

Fifty-third Financial Year

ANNUAL REPORT 2025



	%
<i>Libyan Foreign Bank, Tripoli</i>	80.15
<i>UniCredit S.p.A., Milan</i>	6.60
<i>Eni S.p.A. (Eni Group), Rome</i>	3.30
<i>Banque Centrale Populaire, Casablanca</i>	2.85
<i>Bank of Africa – BMCE Group, Casablanca</i>	2.65
<i>Sansedoni Siena S.p.A., Siena</i>	2.25
<i>Intesa Sanpaolo S.p.A., Turin</i>	1.10
<i>Telecom Italia S.p.A., Milan</i>	1.10

Head Office and Operational Units

Rome



Milan



Tripoli



HEAD OFFICE - ROME

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P.O. Box	00187 Rome, Italy
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Swift	UBAE ROMA
Web	UBAI IT RR
	www.bancaubae.it

MILAN BRANCH

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Swift	UBAE MILANO
	UBAI IT RR MIL

**TRIPOLI (Libya)
REPRESENTATIVE OFFICE (Libya)**

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	+218 21 3340352

BOARD OF DIRECTORS 2025-2027

Appointed by Shareholders' Meeting on 8 May 2025

Chairman: *Othoman Mohamed Alnouser*

Vice Chairman: *Antonio Piras*

Directors: *Mohamed Elmarghani Abdulhad Abusaid
Ali Abusalah Elmabrok Amreeghah
Essam Khalil Ali Beitelmal
Abdurahman Suleiman O. Ehtash
Karima Munir Elguel
Amal A. Khalifa Eshater
Rauf Ibrahim Gritli
Hajer Ibrahim Amara Jebira
Abdulmonam Geat Ali Tbiga (1)*

(1) *Resigned from 05.08.2025*

Secretary of the Board of Directors

Lavinia Callegari

BOARD OF STATUTORY AUDITORS (*)

Appointed by Shareholders' Meeting on 10 May 2024

Chair:
Ersilia Bartolomucci

Statutory Auditors:
*Angelo Pappadà
Michele Testa*

Alternate Auditors:
*Sergio Montedoro
Carlotta Fasani*

(*) Members of the Oversight Body as per legislative decree no. 231/2001

On 24 May 2025, the 318th Board of Directors appointed the members of the Board of Statutory Auditors as members of the Supervisory Body pursuant to Legislative Decree 231/2001.

GENERAL MANAGEMENT

General Manager
Deputy General Manager

Maurizio Valfrè
Sharef Alwan

Assistant General Manager

Nizar Eljadi (*)

Area Managers

Chief Business Officer

Massimo Castellucci

**Head of the Tripoli
Representation Office**

Hatem Mahmud S. Benabdussalam

(*) Appointed with effect from November 27, 2025

ANNUAL REPORT
1 January - 31 December 2025





Chairman's Letter

Dear Shareholders,

2025 ended with the global economy still growing, albeit in a complex and uneven landscape across sectors and geographical areas. The outlook for 2026 remains one of moderate expansion, conditioned by the evolution of geopolitical risks and the volatility of key energy and financial factors.

International trade showed mixed results: periods of stable flows were accompanied by signs of greater caution, partly due to selective financing conditions and a more competitive environment. In terms of prices, inflation in advanced economies continued to decline; central banks continued the normalisation process, with progressive effects on the cost of funding and credit.

Against this backdrop, Banca UBAE confirmed its international vocation and institutional role in supporting trade flows between Italy (and other European countries) and countries of traditional interest, particularly in the Middle East and North Africa, while maintaining a balanced and prudent approach to risk management.

The results for the year reflect the solidity of the operating model: pre-tax profit, amounting to €25.3 million (€22.5 million in the previous year), was the best in the last years, and net profit amounted to €22.6 million (€22.5 million in the previous year).

Asset quality remained favourable, with an NPL ratio of 4.72%. Capital ratios are more than adequate: the main regulatory ratios (CET1 and Total Capital Ratio) stand at 18.83% overall, well above the minimum requirements set by the Supervisory Authority, confirming the Bank's ability to absorb any adverse scenarios. The Cost-to-Income Ratio stood at 63.06%, in line with operators of similar size, reflecting the focus on efficiency and cost discipline, even in the context of the investments necessary to support organisational and technological development.

During 2025, the Board of Directors continued to support the Bank in consolidating its profitability and strengthening its internal control structure, in line with the strategic guidelines of the Business Plan. With regard to supervisory matters,

discussions continued with the Bank of Italy, including in relation to the results of the ordinary inspection launched in 2024 and concluded in January 2025, following up on the implementation and remediation initiatives deemed appropriate, in the usual spirit of institutional collaboration.

We look to 2026 with concrete reasons for confidence: very good results in 2025, capital strength and a proven operating model. The new financial year represents a further step in consolidating the Bank's role as an internationally oriented credit institution; the experience gained and the ability to select sustainable opportunities enable us to pursue continuity in results and full satisfaction for stakeholders.

During the second half of 2026, the process of defining the 2027-2029 Business Plan will also be launched, with a view to further strengthening the measurability of management and capital drivers.

In the hope that the shareholders, and in particular the reference shareholder Libyan Foreign Bank (Tripoli), will continue to support the Bank in its commercial, capital and organisational profiles, I would like to thank the Directors, Statutory Auditors, General Management and all employees for their commitment during the year just ended.

Othman Mohamed Alnouser
Chairman of the Board of Directors

**THE BANK'S ACTIVITIES IN THE 2025
FINANCIAL YEAR**



Boardroom

1. THE ECONOMIC ENVIRONMENT

1.1 International scenario and the Italian context

Operations in foreign markets

During 2025, the global economy continued to expand, albeit against a backdrop of high uncertainty and with varying trends across different geographical areas. The main international institutions estimate global growth of around 3.2% in 2025, slowing slightly to 3.1% in 2026, with risks predominantly on the downside, linked in particular to more restrictive trade policies and ongoing geopolitical tensions.

International trade, commodities and risk factors

On the global trade front, following strong momentum in the first half of 2025, the outlook remains more cautious: the WTO forecasts final growth in merchandise trade volumes of 2.4% in 2025 and a deceleration to +0.5% in 2026, against a backdrop shaped by uncertainties regarding tariffs and global trade policies.

Prices of energy commodities remain extremely volatile and are the main source of uncertainty for any forecast relating to the year 2026.

Euro Area and Italy

For the Euro Area, the Eurosystem staff projections (December 2025) point to moderate growth (around +1.4% in 2025, +1.2% in 2026 and +1.4% in 2027) and inflation gradually coming down and substantially stabilising towards the medium-term target.

For Italy, the latest projections from the Bank of Italy (a coordinated exercise by the Eurosystem) indicate GDP growth of +0.6% in 2025 and 2026, and +0.8% in 2027, driven mainly by consumption and investment (including in connection with the PNRR measures), against a contribution from net external demand that is likely to remain subdued in the short term. Inflation, at 1.7% in 2025, is expected to be 1.4% in 2026 and 1.6% in 2027. The European Commission's estimates are broadly consistent in their approach, although they project a more cautious growth outlook for 2025 (+0.4%) and figures for 2026–2027 in line with the forecast (+0.8%).

All of the above estimates are extremely uncertain in light of the current uncertainties regarding the intensity and duration of the conflict in the Middle East.

1.2 The economies and markets of the countries where UBAE operates

Emerging economies, the MENA region and countries of traditional interest

In emerging economies, growth remains generally stronger than in advanced economies, albeit with variations across regions and greater sensitivity to geopolitical and financial shocks. With regard to the MENA (Middle East and North Africa) region, which is of traditional interest to the Bank, the IMF highlights a gradual strengthening of regional economic momentum in 2025–2026 compared to 2024, with trajectories influenced by developments in energy production, geopolitical conditions and the direction of domestic economic policies.

Libya (the Bank's focus country): overview and outlook

In Libya, growth and macroeconomic stability remain structurally dependent on developments in the energy sector and the political and institutional environment. Analyses and communications from the International Monetary Fund highlight how the short-term trajectory is strongly linked to the continuity of hydrocarbon production and exports, with possible marked variations from one year to the next. In this context, any improvements in stability and production capacity may translate into a more significant recovery, whilst political shocks or operational disruptions may lead to rapid revisions of the estimates.

1.3 Financial markets and the banking sector

In 2025, the process of monetary policy normalisation in the Eurozone continued. In particular, during 2025, the ECB reduced the deposit rate to 2.00% (effective from 11 June 2025), facilitating a gradual easing of monetary conditions. Whilst this trend supports demand and reduces funding costs over time, it naturally tends to reduce the contribution of net interest income compared to the peaks observed during the period of high interest rates, highlighting the importance of recurring fee income and the diversification of revenue streams.

In **2026**, the European banking sector (and, by extension, the Italian sector) is expected to enter a less "exceptional" and more **structural** phase: following the extra boost from high interest rates, profitability tends to normalise and **the quality of the business, cost discipline and capital strength** once again come to the fore. In a scenario where interest rates are more favourable to households and businesses but less generous for net interest income, banks are called upon to defend their results through a combination of **fees**, active funding management, more selective pricing and greater operational efficiency. In short: less 'economic rent' and more business acumen.

In this context, **consolidation** remains a key issue. Regulatory pressures, the need for investment (technology, cyber, data, models) and growing competition are driving the market towards operators with greater scale and superior execution capabilities, including at a cross-border level. At the same time, the focus is shifting to **asset quality**: after years of low default rates, **selective** issues could emerge in certain

segments of SMEs and in more cyclical sectors, with varying dynamics across countries and sectors

Finally, 2026 is expected to consolidate the trajectory already underway: greater **scrutiny of data and risks**, increased investment in digitalisation and operational resilience, and a stronger focus on managing non-financial risks (cyber, fraud, business continuity).

1.4 The Italian banking system

As reported by the ABI's Economics and Financial-Credit Markets section, interest rates applied in Italy indicate that the rate on new bank loans of up to one million euros granted to non-financial companies stood at 4.16% in December 2025, down from 4.95% in December 2025,

The rates applied to new loans of over one million euros granted to non-financial companies stood, in the same month, at 3.29% in Italy, down from 4.12% twelve months earlier.

Finally, in the same month, the rate on current accounts and revolving loans to households stood at 4.52% (5.54% a year earlier).

2. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 24 January 2025, the routine general audit conducted by the Bank of Italy, which had commenced in November 2024 and focused, in particular, on the internal control system and certain business processes, was concluded.

As part of its routine supervisory activities, the Supervisory Authority examined, among other things, the loan portfolio, the activities carried out by the Finance Department, and the controls and monitoring mechanisms in place.

The findings and areas of concern highlighted by the Authority, as set out in the inspection report delivered on 29 April 2025, have been thoroughly examined by the Bank, with the launch of related initiatives to analyse and, where appropriate, strengthen controls and improve processes.

The Bank maintains constant dialogue with the Bank of Italy, including through the preparation of specific corrective actions and improvement plans, in order to share the progress of activities and any further refinement of the measures.

3. OPERATING PERFORMANCE AND RESULTS FOR THE FINANCIAL YEAR

3.1 Key results achieved during the financial year

The net profit for the 2025 financial year, amounting to €22.6 million, is broadly in line with that achieved in 2024, confirming the Bank's ability to generate recurring profitability even in a context of progressive market normalisation. Profit from continuing operations before tax stood at €25.3 million (€22.5 million in the 2024 financial year), representing the Bank's best result in its history.

The set of indicators for the last three financial years highlights a Bank which, despite an external environment characterised by persistent elements of uncertainty, has maintained an overall balanced profile in terms of profitability, efficiency, asset quality and capitalisation. The 2025 figures confirm, on the one hand, the solidity of the main recurring income components and, on the other, a natural normalisation of certain indicators compared with 2024, a financial year that had benefited from particularly favourable conditions. Capital levels remain robust and consistent with regulatory requirements, whilst asset quality indicators, whilst requiring careful monitoring, remain within an overall adequate risk management framework. The set of indicators therefore confirms the resilience of the business model and the Bank's ability to operate under conditions economic, capital and financial equilibrium.

Profitability	Dec-23	Dec-24	Dec-2025
net trading income/net equity	20.61%	26.83%	22.34%
ROA: net profit/total assets	1.13%	0.80%	0.77%
ROE net profit/paid capital	9.12%	8.64%	8.66%
EPS: earnings per share	10.03	9.50	9.52
gross profit/net equity	9.05%	9.19%	9.54%
ROE: net profit/net equity	10.72%	9.22%	8.53%
Efficiency			
NEW Cost/Income ratio	64.81%	41.79%	63.06%
personnel cost/net equity	7.15%	7.64%	7.61%
trading income/personnel cost	288.37%	351.15%	293.39%
net profit/n.employees (€ '000)	154.72	141.01	140.43
Asset quality			
Texas ratio (*)	25.19%	18.66%	26.81%
NPL ratio (*)	5.52%	4.17%	4.72%
Capital adequacy			
equity / total assets	10.57%	8.65%	9.08%
Total Capital Ratio	18.02%	18.16%	18.83%
CET 1 ratio/TIER 1 ratio	18.02%	18.16%	18.83%
LCR	217.04%	194.68%	217.56%

3.2 Balance sheet aggregates

EUR/000

	Balance as at :		Change	
	31/12/2025	31/12/2024	Amount	%
ASSETS				
Cash and cash equivalents	392.249	314.386	77.863	24,77
Loans and advances				
- to customers	503.310	579.875	(76.565)	(13,20)
- to banks	480.376	467.532	12.844	2,75
Financial assets held for	3.634	4.196	(562)	(13,39)
Fixed assets				
- financial [1]	1.478.323	1.377.221	101.102	7,34
- tangible	20.889	20.523	366	1,78
- intangible	396	475	(79)	(16,63)
Other assets [2]	41.912	61.850	(19.938)	(32,24)
Total assets	2.921.089	2.826.058	95.031	3,36
LIABILITIES				
Accounts payable				
-to customers	1.092.229	1.163.636	(71.407)	(6,14)
-to banks	1.507.491	1.346.880	160.611	11,92
Earmarked provisions [3]	183	56	127	226,79
Hedging derivatives.	8.869	12.702	(3.833)	(30,18)
Financial liabilities held for	18.480	18.920	(440)	(2,33)
Other liabilities [4]	28.667	31.885	(3.218)	(10,09)
Shareholders' equity				
-Capital and reserves	242.562	222.020	20.542	9,25
-Net profit (Loss) for the year	22.608	22.562	46	0,20
Total liabilities	2.921.089	2.818.661	102.428	3,63

Inclusive:

[1] of financial assets HTC and HTC&s

[2] of tax assets and other assets

[3] of staff severance fund and provisions for risks and charges

[4] of tax liabilities and other liabilities

The annual trends in the Bank's key balance sheet figures are illustrated below.

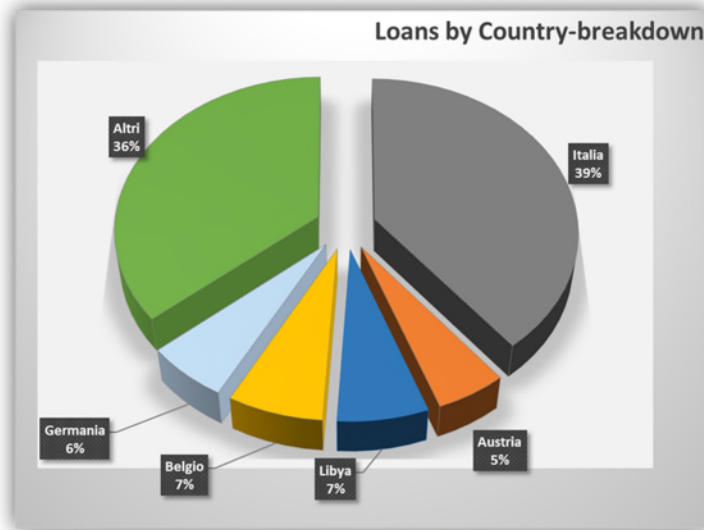
3.2.1. Loans

As at 31 December 2025, total loans stood at €983.7 million, down 6.1% compared with 31 December 2024 (€1,047.4 million). This trend reflects, on the one hand, a decline in loans to corporate customers (€503.3 million, -13.2%) and, on the other, an increase in loans to banks (€480.4 million, +2.7%).

In particular, within loans to corporate customers, there was a reduction in the euro-denominated component (€445.5 million, -17.1%) and an increase in the foreign currency component (€57.8 million, +35.8%), in line with typical trade finance operations and the different mix of trade flows during the financial year.

		Balance as at :		EUR/000	
		31/12/2025	31/12/2024	Variation	
				Amount	%
Loans and advances to customers:					
§	In euros	445,464	537,270	(91,806)	(17.09)
§	In other currencies	57,846	42,605	15,241	35.77
Loans and advances to banks:					
§	In euros	160,625	148,995	11,631	7.81
§	In other currencies	319,751	318,538	1,213	0.38
Total		983,686	1,047,407	(63,721)	(6.08)

The chart below shows the Bank’s credit exposures by country as at 31 December 2025: the distribution highlights a diversified portfolio, with Italy as the main country (39%), followed by Libya (7%), Belgium (7%), Germany (6%) and Austria (5%). The remaining portion is attributable to the Caption “Other Countries” (36%), consistent with the Bank’s operating model and the geographical areas in which it operates.



During the 2025 financial year, the Bank continued to support its commercial activities, proceeding with the gradual diversification of credit risk and operating in full compliance with the concentration limits set out in external regulations and internal provisions. Operations remained primarily focused on providing financial support to Italian operators, addressing the needs associated with trade finance activities developed with core countries.

The risk indicators and monitoring metrics for impaired loans are, on the whole, consistent with the Bank's risk profile and compatible with the warning thresholds and the trigger threshold for the Recovery Plan, as approved by the Board of Directors and notified to the Bank of Italy.

The tables below provide information on non-performing exposures:

EUR/000				
	31/12/2025			
	Gross Exposure	Write-downs	Net Exposure	coverage %
Impaired assets	171,446	(100,347)	71,099	58.5%
<i>Bad debts</i>	60,476	(54,909)	5,567	90.8%
<i>Probable impairments</i>	110,970	(45,438)	65,533	40.9%
Non Impaired assets	3,628,577	71,110	3,699,687	-2.0%
Cash and non cash assets (deposits excluded)	3,800,023	(29,237)	3,770,786	0.8%
EUR/000				
	31/12/2024			
	Gross Exposure	Write-downs	Net Exposure	coverage %
Impaired assets	154,970	(113,325)	41,645	73.1%
<i>Bad debts</i>	83,860	(77,370)	6,491	92.3%
<i>Probable impairments</i>	71,110	(35,955)	35,154	50.6%
Non Impaired assets	3,715,371	(13,640)	3,701,731	0.4%
Cash and non cash assets (deposits excluded)	3,870,341	(126,965)	3,743,376	3.3%

Hedging of credits by status	31/12/2025	31/12/2024	31/12/2023
bad debts	90.80%	92.26%	92.34%
probable impairments	40.95%	50.56%	61.97%
Overall impairments	58.53%	73.13%	66.10%
"in bonis"	0.21%	0.37%	0.21%
Overall of credits	2.90%	3.32%	3.79%
Percentage composition of credits towards customers (cash and signature)	31/12/2025	31/12/2024	31/12/2023
Credits "in bonis"	100.00%	100.00%	100.00%
Impaired credits:			
Bad debts	0.15%	0.18%	0.22%
Probable impairments	1.81%	0.95%	1.69%
Risk ratios	31/12/2025	31/12/2024	31/12/2023
Gross impaired credits/gross credits	4.73%	4.19%	5.64%
Gross bad debts/gross credits	1.62%	2.19%	2.74%
Net impaired credits/net credits	1.96%	1.13%	1.91%
Net bad debts/net credits	0.15%	0.18%	0.22%
Texas ratio	31/12/2025	31/12/2024	31/12/2023
Impaired Credits/ Shareholders' equity	26.81%	17.03%	25.09%

The Bank continues to actively manage impaired loans, with measures aimed both at returning positions experiencing temporary difficulties to performing status and at the timely recovery of non-performing exposures, with the aim of limiting the economic impact and keeping credit quality indicators under control.

At the end of 2025, gross impaired exposures stood at approximately €171 million (previously €155 million in 2024). However, the performance for the year shows an improvement in the most critical component, with gross non-performing loans decreasing (approximately €60 million, down from €84 million), against an increase in probable defaults (approximately €111 million) attributable mainly to reclassifications and prudent portfolio management.

The gross non-performing loans to gross loans ratio improved to 1.62% (previously 2.19%), and non-performing loans are heavily covered by provisions, with a coverage ratio of 90.8%. The gross NPL ratio stands at 4.73% (previously 4.19%), whilst the overall coverage of impaired loans is 58.5%: the trend in this indicator is influenced by the different composition of the impaired portfolio, with UTP positions accounting for a larger share than non-performing loans.

Overall, the indicators confirm that the situation is under control, with particular emphasis on the decline in non-performing loans and the maintenance of high coverage levels on the highest-risk positions.

3.2.2 Securities and Derivatives

The total value of financial assets comprising securities and minority interests stood at €1,480.1 million, representing a net increase of €98.8 million (+7.1%) compared with the previous financial year.

This change is mainly attributable to the increase in financial assets allocated to the securities portfolio held for investment at amortised cost (HTC), which stood at €1,468.6 million (+6.9% compared to €1,374.0 million in 2024). The HTC&S portfolio also grew, amounting to €8.1 million (up from €3.2 million in 2024), whilst trading assets remained at modest and essentially stable levels.

Investments in the HTC (Held To Collect) portfolio with a credit rating of BBB+ stood at €1.38 billion at year-end, and a residual portion in other credit categories. Structured in this way, the portfolio is well-placed to ensure an adequate revenue stream in future years as well, in line with expectations regarding interest rate trends. The composition of the securities portfolio at year-end is as follows:

- 51% variable rate (CCTEU "TV")
- 45% fixed rate (BTPs and other issues), fully hedged via OIS interest rate derivatives
- 4% inflation-linked

The average residual duration of the investment portfolio is approximately 7 years. In order to mitigate interest rate risk, the fixed-income component has been hedged using OIS, with the effect of bringing the overall economic duration within a short-term horizon (approximately 3 months), consistent with the average duration of commercial commitments.

The portfolio also includes a component of securities meeting sustainability requirements (BTP Green) accounting for approximately 1.8% of the total.

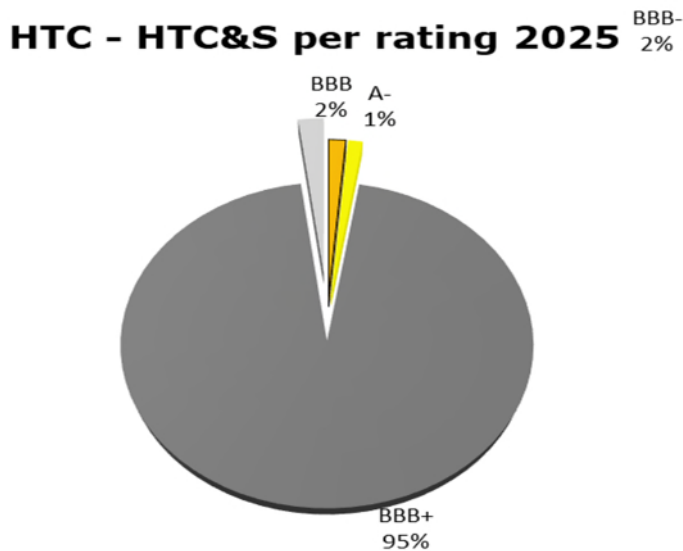
In line with its strategic guidelines, the Bank has used short-, medium- and long-term derivatives for the purpose of hedging (fair value hedging) against interest rate volatility risk. For the criteria applied in the valuation of securities, as well as those adopted for the distinction between trading and investment securities, please refer to the description in the Notes to the Financial Statements, Part A – Accounting Policies.

During the 2025 financial year, the strategy adopted continued to ensure satisfactory returns alongside an investment quality fully consistent with LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) levels maintained consistently well above the minimum requirements set by current regulations.

Almost the entire value of the portfolio meets the eligibility requirements for ECB and LCR purposes, ensuring the possibility of refinancing via the REPO market (MTS) or with the Central Bank.

EUR/000				
	Balance as at :		Variation	
	31/12/2025	31/12/2024	Amount	%
Financial assets				
§ Assets held for trading	3,634	4,196	(562)	(13.39)
§ Liabilities held for trading	(183)	(56)	(127)	226.79
§ Assets HTC&S	8,073	3,221	4,852	150.64
§ Assets HTC	1,468,610	1,373,991	94,619	6.89
Total	1,480,134	1,381,352	98,782	7.15

Below is a graphical representation of the assets held to maturity and HTC&S, broken down by rating as at the end of the financial year.



For the criteria used in the valuation of securities, as well as those adopted for the purpose of distinguishing between trading and investment securities, please refer to the description in the Notes to the Financial Statements, Part A – Accounting Policies.

3.2.3 Liabilities

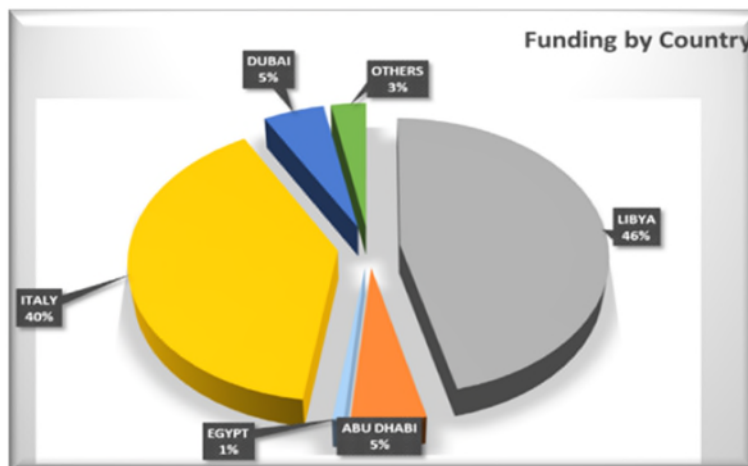
EUR/000				
	Balance as at :		Variation	
	31/12/2025	31/12/2024	Amount	%
Payable to customers				
§ In euros	1,003,442	1,074,390	(70,948)	(6.60)
§ In other currencies	88,786	89,246	(459)	(0.51)
Payable to banks				
§ In euros	641,788	686,308	(44,520)	(6.49)
§ In other currencies	865,703	660,572	205,131	31.05
Total	2,599,720	2,510,516	89,204	3.55

Liabilities to banks and customers are stated in the balance sheet, in accordance with current regulations, at amortised cost.

Total funding remained at levels proportionate to supporting investments and lending throughout the year, both in terms of amounts and durations; as at 31 December 2025, it stood at €2,599.7 million, an increase of 3.6% compared with the previous financial year (€2,510.5 million).

The following chart shows the breakdown of liabilities by country as at 31 December 2025, revealing a concentration primarily in Libya (49%) and Italy (29%), followed by Dubai (7%), Abu Dhabi (6%) and Germany (5%); the remaining portion is included under the heading "others" (4%).

The geographical distribution of funding is subject to constant monitoring within the Bank's liquidity and funding framework, also with a view to managing concentration risk and ensuring an adequate degree of diversification of sources, in line with the risk appetite and the limits defined in internal policies.



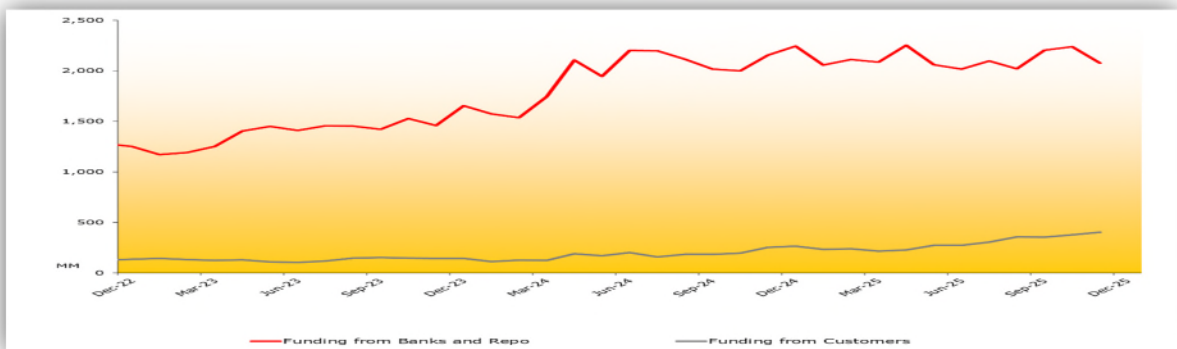
In this context, following the renewal of the Security Agreement, the shareholder Libyan Foreign Bank continued to provide two deposits of USD 300 million and EUR 100 million respectively (already in place in previous financial years), with a confirmed term of 2 years, helping to stabilise the maturity profile of funding and support operations with related counterparties.

At the same time, the increase in cash and cash equivalents enabled the Bank to maintain more efficient and profitable investment operations (in compliance with internal limits and with eligible counterparties), strengthening active liquidity management.

Consistent with this, the average balance of total funding showed an upward trend in 2025, rising from approximately €2.3 billion in the first quarter to approximately €2.6 billion in the fourth quarter, representing an overall increase of approximately +10.8%.

FUNDING 2025							
first quarter		second quarter		third quarter		fourth quarter	
Value	+/- %	Value	+/- %	Value	+/- %	Value	+/- %
2.315.660	(2,36)	2.370.369	2,36	2.446.391	3,21	2.566.482	4,91

In the graph below, we show the trend of the main funding Captions over the last period (2022-2025):



3.2.4 Equity

Net Equity is a fundamental element in assessing the soundness of a financial intermediary, from the perspective of both the Supervisory Authority and the Rating Agencies, as well as any other stakeholder, as it is useful for determining expected stability in the short, medium and long term and for measuring all the various risk components (concentration, lending limits, etc.).

The table below sets out the changes in the Bank's equity:

	EUR/000				
	Capital	Share premium	Reserves	Net profit	Total
31.12.2024	261,186	870	(40,036)	22,562	244,581
§ Appropriation of profit: reserves			22,562	(22,562)	
dividends					
- Other reserves			(1,934)		(1,934)
§ Valuation reserve			(85)		(85)
§ Net profit				22,608	22,608
31.12.2025	261,186	870	(19,494)	22,608	265,171

Equity (including profit for the period and valuation reserves) as at 31 December 2025 amounted to approximately €265.2 million (approximately €244.6 million as at 31 December 2024), representing an overall increase of approximately €20.6 million, attributable mainly to the 2025 profit (€22.6 million), partially offset by the reduction in reserves (approximately €2.0 million) due, amongst other things, to the application of the extraordinary levy on the 'extra-profit' reserve (€1.934 million) and to the change in valuation reserves (€0.085 million).

The 2024 profit (€22.6 million) was allocated in full to reserves and no dividend distribution resolutions were passed during the period.

Shares

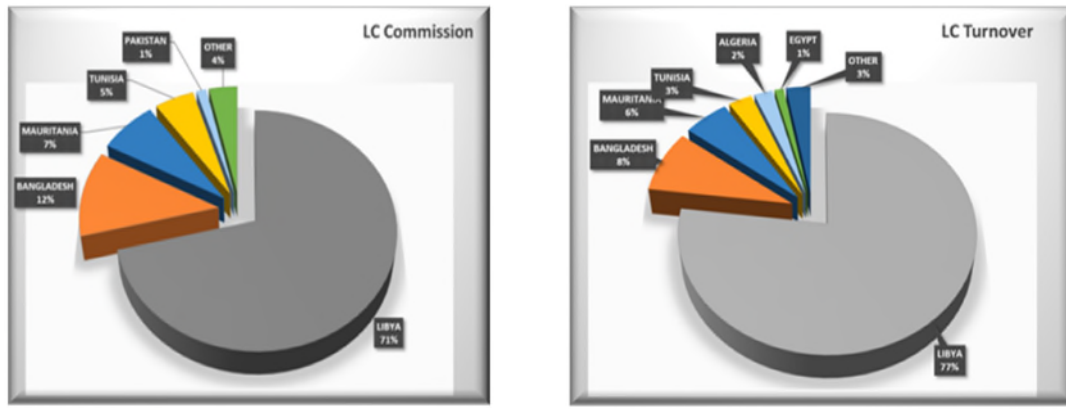
The Bank's share capital as at 31 December 2025 amounted to €261,185,870 and is divided into 2,374,417 ordinary shares with a par value of €110 each.

3.2.5 Letters of credit

In 2025, letter of credit operations returned to normal levels compared with 2024, with a turnover of €1,854 million (-15.3% y/y) and 2,414 transactions (-8.8% y/y).

The breakdown by country of origin of business from letters of credit received and brokered is as follows:

Geographical Breakdown



A detailed analysis of the annual data reveals the following trends:

	2025		2024		2023	
	Value / no.	+/- %	Value / no.	+/- %	Value / no.	+/- %
Letters of credit: Number	2,414	(8.77)	2,644	19.39	2,207	(15.07)
Non Oil Letters of Credit: turnover	1,854,007	(15.25)	2,187,500	2.17	2,141,110	7.21
Commissions accrued	11,176	(10.73)	12,519	13.60	11,020	5.79

EUR/000

A detailed analysis of the data for the guarantees sector reveals the following trend:

	2025		2024		2023	
	Value	+/- %	Value	+/- %	Value	+/- %
Guarantees issued in year	21,894	(91.49)	257,306	136.47	108,809	77.55
Guarantees: Outstanding at EoY	444,399	(18.77)	547,086	70.73	320,440	(9.74)
Commissions received	5,612	32.42	4,238	58.85	2,668	19.95

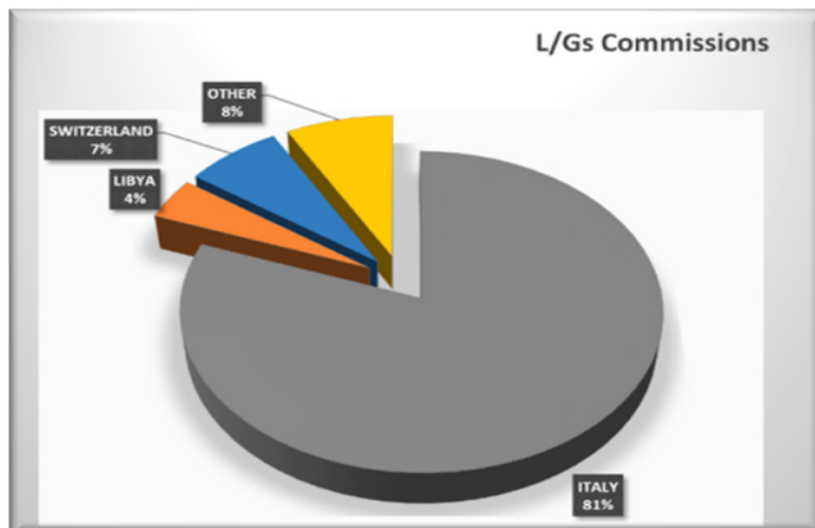
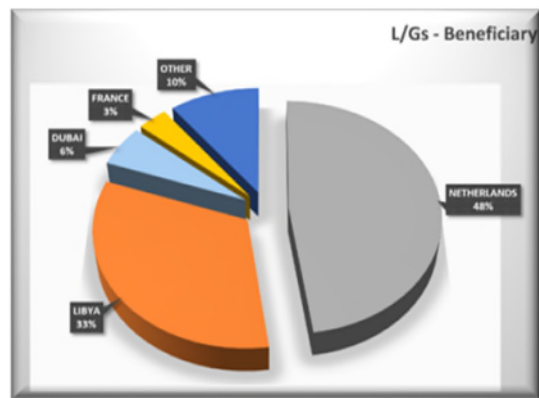
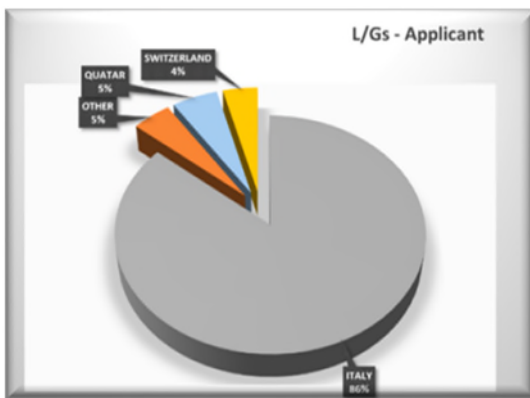
EUR/000

With regard to the guarantees/sureties sector, 2025 shows a favourable trend in terms of profitability: despite a decline in turnover (€21.9 million, -91.5% y/y) and exposure at the end of the period (€444.4 million, -18.8% y/y), commission income increased, reaching €5.6 million (+32.4% y/y).

