth discussion of this issue, please refer to the Sustainability Statement 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, value adjustments, changes and economic breakdown

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	177,323	581,465	57,576	120,624	4,601,081	5,538,069
2. Financial assets measured at fair value through other comprehensive income	-	1,789	-	-	752,144	753,933
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	3,305	-	-	70,990	74,295
5. Financial assets held for sale	428	2,319	-	-	-	2,747
Total 30/06/2025	177,751	588,878	57,576	120,624	5,424,215	6,369,044
Total 31/12/2024	165,102	671,398	32,364	146,895	5,757,055	6,772,814

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 value adjustments	Net exposure	Total partial write-offs	Gross exposure	Total value adjustments	Net exposure	
1. Financial assets measured at amortised cost	897,595	(81,231)	816,364	-	5,113,921	(392,216)	4,721,705	5,538,069
2. Financial assets measured at fair value through other comprehensive income	3,738	(1,949)	1,789	-	753,901	(1,757)	752,144	753,933
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	3,305	-	3,305	-	X	X	70,990	74,295
5. Financial assets held for sale	2,747	-	2,747	-	-	-	-	2,747
Total 30/06/2025	907,385	(83,180)	824,205	-	5,867,822	(393,973)	5,544,839	6,369,044
Total 31/12/2024	916,160	(47,296)	868,864	-	6,162,559	(322,144)	5,903,950	6,772,814

B. Disclosure of structured entities (other than securitisation companies)

The Group does not have any structured entities as at 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 financial and capital solidity, as well as its image and reputation;
- allow a proper, transparent representation of the risk level inherent in its loan 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 loan portfolio is preserved by adopting specific operational methods at every stage of the loan management process (contact and application, 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 monitoring". 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 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

illimity Bank operates in the banking sector and is authorised to provide private banking, offer investment services and conduct trading activities. Starting from March 2025, illimity has appointed a dedicated Deputy CEO to oversee the *business*, to whom the structures responsible for *origination* report:

- Corporate Banking, with its two structures, Structured Finance and Factoring;
- Turnaround & Credit Opportunities;
- Investment Banking;
- ABF (Asset Based Finance) - Investments;
- M&A Advisory & Syndication.

Also reporting to the Deputy CEO Business are the Portfolio & Business Transformation and Special Projects structures, in charge of managing specific assets, Digital Banking, and the Strategy, Projects & Business Monitoring structure, in charge of coordinating and generally supporting business activities.

Finally, the Deputy CEO also oversees the Lending Competence Line, with responsibility for credit analysis and resolution activities, in support of the *business*.

The *business* of illimity Bank is also supported by a number of Subsidiaries, such as:

- illimity SGR, Asset Management Company, which manages the assets of closed-end alternative investment funds (“AIFs”), established with own funds and the funds of third-party institutional investors. illimity 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 is a professional operator for establishing, administering, managing, organising, promoting and selling AIFs;
- 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 non-performing 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;

- 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.

The Bank's organisational structure is also comprised of "HQ Functions", i.e., transversal structures supporting the business and monitoring risks.

In the following sections, the organisational structure that has shaped the composition of the illimity Group since March 2025 is presented.

2. Credit risk management policies

2.1 Organisational aspects

2.2 Management, measurement and control systems

Corporate Banking Division

The Corporate Banking Division consists of two organisational units:

1. 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);
2. Factoring, which is responsible for financing the supply chain of the operators of Italian chains and industrial districts through the activity of non-recourse and recourse purchasing of customers' trade receivables, through a dedicated digital channel.

Each unit 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 objective of the Corporate Banking Division, reporting to the Deputy CEO Business, 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 counterparties, directly supporting customer companies.

Turnaround & Credit Opportunities Division

The Turnaround & Credit Opportunities Division, reporting to the Deputy CEO Business, identifies business opportunities for companies in financial distress or facing situations of discontinuity, assessing the credit rating and defining strategies for restructuring, revitalisation or growth.

Specifically, the Division carries out transactions through various instruments (such as the purchase of loans) on Non-Performing positions, Special Situations and Turnarounds, with the aim of implementing their rehabilitation and return to performing status. This is achieved through the identification of optimal financial solutions, which may include the disbursement of new loans or the takeover of existing ones. Additionally, the Division manages relations with shareholders, companies, creditors, and any other investors, thereby creating profit plans and continuously monitoring customers' risk.

Investment Banking Division

The Investment Banking Division, reporting to the Deputy CEO Business, 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 for:

- alternative solutions for businesses, 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, securitisations of trade receivables and inventories, securitisations of secured and unsecured loans, single-tranche structures, IPOs, 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 divided into three 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 through market risk hedging instruments;
3. Securitisations & Funding Solutions, which is responsible for structuring financial optimisation solutions for corporate customers, as well as structuring funding solutions for the Bank and financial customers.

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

ABF Investments Division

The ABF Investments Division, reporting to the Deputy CEO Business, operates in the area of asset-backed loans with the objective of returning value to the asset and maximising its production capacity. The Division is particularly focused on the 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.

Digital Banking Division

illimity, through its Digital Banking Division, offers digital banking products and services to retail customers and to business customers or to small- and medium-sized enterprises with turnover of EUR 2 million to EUR 10 million.

The Digital Banking Division, reporting to the Deputy CEO Business, is responsible for the management of the funding platform, i.e., the web and app channel for retail customers.

The Value Proposition for the Division's customers currently extends to the following categories of products and services:

- 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 one's goals – offered only to retail customers;
- 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) – offered only to retail customers.

Portfolio & Business Transformation Division

The Portfolio & Business Transformation Division manages the portfolio of positions related to the b-ilty and Distressed Credit businesses, which represent the two areas of the Division:

- b-ilty: manages the relationship with customers in order to consistently provide a high quality service, collect public information related to the customer and the reference market by monitoring the evolution of the counterparty's risk profile, taking prompt action upon the occurrence of events signalling a potential deterioration of the customer's credit rating;
- Distressed Credit: is responsible for management activities & asset optimisation portfolio, for positions derived from businesses in the distressed/specialised credit sector.

To carry out its activities pertaining to the *non-core* perimeter, formerly Specialised Credit, the Portfolio & Business Transformation Division uses the Aporti vehicles, Friuli SPV, Doria SPV, River SPV, Pitti SPV, Maui SPE, Dagobah SPV, Spicy Green SPV, Sileno 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.

To carry out the activities of the b-ilty business, the Division uses the funds INGENII Open Finance, Ingenii Boost Finance and Space Direct Lending Fund as well as the GRO SPV, Farky SPV, Farm SPV, Dome SPV and Havana SPV.

