Reports and consolidated and separate financial statements at december 31, 2024

GRUPPO BCC
ICCREA

Report and consolidated financial statements at December 31, 2024 of the Iccrea Cooperative Banking Group

Report and separate financial statements at December 31, 2024 of the Parent Company Iccrea Banca S.p.A.

ICCREA BANCA SPA
Istituto Centrale del Credito Cooperativo
Parent Company of the Iccrea Cooperative Banking Group
Registered office and headquarters: Via Lucrezia Romana 41/47 - 00178 Rome, Italy
Share capital: €1,401,045,452.35 fully paid-up.
VAT reg. no. and tax ID no. 04774801007 - R.E.A. of Rome n. 801787
Participating entity in the Group VAT mechanism of the Iccrea Cooperative Banking Group, Vat reg. no. 15240741007
Entered in the Register of Banking Groups
Entered in the Register of Banks at no. 5251
ABI code no. (08000)

CONTENTS

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS OF THE ICCREA COOPERATIVE BANKING GROUP

CONSOLIDATED REPORT ON OPERATIONS

December 31, 2024

CORPORATE BOARDS

Elected at the Ordinary Shareholders' Meeting of June 16, 2022, for the 2022-2024 term

BOARD OF DIRECTORS

MAINO Giuseppe	*Chairman*
STRA Pierpaolo	Senior Deputy Chairman
FIORDELISI Teresa	*Deputy Chairman*
GAMBI Giuseppe (3) (5)	
BENABDALLAH Nadia	
ALFIERI Lucio (1)	
CARRI Francesco	
OTTOBONI Roberto	
ZONI Laura* (2) (4)	
RIMOLDI Enrica* (1) (4) (5)	
LEONE Paola* (2) (3)	
MENEGATTI Luigi* (1) (3) (4)	
LONGHI Maurizio	
PIVA Flavio	
PETRINI Paola (2) (5)	

* Independent directors

(1) Member of the Risks Committee
(2) Member of the Appointments Committee
(3) Member of the Remuneration Committee
(4) Member of the Affiliated Bank Controls & Interventions Committee
(5) Member of the Environmental Social Governance Committee

EXECUTIVE COMMITTEE

CARRI Francesco	*Chairman*
BENABDALLAH Nadia	
LONGHI Maurizio	
PIVA Flavio	
OTTOBONI Roberto	

BOARD OF AUDITORS

ZANARDI Barbara	*Chairman*
ANDRIOLO Riccardo	*Standing Auditor*
CAPUANO Claudia	*Standing Auditor*
ROCCHETTI Vittorio	*Alternate Auditor*
CIGNOLINI Michela	*Alternate Auditor*

SENIOR MANAGEMENT

PASTORE Mauro	*General Manager*
ROMITO Francesco	*Senior Deputy General Manager*
GALBIATI Pietro	*Deputy General Manager*

FINANCIAL REPORTING OFFICER

DI PRINZIO Marianna

1. EXECUTIVE SUMMARY

KEY FIGURES AND MARKET POSITIONING

2,415
Branches

22,424
Employees

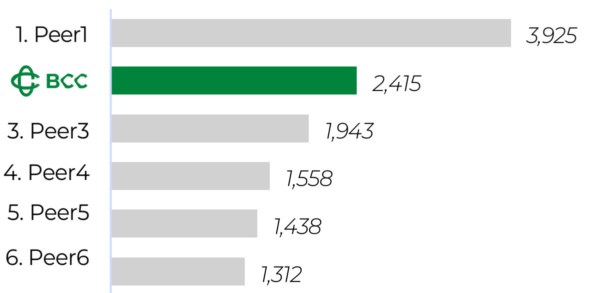
903k
Shareholders

15.8 €/bn
Own funds

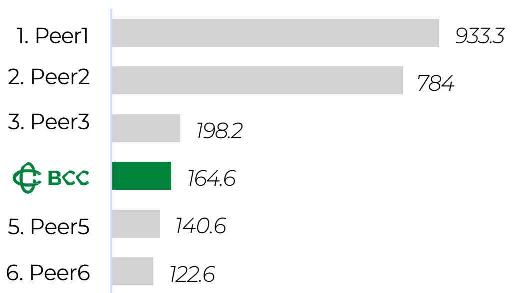
96.4* €/bn
Loans to customers

124.4 €/bn
Direct funding from customers

SECOND LARGEST BANKING GROUP BY NUMBER OF BRANCHES IN ITALY (€/B)*

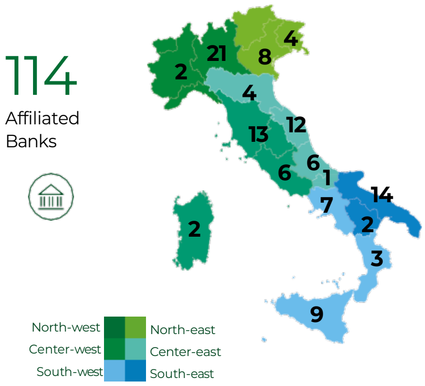


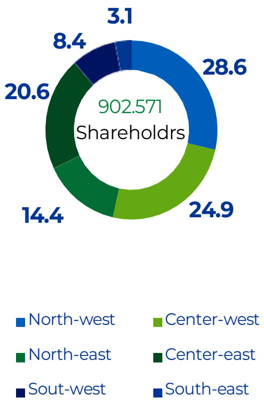
FOURTH LARGEST BANKING GROUP BY TOTAL ASSETS (€/B)*

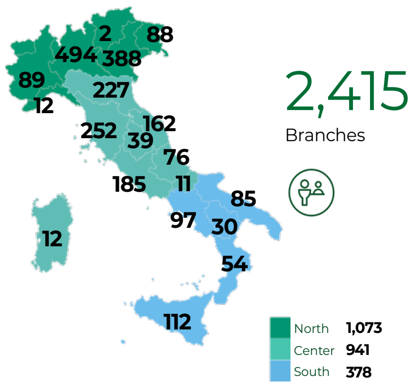


* Gross loans to customers

** Source infoproviders: figures at December 31, 2024



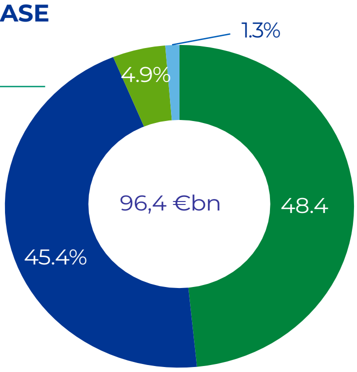




BREAKDOWN OF CUSTOMER BASE

Type of counterparty

- Government
- Financial companies
- Non-financial companies
- Households



MAIN INDICATORS AT DECEMBER 31, 2024, JUNE 30, 2024, DECEMBER 31, 2023

PERFORMANCE INDICATORS [1] (thousands of euros)	31/12/2024	30/06/2024	31/12/2023
STRUCTURAL RATIOS			
Net loans to customers measured at amortized cost /total assets	56.8%	56.0%	52.1%
Direct funding from customers/total liabilities	75.6%	74.3%	68.9%
Equity (including profit/loss) /total liabilities	9.6%	8.9%	8.0%
Loan to deposit ratio	68.2%	67.6%	67.4%
Net loans to ordinary customers measured at amortized cost /direct funding from ordinary customers [2]	73.3%	71.8%	74.2%
PROFITABILITY RATIOS			
ROE (Net profit)/ net equity including the profit for the period)	12.8%	7.2%	13.4%
ROTE [Net profit/net tangible equity (Equity including profit – intangible assets]	12.9%	7.2%	13.5%
ROA (Net profit/total assets)	1.2%	0.6%	1.1%
Cost/income ratio	52.2%	52.7%	55.4%
Personnel expenses/gross income	35.6%	33.8%	34.0%
Net interest income/gross income	73.7%	73.7%	73.3%
Net fee and commission income /gross income	23.7%	22.8%	24.1%
Net interest income/Number of employees at end-period	196.2	98.2	183.2
Net fee and commission income/Number of employees at end-period	63.1	30.4	60.3
Gross income/Number of employees at end-period	266.0	133.3	250.1
RISK RATIOS			
Gross impaired loans/gross loans measured at amortized cost [3]	3.0%	3.6%	3.8%
Gross impaired loans to customers/gross loans to customers measured at amortized cost [4]	3.0%	3.7%	3.9%
Net impaired loans to customers/net loans to customers measured at amortized cost [5]	0.8%	1.0%	1.1%
Net Stage 2 loans to customers measured at amortized cost/net performing loans to customers measured at amortized cost	9.3%	8.9%	9.5%
Net bad loans/net loans to customers measured at amortized cost	0.1%	0.1%	0.2%
Net UTP loans/net loans to customers measured at amortized cost	0.5%	0.7%	0.7%
Net writedowns/(writebacks) for credit risk/net loans to customers measured at amortized cost	0.4%	0.2%	0.4%
Writedowns of impaired loans/gross loans to customers measured at amortized cost	73.8%	72.8%	72.2%
Writedowns of bad loans/gross bad loans	88.5%	87.7%	87.3%
Writedowns of UTP loans/gross UTP loans	71.5%	70.1%	69.6%
Texas ratio	16.3%	20.7%	22.3%
CAPITAL RATIOS - phased-in			
Common Equity Tier 1 ratio	23.3%	22.7%	21.1%
Tier 1 ratio	23.3%	22.7%	21.1%
Total capital ratio	23.8%	23.8%	22.2%
Total own funds	15,818,914	15,213,951	14,302,353
of which: Tier 1 capital after filters and deductions	*15,510,693*	*14,516,494*	*13,602,312*
Risk-weighted assets (RWA)	66.380.299	63.882.227	64.392.102
CAPITAL RATIOS - fully loaded			
Common Equity Tier 1 ratio	23.3%	22.7%	21.0%
Tier 1 ratio	23.3%	22.7%	21.1%
Total capital ratio	23.8%	23.8%	22.1%

[1] For an explanation of how the performance indicators are calculated, please see Annex 2 – Alternative Performance Indicators.

[2] Lending to and funding from customers calculated net of exposures vis-à-vis institutional counterparties.

[3] Calculated according to the EBA definition including exposures to banks.

[4] Excluding operations with institutional counterparties at December 31, 2024, the indicator stands at 3.1%, compared with 3.9% at June 30, 2024 and December 31 2023.