This trend reflects an approach characterised by greater selectivity and a better mix of transactions, consistent with policies of prudent risk management and optimisation of the risk/return ratio.

The breakdown by country of origin of the business from letters of credit received and brokered is as follows:

Geographical Breakdown



3.3 Financial aggregates

RECLASSIFIED INCOME STATEMENT				
EUR/000				
	Balance as at :		Change	
	31/12/2025	31/12/2024	Amount	%
Net interest income	37,283	30,650	6,633	21.64
Net non-interest income [1]	20,903	33,879	(12,976)	(38.30)
Gross operating income	58,186	64,529	(6,343)	(9.83)
Personnel expenses	(22,681)	(21,521)	(1,160)	5.39
Administration Expenses and Other Operating expenses/income	(11,485)	(3,262)	(8,223)	252.08
Gross operating result	24,020	39,746	(15,726)	(39.57)
Net adjustments to tangible and intangible fixed assets	(1,426)	(1,389)	(37)	2.66
Provisioning, write-downs and write-ups [2]	2,703	(15,883)	18,586	n.a.
Pre-tax profit (Loss) from continuing operations	25,297	22,474	2,823	12.56
Income tax for the year	(2,689)	88		
Net profit (Loss) from continuing operations	22,608	22,562	46	0.20
Net profit (Loss) for the year	22,608	22,562	46	0.20
Inclusive:				
[1] Of net commissions, dividends, and net income from trading and hedging gains (losses) on disposal or repurchase of financial assets (HTC&S)				
[2] of net impairment adjustments and net provisioning for risk and charges				

The annual performance of the Bank's key balance sheet figures is illustrated below.

3.3.1 Net interest income

Net interest income stood at approximately €37.3 million, a significant increase compared to 2024 (€30.6 million); this result reflects, on the one hand, the good average return on commercial loans and financial investments and, on the other, careful management of funding costs, in line with interest rate trends.

	EUR/000			
	Balance as at :		Variation	
	31/12/2025	31/12/2024	Amount	%
10. Interest income and related revenue	109,037	114,925	(5,888)	(5.12)
20. Interest charges	(71,754)	(84,275)	12,521	(14.86)
Net interest income	37,283	30,650	6,633	21.64

This growth was achieved despite a reduction in interest income (€109.0 million; -5.1%), thanks to a significant decrease in interest expense (€71.8 million; -14.9%), resulting from the combined effect of funding cost management, the loan-to-deposit mix and the Bank's overall positioning in relation to interest rate movements.

The figure achieved in 2025 not only confirms the results of the Bank's core business in its traditional sectors but also reflects a prudent and disciplined approach to financial management, in line with regulatory constraints regarding liquidity, maturity transformation and portfolio diversification.

3.3.2 Net commission income and Brokerage and other income

	EUR/000			
	Balance as at :		Variation	
	31/12/2025	31/12/2024	Amount	%
70. Dividends and other proceeds	1			
40. Commissions received	20,989	20,798	191	0.92
50. Commissions paid	(2,719)	(2,916)	197	(6.76)
Net commissions	18,270	17,882	388	2.17
80. Profits (Losses) on trading	2,191	8,608	(6,417)	(74.55)
90. Fair value adjustments in hedge accounting	(2,111)	5,579	(7,690)	
100. Profits (Losses) on disposal or repurchase HTC&S	2,552	1,810	742	40.99
Net non-interest income	20,903	33,879	12,976	38.30

The net commission income showed a positive trend in 2025, standing at €18.3 million, up 2.2% on the previous year. The result reflects the resilience of the Bank's core operations, with particular reference to the letters of credit and international guarantees segments, which continued to make a significant contribution to

commission income. In this context, commission income from letters of credit, whilst standing at €11.2 million compared to €12.5 million in 2024, confirms the resilience of this business, despite the persistence of uncertainties linked to the geopolitical and socio-economic context in certain areas of traditional interest to the Bank. The trend in commissions on international guarantees was also positive, standing at €5.6 million, up 32.4% compared to the previous year.

Revenue from financial intermediation and trading activities amounted to €2.6 (Captions 80,90,100) million, compared with €16.0 million in 2024. The decline mainly reflects the normalisation of results from financial activities following a particularly favourable previous financial year. By contrast, the Bank's recurring revenue component remains solid, attributable mainly to net interest income and net commission income.

3.3.3 Administrative expenses and other operating income and expenses

Operating costs, amounting to approximately €34.2 million (previously €32.3 million), include staff costs of €22.7 million (previously €21.5 million), an increase consistent with the evolution of the operational structure and with costs related to contractual adjustments and remuneration policies, within a framework of overall cost discipline; '**other operating income/expenses**' amounted to €0.1 million (previously €7.5 million), reflecting a natural normalisation compared with Captions that had had a significant impact in 2024.

	Balance as at :		EUR/000	
	31/12/2025	31/12/2024	Variation	
			Amount	%
a) Personnel expenses:				
§ wages and salaries	(13,855)	(13,068)	(787)	6.02
§ social security contributions	(3,262)	(3,101)	(161)	5.20
§ staff severance payments	(781)	(744)	(36)	4.85
§ other expenses	(1,341)	(1,566)	225	(14.36)
Total employee expenses	(19,238)	(18,479)	(760)	4.11
§ Administrators	(2,604)	(2,562)	(42)	1.65
§ Statutory Auditors	(145)	(149)	5	(3.02)
§ Non-staff associates	(694)	(331)	(363)	109.59
Total personnel expenses	(22,681)	(21,521)	(1,160)	5.39
b) other administration expenses	(11,553)	(10,794)	(759)	7.03
C) Other operating expenses/ income	68	7,532	(7,464)	n.a.
Other administrative expenses and operating income/expenses	(34,166)	(24,783)	(9,383)	37.86

Administrative expenses and other operating income/expenses stood at €34.1 million in 2025, up from 2024 (€24.8 million, +37.5%).

This trend should be interpreted bearing in mind that the comparison is significantly influenced by the presence, in 2024, of positive non-recurring Captions classified under other operating income/expenses, which had improved the overall balance of the Caption. In 2025, these extraordinary Captions have essentially normalised, resulting in a reduction in their positive contribution.

Net of this factor, the trend in expenses shows a reasonable overall increase, consistent with the development of the Bank's operations and with the strengthening of the activities necessary to pursue progressively more challenging objectives. In particular, the increase in staff costs (€22.6 million, +5.2%) and other administrative expenses (€11.5 million, +6.6%) reflects both the higher level of activity and the need to ensure adequate organisational and control mechanisms, also in light of the regulatory environment and the project priorities for the financial year.

The Bank remains committed to cost management, with the aim of preserving operational efficiency and overall financial balance, whilst ensuring the resources necessary to support development and service quality.

The cost/income ratio stood at satisfactory levels, in line with the average for other Italian and foreign banks of comparable size (63.06%).

3.3.4 Net credit risk impairment charges/reversals

This Caption shows net write-backs of €3.4 million (compared with net write-downs of €15.7 million in 2024); this result reflects the careful prudential assessment of the portfolio, with write-backs on both assets at amortised cost and assets measured at fair value through other comprehensive income;

3.3.5 Tax

Taxes for the financial year were calculated in accordance with the tax legislation in force at the balance sheet date, taking into account the applicable provisions regarding IRES and IRAP and the relevant regulatory changes for the 2025 tax period. The determination of the tax charge therefore reflects the regulatory framework applicable to the Bank at the end of the financial year, as also resulting from the most recent legislative updates and reporting practices.

3.4. Own funds and capital ratios

At the close of the 2025 financial year, Banca UBAE reported a CET1 ratio / Tier 1 ratio and Total Capital Ratio of 18.83%, compared with the figures recorded as at 31 December 2024 (Total Capital Ratio 18.22%).

It should also be noted that, once the financial statements have been approved and the net profit for the year has been allocated to and certified as own funds, the capital ratio would stand at around 20.6%, confirming the further strengthening of the capital base.

Following the Supervisory Review and Evaluation Process (SREP) carried out by the Bank of Italy, the figures as at 31 December 2025 stand at the following levels:

Coefficient of:	31/12/2025	Limit expected by Banca d'Italia
Cet 1	18.83%	10.72%
Class 1	18.83%	12.72%
Total Capital	18.83%	15.42%

	31/12/25	31/122024
OWN FUNDS	242,611,288	223,242,546
TOTAL RISK-WEIGHTED ASSETS (RWA)	1,288,316,244	1,225,609,502
Credit	1,117,236,182	1,076,478,892
CVA	46,558,813	20,910,088
Market	28,695,913	21,414,534
Operational	95,825,338	106,805,988
STANDARD RATIOS		
Standard CET 1 ratio	18.83%	18.21%
Tier 1 capital ratio	18.83%	18.21%
Total capital ratio	18.83%	18.21%
Total capital surplus (+)/deficit (-)	139,545,988	125,193,786

Finally, based on the actual recovery prospects inferable from the Three-Year Plan, the 2026 Budget and the related income and tax projections, the Bank has recognised deferred tax assets ("DTAs") on prior-year tax losses totalling €13.092 million, with a positive impact on the income statement for the year of approximately €1.8 million.

As at 31 December 2025, the Bank recognised deferred tax assets totalling €22.532 million, compared with €22.459 million as at 31 December 2024. Of this amount, €19.898 million (€19.825 million as at 31 December 2024) is recognised in the income, whilst €2.634 million, unchanged from the previous financial year, is recognised in equity and relates entirely to valuation reserves.

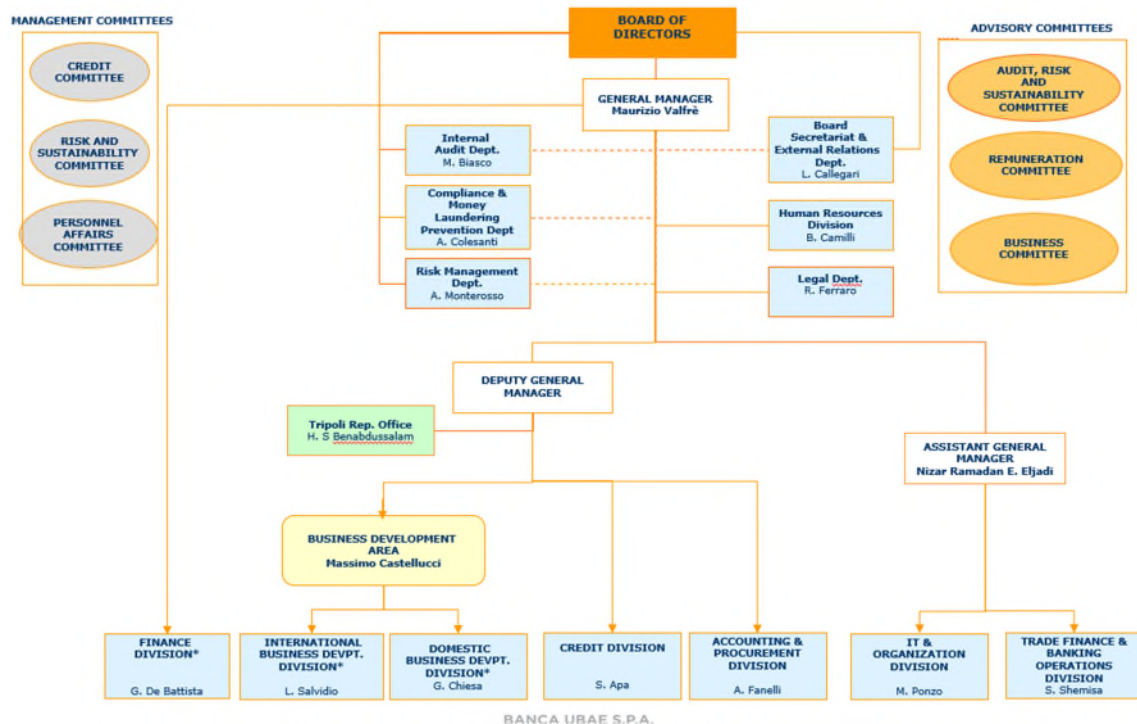
Of the deferred tax assets recognised in the income statement, €6.806 million (€8.514 million at 31 December 2024) relate to write-downs of receivables falling within the scope of Law No. 214/2011 and are therefore classified as deferred tax assets of certain recoverability. The remaining amount, equal to €13.092 million (€11.311 million as at 31 December 2024), has been subjected to a probability test, aimed at verifying the existence of sufficient future taxable income to allow for its reabsorption.

4. ORGANISATIONAL STRUCTURE AND REGULATORY ADJUSTMENTS

4.1 Head office and branch network

The Bank conducts its business through its head office in Rome, as well as through two branches, located in Rome and Milan respectively. There is also a Representative Office in Tripoli. To develop its activities, the Bank also draws on the support of specialist foreign consultants operating in countries of strategic interest, in order to monitor the relevant markets and seize business opportunities.

4.2 Corporate bodies



The Bank's organisational structure is centred on the Board of Directors, to which the General Manager and the Deputy General Manager report. Within the corporate governance framework, the main management committees (the Personnel Committee, the Credit Committee, the Risk and Sustainability Committee, and the Strategic Planning Committee) and sub-committees (the Control, Risk and Sustainability Committee, the Remuneration Committee and the Business Committee) also operate. The organisational chart is completed by the main operational and business divisions, represented by the Administration Division, the Organisation & IT Division, the Credit Division, the Trade Finance and Banking Operations Division, the Finance Division, the Italian Commercial Division, the International Commercial Division and the Human Resources Division, as well as by the control and support

functions, including Internal Audit, Compliance and Anti-Money Laundering, Risk Management, Legal, and Corporate Bodies Secretariat & External Relations. Finally, the territorial structure is completed by the branches in Rome and Milan and the Representative Office in Tripoli.

4.3 Staff and structure

The workforce stood at **161** at the end of 2025.

The table below also shows the trends in the breakdown by job category for the years 2024 and 2025.

	31/12/2024		31/12/2025	
	N°	%	N°	%
<i>DIRIGENTI</i>	3	1,9%	4	2,5%
<i>QUADRI</i>	82	51,3%	79	49,1%
<i>AREE PROFESSIONALI</i>	75	46,9%	78	48,4%
	160		161	

4.3.1 Key initiatives in 2025

Throughout 2025, the Bank continued its commitment to progressively building an organisation centred on people (and for people), based on their professional skills and qualifications, their spirit of collaboration and their corporate identity, with the aim of maximising benefits for stakeholders and, in particular, offering customers appropriate levels of service. In this context, one of Banca UBAE's key strategic drivers is to build an organisation focused on developing its human capital.

The path undertaken therefore sees the Bank's Management responsible for a process of continuous change based on the close interdependence between Environment-Strategy-Structure, through the activation of all the necessary levers for the care and development of its employees, with the aim of creating added value for the Bank as a whole and for its Shareholders.

Training remains a strategic lever in support of corporate objectives and organisational change. The 2025–2026 training plan is currently underway, structured into distinct pathways to strengthen skills, support professional growth and promote equal development opportunities for the entire workforce. The plan is structured along cross-cutting, horizontal and vertical lines, combining foundational knowledge, role evolution and specialist development.



In this context, the Bank has also launched a project aimed at raising awareness of **artificial intelligence**, a key element in making processes more efficient and innovative. Specific courses on the application of AI in the Office environment have been introduced to improve operational activities and data analysis, in the belief that investing in AI training is essential for promoting a corporate culture based on innovation and the continuous development of skills.

In addition to 'traditional' training, the Bank has launched an initiative dedicated to **'Knowledge Sharing'**. Indeed, in the belief that teamwork represents an extraordinary opportunity to strengthen relationships and share information, the Bank has organised, starting from the fourth quarter of 2024, a number of joint working days involving all front-line managers.

A further initiative has been to promote the **diversity** present, whether actual or merely potential, within the Bank. The diversification of skills, abilities, and cultural and social backgrounds, as well as the creation of an **inclusive** space that fosters constructive dialogue between diverse experiences, represents an opportunity for Banca UBAE to enrich its business with new perspectives and generate innovative organisational and managerial solutions. The Bank considers **inclusion** – that is, *feeling part of the organisation* – to be an essential value for promoting organisational well-being and a corporate culture based on fairness and transparency.

In this spirit, a **corporate event** was designed to support an organisational culture based on integration and social sustainability, with a particular focus on *corporate identity* and *a sense of belonging*.

The corporate event **"Oltre le note"** was organised to promote integration, social sustainability and a sense of belonging, thereby strengthening corporate identity. Music has enabled us to overcome linguistic and cultural (as well as organisational) barriers, valuing diversity as a resource.

As part of its ongoing efforts to foster a culture of inclusion, the Bank has signed up to the **"Women in Banking Charter"**, promoted by the Italian Banking Association (ABI). The Bank has therefore committed to enhancing its corporate policies in accordance with the following principles of equal opportunities:

- promoting a working environment that is inclusive and open to the values of diversity, including gender diversity;
- strengthen recruitment and development procedures designed to promote gender equality, within a corporate environment focused at every level on equal opportunities in roles and equal treatment;
- to encourage the full and effective participation of women at every level of the organisation;
- to promote gender equality outside the Bank as well, for the benefit of the communities in which it operates;
- implementing appropriate initiatives to guide and enhance its corporate policies on gender equality.

In line with this vision, the Bank sponsored and participated with its own speaker at the annual **ABI D&I IN FINANCE 2025** Conference, **"The Power of Respect"**.

The event was an important opportunity to engage with other organisations in the sector, reinforcing the Bank's commitment to creating a fair, welcoming and inclusive working environment that embraces diversity in terms of gender, ethnicity, sexual orientation, age and ability. This participation represented a further step towards achieving the objective of supporting sustainable and inclusive development, in line with the Bank's principles of social responsibility and ethical values.

4.3.2 Further initiatives and projects

The Human Resources Department was also involved in managing the following activities:

1. **Maintaining and updating the performance management system**, aimed at a better understanding and assessment of professional performance; the focus was on guiding management's actions towards objectives and behaviours that directly govern Banca UBAE's business (by identifying the Bank's critical success factors and translating them into organisational objectives and behaviours to be managed).
2. **Promoting a culture of workplace safety** through training and information initiatives, in addition to the activities governed by Decree-Law 81/2009 (e.g. annual meetings, risk assessments, etc.).
3. **Management of a project dedicated to the effectiveness of the organisational model, focusing on processes, activities and workloads**, in order to identify opportunities for optimisation; in this context, the Bank has developed a new model relating to internal regulations focused on the process chain.
4. Adoption of the **ARIS** platform as a strategic tool for **mapping business processes** and analysing **operational risks**, with the aim of improving the effectiveness of the organisational model and ensuring greater consistency and traceability of activities. The introduction of this tool enables processes to be represented in a structured manner, identifies responsibilities, inputs and outputs, and highlights areas of risk and

the related mitigation measures. Thanks to an integrated approach, the platform promotes more effective process governance, supports the continuous updating of internal regulations and enables the timely identification of opportunities for optimisation. The use of ARIS is fully in line with the Bank's modernisation programme, helping to make operational flows more efficient and to increase organisational awareness throughout the value chain.

5. **Strengthening of the 'Corporate Welfare' system**, aimed at providing employees with goods and services tailored to the needs of their working, personal and family lives. This initiative has set as its key objectives the improvement of the corporate climate, increased productivity, and enhanced staff satisfaction and motivation. Of particular note was the Bank's promotion of the flu vaccination campaign

4.4 Conferences, partnerships

In line with its strategy to strengthen the Bank's presence in its key markets, the Bank has launched a wide-ranging programme of institutional initiatives both in Italy and abroad, with a particular focus on its network of correspondent banks.

Of particular significance was the event hosted at the Chamber of Deputies entitled "Finance Beyond Borders: Islamic Finance Products in the Italian Regulatory Framework" (Rome, 4 February 2025), which was attended by top-level institutional representatives, including members of the Government, the Bank of Italy, CONSOB, ABI and the main trade associations.

The initiative generated significant media coverage at national level and led to the establishment of a technical working group tasked with preparing regulatory proposals to be submitted to the Ministry of Economy and Finance, thereby strengthening the Bank's role in the debate on Islamic finance in Italy.

During the financial year, Banca UBAE took part in the Human Economic Forum 2025, held at the Chamber of Deputies, contributing to the debate on relationship-based finance and strategic cooperation in the Mediterranean. This participation highlighted the Bank's role as a bridge between economies, institutions and regions, in line with its international focus and its relationship-based banking model.

4.5 Organisation, Information Systems, Security and Privacy

During 2025, the Bank, in compliance with the provisions of Bank of Italy Circular No. 285 (Part One, Title IV, Chapter IV "The Information System"), monitored the services outsourced to the main outsourcing providers (Cedacri and Finwave), closely following updates to their respective IT systems and continuously monitoring the quality of the IT solutions delivered. Furthermore, particular attention was paid to compliance with SLAs.

With regard to Cedacri, in collaboration with a leading consulting firm, periodic monitoring continued on the adequacy of the measures set out in the Remediation Plan drawn up by the supplier following the inspections carried out by the Bank of Italy at Cedacri itself (see Bank of Italy communication of 11 October 2021, ref. no. 1445055/21, and communication of 10 October 2024, ref. no. 1985253/24).

Periodic analyses of performance indicators have shown service levels in line with contractual terms (SLA). During 2025, two operational incidents occurred, one of which had a critical impact at national level (TARGET2 system outage), with minimal impact on business operations. These incidents were duly reported to senior management and, in compliance with current regulatory provisions, to the regulatory authorities (Bank of Italy).

With regard to the development and maintenance of business applications, several projects aimed at improving the effectiveness and efficiency of business processes were completed in 2025.

In the Factoring sector, the migration process from the current 2.1 platform to version 3.0 has begun, which will enable significant operational improvements and new functionalities; particular attention has been paid to developments relating to integrations with Cedacri's FEU information system.

In the area of Disaster Recovery and Business Continuity, the tests specified in the Annual Plan were carried out, with no significant issues identified.

During the year, checks were carried out to ensure internal regulations complied with the DORA Regulation, and the contracts governing relations with the relevant suppliers were reviewed.

With regard to IT risks and the security of payment services, it should be noted that the results of Cedacri's IT risk assessments indicated a residual risk level in line with expectations and the limits set out in the RAF. In accordance with the regulatory and procedural framework established for the analysis of IT and operational risks, the final findings were produced with the aid of IT applications.

In 2025, periodic vulnerability assessments of the IT infrastructure were also carried out.

For 2026 too, with regard to procedural developments concerning significant management aspects, the commitment to adapting information systems to new regulations remains a priority, with a view to achieving maximum operational efficiency and adequate oversight of IT security.

5. INTERNAL CONTROL SYSTEM AND MAIN RISKS

5.1 Internal control system

The Bank's corporate control functions consist of **the Risk Management Department, the Compliance and Anti-Money Laundering Department** and the **Internal Audit Department**, which operate in accordance with principles of independence, autonomy and coordination with the corporate bodies, in compliance with supervisory regulations.

5.2 Key risks

Risk management is a central pillar of the Bank's governance system, in the knowledge that the adoption of adequate control mechanisms across the various risk areas is an essential element in ensuring sound and prudent management. The Notes to the Financial Statements, Part E, provide detailed information on the risks to which the Bank is exposed and on the related management and hedging policies.

The process of identifying material risks is a fundamental step in the risk governance system, as it forms the basis for defining the Risk Appetite Framework, for scoping risks for ICAAP and ILAAP purposes, for preparing the Recovery Plan and for the overall management reporting framework, ensuring its consistency, completeness and appropriate frequency.

Based on the analyses carried out, the Bank has identified credit risk and counterparty risk as the main significant risks. Credit risk is the risk of incurring losses linked to a deterioration in the creditworthiness of counterparties to whom credit has been extended. Counterparty risk, on the other hand, is the risk that the counterparty to a transaction will fail to meet its contractual obligations at maturity; where the default occurs after that date, it takes on the nature of settlement risk.

Based on the activities carried out, the following risks have been identified as significant:

● **Credit Risk and Counterparty Risk Management**

Credit risk represents the risk of incurring losses in the value of assets due to a deterioration in the counterparty's creditworthiness.

Counterparty risk, on the other hand, represents the risk that a trading counterparty will fail to meet its obligations upon the expiry of the contract; once the contractual deadline has passed, in the event of non-performance, counterparty risk becomes settlement risk.

● **Market Risk Management**

The following risks are included within the category of **market risks**:

- foreign **exchange risk**, which represents the risk of incurring losses due to adverse movements in foreign exchange rates on all positions held by the Bank, regardless of the allocation portfolio;
- **position risk**, which may arise from fluctuations in the price of securities due to factors relating to market trends (generic position risk) and the situation of the issuing company (specific position risk). Of particular note is interest rate risk (on the trading book), i.e. the risk of incurring losses in the value of assets or increases in the value of liabilities as a result of adverse movements in market interest rates;
- **settlement risk**: transactions in debt securities, equity securities, derivative contracts, currencies and commodities that have not yet been settled after their maturity date, regardless of the portfolio to which they belong, expose the Bank to the risk of loss arising from the failure to settle the transaction.

● **Operational Risk Management**

Operational risks represent the risk of losses arising from the inadequacy or malfunction of procedures, human resources, internal systems or external events (this definition includes legal risk, but not strategic or reputational risk).

- **Liquidity Risk**

Liquidity risk represents the risk of being unable to meet demands for repayment of liabilities, which are unexpected in terms of volume and/or timing, due to an inability to raise funds (*funding liquidity risk*) or constraints on the realisation of assets (*market liquidity risk*).

- **Concentration Risk**

Concentration risk arises from exposures to counterparties, groups of connected counterparties and counterparties belonging to the same economic sector, carrying out the same activity or located in the same geographical area. Essentially, it is the risk of incurring losses due to the correlation between multiple counterparties.

- **Interest Rate Risk on the Banking Book**

Interest rate risk on *the banking book* represents the risk of incurring losses in the value of assets as a result of adverse movements in market interest rates.

Compliance with the internal operational limit, which has been prudently set below the regulatory threshold, is monitored by the *Risk Management* Department using an integrated treasury system.

- **Country Risk and Transfer Risk**

Country risk represents the risk of losses caused by events occurring in a country other than Italy. The concept of country risk is broader than that of sovereign risk, as it refers to all exposures, regardless of the nature of the counterparties, whether they are individuals, businesses, banks or public administrations.

Transfer risk represents the risk that a bank or company, exposed to a counterparty that borrows in a currency other than that in which it receives its main sources of income, will incur losses due to the debtor's difficulty in converting its currency into the currency in which the exposure is denominated. For the purposes of internal analysis, this regulatory description is expanded to include the risk associated with restrictions imposed by the authorities on capital movements and the repatriation of dividends and profits.

With regard to transfer risk, the Bank has decided to include this risk, from a quantitative perspective, within the broader scope of country risk; conversely, from a qualitative perspective, provision has been made for the periodic assessment of the materiality of this risk through the analysis of the composition of the loan portfolio and the determination of the significance of exposures to countries belonging to the transfer risk classes provided by the Italian Banking Association (ABI).

- **Excessive Leverage Risk**

The risk of excessive financial leverage represents the risk that a particularly high level of debt relative to the Bank's capital base could render it vulnerable, thereby necessitating the adoption of corrective measures to its Strategic Plan, including the forced or sale of assets, with the recognition of losses that could also lead to impairment charges on the remaining assets.

- **Strategic Risk**

Strategic risk represents the risk of failing to achieve the set objectives in terms of expected financial results due to the volatility of market scenarios (business risk) and errors made in the formulation and execution of the strategy (pure strategic risk). Strategic risk has always presented a high level of management complexity and has required qualitative and scenario-based assessments in order to quantify the possible impacts arising from changes in the operational and/or regulatory environment.

- **Reputational Risk**

Reputational risk represents the current or prospective risk of a decline in profits or capital arising from a negative perception of the Bank's image by various stakeholders (customers, counterparties, shareholders, investors, supervisory authorities, the market in general).

Due to the inherent complexity of its management, this risk requires qualitative assessments and mitigation policies, particularly those implemented before the occurrence of the adverse event.

- **Money Laundering and Terrorist Financing Risk**

The risk of money laundering and terrorist financing is subject to constant monitoring and in-depth analysis by the Bank, taking into account the nature, scale and complexity of the activities carried out, the type of services provided and the countries of origin of the counterparties concerned.

- **ICT and Security Risk**

ICT and security risk relates to the possibility of suffering economic, operational and reputational impacts associated with the use of information and communication technologies; within the integrated presentation of corporate risks, it is classified, depending on the various profiles, among operational, reputational and strategic risks, also including cyber risk.

The Bank has established a structured framework for managing ICT and security risk, with roles, responsibilities and assessment methodologies consistent with

the relevant regulatory framework. In particular, a clear distinction has been formalised between the responsibilities of the first-level ICT function and those of the second-level control functions, assigned to Risk Management and Compliance, within the framework of the policies and methodologies approved by the corporate bodies.

Risk assessment takes into account both outsourced and internal components, using specific models for analysing and measuring residual risk, the results of which may lead to the definition of mitigation measures. The framework is further strengthened by regulatory compliance checks and the monitoring of reputational and data protection profiles related to any ICT incidents.

- **Climate risks and ESG factors**

ESG risk consists of three closely interlinked components (Environment, Social, Governance). Furthermore, it does not represent a 'stand-alone' type of risk, but exerts a cross-cutting influence on the financial and non-financial risks present within the Bank, at various levels. With regard to climate and environmental risks, the definitions of physical risk and transition risk are as follows:

- **physical risk** refers to the economic impact arising from the expected increase in natural events, the occurrence of which can be defined as 'extreme' or 'chronic'. Acute physical risks depend on the occurrence of extreme environmental phenomena (such as floods, heatwaves and droughts) linked to climate change, which increases their intensity and frequency. Chronic physical risks, on the other hand, are caused by climatic events that unfold gradually (e.g. the gradual rise in temperatures and sea levels, the deterioration of ecosystem services and the loss of biodiversity);
- **transition risk** refers to the economic impact arising from the adoption of regulations designed to reduce carbon emissions and promote the development of renewable energy, from technological developments, and from changing consumer preferences and market confidence.

6. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

Subsequent to 31 December 2025, the Board of Directors resolved to apply the extraordinary levy (at a rate of 27.5%) to the restricted capital reserve established in accordance with the regulations on 'windfall profits' in the banking sector.

Based on the balance of the reserve as at 31 December 2025, amounting to approximately €7 million, the contribution has been estimated at approximately €1.9 million. The contribution is non-deductible and will be paid within the standard deadlines applicable to the settlement of income tax for the relevant tax period.

This event results in a corresponding reduction in the reserve and the recognition of a liability to the tax authorities for the amount indicated above; there are no other significant effects on the company's ability to continue as a going concern.

Following the end of the financial year, the international geopolitical situation has also deteriorated significantly as a result of the conflict that erupted in March 2026 in the region affected by tensions between the United States, Israel and Iran.

At the date of preparation of these financial statements, the Bank has no critical exposures to counterparties in the Gulf region indirectly affected by the conflict; however, a high level of vigilance and constant monitoring of developments in the situation remain in place, in order to promptly identify any negative impacts, whether direct or indirect, on the operations, risk profile and economic and financial conditions of counterparties.

7. OTHER INFORMATION

7.1 Research and development

The Bank does not carry out research and development activities.

7.2 Treasury shares

The Bank does not hold any treasury shares in its portfolio.

7.3 Management and coordination

Pursuant to Article 2359 of the Italian Civil Code, Banca UBAE is controlled by the Libyan Foreign Bank, as the latter holds the majority of voting rights exercisable at the ordinary general meeting. Notwithstanding the above, it should be noted that Libyan Foreign Bank does not exercise management and coordination over the Bank and does not influence management, strategic and operational decisions — of a financial and commercial nature — relating to the Bank's affairs.

7.3 Related parties

Information regarding dealings with related parties is contained in section "H" of the Notes to the Financial Statements.

7.4 Sustainability at Banca UBAE – ESG Project

In 2025, the Bank continued to implement the initiatives set out in the three-year plan for alignment on climate and environmental risks, in line with the objectives communicated to the Bank of Italy. During the financial year, governance controls and the system of roles and responsibilities regarding sustainability were further strengthened, as were training activities aimed at corporate bodies and staff.

The Bank also continued to integrate ESG factors into business processes, organisational controls and the risk management system, including by refining activities to identify, monitor and measure the relevant risk profiles. In this context, specific risk indicators were developed and climate, environmental, social and governance factors were progressively integrated into internal control and assessment models and processes.

Finally, voluntary disclosure activities to the market continued, also taking into account developments in the regulatory framework. During 2026, the first reporting requirements under Pillar 3 and taxonomy alignment will also be initiated, based on data as at 31 December 2025.

8. The expected business outlook

The Bank has updated the economic and financial forecasts for the 2026 financial year contained in the 2024–2026 Business Plan, based on the most recent information available, both internal and market-related. This update, incorporated into the 2026 Budget, has led to a revision of commercial and operational strategies, with the definition of updated targets in terms of volumes, profitability and business development.

The 2026 Budget confirms a trajectory of high, solid and recurring earnings, in line with the trends observed in recent financial years, and is based on a prudent approach consistent with the Bank's risk profile.

The guidelines for 2026 confirm Banca UBAE's institutional role in supporting the development of economic and commercial relations between Italy and other European countries, selected African countries – with particular reference to the MENA region – as well as, in a targeted manner, countries in the Middle and Far East. In this context, the Bank is also considering a gradual and selective expansion into further North African countries and, with a prudent approach, certain areas of West Africa, in line with the commercial opportunities identified and the risk controls adopted.

The 2026 Budget is based on a number of key pillars: an overall conservative approach, which takes into account the persistent elements of uncertainty in the international environment; the efficient allocation of own funds; the maximisation of net interest income and income from trade finance operations; the progressive contribution of the Finance Division, in line with the Bank's risk profile; the continuous monitoring of key risk factors, with particular regard to credit risk; and the strengthening of diversification strategies across countries, product lines, client segments and funding sources.

In a context still characterised by significant geopolitical and macroeconomic uncertainties, the Bank therefore intends to continue its growth trajectory in accordance with principles of prudence, selectivity and sustainability, building on its established business segments and geographical areas whilst gradually pursuing new business opportunities, in line with sound and prudent management.

The development guidelines envisaged for 2026 are essentially in line with those already outlined in the 2024–2026 Business Plan and will be further developed as part of the preparation of the new 2027–2029 Business Plan, which will commence in 2026, with the aim of consolidating the Bank's position in its key markets and continuing to improve its performance.

PROPOSAL TO SHAREHOLDERS

Approval of the financial statements as at 31 December 2025 and the allocation of net profit for the year.

Dear Shareholders,

- having examined the Bank's Draft Financial Statements for the year ended 31 December 2025;
- having reviewed the Board of Directors' Report on Operations;
- taking into account the amount of capital resources available as at 31 December 2025;

WE PROPOSE

- to approve the financial statements of Banca UBAE as at 31 December 2025, accompanied by the Directors' Report on Operations, which shows a profit for the year of **€22,608,485**;
- to approve the proposal to allocate 5%, equal to **€1,130,424**, to the "Legal Reserve" (Article 30(A) of the Articles of Association) and the remainder, equal to **€21,478,061**, to the "Retained earnings" reserve.