Transversal Structures – HQ Functions

Transversal operations and support activities are supervised by the Deputy CEO Operations, reporting directly to the CEO, through:

- the CFO Competence Line, responsible for coordinating the overall strategic planning process, relations with the financial community, as well as developing the Corporate Social Responsibility plan;
- the HR & Organisation Competence Line, responsible for procurement, human resources management, as well as managing the organisational activities of supervision and transversal coordination for the Bank;
- the Legal & Corporate Affairs Competence Line, responsible for legal and corporate support and managing the corporate secretariat, as well as general affairs and relations with Authorities;
- the ICT Governance Competence Line, which oversees the risks and regulatory compliance of the group ICT, governs banking operations and is responsible for the management of ICT third parties;
- the Administration, Accounting & Control Division, responsible for administrative, accounting and control activities.

In turn, the following also fall within the scope of the HQ Functions:

- the Risk Competence Line, directly reporting to the Chief Executive Officer, responsible for guaranteeing the strategic oversight and definition of risk management policies;
- the Compliance & AFC Competence Line, directly reporting to the Chief Executive Officer, responsible for non-compliance risk management and oversight of money laundering and terrorist financing risk;
- the Communication & Marketing Competence Line, directly reporting to the Chief Executive Officer, 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, under 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, at 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 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 value adjustments. 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 ("delta notch"): in order to identify the "significant increase in credit risk", for the exposures of the loan 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 deterioration above certain thresholds.

Qualitative criteria

- **Rebuttable presumption - 30 days past due:** consistent with IFRS 9, 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 ("Watchlist") aims to identify situations of significant increase in credit risk on the basis of expert-based indications.

Once the financial assets have been classified in the different Stages, for each exposure, it is necessary to determine the relative value adjustments 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 though 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 IFRS 9, 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 Probability of Default/ratings of Corporate Banking credit 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 probability 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 write-downs 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.

Starting from the 2024 financial 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.

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 exposure. 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 an exposure 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 financial assets are 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 objective criteria are triggered by the overrun of specific limits as defined in the chart of accounts (Bank of Italy Circular 272), while the 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 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 value adjustments, 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 forbore 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, value adjustments, changes and economic breakdown****A.1.4 Prudential consolidation – On- and off-balance sheet credit exposures to banks:
gross and net values**

Type of exposures/values	Gross exposure					Total value adjustments and total provisions					Net exposure
	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	406,713	406,713	-	-	-	40	40	-	-	-	406,673
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-
b) Performing	406,713	406,713	-	X	-	40	40	-	X	-	406,673
A.2 Other	332,222	332,133	89	-	-	195	195	-	-	-	332,027
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	332,222	332,133	89	X	-	195	195	-	X	-	332,027
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-
Total (A)	738,935	738,846	89	-	-	235	235	-	-	-	738,700
B. Off-balance sheet credit exposures											
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-
Total (B)	-	-	-	-	-	-	-	-	-	-	-
Total (A+B)	738,935	738,846	89	-	-	235	235	-	-	-	738,700

A.1.5 Prudential consolidation – On- and off-balance sheet credit exposures to customers: gross and net values

Type of exposures/values	Gross exposure					Total value adjustments and total provisions					Net exposure
	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	219,812	0	0	103,895	115,917	35,906	0	0	35,906	0	183,906
- of which: forborne exposures	0	X	0	-	-	0	X	0	0	0	0
b) Unlikely to pay	609,883	X	0	290,336	319,547	41,373	X	0	45,113	(3,740)	568,510
- of which: forborne exposures	185,657	X	0	44,364	141,293	3,006	X	0	3,006	0	182,651
c) Non-performing past due exposures	63,477	X	0	56,082	7,395	5,902	X	0	5,902	0	57,575
- of which: forborne exposures	3,374	X	0	3,374	-	433	X	0	433	0	2,941
d) Performing past due exposures	94,580	47,976	41,817	0	4,787	1,307	357	950	0	0	93,273
- of which: forborne exposures	3,479	4	3,475	X	-	41	0	41	X	0	3,438
e) Other performing exposures	5,753,530	4,631,820	1,092,124	X	29,586	392,355	213,931	178,424	X	0	5,361,175
- of which: forborne exposures	111,382	-	111,382	X	-	2,073	-	2,073	X	0	109,309
Total (A)	6,741,282	4,679,796	1,133,941	450,313	477,232	476,843	214,288	179,374	86,921	(3,740)	6,264,439
B. Off-balance sheet credit exposures											
a) Non-performing	14,573	0	0	4,251	10,322	794	0	0	0	794	13,779
b) Performing	344,015	323,022	10,847	0	10,146	1,134	851	96	0	187	342,881
Total (B)	358,588	323,022	10,847	4,251	20,468	1,928	851	96	0	981	356,660
Total (A+B)	7,099,870	5,002,818	1,144,788	454,564	497,700	478,771	215,139	179,470	86,921	(2,759)	6,621,099

B.4 Large exposures

	30/06/2025
Book value	4,875,328.77
Weighted value	710,618.70
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.

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 portfolio" (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 (hereinafter “VaR”) methodology; 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 historical 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 the 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 international accounting standards 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 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”).

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 simulated 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.

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

The banking book 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 supervision 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 flows 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.

2. Banking book: 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 at 31 December 2024, based on which the exposure to the interest rate risk was estimated.



As at 30 June 2025, 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, was 2.18% under the assumption of a parallel decreasing rate shock.

1.2.3 Exchange rate risk

Qualitative information

A. General aspects, management processes and measurement methods for exchange rate risk

The exchange rate 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 funding in foreign currency with corporate 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 rate 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 rate 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, plant and equipment are not included in the net foreign exchange position.

B. Exchange rate risk hedging

The exchange rate risk arising from exposures on the banking book is generally cancelled using systematic balancing with funding/lending operations in the same currency as the original transaction, and marginally through exchange rate financial derivatives.

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 book and involve the active management of market risks, through the hedging of the derivatives with institutional counterparties.

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. Generic hedges (Macro Fair Value Hedge) have been in place since 2025.

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 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 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) as hedging instruments. 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 and macro 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. Credit hedging derivatives

The Group does not hold credit derivatives classified as hedges.

B. Non-derivative hedging instruments

The Group does not hold non-derivative instruments classified as hedges.

C. Hedged instruments

D.2 Cash flow hedges and foreign investments

The Group does not hold cash flow hedges or foreign investments.

E. Effects of hedging transactions 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 by 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, para. 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 medium- and long-term operations from giving rise to excessive imbalances that required 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.

As at 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.

2. Self-Securitisations

Below is a brief illustration of the self-securitisations originated by illimity, in place as at 30 June 2025, in which the Bank subscribed all the securities issued by the related vehicle (self-securitisation).

COLT SPV

In December 2022, the Bank entered into a loan 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 Italian 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 loan 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.

During the first half of 2025, the Bank restructured the self-securitisation transaction by transferring the COLT 1 segment into the COLT 2 segment.

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.

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 Italian Law 130/99 specifically due to the framework agreements of the guarantors.