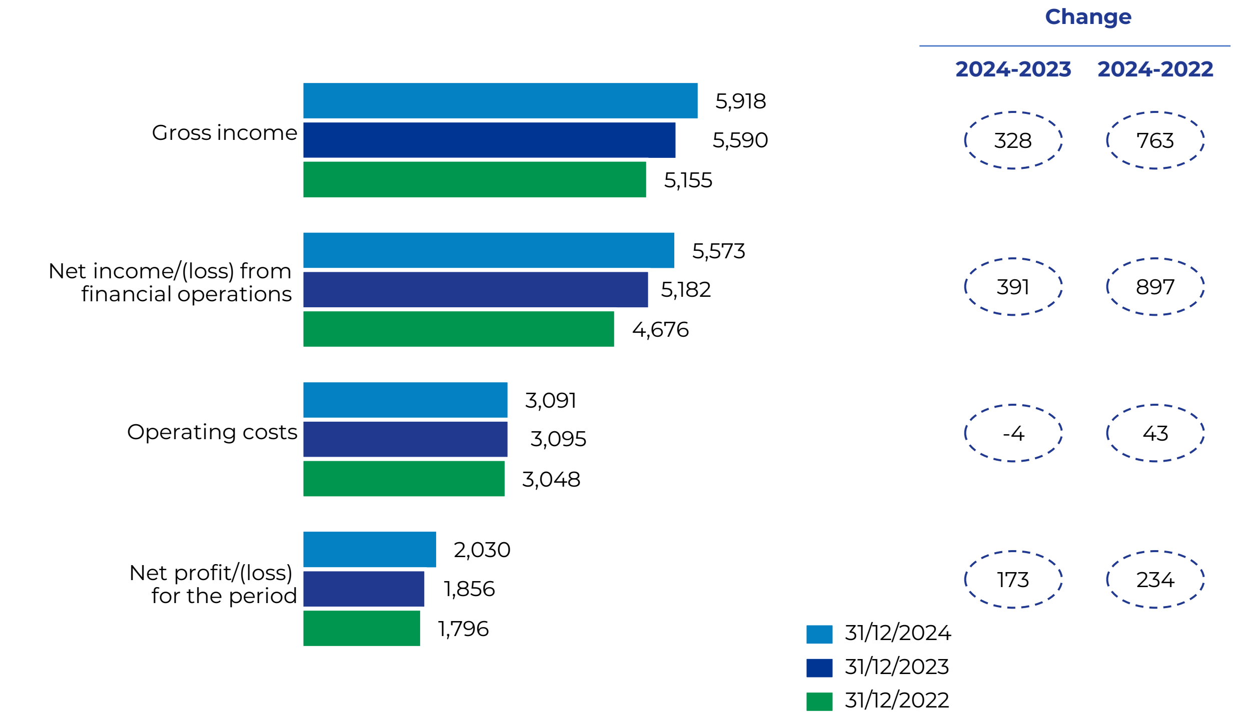
[5] Excluding operations with institutional counterparties at December 31, 2024, the indicator stands at 0.8%, compared with 1.1% at June 30, 2024 and December 31 2023.

LEVERAGE RATIO	**31/12/2024**	**30/06/2024**	**31/12/2023**
Phased-in Tier 1/Total assets	9.0%	8.4%	7.7%
Fully loaded Tier 1/Total assets	9.0%	8.4%	7.6%

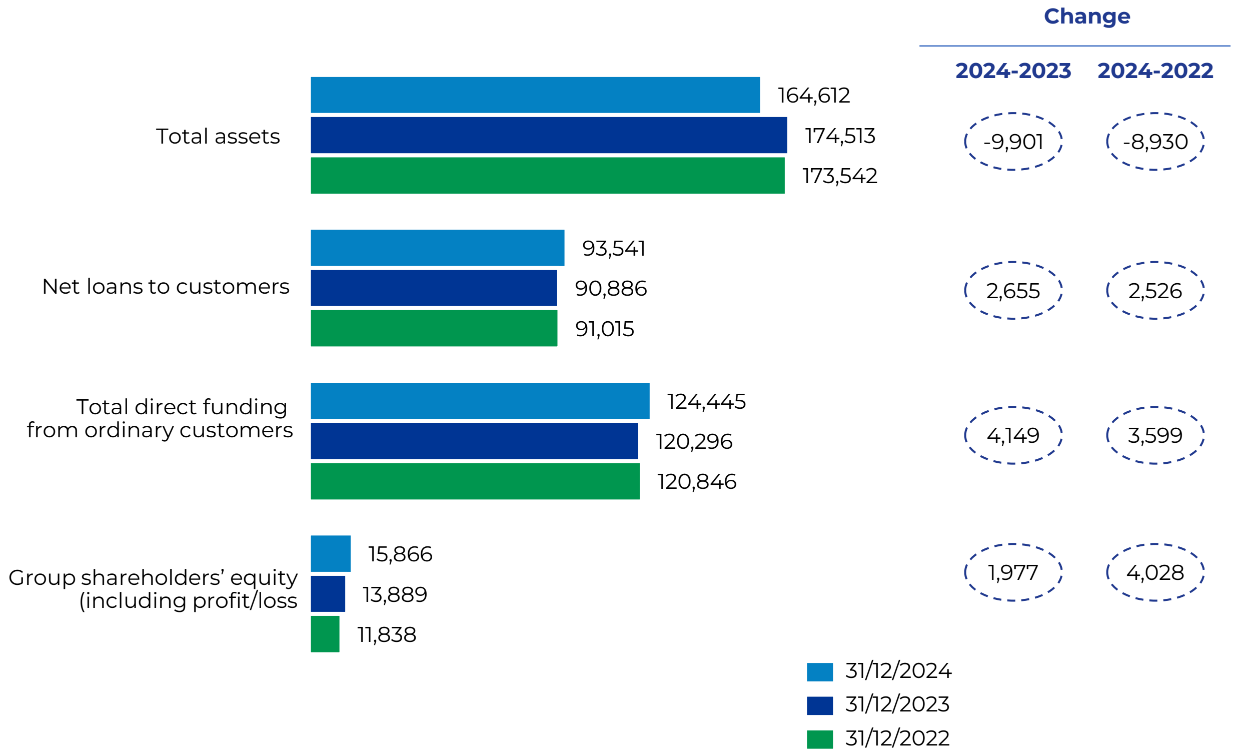
LIQUIDITY RATIOS			
Liquidity coverage ratio (LCR)	281.3%	263.2%	265.3%
Net stable funding ratio (NSFR)	158.2%	160.5%	157.4%
Encumbered asset ratio	18.3%	18.1%	23.9%

INCOME STATEMENT, BALANCE SHEET, OPERATIONAL AND STRUCTURAL DATA	**31/12/2024**	**30/06/2024**	**31/12/2023**
Profit/(loss) for the period	2,030,145	1,055,962	1,857,606
Profit/(loss) attributable to the Group	2,030,587	1,055,962	1,856,369
Gross income	5,917,525	2,987,251	5,589,733
Operating expenses	3,091,468	1,575,754	3,095,479
Net loans to customers measured at amortized cost	93,541,310	93,005,885	90,886,258
of which: Net bad loans	*97,266*	*128,833*	*137,731*
of which: Net UTP loans	*496,735*	*651,844*	*680,629*
Net non-performing loans	760,747	970,588	1,012,863
Total direct funding from ordinary customers	124,444,969	123,470,492	120,295,833
Equity pertaining to the Group (including profit/loss)	15,865,908	14,748,754	13,888,890
Intangible assets	200,283	152,383	174,591
Total consolidated assets	164,611,913	166,191,248	174,512,644
Number of branches	2,415	2,415	2,419
Number of Group banks	118	119	120
Number of affiliated mutual banks	114	115	116
Number of employees at end-period	22,244	22,416	22,347

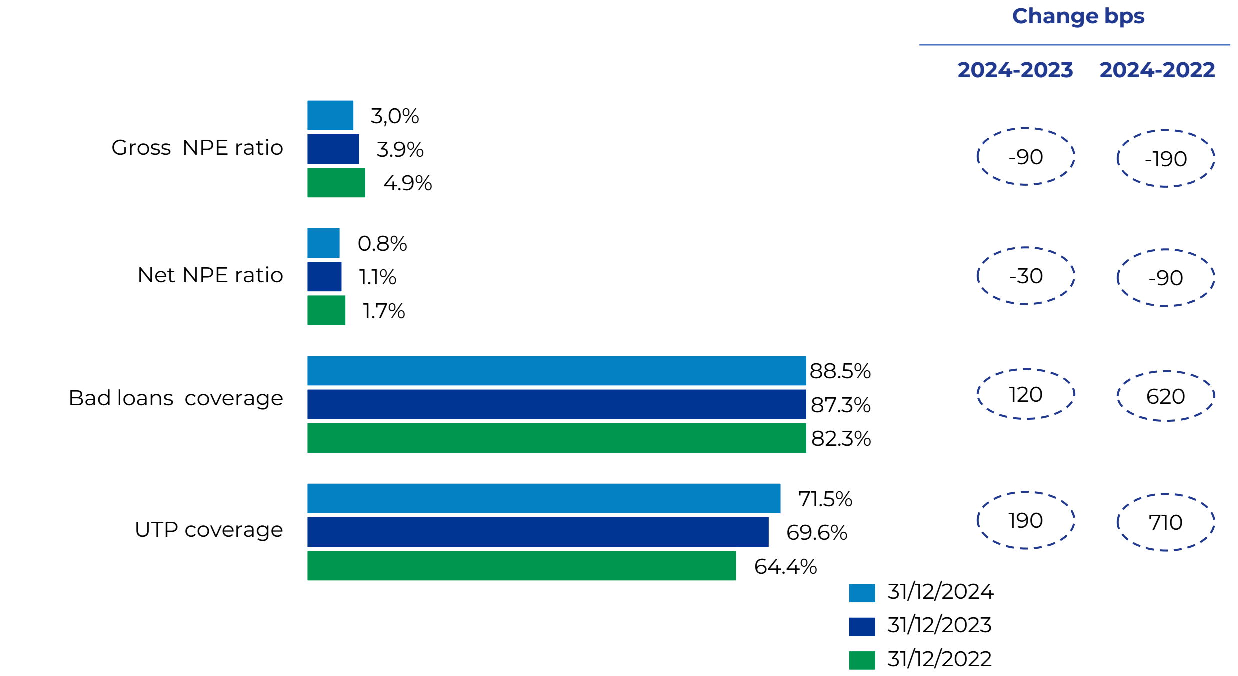
Main performance measures (millions of euro)