Following this decision, the Bank's total assets will amount to €265,170,930, broken down as follows:

- Share Capital	Euro	261,185,870
- Legal Reserve	Euro	17,601,181
- Share premium account	Euro	870,226
- IFRS9 FTA reserve from 2018 loss	Euro	(7,757,798)
- IAS FTA reserve from 2005 IAS profit	Euro	305,239
- Revaluation Reserves	Euro	777,134
- <i>Previous Years' Losses</i>	Euro	(83,911,066)
- <i>Reserves ex art 26 DL 104/2023 ("extra-profits tax")</i>	Euro	5,099,761
- <i>Profit for the year surplus</i>	Euro	71,000,383
		265,170,930

Rome, 27 March 2026

THE CHAIRMAN

FINANCIAL STATEMENTS 2025

(AMOUNTS IN EUROS)



Rome Headquarters - Via Quintino Sella, 2

**BALANCE SHEET:
ASSETS**

ITEMS		31/12/2025	31/12/2024
10	Cash and cash equivalents	392,249,071	314,386,389
20	Financial assets measured at fair value through profit or loss	3,633,951	4,196,457
	a) financial assets held for trading	62,267	4,196,457
	c) other financial assets mandatorily measured at fair value	3,571,684	
30	Financial assets measured at fair value through other comprehensive income	8,072,921	3,220,580
40	Financial assets measured at amortised cost	2,452,296,226	2,421,398,402
	a) due from banks	480,376,485	467,532,375
	b) loans to customers	1,971,919,741	1,953,866,027
50	Hedging derivatives	1,639,499	8,627
80	Property and equipment	20,888,879	20,523,183
90	Intangible assets	396,136	474,836
100	Tax assets	30,979,171	32,144,546
	a) current	8,447,774	9,685,832
	b) deferred	22,531,397	22,458,714
120	Other assets	10,932,743	29,704,662
Total assets		2,921,088,597	2,826,057,682

**BALANCE SHEET:
LIABILITIES AND SHAREHOLDERS' EQUITY**

ITEMS		31/12/2025	31/12/2024
10	Financial liabilities measured at amortised cost	2,599,719,888	2,510,516,322
	a) due to banks	1,507,491,162	1,346,880,298
	b) due to customers	1,092,228,726	1,163,636,024
20	Financial liabilities held for trading	182,647	55,218
40	Hedging derivatives	8,868,577	20,099,173
60	Tax liabilities	6,142,532	4,737,168
	a) current	3,755,682	4,244,297
	b) deferred	2,386,850	492,871
80	Other liabilities	22,524,107	27,148,347
90	Employee termination indemnities	374,028	365,257
100	Allowances for risks and charges	18,105,888	18,554,602
	a) commitments and guarantees given	11,742,823	12,156,393
	c) other allowances for risks and charges	6,363,065	6,398,209
110	Valuation reserves	777,134	861,892
140	Reserves	(20,270,785)	(40,898,336)
150	Share premium reserve	870,226	870,226
160	Share capital	261,185,870	261,185,870
180	Net income (loss) (+/-)	22,608,485	22,561,943
Total liabilities and shareholders' equity		2,921,088,597	2,826,057,682

INCOME STATEMENT

INCOME STATEMENT			
ITEMS		31/12/2025	31/12/2024
10	Interest and similar income	109,036,954	114,924,599
	of which: interest income calculated using the effective interest rate method	108,896,523	114,724,020
20	Interest and similar expense	(71,753,645)	(84,275,008)
30	Interest margin	37,283,309	30,649,591
40	Fee and commission income	20,989,253	20,798,254
50	Fee and commission expense	(2,718,843)	(2,915,628)
60	Net fee and commission income	18,270,410	17,882,626
70	Dividend and similar income	1,350	
80	Profits (Losses) on trading	2,190,504	8,608,342
90	Fair value adjustments in hedge accounting	(2,112,481)	(60,571)
100	Profits (Losses) on disposal or repurchase of:	2,551,963	1,810,430
	a) financial assets measured at amortised cost	2,214,464	1,389,979
	b) financial assets measured at fair value through other comprehensive income	337,499	420,451
120	Net interest and other banking income	58,185,055	64,529,031
130	Net losses/recoveries for credit risks associated with:	3,000,723	(14,173,867)
	a) financial assets measured at amortised cost	2,779,342	(14,243,282)
	b) financial assets measured at fair value through other comprehensive income	221,381	69,415
150	Net income from banking activities	61,185,778	50,355,164
160	Administrative expenses:	(34,234,322)	(32,315,128)
	a) personnel expenses	(22,681,367)	(21,520,974)
	b) other administrative expenses	(11,552,955)	(10,794,154)
170	Net provisions for risks and charges	(296,836)	(1,709,006)
	a) commitments and guarantees given	413,569	(1,555,730)
	b) other net provisions	(710,405)	(153,276)
180	Net adjustments to / recoveries on property and equipment	(1,252,790)	(1,193,012)
190	Net adjustments to / recoveries on intangible assets	(172,750)	(196,013)
200	Other operating expenses (income)	68,108	7,532,153
210	Operating expenses	(35,888,590)	(27,881,006)
260	Income (Loss) before tax from continuing operations	25,297,188	22,474,158
270	Taxes on income from continuing operations	(2,688,703)	87,785
280	Income (Loss) after tax from continuing operations	22,608,485	22,561,943
300	Net income (loss)	22,608,485	22,561,943

STATEMENT OF COMPREHENSIVE INCOME

ITEMS		31/12/2025	31/12/2024
10	NET INCOME (LOSS)	22,608,485	22,561,943
	Other comprehensive income (net of tax) that may not be reclassified to the income statement		
70	Defined benefit plans	(2,968)	3,709
	Other comprehensive income (net of tax) that may be reclassified to the income statement		
140	Financial assets (other than equities) measured at fair value through other comprehensive income	(81,790)	(303,285)
170	Total other comprehensive income (net of tax)	(84,758)	(299,576)
180	TOTAL COMPREHENSIVE INCOME (Captions 10 + 170)	22,523,727	22,262,367

**STATEMENT OF CHANGES IN EQUITY -
01.01.2025-31.12.2025**

	Balance as at 31.12.2024	Change in opening balance	Balances as at 01.01.2025	Allocation of profit/loss from previous year		Changes to reserves
				Reserves	Dividends and others	
Share capital						
a) ordinary shares	261,185,870		261,185,870			
b) other shares						
Share premium account	870,226		870,226			
Reserves						
a) from profits	6,041,541		6,041,541			(1,934,392)
b) other	(46,939,877)		(46,939,877)	22,561,943		
Revaluation reserves	861,892		861,892			
Capital instrument						
Treasury stock						
Net profit for the year	22,561,943		22,561,943	(22,561,943)		
Shareholders' equity	244,581,595		244,581,595			

Intervening variations							Shareholders' Equity as at 2025
Changes to Equity						Comprehensive Net Income 2025	
New Shares issued	Treasury stock bought	Extraordinary dividends paid	Changes to capital instruments	Derivatives on treasury stock	Stock options		
							261,185,870
							870,226
							4,107,149
							(24,377,934)
						(84,758)	777,134
						22,608,485	22,608,485
						22,523,727	265,170,930

STATEMENT OF CHANGES IN EQUITY -
01.01.2024-31.12.2024

	Balance as at 31.12.2023	Change in opening balance	Balances as at 01.01.2024	Allocation of profit from previous year		Changes to reserves
				Reserves	Dividends and others	
Share capital						
a) ordinary shares	261,185,870		261,185,870			
b) other shares						
Share premium account	870,226		870,226			
Reserves						
a) from profits	6,041,541		6,041,541			
b) other	(70,766,285)		(70,766,285)	23,826,408		
Revaluation reserves (1)	1,161,468		1,161,468			
Capital instrument						
Treasury stock						
Net profit for the year (1)	23,826,408		23,826,408	(23,826,408)		
Shareholders' equity	222,319,228		222,319,228			

Intervening variations							Shareholders' Equity as at 2024
Changes to Equity						Comprehensive Net Income 2024	
New Shares issued	Treasury stock bought	Extraordinary dividends paid	Changes to capital instruments	Derivatives on treasury stock	Stock options		
							261,185,870
							870,226
							6,041,541
							(46,939,877)
						(299,576)	861,892
						22,561,943	22,561,943
						22,262,367	244,581,595

CASH FLOW STATEMENT

Indirect Method	31/12/2025	31/12/2024
A OPERATING ACTIVITIES		
1 Operations	23,070,569	29,713,033
- profit (loss) for the period (+/-)	22,608,485	22,561,943
Net impairment adjustments	(3,000,723)	14,173,867
- net impairment losses/reversals on property, plant and equipment and intangible assets (+/-)	1,425,540	1,389,025
- net allocations to provisions for risks and charges and other expenses/income (+/-)	(448,714)	399,699
- unpaid taxes, duties and tax credits (+/-)	2,570,739	(8,511,925)
- other assets	(84,758)	(299,576)
2 Liquidity generated (absorbed) by financial assets	(15,045,889)	(583,707,363)
Financial assets held for trading	562,506	792,439
- financial assets at fair value through other comprehensive income	(4,852,341)	10,552,602
- financial assets measured at amortised cost	(27,897,101)	(588,816,415)
- other liabilities	17,141,047	(6,235,989)
3 Liquidity generated (absorbed) by financial liabilities	73,484,930	701,110,643
- financial liabilities measured at amortised cost	89,203,566	711,299,439
- financial liabilities held for trading	127,429	4,767
- other liabilities	(15,846,065)	(10,193,563)
Net liquidity generated (absorbed) by operating activities	81,509,610	147,116,313
B INVESTMENT/DIVESTMENT ACTIVITIES		
2 Liquidity absorbed by:	(1,712,536)	(1,289,378)
Purchase of tangible fixed assets	(1,618,486)	(1,009,077)
Purchase of intangible fixed assets	(94,050)	(280,301)
Net liquidity generated (absorbed) by investment/divestment activities	(1,712,536)	(1,289,378)
C FUNDING	(1,934,392)	
Distribution of dividends and other	(1,934,392)	
Net liquidity generated (absorbed) by funding activities	(1,934,392)	
NET LIQUIDITY GENERATED (ABSORBED) DURING THE YEAR	77,862,682	145,826,935
Reconciliation	31/12/2025	31/12/2024
Cash and cash equivalents at start of year	314,386,389	168,559,454
Net liquidity generated/absorbed during the year	77,862,682	145,826,935
Cash and cash equivalents: effect of exchange rate variations		
Cash and cash equivalents at the year end	392,249,071	314,386,389



Meeting room of the Milan branch

PART A

ACCOUNTING POLICIES

A.1 – GENERAL INFORMATION

The financial statements of Banca UBAE S.p.A. for the year ended 31 December 2025, in accordance with Legislative Decree No. 38 of 28 February 2005, have been prepared in accordance with the International Accounting Standards – International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) – issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Commission and in force at the date of the financial statements.

The IFRS have also been applied with reference to the "systematic framework for the preparation and presentation of financial statements" (Framework).

The financial statements have been prepared in accordance with the instructions contained in Bank of Italy Circular No. 262 of 22 December 2005, "Bank financial statements: formats and rules for compilation", 8th update of 17 November 2022.

On xx/03/2026, the Directors approved the draft financial statements and made them available to the Shareholders in accordance with the terms of Article 2429 of the Italian Civil Code. These financial statements will be submitted for approval to the Shareholders' Meeting on 30/04/2026 (first call) and 12/05/2026 (second call) and will be filed within the terms provided for in Article 2435 of the Italian Civil Code. The Shareholders' Meeting has the power to make changes to these financial statements. For the purposes of IAS 10.17, the date taken into consideration by the Directors in preparing the Financial Statements is 27/03/2026, the date of approval of the Draft by the Board of Directors.

Section 1 – Statement of compliance with international accounting standards

In accordance with IAS 1 §14, we certify that the financial statements of Banca UBAE for the year ended 31 December 2025 comply with all IAS/IFRS international accounting standards, including the interpretative documents of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), in force at the date of approval of the financial statements and endorsed by the European Commission.

For the interpretation and application of the new international accounting standards, reference was also made to the Framework for the Preparation and Presentation of Financial Statements issued by the IASB.

Section 2 – General principles of preparation

The Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and these Notes to the Financial Statements, and

are accompanied by the Directors' Report on the performance and financial position of Banca UBAE. The accounts in the Financial Statements correspond to the company's accounting records.

The financial statements have been prepared on a going concern basis and in accordance with the following general principles of preparation:

- *principle of truth, fairness and completeness in the presentation of the financial position, results of operations and cash flows;*
- *accrual basis of accounting;*
- *principle of consistency of presentation and classification from one financial year to another;*
- *the principle of substance over form;*
- *the principle of prudence in exercising the judgements necessary to make the estimates required in conditions of uncertainty, so that assets or revenues are not overestimated and liabilities or costs are not underestimated, without this leading to the creation of hidden reserves or excessive provisions;*
- *principle of neutrality of information;*
- *principle of relevance/significance of information.*

In preparing the financial statements, the formats and rules for compilation set out in Bank of Italy Circular No. 262 of 22 December 2005, updated on 17 November 2022, were observed, as well as the additional requests for information and additions indicated in subsequent clarifications from the Bank of Italy. In addition, supplementary information deemed appropriate to supplement the presentation of the financial statement data was provided, even though not specifically required by law.

The balance sheet and income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement are prepared in euros, while the notes to the financial statements, unless otherwise indicated, are expressed in thousands of euros. For comparative purposes, the financial statements and, where required, the tables in the Notes to the Financial Statements also include data for the previous financial year.

Assets and liabilities, costs and revenues are not offset against each other, unless this is permitted or required by international accounting standards or by the provisions contained in the latest update of "Circular 262".

The balance sheet, income statement and statement of comprehensive income do not include accounts that do not show amounts for either the financial year to which the financial statements refer or the previous financial year. If an asset or liability Caption falls under more than one Caption in the balance sheet, the notes to the financial statements highlight its reference to Captions other than the one in which it is recorded, if this is necessary for the understanding of the financial statements.

In the income statement and the relevant section of the Notes to the Financial Statements, revenues are shown without a sign, while costs are shown in brackets.

In the statement of comprehensive income, negative amounts are shown in brackets. The Notes to the Financial Statements do not include the Captions and tables required by Bank of Italy Provision No. 262/2005 relating to Captions not applicable to Banca UBAE.

The criteria adopted for the preparation of the financial statements remain unchanged from those used for the previous year's financial statements.

Following international consultations between regulatory bodies, governments and bodies responsible for preparing and interpreting accounting rules, in March 2009 the IASB approved an amendment to IFRS 7 in order to improve disclosures on fair value measurement and reinforce the previous disclosure requirements on liquidity risk associated with financial instruments.

In a nutshell, with reference to:

- the criteria for determining the fair value of financial instruments, the amendments introduce disclosure requirements, based on the provisions of SFAS 157, in terms of a three-level fair value hierarchy determined on the basis of the significance of the inputs to the measurements;
- liquidity risk, a new definition of liquidity risk is introduced (as "the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivery of cash or other financial assets") and greater disclosure, including quantitative disclosure, is required on how liquidity is managed with in r derivative instruments.

The main innovation introduced by the amendment to IFRS 7 is the introduction of the concept of fair value hierarchy (hereinafter also referred to as "FVH"), divided into three different levels (Level 1, Level 2 and Level 3), in descending order of observability of the inputs used to estimate fair value. For the criteria for determining fair value, reference should be made to the specific notes in section 4 below.

Section 3 – Events after the balance sheet date

With regard to events after the balance sheet date, please refer to the section "**Significant events after the end of the financial year**".

Information on going concern

With regard to the going concern perspective, it should be noted that, in accordance with the guidelines provided in Document No. 4 of 3 March 2010 issued jointly by the Bank of Italy, Consob and Isvap, concerning "Information to be provided in financial reports on impairment tests" on the contractual clauses of financial debts, debt restructuring and the "fair value hierarchy", which refers to the corresponding Document No. 2 also issued jointly by the three Authorities on 6 February 2009, the Bank has a reasonable expectation of continuing its operations in the foreseeable future and has therefore prepared its financial statements on a going concern basis. More detailed information on the main issues and variables existing in the market is published in the Directors' Report on Operations.

Section 4 – Other aspects

Pursuant to Articles 14 and 16 of Legislative Decree No. 39 of 27 January 2010, the Financial Statements are subject to statutory audit by KPMG S.p.A., which was appointed for the period 2021-2029 by the Shareholders' Meeting on 18 May 2021. The annual fee set at the time of appointment is €64,000 plus VAT.

4.1 Amendment to the accounting standards and principles approved by the European Commission

During 2025, the following amendment to the accounting standards, approved by the European Commission, came into force:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Non-Exchangeability (EU Reg. 2024/2862) – applicable to financial statements for financial years beginning on or after 1 January 2025.

In the previous financial year 2024 (already applied in the 2024 financial statements and confirmed in these 2025 financial statements), the following amendments, among others, came into force:

- Amendments to IFRS 16 Leases: lease liabilities in sale and leaseback transactions (EU Reg. 2023/2579) – applicable to financial statements for financial years beginning on or after 1 January 2024.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (EU Reg. 2023/2822) – applicable to financial statements for financial years beginning on or after 1 January 2024.

- Amendments to IAS 7 Cash Flow Statements and IFRS 7 Financial Instruments: Disclosures: Supply Financing Arrangements (EU Reg. 2024/1317) – applicable to financial statements for financial years beginning on or after 1 January 2024.

The adoption of the above amendments did not have a significant impact on the balances reported in the balance sheet and income statement, nor did it have a significant effect on the financial statements.

As at the date of approval of the draft financial statements (xx/03/2026), the following documents have also been approved by the European Commission (but are applicable, at the latest, from financial years beginning on or after 1 January 2026):

- Amendments to IFRS 9 and IFRS 7 – Amendments to the classification and measurement of financial instruments (EU Reg. 2025/1047).

- Amendments to IFRS 9 and IFRS 7 – Nature-dependent electricity contracts (Reg. EU 2025/1266).

- Annual improvements to IFRS Accounting Standards – Volume 11 (EU Reg. 2025/1331).

With regard to the documents applicable from 2026, the Bank is completing its impact assessments; at present, no significant effects on the financial position and results of operations are expected.

On the same date, the following document was also approved by the European Commission (but applicable from financial years beginning on or after 1 January 2027):

- IFRS 18 Presentation of Financial Statements (EU Reg. 2026/338) – applicable to financial statements for financial years beginning on or after 1 January 2027 (early application permitted).
Finally, at the date of approval of the Draft Financial Statements (xx/03/2026), the IASB issued additional standards and amendments whose application remains subject to completion of the endorsement process by the European Union, including:
 - IFRS 19 Subsidiaries without public accountability: Disclosure (issued on 9 May 2024) – applicable to financial statements for financial years beginning on or after 1 January 2027.
 - Amendments to IFRS 19 Public-sector entities: Disclosure (issued on 21 August 2025) – applicable to financial statements for financial years beginning on or after 1 January 2027.
 - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025) – applicable to financial statements for periods beginning on or after 1 January 2027.

4.2 Statement of comprehensive income

The Statement of Comprehensive Income, introduced in 2009 and prepared in light of the amendments to IAS 1, includes Captions of revenue and expense which, in accordance with International Accounting Standards, are not recognised in the income statement but are recognised in equity.

Comprehensive income therefore expresses the change in equity during a financial year, deriving both from business transactions that currently form the operating result and from other transactions net of tax effects, such as changes in the value of securities classified in the FVOCI portfolio, tangible and intangible assets, hedging of foreign investments and cash flows, exchange rate differences and actuarial gains or losses on defined benefit plans for employees, recognised in equity on the basis of a specific accounting principle.

4.3 Use of estimates and assumptions in the preparation of the financial statements (with specific reference to the provisions of IAS 1 paragraph 125 and document no. 2 of 6 February 2009 issued jointly by the Bank of Italy/CONSOB/IVASS).

The preparation of the financial statements requires the use of estimates and assumptions that may have a significant impact on the amounts recognised in the balance sheet and income statement, as well as on the disclosures relating to contingent assets and liabilities included in the financial statements.

The preparation of these estimates involves the use of information available at the balance sheet date and the adoption of subjective judgements, based in part on historical experience, for the purpose of formulating reasonable assumptions for the recognition of operating events.

By their very nature, the estimates and assumptions used may vary over time; it cannot therefore be ruled out that, in subsequent financial years, the amounts recognised in the financial statements may differ, even significantly, as a result of

changes in the assessments adopted.

The main areas in which the Board of Directors is most frequently required to make subjective judgements concern:

- the quantification of impairment losses on receivables and, more generally, on other financial assets;
- the determination of the fair value of financial instruments for the purposes of financial reporting;
- the use of valuation models to estimate the fair value of financial instruments not quoted on active markets;
- the quantification of provisions for employee benefits and provisions for risks and charges;
- estimates and assumptions regarding the recoverability of deferred tax assets.

With particular reference to the determination of expected credit losses (ECL), estimates are influenced by factors of uncertainty linked to the evolution of the macroeconomic environment and the use of forward-looking scenarios, as well as the prospective behaviour of creditworthy counterparties, whose future performance cannot be determined with precision at the balance sheet date.

In accordance with the provisions of IAS 1, paragraph 129, the main sources of uncertainty in the estimates are therefore the performance of prospective macroeconomic scenarios and their possible alternative developments. Qualitative disclosures regarding these elements are provided in these Notes to the Financial Statements; no quantitative sensitivity analyses have been prepared, as, at present, such analyses would not provide significantly more reliable information, given the nature of the underlying variables and the high degree of uncertainty characterising them.

The description of the accounting policies applied to the main financial statement aggregates provides the necessary details to identify the key assumptions and subjective judgements used in the preparation of the financial statements. For further detailed information regarding the composition and carrying amounts of the Captions affected by the estimates in question, please refer to the relevant sections of the Notes to the Financial Statements..

4.4. Information to be provided in financial reports on impairment tests (with specific reference to the provisions of 14539 and the joint Bank of Italy/Consob/Ivass document no. 4 of 3 March 2010).

With reference to the criteria used for the valuation of securities classified as HTC&S, the Board of Directors assesses, at the time of closing the financial statements, the existence of objective evidence of non-temporary impairment.

4.5 Contributions to deposit guarantee schemes and resolution mechanisms

In 2024, 2025 and 2026, the Single Resolution Board has announced that no ordinary (ex ante) contributions to the Single Resolution Fund are expected to be collected, given that the Fund's target level has been reached and maintained; the target level will be reviewed again at the beginning of 2027. However, contributions may still be required in specific circumstances or in the event of resolution actions requiring the use of the Fund.

Despite the absence of ordinary levies, the Bank has continued to provide the National Resolution Authority with the information requested for the purposes of monitoring and determining any future contributions, in accordance with the timetable communicated.

4.6 ECL disclosure

, the EDFx tool provided by Moody's, is used to calculate the internal score (an alphanumeric score assigned internally to each counterparty) and the PD PIT for each counterparty. These parameters are calculated when the Credit Department grants/renews credit facilities on the basis of financial data (financial statements) and qualitative considerations (qualitative overlays). Starting with the 2025 financial statements, the Bank has also applied an add-on based on climate factors, based on the ESG scores assigned to each counterparty granted credit; this climate/ESG add-on is applied as an overlay to the risk parameters used in the calculation of ECL, in order to incorporate, from a forward-looking perspective, the estimated climate risk component on counterparties granted credit.

LGD PIT data are differentiated by debt seniority (the prevailing seniority for the Bank is 'unsecured term loan') and are essentially derived from a PD-LGD correlation model within the Impairment Studio tool provided by Moody's Analytics.

For the purposes of calculating expected credit losses (ECL), i.e. accounting write-downs, macroeconomic scenarios are applied to the risk parameters to enable their recalculation from a forward-looking perspective.

Starting in June 2022, the Bank replaced the custom models provided by Moody's (MAKS team – Moody's Analytics Knowledge Services) with the standard solution (Impairment Studio). The reasons behind this decision lie in the opportunity to have a solution capable of offering more accurate data, thanks to the greater granularity of the macroeconomic variables analysed (by individual country rather than by geographical area) and the larger data sample.

With regard to the macroeconomic scenarios to be applied in order to project point-in-time parameters over time and transform them into forward-looking data, in light of the international economic context, the Bank has prudently decided to confirm the

application of the following combined scenario: 40% baseline scenario + 20% upside + 40% downside.

A.2 Main balance sheet Captions

1 - Financial activities assessed at fair value with impact on income statement (FVTPL)

(a) Classification criteria

Financial assets held for trading are classified in this category as financial instruments held with the intent of generating short-term profits deriving from changes in the prices of such instruments and derivative contracts not designated as hedging (HTS business model), in particular:

- debt securities (listed/not listed);
- capital securities (listed);
- capital securities (not listed) only when their fair value can be determined reliably;
- derivative contracts (except for those designated as hedging instruments) which have a positive fair value at the balance sheet date; if the fair value of a derivative contract subsequently becomes negative, it is accounted for under financial liabilities held for trading.

This Caption also includes financial assets that are mandatorily valued at fair value, represented by financial assets that do not meet the requirements for measurement at amortised cost or at fair value with an impact on the overall profitability (i.e. SPPI test not passed) or that are not held as part of an HTS business model, and financial assets designated at fair value, i.e. financial assets as defined at the time of initial recognition. In relation to this case, an entity can irrevocably designate an entry for a financial asset as measured at fair value with an impact on the income statement if, and only if, an appreciable inconsistency is significantly reduced accordingly.

Derivative is a financial instrument or other contract having at the same time the following characteristics:

- a) its value changes in response to changes in a specific interest rate, the price of a financial instrument, the price of a commodity, the exchange rate of a foreign currency, a price or rate index, a credit rating or a credit index or other variables;
- b) does not require an initial net investment or requires an initial net investment lower than what would be required by other types of contracts from which similar responses can be expected to varying market factors;
- c) will be settled at a future date.

The category consists of financial and credit derivatives.

The financial derivatives category includes forward purchase and sale contracts for securities and currencies, derivative contracts with underlying security and those without underlying security linked to interest rates, indices or other assets, as well as derivative contracts on currencies.

Derivative contracts also include those that may be incorporated in other complex financial instruments, and have been recognised separately from the host instrument as such:

- the economic characteristics and risks of the embedded derivative are not strictly correlated with the economic characteristics and risks of the primary contract;
- the embedded instruments, even if separated, satisfy the definition of a derivative;
- the hybrid instruments to which they belong are not valued at fair value with changes in value shown in the income statement.

The Caption also includes equity investments subject to significant influence or joint control (respectively, IAS 28 and IFRS 10) which enable them to be assigned to this portfolio.

Reclassifications to other categories of financial assets are only possible if the entity changes its business model for the management of financial assets. In such cases, which are likely to be very infrequent, financial assets may be reclassified from the category measured at fair value with impact on the income statement into one of the other two categories envisaged by IFRS 9 ("financial assets valued at amortised cost" or "financial assets measured at fair value with an impact on total profitability"). The transfer value is represented by the fair value at the time of the reclassification. The reclassification date and its value will be considered for the calculation of the effective interest rate of the reclassified asset and for the allocation activity in the various stages of credit risk during the assignment stage.

(b) Registration criteria

The initial recognition of debt and equity securities occurs at the "settlement date" while the derivative instruments are recognised at the "registration date".

The initial value is equal to the cost (purchase price) understood as the fair value of the instrument, without considering any transaction costs or income directly attributable to the instrument itself, which are recorded in the income statement.

(c) Valuation criteria

Subsequent to initial recognition, financial assets held for trading are measured at fair value with recognition of the changes found in the income statement under Caption 80 "Net result from trading activities".

For the determination of the fair value of financial instruments listed on an active market, market quotations are used.

An active market is defined as one where the prices, which reflect normal market transactions, are promptly and regularly available through stock exchanges, brokers, intermediaries, companies in the sector, listing services or authorised bodies, and express the price of effective and regular market transactions taking place in a normal reference period.

With regard to securities, the Bank has identified two conditions for a security to be considered listed on an active market, namely:

- the security must be traded on a regulated market or in an alternative trading system; the listing on a regulated market, therefore, is not in itself a condition that is necessary or sufficient to define an active market;
- the price expressed by that market must be "significant", that is the result of regular and effective transactions between counterparties who freely decide to buy and sell and are not forced to do so by their particular stressful conditions.

In the absence of an active market, for the purposes of determining the fair value of the securities, all relevant market information is considered that are in some way available especially, where possible, parameters directly observable on the market such as: prices of recent transactions or contributions and/or market quotations available at the valuation date, even if related to a market considered not active; valuations provided by the issuer or a calculation agent or in any case by an external valuation service, even if, since these are not prices deriving from actual market transactions, they are considered with particular caution and subject to verification by the Bank; mark-to-model valuations, carried out by discounting the expected future cash flows of the security taking into account all the available information.

With regard to other financial instruments, i.e. unlisted derivatives, the fair value corresponds to the presumable replacement cost obtained from the price of listed derivative contracts with identical characteristics (for underlying, working price and maturity) or discounting future financial flows (certain or estimated) at market rates measured by information circuits normally used internationally and/or applying best-practice valuation models.

(d) Cancellation criteria

Financial assets held for trading are derecognised when the contractual rights on the cash flows deriving from them expire or when the financial assets are sold with the substantial transfer of all the risks and benefits associated with them.

Financial assets sold are derecognised even when the bank retains the contractual right to receive the financial flows deriving from them, but at the same time it assumes the contractual obligation to pay such funds to third parties.

Securities received as part of a transaction that contractually provides for the subsequent sale, and securities delivered as part of a transaction that contractually provides for repurchase, are not recorded or written off in the financial statements.

2 - Financial activities assessed at fair value with impact on overall profitability (FVOCI)

(a) Classification criteria

This category includes financial activities that meet the following conditions at the same time:

- a) the financial activity is held according to a business model whose objective is achieved both by collecting the cash flows provided for in the contract or by selling ("Hold-to-Collect-and-Sell" business model);
- b) the contractual terms of the financial activity provide, at certain dates, for financial flows represented solely by payments of principal and interest on the amount of outstanding principal to be repaid (i.e.SPPI test passed).

The category also includes capital instruments, not held for trading purposes, for which at the time of initial recognition the option was taken for fair value designation with impact on the overall profitability.

The following Captions are therefore included under this heading:

- a) debt securities according to a Hold-to-Collect-and-Sell business model which have passed the SPPI test;
- b) shareholdings, which cannot be qualified for control, connection and joint control, which are not held for trading, for which the option has been taken for designation at fair value with impact on overall profitability;
- c) financial activities according to a Hold-to-Collect-and-Sell business model, which have passed the SPPI test.

Reclassifications to other categories of financial assets are only possible if the entity changes its business model for the management of financial assets. In such cases, which are likely to be very infrequent, financial assets may be reclassified from the category measured at fair value with impact on the income statement into one of the other two categories envisaged by IFRS 9 ("financial assets valued at amortised cost" or "financial assets measured at fair value with an impact on total profitability"). The transfer value is represented by the fair value at the time of the reclassification. In the case of reclassification from the category in question to that of amortised cost, the cumulative gain (loss) recorded in the valuation reserve is adjusted to reflect the fair value of the financial asset at the date of the reclassification. In the case of reclassification in the fair value category with impact on the income statement, the

cumulative gain (loss) recorded previously in the valuation reserve is reclassified from equity to profit (loss) for the year.

b) Registration criteria

The initial registration of debt and equity securities occurs at the "settlement date" and at the disbursement date for loans.

Financial instruments are recognised at the time of initial registration at a value equal to the fair value generally coinciding with the cost (purchase price) including any transaction costs or income directly attributable to the instruments themselves.

c) Valuation criteria

Following initial recognition, financial assets are measured at fair value with the recognition in the income statement of the instrument's remuneration calculated on the basis of the IRR method, while changes in fair value are recognised in a specific equity Caption called "Reserve from evaluation" until the financial asset is cancelled or a loss in value is recorded; at the time of disposal, the accumulated profit or loss is then written off on the income statement.

The equity instruments for which the choice was made for classification in this category are assessed at fair value; however, the amounts recognised as a contra-entry to the shareholders' equity (statement of comprehensive income) must not subsequently be transferred to the income statement, even in the case of sale. The only component referable to the equity instruments in question that is recognised in the income statement is represented by the related dividends. The fair value is determined on the basis of the criteria already illustrated for financial assets measured at fair value with an impact on the income statement.

Financial assets valued at fair value with an impact on the overall profitability – in the form of debt securities and loans – are subject to verification of the significant increase in credit risk (impairment) required by IFRS 9, like the assets at amortised cost, with the consequent recognition in the income statement of a value adjustment to cover expected losses.

All instruments are classified into three categories:

- a) financial activities that are performing in line with expectations (stage 1 assigned on origination date);
- b) financial activities that are performing significantly below expectations (stage 2 –performing elements (bonis) that have registered a deterioration of their creditworthiness);
- c) non-performing activities: stage 3 or non-performing (NP).

Classification must be based on the performance of the counterparty's creditworthiness. Credit worthiness on the date on which the credit is incurred must

be compared with the credit rating at the valuation date. For the activities included in the first class of merit, a valuation process must be applied to expected losses over a 12-month time span. For activities in classes two and three, the evaluation process must be applied over the instrument's entire life. The process for classes 1 and 2 is generic, while it is analytical for NP positions (3).

Capital securities are not subject to the impairment process.

d) Cancellation criteria

Financial assets are derecognised when the contractual rights on the financial flows deriving from them expire or when the financial assets are sold, transferring all the risks and benefits associated with them. The economic result deriving from the sale of financial assets is charged to the income statement, except for equity instruments.

3 - Financial activities at amortised cost

(a) Classification criteria

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

- a) the financial asset is held according to a business model whose objective is achieved by collecting the cash flows provided for in the contract ("Hold-to-Collect" business model);
- b) the contractual terms of the financial activity provide, at certain dates, for financial flows represented solely by payments of capital and interest on the outstanding amount of the principal to be repaid (i.e.SPPI test passed).

Assuming the two requisites above have been met, this category includes:

- a) commitments with banks in various technical forms;
- b) commitments with customers in various technical forms;
- c) debt securities.

Reclassifications to other categories of financial assets are only possible if the entity changes its business model for the management of financial assets.

In such cases, which are likely to be very infrequent, financial assets may be reclassified from the category valued at amortised cost into one of the other two categories envisaged by IFRS 9 ("financial assets measured at fair value with impact on the income statement" or "financial assets valued at fair value with impact on overall profitability").

The transfer value is represented by the fair value at the time of the reclassification. In the event of reclassification from the category in question to fair value with impact on the income statement, the cumulative profit (loss) will be shown in the income statement. In the case of reclassification in the fair value category with an impact on total profitability, the cumulative gain (loss) will be recorded in the specific valuation reserve under shareholders' equity.

(b) Registration criteria

The initial registration of receivables takes place on the date of disbursement or, in the case of a debt security, on the settlement date, based on the fair value of the financial instrument that is equal to the amount disbursed, or subscription price, inclusive of costs or income directly attributable to the same and determinable from the beginning, even if liquidated at a later date. All charges that are reimbursed by the debtor counterparty or which are attributable to internal administrative costs are excluded. For credit transactions that may be concluded under conditions other than market conditions, the fair value is determined using specific valuation techniques; the difference with respect to the amount disbursed or to the subscription price is shown directly on the income statement.

(c) Valuation criteria

Following initial registration, financial assets held to maturity are measured at amortised cost using the effective interest rate method. The result deriving from the application of this method is shown on the income statement under Caption 10 (interest income and similar income). Profits or losses referring to these assets are recognised in the income statement when the assets are cancelled or impaired.

At the time of preparing the financial statements or interim reports, the positions in this category are subject to impairment with recognition in the income statement of the identified value adjustments.

All the instruments are classified into three categories:

- financial activities that are performing in line with expectations (stage 1 assigned on origination date);
- activities that are performing significantly below expectations (stage 2 - bonis that have registered a deterioration of their creditworthiness, with expirations above 30 days or subject to the granting of tolerance measures - forbearance);
- deteriorated activities (stage 3 or non-performing).

Classification must be based on the performance of the counterparty's creditworthiness. Credit worthiness on the date on which the credit is incurred must be compared with the credit rating at the valuation date. For the activities included

in the first class of merit, a valuation process must be applied to expected losses over a 12-month time span. For the activities in classes two and three, the evaluation process must be applied over the entire residual life of the instrument. The process for classes 1 and 2 is generic, while it is analytical for non-performing positions (stage 3). The financial assets in question, where they are performing (stage 1 and 2) are subject to an assessment, aimed at defining the value adjustments to be recorded in the financial statements, at the level of individual credit (or "tranches"), according to the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD). The assessment also takes into account the guarantees received for the purposes of credit risk mitigation.

The valuation model for the generic fund is established according to the following formula:

$$ECL = EAD \times PD \times LGD$$

where:

ECL = Expected Credit Loss

EAD = Exposure At Default

PD = Probability of Default

LGD = Loss Given Default

The collective write-downs of securities and receivables are therefore calculated according to the following principles:

- at each reporting date, if the credit risk of a financial instrument is not significantly increased with respect to the disbursement or purchase date (stage 1), the expected loss for such financial instrument should be measured as the amount of expected losses in the following 12 months;
- at each reporting date, if the credit risk of a financial instrument is significantly increased compared to the date of disbursement or purchase (stage 2), the expected loss for such financial instrument is measured as the amount of expected losses in the instrument's residual life (lifetime);

For the purposes of staging financial assets, each activity in the origination is classified in "stage 1" and subsequently:

- in the field of securities, evidence of a significant increase in credit risk (and therefore the security's transfer to "stage 2") – worsening by two notches of the rating assigned to the instrument by external rating agencies, together with a final speculative rating level;
- in the field of loans, the deterioration of the original rating expressed in percentage terms (internally defined and differentiated by class of scores) is considered evidence of a significant increase in credit risk.

The PDs used are estimated starting from PD point-in-time data (based on quantitative and qualitative information and data) to which a combined macroeconomic scenario is applied that determines the forward-looking PD for each counterparty or issuer.

The LGDs used are estimated on the basis of the time series and (using macroeconomic models) are transformed from "point-in-time" into "forward-looking". These data are differentiated by type of counterparty and by technical form of the exposure and can be adjusted according to the guarantees received.