In February 2023, the Bank thus structured a synthetic securitisation transaction with the vehicle Energia Sostenibile SPV, established pursuant to Italian Law 130/1999, not held by illimity, which issued single tranche notes fully subscribed by illimity. Using the funds deriving from illimity'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 external 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) risks. 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 monitor the economic risks arising from legal proceedings against the Group, a provision is made in the financial statements that is appropriate for and consistent with international accounting standards. The provision amount is estimated on the basis of multiple factors, which mainly concern the predicted outcome of the dispute, and in particular the likelihood of an unsuccessful outcome with an order being made against the Group, and the amount to be paid to the opponent in case of an unsuccessful outcome and any dispute management costs.

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.

On the contrary, RSA activity aims to quantify exposure to the Group's operational risk in the year following the assessment, based on a forward-looking self assessment which is conducted from main operating areas. The RSA activity involves a structured process that begins with the identification of operational risk scenarios, i.e., the scenarios that could materialise in the operations and processes of each of the Group's organisational unit, resulting in an operational risk event. These scenarios undergo an assessment of the expected frequency and impact (expected and worst case). These forward-looking estimates are then screened by the control functions based on objective criteria and lastly combined to provide an overall vision of expected and unexpected operational losses at an individual Company or at Group level. This is also accompanied by a qualitative assessment of the status of monitoring controls (processes, controls and systems, and resources), and the identification of possible mitigation interventions agreed with the organisational units.

Key processes to identify and manage operational risk cover all illimity Group companies on a uniform basis, so as to guarantee the effective integration of the operational, ICT and security risk control systems, and therefore ensure the uniformity of the 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 also benefited from the active contribution of illimity Bank and of the subsidiaries, which are actively engaged in the pertinent activities.

What was observed in the previous year in terms of the number and impact of operational loss events with an overall economic impact below the risk appetite thresholds set for the year is also confirmed for the first half of 2025.

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), external fraud (ET 2) and operating risk events due to system malfunctions or interruption in the operation of the same (ET 6).

Operational risk events that do not and did not generate actual financial losses are continuously monitored due to their potential ability to generate future losses.

With regard to the Abilio Group subsidiary, operational risk events related to ET 7 described above were recorded. No significant risk events were recorded with regard to the other subsidiaries.

No internal fraud (ET 1) was recorded, or disputes regarding work relationships (ET 3), 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 risk profiles, impacts 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 for capital adequacy (ICAAP) and liquidity (ILAAP), as well as the Strategic Plan, Budget and RAF; as part of the "Double Materiality" analysis by which material information on sustainability impacts, risks and opportunities ("IROs") is determined to support strategic decisions, the determination of sustainability material topics to be reported in the sustainability statements, carried out annually. 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 directly affect the Bank (through operational and business losses) or indirectly its customer (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 (“Risk Radar”)

In the context of the activities carried out to identify and update the significant risks facing the Group (“risk radar”), which are also functional in the performance of 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 is also included.

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 and environmental risk scenarios characterised by the following factors are identified, mapped and analysed:

- climate and environmental risk drivers of acute physical (e.g. floods, fires) and/or chronic (e.g. droughts, raised water levels) and transitional (e.g. new government regulations, technological developments) 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 and environmental risk scenario;
- time horizon (short, medium and long term) in which the impact manifest itself;
- 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 and 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).

Double Materiality Analysis of ESG risks

As part of the "Double Materiality Analysis" of ESG risks, the Risk Strategy & Group Controls area coordinates the process for 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 outside-in risks and opportunities that are material for the Group at economic and 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, also through the internal development of methodologies and systems and the support of data provided by external info providers, or by purchasing external services (ESG questionnaires and scores).

The strategic governance and monitoring of ESG risks is also implemented through the quarterly reporting provided in the *RAF Tableau de Bord* intended for the Administrative Body, Corporate Bodies, Top Management and Supervisory Authorities. This reporting is also useful for verifying compliance with the pre-established targets and risk limits defined in the RAF-RAS.

For example, some of the information flows and tools adopted for such reporting are given below:

- Raw data (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 securities held, suppliers and partners, as well as 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;
- Risk events and operational 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 and environmental scenarios on credit risk parameters (PD, LGD), model used to estimate the physical risk of the *collaterals* portfolio via the "Montecarlo" 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, historicization, *data quality*, and use by the various internal users (business structures, control and central functions for the *disclosure* and reporting processes) also through specific *front-end* tools for consulting and accessing financial and sustainability information.

The assumption and management of ESG risks is governed by the risk targets and limits system (the Risk Appetite Framework), defined on a 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 and 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*, sustainable finance targets in terms of volumes of loans disbursed/financial instruments acquired, ESG rating attributed to the illimity Group, operational losses generated by ESG factors, illimity's emission intensity (GHG scope 1 and scope 2 emitted per employee).

Furthermore, it should be noted that 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 upgrade and regenerate assets and their development from an energy perspective (e.g. support for their upgrading in terms of energy certifications, installation of solar panels, etc.) and the use of insurance covers.

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 and 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 Alternative Investment Funds loans managed by illimity SGR, in relation to the generally limited riskiness of the main geographical areas involved (ISPRA data) and their high geographical diversification;
- limited transition risks, relating to the financed counterparties and issuers of securities held in portfolio, in relation to sectoral *asset allocation*, the Climate Strategy choices and the specific characteristics of the financial companies, and climate and environmental scenarios that will have the greatest impacts on the counterparties most exposed beyond the operations management time horizon;
- limited negative impact – in relation to the occurrence of climate and environmental scenarios – in terms of both capital (up to a maximum of approximately -30 bps in the event of a medium-term stress scenario) and liquidity (with LCR and NSFR indicators that are adequately above the minimum regulatory levels, including in case of a stress scenario following contingency actions);
- absence of operational 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 the second quarter of 2025 the work progress status showed that around 93% of the interventions had been carried out, which is in line with the expected threshold.

Accounting impacts

In the fourth quarter of 2024, a methodological refinement was introduced to reflect ESG variables relating to climate risk in the performing loans write-downs framework. 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 probability of default.

The illimity Group also assesses other solutions for gradually integrating ESG risk factors into the credit risk management process and the related accounting practices, with a particular focus on climate and environmental risks. In particular:

- *Investigation process*: improving the current process by introducing a documented and formalised preliminary analysis of counterparties' ESG and climate and environmental risk profiles, which includes various aspects such as collaterals and the status of involved subjects;
- *Loan monitoring*: enhancing the existing range of monitoring tools with new *early warning* indicators that also take account of ESG risks, thereby making it easier to promptly identify potential exposures to risk;
- *Rating attribution process*: assessing the integration of ESG factors into the rating attribution process, i.e. adopting *override* criteria in the presence of significant climate and environment risks, whilst maintaining a flexible approach to exceeding specific thresholds.

Attention is 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.