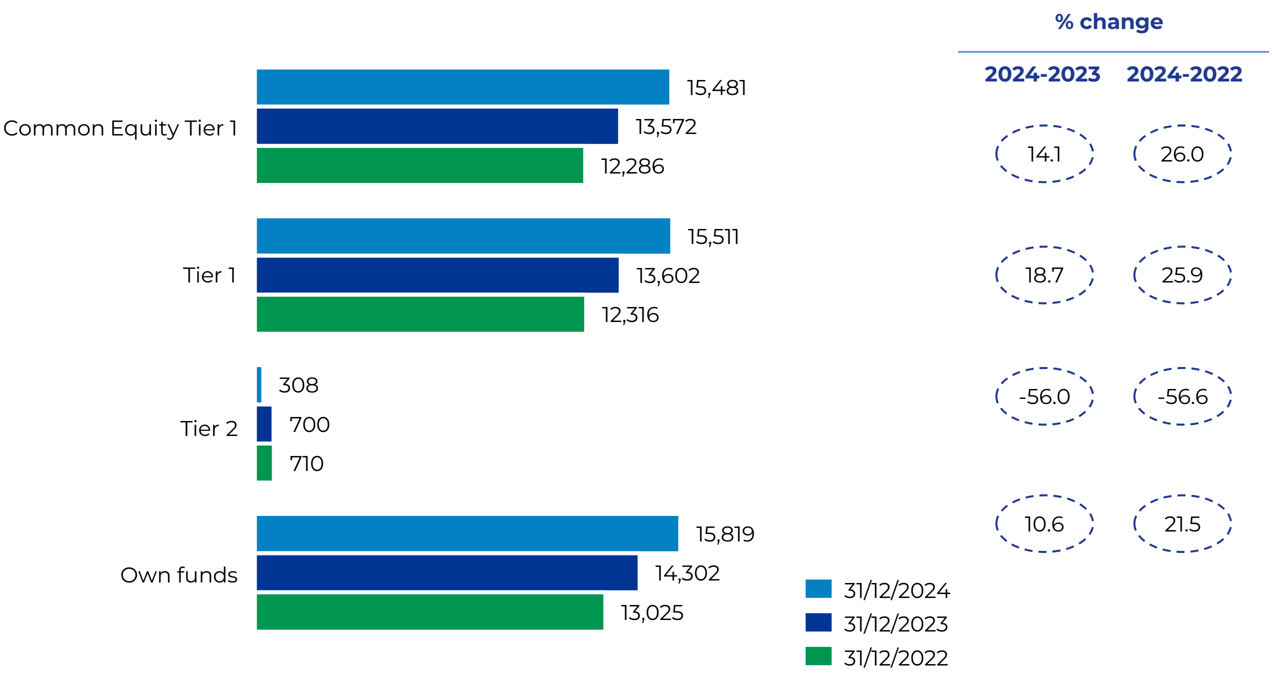
Balance sheet data (millions of euro)



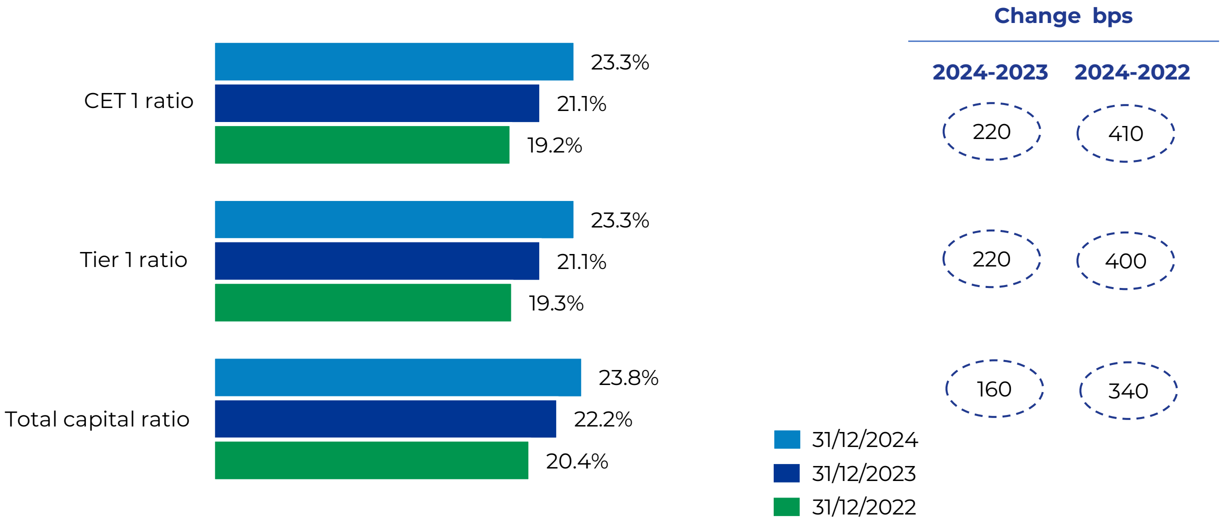
Main risk measures (%)



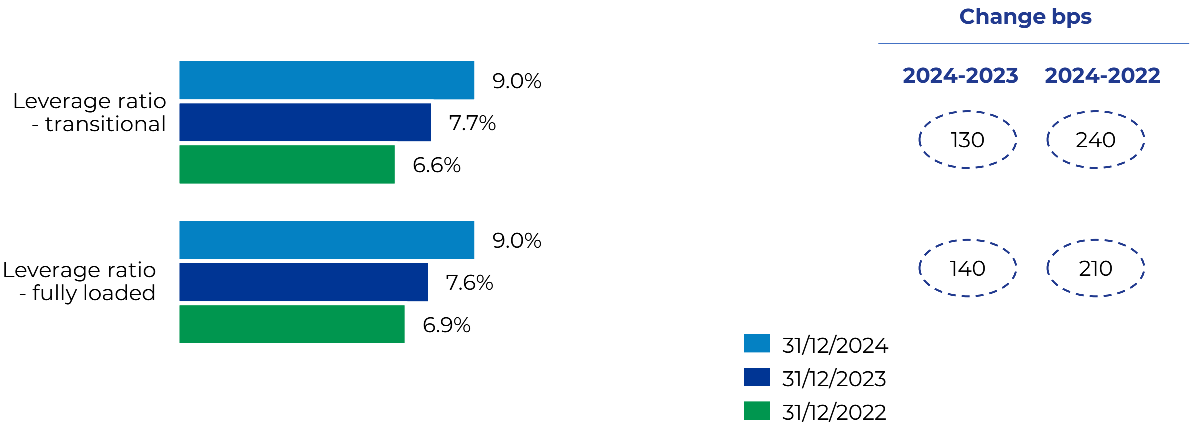
Composition of capital (millions of euro)



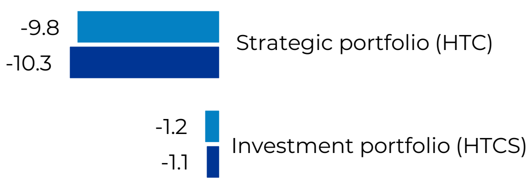
Capital ratios (%)



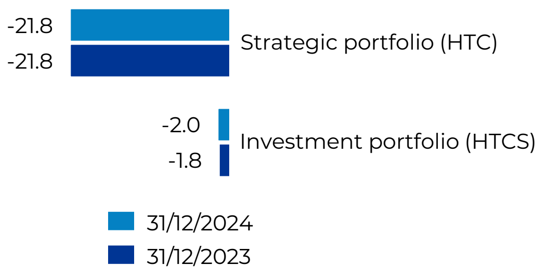
Leverage ratios (%)



Interest risk sensitivity
(millions of euro)



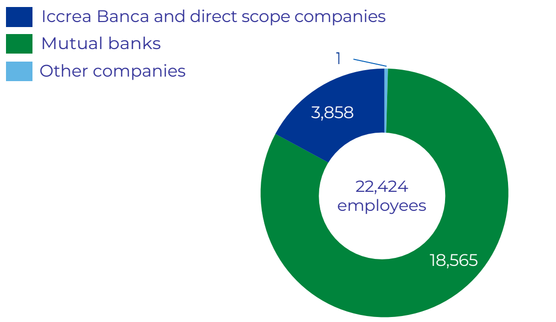
Credit risk sensitivity
(million of euro)



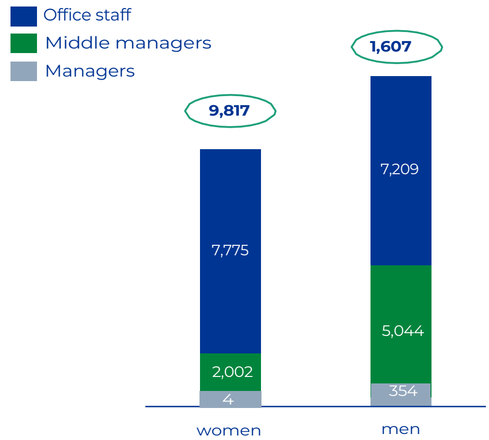
MAIN SUSTAINABILITY REPORTING INDICATORS

COMPOSITION OF GROUP OWN WORKFORCE

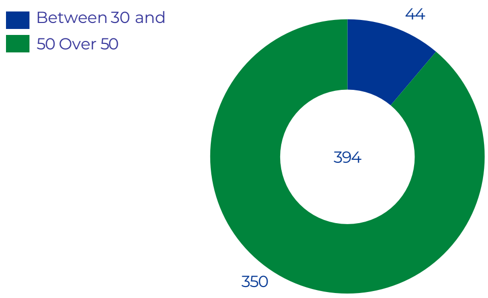
Breakdown Group employees by company



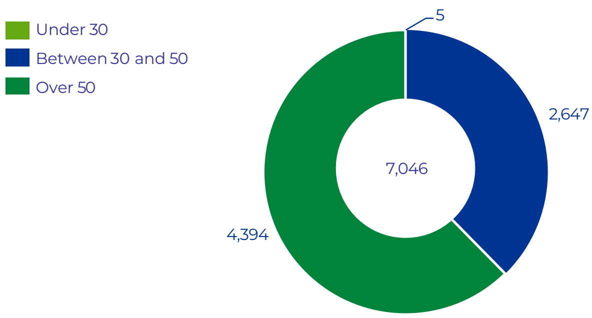
BreakdownGroup employees by level



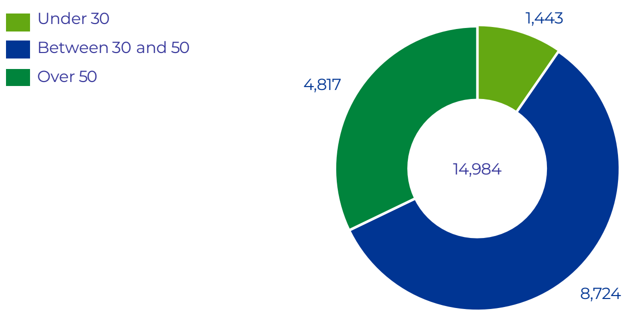
EMPLOYEES BYCATEGORYANDAGEGROUP:MANAGERS