For the classification of impaired exposures in the various risk categories (non-performing loans, probable defaults, past-due and/or overdue impaired exposures), the Bank refers to the regulations issued by the Banca d'Italia and the EBA guidelines on the management of NPLs. Impaired loans are subject to an analytical evaluation process regardless of amounts. The amount of the value adjustment to be made to each credit is equal to the difference between the book value of the same at the time of valuation (amortised cost) and the present value of expected future cash flows, calculated by applying the original effective interest rate. Expected cash flows take into account recovery forecasts, estimated recovery times and the presumed realisation value of any guarantees. Cash flows relating to receivables whose recovery is expected within a short period are not discounted. The original effective rate of each loan remains unchanged over time even if a restructuring of the relationship has taken place which has led to the change in the contractual rate and even if the relationship becomes, in practice, non-interest bearing. The losses in value are shown on the income statement.

d) Cancellation criteria

Financial assets measured at amortized cost are derecognised from the financial statements when the contractual rights to the cash flows deriving from them expire or when the financial assets are sold with the substantial transfer of all the risks and benefits connected to them.

4. Hedging operations

(a) Classification criteria

Risk hedging transactions are aimed at neutralizing potential losses, attributable to a specific risk, and detectable on a specific element or group of elements, in the event that that particular risk should actually occur. Upon introduction, IFRS 9 envisages the possibility of continuing to fully apply the provisions of the previously existing IAS 39 on the subject of "hedge accounting" (in the carved-out version approved by the European Commission) for each type of hedge (both for hedges specifications and for macro hedging).

(b) Enrollment Criteria

Derivative hedging instruments, like all derivatives, are initially recorded and subsequently measured at fair value.

(c) Evaluation criteria

Hedging derivatives are valued at fair value. In the case of fair value hedging, the change in the fair value of the hedged Caption is offset against the change in the fair value of the hedging instrument. This compensation is recognized through the recognition in the income statement - under Caption 90 "Net result of hedging activities" - of the changes in value, referring both to the hedged element (as regards the changes produced by the underlying risk factor), and to the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, consequently constitutes the net economic effect. The derivative instrument is designated as a hedge if there is formalized documentation of the relationship between the hedged instrument and the hedging instrument and if it is effective when the hedging begins and, prospectively, throughout its life. 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. Therefore, the effectiveness is determined by comparing the aforementioned changes, taking into account the intent pursued by the company at the time the hedge was put in place. In the event of ineffectiveness of the hedge, the accounting of the hedging transactions, according to the above, is interrupted, the hedging derivative contract is reclassified among trading instruments and the hedged financial instrument reacquires the valuation criterion corresponding to its classification in the financial statements.

5 – Tangible assets

(a) Classification criteria

These are material assets (property, technical plant, furniture, furnishings and equipment of all kinds) held for functional use and which are expected to be used for more than one period. Tangible assets also include real estate investments and costs for improvements to third party assets, when they are separable from the assets themselves if such costs do not have autonomous functionality and usability but expect future benefits from them, are included in "other assets" and are amortised over the shortest period between that of foreseeable usability of the improvements and that of the residual duration of the lease.

(b) Registration criteria

Tangible assets are recorded at purchase cost including any accessory charges directly attributable to the purchase and commissioning of the asset. Extraordinary maintenance costs that result in an increase in future economic benefits are recognised as an increase in the value of the assets, while ordinary maintenance costs are shown on the income statement.

c) Evaluation criteria

Tangible assets are valued at cost, less depreciation and losses due to impairment. Depreciation is determined systematically according to a linear criterion on the basis of the residual useful life of the assets. The acquired land incorporated into the value of the building held "terra-cielo" is not subject to depreciation.

(d) Cancellation criteria

A tangible asset is eliminated from the balance sheet upon disposal, or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal. Capital gains and losses deriving from the disposal or withdrawal of tangible assets are determined as the difference between the net sale price and the book value of the asset and are recorded in the income statement on the same date on which they are eliminated from the accounts.

(e) Criteria for recording income components

Depreciation is recognized in the income statement. In the presence of indications demonstrating a potential loss due to reduction in value of an element of tangible assets, a comparison is made between the book value and the recoverable value, the latter being equal to the higher of the value in use, understood as current value of future flows originating from the asset, and the fair value net of disposal costs; any negative difference between the book value and the recoverable value is recognized

in the income statement. If the reasons that led to a value adjustment no longer exist, a recovery of the latter is recorded in the income statement; following the write-backs, the book value cannot exceed the value that the asset would have had, net of depreciation calculated in the absence of previous losses due to reduction in value.

6 – Intangible assets

(a) Classification criteria

IAS 38 defines intangible assets as non-monetary assets, without physical consistency, but identifiable anyway, used in the performance of long-term business activities. The characteristics necessary to meet the definition of intangible assets are:

- being identifiable;
- having full control of the resource;
- existence of future economic benefits.

In the absence of one of the above characteristics, the expense to acquire or generate the same resource internally is recognised as a cost in the financial year in which it was incurred. Intangible assets include software with long-term use and goodwill with start-up costs.

Goodwill is classified in intangible assets. It represents the positive difference between the purchase cost and the fair value of the assets and liabilities acquired as part of the combination transactions.

The other intangible assets are recorded as such if they are individually identifiable and originate in legal and contractual rights.

(b) Registration criteria

Intangible assets are recorded at purchase cost including any accessory charges and subsequent costs incurred to increase their initial economic functions.

(c) Valuation criteria

Intangible assets with a limited duration are valued according to the cost principle, net of amortisation and depreciation as governed by IAS 38.

At each balance sheet date or infra-annual report, in the presence of situations showing the existence of lasting impairments, the compilers proceed to estimate the recoverable value of the asset entered on the income statement under Caption 210 "net value adjustments and/or write-ups on intangible assets", calculating the difference between the carry-forward amount of the asset and the recoverable value. Intangible assets with an indefinite useful life, such as goodwill, are not amortised, but periodically subjected to the so-called impairment test.

These losses in value can no longer be restored in subsequent years.

(d) Cancellation criteria

Intangible assets are de-recognised as a result of disposals or when they have fully exhausted their economic functions and no future economic benefits are expected.

7 – Current and Deferred Taxes

a) Recognition criteria

Income tax charges comprise current and deferred tax. Prepaid tax assets are recognized to the extent that it is probable that future taxable income will be available against which such assets can be utilized. Deferred taxes are recognized in all cases in which the relevant liability is likely to arise.

b) Classification criteria

Prepaid and deferred taxes are recorded in the Balance Sheet as open balances and are not offset; the former are recorded under Tax Assets, the latter under Tax Liabilities.

c) Valuation criteria

When the results of transactions are recorded under Shareholders' Equity directly, taxes are recorded under Shareholders' Equity too. Assets and liabilities representing prepaid and deferred taxes respectively are periodically reviewed to take account of any changes in regulations, tax rates or the likelihood that a tax benefit will no longer be realized.

d) Recognition of Gains and Losses

Income tax is recorded in the Income Statement by the same method used to record revenues and costs, except – as mentioned – those Captions debited or credited directly to Shareholders' Equity. Income tax for the year is calculated on the taxable result for the year, using the tax rates applying at year-end and any adjustments for taxes payable on previous years' income. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the assets are cashed in or the liabilities are settled, based on the rates applying at the Balance Sheet date. Deferred and prepaid income tax is calculated based on the temporary differences between assets and liabilities recorded in the Balance Sheet and the corresponding values recognized for tax purposes.

8 – Provisions for Risks and Charges

a) Registration and classification criteria

Provisions for risks and charges are recognised in the income statement and recorded on the liabilities side of the balance sheet if these conditions are met:

- there is a present obligation (legal or implicit) deriving from a past event;
- the disbursement of financial resources for the fulfilment of the obligation is deemed probable;
- a reliable estimate can be made of the probable future disbursement.

Provisions are recorded at the value representing the best estimate of the amount required to settle the obligation, or to transfer it to third parties at the end of the period.

When the financial effect related to the passage of time is significant and the payment dates of the obligations can be reliably estimated, the provision is subject to discounting at current market rates at the balance sheet date.

b) Evaluation and recognition criteria of income components

The amount recognised as a provision represents the best estimate of the expenditure required to fulfil the obligation existing at the balance sheet date and reflects risks and uncertainties that inevitably characterise many facts and circumstances. The amount of the provision is represented by the current value of the expenses that are supposed to be necessary to settle the obligation where the effect of the current value is a relevant aspect. Future events that may affect the amount required to settle the obligation are only taken into account if there is sufficient objective evidence that they will occur.

Allocations to the Provisions for Risks and Charges include the risk deriving from any tax dispute.

The Funds for Risks and Charges also include:

- provisions relating to commitments and financial guarantees issued subject to the impairment rules of IFRS 9;
- the charges relating to the defined-benefit pension funds pursuant to the provisions of IAS 19.

c) Cancellation policy

Provisions are used only for the charges for which they were originally registered. If it is no longer deemed probable that the fulfilment of the obligation will require the use of resources, the provision is reversed, by re-allocation to the income statement.

9 – Financial liabilities valued at amortised cost

(a) Classification criteria

The liabilities included here are due to banks, debts to customers and outstanding securities; they are made up of the various financial instruments through which the Bank and its subsidiaries realise interbank funding with customers and deposits made with outstanding debt securities – net, therefore, of any repurchased amounts. Interest expense is recorded in the income statement under Caption 20 "Interest expense and similar charges".

(b) Registration criteria

The liabilities in question are recorded upon receipt of the sums collected or, for debt securities, at issue or at the time of a new relocation, or cancelled, even in the case of repurchase, on the basis of the "regulation date", and cannot be transferred to the trading book. Initial recognition is based on fair value, normally equal to the amount collected or the issue price, adjusted for any additional costs and revenues directly attributable to the various funding or issue transactions. Internal administrative costs are excluded. The fair value of any financial liabilities issued at less than market conditions is subject to a specific estimate and the difference with respect to the market value is recorded directly in the income statement. The structured securities are separated in their constitutive elements that are separately recorded, when the derivative components implicit in them are of an economic nature and of different risks from those of the underlying securities and are configurable as autonomous derivative instruments.

(c) Valuation criteria

After initial recognition, the valuations of financial liabilities are based on the amortised cost principle with the effective interest rate method, with the exception of short-term liabilities where the time factor is negligible, which remain recorded for the amount collected; if costs are charged, they are allocated to the income statement in a linear manner for the contractual duration of the liabilities.

(d) Cancellation criteria

Financial liabilities are derecognised from the financial statements when they have expired or have become extinct. The cancellation also occurs at the time of the repurchase of previously issued securities; the difference between the book value of the liabilities and the amount paid to purchase, is shown on the income statement. The re-placement on the market of own securities subsequent to their repurchase is considered as a new issue with recognition of the new placement price, with no effect on the income statement.

10 - Financial trading liabilities

(a) Classification criteria

This Caption includes derivative trading instruments with negative fair value, including embedded derivatives present in structured and financial instruments that are separate from them. Also included are any "technical overdrafts" originating from securities trading activities.

(b) Registration criteria

Derivative instruments are recognised in relation to the "contracting date" while transactions in securities are accounted for on the "settlement date".

Financial liabilities held for trading are initially recorded at fair value, i.e. at the purchase price.

(c) Valuation criteria

After initial recognition, financial liabilities held for trading are measured at fair value, determined according to the methods described in the paragraph relating to "financial assets held for trading". The financial instruments for which it is not possible to determine the fair value in a reliable manner as indicated above, are maintained at cost. The results of the valuations and those of the trading are shown on the income statement under Caption 80 "net result of trading activity".

(d) Cancellation criteria

Financial liabilities held for trading are derecognised when the contractual rights on the financial flows deriving from the liabilities expire, or when the financial instruments are sold.

11 – Forex Transactions

(a) Recognition

When initially recognized, Forex transactions are recorded in euros (the accounting currency) by applying the exchange rate in effect on the date of the transaction.

(b) Recognition of Gains and Losses

At year end positions denominated in foreign currency are assessed as follows:

- monetary positions are converted at the exchange rate in effect at the end of the

financial year;

- non-monetary positions valued at historical cost are converted at the exchange rate in effect on the date of the transaction;
- non-monetary positions assessed at fair value are converted at the exchange rate in effect at the end of the financial year.

Exchange rate differences arising from the settlement of monetary positions or from the conversion of monetary positions at rates different from those used initially for such positions (or for the conversion of the previous balance sheet) are recorded in the Income Statement relating to the period in which they arose.

When a gain or loss relating to a non-monetary position is recorded under Shareholders' Equity, the exchange rate difference for that Caption is also recorded under Shareholders' Equity.

On the other hand, when a gain or loss is recorded in the Income Statement, the related exchange rate difference is recorded there too.

– OTHER INFORMATION

a) Fair Value

Fair value is defined as the amount for which an asset may be traded, or a liability settled, in an unconstrained transaction between informed and mutually independent parties.

The methods adopted by the Bank for quantifying fair value may be grouped into three broad categories or levels:

1. Level 1 – prices listed on active markets (mark-to-market), where valuation is based on the price commanded by the same instrument, unmodified and un-recombined, as listed on an active market. A market is considered active when its listed prices reflect normal market conditions, are regularly and readily available through stock exchanges, listing services and/or brokers, and represent actual and regular market operations.
2. Level 2 – methods based on observable market parameters, such as market prices for similar instruments, or the fact that all the instrument's significant factors, including credit and liquidity spreads, can be derived from observable market data. Methods in this group offer little scope for discretion since all parameters used, be it for the same or similar instruments, are ultimately drawn from the market, hence they allow for the replication of quotes from active markets.
3. Level 3 – methods based on unobservable market parameters (mark-to-model).

These are widely accepted and used, and include calculating the present value of future cash flows and estimating volatilities; models are revised during their development and periodically thereafter to ensure maximum and durable consistency. As methods in this group rely heavily on significant inputs from sources other than the market, the Bank's management will have to make estimates and assumptions.

The criteria used to determine the fair value of securities are as follows;

- a) For securities traded on active markets, fair value is represented by:
 - the official price on the last trading day of the relevant period if the instrument is listed on the Italian stock exchange;
 - the official price (or its equivalent) on the last day of the relevant period if it is listed on a foreign stock exchange.
- b) For securities not traded on active markets, fair value is represented by (in descending order of preference):

The following price configurations are assumed as fair values of financial instruments not traded in an "active market": for other debt and equity securities, in the order shown below:

- the reference price from recent trades;

- price indications, if available and reliable, from sources such as ICMA, Bloomberg or Reuters;
- the price obtained by applying valuation methods generally accepted in the financial community, e.g.:
 - for debt instruments, the present value of future cash flows, based on the yield rates applying at the end of the period for an equivalent residual life and taking into account any counterparty risk and/or liquidity risk;
 - for equities (if the amount is significant), the price obtained through independent expert assessments if available, or else a price that is equal to the fraction of shareholders' equity held as recognized in the company's latest approved accounts;
 - the price supplied by the issuer, suitably adjusted for counterparty risk and/or liquidity risk;
 - the cost, adjusted to take into account any significant impairment if fair value cannot be determined reliably by any of the previously mentioned criteria.

C) For derivatives, fair value is represented by:

- the quoted price on the last trading day of the relevant period if the instrument is traded on a regulated market;
- if the instrument is an over-the-counter (OTC) derivative, its market value on the relevant reference date as determined for the type of derivative being valued, i.e.:
 - interest rate contracts: the "replacement cost" obtained by calculating the present value of balances on the scheduled settlement dates between cash flows generated at contract rates and expected cash flows generated at the (objectively determined) market rates current at the end of the period for an equivalent residual life;
 - Forex derivatives: the forward Forex rates applying at the reference date for maturities equivalent to those of the transactions being valued;
 - derivatives on securities, commodities and precious metals: the forward prices applying at the reference date for maturities equivalent to those of the underlying assets.
 - corresponding to those of the underlying asset.

b)- Recognition of Revenues and Costs

Revenues are recognized when they are received or, in any event, when it is likely that future benefits will be received that can be quantified in a reliable manner. In particular:

- dividends are recognized in the Income Statement when their distribution is formally approved;
- revenue from dealings in financial instruments held for trading (consisting in the difference between the transaction price and the instrument's fair value) is recorded in the Income Statement when the trades are recognized if fair value can be determined by reference to parameters or recent transactions observable in the same market as that in which the instruments were traded;
- revenue from financial instruments for which the above assessment is not possible is recorded in the Income Statement over the duration of the transaction.

The costs are recognized in the Income Statement in the same year as the related revenues. If the link between costs and revenues can be made in a general and indirect manner, costs are recorded over a number of years using rational and systematic procedures. Costs that cannot be associated with revenues are recorded in the Income Statement immediately.

c) - Employee severance indemnity

Registration and classification

The Employee Severance Fund (TFR) is recognized by the actuarial method prescribed in IAS 19 for staff defined-benefit plans.

Therefore, the liability recorded in the Balance Sheet is subject to actuarial estimates that also take into account, among other variables, future developments in the employment relationship.

The liability in the Balance Sheet represents the present value of the obligation, adjusted for any unrecognized actuarial gains and losses.

Application IAS 19R starting 1 January 2013 implied the inclusion in Shareholders' Equity Valuation Reserves of the actuarial losses on defined benefit plans previously recognized in the Income Statement; all other

economic components of the severance pay flows are recognized in the Income Statement in the line Caption Administrative Expenses/Personnel.

d) Accruals and deferrals

The accruals and deferrals that include charges and income for the period accrued on assets and liabilities are recorded in the financial statements as an adjustment to the assets and liabilities to which they refer.

e) Transfer of the tax credit "Tax Bonus" - Law no. 77 dated 17 July 2020

In order to counter the negative economic effects resulting from the spread of the Covid-19 pandemic, with Law no. 77 of 17 July 2020, converting with amendments the decree-law "Relaunch Decree", the Italian Government issued a series of measures which, among others, enable taxpayers, under certain conditions, to benefit from a tax deduction against expenses incurred in certain circumstances.

The law also grants the taxpayer the option to opt, instead of directly using the deduction, to be able to transfer the corresponding tax credit to other subjects, within the limits of the provisions of the reference legislation which was the subject of multiple interventions during 2022 by the legislator – including credit institutions and financial intermediaries.

Since the conversion into law of the "Relaunch Decree" the tax deductions arising from building interventions have undergone significant changes, both as regards the procedure for exercising the option of transfer or discount on the invoice – with the introduction of the compliance visa and of the technical certification also for the so-called minor bonuses – both as regards the time period within which to bear the expenses.

Nonetheless, the possibility granted to the taxpayer to opt for the conversion of the tax deduction into a tax credit that can be transferred to third parties – primarily to credit institutions and suppliers – represents a fundamental cornerstone for facilitating the execution of energy efficiency measures or seismic analysis of the national real estate assets.

In relation to the accounting framework to be adopted in the transferee's financial statements, there is no single reference framework, due to the particular and new characteristic of the instrument in question. In particular, the case in question:

- does not fall within the scope of IAS 12 "Income taxes" since it cannot be assimilated among taxes affecting the company's ability to produce income;
- does not fall within the scope of the definition of government grants according to IAS 20 "Accounting for government grants and disclosure of public assistance" since the entitlement to the receivable from the tax authorities arises only following the payment of a consideration to the assignor;
- is not attributable to the provisions of IFRS9 "Financial instruments" as the tax credits purchased do not originate from a contract between the transferee and the Italian State;
- is not attributable to IAS 38 "Intangible assets", as the tax credits in question can be considered monetary assets, allowing the payment of tax debts usually settled in cash.

The tax credit in question therefore represents a case not explicitly dealt with by an IAS/IFRS accounting standard, and as such requires recalling the provisions of IAS 8 "Accounting standards, changes in accounting estimates and errors" and in particular the need on the part of the person preparing the financial statements to define an accounting treatment that reflects the economic substance and not the mere form of the transaction and that is neutral, prudent and complete.

The approach followed, with particular reference to the application of the IFRS9 accounting standard, is that identified both by the Italian Accounting Organization (OIC) and by Banca d'Italia/Consob/Ivass document no. 9 ("Accounting treatment of tax credits connected with the "Cura Italia" and "Rilancio" decree-laws purchased following transfer by the direct beneficiaries or previous purchasers"). In fact, tax credits are substantially similar to a financial asset in that they can be used to offset a debt usually paid off in cash (tax debts), as well as being exchanged for other financial assets. The condition to be satisfied is that the same tax credits can be included in a business model of the entity. In this specific case, the Hold-To-Collect business model was chosen, as the intention is to hold these receivables until maturity.

In this sense, the following can be established:

- upon initial recognition, the fair value of the tax credit is equal to the purchase price of the credits included in the transaction;
- in the fair value hierarchy envisaged by IFRS 13, the fair value level is assimilated to level 3, as there are currently no active markets or comparable transactions;
- the purchase price of tax credits discounts both the time value of money and the ability to use it within the relative time limit;

- the subsequent accounting of financial assets takes place at amortized cost, through the use of an effective interest rate determined at the origin, in such a way that the discounted cash flows associated with the expected future offsets, estimated over the expected duration of the tax credit, equal the purchase price of the same credits;
- using the amortized cost method, the cash flow estimates are periodically reviewed and the gross carrying amount of the financial asset is adjusted to reflect the actual and restated cash flows. In making these adjustments, the new cash flows are discounted at the original effective interest rate. This accounting therefore makes it possible to recognize the income during the life of this tax credit, as well as to immediately recognize any losses from the transaction;
- if the estimates regarding the use of the tax credit through offsetting are revised, the gross book value of the tax credit is adjusted to reflect the estimated, actual and restated uses;
- taking into account the specific characteristics of these tax credits, held for the purpose of using them up to their complete compensation, within the permitted period of time, with the payments of debts payable through F24, the reference business model, as already mentioned above, has been identified conventionally in the Hold-to-Collect model (HTC);

A.3 - Details of transfers between financial asset portfolios

No report data.

A.4 – FAIR VALUE DETAILS

Qualitative information

A.4.1 Fair value levels 2 and 3: assessment and input techniques used

Starting 1 January 2013 the Bank has applied the new IFRS 13 accounting principle that governs the measuring of fair value and relative disclosure. An assessment of the classification criteria and measurement method adopted for fair value revealed that these were essentially in line with the principle concerned. Techniques, valuation processes for financial instruments and criteria for determining fair value used by the Bank are illustrated in the Notes – Part A, point 17 “Other aspects”.

A.4.2 Processes for and sensitivity of assessments

Based on the provisions of the new international IFRS 13 accounting principle the Bank has carried out a sensitivity analysis in order to determine the potential impact on valuation of instruments classified in fair value level 3 as a result of possible variations in the corresponding non-observable market parameters. This check did not reveal any significant impact of the situation presented.

A.4.3 Fair value hierarchy

With the introduction of IFRS 13 the aim was to include the rules for measuring fair value previously contained in several accounting principles in a single principle. Fair value is defined as the price obtained for the sale of an asset or as the amount paid when transferring a liability in a normal transaction between market operators at the date of valuation.

To determine the fair value of a financial instrument IFRS 13 draws on the hierarchical concept of measurement criteria used that was previously introduced by an amendment to IFRS 7. This stated that it was mandatory to classify valuations based on a hierarchy of levels reflecting the significance of inputs used to evaluate financial instruments.

The aim of this classification is to establish a hierarchy in terms of reliability of fair value based on the degree of subjectivity applied, giving precedence to observable parameters in the market that reflect the assumptions participants in the market would use when pricing the asset/liability concerned.

A.4.4 Other information

The Bank does not utilize the exception concerning the offsetting of groups of financial assets and liabilities as indicated in IFRS 13, paragraph 48.

Quantitative information

A.4.5 Fair value hierarchy

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

Financial assets and liabilities measured at fair value	Total 31.12.2025			Total 31.12.2024		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value with impact on income statement		62	3,572		499	3,697
a) financial assets held for trading		62			499	3,697
b) financial assets designated at fair value						
c) other financial assets with mandatory valuation at fair value			3,572			
2. Financial assets measured at fair value with impact on overall profitability	8,004		68	1,574	1,598	48
3. Derivatives for hedging		1,639			9	
4. Tangible assets						
5. Intangible assets						
Total	8,004	1,701	3,640	1,574	2,106	3,745
1. Financial liabilities held for trading		183			55	
2. Financial liabilities designated at fair value						
3. Derivatives for hedging		8,868			20,099	
Total		9,051			20,154	

Legend:

L1= Level 1

L2= Level 2

L3= Level 3

No transfers of assets and liabilities between level 1, level 2 and level 3 have been made during the year.

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

	Financial assets measured at fair value			Financial assets measured at fair value with impact on overall profitability	Derivatives for hedging	Tangible assets	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value				
1. Opening balance		3,697		48			
2. Increases				20			
2.1 Purchases							
2.2 Profits							
2.2.1 Income statement				20			
- of which: capital gains				20			
2.2.2 Net assets							
2.3 Transfers from other levels							
2.4 Other variations with increase				3,572			
3. Decreases		3,697					
3.1 Sales							
3.2 Refunds							
3.3 Losses							
3.3.1 Income statement		135					
- of which: losses		135					
3.3.2 Net assets							
3.4 Transfers to other levels							
3.5 Other variations with decrease		3,562					
4. Closing balance				68			
				3,572			

A.4.5.4 Assets and liabilities not assessed at fair value or assessed at fair value on a non-comparable basis: breakdown by fair value levels

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2025				31.12.2024			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets valued at amortised cost	2,452,296	1,498,936	17,479	988,682	2,421,398	1,357,410	20,997	1,054,215
2. Tangible assets held for investment purposes								
3. Non-current assets and groups of assets held for sale								
Total	2,452,296	1,498,936	17,479	988,682	2,421,398	1,357,410	20,997	1,054,215
1. Financial liabilities valued at amortised cost	2,599,720			2,599,420	2,510,516			2,509,627
2. Liabilities associated with assets held for sale								
Total	2,599,720			2,599,420	2,510,516			2,509,627

Legend:

VB= Value of Balance

L1= Level 1

L2= Level 2

L3= Level 3

Below are the types of asset/liability not measured at fair value:

Financial assets held to maturity = They are recorded at amortized cost and comprise securities listed on an active market. The fair value is classified at level 1 and level 2.

Loans and advances to banks and customers = They are recorded at nominal value. The amount shown in the Financial Statements takes into account the write-down following a risk of default and characteristics of guarantees.

Payables to banks and customers = They are recorded at nominal value, which normally equates to the amount the Bank received originally. It is reasonable to assume that this is the fair value inasmuch as the Bank is able to cover its payables thanks to the high level of equity.

The Bank has never valued assets and liabilities at fair value on a non-recurrent basis.

A.5 Information on the “day one profit/loss”

During the year in question the Bank has not recorded positive/negative economic elements deriving from the initial measurement at fair value of financial instruments.

PART B

INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents - Caption 10

1.1 Cash and cash equivalents: breakdown

Items/ Value	Total 31.12.2025	Total 31.12.2024
a) Cash	1,353	1,331
b) Free deposits with central banks	25,782	47,531
c) Free deposits with banks	365,114	265,524
	392,249	314,386

Section 2 – Financial assets measured at fair value with impact on income statement – Caption 20

2.1 Financial assets held for trading: breakdown by type

Items/ Values	Total 31.12.2025			Total 31.12.2024		
	L1	L2	L3	L1	L2	L3
A Non-derivative assets						
1 Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2 Equity securities						3,697
3 Holdings in UCI						
4 Loans						
4.1 Repo						
4.2 Other debt securities						
						3,697
b Derivatives:						
1 Financial derivatives		62			499	
1.1 For trading		62			499	
1.2 Connected at fair value option						
1.3 Other						
2 Credit derivatives						
2.1 For trading						
2.2 Connected at fair value option						
2.3 Other						
Total (B)		62			499	
Total (A+B)		62			499	3,697

Legend:

L1= Level 1

L2= Level 2

L3= Level 3

UCI= Undertakings in collective investments

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

Items/Values	Total (31 Dec 2025)	Total (31 Dec 2024)
A. Assets for cash		
1. Debt securities		
a) Central banks		
b) Public administrations		
c) Banks		
d) Other financial companies of which: insurance firms		
e) Non-financial companies		
2. Capital securities		3,697
a) Banks		
b) Other financial companies of which: insurance firms		
c) Non-financial companies		3,697
d) Other issuers		
3. O.I.C.R. shares (for collective investment)		
4. Financings		
a) Central banks		
b) Public administrations		
c) Banks		
d) Other financial companies of which: insurance firms		
e) Non-financial companies		
f) Families		
Total A		3,697
B. Derivative instruments	62	499
a) Central counterparties		
b) Others	62	499
Total B	62	499
Total (A+B)	62	4,196

2.5 Other financial assets necessarily measured at fair value: product composition

Items/Values	Total (31.12.25)			Total (31.12.24)		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Capital securities			3,572			
3. Portions of O.I.C.R.						
4. Financing						
4.1 Repurchase agreements						
4.2 Others						
Total			3,572			

Legend:

L1= Level 1

L2= Level 2

L3= Level 3

2.6 Other financial assets necessarily measured at fair value: breakdown by class of debtor/issuer

Voci/Valori	Totale (31.12.25)	Totale (31.12.24)
1. Capital securities	3,572	
of which: banks		
of which: other financial companies		
of which: non financial companies	3,572	
2. Debt securities		
a) Central banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance firms		
e) Non-financial companies		
3. O.I.C.R. shares (for collective investment)		
4. Financings		
a) Central banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance firms		
e) Non-financial companies		
f) Families		
Totale	3,572	

Section 3 – Financial assets measured at fair value with impact on overall profitability – Caption 30

3.1 Financial assets measured at fair value with an impact on total profitability: product composition

Items/Values	Total (31.12.25)			Total (31.12.24)		
	L1	L 2	L 3	L1	L 2	L 3
1. Debt securities	8,004			1,574	1,598	
1.1 Structured securities						
1.2 Other debt securities	8,004			1,574	1,598	
2. Capital securities			69			48
3. Financing						
Total	8,004		69	1,574	1,598	48

3.2 Financial assets measured at fair value with an impact on total profitability: composition by debtors/issuers

Items/Values	Total (31.12.25)	Total (31.12.24)
1. Debt securities	8,004	3,172
a) Central Banks		
b) Public administrations	6,100	1,598
c) Banks		
d) Other financial companies of which: insurance firms		
e) Non-financial companies	1,904	1,574
2. Capital securities	68	48
a) Banks	23	
b) Other issuers:	45	48
- other financial firms of which: insurance firms		
- non-financial companies	45	48
- others		
3. Financings		
a) Central Banks		
b) Public administrations		
c) Banks		
d) Other financial companies of which: insurance firms		
e) Non-financial companies		
f) Families		
Total	8,072	3,220

3.3 Financial assets measured at fair value with an impact on total profitability: gross value and total value adjustments

	Gross value					Total value adjustments				Total partial write-offs (*)
	First stage	of which instruments with low credit risk	Second stage	Third stage	of which: impaired, acquired/originated	First stage	Second stage	Third stage	of which: impaired, acquired/originated	
Debt securities	5,067	5,067	1,050	2,693		(1)	(16)	(789)		
Financings										
Total (31.12.25)	5,067	5,067	1,050	2,693		(1)	(16)	(789)		
Total (31.12.24)			1,661	2,539			(62)	(965)		
of which: impaired financial assets acquired or originated										

(*) Value to be displayed for information purposes

The second stage consists of a security issued by a foreign institutional counterparty for a nominal value of 1 million euros. The third stage consists of securities issued by companies classified as probable default for a nominal value of 2 million euros.

Section 4 – Financial assets at amortised cost – Caption 40

4.1 Financial assets measured at amortized cost: product composition of loans to banks

Types of operations/Values	Total (31.12.25)						Total (31.12.24)					
	Balance sheet value			Fair value			Balance sheet value			Fair value		
	1st & 2nd stages	3rd stage	of which: impaired, acquired/originated	L1	L2	L3	1st & 2nd stages	3rd stage	of which: impaired, acquired/originated	L1	L2	L3
A. Loans to Central Banks												
1. Deposits at maturity												
2. Mandatory reserve												
3. Repurchase agreements												
4. Other												
B. Loans to banks	479,061	1,315			480,376	465,547	1,985					467,532
1. Financings	479,061	1,315			480,376	465,547	1,985					467,532
1.1 Current accounts												
1.2. Deposits at maturity	13,844				13,844	8,310						8,310
1.3. Other financings:	465,217	1,315			466,532	457,237	1,985					459,222
- Active repurchase agree'ts												
- Financial leasing												
- Other	465,217	1,315			466,532	457,237	1,985					459,222
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities												
Total	479,061	1,315			480,376	465,547	1,985					467,532

Legend:

L1= Level 1

L2= Level 2

L3= Level 3

4.2 Financial assets measured at amortized cost: product composition of loans to customers

Types of operations/Values	Total (31.12.25)						Total (31.12.24)					
	Balance sheet value			Fair value			Balance sheet value			Fair value		
	First and second stage	Third stage	of which impaired, acquired/originated	L1	L2	L3	First and second stage	Third stage	of which impaired, acquired/originated	L1	L2	L3
Financings	455,894	47,416				503,310	568,510	11,365				579,875
1.1. Current accounts	630	6,292				6,922	655	2,322				2,977
1.2. Active repurchase agreements												
1.3. Mortgages	7,456					7,456	7,226					7,226
1.4. Credit cards, personal loans and employee	1,788					1,788	1,951					1,951
1.5. Financial leasing												
1.6. Factoring	324,200	1,475				325,675	386,457	1,512				387,969
1.7. Other financings	121,820	39,649				172,221	7,531					179,752
Debt securities	1,463,967	4,643		1,498,936	17,479	4,996	1,368,742	5,249		1,357,410	20,997	3,156
1.1. Structured securities												
1.2. Other debt securities	1,463,967	4,643		1,498,936	17,479	4,996	1,368,742	5,249		1,357,410	20,997	3,156
Total	1,919,861	52,059		1,498,936	17,479	508,306	1,937,252	16,614		1,357,410	20,997	583,031

Legend:

L1= Level 1

L2= Level 2

L3= Level 3

4.3 Financial assets measured at amortized cost: composition by debtors/issuers of loans to customers

Types of operations/Values	Total (31.12.25)			Total (31.12.24)		
	First and second stages	Third stage	of which: impaired, acquired/originated	First and second stages	Third stage	of which: impaired, acquired/originated
1. Debt securities	1,463,967	4,643		1,368,742	5,249	
a) Public administrations	1,417,509	4,643		1,330,170	5,249	
b) Other financial companies of which: insurance firms	10,086					
c) Non-financial companies	36,372					
2. Financings	455,894	47,416		568,510	11,365	
a) Public administrations	67,068			86,075	1,370	
b) Other financial companies of which: insurance firms	91,512			119,781		
c) Non-financial companies	287,333	47,416		352,750	9,995	
d) Families	9,981			9,904		
Total	1,919,861	52,059		1,937,252	16,614	

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

	Gross value					Total value adjustments				Total partial write-offs (*)
	First stage	of which instruments with low credit risk	Second stage	Third stage	of which: impaired, acquired/originated	First stage	Second stage	Third stage	of which: impaired, acquired/originated	
Debt securities	1,463,884	1,463,884	353	50,133		(257)	(13)	(45,490)		
Financings	652,129		288,048	92,515		(3,949)	(1,273)	(43,784)		
Total	2,116,013	1,463,884	288,401	142,648		(4,206)	(1,286)	(89,274)		
Totale (31.12.24)	2,146,264	1,368,607	268,408	120,045		(5,327)	(6,547)	(101,445)		
of which: impaired, acquired/originated										

(*) Value to be displayed for information purposes

Section 5 – Hedging derivatives - Caption 50

5.1 Hedging derivatives: composition by type of hedging and by levels

	Fair Value (31.12.25)			VN (31.12.25)	Fair Value (31.12.24)			VN (31.12.24)
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives		1,639		300,000		9		100,000
1) Fair value		1,639		300,000		9		100,000
2) Financial flows								
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Financial flows								
Total		1,639		300,000		9		100,000

Legend:

VN = Notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

5.2 Hedged derivatives: composition by hedged portfolios and by type of hedging

Operations/Type of hedging	Fair value						Financial flows			Foreign investments
	Specific						Generic	Specific	Generic	
	Debit securities and interest rates	Capital securities and share indices	Currencies & gold	credit	goods	other				
1. Financial activities valued at fair values with impact on comprehensive profitability										
2. Financial activities valued at amortized cost	1,626									
3. Portfolio										
4. Other operations										
Total activities	1,626									
1. Financial liabilities	14									
2. Portfolio										
Total liabilities	14									
1. Expected transactions										
2. Portfolio of financial activities and liabilities										

**Section 6 - Adjustments to financial assets subject to macro-hedging
Caption 60**

No data to report.

Section 7 – Equity investments – Caption 70

No data to report.