The effectiveness of these processes and developments is limited by the availability of data and the need for an effective governance approach that is supported by transparent, objective documentation.

Lastly, the illimity Group does not exclude the possible use of *overlay* techniques as an integral part of its strategy in the management of ESG risks, thereby providing for the possible adoption of adjustments to the existing models such as the introduction of new models or *expertise*-based scenarios, to better reflect the impact of climate and environmental risks. The development of these tools will need to take into account actual data availability, with the aim of implementing them in a flexible and gradual manner, 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 value adjustments.

Risk exposure is measured by the Leverage Ratio (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 to 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 agreements 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 Competence Line Risk continuously monitors and controls the risk exposure level, providing adequate reporting on a quarterly basis to company bodies and to *top management*. Furthermore, a qualitative and quantitative second-tier indicator was defined within the 2025 RAF in order to assess the illimity Group's exposure to strategic and business risk on a time-by-time basis.

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 compliance with 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 compliance 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 reputation risk associated with transactions and the onboarding of new suppliers, issuing a (non-binding) opinion that supports stakeholders in their operations.

Third-party/outsourcing risks

Third-party risk refers to the potential risks that the Bank may face when it makes use of third-party outsourcing agreements and provision of ICT services. These risks may include, but are not limited to, security issues, operational disruptions, compliance violations and reputational damage.

In compliance with the provisions of the relevant regulations, the term "provision of ICT services" refers to the assignment given by the Bank to a Third Party, on an ongoing basis and by contractual agreement, for the provision of ICT services, where ICT services are defined as digital and data services provided through ICT systems.

At the same time, the term "outsourcing" means any form of agreement between the Bank and a Service Provider whereby the latter performs a process, service or activity that would otherwise be performed by the Bank itself.

There are different roles and responsibilities pertaining to both the Corporate Bodies and the Bank Organisational Structures that are involved in the ICT service provision and outsourcing management process put in place by the Bank.

The Bank assigns to Risk Strategy & Group Controls of the Competence Line Risk – as part of the Group's internal controls system – direct responsibility for identifying, assessing monitoring and controlling the risks associated with ICT service provisioning and outsourcing agreements – both in advance (by applying an articulated risk assessment framework) and on an ongoing basis (by annually updating the initial assessment and monitoring SLAs and other risk and performance indicators on a quarterly basis) – together with the Contact Person and Compliance & AFC for the monitoring of compliance risk, periodically reporting on the activities carried out – by means of the quarterly Tableau De Bord RAF report – to the Risk Committee and to the Board of Directors.

Part F – Information on Consolidated Shareholders' Equity

Section 1 – Consolidated shareholders' equity

A. 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 proprietorship, or generated by the business.

B. Quantitative information

B.1 Consolidated shareholders' equity: breakdown by type of business

Items in shareholders' equity	Prudential consolidation	Insurance companies	Other companies	Eliminations and adjustments from consolidation	Total
1. Share capital	59,146	-	-	-	59,146
2. Share premium reserve	629,911	-	-	-	629,911
3. Reserves	233,096	-	-	-	233,096
4. Equity instruments	-	-	-	-	-
5. (Treasury shares)	(5,070)	-	-	-	(5,070)
6. Valuation reserves:	(14,138)	-	-	-	(14,138)
- Equity securities measured at fair value through other comprehensive income	4	-	-	-	4
- 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	(14,587)	-	-	-	(14,587)
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedging of foreign investments	-	-	-	-	-
- Cash flow hedges	-	-	-	-	-
- Hedging instruments [undesignated elements]	-	-	-	-	-
- Foreign exchange differences	-	-	-	-	-
- Non-current assets and disposal groups held for sale	-	-	-	-	-
- Financial liabilities measured at fair value through profit or loss (changes in credit rating)	-	-	-	-	-
- Actuarial gains (losses) relating to defined benefit plans	445	-	-	-	445
- Shares of valuation reserves for equity investments measured at shareholders' equity	-	-	-	-	-
- Special laws regarding value adjustment	-	-	-	-	-
7. Profit (loss) (+/-) attributable to the Group and minority interests	(118,452)	-	-	-	(118,452)
Total	784,493	-	-	-	784,493

Section 2 – Own funds and capital ratios

On 1 January 2014, the new prudential requirements for banks and investment companies 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 Directive EU/2019/878 (CRD5), in order to prevent and mitigate systemic risks not otherwise covered by other macroprudential tools.

(amounts in thousands of euros)

Capital ratios	30/06/2025	31/12/2024
Common Equity Tier 1 (CET1) capital	592,222	720,295
Additional Tier 1 (AT1) capital	-	-
Tier 2 (T2) capital	206,014	201,499
Total own funds	798,236	921,794
<i>Credit risk</i>	321,912	361,033
<i>Credit valuation adjustment risk</i>	-	-
<i>Settlement risks</i>	-	-
<i>Market risks</i>	6,015	13,373
<i>Operational risk</i>	35,795	40,943
<i>Other calculation factors</i>	-	-
Total minimum requirements	363,722	415,349
Risk weighted assets	4,546,529	5,191,864
Common Equity Tier 1 ratio (Phased-in)	13.03%	13.87%
Common Equity Tier 1 ratio (Fully Loaded)	12.71%	13.42%
Total capital ratio (Phased-in)	17.56%	17.75%
Total capital ratio (Fully Loaded)	17.25%	17.30%

PART G – Business combinations of companies or business units

Section 1 – Transactions carried out during the financial year

1.1 Business combinations

During the first half of 2025, there were no business combinations governed by IFRS 3 involving the acquisition of control of legal entities.

1.2 Transactions between entities under common control

During the first half of 2025, there were no other transactions between entities *under common control*.

Section 2 – Transactions carried out after the end of the period

2.1 Business combinations

There were no business combinations governed by IFRS 3 after the end of the first half of 2025.

2.2 Transactions between entities under common control

The merger by incorporation of the subsidiary Industrial Discount S.r.l. into Abilio S.p.A. became effective on 1 July 2025. The accounting and tax effects of the transaction take effect on 1 July 2025.

Section 3 – Retrospective adjustments

No retrospective adjustment was made during the first half of 2025 to business combinations carried out 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 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 by 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 the first half of 2025 a significant related party transaction was carried out involving an agreement for the management of the liquidity deposited by the counterparty related to the group in current and deposit accounts with illimity Bank S.p.A. (adequate disclosure of this was provided to the market, to which reference is made for further details). There were no further significant or minor related party transactions which significantly affected the Group’s financial position 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 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 common 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 part of the key management personnel 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, paragraphs 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).

The Bank's Board of Directors approved the "Regulations for the management of transactions with parties within the Bank's single scope and of personal interest transactions", a document that defines the Group's internal policies on the control of risk activities and conflicts of interest with related parties. Pursuant to the regulations in force, this document is published on the Bank's website in the "Corporate Governance" section.