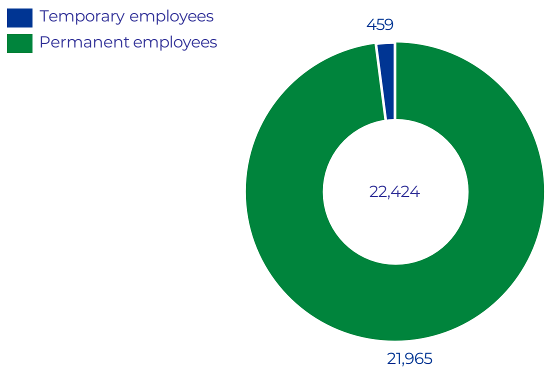
EMPLOYEESBYCATEGORYANDAGEGROUP:MIDDLEMANAGERSQUADRI



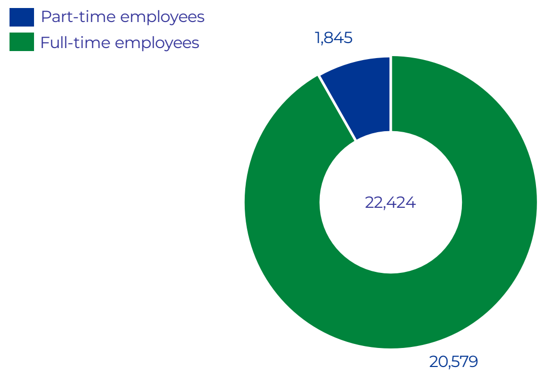
EMPLOYEESBYCATEGORYANDAGEGROUP:OFFICESTAFF



EMPLOYEESBYTYPEOFCONTRACT(NUMBER))

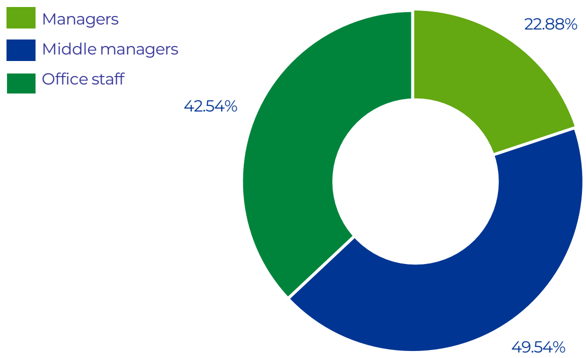


EMPLOYEESBYTYPEOFCONTRACT(NUMBER))

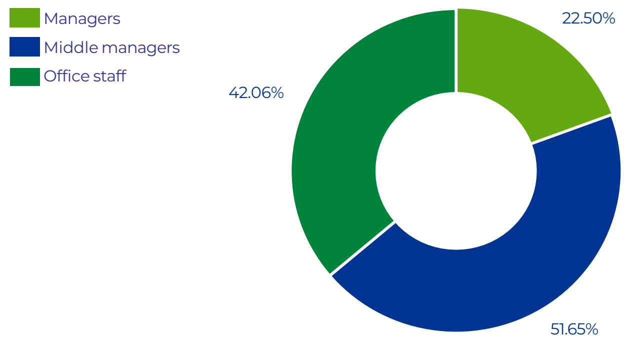


EMPLOYEES THAT PARTICIPATED TO A PERFORMANCE AND CAREER DEVELOPMENT REVIEW

EMPLOYEESTHATPARTICIPATEDINREGULARPERFORMANCEAND CAREER REVIEWS(%):MEN

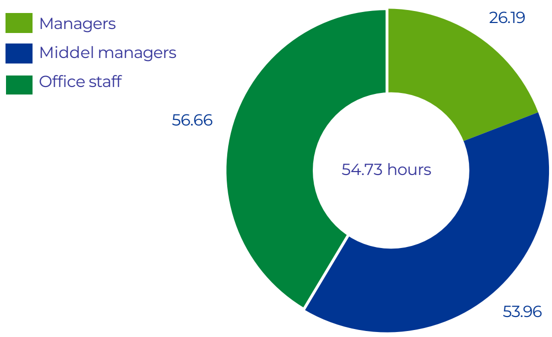


EMPLOYEESTHATPARTICIPATEDINREGULARPERFORMANCEAND CAREER REVIEWS(%):WOMEN

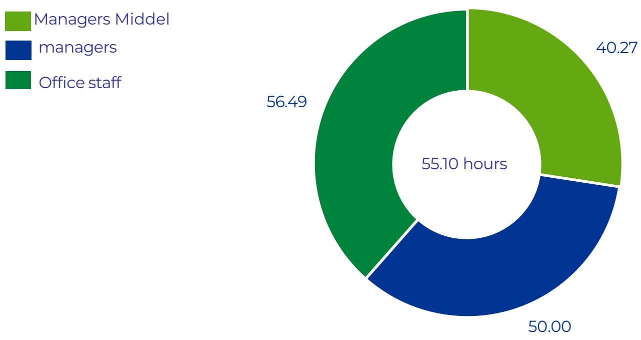


AVERAGE NUMBER OF TRAINING HOURS

AVERAGENUMBEROFTRAININGHOURSPEREMPLOYEE:MEN

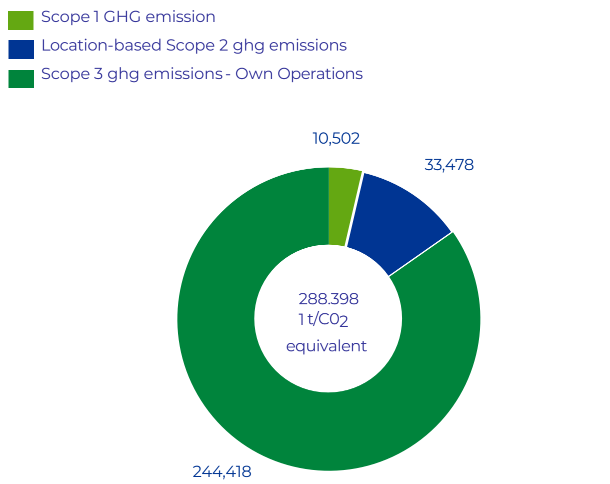


AVERAGENUMBEROFTRAININGHOURSPEREMPLOYEE::WOMEN

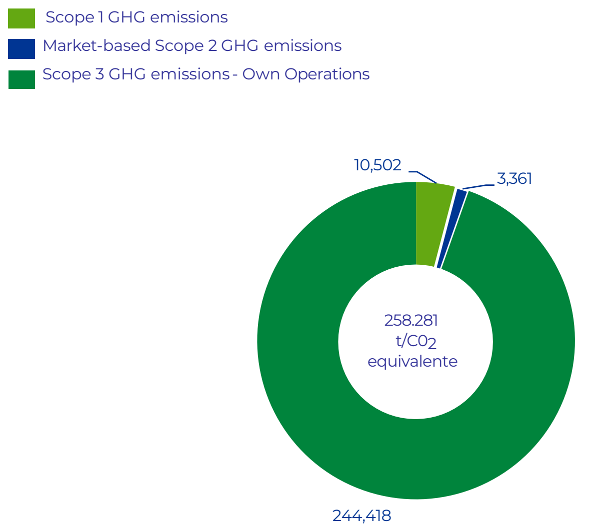


TOTAL GHG EMISSIONS BY SCOPE

TOTALGHGEMISSIONSBYSCOPE 1 AND 2(LOCATION-BASED), AND3



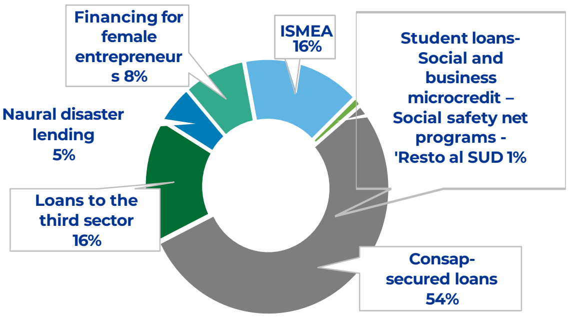
TOTALGHGEMISSIONSBYSCOPE1, 2(MARKET-BASED), 3



AFFECTED COMMUNITIES INDICATORS (ESRS S3)

Social impact financing

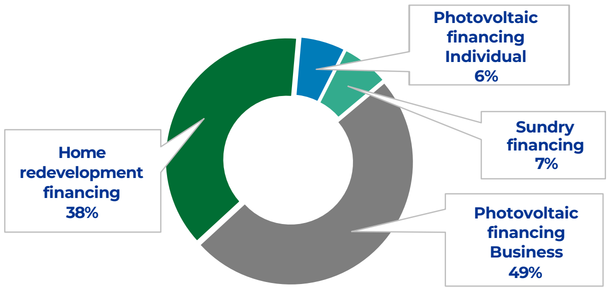
> 1.5bn€	disbursed
> 13,000	no. loans



Source: Mutual banks and Parent Company CBO area , Tagetik platform

Financing for environmental purposes

> 0.5bn €	disbursed
> 13,000	no. loans



Source: Mutual banks and Parent Company CBO area , Tagetik platform

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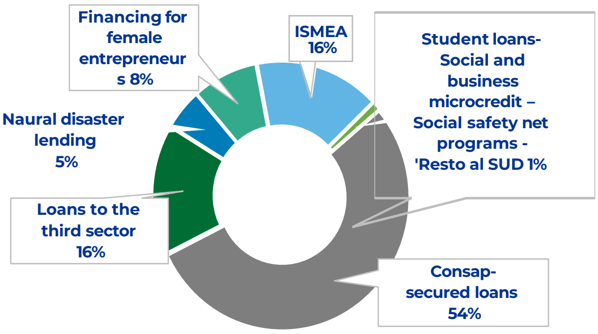