Section 8 – Tangible fixed assets - Caption 80

8.1 Tangible fixed assets held for operational use: breakdown of assets carried at cost

Assets/Values	Total (31.12.25)	Total (31.12.24)
1 Proprietary assets	20,286	20,344
a) land	8,187	8,187
b) buildings	11,211	11,210
c) furnishings	167	142
d) electric/electronic equipment	78	60
e) other items	643	745
2 Right of use acquired through leasing	603	179
a) land		
b) buildings	530	76
c) furnishings		
d) electric/electronic equipment		
e) other items	73	103
Total	20,889	20,523
of which: obtained through enforcement of guarantees received		

The Bank owns the building located in Rome, in which it has its headquarters, and an apartment in Milan used for Branch offices. In addition, it owns a building located in Rome formerly used as a physical archive.

8.6 Tangible fixed assets held for operational use: Yearly variations

	Land	Buildings	Furnishings	Electronic plant	Other	Total
A. Gross opening balance	8,187	24,944	1,933	4,107	3,149	43,141
A.1 Reduction of total net values		13,658	1,791	4,047	2,301	21,797
A.2 Net opening balance	8,187	11,286	142	60	848	21,344
B. Increases:		1,398	86	39	80	1,603
B.1 Purchases			86	39	80	205
B.2 Expenses for capitalised improvements		822				822
B.3 Write-backs						
B.4 Positive variations of fair value attributed to:						
a) net assets						
b) income statement						
B.5 Positive differences of exchange rates						
B.6 Transfers from properties held for investment purposes						
B.7 Other variations		576				576
C. Decreases:		943	61	21	212	1,237
C.1 Sales						
C.2 Amortisations		821	61	21	182	1,085
C.3 Value adjustments from deterioration attributed to:						
a) net assets						
b) income statement						
C.4 Negative variations of fair value attributed to:						
a) net assets						
b) income statement						
C.5 Negative differences of exchange rates						
C.6 Transfers to:						
a) tangible assets held for investment purposes						
b) non-current assets and groups of assets held for sale						
C.7 Other variations		122			30	152
D. Net closing balance	8,187	11,741	167	78	716	20,889
D.1 Reduction of total net values		14,601	1,852	4,068	2,513	23,034
D.2 Gross closing balance	8,187	26,342	2,019	4,146	3,229	43,923
E. Valuation at cost						

The above tangible fixed assets were recorded at cost plus any directly related accessory charges. They have been depreciated using the straight-line method based on their useful life and period of effective utilization.

Section 9 – Intangible fixed assets – Caption 90

9.1 Intangible fixed assets: breakdown by type

	Total 31.12.2025		Total 31.12.2024	
	Limited Life	Unlimited Life	Limited Life	Unlimited Life
A1 Goodwill				
A2 Other intangible assets	396		475	
of which software	69			
A2.1 Assets valued at cost	396		475	
a) Intangible assets developed in-house				
b) Other assets	396		475	
A2.2 Assets assessed at fair value				
a) Intangible assets developed in-house				
b) Other assets				
Total	396		475	

9.2 Intangible fixed assets: Yearly variations

	Goodwill	Other intangible assets: generated internally		Other intangible assets: various		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance				475		475
A.1 Reduction of total net value						
A.2 Net opening balance				475		475
B. Increases				64		64
B.1 Purchases				64		64
B.2 Increase of intangible assets internally						
B.3 Value adjustments						
B.4 Positive variations of fair value:						
- to net assets						
- to income statement						
B.5 Positive differences in exchange rates						
B.6 Other variations						
C. Decreases				143		143
C.1 Sales						
C.2 Value adjustments				143		143
- amortisations				143		143
- write-downs:						
+ net assets						
+ income statement						
C.3 Negative variations of fair value:						
- to net assets						
- to income statement						
C.4 Transfers to non-current assets held for sale						
C.5 Negative differences in exchange rates						
C.6 Other variations						
D. Net closing balance				396		396
D.1 Total net value adjustments						
E. Gross closing balance				396		396
F. Valuation at cost						

Legend

DEF= definite duration

INDEF= indefinite duration

Other intangible assets as of 31 December 2025 are amortized in constant proportions for an estimated period of five years from the date of coming into force.

Section 10 – Tax assets and tax liabilities - Caption 100 (assets) and Caption 60 (liabilities)

10.1 Pre-paid tax assets: breakdown

	Total 31.12.2025	Total 31.12.2024
Total	22,532	22,459
<i>Income statement</i>	<i>19,898</i>	<i>19,825</i>
1 Tax losses		
2 Loan losses	6,806	8,514
3 Other	13,092	11,311
<i>Shareholders' equity</i>	<i>2,634</i>	<i>2,634</i>
4 Valuation reserves	2,634	2,634
5 Other		

In accordance with IAS 12, deferred tax assets represent income taxes recoverable in future periods in connection with deductible temporary differences and any tax credits that can be carried forward. In particular, deductible temporary differences correspond to temporary mismatches between the carrying amounts of assets and liabilities and their tax bases, which are likely to generate deductible amounts in the determination of future taxable income. In accordance with the provisions of paragraph 24 of IAS 12, deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which they can be recovered.

As of December 31, 2025, the Bank reported deferred tax assets totaling €22.532 million, compared to €22.459 million as of December 31, 2024. Of this amount, €19.898 million (€19.825 million as of December 31, 2024) is recognized in the income statement, while €2.634 million, unchanged from the previous year, is recognized in equity and relates entirely to valuation reserves.

Within the deferred tax assets recognized in the income statement, €6.806 million (€8.514 million as of December 31, 2024) relate to write-downs of receivables falling within the scope of Law No. 214/2011 and, therefore, qualify as deferred tax assets with certain recoverability. The remaining portion, amounting to €13.092 million (€11.311 million as of December 31, 2024), was subjected to a probability test to verify the existence of sufficient future taxable income to allow for its absorption.

For the purposes of this assessment, the Bank referred to updated forecast data and estimates of prospective taxable income, which were deemed sufficient to support the recoverability of the deferred tax assets recognized in the financial statements.

10.2 Deferred Tax liabilities: breakdown

	Total 31.12.2025	Total 31.12.2024
Total	2,387	493
1 Income statement		
2 Shareholders' equity	2,387	493
<i>Valuation reserves</i>	2,387	493
<i>Other</i>		

10.3 Changes in prepaid tax assets: Contra-Caption in the income statement

	Total 31.12.2025	Total 31.12.2024
1 Opening balance	19,825	16,487
2 Increases	129	3,647
2.1 Pre-paid tax assets recorded during the year	129	13
a) relating to earlier years	129	13
b) due to changes in accounting policies		
c) write-backs		
d) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases		3,634
3 Decreases	56	309
3.1 Pre-paid tax assets annulled during the year	56	309
a) reversals	56	309
b) write-downs for intervening non-recov.		
c) due to changes in accounting policies		
d) other		
3.2 Reductions in tax rates		
3.3 Other decreases		
a) transformation into tax credits as per Law 214/2011		
b) other		
	19,898	19,825

10.3bis Changes in prepaid tax assets to L. 214/2011

	Total (31.12.25)	Total (31.12.24)
1 Opening balance	19,825	16,487
2 Increases	129	3,647
3 Decreases	56	309
3.1 Reversal		
3.2 transformation into tax credits		
a) resulting from operating losses		
b) resulting from tax losses		
3.3 Others decreases	56	309
4 Closing balance	19,898	19,825

10.5 Changes in prepaid tax assets: Contra-Caption in shareholders' equity

	Total (31.12.2025)	Total (31.12.202)
1. Initial amount	2,634	2,634
2. Increases		
2.1 Deferred tax assets recognised during the year		
a) relating to previous years		
b) due to changes in accounting criteria		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases		
3.1 Deferred tax assets cancelled during the year		
a) reversals		
b) unrecoverable write-offs		
c) due to changes in accounting criteria		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Final amount	2,634	2,634

Section 11 – Non-current assets and groups of assets being divested and associated liabilities – Caption 110 (assets) and Caption 70 (liabilities)

No data to report.

Section 12 – Other assets – Caption 120

12.1 Other assets: breakdown

	Total (31.12.25)	Total (31.12.24)
1 Tax Credits		
2 Items in process	2,531	13,361
3 Accrued income and prepaid expenses	2,304	1,887
4 Leasehold improvements		
5 Securities and other transactions to be settled	36	334
6 Tax credits acquired	4,610	9,220
7 Other items	1,452	4,903
Total	10,933	29,705

LIABILITIES

Section 1 – Financial liabilities valued at amortised cost - Caption 10

1.1 Financial liabilities valued at amortised cost: composition of debts towards banks

Type of operations/Values	Total (31.12.2025)				Total (31.12.2024)			
	Balance value	Fair value			Balance value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Debts towards central banks	595,604				310,189			
2. Debts towards banks	911,887				1,036,691			
2.1 Current accounts and deposits at sight	272,068				292,185			
2.2 Deposits at maturity	639,819				744,506			
2.3 Financing operations								
2.3.1 Repurchase agreements								
2.3.2 Others								
2.4 Payables for repurchase commitments of own equity instruments								
2.5 Lease for liabilities								
2.6 Other payables								
Total	1,507,491			1,507,491	1,346,880			1,346,880

Legend:

L1= Level 1

L2 = Level 2

L3= Level 3

The Caption 1 includes deposits received from the Central Banks of third countries

1.2 Financial liabilities valued at amortised cost: product composition of amounts due to customers

Type of operations/Values	Total (31.12.2025)				Total (31.12.2024)			
	Balance value	Fair Value			Balance value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and deposits at sight	381,982				145,563			
2. Deposits at maturity	1,620				119,265			
3. Financing operations	695,336				897,319			
3.1 Repurchase agreements	695,336				897,319			
3.2 Others								
4. Payables for repurchase commitments of own equity instruments								
5. Lease for liabilities	651				226			
6. Other payables	12,640				1,263			
Total	1,092,229			1,092,229	1,163,636			1,162,746

Legend:

VB= Balance value

L1= Level 1

L2 = Level 2

L3= Level 3

1.6 Debits for leasing

Type of operations/Values	Total (31.12.25)	Total (31.12.24)
	Balance sheet value	Balance sheet value
1. Leasing debits for renting real estate	540	82
2. Leasing debits for renting software		
3. Leasing debits for renting hardware		
4. Leasing debits for renting office equipment		
5. Leasing debits for hiring automobiles	111	144
Total	651	226

Section 2 – Accounts payable to customers - Caption 20

2.1 Financial liabilities held for trading: breakdown by type

	31.12.2025					31.12.2024				
	NV	FV			FV*	NV	FV			FV*
		L1	L2	L3			L1	L2	L3	
A Cash liabilities										
1. Accounts payable to banks										
2. Accounts payable to customers										
3. Debt securities										
3.1 Bonds										
3.1.1 Structured										
3.1.2 Other										
3.2 Other securities										
3.2.1 Structured										
3.2.2 Other										
Total A										
B Derivatives										
1. Financial derivatives			183				55			
1.1 Held for trading			183				55			
1.2 Linked to fair value option										
1.3 Other										
2. Credit derivatives										
2.1 Held for trading										
2.2 Linked to fair value option										
2.3 Other										
Total B			183				55			
Total (A+B)			183				55			

Legend:

NV= nominal or notional value

L1= Level 1

L2 = Level 2

L3= Level3

FV* = fair value as reckoned by excluding variations in value due to changes intervened in the issuer's creditworthiness since the issue date

Section 3 – Financial liabilities designated at fair value - Caption 30

No data to report.

Section 4 – Hedging derivatives – Caption 40

4.1 Hedging derivatives: composition by type and by hierarchical levels

	VN (31.12.25)	Fair value (31.12.25)			VN (31.12.24)	Fair value (31.12.24)		
		L1	L2	L3		L1	L2	L3
A) Financial derivatives	755,319		8,869		913,767		20,099	
1) Fair value	755,319		8,869		913,767		20,099	
2) Financial flows								
3) Foreign investments								
B. Credit derivatives								
1) Fair value								
2) Financial flows								
Total	755,319		8,869		913,767		20,099	

Legend:

VN: Nominal value

L1: Level 1

L2: Level 2

L3: Level 3

4.2 Hedging derivatives: composition by portfoglio hedged and by type of hedging

Operations/Type of hedging	Fair value							Financial flows		Foreign investments	
	Specific							Generic	Specific		Generic
	debt securities and interest rates	capital securities and share indices	currency and gold	credit	goods	other	Generic				
1. Financial activities at fair value with impact on overall profitability											
2. Financial activities valued at amortized cost	8,620										
3. Portfolio											
4. Other operations											
Total activity	8,620										
1. Financial liability	249										
2. Portfolio											
Total liability	249										
1. Transactions pending											
2. Portfolio of financial credits and liabilities											

Section 5 – Value adjustment of financial liabilities subject to generic hedging – Caption 50

No data to report.

Section 6 – Fiscal liabilities - Caption 60

See Section 10 of the assets

Section 7 – Liabilities associated with assets held for sale - Caption 70

See Section 11 of the assets

Section 8 – Other liabilities – Caption 80

8.1 Other liabilities breakdown

	Total (31.12.25)	Total (31.12.24)
1 Debts to social security institutions, amounts to be paid to the tax authorities	2,712	1,842
2 Other debts to personnel	7,500	7,989
3 Items in progress	2,621	6,444
4 Accrued expenses and deferred income	3,389	5,525
5 Other items	6,302	5,348
Total	22,524	27,148

Section 9 – Employee severance benefits - Caption 90

9.1 Staff severance fund: Yearly variations

Items/ Values	31.12.2025	31.12.2024
A. Opening balance	365	516
B. Increases	10	16
B.1 Provisioning for the year		
B.2 Other increases	10	
C. Decreases	1	167
C.1 Severance payments	1	11
C.2 Other decreases		156
D. Closing balance	374	365
Total	374	365

9.1.1 Rates

Annual Technical	2.79%
Annual Inflation Rate	2.00%
Annual frequencies of turnover advances	4.00%
Annual frequencies of advances on severance fund	3.00%
Gross annual SSF	3.00%

The following actuarial assumptions were used:

- demographic assumption: the basis was the RG48 life expectancy table published by the Italian General Accounting Office;
- economic assumption: the rate used to calculate present value was based on the Iboxx Corporate A index for a duration of 5-7 years
- The annual frequencies of turnover advances are inferred from the Bank's long-standing experience and the frequencies arising from the experience of the consulting firm on a significant number of similar business enterprises.

9.1.2 Reconciliation of actuarial valuations under IAS 19

	Total (31.12.25)	Total (31.12.24)
Opening balance	365	516
Realignment		
Pension cost		
Financial charges	10	9
Benifits paid	(1)	(160)
Transfers		
Expected liabilities	374	365
Actuarial loss		
Closing balance	374	365

9.2 Other information

	Total (31.12.25)
Provisioning for the year	10
Pension costs	
Financial charges	10
Actuarial loss	
Other	

Section 10 – Provisions for risks and charges – Caption 100

10.1 Provisions for risks and charges: breakdown

Items/Values	Total (31.12.2025)	Total (31.12.2024)
1. Funds for credit risk relating to commitments and financial guarantees issued	11,743	12,157
2. Funds on other commitments and other guarantees issued		
3. Company retirement funds		
4. Other provisions for risks and charges	6,363	6,398
4.1 legal and tax disputes	5,135	4,744
4.2 personnel costs	1,228	1,364
4.3 others		290
Total	18,106	18,555

As of December 31, 2025, the Caption "Other provisions for risks and charges" includes: specific and extraordinary provisions to cover expected future charges following the settlement of collective procedures, on a voluntary basis, which took place in previous years (approximately € 1.2 million); potential legal risks (€ 5.1 million).

10.2 Provisions for risks and charges: Yearly variations

Items/ Values	Funds for other commitments and guarantees issued	Pension funds	Other funds for risks and charges	Total
A. Opening balance	12,157	1,364	5,034	18,555
B. Increases			101	101
B.1 Allocation for the year			101	
B.2 Changes due to the passage of time				
B.3 Variations due to changes in the discount rate				
B.4 Other changes				
C. Decreases	414	136		550
C.1 Use during the year				
C.2 Variations due to changes in the discount rate				
C.3 Other changes	414	136		
D. Closing balance	11,743	1,228	5,135	18,106

10.3 Provisions for credit risk relating to commitments and financial guarantees issued

Items/ Values	<i>Provisions for credit risk relating to commitments, and financial guarantees issued</i>				
	First stage	Second stage	Third stage	of which: impaired, acquired/originated	Total
Commitments to disburse funds	21				21
Financial guarantees issued	797	641	10,283		11,721
Total	818	641	10,283		11,742

10.6 Provisions for risks and charges – other provisions

	Total (31.12.25)	Total (31.12.24)
Provison for holidays not taken		
Legal disputes	4,620	4,744
Other	1,743	1,654
Total	6,363	6,398

Section 11 – Redeemable shares - Caption 120

No data to report.

Section 12 – Shareholders’ equity - Captions 110, 130, 140, 150, 160, 170 and 180

12.1 “Share capital” and “Treasury stock”: breakdown

	31.12.2025	31.12.2024
1. Share capital	261,186	261,186
2. Share premium account	870	870
3. Reserves	(20,271)	(40,898)
4. Capital instruments		
5. (Treasury stock)		
6. Valuation reserves	777	862
7. Profit (Loss) for the year	22,608	22,562
Total	265,170	244,582

12.2 Share capital: Yearly variations in number of shares

	Common	Other
A. Shares at start of year	2,374,147	
- fully paid up	2,374,147	
- not fully paid up		
A.1 Treasury Stock		
A.2 Shares outstanding: Opening balance	2,374,147	
B. Increases		
B.1 New share issues		
rights issues:		
- combination of companies		
- conversion of bonds		
- exercise of warrants		
- others		
bonus issues:		
- for employees		
- for directors		
- other		
B.2 Sale of treasury stock		
B.3 Other increases		
C. Decreases		
C.1 Cancellations		
C.2 Purchase of treasury stock		
C.3 Disposal of companies		
C.4 Other decreases		
D. Shares outstanding: Fiscal closing balance	2,374,147	
D.1 Treasury stock(+)		
D.2 Shares at end of year	2,374,147	
- fully paid up	2,374,147	
- not fully paid up		

Each of the Bank's 2,374,147 shares has a face value of EUR 110.

12.4 Profit reserves: Other information

	Amount	Options for allocation	Available portion	Allocations over past three years
Share capital	261,186			
Capital Reserves	870			
Share premium account	870	A,B,C	870	
Reserves	(20,271)			
a) Legal Reserve	16,471	B	14,151	
b) Extraordinary Reserve		A,B,C		
c) FTA/IFRS reserves	(7,758)			
d) Extraprofits Reserve	5,100			
e) retained profit IFRS 2005	305			
f) retained profit	(34,389)	A,B,C		
Other Reserves				
Total	(19,401)			
Amount not allocatable	(25,371)			
Amount allocatable	5,970			

Legend:

A= capital increase

B= cover for losses

C= distribution to shareholders

Other information

1. Commitments and financial guarantees issued (other than those designated at fair value)

	Nominal value on commitments and financial guarantees issued				TOTAL (31.12.2025)	TOTAL (31.12.2024)
	(First stage)	(Second stage)	(Third stage)	impaired acquired or generated		
Commitments to disburse funds	3,578,290	614,574	13,144		4,206,008	4,483,881
a) Central banks	45,000	14,931			59,931	59,432
b) Public administrations	11,723	95,163			106,886	63,908
c) Banks	2,864,446	449,849	6,407		3,320,702	3,621,445
d) Other financial companies	85,276				85,276	61,194
e) Non-financial companies	571,845	53,365	6,737		631,947	676,687
f) Families		1,266			1,266	1,215
Financial guarantees issued	500,007	160,561	23,647		684,215	867,572
a) Central banks		12,445			12,445	79,618
b) Public administrations						
c) Banks	432,386	70,282			502,668	578,776
d) Other financial companies						
e) Non-financial companies	67,621	77,834	23,647		169,102	209,178
f) Families						

3. Assets set up as collateral for own liabilities and commitments

Portfolios	Amount (31.12.2025)	Amount (31.12.2024)
1. Financial assets measured at fair value with impact on income statement		
2. Financial assets measured at fair value with impact on total profitability		
3. Financial assets valued at amortised cost	675,254	888,653
4. Tangible assets of which: tangible assets that constitute inventories		

Such activities have been used by Banca d'Italia for guarantee funding operations on the Eurosystem (675 million)

4 Asset management and brokerage services

Services	Amount 31/12/2025
1. Trading in financial instruments on behalf of third parties	
a) Purchases	
1. Regulated	
2. Unregulated	
b) Sales	
1. Regulated	
2. Unregulated	
2. Managing individual portfolios	
3. Custody and administration of securities	1,692,330
a) Third-party securities on deposit: connected with acting as custodian bank (excluding asset management)	
1. Securities issued by bank that draws up balance sheet	
2. Other securities	
b) Third-party securities on deposit (excluding asset management): other	26,983
1. Securities issued by bank that draws up balance sheet	14,379
2. Other securities	12,604
c) Third-party securities held by third parties	162,617
d) Own securities held by third parties	1,502,730
4. Other operations	

PART C

INFORMATION ON THE INCOME STATEMENT

Section 1 - Interest - Captions 10 and 20

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other operations	Total (31.12.2025)	Total (31.12.2024)
1. Financial assets measured at fair value with impact on income statement:					
1.1 Financial assets held for trading					
1.2 Financial assets designated at fair value					
1.3 Other financial assets necessarily measured at fair value					
2. Financial assets measured at fair value with impact on total profitability	140			140	201
3. Financial assets valued at amortised cost:	49,987	58,910		108,897	114,724
3.1 Credits towards banks		30,165		30,165	29,371
3.2 Credits towards customers	49,987	28,745		78,732	85,353
4. Derivatives for hedging operations					
5. Other assets					
6. Financial liabilities					
Total	50,127	58,910		109,037	114,925
<i>of which: interest income on impaired financial assets</i>		687		687	1,526
<i>of which: interest income on financial leasing</i>					

Interest relating to customers' impaired assets amounted to Euro 0,7 million (previously Euro 1,5 million the year ended 31/12/2024).

1.2 Interest and similar income: other information

1.2.1 Interest income from financial assets denominated in foreign currency

Items/ Technical forms	Debt securities	Loans	Other operations	Total (31.12.2025)	Total (31.12.2024)
1. Financial assets measured at fair value with impact on income statement:					
1.1 Financial assets held for trading					
1.2 Financial assets designated at fair value					
1.3 Other financial assets necessarily measured at fair value					
2. Financial assets measured at fair value with impact on total profitability	32			32	51
3. Financial assets valued at amortised cost:	1,042	33,710		34,752	35,739
3.1 Credits towards banks		27,134		27,134	24,635
3.2 Credits towards customers	1,042	6,576		7,618	11,104
4. Derivatives for hedging operations					
5. Other assets					
6. Financial liabilities					
Total	1,074	33,710		34,784	35,790
<i>of which: interest income on impaired financial assets</i>		145		145	159
<i>of which: interest income on financial leasing</i>					

1.3 Interest charges and similar expenses: breakdown

Items/Technical forms	Debts	Securities	Other operations	Total (31.12.2025)	Total (31.12.2024)
1. Financial liabilities valued at amortised cost	71,754			71,754	84,275
1.1 Debts towards Central Banks	2,171			2,171	3,668
1.2 Debts towards other banks	43,930			43,930	77,274
1.3 Debts towards customers	25,653			25,653	3,333
1.4 Securities issued					
2. Financial liabilities for trading					
3. Financial liabilities designated at fair value					
4. Other liabilities and funds					
5. Hedging derivatives					
6. Financial assets					0
Total	71,754			71,754	84,275
of which: interest expense relating to lease liabilities	5			5	3

1.4 Interest charges and similar expenses: Other information

1.4.1 Interest charges on liabilities denominated in foreign currency

Items/Technical forms	Debts	Securities	Other operations	Total (31.12.2025)	Total (31.12.2024)
1. Financial liabilities valued at amortised cost	33,245			33,245	31,402
1.1 Debts towards Central Banks	962			962	1,860
1.2 Debts towards other banks	28,945			28,945	28,279
1.3 Debts towards customers	3,338			3,338	1,263
1.4 Securities issued					
2. Financial liabilities for trading					
3. Financial liabilities designated at fair value					
4. Other liabilities and funds					
5. Hedging derivatives					
6. Financial assets					
Total	33,245			33,245	31,402
of which: interest expense relating to lease liabilities					

1.5 Differences relative to the hedging operations

Items/Values	Total (31.12.25)	Total (31.12.24)
A. Positive differences relative to hedging operations:	30,973	37,354
B. Negative differences relative to hedging operations:	28,765	33,506
C. Balance (A-B)	2,208	3,848

Section 2 - Commission income and expense - Captions 40 and 50

2.1 Commission income: breakdown

Type of services/values	Total (31.12.25)	Total (31.12.24)
a) Financial instruments		
1. Allocation of securities		
1.1. With standing order and/or based on an irrevocable commitment		
1.2 Without an irrevocable commitment		
2. Receiving and transmitting orders, and executing them on behalf of customers of customers		
2.1 Receiving and transmitting orders using one or more financial instruments		
2.2 Executing orders on behalf of customers		
3. Other commissions connected with activities linked to financial instruments of which: negotiating on own account of which: managing individual portfolios		
b) Corporate finance		
1. Consultancy on mergers and acquisitions		
2. Treasury services		
3. Other commissions connected with corporate finance services		
c) Consultancy on investments		
d) Compensation and regulation		
e) Custody and administration		
1. Deposit bank		
2. Other commissions linked to custody and administration		
f) Central administrative services for managing collective portfolios		
g) Fiduciary activities		
h) Payment services	33	34
1. Current accounts	17	17
2. Credit cards		
3. Debit cards and other payment cards	6	5
4. Bank transfers and other payment orders	10	12
5. Other commissions linked to payment orders		
i) Distribution of third-party services		
1. Managing collective portfolios		
2. Insurance products		
3. Other products of which: managing individual portfolios		
j) Structured finance		
k) Servicing activities for securitization operations		
l) Commitments to disburse funds		
m) Financial guarantees issued of which: credit derivatives	14,830	14,510
n) Financing operations of which: factoring operations	2,646	2,339
of which: factoring operations	1,173	589
o) Currency trading	2,911	3,233
p) Goods and commodities		
q) Other active commissions of which: activities for managing multilateral exchange systems of which: activities for managing organized trading systems	569	682
Total	20,989	20,798

2.3 Commission expense: breakdown

Services/Values	Total (31.12.25)	Total (31.12.24)
a) Financial instruments of which: negotiating financial instruments of which: allocating financial instruments of which: managing individual portfolios *Own account *Delegated to third parties		
b) Compensation and regulation		
c) Custody and administration		
d) Encashment and payment services	15	23
of which: credit cards, debit cards and other payment cards	15	23
e) Servicing activities for securitization operations		
f) Commitments to receive funds		
g) Financial guarantees received	2,134	2,441
of which: credit derivatives		
h) External offer of financial instruments, products and services		
i) Currency trading	1	
j) Other passive commissions	569	452
Total	2,719	2,916

The Caption includes commissions downgraded to banking counterparties on guarantees issued by our Bank, and commissions retroceded to counterparties participating in pooled financing.

Section 3 – Dividends and similar income – Caption 70

3.1 Dividends and similar income: breakdown

Voci/Proventi	Total (31.12.25)		Total (31.12.24)	
	Dividends	Income from investment funds	Dividends	Income from investment funds
A. Financial assets held for trading				
B. Financial assets necessarily measured at fair value	1			
C. Financial assets measured at fair value with impact on overall profitability				
D. Equity investments				
Total	1			

Section 4 – Net trading income – Caption 80

4.1 Net result of trading activities: composition

Operations / Income components	Capital gains (A)	Profit from trading (B)	Losses (C)	Losses from trading (D)	Net result [(A+B) - (C+D)]
1. Financial assets for trading		3	126		(123)
1.1 Debt securities		3			3
1.2 Capital securities			126		(126)
1.3 O.I.C.R. portions					
1.4 Financing operations					
1.5 Others					
2. Financial liabilities for trading					
2.1 Debt securities					
2.2 Debts					
2.3 Others					
3. Financial assets and liabilities: exchange differences					(6,974)
4. Derivative instruments		1			9,288
4.1 Financial derivatives:		1			9,288
- on debt securities and interest rates		1			1
- on capital securities and equity indices					
- on foreign currencies and gold					9,287
- others					
4.2 Credit derivatives					
<i>of which: natural hedging related to fair value option</i>					
Total		4			2,191

(*) The amount reflects the profit deriving from the valuation of Captions in foreign currency.

(**) Capital gains and losses (Euro 126 thousand) reflect the fair value measurement of financial derivatives on interest rates and foreign currencies and are included respectively in asset Caption 20 (below Euro 62 thousand) and in Caption 20 of liabilities (below Euro 182 thousand).

Section 5 – Net income from hedging activities – Caption 90

5.1 Net result of hedging activity: composition

	Total (31.12.25)	Total (31.12.24)
A. Revenues relating to:		
A.1 Hedging derivatives at fair value	45,083	51,092
A.2 Financial hedging activities (fair value)		
A.3 Financial hedging liabilities (fair value)		
A.4 Hedging of financial flows		
A.5 Activities and liabilities in currency		
Total revenues of hedging activities (A)	45,083	51,092
B. Charges relating to:		
B.1 Hedging derivatives at fair value	(47,196)	(45,514)
B.2 Financial hedging activities (fair value)		
B.3 Financial hedging liabilities (fair value)		
B.4 Hedging of financial flows		
B.5 Activities and liabilities in currency		
Total charges of hedging activity (B)	(47,196)	(45,514)
C. Net result of hedging activity (A - B)	(2,113)	5,578
<i>of which: result of hedging on net positions</i>		

Section 6 – Net income from disposals and repurchases – Caption 100

6.1 Profit (Loss) from sale/repurchase: composition

Items/Income components	Total (31.12.2025)			Total (31.12.2024)		
	Profit	Loss	Net result	Profit	Loss	Net result
A. Financial assets						
1. Financial assets valued at amortised cost:	2,214		2,214	2,524	(1,134)	1,390
1.1 Credits towards banks						
1.2 Credits towards customers	2,214		2,214	2,524	(1,134)	1,390
2. Financial assets measured at fair value with impact on total profitability	339	(1)	338	531	(111)	420
2.1 Debt securities	339	(1)	338	531	(111)	420
2.4 Financial operations						
Total assets	2,553	(1)	2,552	3,055	(1,245)	1,810
Financial liabilities valued at amortised cost						
1. Debts towards banks						
2. Debts towards customers						
3. Securities issued						
Total liabilities						

Section 7 – Net result of other financial assets and liabilities measured at fair value with impact on income statement – Caption 110

No data to report.

Section 8 – Adjustments / net write-backs for credit risk – Caption 130

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

Operations/Income components	Value adjustments (1)						Value recovery (2)				Total (31.12.2025) (2-1)	Total (31.12.2024)
	First stage	Second stage	Third stage		Impaired credits acquired or originated		First stage	Second stage	Third stage	Impaired credits acquired or originated		
			write-offs	others	write-offs	others						
A. Credits towards banks		1,162					158		6,597		5,593	803
- financing operations		1,162					158		6,597		5,593	800
- debt securities												3
B. Credits towards customers:				14,844			743	5,829	5,458		(2,814)	(15,046)
- financing operations				14,844			597	5,799			(8,448)	(12,192)
- debt securities							146	30	5,458		5,634	(2,854)
C. Total		1,162		14,844			901	5,829	12,055		2,779	(14,243)

8.2 Net value adjustments for credit risk relating to financial assets measured at fair value with impact on overall profitability: composition

Operations/Income components	Value adjustments (1)				Value recovery (2)				Total (31.12.2025)	Total (31.12.2024)
	First stage	Second stage	Third stage		First stage	Second stage	Third stage	Impaired credits acquired or originated		
			write-offs	others						
A. Debt securities	1					46	176		221	69
B. Financing operations										
- towards customers										
- towards banks										
Total	1					46	176		221	69

Section 9 – Profits / losses from contractual changes without cancellations – Caption 140

No data to report.

Section 10 – Administration expenses – Caption 160

10.1 Personnel expenses: breakdown

	Total (31.12.2025)	Total (31.12.2024)
1) Staff	19,238	18,479
a) Wages and salaries	13,855	13,068
b) Social security contributions	3,262	3,101
c) Severance payments		
d) Pension payments		
e) Allocations to the staff severance fund		
f) Allocations to the provision for pensions and similar liabilities:		
- defined contribution		
- defined benefit		
g) Payments to external complementary pension funds:	780	745
- defined contribution	780	745
- defined benefit		
h) Costs arising from agreements to make payments in own equity instruments		
i) Other benefits to staff	1,341	1,565
2) Non-salaried personnel	694	331
3) Directors	2,749	2,711
4) Retired personnel		
5) Expenses recouped for staff seconded to other institutions		
6) Expenses reimbursed for staff seconded from other institutions		
Total	22,681	21,521

10.2 Average number of employees per category

Employees:	
a) executives	4
b) managers	79
c) remaining employees	78
Other personnel	1

10.4 Other staff benefits

	Total (31.12.2025)	Total (31.12.2024)
Early retirement payments		
Other payments	1,341	1,565
Total	1,341	1,565

10.5 Other administration expenses: breakdown

	Total (31.12.2025)	Total (31.12.2024)
a) IT expenses	2,701	2,867
b) Expenses for movable/immovable property:	529	417
- rentals and other fees	42	92
- other	487	325
c) Expenses for the purchase of goods and non-professional services	2,593	2,547
d) Expenses for professional services	3,320	3,224
e) Insurance premiums	149	140
g) Advertising	684	434
h) Indirect duties and taxes	857	669
i) Other :	720	496
<i>of which: Resolution Funds and Deposit Guarantee Schemes (DGS)</i>	29	40
Total	11,553	10,794

Section 11 – Net provisioning for risks and charges – Caption 170

11.1 Net provisions for credit risk relating to commitments to disburse funds and financial guarantees issued: composition

	Total (31.12.2025)	Total (31.12.2024)
Legal disputes	625	
Commitments to disburse funds and financial guarantees issued	(414)	1,556
Other risks and charges	85	153
Total	296	1,709

11.2 Net provisions for commitments to disburse funds and financial guarantees issued: composition

	Total (31.12.2025)	Total (31.12.2024)
Commitments to disburse funds and financial guarantees issued	(414)	1,556
Total	(414)	1,556

11.3 Net provisions to other funds for risks and charges: composition

	Total (31.12.2025)	Total (31.12.2024)
Other risks and charges	85	153
Total	85	153

Section 12 - Net adjustments to tangible fixed assets – Caption 180

12.1 Net value adjustments on tangible assets: breakdown

Assets/Income component	Amortisation (a)	Value adjustments for impairment (b)	Value recovery (c)	Net result (a + b - c)
A. Tangible assets				
1. For functional use	1,253			1,253
- owned	1,101			1,101
- Right of use acquired trough leasing	152			152
2. For investment				
- owned				
- Right of use acquired trough leasing				
3. Inventories				
Total	1,253			1,253

Section 13 - Net adjustments to intangible fixed assets – Caption 190

13.1 Net adjustments to intangible fixed assets: breakdown

Assets/Income component	Amortisation (a)	Value adjustments for impairment (b)	Value recoveries (c)	Net result (a + b - c)
A. Intangible assets				
of wich software				
A.1 Owned	173			173
- generated internally by the bank				
- others	173			173
A.2 Right of use acquired trough leasing				
Total	173			173

Section 14 – Other operating income / charges – Caption 200

14.1. Other operating charges: breakdown

	Total (31.12.2025)	Total (31.12.2024)
Other operating charges	1,833	821
Total	1,833	821

14.2. Other operating income: breakdown

	31.12.2025	31.12.2024
Duties and taxes recouped	48	56
Rentals and fees	1	
Income from IT services rendered:		
- to companies within the banking group		
- to others		
Expenses recouped:		
- for own staff seconded to third parties		
- on deposits and current accounts	159	178
- other	932	976
SSF attribution to profit and loss		
Other income	761	7,143
Total	1,901	8,353

The figures reflect the recovery of costs and expenses for activities inherent to the Bank's core business (Euro 1.1 million), and the recovery of tax credits relating to previous years and resulting in part from the conclusion of the agency's tax audit in 2024.

Section 15 – Gains (losses) from equity investments - Caption 220

No data to report.

Section 16 – Net adjustments to fair value of tangible and intangible assets – Caption 230

No data to report.

Section 17 – Adjustments to goodwill – Caption 240

No data to report.

Section 18 – Gains (losses) from the disposal of investments - Caption 250

No data to report.