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 5,450 thousand. As required by the new IAS 24, paragraph 17, further information has been provided about the following categories of remuneration to key management personnel and employees:

(Thousands of euros)

Category	Amount
a) short-term benefits	4,323
b) post-employment benefits	209
c) share-based payments	(1,089)
d) compensation of members of the Board of Directors and the Audit and Internal Control Committee/ Board of Statutory Auditors	2,007

2. Information on related party transactions

With regard to relations of a financial and economic nature, remembering that key management personnel also include the Bank's directors and statutory auditors, the situation as at the date of the consolidated half-yearly financial report is that shown in the following table, expressed in thousands of euros.

In any case, transactions are carried out at market conditions, in accordance with the policy governing such transactions.

Under the terms of CONSOB Communication No. 6064293 of 28 July 2006, the effects of related party transactions on the consolidated financial statements 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	355,932	3,578	1.01%
- To other related parties		3,578	
20. Financial assets measured at fair value through profit or loss	566,950	5,327	0.94%
c) other financial assets mandatorily measured at fair value	526,196	5,327	1.01%
- To other related parties		5,327	
40. Financial assets measured at amortised cost	5,538,069	29,519	0.53%
b) loans to customers	5,415,016	29,519	0.55%
- To other related parties		25,929	
- To key management personnel		3,590	
70. Equity investments	139,632	139,632	100.00%
- To companies subject to significant influence		58,387	
- To companies subject to joint control		81,245	
100. Intangible assets	61,121	153	0.25%
- To other related parties		153	
120. Other assets	244,027	238	0.10%
- To other related parties		27	
- To companies subject to joint control		211	

(Thousands of euros)

BALANCE SHEET			
Liabilities	Book value	of which with related parties	Impact of related parties
10. Financial liabilities measured at amortised cost	6,826,000	161,388	2.36%
b) due to customers	5,224,000	161,388	3.09%
- To companies subject to significant influence		4,155	
- To key management personnel		3,694	
- To companies subject to joint control		124,634	
- To other related parties		28,905	
80. Other liabilities	165,649	2,634	1.59%
- To companies subject to significant influence		43	
- To key management personnel		1,838	
- To companies subject to joint control		181	
- To other related parties		572	
90. Employee severance pay	4,646	438	9.43%
- To key management personnel		438	
100. Allowances for risks and charges	30,704	131	6.75%
a) commitments and guarantees given	1,940	131	
To other related parties		131	

(Thousands of euros)

INCOME STATEMENT			
Items	Book value	of which with related parties	Impact of related parties
10. Interest income and similar income	186,405	6	0.00%
20. Interest expenses and similar charges	(125,852)	(2,558)	2.03%
40. Fee and commission income	37,622	35	0.09%
50. Fee and commission expense	(8,008)	(181)	2.26%
130. Net value adjustments/reversals for credit risks associated with:	(112,739)	(18)	0.02%
a) financial assets measured at amortised cost	(111,091)	(18)	
160. Administrative expenses:	(106,252)	(31,349)	29.50%
a) personnel expenses	(40,414)	(5,443)	13.47%
b) other administrative expenses	(65,838)	(25,906)	39.35%
220. Net value adjustments/reversals on intangible assets	(5,151)	(21)	0.41%
200. Other operating income/expenses	7,436	211	2.84%
280. Profit (loss) from equity investments	(2,532)	(2,532)	100%

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	Business	HQ Functions	Intercompany Balances	30/06/2025
Net interest margin	58.3	-	-	58.3
Net fee and commission income	30.9	-	-	30.9
Other economic components	32.9	2.1	(0.4)	34.6
Total net operating income	122.1	2.1	(0.4)	123.9
Personnel expenses	(28.5)	(12.0)	-	(40.5)
Other administrative expenses and Net value adjustments/ reversals on property, plant and equipment and intangible assets	(31.9)	(38.4)	0.4	(69.9)
Operating expenses	(60.4)	(50.4)	0.4	(110.5)
Operating profit (loss)	61.7	(48.3)	-	13.4
Total net value adjustments/reversals and other provisions	(122.1)	(0.3)	-	(122.4)
Contributions and other non-recurring expenses	(0.1)	(5.5)	-	(5.6)
Other income (expenses) on equity investments	-	(2.5)	-	(2.5)
Profit (loss) from operations before taxes	(60.5)	(56.6)	-	(117.1)

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

Economic performance	Business	HQ Functions	Intercompany Balances	30/06/2025
Financial assets at FV through profit or loss	567.0	-	-	567.0
Financial assets measured at amortised cost	5,408.1	130.0	-	5,538.1
Property and Equipment	40.2	17.1	(1.3)	56.0
Intangible assets	48.0	13.1	-	61.1
Amounts due to customers and securities issued	4,115.2	2,070.3	-	6,185.5
RWAs	4,113.4	433.1	-	4,546.5

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

Shown below are the main comparative economic data for the first half of 2024 and the financial data as at 31 December 2024, illustrating the developments in the operating sectors of the illimity Group.

Economic performance	Business	HQ Functions	Intercompany Balances	30/06/2024
Total net operating income	157.7	0.4	(0.4)	157.8
Operating expenses	(66.6)	(37.4)	0.4	(103.6)
Profit (loss) from operations before taxes	72.6	(43.5)	-	29.0

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

Economic performance	Business	HQ Functions	Intercompany Balances	31/12/2024
Financial assets at FV through profit or loss	563.2	-	-	563.2
Financial assets measured at amortised cost	5,669.0	292.2	-	5,961.2
Property and Equipment	71.7	18.8	(1.1)	89.4
Intangible assets	53.5	10.8	-	64.3
Amounts due to customers and securities issued	3,809.4	2,574.9	-	6,384.3

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

Information on geographical areas

The illimity Group mainly operates in Italy.





Certifications and other Reports

as at 30 June 2025

Certifications of the Condensed Consolidated Half-Yearly 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 half-yearly financial report in the first half of 2025.
2. The verification of the adequacy of the administrative and accounting procedures used in the formation of the consolidated half-yearly financial report as at 30 December 2025 is based on an internally-defined model which refers to the principles of the “Internal Control – Integrated Framework” (CoSO) and of 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 consolidated half-yearly financial report:
 - a) was drafted in compliance 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;
 - b) correspond to the accounting records;
 - c) is suitable to provide a true and fair view of the financial position and performance and cash flows of the issuer and of the set of companies included in the scope of consolidation.
 - 3.2 The consolidated half-yearly financial report includes a reliable analysis of references to important events that occurred in the first six months of the financial year and their impact on the consolidated half-yearly financial report, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The consolidated half-yearly financial report also includes a reliable analysis of information on significant transactions with related parties.

Milan, 6 August 2025

Chief Executive Officer
Corrado Passera
Signed

Financial Reporting
Officer
Sergio Fagioli
Signed



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.)