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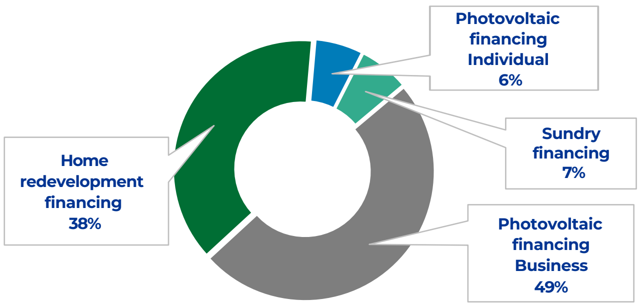
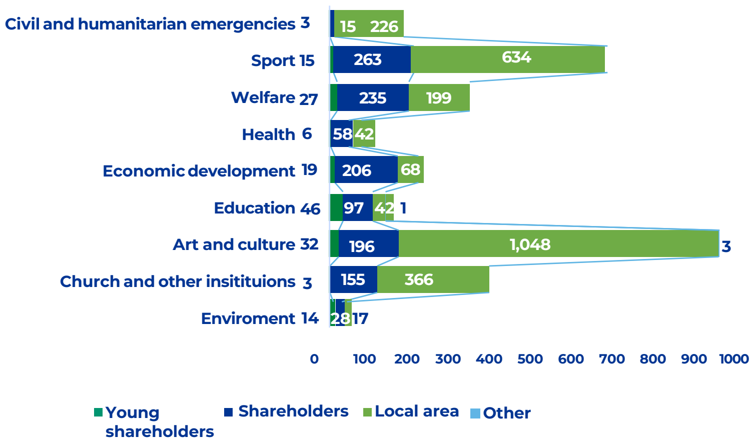


Source: Mutual banks and Parent Company CBO area , Tagetik platform

No. of initiatives by type of committee and area

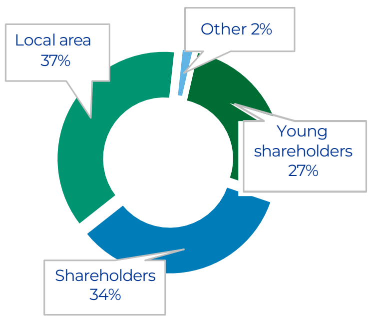


Financial education

274 initiatives to promote financial educaiton

Over 73% targeted at young people

Committees

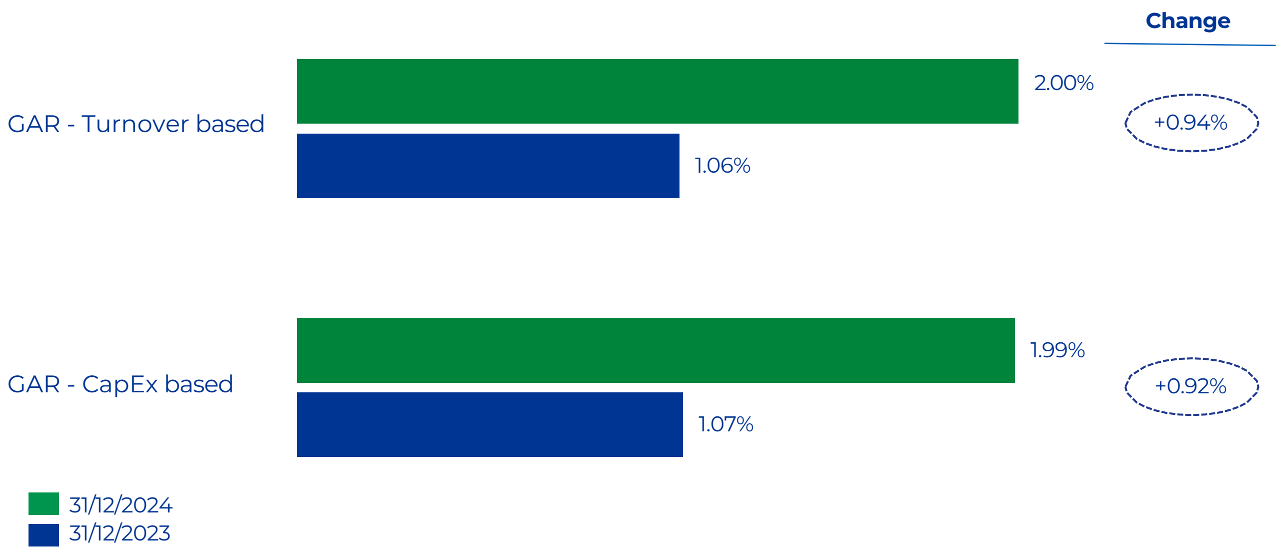


158 Committees (150

Committees are present throughout the national territory, with a prevalence in Central Italy

4,064 initiatives carried out by Committees within nine Areas

Green Asset Ratio (%)



2. THE ECONOMIC ENVIRONMENT

The international and Italian macroeconomic environment and developments in banking and the financial markets

The international environment

After the completion of the post-pandemic recovery in 2023 and the inflationary flare-up fueled by rapid recovery in demand and a number of supply shocks that led the central banks of the main industrialized countries to increase policy rates to values not experienced for at least a decade, 2024 began under the banner of stable global growth in a context of slowly decreasing inflation. This contributed to postponing the start of the phase of reduction in monetary policy rates to the summer (June in the EMU, September in the USA), fueling fears of a sharp slowdown in the global economy. All this developed in the backdrop of continuation of the Russian-Ukrainian conflict (without any early signs of its possible end), worsening of the conflict in the Middle East (with repeated critical events that have increased market volatility) and of several electoral deadlines (India, European Commission, presidency of the United States), watersheds for many aspects of fiscal, monetary and commercial policy.

The first half of 2024 was characterized by a modest slowing of growth in the United States and a weakening of GDP growth in Europe (although this was higher than expected and moderately recovered from the substantial stagnation of 2023). For China, it appears more complicated to explain the economic developments in 2024 due to a profound upward revision of historical data in conjunction with the release of GDP data for Q4 2024, released on January 17, 2025. The data point to average annual GDP growth of 5%, in line with the government's target but somewhat inconsistent with the indicators seen during the year that suggested weaker economic growth. Most emerging countries have seen substantial stability in growth and a reduction in the weight of foreign trade compared to domestic demand. In certain cases, the strengthening of national currencies against the US dollar has prompted some central banks, which in emerging countries pay particular attention to currency stability, to pursue expansionary monetary policies at least initially, in line with the widespread decline in inflation, followed by a more wait-and-see approach, when the decline slowed or even reversed course.

The third quarter saw GDP growth in the United States (0.7% on the previous quarter) and also recovered in Europe (although to a lesser extent at -0.4%). China's GDP growth was disappointing (0.9%) at a time when monetary policy loosened its grip globally with a slower-than-expected lessening of inflation. The uncertainties tied to an increasingly complicated and tension-filled geopolitical landscape—with the perpetuation of conflicts, the consolidation of opposing sides, the fears of a worsening trade war between the US and China, and the crises that have hit a number of sectors (such as both electric and combustion-engine cars)—have continued to weigh down growth expectations, especially of manufacturing companies.

In the latter months of 2024 in the euro area, qualitative indicators painted a picture of widespread uncertainty, albeit with differences between the various countries, in which the possibility that growth would stop again increased, penalized by manufacturing (characterized by weak levels of orders from both inside and outside the area) and partly offset by the growth of services. In the U.S., data released immediately after the election pointed to consumer sentiment that appeared to give credit to the expansionary policy announced by Trump during the election campaign, but to greater uncertainty within the business world. At the moment, it is unclear what the final balance may be between the promises of tax cuts and deregulation on the one hand and the impact on the jobs market of the steps taken on immigration (with the consequent risk of increases in the cost of labor and/or inadequate availability of workers) or the overall impact of tariffs, which, based on intentions already expressed, would have an extensive and significant impact on many countries and many products. The reduction in inflation has been proceeding unevenly, and the Federal Reserve has been easing monetary conditions more gradually than expected. The recent change of administration is influencing the Fed's decisions, and the new fiscal and trade policies could significantly impact the economy and price dynamics and, consequently, monetary policy. Within this environment, since the beginning of December, and despite the decline in short-term interest rates, long-term yields have increased, which has favored a strengthening of the US dollar. In this already complex landscape, the disinflationary process continued to set the pace, with core inflation falling by one tenth in December after remaining essentially stable at 3.3% for half the year.

In China at the end of 2024, the most relevant economic indicators showed minor improvements, thanks in part to public support for state-owned companies and strategic sectors, as well as to the persistent drain on growth linked to the construction sector. New fiscal policy measures were also adopted, involving the restructuring of local government debt (an measure equal to about 10% of GDP), with the aim of reducing interest costs and freeing up some funds, but with few real effects expected. In addition, a measure was also announced to support consumption and investment and, therefore, of perhaps more direct efficacy but of reduced scope.

Within this landscape, the expectations of modest activity, especially in the Chinese economy and in Europe, have led to the underlying weakness of commodity prices, with a decline in most sectors, with the exception of the gas market, which in recent months has seen prices rise again in Europe due to the progressive erosion of inventories. Tensions in the Middle East did not bring about the feared price increases in the oil market thanks, on the one hand, to the increase in non-OPEC production and downward pressures linked to the weakness of the world growth prospects and, on the other, to the reduction of OPEC production and a stabilizing role played by Saudi Arabia. The benefits that several importing countries, especially in Europe, could have had from the decline in commodity prices were gradually eroded in the latter months of 2024 by the strengthening of the US dollar, which was accentuated by the election of Trump, who, despite pressing for a weakening of the US currency, generated expectations and market movements in the opposite direction. While increasing revenues for commodity-exporting countries, the recovery of the dollar may increase inflationary pressures in countries that are net importers. In an environment of gradual reduction of inflation, the Fed, in September 2024, began the process of reducing monetary policy rates, closing the year with the target rate on Fed funds in the range of 4.25-4.5% (down from 5.25-5.5% in August 2024). At year-end, however, it appeared more difficult to reach the 2% inflation target due to the sustained pace of economic activity, the strength of the jobs market (which has resumed creating jobs at a rate of more than 200,000 per month), and the concern that the potential increase in trade tariffs may lead to new increases in inflation. All this translates into greater caution by the Fed in the continuation of monetary expansion.

The outlook. For the US economy, growth prospects are strongly conditioned by the economic policy measures of the incoming administration. While in the short term it is reasonable to expect a prevalence of positive effects linked to the improvement in confidence, especially among consumers, in the medium to long term the risk of new inflationary pressures that could curb growth increases. US trade policy will also be crucial with regard to China. The negative impact on exports would further exacerbate the need to act on domestic demand by increasing pressure for new and more massive measures. Euro-area growth expectations for 2025 remain weak and focused on the possibility of a recovery in household consumption in response to the recovery in purchasing power, albeit partial compared to pre-pandemic levels, due to the expected continuation of the reduction in inflation, of the wage increases achieved in 2023 and 2024, and of the resilience of the jobs market. In this environment, the ECB is expected to continue, throughout the first half of 2025, the process of reducing monetary policy rates that brought the deposit rate to 3% in December 2024, down from 4% in May.