**Section 19 – Income tax for the year on continuing operations –
Caption 270**

19.1 Income tax for the year on continuing operations: breakdown

Income component/Values	Total (31.12.2025)	Total (31.12.2024)
1. Current taxes (-)	(4,470)	(3,250)
2. Changes in current taxes from previous years (+/-)		
3. Reduction of current taxes for the year (+)		
3. (extra) Reduction of current taxes for the year with tax credits pursuant to law no. 214/2011 (+)		
4. Change in prepaid taxes (+/-)	1,781	3,338
5. Change in deferred taxes (+/-)		
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(2,689)	88

19.2 Reconciliation of theoretical tax liability and actual book liability

	31.12.2025	31.12.2024
Profit before tax	25,297	22,474
Theoretical IRES and IRAP due	(4,470)	(3,250)
IRAP adjustments for administration expenses		
IRAP adjustments for write-offs		
Taxes on non-deductible costs		
Pre-paid and deferred taxes	1,781	3,338
Net Worth increase benefit		
Total taxes	(2,689)	88
Net profit	22,608	22,562

As regards the tax effect relating to the year 2024, please refer to "The year's key results".

Section 20 – Profit (loss) from discontinued operations net of tax effect - Caption 290

No data to report.

Section 21 – Other information

No data to report.

Section 22 – Profit per share

22.1 Average number of diluted common shares

	31.12.2025	31.12.2024
Net profit	22,608	22,562
Number of Shares	2,374,147	2,374,147
Profit per Share	10	10

PART D

COMPREHENSIVE INCOME DETAIL

Items		31.12.2025	31.12.2024
10.	Profit (loss) for year	22,608	22,562
	Other income components without reversal to income statement	(3)	4
70.	Defined benefit plans	(3)	4
	Other income components with reversal to the income statement	(81)	(303)
150.	Financial assets (other than equity securities) measured at fair value with impact on total profitability:	(81)	(303)
	a) changes in fair value	(81)	(303)
190.	Total other income components	(84)	(299)
200.	Overall profitability (10+190)	22,524	22,263

PART E RISKS AND THEIR COVERAGE

Governance

Banca UBAE adopts a traditional model of administration and control, consistent with the characteristics of its shareholder structure and with the need to ensure the effective functioning of the corporate bodies. In this context, the governance structure is based on the Shareholders' Meeting, the Board of Directors, which is responsible for strategic supervision and management, the General Manager, who participates in management as the head of the executive structure, and the Board of Statutory Auditors, which is entrusted with the control functions provided for by current legislation.

The Board of Directors defines the Bank's strategic guidelines, approves the organisational and corporate governance structure, the main internal regulations, the business and financial plans, the budget, the annual financial statements, the remuneration and incentive policies, as well as the guidelines for the internal control system and the risk management system. The Board is also responsible for decisions on major transactions, on credit facilities falling within its exclusive competence and, more generally, on acts of extraordinary administration.

Supporting the Board's activities, with investigative, advisory and propositional functions, are the Control, Risk and Sustainability Committee, the Remuneration Committee and the Business Committee. Internal management committees also operate, including the Credit Committee, the Risk and Sustainability Committee and the Personnel Committee, with responsibilities for oversight, analysis and decision-making support in their respective areas of competence.

The General Manager heads the internal structure, oversees the day-to-day management of the Bank, implements the resolutions of the corporate bodies and attends meetings of the Board of Directors in an advisory and preparatory capacity. The Board of Statutory Auditors monitors compliance with laws, regulations and the Articles of Association, ensures proper administration, assesses the adequacy of organisational, administrative and accounting structures, and verifies the completeness, functionality and reliability of the internal control system and the risk management system. The Board also acts as the Supervisory Body pursuant to Legislative Decree 231/2001.

Internal control system

Banca UBAE's internal control system consists of the set of rules, procedures and organisational structures designed to ensure sound and prudent management, risk mitigation, the effectiveness of business processes, the reliability of information and the compliance of operations with current legislation and internal provisions.

This system is structured across three levels. First-level controls are carried out by the operational units and are designed to ensure the proper conduct of business activities. Second-level controls are primarily entrusted to the Risk Management and Compliance functions and are aimed at risk monitoring, ensuring compliance with operational limits, and verifying that operations comply with the internal and external regulatory framework. Third-level controls are carried out by the Internal Audit function, which independently verifies the completeness, adequacy and effectiveness of the internal control system and the risk management system.

Corporate control functions

The Bank's main corporate control functions consist of the Risk Management Department, the Compliance and Anti-Money Laundering Department and the Internal Audit Department, which operate in accordance with principles of independence, autonomy and coordination with the corporate bodies.

The Risk Management Department oversees the corporate risk system, supports senior management in defining and monitoring the Bank's risk profile, and manages the measurement, control and reporting processes relating to the main risk categories. In this context, the Department oversees the ICAAP and ILAAP processes, the Risk Appetite Framework, the Recovery Plan, the risk profiles and risks associated with IFRS 9, operational risks, and ICT and security risks, whilst also contributing to the monitoring of credit quality and the verification of consistency between incentive schemes and risk management policies.

The Compliance and Anti-Money Laundering Department oversees compliance risk, providing advice to business units and senior management and ensuring that processes, procedures, products, services and operations are consistent with internal and external regulatory frameworks. The anti-money laundering function is part of this Department and is responsible for managing the risks of money laundering, terrorist financing and the application of restrictive measures. The Department is also involved in ICT compliance and personal data protection.

The Internal Audit Department carries out third-level internal audits, verifying the regularity of corporate operations, and the functionality and reliability of the organisational structure and other components of the internal control system. The function monitors the rectification of any anomalies identified, makes recommendations to the corporate bodies and reports periodically on the results of the audits carried out, including in conjunction with the Board of Statutory Auditors and the firm appointed to carry out the statutory audit.

Promoting a risk culture

Banca UBAE attaches particular importance to fostering a risk culture within the organisational structure and, to this end, provides internal training programmes for all staff to ensure they are kept up to date with external regulatory changes and to enhance the skills necessary to perform their duties adequately and efficiently.

During 2025, various training courses were delivered on national and international regulations of particular relevance to the company's operations, with specific reference to: Supervisory Reporting, Operational Risks, Corporate Governance, the DORA Regulation, Cybersecurity, Anti-Money Laundering, and the GDPR. Participation ranged between 80% and 90% of the total workforce, in line with the specific responsibilities of each organisational unit.

Furthermore, from an internal procedural perspective, there are both alert systems that promptly inform relevant parties of the issuance of new external regulations that could impact the Bank's proper operations, and internal reporting systems designed to provide guidance – to the various competent departments – on service communications regarding the publication of new operational procedures or their implementation, as well as to inform the organisation of any organisational adjustments to the Bank's structure.

INTRODUCTION

The Bank determines capital requirements for Pillar 1 risks by adopting the standardised methodologies provided for by prudential regulations for credit and counterparty risk, market risks and operational risks. As part of the ICAAP/ILAAP process, the Bank also assesses the overall adequacy of its capital and liquidity safeguards in relation to other material risks, in accordance with the principle of proportionality and with its size, nature and operational complexity.

In this context, the Bank, as an intermediary belonging to the size and operational category for which the regulations provide for simplified methodologies, also assesses specific risk profiles in addition to those under Pillar 1, including concentration risk, interest rate risk on the banking book, country risk, geo-sectoral concentration risk and strategic risk, using internal methodologies consistent with the specific characteristics of its business model. For liquidity risk, the Bank adopts specific management controls, based on monitoring systems, stress testing and contingency funding plans, without requiring a dedicated additional capital requirement.

Stress testing activities are carried out with reference to the main material risks and have been progressively strengthened, including through the broadening of the scope of analysis, the extension of the time horizon and the inclusion of macroeconomic stress scenarios. The results of the ICAAP/ILAAP process are reported annually to the Supervisory Authority in the relevant report. The Bank also fulfils its public disclosure obligations under prudential regulations by publishing Pillar III information on its website within the prescribed timeframes.

Section 1 – Credit risk

QUALITATIVE INFORMATION

1. General aspects

1. General

The policies for managing and monitoring credit and counterparty risk are governed by specific internal regulations, which are periodically updated and approved by the Board of Directors. These regulations define the roles and responsibilities of the corporate bodies and functions, the criteria for assuming, monitoring, classifying, assessing and managing exposures, as well as the related internal information flows and those to the Supervisory Authority.

In line with its business model, which is geared towards supporting international commercial and financial relations, the Bank adopts credit granting policies based on criteria of selectivity, prudence and rigorous assessment of creditworthiness. Credit operations are primarily directed towards financing commercial transactions related to the Bank's markets of interest, in favour of banks and businesses, both resident and non-resident.

The Board of Directors sets exposure limits by counterparty, country and technical form, in line with the principles of sound and prudent management. The measurement of internal capital against credit risk is carried out in accordance with the standardised approach set out in current prudential regulations; as part of the ICAAP and RAF processes, the Bank also conducts stress testing analyses aimed at assessing the impact of adverse scenarios on the risk profile, capital requirements and credit quality.

2. Credit risk management policies

2.1 Organisational aspects

Credit risk-taking policies are approved by the Board of Directors, which defines the system of decision-making delegations, the criteria for selecting and assessing credit facilities, and the risk monitoring and control mechanisms, including with regard to the concentration of exposures.

The credit risk management process comprises the stages of application, approval, performance monitoring, classification and valuation of exposures. Within this framework, the Credit Department, the first- and second-level credit monitoring units, the Risk Management Department and the Legal Department operate according to their respective responsibilities, within an organisational structure formalised in the Bank's internal regulations.

The Risk Management Department oversees the monitoring of capital requirements for credit risk, supports the corporate bodies in the ICAAP and RAF processes, and handles periodic reporting on capital adequacy, risk limits and large exposures. As part of the Risk Appetite Framework, the Department verifies, at least quarterly, compliance with the limits and tolerance thresholds defined for credit risk, and also issues, where required, consistency opinions for significant transactions.

The organisational and procedural framework for credit risk was updated during 2024, partly to enhance the efficiency of risk management, monitoring and mitigation processes, in line with the evolution of the Bank's organisational model and related control tools.

2.2 Management, measurement and control systems

Credit Appraisal

As part of the credit process, the preliminary assessment phase is carried out by the Credit Department and is aimed at evaluating the overall risk profile of the counterparty and the transaction, based on an analysis of the available corporate, balance sheet, financial and income documentation. This process verifies, amongst other things, the consistency of the credit application with the identified financial requirements, the required technical forms, internal limits and applicable regulations, including risk concentration profiles, related parties and anti-money laundering rules.

The creditworthiness assessment is based on qualitative and quantitative analyses and is summarised using internal scoring systems, from which the probability of default of the counterparty is estimated. On this basis, the Risk Management Department determines the parameters used to calculate expected losses for IFRS 9 purposes and supports, for internal purposes, the risk measurements associated with the credit portfolio.

The credit appraisal process is governed by a comprehensive system of internal regulations that governs the entire procedure, from the initial application through to

the decision by the competent body. Over the last few financial years, this framework has been progressively updated, in line with developments in the regulatory environment and the strengthening of controls for forward-looking analysis, sensitivity analysis and early warning.

Credit performance monitoring is organised across two levels of control, in line with the Bank's organisational structure. The first-level control, with the support of the relevant commercial departments, continuously monitors the performance of positions, identifies any anomalies through internal and external information sources, and updates the positions to be placed under observation, formulating proposals for reclassification and initial write-downs where necessary.

The second-level oversight, based within the Risk Management Department, verifies the proper conduct of first-level monitoring, the accuracy of classifications and the appropriateness of value adjustments, including within the scope of Asset Quality Review activities. This oversight also supports periodic reporting to the corporate bodies, technical analyses on credit matters and the continuous strengthening of credit risk management and control systems.

To support the assessment and monitoring processes, the Bank utilises IT tools and specialist databases, used for the reclassification of economic and financial information, the assignment of internal scores, consultation with external data providers, country risk analysis and the timely identification of warning signs. During 2024, early warning systems and second-level control flows were further developed in order to strengthen the ability to promptly detect the first signs of a deterioration in creditworthiness.

2.3 Methods for measuring expected losses

The valuation of credit exposures is carried out in accordance with IFRS 9, by classifying financial assets into different stages of credit risk and subsequently determining expected losses. Specifically, Stage 1 includes exposures that have not experienced a significant increase in credit risk since initial recognition, Stage 2 comprises exposures that have shown a significant increase in credit risk, whilst Stage 3 comprises impaired exposures. Impaired financial assets acquired or originated are recognised separately, in accordance with the applicable regulations.

For performing exposures classified in Stage 1 and Stage 2, value adjustments are determined using a statistical-modelling approach, based on relevant risk parameters, including probability of default, loss given default and exposure at default, appropriately adjusted on a forward-looking basis through the application of macroeconomic scenarios. The Bank uses specialised models and tools to determine

internal scores, risk parameters and expected losses, also taking into account the geographical specificities of counterparties.

For impaired exposures classified in Stage 3, valuation is carried out using an analytical approach, differentiated according to the category of impairment and the characteristics of the individual position. The estimate of recovery flows takes into account the debtor's financial position, the prospects for recovery, the value of any collateral acquired and, where relevant, the choice between a going concern scenario and a liquidation scenario.

Exposures are allocated across the various risk stages on the basis of internal criteria consistent with the principle of a significant increase in credit risk. In this context, factors such as payment history, classification as an exposure subject to concessions, inclusion on internal watchlists, significant changes in risk parameters since origination, and the presence of other indicators of irregularity are taken into account. For non-performing exposures, classification into the third stage is carried out in accordance with the applicable supervisory regulations.

For impaired exposures falling within the scope of the calendar provisioning framework, the Bank also takes into account the minimum prudential provisions required by current regulations

The Bank uses credit risk mitigation techniques in accordance with the applicable prudential regulatory framework, distinguishing between real and personal credit protection instruments. Credit risk mitigation policies are governed by the Bank's internal regulations, which define the types of eligible collateral, eligibility criteria, and the procedures for acquiring, managing, monitoring and valuing collateral, as well as the controls designed to continuously verify its legal and operational effectiveness.

The main forms of credit protection used include financial collateral, cash deposits, personal guarantees issued by eligible counterparties, counter-guarantees from governments and public sector bodies, as well as, where the conditions are met, netting agreements relating to on-balance-sheet and off-balance-sheet transactions. The Bank assesses the eligibility of collateral on the basis of the requirements set out in prudential regulations, with particular regard to legal certainty, enforceability, timely realisation, correct valuation and the monitoring of concentration risks associated with the collateral acquired.

With regard to personal guarantees, the Bank gives preference to forms of protection provided by entities with a high credit standing, in compliance with the eligibility requirements set out in current legislation. However, the purchase of credit risk protection through credit derivatives does not form part of the Bank's operational model.

For the purposes of quantifying risk exposure, the Bank applies the full model required by prudential regulations, taking into account regulatory volatility adjustments. The technical and organisational procedures adopted are designed to continuously verify the legal validity of the guarantees received, their proper

operational management and the absence of factors that could compromise their effectiveness for the purposes of credit risk mitigation.

3. Impaired credit exposures

Impaired credit exposures correspond to the categories of non-performing loans, loans in default and past due and/or overdraft exposures that are impaired, in accordance with applicable supervisory regulations. For the purposes of measuring expected losses under IFRS 9, these exposures fall within the third stage of credit risk and are subject to analytical assessment, in line with the methodologies outlined in paragraph 2.3 above.

3.1 Management strategies and policies

The Bank governs the management process for impaired exposures through specific internal regulations, which define the technical and organisational procedures and methodologies for monitoring, classifying, managing and assessing non-performing positions. Management activities are aimed at safeguarding the Bank's credit claims and maximising recoveries, through out-of-court, judicial or insolvency proceedings, depending on the characteristics of the individual exposure.

Past-due and/or overdrawn impaired positions are monitored as part of first-level performance monitoring; probable defaults and non-performing loans, on the other hand, are managed primarily by the Legal Department, with the support of other relevant departments. The classification and valuation of impaired exposures take into account the available information on the borrower's financial position, the performance of the relationships, the value of any collateral and the prospects for recovery.

The transition from one impaired category to another, as well as any return to performing status, is based on assessments carried out by the relevant departments and in compliance with supervisory regulations and the Bank's internal rules. Value adjustments are periodically reviewed to verify their adequacy in light of changes in recovery prospects.

3.2 Write-off

A write-off constitutes a total or partial accounting write-off of the credit exposure, which may or may not involve a legal waiver of the right to recover the debt. proceeds with write-offs when there are objective grounds for considering the debt to be wholly or partially irrecoverable, or when further recovery actions are not economically viable, in accordance with the materiality thresholds and decision-making powers defined by internal regulations.

The write-off policies adopted take into account, amongst other things, the status of the recovery procedure, the debtor's financial position, the existence and adequacy of collateral, the expected recovery times and the economic viability of further

recoverable actions. The Bank maintains records of written-off exposures that may remain subject to recovery procedures.

3.3 Acquired or originated impaired financial assets

Impaired financial assets acquired or originated are those that are already impaired at initial recognition, in accordance with the definition set out in the applicable regulations. In the Bank's business model, such cases are not of routine significance; therefore, any such instances are assessed and managed in accordance with specific internal controls, consistent with the classification assigned to the counterparty and with the expected loss measurement methodologies applicable to impaired exposures.

Where the Bank is involved in restructuring transactions involving the provision of new financing to impaired counterparties, such exposures are subject to the valuation, monitoring and classification processes set out in internal regulations and the applicable accounting and prudential rules.

4. Financial assets subject to commercial renegotiations and exposures subject to concessions

The Bank identifies and classifies exposures subject to concessions in accordance with supervisory regulations, distinguishing between impaired and non-impaired exposures. Concessionary measures consist of modifications to the original contractual terms granted to borrowers who are, or are about to be, in financial difficulty and are subject to specific monitoring by the relevant departments.

The policies for managing exposures subject to concessions are aimed at preserving, where possible, the continuity of the relationship and improving the prospects of recovery, in accordance with the criteria of sound and prudent management. Contractual modifications are also assessed from an accounting perspective, taking into account the effects on the measurement of expected losses; in particular, concessions granted to performing exposures normally result in classification in the second stage of credit risk for the purposes of IFRS 9.

The Bank continuously monitors the credit quality of exposures subject to concessions and the effectiveness of the measures granted, including in relation to the duration of their classification in the relevant categories and the conditions for any exit from the forbearance status, in accordance with applicable regulations.

QUANTITATIVE INFORMATION

Credit quality

A.1 Performing and non-performing credit positions: amounts outstanding, write-downs, variations and economic distribution

A.1.1 Distribution of financial assets by portfolio and credit quality (book value)

Portfolios/quality	Impaired	Probable defaults	Matured exposures deteriorated	Matured exposures not deteriorated	Other exposures not deteriorated	Total
1. Financial assets valued at amortised cost	5,557	47,817		109	2,398,813	2,452,296
2. Financial assets measured at fair value with impact on total profitability		1,903			6,100	8,003
3. Financial assets designated at fair value						
4. Other financial assets necessarily measured at fair value						
5. Financial assets in the process of being sold						
Total (31.12.2025)	5,557	49,720		109	2,404,913	2,460,299
Total (31.12.2024)	6,441	13,732			2,404,352	2,424,570

At 31 December 2025, exposures subject to concessionary measures (known as forbearance exposures) amounted to Euro 10,7 million; more information on these exposures can be found in table A.1.6, A.1.7.

A.1.2 Distribution of financial assets by portfolio and credit quality (gross and net values)

Portfolios/quality	Impaired				Not impaired			Total (net exposure)
	Gross exposure	Total value adjustments	Net Exposure	Overall partial write-offs (*)	Gross exposure	Total value adjustments	Net exposure	
1. Financial assets valued at amortised cost	142,648	89,274	53,374		2,404,414	5,492	2,398,922	2,452,296
2. Financial assets measured at fair value with impact on total profitability	2,693	790	1,903		6,117	17	6,100	8,003
3. Financial assets designated at fair value								
4. Other financial assets necessarily measured at fair value								
5. Financial assets in the process of being sold								
Total (31.12.2025)	145,341	90,064	55,277		2,410,531	5,509	2,405,022	2,460,299
Total (31.12.2024)	122,584	102,411	20,173		2,416,333	11,936	2,404,397	2,424,570

Portfolio/credit quality	Assets of low-quality credit		Other assets
	minus	net exposure	net exposure
1. Financial assets held for trading			62
2. Hedging derivatives			1,639
Total (31.12.2025)			1,701
Total (31.12.2024)			508

* Value to be displayed for information purposes

Among the unimpaired assets, there are no exposures subject to renegotiation under collective agreements.

Impaired assets include, principally, exposures to Italian corporate entities in the construction sector.

A.1.3 Distribution of financial assets by range of overdue amounts (book value)

Portfolios/risk stages	First stage			Second stage			Third stage		
	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days up to 90 days	Over 90 days	Up to 30 days	From over 30 days up to 90 days	Over 90 days
1. Financial assets valued at amortised cost	1			1,650	60	1		2,946	3,782
2. Financial assets measured at fair value with impact on total profitability									
3. Financial assets held for sale									
TOTAL (31.12.2025)	1			1,650	60	1		2,946	3,782
TOTAL (31.12.2024)				45				10	2,562

A.1.4 Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and total provisions

Reasons/risk stages	Total value adjustments												Total									
	Assets included in first stage				Assets included in second stage				Assets included in third stage					Impaired financial assets acquired or originated								
	Financial assets valued at amortized cost	Financial assets measured at fair value	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Financial assets valued at amortized cost	Financial assets measured at fair value	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Financial assets valued at amortized cost	Financial assets measured at fair value	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	First stage	Second stage	Third stage	
Initial overall adjustments	(5,434)					(6,616)	(10,793)	(966)			(107,359)								(1,199)	(391)	(10,567)	(126,966)
Changes in increase from financial assets acquired or originated																						
Cancellations other than write-offs																						
Net value adjustments/write-backs for credit risk (+/-)	901	(1)	900	900	4,667	46													320	(189)	294	13,982
Contractual changes without cancellations																						
Changes in the estimation methodology																						
Write-offs not directly recognized in the income statement																						
Other changes							4,741															
Final overall adjustments	(4,533)	(1)	(4,534)	(1,887)	(16)	(4,903)	(89,274)	(790)			(90,064)								(879)	(580)	(10,283)	(108,243)
Reparation recoveries on financial assets subject to write-off																						
Write-offs recorded directly in the income statement																						

The differences with table A.1.2 are related to the Captions on loans to banks and central banks at sight.

A.1.5 Financial assets, commitments to disburse funds and financial guarantees issued: transfers between the various stages of credit risk (gross and nominal values)

Portfolios/risk stages	Gross value / Nominal value					
	Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage and third stage	
	From first stage to second stage	From second stage to first stage	From second stage to third stage	From third stage to second stage	From first stage to third stage	From third stage to first stage
1. Financial assets valued at amortised cost	136,841	24,951	40,331		11,453	
2. Financial assets measured at fair value with impact on total profitability						
3. Financial assets held for sale						
4. Commitments to disburse funds, and financial guarantees issued	165,427	227,231	192		8,372	
TOTAL (31.12.2025)	302,268	252,182	40,523		19,825	

A.1.6 Cash and off-balance sheet credit exposures to banks: gross and net values

The cash exposures include all the cash financial assets held by customers, whatever their accounting allocation portfolio (trading, financial assets at amortised cost, financial assets measured at fair value with impact on overall profitability, financial assets held for sale).

Off-balance sheet exposures include all financial transactions other than cash transactions that involve the assumption of a credit risk, whatever the purpose of such transactions.

Type of exposures / values	Gross exposure				Total value adjustments and total provisions				Net exposure	Overall partial write-offs*
	First stage	Second stage	Third stage	impaired credits acquire or originated	First stage	Second stage	Third stage	impaired credits acquire or originated		
A. CREDIT EXPOSURES FOR CASH										
A.1. AT SIGHT										
a) Impaired	391,824	11,320			927	602			390,897	
b) Non-impaired	391,824	11,320			927	602			390,897	
A.2. OTHER	486,132	62,279	3,008		5,756	774	1,693		480,376	
a) Impaired										
- of which: exposures subject to concessions			3,008		1,693		1,693		1,315	
b) Probable defaults									351	
- of which: exposures subject to concessions			1,755		1,404		1,404			
c) Overdue impaired exposures										
- of which: exposures subject to concessions										
d) Overdue non-impaired exposures										
- of which: exposures subject to concessions										
e) Other non-impaired exposures	483,124	62,279			4,063	774			479,061	
- of which: exposures subject to concessions										
TOTAL A	877,956	801,349	73,599	3,008	6,683	1,376	1,693		871,273	
B. OFF-BALANCE SHEET CREDIT EXPOSURES										
a) Impaired	6,407		6,407						6,407	
a) Non-impaired	3,890,013	547,508			797	179			3,889,216	
TOTAL B	3,896,420	547,508	6,407		797	179			3,895,623	
TOTAL A+B	4,774,376	4,143,854	9,415		7,480	1,555	1,693		4,766,896	

* Value to be displayed for information purposes

A.1.7 Cash and off-balance sheet exposures to customers: gross and net values

Type of exposures /values	Gross exposure				Total value adjustments and total provisions				Net exposure	Overall partial write-offs*
	First stage	Second stage	Third stage	impaired credits acquire or originated	First stage	Second stage	Third stage	impaired credits acquire or originated		
A. CREDIT EXPOSURES FOR CASH										
a) Impaired	59,567		59,567		54,010		54,010			5,557
- of which: exposures subject to concessions										
b) Probable defaults	82,766		82,766		34,360		34,360			48,406
- of which: exposures subject to concessions	25,216		25,216		14,854		14,854			10,362
c) Overdue impaired exposures										
- of which: exposures subject to concessions		1		108						109
d) Overdue non-impaired exposures	109									
- of which: exposures subject to concessions										
e) Other non-impaired exposures	1,927,296	1,700,233		227,063	1,445	917	528			1,925,851
- of which: exposures subject to concessions										
TOTAL A	2,069,738	1,700,234	227,171	142,333	89,815	917	528	88,370		1,979,923
OFF-BALANCE SHEET CREDIT EXPOSURES										
a) Impaired	30,384			30,385	10,283			10,283		20,101
b) Non-impaired	964,096	736,468		227,628	662	261	401			963,434
TOTAL B	994,480	736,468	227,628	30,385	10,945	261	401	10,283		983,535
TOTAL A+B	3,064,218	2,436,702	454,799	172,718	100,760	1,178	929	98,653		2,963,458

* Value to be displayed for information purposes

A.1.8 Cash credit exposures to banks: movement of gross impaired exposures

Reasons/Categories	Impaired	Probable defaults	Overdue impaired exposures
A. Gross initial exposure - of which: sold exposures not cancelled	387	9,927	
B. Increasing changes B.1 re-entry of non-impaired exposures B.2 re-entry of impaired financial assets acquired or originated B.3 transfers from other categories of impaired exposures B.4 contractual changes without cancellations B.5 other increasing changes		3,284 3,284	
C. Decreasing changes C.1 exits to non-impaired exposures C.2 write-offs C.3 receipts C.4 income from sales C.5 losses from sales C.6 transfer to other categories of impaired exposures C.7 contractual changes without cancellations C.8 other decreasing changes	387	10,203 2,032	
D. Final gross exposure - of which: sold exposures not cancelled	387	8,171	
		3,008	

A.1.8 (bis) Cash credit exposures to banks: movement of gross exposures subject to separate credit ratings

Reasons/Quality	Exposures subject to impaired concessions	Exposures subject to non-impaired concessions
A. Gross initial exposure of which: sold exposures not cancelled	9,926	
B. Increasing changes B.1 re-entry of unimpaired exposures not subject to concessions B.2 re-entry of unimpaired exposures subject to concessions B.3 re-entry of exposures subject to impaired concessions B.4 re-entry of impaired exposures not subject to concessions B.5 other increasing changes		
C. Decreasing changes C.1 exit towards unimpaired exposures not subject to concessions C.2 exit towards unimpaired exposures subject to concessions C.3 exit towards exposures subject to impaired concessions C.4 write-offs C.5 receipts C.6 income from sales C.7 losses from sales C.8 other decreasing changes	8,171	
D. Final gross exposure of which: sold exposures not cancelled	8,171	
	1,755	

A.1.9 Cash credit exposures to customers: movement of gross impaired exposures

Reasons / Categories	Impaired	Probable defaults	Overdue impaired exposures
A. Gross initial exposure - of which: sold exposures not cancelled	81,096	31,560	
B. Increasing changes B.1 re-entry of non-impaired exposures B.2 re-entry of impaired financial assets acquired or originated B.3 transfers from other categories of impaired exposures B.4 contractual changes without cancellations B.5 other increasing changes	15 15	53,349 51,771 1,578	
C. Decreasing changes C.1 exit towards non-impaired exposures C.2 write-offs C.3 receipts C.4 income from sales C.5 losses from sales C.6 transfers to other categories of impaired exposures C.7 contractual changes without cancellations C.8 other decreasing changes	21,544 15,425 6,119	2,143 2,143	
D. Gross final exposure - of which: sold exposures not cancelled	59,567	82,766	

A.1.9 (bis) Cash credit exposures to customers: trends in gross exposures subject to separate credit ratings

Reasons / Quality	Exposures subject to impaired concessions	Other exposures subject to concessions
A. Gross initial exposure of which: sold exposures not cancelled	24,793	
B. Increasing changes B.1 re-entry of unimpaired exposures not subject to concessions B.2 re-entry of unimpaired exposures subject to concessions B.3 re-entry of exposures subject to impaired concessions B.4 re-entry of impaired exposures not subject to concessions B.5 other increasing changes	1,352 1,352	
C. Decreasing changes C.1 exit towards unimpaired exposures not subject to concessions C.2 exit towards unimpaired exposures subject to concessions C.3 exit towards exposures subject to impaired concessions C.4 write-offs C.5 receipts C.6 income from sales C.7 losses from sales C.8 other decreasing changes	929 929	
Gross final exposure of which: sold exposures not cancelled	25,216	

A.1.10 Non-cash exposures to banks: changes in total value adjustments

Reasons/Categories	Impaired		Probable defaults		Overdue impaired exposures	
	Total	of which: exposures subject to concessions	Total	of which: exposures subject to concessions	Total	of which: exposures subject to concessions
A. Overall initial adjustments of which: sold exposures not cancelled	349		7,941	7,941		
B. Increasing changes B.1 value adjustments on impaired assets acquired or originated B.2 other value adjustments B.3 losses from sales B.4 transfers from other categories of impaired exposures B.5 contractual changes without cancellations B.6 other increasing changes			731			
C. Decreasing changes C.1 value gains due to re-valuation C.2 value recoveries C.3 profit from sales C.4 write-offs C.5 transfers to other categories of impaired exposures C.6 contractual changes without cancellations C.7 other decreasing changes	349		6,979	6,537		
D. Overall final adjustments of which: sold exposures not cancelled			1,693	1,404		

A.1.11 Credit exposures for non-performing loans to customers: changes in total value adjustments

Reasons /Categories	Impaired		Probable defaults		Overdue impaired exposures	
	Total	of which: exposures subject to concessions	Total	of which: exposures subject to concessions	Total	of which: exposures subject to concessions
A. Overall initial adjustments of which: sold exposures not cancelled	74,655		19,813	14,676		
B. Increasing changes			15,643	1,122		
B.1 value adjustments of impaired financial assets acquired or originated						
B.2 other value adjustments						
B.3 losses on sales						
B.4 transfers from other categories of impaired exposures						
B.5 contractual changes without cancellations						
B.6 other increasing changes			15,643	1,122		
C. Decreasing changes	20,645		1,096	945		
C.1. value recovery from re-valuation						
C.2 value recovery from receipts						
C.3 profits on sales	15,132					
C.4 write-offs						
C.5 transfers to other categories of impaired exposures						
C.6 contractual changes without cancellations						
C.7 other decreasing changes	5,513		1,096	945		
D. Overall final adjustments of which: sold exposures not cancelled	54,010		34,360	14,853		

A.2 Classification of financial assets, of commitments to disburse funds, and financial guarantees issued on the basis of external and internal ratings

A.2.1 Distribution of financial assets, commitments to disburse funds, and financial guarantees issued: for external rating classes (gross values)

Exposures	Classes of external ratings						Without ratings	Total
	class 1	class 2	class 3	class 4	class 5	class 6		
A. Financial assets measured at amortised cost								
First stage	171	38,402	1,546,886	142,277	19,946	89,806	709,574	2,547,062
Second stage	171	38,402	1,544,174	142,277	19,946	39,320	331,724	2,116,014
Third stage			2,712			353	285,335	288,400
of which: impaired financial assets acquired or originated						50,133	92,515	142,648
B. Financial assets measured at fair value with an impact on total profitability								
First stage			5,067			1,050	2,693	8,810
Second stage			5,067					5,067
Third stage						1,050		1,050
of which: impaired financial assets acquired or originated							2,693	2,693
C. Financial assets held for sale								
First stage								
Second stage								
Third stage								
of which: impaired financial assets acquired or originated								
Total (A+B+C)		38,402	1,551,953	142,277	19,946	90,856	712,267	2,555,872
D. Commitments to disburse funds; financial guarantees issued								
First stage	266,913	896,186	1,196,729	255,857	51,750	137,597	2,085,195	4,890,227
Second stage	266,913	896,186	948,820	225,174	51,745	137,597	1,551,864	4,078,299
Third stage			247,909	30,683	5		496,539	775,136
of which: impaired financial assets acquired or originated							36,792	36,792
Total D	266,913	896,186	1,196,729	255,857	51,750	137,597	2,085,195	4,890,227
Total (A+B+C+D)	267,084	934,588	2,748,682	398,134	71,696	228,453	2,797,462	7,446,099

Rating agencies used are Standard & Poor's Rating Services, Moody's Investors Service e Fitch Ratings as per following mapping:

External ratings bands	Moody's	S&P	Fitch
Class 1	Aaa/Aa3		AAA/AA-
Class 2	A1/A3		A+/A-
Class 3	Baa1/Baa3		BBB+/BBB-
Class 4	Ba1/Ba3		BB+/BB-
Class 5	B1/B3		B+/B-
Class 6	Caa and below		CCC and below

A.3 Distribution of guaranteed exposures by type of guarantee

A.3.1 Cash and off-balance sheet exposures to guaranteed banks

	Personal guarantees (2)										Total (1)+(2)		
	Real guarantees (1)				Credit derivatives				Signature credits				
	Properties, mortgages	Properties, leasing financing	Securities	Other real guarantees	CLN	Central counterparties	Banks	Other financial companies	Other derivatives	Other entities		Public Administrations	Banks
Gross exposure	Net exposure												
1. Guaranteed cash credit exposures:	57,249	57,249										57,249	
1.1 totally guaranteed	57,249	57,249										57,249	
- of which: impaired													
1.2 partially guaranteed													
- of which: impaired													
2. Guaranteed off-balance sheet credit exposures:	131,658	131,658										131,658	
2.1 totally guaranteed	131,658	131,658										131,658	
- of which: impaired													
2.2 partially guaranteed													
- of which: impaired													

A.3.2 Cash and off-balance sheet exposures to guaranteed customers

	Gross exposure	Net exposure	Real guarantees (1)				Personal guarantees (2)						Total (1)+(2)		
			Properties, mortgages	Properties, leasing financing	Securities	Other real guarantees	Credit derivatives			Signature credits					
							CLN	Central counterparties	Banks	Other financial companies	Other entities	Public Administrations		Banks	Other financial companies
1. Guaranteed cash credit exposures:	48,045	37,716	19,773											17,943	37,716
1.1 totally guaranteed	48,045	37,716	19,773											17,943	37,716
- of which: impaired															
1.2 partially guaranteed															
- of which: impaired															
2. Guaranteed off-balance sheet credit exposures:	38,601	38,349		2,268										36,080	38,348
2.1 totally guaranteed	38,601	38,349		2,268										36,080	38,348
- of which: impaired															
2.2 partially guaranteed															
- of which: impaired															

B. Distribution and concentration of loans

B.1 Sectoral distribution of cash and off-balance-sheet exposures to customers

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance)		Non-financial companies		Families	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. Cash credit exposures										
A.1 Non-performing loans	4,643	45,490					914	8,520		
- of which: exposures subject to concessions										
A.2 Probable defaults		6,169					48,406	28,191		
- of which: exposures subject to concessions							10,362	14,064		
A.3 Expired impaired exposures										
- of which: exposures subject to concessions										
A.4 Non-deteriorated exposures	1,490,677	281	101,597	388			323,705	720	9,981	57
- of which: exposures subject to concessions										
Total (A)	1,495,320	51,940	101,597	388			373,025	37,431	9,981	57
B. Off-balance-sheet credit exposures										
B.1 Impaired exposures										
B.2 Non-deteriorated exposures	106,886		86,894	21			20,101	10,283		
Total (B)	106,886		86,894	21			788,489	10,924	1,266	
Total (A+B) (31.12.25)	1,602,206	51,940	188,491	409			1,161,514	48,355	11,247	57
Total (A+B) (31.12.24)	1,488,371	55,634,513	180,955	702			1,277,751	56,685	11,119	61

B.2 Distribution of cash and off-balance sheet exposures to customers by geographical area (book value)

Exposures/Geographical Area	Italia		Other European countries		Americas		Asia		Rest of the world	
	Net exposure	total write-downs	Net exposure	total write-downs	Net exposure	total write-downs	Net exposure	total write-downs	Net exposure	total write-downs
A. Cash credit exposures										
A.1 Bad Debts	914	8,520					4,643	45,490		
A.2 Probable defaults	19,930	17,866	28,475	10,325						6,169
A.3 Expired impaired exposures										
A.4 other Assets / in Bonis	1,671,805	785	191,353	416	23,311	11	26,926	192	12,565	43
Totale (A)	1,692,649	27,171	219,828	10,741	23,311	11	31,569	45,682	12,565	6,212
B. Off-Balance Sheet exposures										
B.1 Past due positions	18,136	10,283	1,965							
B.2 No Past due positions	521,094	580	285,193	6	15,167		50,285	21	91,695	55
Total (B)	539,230	10,863	287,158	6	15,167		50,285	21	91,695	55
Total (A+B) (31.12.25)	2,231,879	38,034	506,986	10,747	38,478	11	81,854	45,703	104,260	6,267
Total (A+B) (31.12.24)	421,206,381	48,136	466,328	7,597	73,128	16	212,095	53,078	81,669	4,728

B.3 Distribution of cash and off-balance sheet exposures to banks by geographical area (book value)

Exposures/Geographical Area	Italia		Other European countries		Americas		Asia		Rest of the world	
	Net exposure	total write-downs	Net exposure	total write-downs	Net exposure	total write-downs	Net exposure	total write-downs	Net exposure	total write-downs
A. Cash credit exposures										
A.1 Bad Debts										
A.2 Probable defaults							1,315	1,693		
A.3 Expired impaired exposures										
A.4 other Assets / in Bonis	247,664	787	347,136	1,037	7,511	4	70,672	1,020	196,975	2,141
Totale (A)	247,664	787	347,136	1,037	7,511	4	71,987	2,713	196,975	2,141
B. Off-Balance Sheet exposures										
B.1 Past due positions							6,407			
B.2 No Past due positions	1,254,336	377	786,561	40	115,000		506,499	56	1,226,820	324
Total (B)	1,254,336	377	786,561	40	115,000		512,906	56	1,226,820	324
Total (A+B) (31.12.25)	1,502,000	1,164	1,133,697	1,077	122,511	4	584,893	2,769	1,423,795	2,465
Total (A+B) (31.12.24)	1,548,786	1,216	1,151,265	1,351	136,513	15	628,417	8,712	1,653,742	601,340

B.4 Large Exposures

a) Amount (balance sheet value)	2,069,026
b) Amount (weighted value)	1,110,349
c) Number of balance positions	123
d) Number of weighted positions	23

The provisions contained in EU Regulation no. 575/2013 establish that large exposure means the exposure of an institution to a customer or a group of related parties having a value equal to or greater than 10% of the institution's eligible capital.