Report on review of condensed interim consolidated financial statements

*To the shareholders of
illimity Bank S.p.A.*

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the illimity Bank Group, comprising the statement of financial position as at 30 June 2025, the income statement and the statements of comprehensive income, changes in shareholders' equity and cash flows for the six months then ended and notes thereto. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

KPMG S.p.A.
è una società per azioni
di diritto italiano
e fa parte del network KPMG
di entità indipendenti affiliate a
KPMG International Limited,
società di diritto inglese.



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Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
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Partita IVA 00709600159
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Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA



illimity Bank Group

*Report on review of condensed interim consolidated financial statements
30 June 2025*

Conclusion

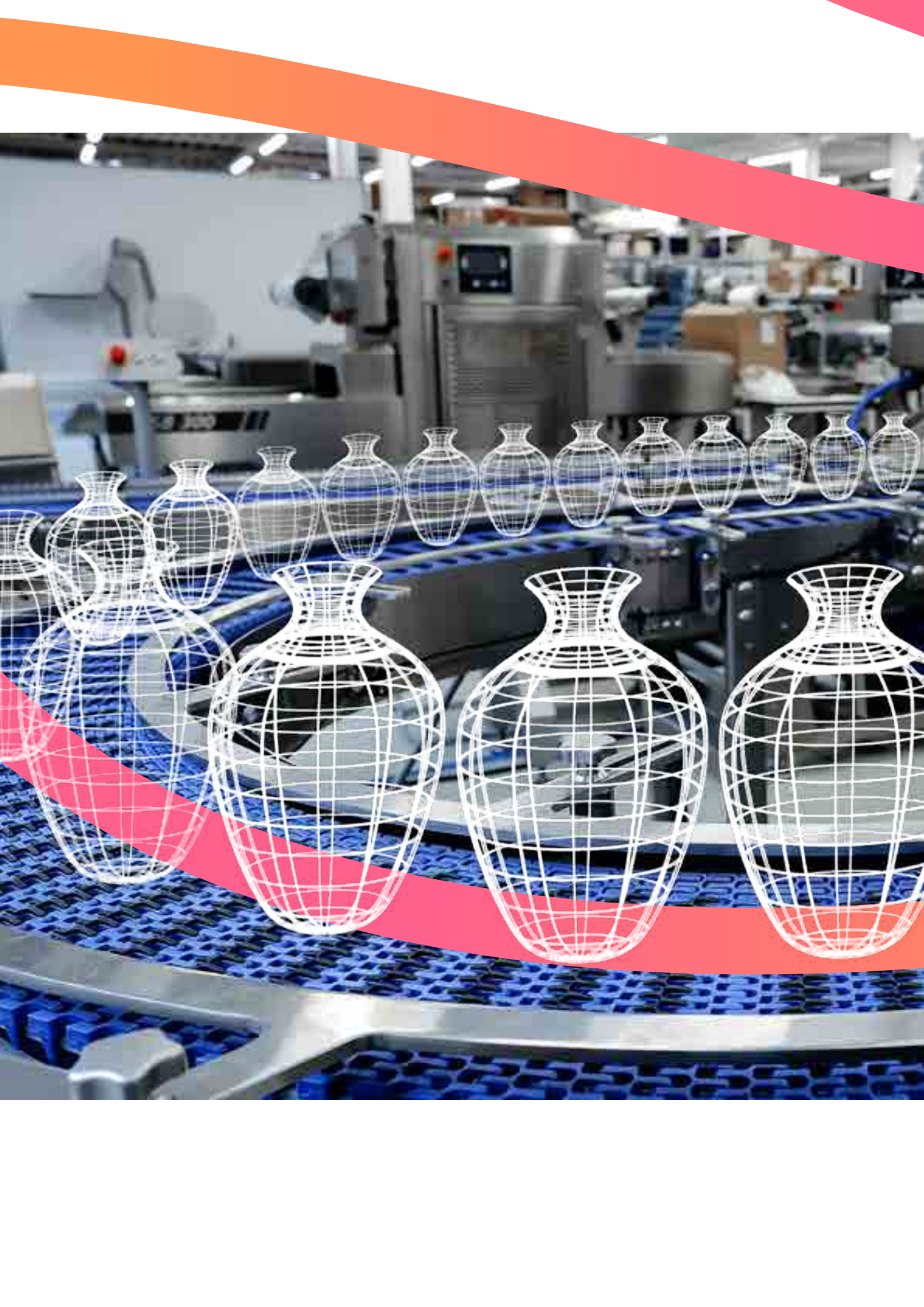
Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the illimity Bank Group as at and for the six months ended 30 June 2025 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