The Italian economy

2025 should have been the year of the economic recovery, with inflation defeated, restrictive monetary policies withdrawn, and the return to normality, if this term still has any meaning after five years characterized by successive crises. The Italian economy has gone through these years of crises with better results than the average of euro area countries; the Italian GDP has quickly recovered the levels of 2019, exceeding them by 5.5%, compared to a long stagnation in Germany. However, month after month, growth has lost speed, forecasts have been repeatedly revised downwards and the outlook has deteriorated. The Italian GDP growth in 2024 has progressively slowed from 0.3% in the first quarter, to 0.2% in the second, remaining stable in the third quarter at the levels of the previous quarter.

The stagnation in the third quarter is the result of rising domestic demand, driven by the unexpected recovery in consumer spending and inventories, and by the decline in net exports. Among the components of gross fixed capital formation, only non-residential construction posted a significant increase, likely favored by funds under the Italian National Recovery and Resilience Plan (NRRP). Residential investment, on the other hand, continued the downward trend of the last several quarters, mainly as a result of the weakening of tax incentives for home renovations. In addition, the weakness of capital expenditure has accentuated (-2.8% compared to the previous period). This weakness reflects the impact of both internal factors — such as the weakening of incentives of the Transition 4.0 plan and the delay in the start of the Transition 5.0 plan — and external factors, such as the contraction of exports. The weakness of sales abroad is a crucial factor in influencing the dynamics of investments as exporting companies, in order not to lose market share, are pursuing high rates of investment.

Similar to the third quarters of 2022 and 2023, growth in services has led the recovery in consumer spending (1.4% compared to the second quarter). This dynamic could be interpreted as a greater preference, compared to the pre-COVID period, to spend on services in the summer months at the expense of spending in the following quarter, as happened in the two-year period indicated. Another interpretation is that there are statistical issues of seasonal adjustment due to the highly erratic nature of the data during and after the pandemic, as a result of the closure and subsequent reopening of production.

The strong rebound in consumer spending, combined with moderate growth in purchasing power (0.4%), has led to a decrease in the propensity to save to 9.2%, after three consecutive quarterly increases. Nevertheless, the propensity continues to be higher than before the pandemic (7.6% on average in 2018-2019), signaling a prudent behavior of consumers driven by widespread uncertainty about the future and the loss of value of net financial wealth in real terms.

In the fourth quarter of 2024, economic activity in Italy remained weak, reflecting, as in the rest of the euro area, the persistent weakness of manufacturing and the slowdown in services. In construction, the impetus provided by works under the National Recovery and Resilience Plan has been offset by the downsizing of activity in the residential sector. Domestic demand appears to be held back by the slowdown in consumer spending and by investment conditions that remain unfavorable. According to forecasts by the Bank of Italy, within the scope of the coordinated exercise of the Eurosystem, growth should gain momentum in 2025, reaching around 1% on average over the period 2025-27.

The year 2025 and those that follow will see public sector support for modest GDP growth, tied to measures to restructure spending, while there will be no room for expansionary measures. The correction of the deficit from the high levels reached is, in fact, an essential constraint, and the commitments signed by the government in the new Structural Budget confirm this. In this landscape, the contribution of the NRRP — and, above all, that of the reforms it contains — will be crucial. However, the most recent data point to several delays in the implementation of NRRP projects. Although achievement of the objectives is proceeding in line with the agreed timetable, actual spending up to last October appears to have amounted to 17 billion and, even including the likely acceleration in reporting in November and December, the annual value is expected to close well short of the planned 40 billion. As confirmation of this, the new estimate of the expansionary impulse presented by the Government in the budget planning document no longer considers an increase in 2024. While this could imply a more significant contribution to growth in 2025, it also increases the risk that the change of pace in the absorption of funds will be further delayed.

Performance of the financial markets in 2024

With the rate hike ending in 2023, and inflation falling faster than expected, market expectations have focused on the timing of rate cuts. Initially, the market view changed rapidly and markedly, anticipating the start of the reduction phase in early 2024, both in the US and in the EMU. With the new inflation data, rising again in some months, and the indications of the central banks, the markets have brought forward the expectations of the first rate cut to around the summer and scaled down the strength of the expansion. In line with expectations, the ECB began cutting rates in June, bringing the deposit rate from 4% to 3% in December. In September, there was also the realignment of spreads between the policy rates provided for by the new operational framework with the refi rate, now at 3.15% (+15 bp compared to the deposit rate). In the US, on the other hand, the lack of further progress, in the first months of last year, on the lowering of inflation to the 2% target had contributed to increasing the possibility that rates would remain higher for longer. In September, the Fed also finally began lowering rates in light of the gradual reduction in inflation and the signs of weakness shown by the jobs market in the summer. The Fed funds rate was cut by 50 bp in September and then by another 50 bp between November and December, going from the 5.25-5.50% range down to 4.25-4.50%.

After the decline at the end of 2023, ten-year rates rose again during the first months of 2024 as a result of the adjustment of market expectations on the expansionary phase of monetary policy, being seen as more cautious. With the change in inflation and expectations of central bank cuts, ten-year government rates began falling in late May. The Treasury's descent was accentuated in August due to fears of a more intense slowdown in the US economy, reaching levels around 3.60% in mid-August (nearly 90 bp less than at the end of May). The results of the European elections in early June, which raised fears about the rise of far-right parties, led to an increase in demand for German bonds, with the 10-year Bund falling to around 2.40% and then falling again in early August to reach values of just over 2% in mid-September (about 60 bp lower than at the end of May). With the central banks' commitment to avoid a steep drop in economic activity and the publication of better-than-expected data for the US economy, fears of recession have subsided and long-term rates have risen again. The Treasury's performance was also influenced by the results of the presidential elections, rising after Trump's victory due to the possibility that the measures announced during the election campaign would increase deficits and inflation. The US ten-year rate at the end of 2024 rose to levels just below 4.60%, and the Bund, driven by the recent increase in expectations for inflation, closed the year at around 2.35%.

Both in the spring — when geopolitical tensions intensified and the presentation of the DEF approached — and in the summer — with the tensions after the European elections of June 9 and consequent political crisis in France and with the crisis of early August — the widening of the BTP-Bund spread did not reach particularly high levels, barely exceeding 150 bp. The spread for Italian bonds was already falling again in August, and, having overcome tensions linked to the presentation of the budget and with the improvement in liquidity for Italian bonds, the spread has steadily fallen to below 120 bp, even reaching values below 110 bp in some sessions. During the autumn months, Italian government bonds (BTP) also benefited from revisions of the rating agencies, with Fitch and DBRS improving the outlook on Italian debt from stable to positive, due to the country's greater fiscal credibility in reducing the risks for public debt. The BTP-Bund spread at the end of 2024 stood at 117 bp, down by more than 50 bp from the levels of the end of 2023.

The political crisis in France, after the European elections in June, generated greater pressure on French bonds, with the OAT-Bund spread reaching levels around 80 bp, which is higher than those seen in 2017 when, during the presidential elections, the risk of leaving the EU (or "Frexit") evoked by extremists, on both sides, had increased. French bonds remained under pressure even after the French elections, especially after the second political crisis that led to the fall of the newly formed government, with the spread closing the year just above 80 bp.

During the first months of 2024, stock markets continued the upward trend seen in the latter months of the previous year, favored by the end of the risk of economic recession and despite the rise in government rates. Markets closed the first half of the year with positive performance, despite the more uncertain trend in the second quarter, amid geopolitical tensions in the Middle East and fears that the Fed could maintain tight monetary policy for longer, with more subdued performance in the EMU due to the higher risk premium in certain countries after the European elections in early June. At the beginning of August, stock prices then went through a phase of significant turbulence, triggered by the emergence of fears surrounding the resilience of the US economy after the still-negative data on the jobs market. The markets then quickly recovered in the following weeks, supported first by the fall in rates and then by the resizing of fears of recession, while also receiving further support, particularly in the US, from the results of the US presidential elections. US stock markets closed 2024 with an increase of more than 20% while growth in the EMU was only a few percentage points, penalized by the weakness of the economy in certain countries. Italy, however, benefited from a positive phase on the markets, with the stock index up by about 10%. At the end of the year, the Chinese market also recovered, thanks to the government's announcement of more proactive fiscal policies to stimulate consumption, with an annual performance of about 20%.

Developments in the Italian credit system

In 2024, **bank lending to both households and businesses** continued to contract, albeit with an improving trend compared to 2023. In December 2024, the decline in credit stood at -0.9%, recovering from -2.8% at the end of 2023 (taking into account the effect of settlements and securitizations) due to the gradual lowering of interest rates. The weakness of the credit market reflected the difficulties linked to the reduced demand for consumer and business lending, partly due to the use of accumulated liquidity and of alternative sources of financing (especially among businesses). While consumer credit showed a gradual recovery in 2024, returning to the levels of the end of 2023 (albeit with a positive consumer credit trend), business credit contracted by 2.3% in December 2024 due to the slowdown in investment and the increased use of bonds and self-financing. In 2025, with the gradual reduction of interest rates, an increase in the attractiveness of bank lending is expected, particularly for the consumer segment, with estimated growth of 1.5%. Businesses, on the other hand, are expected to continue to post negative growth (-0.7%), as a result of continued weakness in investment and ongoing uncertainty surrounding international trade. Over the next two years, consumer credit is expected to expand further (+1.7% annually on average), while business credit should remain largely stable (+0.3%). The further growth of consumer purchasing power, combined with the positive trend of the financial markets, will support consumption, favoring a positive dynamic of lending. Investments in plant and machinery, supported by the NRRP, should support business demand beginning in 2025, while investments in the construction sector are expected to decline, reflecting the end of Italy's Superbonus incentives.

The latest economic data show that the banking system continues to benefit from good overall solidity, with only modest signs of increased credit risk. In the third quarter of 2024, the **credit deterioration rate**, while still remaining at low levels, stood at 1.3% (annualized), 25 basis points higher than in the corresponding period of 2023). The deterioration was more marked for businesses (+50 basis points compared to 2023), in particular for small businesses. In 2025, the deterioration rate is expected to be slightly below 2024 levels, showing a more evident decline from 2026, favored by decreasing cost of debt and the strengthening of the economy. In addition, consumers will be supported by purchasing power recovery and increasing exposure to fixed-rate financing, while businesses – being more exposed to variable rates – will continue to benefit from accumulated liquidity. However, the riskiness of the construction sector will still have a significant impact, reflecting lower incentives. Overall, the system's NPL ratio[6] (net of loans related to CDP operations) is expected to increase modestly from 3.4% in 2023 to 3.8% in 2024 (3.6% in June 2024), thanks in part to the assignment of portfolio that will limit the impact on asset quality, to settle at around 4% over the next three years.