The same provisions establish that the amount of exposure of an institution towards a single customer or a group of related parties or towards banks resident in non-equivalent countries (Shadow Banking Entities - SBE) cannot exceed 25% of the eligible capital of the entity itself. The amount of 25% clearly takes into account the credit risk mitigation techniques, the type of guarantee acquired and the debtor counterparty.

With reference to SBEs, the Bank has set up a system of internal operating limits differentiated by cluster, by country and by individual banking counterparty, and in the latter case the internal lending limit is differentiated according to the internal score assigned as a cap to the regulatory limit.

Furthermore, in order to mitigate the concentration profile of loans to individual corporate entities and to the same economic sector, the Bank has introduced internal investment limits subject to specific monitoring and reporting processes.

The internal functions in charge periodically carry out checks on the overall exposure of customers or groups of related parties who fall into the category of large exposures, providing updated information to the corporate bodies and preparing the related information flows which are reported to the Supervisory Body.

C. Securitisation and assets transfer transactions

No data to report

D. Report on unconsolidated structured entities (other than securitisation special purpose entities)

No data to report

E. Transfer transactions

No data to report

**A. Financial assets sold but not fully deleted
Information in terms of quality and quantit**

E.1 Financial assets sold and recognised in full, and associated financial liabilities:
balance sheet values

	Financial assets sold and recognised in full			Associated financial liabilities			
	Balance sheet value	of which: subject to securitisation operations	of which: subject to repurchase agreements	of which: impaired	Balance sheet value	of which: subject to securitisation operations	of which: subject to repurchase agreements
A. Financial assets held for trading							
1. Debt securities							
2. Capital securities							
3. Financing operations							
4. Derivatives							
B. Other financial assets that are necessarily measured at fair value							
1. Debt securities							
2. Capital securities							
3. Financing operations							
C. Financial assets designated at fair value							
1. Debt securities							
2. Financing operations							
D. Financial assets measured at fair value with impact on total profitability							
1. Debt securities							
2. Capital securities							
3. Financing operations							
E. Financial assets valued at amortised cost	674,754		674,754		695,336		695,336
1. Debt securities	674,754		674,754		695,336		695,336
2. Financing operations							
Total (31.12.2025)	674,754		674,754		695,336		695,336
Total (31.12.2024)	888,148		888,148		897,319		897,319

F. Credit risk measurement models

For the purposes of this disclosure, it should be noted that the Bank does not adopt internal credit risk measurement models for accounting or regulatory purposes, but instead uses standard methodologies and tools provided by leading external providers, integrated into business processes, in line with its size and organisational profile.

The Bank has tools that enable it to assign each counterparty an internal score and a Probability of Default (PD) based on quantitative and qualitative data. Based on the score provided by the Credit Department, it is possible to determine, for each counterparty and based on macroeconomic scenarios differentiated by country, the forward-looking risk parameters necessary for calculating the Expected Credit Loss (ECL) for the purposes of IFRS 9 impairment.

This value is also used for management purposes as a supporting indicator in the pricing determination process, together with other relevant factors, within the framework of a risk-adjusted performance measurement approach.

In recent years, the Bank has launched a comprehensive project aimed at increasing the efficiency and effectiveness of the various stages of the credit process (application processing, credit approval, performance monitoring, risk profile analysis and counterparty assessment), strengthening both first- and second-level controls.

This project has taken the form of the definition and periodic review of the Policy governing the credit risk management process, approved by the Board of Directors, which incorporates the EBA Guidelines on Loan Origination and Monitoring (LOM), takes into account the Bank's operational specificities and ensures coordination with the Recovery Plan.

Section 2 – Market Risks

2.1 - Interest rate risk and price risk - Trading book

QUALITATIVE INFORMATION

A. General Aspects

The Board of Directors sets the maximum level of market risk acceptable for the trading portfolio, as corresponding to the economic capital that the Bank is willing to allocate to cover the undertaking of said risk.

The market risk management policy (foreign exchange, position and settlement) specifies the internal operating limits and the related responsibilities and monitoring procedures.

Compliance with the restrictions in force is monitored daily by the first-level organisational units and periodically by Risk Management (second-level control) based on the output provided by the ObjFin application.

Finance's transactions are recorded by the ObjFin application which is embedded into the Bank's IT-accounting system; to allow real-time monitoring by the relevant structures, the system of internal operating limits has been applied to this application. The reporting system has also been implemented within the application, allowing automatic production of reports for the various company functions, at set periodicity, on the situation regarding positions, risks and exceeding of operating limits.

The application manages the following financial instruments:

- Forex and OTC derivatives;
- Money Markets and derivatives (FRA, IRS, OIS);
- Bonds and derivatives;
- Equity and derivatives (index futures, stock futures, ETFs and options traded on regulated markets);

In particular:

- the position risk on the trading portfolio is monitored by applying a limit to the size, concentration and stop-loss for each individual position;
- the counterparty risk is calculated using the simplified standardised method for positions in OTC derivatives;
- the interest rate risk is expressed in terms of sensitivity to shifts in the rate curve with reference to both the value of the exposure and the interest margin.

B. Management processes and methods for measuring interest rate risk and price risk

The activity of brokerage between the market and the banking and corporate customers, with regard to interest rate and currency derivatives, can generate daily misalignments in the related portfolio and therefore a temporary increase in exposure to generic position risk, both for the Treasury and the Securities Desk.

Trading positions in interest rate and currency derivatives, both regulated and OTC, are recorded on the front office system, which also supports the daily pricing of instruments and the calculation of unrealised gains/losses.

The risk of each open position is subject to quantitative limits proposed by the Sustainability and Risk Management Committee, approved by the Board of Directors and periodically monitored by the Risk Management unit. As the limits approach, control procedures are activated and, if necessary, the exposure is reduced.

The Bank adheres to an internal policy that governs the market risk management process, defining the methods for identifying, assessing, measuring and monitoring risk, and assigning tasks and responsibilities across the internal functions.

In the context of capital adequacy, these risks are measured according to the standardised regulatory approach and are analysed under stress-testing conditions. Within the Risk Appetite Framework, Risk Management, quarterly, monitors compliance with risk appetite and risk tolerance for market risks; the results of the analyses conducted are periodically reported to the Sustainability and Risk Management Committee, the Audit, Risk and Sustainability Committee, the Board of Directors and Banca D'Italia.

QUANTITATIVE INFORMATION

1.A Regulatory trading portfolio: distribution by residual duration (re-pricing date) of financial assets and liabilities for cash and financial derivatives Currency: **EUR**

Type / Residual maturity	Sight	Up to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5 to 10 years	Over 10 years	Indefinite
1. Cash assets								
1.1 Debt securities								
- with option of early repayment								
- others								
1.2 Other assets								
2. Liabilities for cash								
2.1 P.C.T. liabilities								
2.2 Other liabilities								
3. Financial derivatives		246,082						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security		246,082						
- Options								
+ long positions								
+ short positions								
- Other derivatives		246,082						
+ long positions		32,491						
+ short positions		213,591						

1.B Regulatory trading portfolio: distribution by residual duration (re-pricing date) of financial assets and liabilities for cash and financial derivatives Currency: **USD**

Type / Residual maturity	Sight	Up to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5 to 10 years	Over 10 years	Indefinite
1. Cash assets								
1.1 Debt securities								
- with option of early repayment								
- others								
1.2 Other assets								
2. Liabilities for cash								
2.1 P.C.T. liabilities								
2.2 Other liabilities								
3. Financial derivatives		74,699						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security		74,699						
- Options								
+ long positions								
+ short positions								
- Other derivatives		74,699						
+ long positions		43,192						
+ short positions		31,507						

1.C Regulatory trading portfolio: distribution by residual duration (re-pricing date) of financial assets and liabilities for cash and financial derivatives Currency: **Other**

Type / Residual maturity	Sight	Up to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5 to 10 years	Over 10 years	Indefinite
1. Cash assets								
1.1 Debt securities								
- with option of early repayment								
- others								
1.2 Other assets								
2. Liabilities for cash								
2.1 P.C.T. liabilities								
2.2 Other liabilities								
3. Financial derivatives		178,452						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security		178,452						
- Options								
+ long positions								
+ short positions								
- Other derivatives		178,452						
+ long positions		173,952						
+ short positions		4,500						

2. Supervisory trading book: distribution of exposures in capital securities and share indices for the main countries where shares are listed

No data to report.

3. Supervisory trading book: internal models and other methods for analyzing sensitivity

No data to report.

2.2 – Price and Interest rate risk – Banking book

QUALITATIVE INFORMATION

A. General aspects, management procedures, methods of measuring interest rate risk

The prudential regulation (Pillar II) requires the calculation of an additional capital requirement for interest rate risk on the investment portfolio and demands that banks perform ongoing monitoring of the level of this risk, through the calculation of a 'risk indicator'.

The Risk Management unit conducts quarterly stress-testing of the exposure, assuming both parallel and non-parallel shifts of the interest rate curve. Additionally, in compliance with regulatory requirements, it annually assesses the exposure to risk also in terms of potential variation of the interest margin following a parallel shift of the interest rate curve.

In line with the EBA guidance on the subject, the set of shock and stress scenarios has been further expanded. Therefore, in addition to the parallel variation of +/- 200 basis points, the estimated variations in rates reflect the following scenarios: Short rate shock up, Short rate shock down, Long rate shock up, Long rate shock down, Steepener shock (fall in short-term rates and rise in long-term rates), Flattener shock (rise in short-term rates and fall in long-term rates). Risk exposure is monitored on a quarterly basis with reference to the risk indicator.

The value of this indicator should never exceed 15% of the Common Equity Tier 1 capital (CET1); this represents a much higher value than that recorded by Banca UBAE, which is more contained due to the high concentration of funding and loans over a 12-month time horizon and the presence of derivative instruments that mitigate the risk.

From a management point of view, the internal regulations have set an internal limit lower than the regulatory threshold and equal to 2% of own funds, as this is more representative of the Bank's real risk exposure.

The Bank adheres to an internal policy that governs the management of this risk, defining the methods for identifying, assessing, measuring and monitoring risk, and assigning tasks and responsibilities across the internal functions.

The Risk Management unit prepares a periodic report containing the results of the analyses conducted and intended for the Sustainability and Risk Management Committee, the Audit, Risk and Sustainability Committee and the Board of Directors.

Within the Risk Appetite Framework, Risk Management monitors compliance with the risk appetite and risk tolerance for interest rate risk on the banking book on a quarterly basis; the results of the analyses conducted in terms of risk indicator, capital absorption and monitoring of internal operating limits are subject to quarterly reporting to the Sustainability and Risk Management Committee, the Audit, Risk and Sustainability Committee and the Board of Directors.

B. Fair value hedges

Banca UBAE does not hold in its portfolio any derivative instruments for hedging assets and liabilities at fair value.

C. Cash flow hedges

Banca UBAE holds interest rate derivatives (IRS and OIS) in its portfolio with the aim of providing macro-hedging of the interest margin implicit in the financial flows deriving from banking activities (securities, deposits and loans). The Treasury Desk of the Finance unit is responsible for hedging and trading in derivatives.

QUANTITATIVE INFORMATION

1.A Banking book: Distribution of cash financial assets/liabilities and financial derivatives by residual maturity (repricing date) Currency: **EUR**

Type/Residual duration	at sight	up to 3 months	over 3 months to 6 months	over 6 months to 1 year	over 1 year to 5 years	over 5 years to 10 years	over 10 years	Indeterminate duration
1. Cash assets	283,648	296,251	799,797	90,133	117,111	534,745	2,591	
1.1 Debt securities		62,741	724,921		113,851	531,393		
- with early repayment option					18,996			
- others		62,741	724,921	20,314	94,855	531,393		
1.2 Financing to banks	105,294	65,374	22,512	9,697				
1.3 Financing to customers	178,354	168,136	52,364	60,122	3,260	3,352	2,591	
- current accounts	12,034					922		
- other financings	166,320	168,136	52,364	60,122	3,260	2,430	2,591	
- with early repayment option	82	162	241	480	3,260	2,430	2,591	
- others	166,238	167,974	52,123	59,642				
2. Cash liabilities	1,163,181	366,267	54	106	103,101	12,393		
2.1 Payables to customers	989,612	811	54	106	337	12,393		
- current accounts	294,054	760						
- other payables	695,558	51	54	106	337	12,393		
- with early repayment option								
- others	695,558	51	54	106	337	12,393		
2.2 Payables to banks	173,569	365,456			102,764			
- current accounts	159,815							
- other payables	13,754	365,456			102,764			
2.3 Debt securities								
- with early repayment option								
- others								
2.4 Other liabilities								
- with early repayment option								
- others								
3. Financial derivatives	750,000	125,000	25,000	10,000	115,000	575,000		
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
4. Other off-balance-sheet transactions		208,872	208,872					
+ long positions		208,872	208,872					
+ short positions								

1.B Banking book: Distribution of cash financial assets/liabilities and financial derivatives by residual maturity (repricing date) Currency: **USD**

Type/Residual duration	at sight	up to 3 months	over 3 months to 6 months	over 6 months to 1 year	over 1 year to 5 years	over 5 years to 10 years	over 10 years	Indeterminate duration
1. Cash assets	44,477	381,011	107,862	109,897	21,287			
1.1 Debt securities		18,751						
- with early repayment option								
- others		18,751						
1.2 Financing to banks	27,928	343,839	102,128	89,187	21,287			
1.3 Financing to customers	16,549	18,421	5,734	20,710				
- current accounts	908							
- other financings	15,641	18,421	5,734	20,710				
- with early repayment option								
- others	15,641	18,421	5,734	20,710				
2. Cash liabilities	214,259	206,570	12,820		265,858			
2.1 Payables to customers	85,834	860						
- current accounts	85,834	860						
- other payables								
- with early repayment option								
- others								
2.2 Payables to banks	128,425	205,710	12,820		265,858			
- current accounts	125,443							
- other payables	2,982	205,710	12,820		265,858			
2.3 Debt securities								
- with early repayment option								
- others								
2.4 Other liabilities								
- with early repayment option								
- others								
3. Financial derivatives	255,319	255,319						
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions	255,319	255,319						
4. Other off-balance-sheet transactions	11,100	17,022						
+ long positions	5,550	8,511						
+ short positions	5,550	8,511						

1.C Banking book: Distribution of cash financial assets/liabilities and financial derivatives by residual maturity (repricing date) Currency: **Others**

Type /Residual duration	at sight	up to 3 months	over 3 months to 6 months	over 6 months to 1 year	over 1 year to 5 years	over 5 years to 10 years	over 10 years	Indeterminate duration
1. Cash assets	2,835	82,594		167				
1.1 Debt securities								
- with early repayment option								
- others								
1.2 Financing to banks	2,833	82,594		167				
1.3 Financing to customers	2							
- current accounts								
- other financings	2							
- with early repayment option								
- others	2							
2. Cash liabilities	343,134	252,550						
2.1 Payables to customers	2,093							
- current accounts	2,093							
- other payables								
- with early repayment option								
- others								
2.2 Payables to banks	341,041	252,550						
- current accounts	341,041	252,550						
- other payables								
2.3 Debt securities								
- with early repayment option								
- others								
2.4 Other liabilities								
- with early repayment option								
- others								
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
3.2 Without underlying security								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								
4. Other off-balance-sheet transactions								
+ long positions								
+ short positions								

2.3 - Exchange rate risk

QUALITATIVE INFORMATION

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

In the context of the banking book, the asset structure of Banca UBAE is characterised by deposits funding in dollars and euros that is almost balanced by investments denominated in the same currencies.

Brokerage on currency derivatives and forwards can determine an increase in the Bank's overall exposure to exchange rate risk, resulting from holding assets and liabilities denominated in foreign currency.

The Board of Directors approves the Bank's overall exposure limits to exchange rate risk (intraday and overnight operating limits and stop loss limits), entrusting their management to the Sustainability and Risk Management Committee and daily monitoring to the first level functions.

A. Exchange rate risk hedging

The Finance unit of Banca UBAE carries out the macro-hedging of cash flows in foreign currency through the use of currency derivatives (currency swaps), based on its market analysis.

QUANTITATIVE INFORMATION

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

Items	Currency					
	US Dollars	GB Pounds	Swiss Francs	Canadian Dollars	Yen	Other currencies
A. Financial assets	665,353	83,251	1,184	31	91	879
A.1 Debt securities	23,394					
A.2 Capital securities						2
A.3 Financing for banks	596,168	83,251	1,184	31	91	875
A.4 Financing for customers	45,791					2
A.5 Other financing assets						
B. Other assets	58	4		2		2
C. Financial liabilities	699,506				10	151
C.1 Debts towards banks	612,812	252,550	194			146
C.2 Debts towards customers	86,694	1842	236		10	5
C.3 Debt securities						
C.4 Other financial liabilities						
D. Other liabilities						
E. Financial derivatives	74,699	173,025	1,396	2,832	1,200	
- Options						
+ long positions						
+ short positions						
- Other derivatives	74,699	173,025	1,396	2,832	1,200	
+ long positions	43,192	171,936		1,416	600	
+ short positions	31,507	1,089	1,396	1,416	600	
Total assets	708,603	255,191	1,184	1,449	691	881
Total liabilities	731,013	1,089	1,396	1,416	610	151
Imbalance (+/-)	(22,410)	254,102	(212)	33	81	730

Section 3 - Derivative financial instruments and hedging policies

3.1 Derivative trading instruments

A. Financial derivatives

In the 2025 financial year, Banca UBAE did not trade in financial derivatives on behalf of third parties, limiting its own activity to instruments for hedging risks connected to the trading and the banking portfolios.

Banca UBAE mainly uses derivatives to hedge its exposure to interest rates (IRS and OIS), and in particular to exchange rates (Currency Swap), in order to mitigate the company's exposure to different risk profiles.

The mitigation of market risk is made possible through the use of derivative instruments designed to hedge the Bank's loans.

The strategy pursued by the Bank is aimed at limiting the effects of possible fluctuations in the exchange rate, interest rates and share prices by including the following derivative instruments in the portfolio: currency swaps, interest rate swaps and share derivatives (futures and options).

Currency derivatives provide a way of neutralising the exchange rate effect by fixing the economic component generated by Forex operations.

Interest rate derivatives are used by the Bank to mitigate the effect of possible and adverse fluctuations in returns with respect to the value of portfolio assets (securities and loans) and minimising the time to risk exposure.

Furthermore, similarly to what has been described for market risks, the use of derivative instruments (IRS/OIS) is intended to hedge loans and HTC securities, so mitigating the Bank's exposure to interest rate risk on the banking book. The limited exposure to this latter risk, also resulting from the levels of the risk indicator, constantly below the regulatory threshold, is also a consequence of the prudential strategic guidelines set by the Board of Directors.

A.1 Financial derivatives for trading: notional values at end of period

Underlying assets /Types of derivatives	Total (31.12.2025)				Total (31.12.2024)			
	Central counterparties	Over the counter		Organised markets	Central counterparties	Over the counter		Organised markets
		With compensation agreements	Without Central			With compensation agreements	Without compensation agreements	
1. Debt securities and interest rates								
a) Options								
b) Swap								
c) Forward								
d) Futures								
e) Others								
2. Equities and equity indices								
a) Options								
b) Swap								
c) Forward								
d) Futures								
e) Others								
3. Currencies and gold								
a) Options								
b) Swap								
c) Forward								
d) Futures								
e) Others								
4. Goods								
5. Others								
Total		1,283	17,759		3,478	63,980		63,980

A.2 Financial derivatives for trading: positive and negative gross fair value - composition by product

Types of derivatives	Total (31.12.25)				Total (31.12.24)				
	Over-the-counter		Organised markets	Central counterparties	Over-the-counter		Organised markets	Central counterparties	
	With compensation agreements	Without compensation agreements			With compensation agreements	Without compensation agreements			
1. Fair positive value									
a) Options									
b) Interest rate swap									
c) Cross currency swap									
d) Equity swap		62			23	476			
e) Forward									
f) Futures									
g) Others									
Total		62			23	476			
2. Fair negative value									
a) Options									
b) Interest rate swap									
c) Cross currency swap									
d) Equity swap									
e) Forward	15	167				55			
f) Futures									
g) Others									
Total	15	167				55			

A.3 OTC financial derivatives: notional values, positive and negative gross fair value for counterparties

Underlying security	Governments, Central Banks	Banks	Other financial companies	Other entities
Contracts not included in compensation agreements 1) Debt securities and interest rates - notional value - fair positive value - fair negative value 2) Equity securities and equity indices - notional value - fair positive value - fair negative value 3) Currencies and gold - notional value - fair positive value - fair negative value 4) Goods - notional value - fair positive value - fair negative value 5) Others - notional value - fair positive value - fair negative value		17,855 17,626 62 167	1,431 1,416 15	
Contracts included in compensation agreements 1) Debt securities and interest rates - notional value - fair positive value - fair negative value 2) Equity securities and equity indices - notional value - fair positive value - fair negative value 3) Currencies and gold - notional value - fair positive value - fair negative value 4) Goods - notional value - fair positive value - fair negative value 5) Others - notional value - fair positive value - fair negative value				

A.4 Residual life of OTC financial derivatives for trading: notional values

Underlying securities/Residual life	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equities and equity indices				
A.3 Financial derivatives on currencies and gold	19,042			19,042
A.4 Financial derivatives on goods				
A.5 Other financial derivatives				
Total (31.12.25)	19,042			19,042
Total (31.12.24)	67,457			67,457

B. Credit derivatives

No data to report.

3.2 Accounting coverage

A.1 Financial hedging derivatives: notional values at end of period

Types of derivatives	Total (31.12.25)				Total (31.12.24)			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With compensation agreements	Without compensation agreements			With compensation agreements	Without compensation agreements	
1. Debt securities and interest rates		1,055,319				1,013,767		
a) Options								
b) Swap		1,055,319				1,013,767		
c) Forward								
d) Futures								
e) Others								
2. Capital securities and indices of shares								
a) Options								
b) Swap								
c) Forward								
d) Futures								
e) Others								
3. Currencies and gold								
a) Options								
b) Swap								
c) Forward								
d) Futures								
e) Others								
4. Goods								
5. Others								
Total		1,055,319				1,013,767		

A.2 Financial hedging derivatives: fair value (gross positive and negative) – division of products

Types of derivatives	Fair value (positive and negative)						Variation of value used to show lack of efficacy of hedging	
	Total (31.12.25)			Total (31.12.24)			Total (31.12.25)	Total (31.12.24)
	Over the counter		Organized markets	Over the counter		Organized markets		
	Central counterparties	Without central counterparties		Central counterparties	Without central counterparties			
	with comp. agreements	without comp. agreements	with comp. agreements	without comp. agreements	with comp. agreements	without comp. agreements		
Fair value positive	1,639				9			
a) Options					9			
b) Interest rate swap	1,639							
c) Cross currency swap								
d) Equity swap								
e) Forward								
f) Futures								
g) Others								
Fair value negative	(8,869)				(20,099)			
a) Options					(20,099)			
b) Interest rate swap	(8,869)							
c) Cross currency swap								
d) Equity swap								
e) Forward								
f) Futures								
g) Others								
Total	(7,230)				(20,090)			

A.3 Financial hedging derivatives OTC: notional values, fair value gross positive and negative for counterparties

Underlying assets	Central Counterparties	Banks	Other financial companies	Other entities
Contracts not part of compensation agreements 1) Debt securities and interest rates - notional fair value - positive fair value - negative fair value 2) Capital securities and share indices - notional fair value - fair value positive - fair value negative 3) Currencies and gold - notional fair value - fair value positive - fair value negative 4) Goods - notional fair value - fair value positive - fair value negative 5) Others - notional fair value - fair value positive - fair value negative				
Contracts - part of compensation agreements 1) Debt securities and interest rates - notional fair value - fair value positive - fair value negative 2) Capital securities and share indices - notional fair value - fair value positive - fair value negative 3) Currencies and gold - notional fair value - fair value positive - fair value negative 4) Goods - notional fair value - fair value positive - fair value negative 5) Others - notional fair value - fair value positive - fair value negative		51,051 50,000 1,051	1,014,776 1,005,319 1,639 7,818	

A.4 Residual life of financial hedging derivatives OTC: notional values

Underlying/Residual life	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	365,319	115,000	575,000	1,055,319
A.2 Financial derivatives on capital securities and indices of shares				
A.3 Financial derivatives on currencies and gold				
A.4 Financial derivatives on goods				
A.5 Other financial derivatives				
Total (31.12.25)	365,319	115,000	575,000	1,055,319
Total (31.12.24)	388,767	40,000	585,000	1,013,767

3.3 Further information on derivative trading and hedging instruments

A.1 OTC financial and credit derivatives: net fair value for counterparties

	Central counterparties	Banks	Other financial companies	Other entities
A. Financial derivatives				
1) Debt securities and interest rates		51,051	1,014,776	
- notional value		50,000	1,005,319	
- positive fair value			1,639	
- negative fair value		1,051	7,818	
2) Capital securities and share indices				
- notional value				
- positive fair value				
- negative fair value				
3) Currencies and gold				
- notional value				
- positive fair value				
- negative fair value				
4) Goods				
- notional value				
- positive fair value				
- negative fair value				
5) Others				
- notional value				
- positive fair value				
- negative fair value				
B. Credit derivatives				
1) Acquisition and protection				
- notional value				
- positive fair value				
- negative fair value				
2) Sale and protection				
- notional value				
- positive fair value				
- negative fair value				

Section 4 – Liquidity risk

QUALITATIVE INFORMATION

A. General aspects, management processes and methods for measuring liquidity risk

Liquidity risk is defined as the risk that the Bank will be unable to meet its payment obligations, whether expected or unexpected, due to an inability to raise funds in the market or to liquidate its assets promptly without incurring significant losses. In accordance with applicable prudential regulations, the Bank manages this risk through a system of policies, operational limits, early warning indicators and procedures for managing potential stress situations, integrated into the ILAAP process and the Contingency Funding Plan.

The Bank's main sources of funding are its own funds and funding raised primarily on the interbank market and the repurchase agreement market. Given the composition of its assets, the nature of its operations and its focus on predominantly short-term lending, liquidity risk does not present any particular critical issues under normal market conditions. This is also supported by the backing of the majority shareholder, existing interbank relationships and the availability of an eligible securities portfolio that can be used in refinancing operations with the central bank. The Bank nevertheless maintains a constant focus on diversifying its funding sources, both in terms of volumes and the cost of funding.

The operational management of liquidity is entrusted to the Treasury, whilst the Risk Management Department oversees the risk monitoring and control system by identifying relevant indicators, verifying compliance with limits and warning thresholds, conducting stress tests and preparing periodic reports for the corporate bodies. The Risk and Sustainability Committee supports the Board of Directors in defining funding and liquidity risk management policies, as well as in assessing any corrective measures.

The internal liquidity policy governs management guidelines, the allocation of roles and responsibilities among the departments involved, the system of operational limits, and the procedures to be activated in the event of liquidity stress. The Contingency Funding Plan, linked to a system of early warning indicators and the Recovery Plan, defines the escalation procedures and extraordinary measures to be adopted in the event of stress conditions. The process is integrated with the Risk Appetite Framework, within which liquidity risk is monitored through specific alert and tolerance thresholds based on the main regulatory indicators.

The Risk Management Department carries out periodic monitoring of the main liquidity indicators, including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), as well as early warning indicators, the maturity ladder and the additional control tools provided for by internal regulations. The Bank also conducts periodic stress tests, including as part of the ILAAP process, to assess the resilience of its liquidity position under adverse scenarios. The results of the

monitoring activities and stress analyses are reported to the corporate bodies and, where applicable, to the Supervisory Authority.

As at the reporting date, monitoring of the main regulatory ratios shows compliance with the minimum limits set by current regulations, confirming the adequacy of liquidity risk management.

QUANTITATIVE INFORMATION

1.A Time distribution for residual contract duration of financial assets and liabilities - EUR

Items / Timing	At sight	from over 1 day to 7 days	from over 7 days to 15 days	from over 15 days to 1 month	from 1 month to 3 months	from 3 months to 6 months	from 6 months to 1 year	from 1 year to 5 years	More than 5 years	Indeterminate duration
Cash activities	44,380	211,253	56,233	30,666	64,651	107,379	110,344	39,884		
A.1 Government bonds			46				46	1,585		
A.2 Other debt securities			275					17,022		
A.3 O.I.C.R. portions										
A.4 Financings	44,380	211,253	55,912	30,666	64,651	107,379	110,298	21,277		
- banks	28,668	209,806	55,296	27,975	50,047	101,612	89,532	21,277		
- customers	15,712	1,447	616	2,691	14,604	5,767	20,766			
Cash liabilities	214,258	7,735	53,404	297	146,100	12,994		255,503		
B.1 Deposits and current accounts	214,258	7,735	53,404	297	146,100	12,994		255,503		
- banks	128,424	7,735	53,353		145,585	12,994		255,503		
- customers	85,834		51	297						
B.2 Debt securities										
B.3 Other liabilities										
"Off-balance-sheet" operations	4,723	75,512	16,210		569		4,723			
C.1 Financial derivatives with capital exchange		58,490	16,210							
- long-term positions		31,950	11,243							
- short-term positions		26,540	4,967							
C.2 Financial derivatives without capital exchange					569					
- long-term positions										
- short-term positions					569					
C.3 Receivable deposits and financings										
- long positions										
- short positions										
C.4 Irrevocable commitments to disburse funds	4,723	17,022					4,723			
- long positions		8,511					4,723			
- short positions	4,723	8,511								
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with capital exchange										
- long positions										
- short positions										
C.8 Credit derivatives without capital exchange										
- long positions										
- short positions										

1.B Time distribution for residual contract duration of financial assets and liabilities – USD

Items/ Timing	At sight	from over 1 day to 7 days	from over 7 days to 15 days	from over 15 days to 1 month	from 1 month to 3 months	from 3 months to 6 months	from 6 months to 1 year	from 1 year to 5 years	More than 5 years	Indeterminate duration
Cash activities	498	82,605					169			
A.1 Government bonds										
A.2 Other debt securities										
A.3 O.I.C.R. portions	498	82,605					169			
A.4 Financings	498	82,605					169			
- banks										
- customers										
Cash liabilities	1,842		28,732	86,222	138,330					
B.1 Deposits and current accounts	1,842		28,732	86,222	138,330					
- banks			28,732	86,222	138,330					
- customers	1,842									
B.2 Debt securities										
B.3 Other liabilities										
"Off-balance-sheet" operations		173,025								
C.1 Financial derivatives with capital exchange		173,025								
- long-term positions		171,936								
- short-term positions		1,089								
C.2 Financial derivatives without capital exchange										
- long-term positions										
- short-term positions										
C.3 Receivable deposits and financings										
- long positions										
- short positions										
C.4 Irrevocable commitments to disburse funds										
- long positions										
- short positions										
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with capital exchange										
- long positions										
- short positions										
C.8 Credit derivatives without capital exchange										
- long positions										
- short positions										

1.C Time distribution for residual contract duration of financial assets and liabilities – others

Items/Timing	At sight	from over 1 day to 7 days	from over 7 days to 15 days	from over 15 days to 1 month	from 1 month to 3 months	from 3 months to 6 months	from 6 months to 1 year	from 1 year to 5 years	More than 5 years	Indeterminate duration
Cash activities	2,842	83	6				169			
A.1 Government bonds										
A.2 Other debt securities										
A.3 O.I.C.R. portions	2,842	83	6				169			
A.4 Financings	2,840	83	6				169			
- banks										
- customers	2									
Cash liabilities	2,434		28,732	86,222	138,330					
B.1 Deposits and current accounts	2,434		28,732	86,222	138,330					
- banks	341		28,732	86,222	138,330					
- customers	2,093									
B.2 Debt securities										
B.3 Other liabilities										
"Off-balance-sheet" operations		174,225	1,396		2,832					
C.1 Financial derivatives with capital exchange		174,225	1,396		2,832					
- long-term positions		172,536			1,416					
- short-term positions		1,689	1,396		1,416					
C.2 Financial derivatives without capital exchange										
- long-term positions										
- short-term positions										
C.3 Receivable deposits and financings										
- long positions										
- short positions										
C.4 Irrevocable commitments to disburse funds										
- long positions										
- short positions										
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with capital exchange										
- long positions										
- short positions										
C.8 Credit derivatives without capital exchange										
- long positions										
- short positions										

Section 5 – Operational risk

QUALITATIVE INFORMATION

A. *General aspects, management processes and measurement of operational risk*

Banca UBAE determines the capital requirement for operational risk in accordance with the applicable prudential regulations currently in force. Under the regulatory framework introduced by CRR3, the requirement is determined in accordance with the framework set out for operational risk, which is based on the business indicator.

The Bank has established operational risk management controls designed to identify, assess, monitor and mitigate exposure to operational risks, as well as to detect and analyse operational loss events. In this context, initiatives to strengthen business processes and tools supporting risk assessment and loss data collection activities are continuing, in line with the relevant regulatory framework.

As at 31 December 2025, the capital requirement was determined in accordance with current prudential regulations. Within the ICAAP, operational risks are included in the scope of stress testing in accordance with methodologies consistent with the internal approach adopted by the Bank.

Within the Risk Appetite Framework, the Risk Management Department monitors compliance with the defined thresholds for operational risks on a quarterly basis; the results of these analyses are incorporated into the periodic reports submitted to the relevant corporate bodies and the Supervisory Authority.