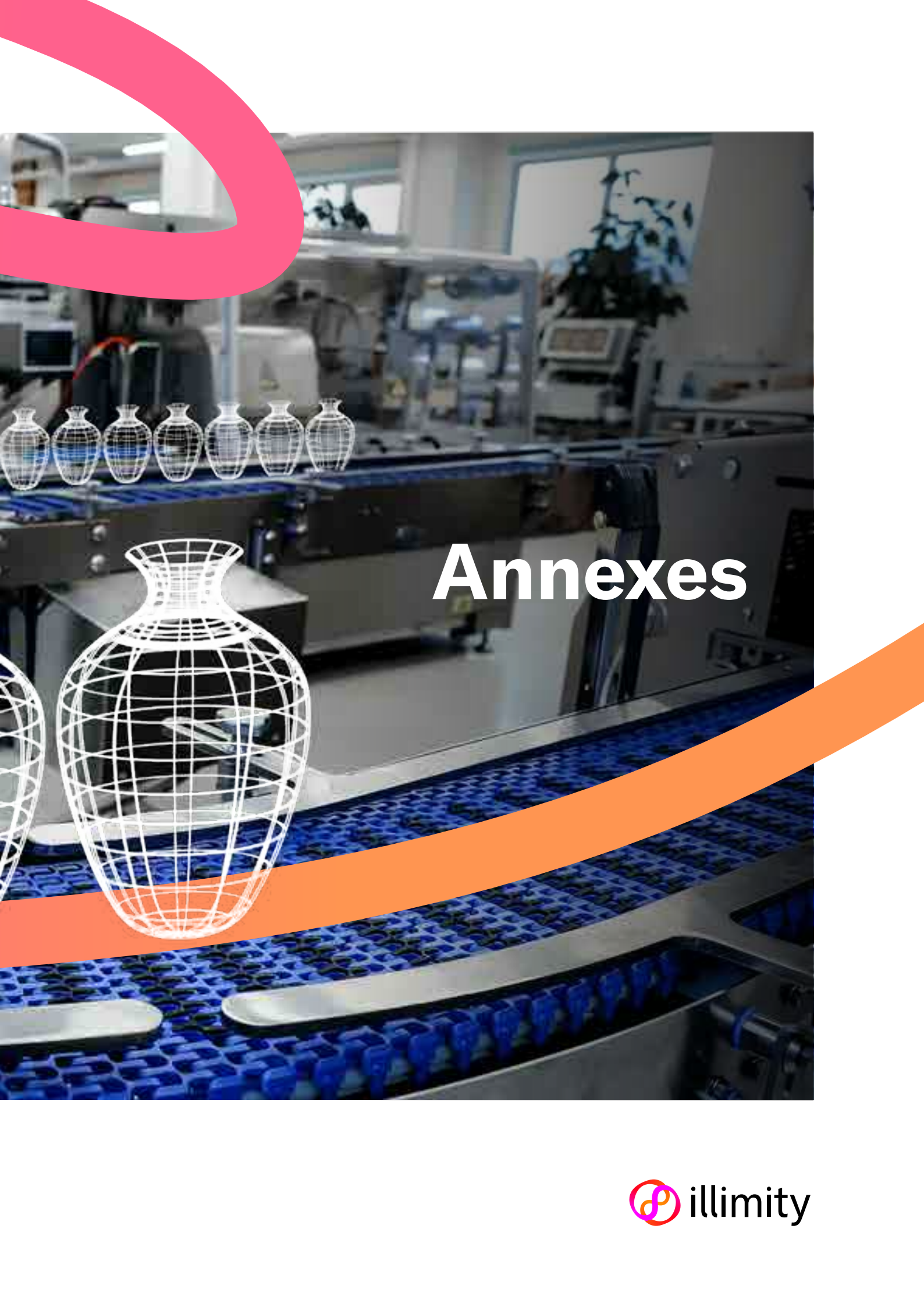
Milan, 7 August 2025

KPMG S.p.A.

(signed on the original)

Alberto Andreini
Director of Audit





Annexes

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 in the table are due solely to rounding.

Reclassified Consolidated Balance Sheet

Assets	Values as at 30/06/2025
Cash and cash equivalents	355,932
Loans to banks, financial entities and other institutions	129,982
Item 40. a) Loans to banks	123,053
Loans to financial entities	6,929
Loans to customers and investments	4,418,930
Item 40. b) Loans to customers	5,415,016
<i>To be deducted:</i>	
<i>Loans to financial entities</i>	<i>(6,929)</i>
<i>Government Bonds</i>	<i>(989,157)</i>
Government Bonds	989,157
Financial assets HTCS	760,189
Financial assets FVTPL	566,950
Equity investments at equity	139,632
Goodwill	33,731
Other intangible assets	27,390
Item 100. Intangible assets	61,121
<i>To be deducted:</i>	
<i>Goodwill</i>	<i>(33,731)</i>
Other assets items	432,939
Item 50. Hedging derivatives	27,539
<i>Item 90. Property, plant and equipment</i>	<i>56,028</i>
<i>Item 110. Tax assets</i>	<i>102,598</i>
<i>Item 120. Non-current assets and disposal groups held for sale</i>	<i>2,747</i>
<i>Item 130. Other assets</i>	<i>244,027</i>
Total Assets	7,854,832

Liabilities and shareholders' equity	Values as at 30/06/2025
Due to banks	640,355
Item 10. a) Due to banks	640,541
<i>To be deducted:</i>	
<i>Lease Liability (IFRS 16) to Banks</i>	(186)
Due to customers	5,200,347
Item 10. b) Due to customers	5,224,000
<i>To be deducted:</i>	
<i>Lease Liability (IFRS 16) to customers</i>	(23,653)
Securities issued	961,459
Item 10. c) Securities issued	961,459
Other liabilities	268,178
Item 80. Other Liabilities	165,649
<i>To be increased:</i>	
<i>Lease Liability (IFRS 16) to customers</i>	23,653
<i>Lease Liability (IFRS 16) to banks</i>	186
Item 20. Financial liabilities held for trading	36,269
Item 40. Hedging derivatives	4,010
Item 50. Adjustments in value of generic hedging financial liabilities (+/-)	75
Item 60. Tax liabilities	2,986
Item 70. Liabilities associated with assets held for sale	-
Item 90. Employee severance pay	4,646
Item 100. Allowances for risks and charges	30,704
Shareholders' equity	784,493
<i>Capital and reserves</i>	
Item 120. Valuation reserves	(14,139)
Item 150. Reserves	236,090
Item 160. Share premium reserve	624,922
Item 170. Share capital	54,789
Item 180. Treasury shares (-)	(5,070)
Item 190. Equity attributable to minority interests (+/-)	5,686
Item 200. Profit (Loss) for the period	(117,785)

Reclassified Consolidated Income Statement

Income Statement items	Values as at 30/06/2025
Net interest margin	58,264
Item 10. Interest income and similar income	186,405
To be deducted:	
<i>Reclassification from item 140. Profit (Loss) from changes in contracts without derecognition</i>	(788)
<i>Item 20. Interest expenses and similar charges</i>	(125,852)
<i>Reclassification of Raisin operating components</i>	(2,231)
To be deducted:	
IFRS 16 interest expense	730
Net fee and commission income	30,937
<i>Item 40. Fee and commission income</i>	37,622
<i>Item 50. Fee and commission expense</i>	(8,008)
<i>Reclassification of HFS fee and commission expense</i>	-
To be deducted:	
<i>Raisin operating components</i>	1,323
Net profit (loss) in hedge accounting, trading and sale of financial assets	20,533
Item 70. Dividends and similar income	1,750
Item 80. Net profit (loss) from trading	1,785
Item 90. Net profit (loss) in hedge accounting	183
Item 100. Profit (loss) from disposal or repurchase	8,698
Item 110. Net profit (loss) from other assets and liabilities measured at fair value through profit or loss	8,117
Net profit (loss) on closed positions	10,049
<i>of which: Net profit (loss) on closed positions - customers - POCI</i>	9,427
<i>of which: Net profit (loss) on closed positions - customers - PPC</i>	-
<i>of which: Net profit (loss) on closed positions - customers - Energy performing</i>	-
<i>Reclassification from item 280. Profit (loss) from disposal of investments</i>	622
Profit (Loss) from changes in contracts without derecognition	-
item 140. Profit (Loss) from changes in contracts without derecognition	(788)
Reclassification to item 10. Interest income and similar income	788
Other profit (loss) from disposal of investments	-
Item 280. Profit (loss) from disposal of investments	622
To be deducted:	
<i>Reclassification to Net profit (loss) on closed positions</i>	(622)
Other operating expenses and income (excluding taxes)	4,098
Item 230. Other operating income/expenses	7,436
To be deducted:	
<i>Reclassification of recovery of other operating income/expenses to Other administrative expenses</i>	(3,338)
Total net operating income	123,881
Personnel expenses	(40,540)
Item 190. Administrative expenses: a) Personnel expenses	(40,414)
To be deducted:	
<i>Reclassification of HR expenses from other administrative expenses</i>	(126)
Other administrative expenses	(61,815)
Item 190. Administrative expenses: b) Other administrative expenses	(65,838)
Reclassification of IFRS 16 interest expense	(730)
Reclassification of HR expenses to personnel expenses	126
Reclassification of recovery of other operating income/expenses to Other administrative expenses	3,338
Raisin operating components	908
Reclassification of contributions and other non-recurring expenses	381
Net value adjustments/reversals on property, plant and equipment and intangible assets	(8,099)
Item 210. Net value adjustments/reversals on property, plant and equipment	(2,948)
Item 220. Net value adjustments/reversals on intangible assets	(5,151)
Operating expenses	(110,454)
Operating profit (loss)	13,427