On the funding side, 2024 saw a slowdown in the recomposition of direct bank funding from the most liquid components to longer maturities, which, in the latter months of the year, reversed trend with an increase in total deposits. This trend is mainly attributable to the reduction in refinancing rates by the ECB, which has effectively lowered the opportunity cost of maintaining liquid assets. Current accounts, therefore, resumed growth at the end of the year (+4.5% in November and +1.5% in December 2024), and the increase in fixed-term deposits was also reduced (+10% in December 2024 compared to +30% in June). The bond sector also maintained good performance (+6% in December). Overall, at the end of 2024 direct bank funding, net of CDP deposits, thereby showed an increase of just over 1% (+1.6% overall). Over the period 2025-2027, a moderate expansion of direct deposits is expected (+0.6% annual average), due to a slowing of the contraction of current accounts (-0.6% annual average) and the continued growth of both time deposits (+5.5% annual average) and bank bonds (+5% annual average). The recomposition of funding towards longer-term instruments will be further supported by regulatory requirements, to maintain adequate stable funding indicators once all TLTRO liquidity has been repaid. The banking product will focus on attracting new customers, through competitive offers in terms of remuneration and maturities, so as to bring funding back to a more traditional model.

In 2024, the **overall profitability of the banking sector** remained high. In the first nine months of the year, the leading Italian banks[7] reported profits of more than 22 billion (+22% compared to 2023) and an annualized ROE of 15.6%, which is well above the European average. This performance was favored by an increase in core revenues and a decline in loan impairment losses, unlike certain large European groups that saw an increase in such losses. Despite a slight decline in **net interest income** in the third quarter due to falling interest rates, Italian banks benefited from higher average market rates and the contribution of their securities portfolios. **Net fee and commission income** also increased due to the growth in asset management and brokerage business. Net loan impairment losses decreased due to lower provisions for impaired positions and writebacks of performing loans, keeping the annualized **cost of risk** just above 30 basis points (with the gross NPL ratio stable at 2.7%), confirming the good quality of portfolios. Operating costs increased due to renewals of employee contracts, but was partly offset by savings on other expenses. Finally, the capital position of Italian banks improved, with the **CET1 ratio** up by more than 40 basis points compared to the end of 2023 to reach a new all-time high (15.3%), due to risk-weighted asset optimization measures (including the securitization of performing loans) and the positive contribution of retained earnings.

In 2025-2026, the profits of the traditional banking activities are expected to decline as a result of falling interest rates, only partially offset by the greater contribution of revenues from services and the gradual decrease in 205 in operating costs due to the downsizing of systemic charges, in spite of significant investments in both IT and ESG. The sector's ROE is estimated at around 9%.

EU measures

The exceptional measures implemented since 2020 to enable member states to contain the negative effects of the crises that began with the pandemic and, subsequently, with the Russian-Ukrainian conflict and the energy crisis, have gradually run their course as the needs they were intended to address resolved themselves.

The "Temporary Crisis and Transition Framework for State Aid Measures to Support the Economy Following Russia's Aggression against Ukraine", adopted on March 9, 2023, and last amended on May 2, 2024, is still in force, but only for certain aid, after the elimination (which took place between the end of 2023 and the first half of 2024) of the

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[6] The indicators include CDP lending but exclude interbank lending and loans to central banks.

[7] The banks that are part of the sample are the 10 Italian Significant Institutions, both Commercial (Intesa San Paolo, Unicredit, Banco BPM, BPER, MPS, Credem, Banca Popolare di Sondrio) and Specialized (Mediobanca, Mediolanum and Fineco).

sections that allowed for the approval of support aimed at offsetting high energy prices and strengthening liquidity for businesses and consumers through guarantees and subsidized loans. In addition, the possibility of granting aid of limited amounts to companies in the primary agricultural sector and in the fisheries and aquaculture sectors, which had been extended for six months compared to the first deadline specified, expired at the end of 2024.

The sections governing the possibility of supporting actions to accelerate the green transition and reduce dependence on fossil fuels remain in force until the end of 2025. The following aid measures are permitted until December 31, 2025:

- aid to accelerate the rollout of renewable energy and energy storage: this includes direct grants, repayable advances, loans, guarantees or tax advantages, including tax credits, to encourage investments in energy production from renewable sources; investments in electricity or thermal energy storage; investments in the storage of renewable hydrogen, biofuels, bioliquids and biogas;
- aid for the decarbonization of industrial production processes through electrification and/or the use of renewable and electrolytic hydrogen fulfilling certain conditions and for energy efficiency measures: this includes direct grants, repayable advances, loans, guarantees or tax advantages, including tax credits, which lead to a substantial reduction (40%) in greenhouse gas emissions from industrial activities that currently rely on fossil fuels as an energy source or feedstock or a substantial reduction in energy consumption (20%) associated with industrial activities and processes;
- aid for an additional reduction of electricity consumption as part of a competitive bidding process, which includes incentives for current reductions in electricity consumption to ensure consistency with the objectives of gas reduction, if certain cumulative conditions are fulfilled;
- aid to accelerate investments in sectors strategic for the transition towards a net-zero economy. This includes support for private investments to address the gap in productive investment in strategic sectors, namely batteries, solar panels, wind turbines, heat pumps, electrolyzers and carbon capture and storage equipment, including the extraction of raw materials and the production of key components necessary for these processes.

The European Commission also intervened in the continuation of the RePoweEU plan8 with a view to further reducing Russian gas imports, accelerating industrial decarbonization and the introduction of renewable energy, and investing in energy infrastructure and interconnections.

Within the framework of the Temporary Framework, the European Commission has approved for Italy:

- an aid scheme to support the production of renewable electricity for an estimated budget of €9.7 billion;
- a 30% reduction in social security contributions for private-sector employers operating in the southern regions affected by the socio-economic consequences of the war between Russia and Ukraine;
- a €750 million scheme in the form of state guarantees to support SMEs and mid-cap companies affected by the energy crisis to ensure that beneficiaries have access to sufficient liquidity.

The **European Energy Efficiency Finance Coalition** was established in 2024 to create a market environment conducive to energy efficiency investments and increase the private funding needed to help achieve the EU's 2030 and 2050 energy and climate targets, in line with the objectives of the Energy Efficiency Directive and the Energy Performance of Buildings Directive that entered into force on May 28, 2024. The Coalition currently includes 49 financial institutions, with the first meeting of the general assembly expected for March 2025. A second call for membership is expected in the first quarter of 2025.

Main measures taken in Italy to support the economy and bank lending

In 2024, the reform on the rules of the Stability and Growth Pact became operational, and the public finances of European countries returned under the supervision of the EU. The most immediate consequence was the adoption, in July, of the excessive deficit procedure for seven countries, including Italy, with the need to comply with the rules for reducing the deficit below the target level of 3% of GDP. The programs indicated in the autumn in the first Medium-Term Structural Budget Plan (the new policy document that commits the Italian government for five years) are consistent with the requirements and specify 2026 as the year in which the deficit will fall within

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[8] See previous financial reports for more information.

the limits. This rapid decrease is necessary to offset the upward trend that is expected for public debt in the years 2025 and 2026. In general, 2024 marked the end of the public budget expansion with the transition to a slightly restrictive fiscal stance, a condition that is expected to continue in 2025. Compared to current legislation, the 2024 budget provided for an increase in the deficit of 0.7 percentage points of GDP, and the 2025 budget calls for an increase of 0.4 percentage points of GDP—very low figures that do not replace the loss of the broadly expansionary impulse achieved by the Superbonus (about 4 percentage points of GDP in 2023).

Consumers continue to be protected. The main measure of the 2025 budget is that of making structural the two relief measures already active in 2024, i.e. the reduction of the tax wedge for employees with incomes up to €40,000 (about €12 billion) and the transition to three IRPEF rates (about €4 billion), while introducing limitations on deductions for incomes above €75,000. In addition, resources are allocated for public employment (for contract renewals, ancillary benefits, international missions, recruitment into the armed forces); measures for the needy are refinanced, and a "birth" allowance of €1,000 has been introduced. Finally, the extension until December 31, 2027, of the special regime of the First-Home Guarantee Fund (introduced on May 25, 2021, by the "Support 2" Decree Law), with coverage up to a maximum of 80% of the principal amount for certain categories and circumstances.

A number of guarantee instruments remain in place to support businesses. For SMEs, the transitional implementation of the Guarantee Fund has been confirmed and extended until the end of 2025, with the exception of the percentage of guarantee on financial transactions granted for the financing of SME liquidity needs, which is reduced to 50% without any differentiation based on the category assigned through the Fund's evaluation model. Conversely, the 80% coverage on all financing transactions concerning investment programs and for start-ups remains unchanged.

The budget also calls for an increase, from €80 thousand to €100 thousand, of the maximum amount of eligibility for "reduced amount" transactions in cases where the guarantee request is submitted as reinsurance by authorized guarantors. Finally, the budget takes action to overcome a critical issue in the definition of a "small mid-cap" company, including companies that do not meet the definition of SME but do have fewer than 250 employees. It should also be noted that the SACE 2024 Guarantee dedicated to infrastructural and industrial investments (the latter relating to energy transition processes and the circular economy, sustainable mobility, and the industrial, technological and digital innovation of enterprises) is active until 2029.

In terms of fiscal measures, the 2025 budget introduces a "preferential tax rate" only for 2025. The measure recognizes a reduction in the rate from 24% to 20% on business income earned in 2025 if certain conditions are met, namely: setting aside 80% of profits; investing at least 30% of the earnings set aside (or 24% of 2023 profits, if higher) by 2026, and for a minimum of €20 thousand, in innovative capital goods (Transition 4.0 and 5.0); not making use of Cassa Integrazione benefits in 2024 or 2025; not reducing the number of employees in 2025; and hiring at least 1% more permanent workers in 2025. The tax credit for investments in the "Special Economic Zone for the South" has also been extended. Conversely, the withholding relief for employment in disadvantaged areas has been lessened compared to the past. As a net effect, spending on tax incentives for businesses is expected to be reduced by more than €1 billion in 2024.

In addition, decisions on the deferred tax assets (DTAs) of banks, and changes on insurance stamp duties will have a limiting effect on businesses.

The progress of the NRRP continued according to schedule, but showed certain delays in spending. Italy has so far been timely in meeting the deadlines for collecting payments. On December 30, 2024, it submitted to the European Commission the request for payment of the seventh instalment, amounting to €21 billion, linked to the achievement of 67 milestones and targets, for a total of 337 out of 621 (54.3%).