It should be noted that, as at 31 December 2025, the Bank reports third-party funds held in administration/custody under memorandum accounts amounting to EUR 3.2 billion (EUR 3.6 billion as at 31 December 2024), arising from third-party securities and related coupons, which are subject to an international judicial restraint order. It should be noted that further third-party funds relating to the same scope, with a total value of EUR 1.6 billion (included in the indicative total of EUR 3.6 billion), have been transferred to other intermediaries in accordance with orders issued by foreign judicial authorities, pending final allocation; as these amounts were no longer under the Bank's administrative or custodial control as at the balance sheet date, they are not included in the memorandum accounts and are monitored for information purposes only. The Bank does not hold ownership or control of the aforementioned amounts. Legal proceedings are pending in the US and Luxembourg jurisdictions; based on the available information and legal assessments, an adverse outcome is considered possible but not probable. Consequently, no provisions have been recognised at the balance sheet date.

QUANTITATIVE INFORMATION

	Total (31.12.25)	Total (31.12.24)
OPERATIONAL RISK	7,666	8,544
1 Basic method	7,666	8,544
2 Standardized method		
3 Advanced method		

Section 6 – Other Risks: Counterparty and Settlement Risk

QUALITATIVE INFORMATION

A. General aspects, management processes and methods for measuring counterparty risk

The activity of brokering OTC interest rate and currency derivatives generates the risk that, at upon expiry, the counterparty may not be able to fulfil the payment obligations deriving from the stipulated contracts (counterparty risk). Once this contractual deadline has passed, in the event of non-fulfilment, the counterparty risk becomes a settlement risk.

Counterparty risk is monitored, both as a whole and with reference to individual types of exposure, through the front office ObjFin system that manages the internal operational limits system.

Each counterparty, whether a bank or a corporate, authorised to trade in derivative instruments, is entrusted by the Board of Directors, the Credit Committee or another competent function of the Bank, through the granting of specific ad hoc credit lines. The limits are overseen by the first-level functions through the front office system, which recalculates all existing positions daily based on updated prices. Risk Management, relying on the results of internal analyses, manages the flow of information to the Sustainability and Risk Management Committee, the Audit, Risk and Sustainability Committee and the Board of Directors.

The internal capital against counterparty risk is measured by applying the simplified standardised method.

Within the Risk Appetite Framework, Risk Management monitors compliance with the macro-risk limit and the risk tolerance for counterparty risk (including the Credit Valuation Adjustment) on a quarterly basis; the results of the analyses carried out are periodically reported to the Sustainability and Risk Management Committee, the Audit, Risk and Sustainability Committee and the Board of Directors.

B. General aspects, management processes and methods for measuring settlement risk

With the exception of operations in OTC derivatives, which generate counterparty risk, Banca UBAE trades in listed and unlisted financial instruments and currencies exclusively with a payment versus delivery clause, minimising its exposure to settlement risk.

Section 7 – Concentration risk

QUALITATIVE INFORMATION

A. General aspects, management processes and methods for measuring concentration risk

The Bank manages concentration risk in accordance with the regulations on large exposures and the internal operational limits defined by the corporate bodies. In this context, it monitors significant exposures to individual counterparties or groups of connected counterparties, as well as the sectoral and geographical concentration profiles of the credit portfolio.

For ICAAP and RAF purposes, the Bank measures single-name concentration risk using the simplified methodology provided for by prudential regulations and supplements this analysis with internal assessments of geo-sectoral concentration risk, consistent with the composition of its portfolio. Monitoring is carried out by the Risk Management Department, which periodically verifies compliance with internal and external limits, conducts stress tests and prepares reports for the corporate bodies.

The Bank has also adopted specific internal policies governing roles, responsibilities, operational limits, monitoring processes and information flows relating to concentration risk, large exposures and shadow banking entities.

Section 8 – Country Risk

QUALITATIVE INFORMATION

A. General aspects, management processes and methods for measuring country risk

Given the specific characteristics of its business model and the nature of its operations with counterparties resident in diverse geographical areas, the Bank manages country risk through specific operational limits, periodic analyses and internal assessment methodologies, integrated into the capital adequacy framework.

For ICAAP purposes, the Bank assesses country risk using an internal methodology that enables the estimation of additional capital requirements, consistent with the characteristics of its portfolio. Risk management is also based on the allocation of operational limits per country, approved by the competent bodies, as well as on the monitoring of transfer risk, assessed within the broader context of country risk.

The Risk Management Department carries out periodic risk monitoring, conducts stress tests on exposures to the main countries of operation and oversees reporting to the corporate bodies within the framework of the RAF and the overall risk governance system.

Section 9 – Strategic risk

QUALITATIVE INFORMATION

A. General aspects, management processes and methods for measuring strategic risk

The Bank manages strategic risk, defined as the risk of a decline in profits or capital arising from inappropriate corporate decisions, the incorrect implementation of decisions taken, or changes in the competitive, regulatory or market environment.

As part of the ICAAP process, the Bank assesses strategic risk using an internal methodology designed to estimate capital requirements consistent with its operating model and multi-year planning process. Risk management is also integrated into the Risk Appetite Framework through specific indicators, warning thresholds and periodic reporting to the corporate bodies.

The Bank has formalised the strategic planning and monitoring processes for financial and capital objectives in specific internal regulations, which define roles, responsibilities, timelines and approval procedures.

Section 10 – Risk of excessive leverage

QUALITATIVE INFORMATION

A. General aspects, management processes and methods for measuring the risk of excessive leverage

The Bank manages the risk of excessive leverage as part of its internal control system and the ICAAP process, monitoring the ratio of Tier 1 capital to total exposure, in accordance with current prudential regulations.

This risk is subject to periodic monitoring by the Risk Management Department, which assesses the trend of the Leverage Ratio against regulatory limits and the warning thresholds defined in internal controls and in the Recovery Plan. The Bank also includes this risk within the scope of its stress testing to assess its sensitivity under adverse scenarios.

The procedures for identifying, measuring, monitoring and reporting the risk of excessive leverage are governed by specific internal regulations, within the broader framework of the risk governance and control system.

PART F

INFORMATION ON SHAREHOLDERS' EQUITY

Section 1 – Shareholders' equity

A. QUALITATIVE INFORMATION

Asset management concerns the set of policies and decisions necessary to establish the scale of assets in order to ensure that it is consistent with the activities and risks assumed by the Bank which is subject to the capital adequacy requirements required by European regulators (CRR/CRD) and in particular to the capitalization objectives that the Supervisory Body sets within the SREP (Supervisory Review and Evaluation Process).

The activity of verifying compliance with the minimum supervisory requirements and the consequent adequacy of the capital is a function of both the objectives set during planning, which take into account the possible evolution of the risk, and what is regulated at the level of the Risk Appetite Framework (RAF).

Compliance with capital adequacy is ensured by observing a dividend distribution policy related to the achievement of the minimum capital requirements mentioned above and taking into consideration the relevant supervisory regulations.

On a quarterly basis, the Risk Management Sector monitors compliance with the supervisory indices, prepares estimates of future ratios and verifies the adequacy with respect to what is regulated in the RAF.

A further phase of analysis and preventive control of the Bank's capital adequacy takes place whenever exceptional transactions (major operations) are planned. In this case, the impact on the risk limit system is estimated and an opinion of consistency with the RAF is formulated by the Risk Manager.

Lastly, with the aim of ensuring integration between key corporate processes, an analysis of future capital ratios is conducted as part of the strategic planning process and on the basis of budgeting data so as to verify the capital sustainability of the strategic directions outlined by senior management.

B. QUANTITATIVE INFORMATION**B.1 Shareholders' equity: breakdown**

Items/Values	Amount (31.12.2025)	Amount (31.12.2024)
1. Capital	261,186	261,186
2. Issue surcharges	870	870
3. Reserves	(20,271)	(40,898)
- of profits	14,118	14,925
a) legal	16,471	15,343
b) statutory		
c) own actions		
d) others	(2,353)	(418)
- miscellaneous	(34,389)	(55,823)
3.5 Advances on dividends (-)		
4. Capital instruments		
5. (Own actions)		
6. Valuation reserves	777	862
- Equity securities designated at fair value with impact on total profitability	1	
- Coverage of equity securities designated at fair value with impact on total profitability		
- Financial assets (other than equity securities) measured at fair value with impact on total profitability	914	998
- Tangible assets		
- Intangible assets		
- Hedging of foreign investments		
- Hedging of financial flows		
- Hedging instruments (non-designated elements)		
- Exchange rate differences		
- Non-current assets and groups of assets held for sale		
- Financial liabilities designated at fair value with impact on income statement (changes in own creditworthiness)		
- Actuarial gains (losses) relating to defined benefit pension plans	(138)	(136)
- Shares of valuation reserves relating to subsidiaries valued at net equity		
- Special revaluation legislation		
7. Profit (loss) for year	22,608	22,562
Total	265,170	244,582

B2. Valuation reserves relating to financial assets available for sale: breakdown

Assets/Values	Total (31.12.25)		Total (31.12.24)	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debit securities	914		998	
2. Capital securities	1			
3. Financings				
Total	915		998	

B3. Valuation reserves relating to financial assets available for sale: Yearly variations

	Debt securities	Capital securities	Financings
1. Opening balance	998		
2. Positive changes		1	
2.1 Fair value increases		1	
2.2 Value adjustments for credit risk			
2.3 Transfer to income statement of negative reserves from realisation			
2.4 Transfers to other components of equity (equity securities)			
2.5 Other variations			
3. Negative changes	84		
3.1 Reductions in fair value	84		
3.2 Write-backs for credit risk			
3.3 Transfer to income statement from positive reserves: from realisation			
3.4 Transfers to other components of equity (equity securities)			
3.5 Other variations			
4. Closing balance	914	1	

Section 2 – Own funds and prudential ratios

2.1 Scope of application of the law

Consolidated own funds, risk-weighted assets and solvency ratios at 31 December 2025 were determined based on the new harmonized framework set out in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) dated 26 June 2013, as well as Banca d'Italia Circulars no. 285 and 286 (issued during 2013) and the update to Circular no. 154.

2.1.1 Banking own funds

A. Qualitative information

1. Common equity Tier 1 Capital (CET1)

A) Common equity Tier 1 Capital (CET1)

This Caption includes:

- *261.2 million Euro in paid-up capital instruments;*
- *0.8 million Euro in share premium;*
- *accumulated other comprehensive income, positive to the tune of 0.8 million Euro and consisting of:*

0.1 million Euro in the negative reserve for actuarial losses deriving from defined-benefit plans in accordance with the new IAS19;

0.9 million Euro in positive reserves for HTC&S;

- *accumulated negative retained earnings/losses as at 31/12/2025: 20 million euros;*

D) Captions to be deducted from CET1

This Caption includes the following main aggregates:

- *0.4 million Euro in goodwill and other intangible assets*
- *deductible deferred tax assets that are based on future profitability and arise from temporary differences, amounting to 13 million euros*

B. QUANTITATIVE INFORMATION

		Total (31.12.25)	Total (31.12.24)
A	Common Equity Tier 1 (CET1) before application of prudential filters	256,099	231,394
	of which CET1 instruments subject to transitional provisions		
B	CET1 prudential filters (+/-)		
C	CET1 gross of items to be deducted and the effects of the transitional regime (A+/- B)	256,099	231,394
D	Items to be deducted from CET1	(13,488)	(8,151)
E	Transitional regime - Impact on CET1 (+/-)		
F	Total Common Equity Tier 1 (CET1) (C-D+/-E)	242,611	223,243
G	Additional Tier 1 Capital (AT1) gross of items to be deducted and the effects of the transitional regime		
	of which AT1 instruments subject to transitional provisions		
H	Items to be deducted from AT1		
I	Transitional regime - Impact on AT1 (+/-),		
L	Total Additional Tier 1 Capital (AT1) (G-H+/-I)		
M	Tier 2 Capital (T2) gross of items to be deducted and the effects of the transitional regime		
	of which T2 instruments subject to transitional provisions		
N	Items to be deducted from T2		
O	Transitional regime - Impact on T2 (+/-)		
P	Total Tier 2 Capital (T2) (M-N+/-O)		
Q	Total own funds (F+L+P)	242,611	223,243

A.2 Capital adequacy

A. QUALITATIVE INFORMATION

The self-assessment process of Banca UBAE's overall capital adequacy was defined by applying the principle of proportionality (according to the approach permitted by the Supervisory Body for Class 3 banks). It aims to continuously guarantee compliance with capital requirements (with reference to both the risks considered in Pillar I and the quantifiable risks considered in Pillar II, according to simplified methodologies), and to provide the Board of Directors and management with general information necessary to efficiently and effectively set up the Bank's capital strengthening policies.

To achieve these two objectives, the process (despite the estimation approximations due to using standard methods) focuses on establishing and monitoring four quantities:

- the overall internal capital, given by the sum of the minimum capital requirements required for the different risk categories of Pillar I (credit risk, counterparty risk, market risks and operational risks), of Pillar II (concentration risk for counterparties or groups of related counterparties and interest rate risk on the banking book) and the risk categories deemed relevant by the Bank (country risk, geo-sectoral concentration risk and strategic risk), with reference to the specific date;
- the total internal capital under stress conditions, given by the total internal capital on the specific date, modified to take into account the stress hypotheses envisaged for credit risk, concentration risk (single name) and banking interest rate risk book and country risk. In compliance with the EBA guidelines and national provisions on the matter, the risks subjected to stress tests also include country risk, market risks, operational risks and the risk of excessive financial leverage;
- the future internal capital, given by the overall internal capital calculated on the capital quantities approved as a result of the planning and budgeting process and having an impact on credit risk, operational risks, market risks, concentration risk and country risk;
- the total capital, given by the sum of the capital resources and the hybrid capitalization instruments available to the Bank to cover the internal capital and therefore the unexpected losses connected to the various risks.

The Risk Management Sector evaluates on a quarterly basis and on the basis of supervisory body reporting data the adequacy of capital resources with reference to Pillar I and Pillar II risks and according to three analysis perspectives: under ordinary conditions, in stress conditions and from a future perspective. The Sector prepares periodic reporting containing the results of the analyses intended for the Risk Committee, the Audit & Risk Committee, the Board of Directors and Banca d'Italia; furthermore, on an annual basis, the Sector prepares the annual report submitted to the attention of the Supervisory Body, prior to Board approval.

B. QUANTITATIVE INFORMATION

Categories/Values	Non-Weighted amount		Weighted amount	
	(31.12.25)	(31.12.24)	(31.12.25)	(31.12.24)
A RISK ASSETS				
A1 Credit and counterparty risk				
1 Standard methodology	3,991,454	3,808,974	1,117,236	1,076,479
2 Methodology based on Internal ratings				
2.1 based				
2.2 advanced				
3 Securitization				
B REGULATORY CAPITAL REQUIREMENTS				
B1 CREDIT AND COUNTERPARTY RISK			89,379	86,118
B2 CVA RISK			3,725	1,673
B3 SETTLEMENT RISK				
B4 MARKET RISK			2,295	1,713
1 Standard Methodology			2,295	1,713
2 Internal Models				
3 Credit concentration Risk				
B5 Operational risk			7,666	8,544
1 Basic indicator approach			7,666	8,544
2 Standardized approach				
3 Advanced method				
B6 Other calculation factors				
B7 total prudential requirements			103,065	98,048
C RISK ASSETS AND CAPITAL REQUIREMENT RATIOS				
C1 Risk-weighted assets				
C2 Common equity Tier 1 Capital/Risk-weighted assets (CET 1 Capital ratio)			1,228,316	1,225,609
C3 Capital /Risk-weighted assets (Tier 1 capital ratio)			18.83%	18.22%
C4 Total own funds/ Risk-weighted assets (Total capital ratio)			18.83%	18.22%
			18.83%	18.22%

PART G
MERGERS INVOLVING CORPORATE UNITS OR LINES OF BUSINESS

No data to report.

PART H DEALINGS WITH RELATED PARTIES

The Bank conducts its dealings with related parties and associated entities in compliance with current legislation, with particular reference to Article 53(4) of Legislative Decree 385/1993, the Supervisory Provisions for banks set out in Bank of Italy Circular No. 285 of 17 December 2013, Part Three, Chapter 11, as well as the provisions of IAS 24 regarding financial reporting. The internal framework is implemented through specific Regulations and operational procedures that define roles, responsibilities, prudential limits, decision-making processes, control mechanisms and information flows relating to the identification of associated parties and the management of related transactions.

Pursuant to Article 2359 of the Italian Civil Code, the Bank is controlled by Libyan Foreign Bank, which holds the majority of voting rights exercisable at the ordinary general meeting. In accordance with the applicable regulations, transactions with related parties and connected entities are carried out in compliance with the criteria of substantive and procedural fairness, as well as the limits and safeguards provided for by supervisory regulations and internal provisions.

The tables below show the financial and economic relationships with related parties as at 31 December 2025. Transactions with the majority shareholder, Libyan Foreign Bank, and with its related parties are attributable to the Bank's ordinary operations and are conducted on terms consistent with market conditions, in the same manner as those applied to unrelated counterparties of similar creditworthiness. During the financial year, no atypical or unusual transactions were carried out with related parties of such an amount or significance as to have a material impact on the safeguarding of the Bank's assets. Outstanding exposures were subject to the valuation criteria ordinarily applied by the Bank; as at the balance sheet date, there were no grounds for analytical value adjustments.

1. Information on the remuneration of executives with strategic responsibilities

Remuneration for the financial year payable to members of the Board of Directors, the Board of Statutory Auditors and executives with strategic responsibilities is shown on a pre-tax basis and includes, where applicable, fixed and variable components as well as the related social security contributions. In accordance with IAS 24, such remuneration is provided in aggregate form and broken down, where applicable, into the main categories of benefits.

Description	TOTAL
Short-term benefits (1)	3,043
- Directors	2,378
- Auditors	145
- Management	521
Post-severance benefits (2)	
Other benefits (3)	483

(1) fixed and variable amounts payable to Directors and Auditors plus senior managers' salaries and social charges

(2) allocations to the severance fund

(3) other benefits sanctioned by the law or the Internal Regulations including Directors' travel expenses

Descrizione	CORPORATE OFFICERS	RELATED PARTIES	TOTAL
Financial Assets			
Financial Liabilities	1,163		1,163

2. Information on transactions with related parties

Transactions with related parties are carried out in compliance with applicable civil and supervisory regulations, including those concerning directors' interests, obligations of bank representatives and risk exposures to related parties. The scope of related parties includes related parties and their associated entities, as defined by supervisory regulations. The tables below show the balance sheet and income statement relationships with such parties as at the balance sheet date.

Description	LFB	RELATED	TOTAL
Financial Assets	505	62,139	62,644
Financial Liabilities	416,674	763,988	1,180,662
Commitment given	15,217	111,346	126,563

Banca UBAE's profitability arising from these transactions can be summarised by main business lines as follows

Costs

Description	LFB	CONNECTED	TOTAL
Comm. on Letters of Credits	2	305	307
Comm. on Letters of Guarantees	240	697	936
Interest	21,963	14,299	36,263
Total	22,204	15,302	37,506

Revenues

Description	LFB	CONNECTED	TOTAL
Comm. on Letters of Credits	804	3,922	4,726
Comm. on Letters of Guarantees	648	1,187	1,835
Interest	32	1,486	1,518
Total	1,484	6,595	8,078

PART I
PAYMENT AGREEMENTS BASED ON THE BANK'S OWN
CAPITAL INSTRUMENTS

No data to report.

PART L
SEGMENT REPORTING

No data to report.

PART M
LEASING INFORMATION

SECTION 1 – LESSEE**Qualitative information**

Banca UBAE, with respect to the rental contracts in which it assumes the role of lessee, takes steps to represent the right to use assets covered by rental contracts and, at the same time, a debt for future rental payments provided for in the contract. As part of the application choices permitted by IFRS 16, the specification is that the Bank has decided not to recognize usage rights or leasing debts for the following contracts:

- short-term leasing, less than 12 months;
- leasing of goods with a modest unit value.

At the balance sheet reference date, the Bank has N° 7 of rental contracts included in the scope of application of IFRS 16 for operational leasing transactions involving both leases of real estate (2), cars (5) and hardware (1).

The goods in question are intended to be used in the normal functioning of corporate operations and for this reason are included among tangible assets for functional use. For further information on the recognition and measurement criteria, please see Part A accounting policies of these notes to the financial statements.

Quantitative information

For further information of a quantitative nature relating to the assets acquired by the Bank through operational leasing contracts, please see the sections referred to below:

- Part B, Assets, Section 8, concerning usage rights of leased assets in existence at the balance sheet reference date;
- Part B, Liabilities, Section 1, concerning leasing debts outstanding at the balance sheet reference date;
- Part C, Section 12, concerning amortization of usage rights recognized during the year.

The following table shows the dynamics of usage rights of tangible assets for functional use ((**Other: motor vehicles**))

Material assets for functional use	Rights acquired by leasing 1.1.2025	Amortisation during financial year	Other changes during financial year	Impairment loss during financial year	Accounting value 31.12.2025
(a) Land					
b) Buildings	190	(236)	576		530
c) Furniture					
d) Electronic equipment					
e) other	183	(69)	(41)		73
Total	373	(304)	534		603

SECTION 2 - LESSOR

This is a case not applicable to the bank.

STATUTORY AUDITORS' REPORT
pursuant to and for the purposes of art.2429 of the Civil Code

Shareholders of Banca UBAE S.p.A.,

during the financial year ended 31 December 2025, the activities of the Board of Statutory Auditors were guided by the provisions of the law and the "Code of Conduct for the Board of Statutory Auditors" issued by the National Council of Chartered Accountants and Accounting Experts. For the sake of clarity, this consolidated report consists of Section A) concerning supervisory activities and Section B) concerning the results of the financial year and the activities carried out; finally, it sets out observations and proposals regarding the financial statements and their approval.

A) Supervisory activities

The Board of Statutory Auditors has exercised, with diligence and in good faith, and within the framework of its actual knowledge of the Bank's affairs, the supervisory function incumbent upon it with regard to compliance with the law and the Articles of Association and adherence to the principles of sound administration, as well as the adequacy of the organisational structure and the internal control system, taking into account the regulatory framework applicable to banks.

The Board of Statutory Auditors:

- I. attended Shareholders' Meetings and meetings of the Board of Directors, at which, in relation to the transactions approved, based on the information provided, no breaches of the law or the Articles of Association were found, nor were any transactions identified as manifestly imprudent, risky, involving a potential conflict of interest or such as to compromise the integrity of the company's assets;
- II. during regular meetings and gatherings, received information from the Board of Directors, the General Management and the Area Management teams regarding the general performance of operations and

the expected future development, as well as on transactions of significant importance, in terms of size or characteristics, carried out by the Company, and can reasonably assure that the actions taken comply with the law and the Articles of Association and are not manifestly imprudent, risky, in potential conflict of interest or at odds with the resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the Company's assets;

- III. as part of its regular meetings, the Board of Statutory Auditors held 17 meetings during the financial year just ended, during which no significant data or information emerged that needs to be highlighted in this report.
- IV. it periodically exchanged with the audit firm responsible for the statutory audit of the accounts any relevant information that emerged during their respective activities. No relevant data or information requiring mention in this report emerged during the meetings with the audit firm's representatives.
- V. the statutory audit pursuant to Legislative Decree No. 39/2010 was carried out by the audit firm "KPMG S.p.A." to which, during the financial year just ended, no further assignments were entrusted in relation to contractual relationships with associated companies, and therefore the Board of Statutory Auditors noted the absence of activities influencing or complementary to the statutory audit work entrusted. The Board of Statutory Auditors has received from the firm "KPMG S.p.A." the report submitted pursuant to Articles 10 and 17 of Legislative Decree No. 39/2010 regarding the firm's independence and/or incompatibility, with particular reference to Article 6(2), point A of EU Regulation No. 537/14, specifying that there are no restrictions on the engagement carried out on behalf of BANCA UBAE S.p.A.;
- VI. monitored the appropriate structuring of the control functions typical of credit institutions (Internal Audit Function, Compliance Function, Anti-Money Laundering Function and Risk Management Function);
- VII. met periodically with the heads of the Internal Audit, Risk Management, Anti-Money Laundering and Compliance functions, exchanging data and information with them, as well as reviewing their activities through the analysis of the assessments carried out; acknowledges that the activities of these functions did not reveal any significant critical issues.
- VIII. has issued the opinions requested by the Supervisory Authority and the Board of Directors based on the applicable provisions of law and the Articles of Association.

- IX. in the exercise of its functions as the Supervisory Body, it did not identify any critical issues, with respect to the Organisation, Management and Control Model (MOG) referred to in Legislative Decree No. 231/2001, that need to be highlighted in this report.
- X. it has acquired knowledge of and monitored, to the extent of its competence, the adequacy and reliability of the Bank's organisational structure, including through the collection of information from the heads of operational and control functions, and, in this regard, has no specific observations to report.
- XI. has acquired knowledge of and monitored, within the scope of its remit, the adequacy and functioning of the administrative and accounting system, as well as the reliability of the latter in accurately representing management events, by obtaining information from the heads of the relevant corporate functions, the examination of the periodic management reports of the General Manager and through the examination of the results of the systematic checks carried out by the statutory auditor;

It is also considered necessary to highlight that the Board of Statutory Auditors:

- has monitored compliance with anti-money laundering and counter-terrorist financing regulations and noted the related training activities for staff.
- verified that the obligations regarding the protection of personal data set out in EU Regulation 2016/679 and subsequent amendments and additions (the so-called Privacy Regulation) have been complied with.

During the financial year, the Board of Statutory Auditors received no complaints or reports pursuant to Article 2408 of the Italian Civil Code.

During the financial year, the Board of Statutory Auditors did not identify any atypical and/or unusual transactions.

During the financial year, the Bank was subject to an inspection by the Bank of Italy, regarding supervisory matters. The Board of Statutory Auditors monitored the progress of the relevant activities, including through discussions with the relevant corporate functions, noting that, at present, no significant issues have emerged that are relevant for the purposes of this report.

During the supervisory activities described above, no other significant events emerged that would require
2 mention in this report.

B) Annual Financial Statement

The Board of Statutory Auditors has examined the draft financial statements for the financial year ended 31 December 2025, made available by the Directors within the time limits set out in Article 2429 of the Italian Civil Code and approved by the Board of Directors on 27 March 2026, which show a profit for the year of €22,608,485.

The draft financial statements for the financial year ended 31 December 2025 consist of the balance sheet, the income statement, the notes to the financial statements and the management report, as required by law. These documents were delivered to the Board of Statutory Auditors in good time so that they could be filed at the company's registered office together with this report, irrespective of the deadline set out in Article 2429(1) of the Italian Civil Code.

As the Board of Statutory Auditors is not responsible for the statutory audit of the financial statements, it has monitored the general structure of the financial statements, their compliance with the law regarding the preparation process, the structure and composition of the relevant documents, as well as the correctness of the valuation principles adopted, and in this regard has no observations to report.

In this regard, the Board of Statutory Auditors notes that:

- a) the periodic accounting review and the statutory audit of the financial statements are entrusted to the audit firm KPMG S.p.A., to whose report reference is therefore made for the relevant professional opinion.
- b) the accounting control and audit activities carried out by KPMG S.p.A. were conducted in accordance with the guidelines of the ISA Italia auditing standards, and the report on the financial statements was drawn up in accordance with Articles 14 and 16 of Legislative Decree 39/2010 and includes the opinion on the consistency and compliance of the management report as required by Article 14, paragraph 2, letter e) of the same Decree.

To the extent of its remit, the Board of Statutory Auditors has monitored the general structure of the financial statements, their compliance with the law regarding the preparation process, the structure and composition of the relevant documents, as well as the correctness of the valuation principles adopted, and has no observations to report; there are no observations to report regarding compliance with the legal provisions relating to the preparation of the management report.

As specified by the directors, in the preparation of the financial statements, no use was made of exemptions from statutory provisions pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

As highlighted in the Notes to the Financial Statements, the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and on the basis of the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission, as established by EU Regulation No. 1606 of 19 July 2002, by Legislative Decree No. 38/2005 and in compliance with the guidelines for the preparation of financial statements of banking institutions drawn up by the Italian Accounting Body (O.I.C.) and the Italian Banking Association (ABI), as referred to in the seventh update of Circular No. 262: "Bank financial statements: formats and rules for preparation" issued by the Bank of Italy on 2 November 2021".

The work was carried out through discussions with management and the department responsible for preparing the financial statements, direct checks, and through information obtained from the appointed audit firm, which issued its report with an unqualified opinion.

In particular, it should be noted that the documents accompanying the financial statements provide a comprehensive description of the risks to which the business is exposed and the related hedging policies adopted by the company. With regard to these checks, there are no specific observations to report.

The Board has verified that the financial statements are consistent with the facts and information of which it became aware in the course of performing its duties, and there are no observations in this regard.

Conclusions

In view of the above and taking into account the findings of the work carried out by the audit firm appointed to conduct the statutory audit of the financial statements, as set out in the audit report, the Board of Statutory Auditors expresses its approval of the proposal put forward by the directors regarding the approval of the financial statements for the year ended 31 December 2025, as well as the proposal to allocate 5% of the profit for the year to the statutory reserve, amounting to €1,130,485, and the remainder, amounting to € 21, 478,060 to a reserve designated "*surplus from previous years*".

Rome, 14 April 2026.

THE BOARD OF STATUTORY AUDITORS

Dr Ersilia Bartolomucci – Chairperson

Dr Angelo Pappadà – Statutory Auditor

7 **Dr Michele Testa – Statutory Auditor**

LEGAL AUDITORS' REPORT

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Banca UBAE S.p.A.*

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Banca UBAE S.p.A. (the "bank"), which comprise the statement of financial position as at 31 December 2025, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Banca UBAE S.p.A. as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the bank in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Banca UBAE S.p.A.
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Measurement of loans and receivables with customers and exposures to banks for letters of credit issued recognised under financial assets at amortised cost and measurement of the provision for financial guarantees issued

Notes to the financial statements "Part A - Accounting policies": paragraph A.2.3 "Financial assets at amortised cost"

Notes to the financial statements "Part A - Accounting policies": paragraph A.2.8 "Provisions for risks and charges"

Notes to the financial statements "Part B - Information on the Balance Sheet - Assets": section 4 "Financial assets at amortised cost - Caption 40"

Notes to the financial statements "Part B - Information on the Balance Sheet - Liabilities": section 10 "Provisions for risks and charges - Caption 100"

Notes to the financial statements "Part C - Information on the income statement": section 8.1 "Net impairment losses for credit risk on financial assets at amortised cost: breakdown"

Notes to the financial statements "Part C - Information on the income statement": section 11.1 "Net accruals for credit risk on loan commitments and financial guarantees issued: breakdown"

Notes to the financial statements "Part E - Risks and their coverage": section 1 "Credit risk"

Key audit matter	Audit procedures addressing the key audit matter
<p>Lending to customers, and to banks both cash and endorsement loans, is one of the bank's core activities. Financial assets at amortised cost totalled €2,452 million at 31 December 2025, accounting for about 84% of total assets. Financial guarantees issued amounted to €848 million.</p> <p>Net impairment losses for credit risk of financial assets at amortised cost recognised in profit or loss during the year totalled €2.8 million.</p> <p>Furthermore, given the characteristics of the bank's business, the letters of credit and guarantee issued by the bank are a potential key audit matter. The provision for credit risk relating to loan commitments and financial guarantees issued recognised under liabilities amounts to €11.7 million at 31 December 2025.</p> <p>Net impairment losses on loan commitments and financial guarantees recognised in profit or loss during the year totalled €0.4 million.</p> <p>The measurement of the above financial assets in accordance with the various risk categories provided for by IFRS 9 is a significant audit matter due to their materiality to the consolidated financial statements as a whole and the directors' use of highly subjective estimates to determine impairment losses. To this end, they consider both internal information about the performance of exposures and external information about the reference sector or the borrowers' overall exposure to banks.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> gaining an understanding of the bank's processes and IT environment in relation to the disbursement, monitoring, classification and measurement of financial assets at amortised cost and financial guarantees issued; assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the identification of exposures with indicators of impairment and the calculation of impairment losses; analysing the classification criteria used for allocating financial assets to the IFRS 9 categories (staging); analysing the individual and collective impairment assessment policies and models used and checking the reasonableness of the main assumptions and variables included therein; we carried out these procedures with the assistance of experts of the KPMG network; selecting a sample of exposures and financial guarantees issued tested collectively, checking the application of the measurement models applied and checking that the impairment rates applied complied with those provided for in such models;



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Key audit matter	Audit procedures addressing the key audit matter
For the above reasons, we believe that the measurement of loans and receivables with customers and exposures to banks for letters of credit issued recognised under financial assets at amortised cost, as well as the measurement of the provision for financial guarantees issued are a key audit matter.	<ul style="list-style-type: none"> selecting a sample of exposures and financial guarantees issued tested individually and checking the reasonableness of the indicators of impairment identified and of the assumptions about their recoverability, including considering the guarantees received; checking the reasonableness of the indicators of impairment identified and of the assumptions about their recoverability, including considering the guarantees received for non-performing exposures; analysing the significant changes in the loan and receivable categories and in the related impairment rates compared to the previous years' figures and discussing the results with the relevant internal departments; assessing the appropriateness of the disclosures about financial assets at amortised cost, loan commitments and financial guarantees issued.

Responsibilities of the bank's directors and board of statutory auditors ("Collegio Sindacale") for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the bank's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the bank or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the bank's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:



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- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 15 May 2021, the bank's shareholders appointed us to perform the statutory audit of its financial statements as at and for the years ending from 31 December 2021 to 31 December 2029.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the bank in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.



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Report on other legal and regulatory requirements

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10

The bank's directors are responsible for the preparation of a directors' report at 31 December 2025 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report with the financial statements;
- express an opinion on the compliance of the directors' report with the applicable law;
- issue a statement of any material misstatements in the directors' report.

In our opinion, the directors' report is consistent with the bank's financial statements at 31 December 2025.

Moreover, in our opinion, the directors' report has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 14 April 2026

KPMG S.p.A.

(signed on the original)

Mario Sanges
Director of Audit

**RESOLUTIONS PASSED BY SHAREHOLDERS'
ORDINARY GENERAL MEETING HELD ON
12/05/2026**

AGENDA

- 1. Discussion and approval of the draft financial statements as at 31 December 2025 and the Board of Directors' management report.**
- 2. Report of the Board of Statutory Auditors.**
- 3. Report of the Statutory Auditors.**
- 4. Proposal for the appropriation of profits and related resolutions.**
- 5. Allocation of a bonus to the members of the Board of Directors, based on the results of the 2025 Financial Statements.**
- 6. Decisions regarding the composition of the Board of Directors; related and consequential resolutions.**
- 7. Approval of the proposed 2026 remuneration and incentive policies for Directors, Statutory Auditors, Employees and Collaborators linked to the Bank by non-subordinate employment relationships (pursuant to Circular No. 285 of 17 December 2013 on remuneration and incentive policies and practices in banks and banking groups) and the policy for identifying relevant personnel.**

THE GENERAL MEETING

- having taken note of the financial statements as at 31 December 2025, which closed with a profit for the year of **€22,608,485**.
- having taken note of the documentation prepared by the Board of Directors, the Board of Statutory Auditors and the Statutory Auditors.

By a unanimous vote,

RESOLVES

- to approve the Financial Statements of Banca UBAE as at 31 December 2025, accompanied by the Directors' Report on Operations, which shows a profit for the year of **€22,608,485**.
- to approve the proposal to allocate 5%, amounting to **€1,130,424**, to the "Statutory Reserve" (Article 30(A) of the Articles of Association) and the remainder, amounting to **€21,478,061**, to the "Retained Earnings" reserve.

Following this decision, the Bank's total equity will amount to €265,170,930, broken down as follows:

- Share Capital	Euro	261,185,870
- Legal Reserve	Euro	17,601,181
- Share premium account	Euro	870,226
- IFRS9 FTA reserve from 2018 loss	Euro	(7,757,798)
- IAS FTA reserve from 2005 IAS profit	Euro	305,239
- Revaluation Reserves	Euro	777,134
- <i>Previous Years' Losses</i>	<i>Euro</i>	<i>(83,911,066)</i>
- <i>Reserves ex art 26 DL 104/2023 ("extra-profits tax")</i>	<i>Euro</i>	<i>5,099,761</i>
- <i>Profit for the year surplus</i>	<i>Euro</i>	<i>71,000,383</i>
		265,170,930

Annex A

Fees for auditing accounts and other auditing services pursuant to article 149 duodecies of Consob regulation no. 11971.

The table below shows a detail of the 2025 fees according to the contract with the auditing firm with the task of auditing the accounts pursuant to legislative decree 59/98, together with the scale of the network to which the auditing firm belongs.

		<i>Euro</i>
Type of services performed	Entity that provided the services	Fees
Auditing services (1)	KPMG S.p.A.	85,574
Certification service (2)	KPMG S.p.A.	1,500
Other services (3)	KPMG S.p.A.	
Total Fees 2025		87,074

(1) Including costs of legal auditing, limited audit at 30/06 and mandatory fiscal certifications
 (2) Amount includes contribution to National Guarantee Fund