Income Statement items	Values as at 30/06/2025
Net value adjustments/reversals for credit risk - HTC Banks and financial entities	81
Net value adjustments/reversals for credit risk - HTC Customers	(120,532)
Item 130. Value adjustments/reversals for credit risk associated with: a) financial assets measured at amortised cost	(111,091)
<i>Reclassification of Net profit (loss) on closed positions - HTC&S Customers - POCI to item 130b</i>	-
<i>Reclassification of Net profit (loss) on closed positions - HTC Customers - POCI off-balance to item 200</i>	67
<i>To be deducted:</i>	
<i>Net value adjustments/reversals for credit risk - HTC Banks and financial entities</i>	(81)
<i>Value adjustments/reversals for credit risk associated with: a) financial assets measured at amortised cost - Reversals on Datio in solutum transactions</i>	-
<i>Net profit (loss) on closed positions - Customers - PPC</i>	-
<i>Net profit (loss) on closed positions - customers - Energy performing</i>	-
<i>Net profit (loss) on closed positions - Customers - POCI</i>	(9,427)
Net value adjustments/reversals for credit risk - HTCS	(1,648)
Item 130. Value adjustments/reversals for credit risk associated with: b) financial assets measured at fair value through other comprehensive income	(1,648)
<i>To be deducted:</i>	
<i>Net profit (loss) on closed positions - HTC&S Customers - POCI</i>	-
Net value adjustments/reversals for commitments and guarantees	283
Item 200. Net allowances for risks and charges: a) commitments and guarantees given	350
<i>To be deducted:</i>	
<i>Net profit (loss) on closed positions - HTC Customers - POCI off-balance</i>	(67)
Total net value adjustments/recoveries	(121,816)
Other net provisions	(586)
Item 200. Net allowances for risks and charges: b) other net provisions	(5,820)
Reclassification of one-off components of the income statement related to extraordinary transactions	5,234
Other income (expenses) on equity investments	(2,532)
Item 250. Profit (loss) from equity investments	(2,532)
Contributions and other non-recurring expenses	(5,615)
<i>of which: Contributions and other non-recurring expenses</i>	(381)
<i>Reclassification of one-off components of the income statement related to extraordinary transactions</i>	(5,234)
<i>of which: Goodwill value adjustments</i>	-
Other profit (loss) from disposal of investments	-
Item 280. Profit (loss) from disposal of investments	622
<i>To be deducted:</i>	
<i>Reclassification to Net profit (loss) on closed positions</i>	(622)
Profit (loss) from operations before taxes	(117,122)
Income taxes for the period on continuing operations	(1,330)
Item 300. Income taxes for the period on continuing operations	(1,330)
Item 320. Profit (loss) from discontinued operations after tax	-
Item 320. Profit (loss) from discontinued operations after tax	-
Profit (Loss) for the period	(118,452)
Item 340. Profit (loss) for the period attributable to minority interests	667
Profit (Loss) for the period	(117,785)

Annex 2 – Reconciliation of the Consolidated Income Statement as at 30/06/2024 published with the Pro-forma restated in accordance with International Financial Reporting Standard IFRS 5

Consolidated Income Statement items	Balance as at 30 June 2024 (Published)	Reclassifications	Balance as at 30 June 2024 pro-forma in accordance with accounting standard IFRS 5
Interest income and similar income	213,699	-	213,699
of which: interest income calculated according to the effective interest method	194,103	-	194,103
Interest expenses and similar charges	(134,381)	1	(134,380)
Net interest income	79,318	1	79,319
Fee and commission income	50,608	(46)	50,562
Fee and commission expense	(5,117)	-	(5,117)
Net fee and commission income	45,491	(46)	45,445
Dividends and similar income	-	-	-
Net profit (loss) from trading	5,897	-	5,897
Net profit (loss) in hedge accounting	67	-	67
Profit (loss) from disposal or repurchase of:	3,526	-	3,526
a) financial assets measured at amortised cost	3,816	-	3,816
b) financial assets measured at fair value through comprehensive profit and loss	(290)	-	(290)
c) financial liabilities	-	-	-
Net profit (loss) from other financial assets and liabilities measured at fair value through profit or loss	10,413	-	10,413
a) financial assets and liabilities designated at fair value	-	-	-
b) other financial assets mandatorily measured at fair value	10,413	-	10,413
Operating income	144,712	(45)	144,667
Net value adjustments/reversals for credit risk of:	(12,472)	-	(12,472)
a) financial assets measured at amortised cost	(12,599)	-	(12,599)
b) financial assets measured at fair value through other comprehensive income	127	-	127
Profits/losses on changes in contracts without derecognition	-	-	-
Net profit (loss) from banking activities	132,240	(45)	132,195
Net premiums	-	-	-
Other net insurance income (expense)	-	-	-
Net profit (loss) of banking and insurance management	132,240	(45)	132,195
Administrative expenses:	(101,806)	15,643	(86,163)
a) personnel expenses	(48,220)	4,251	(43,969)
b) other administrative expenses	(53,586)	11,392	(42,194)
Net provisions for risks and charges	2,043	-	2,043
a) commitments and guarantees given	2,212	-	2,212
b) other net provisions	(169)	-	(169)
Net value adjustments/reversals on property, plant and equipment	(1,979)	41	(1,938)
Net value adjustments/reversals on intangible assets	(10,437)	6,653	(3,784)
Other operating income/expenses	8,175	(2)	8,173
Operating costs	(104,004)	22,335	(81,669)
Profit (loss) from equity investments	764	-	764
Net profit (loss) on the measurement at fair value of property, plant and equipment and intangible assets	-	-	-
Goodwill value adjustments	-	-	-
Profit (loss) from disposal of investments	10	-	10
Profit (loss) from continuing operations before tax	29,010	22,290	51,300
Income taxes for the period on continuing operations	(6,237)	(6,130)	(12,367)
Profit (loss) from continuing operations after tax	22,773	16,160	38,933
Profit (loss) from discontinued operations after tax	-	(16,160)	(16,160)
Profit (loss) for the period	22,773	-	22,773
Profit (loss) attributable to minority interests	179	-	179
Profit (loss) attributable to the Parent company	22,952	-	22,952

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