The data on spending, a better indicator of progress, are less encouraging. As of October 31, 2024, the latest official figures available, only 30.1% of total funds allocated had been spent (€58.6 billion out of €194.4 billion), or slightly more considering the delays of the "Regis" expenditure reporting platform. Progress is particularly slow in Mission 7 "REPowerEU" introduced with the revision of the Plan in December 2023, which still reports a zero, and in Mission 5 "Inclusion and Cohesion", for which only 12.1% of the total amount allocated has been spent. The financial programming of the Economic and Financial Document (or "DEF") in the spring pointed to a doubling of spending compared to 2023 (from €24 to €43 billion), while in October in the Budget Planning Document (DPB) planned spending was reduced by about €20 billion in 2024 and by €12 billion in 2025, implicitly shifting a significant part (over €80 billion) of the total spending to 2026.

Italy is, alongside Greece, the country with the highest number of requests to amend its national plan (i.e. 4), the latest in November 2024, a sign of the greater difficulties in implementation. A new proposal for amendment was announced in February, in order to shift resources towards measures with greater absorption capacity and which will focus on infrastructure expenditure. However, it should be noted that Italy's greater difficulties are reflected in the greater complexity of its Plan, in terms of allocated resources, compared to any other country. It is for the same reason that the success of the entire Next Generation EU and the possibility that a common European debt will be re-proposed in the future largely depend on the results in Italy.

Given the imminent expiration of the program in 2026, a further implementing decree was issued in December aimed at simplifying procedures for the disbursement of funds by way of a faster payment process. The 2025 Budget Law, on the other hand, introduced new features for the Transition 5.0 Plan (Mission 7), given the lower-than-expected participation and considering the importance it plays in supporting the digital and energy transformation for businesses. These are mainly more generous tax credit rates than in the past, procedural simplifications, and the possibility of cumulation with other benefits.

Monetary policy measures adopted by the ECB in 2024

As mentioned above, 2024 saw a significant easing of monetary policy, with four reductions in key rates that brought:

- the deposit rate from 4% to 3%;
- the rate on main refinancing operations from 4.5% to 3.15%;
- the rate on marginal lending facility from 4.75% to 3.40%.

On January 30, 2025, the ECB Governing Council continued its policy of easing monetary conditions by reducing key rates by a further 25 basis points.

On March 6, 2025, the Governing Council decided to reduce the three key interest rates by a further 25 basis points. As a result, the interest rates on deposits with the central bank, on the main refinancing operations, and on the marginal lending facility were brought to 2.50%, 2.65% and 2.90%, respectively, effective as of March 12, 2025.

Despite this expansionary stance, financing conditions are impacted by past interest rate hikes, which are still being transmitted onto the amounts of outstanding loans. ECB communications emphasize that decisions on the future of monetary policy will continue to be taken meeting by meeting, based on data collected. However, market expectations remain for a terminal rate of around 2% for the second half of 2026, consistent with estimates of the neutral rate for the euro area.

With regard to the Asset Purchase Program (APP) and the Pandemic Emergency Purchase Program (PEPP), the reduction of the two portfolios continues, driven by the end of reinvestment of the repaid capital on maturing securities.

Measures in the area of macroprudential policy and banking supervision

On May 22, 2024, the EU Commission launched a consultation on macroprudential policy for non-bank financial institutions (NBFIs) with the aim of gathering information on the business models of such institutions and their interconnections with the banking system, while also identifying gaps in the macroprudential framework. NBFIs play an important role in financing the real economy and the financial sector because they are the main holders of both long-term debt instruments and publicly listed shares issued by non-financial corporations as well as shares issued by banks and insurance companies.9 However, strengthening the regulatory framework for NBFIs is highly complex in that it calls for managing interconnections within the financial system and the scope of reference. Non-bank financial institutions include various types of entities, such as asset management companies, investment funds, pension funds, insurance companies, securitization vehicles, non-bank investment companies, family offices, entities related to the cryptocurrency sector, and other non-bank financial entities. The EU Commission's consultation document appears to identify three main lines for the development of NBFI regulations: (i) strengthening and coordinating supervision; (ii) amending European regulations to ensure the timely sharing of statistical and regulatory reports relating to NBFI between central banks and national competent authorities; and

[9] "NBFI Monitor", ESRB (June 2024).

(iii) promoting stress testing at the system level with a top-down approach, simulating the impact of various scenarios and respecting the principle of reducing the administrative burden for sector operators. From the responses to the consultations published in January 2025, we see that central banks and national supervisory authorities appear aligned on the need to give relevance to these aspects in designing a reform process. Industry associations, on the other hand, are taking a more cautious stance, calling for a gradual approach that prioritizes the design of an integrated management system capable of improving the financial system's analytical capabilities. It will be up to the new EU Commission to evaluate the results of the consultation for the purpose of presenting a potential legislative proposal on this issue.

In parallel with regulations, **banking supervision** is also beginning a process of reviewing strategies and processes to respond to changes in the environment and the emergence of new risks arising from digitalization, the growth of the NBFI sector, and aspects related to climate change. For these reasons, as early as September 2022, the ECB had commissioned a group of five experts to make recommendations on how to make the Supervisory Review and Evaluation Process (SREP)—i.e., the main supervisory process carried out annually to assess the risk profile of significant banks—both more efficient and more effective. The **revision of the SREP** by the ECB's Supervisory Board was begun in May 2024 with the aim of shortening process time and focusing supervisory activities on the key risks for each bank. This revision is to be implemented gradually over the next two years (and is expected to be completed in 2026) based on six pillars: (i) a multi-year approach to risk assessment and a flexible risk assessment system; (ii) integrated planning of supervisory activities to provide banks with a clearer view of such supervisory activities (including on-site inspections, stress testing, horizontal thematic reviews) and a greater correlation between supervisory activities and the supervisory priorities set each year by the Supervisory Board; (iii) the use of all the supervisory tools provided to the Supervisory Board by law, from moral suasion to sanctioning powers; (iv) better communication with banks, such that it is both clearer and more concise; (v) publication by the end of 2024 of a new methodology for the Pillar 2 requirement, which will allow for a focus on emerging risks and will be applied by the 2026 SREP cycle; and (vi) optimization of supervisory processes by way of investments in technology as well as by exploring how artificial intelligence can support supervisors in routine activities. The multi-year approach to risk assessment (which has already been partially introduced in the 2023 and 2024 cycles) and the flexible assessment system will be implemented in 2025, and subsequently, in 2026, the new P2R methodology will be applied.

3. THE ICCREA COOPERATIVE BANKING GROUP: DISTINGUISHING CHARACTERISTICS, GEOGRAPHICAL DISTRIBUTION, STRUCTURAL ARRANGEMENTS, SPECIFIC NATURE OF THE AFFILIATED MUTUAL BANKS AND THEIR MISSION

The Iccrea Cooperative Banking Group has its legal foundation in the Cohesion Contract (pursuant to Article 37-bis of the Consolidated Banking Act) between the Parent Company, Iccrea Banca (the central body), and the affiliated mutual banks (affiliated banks), through which the latter have granted the Parent Company powers of management and coordination, exercised on a proportionate basis and as a function of the relative health of the affiliated banks, with the aim of preserving the stability of the Group and its members and promoting the cooperative spirit and mutualistic function of the mutual banks and the Group.

The Cohesion Contract calls for the joint and several guarantee of all obligations assumed by the Parent Company and by the affiliated banks in observance of the principles of prudence applicable to banking groups and to the individual affiliated banks as a further necessary factor. This cross-guarantee is governed by contract with the effect of qualifying the liabilities of the Parent Company and of the affiliated banks as joint and several obligations of all those who accept the agreement. The guarantee also calls for intercompany financial support mechanisms under which the members of the group provide mutual support to ensure solvency and liquidity and avoid, where necessary, undergoing the resolution procedures of Legislative Decree 180/2015 or the compulsory liquidation procedures of Article 80 et seq. of the Consolidated Banking Act.

Any necessary support (capital or liquidity) provided to the affiliated banks in order to ensure the solvency and liquidity of the individual participants in the scheme are carried out by the Parent Company, drawing on the financial resources made available by the participants under the provisions of the Guarantee Agreement. Support actions may include: i) capitalization measures making use of the Ex Ante Share of the readily available funds (RAFs); and ii) liquidity support measures, using the Ex Post Quota of the RAFs.

The RAFs are composed of an amount established ex ante and an amount that can be called up by the Parent Company when needed (the Ex Post Quota). The guarantee obligation assumed by each participating entity is commensurate with their risk-weighted assets and kept within the limits of any capital in excess of their individual capital requirements, without prejudice to compliance with said requirements.

In view of the foregoing, the Iccrea Cooperative Banking Group is a group of entities affiliated with a central body pursuant to Article 10 of Regulation (EU) no. 575/2013 (the CRR), with the simultaneous presence of a mutual guarantee system.

At least once a year, the Parent Company conducts stress tests of the participants in the scheme, aimed at determining the readily available funds and consequently adjusting the shares of the affiliated banks based on the greater or lesser amount already provided. The outcome of these stress tests is used to quantify the total amount of readily available funds and, consequently, the guarantee obligations of the affiliated banks. It also serves to calibrate the thresholds of the early warning system.

The figures for the RAFs for 2024 revealed the following estimates:

a) Ex Ante Quota of €330 million;

b) Ex Post Quota of €330 million.

The resources of the Ex Ante Quota are invested in liquid and enforceable assets, in accordance with the prescriptions, limits and requirements set out in the Investment Policy. The financial resources constituting the Ex Ante Quota of the RAFs are invested in readily convertible instruments, with a limited risk profile and sufficiently diversified in order to pursue the objective of capital conservation and ready availability.

In 2024, the following interventions have been implemented using the Ex Ante Quota resources of the RAFs of the Cross Guarantee Scheme:

- capital support intervention with the subscription of Art. 150-ter shares issued pursuant to Legislative Decree 386/93 by Banca Centropadana;
- the purchase of a 49% interest in Sigest Srl (the remaining 51% was purchased by Federazione Toscana Banche di Credito Cooperativo SC), real estate entity owned at 100% by BCC di Pisa e Fornacette, implementing the intervention measure provided for in the partial non proportional demerger.

Also note that on November 27, 2024, the repurchase and subsequent cancellation of shares pursuant to art. 150-ter of the Consolidated Banking Act were carried out by:

- Banca Terre Etrusche di Valdichiana e di Maremma, in the amount of €2,000,000, on a residual value of the capital support intervention of €33 million, carried out on May 26, 2021 in favor of the former Banca Valdichiana (merged into Banca Terre Etrusche di Valdichiana e di Maremma on July 26, 2021);
- Banca di Bari e Taranto, in the amount of €650,000, on a residual value of the capital support intervention of €1.3 million, carried out on November 2, 2021 in favor of former BCC di Massafra (merged into Banca di Taranto on March 16, 2022 and in turn merged into BCC di Bari on April 24, 2023).

As regards the management of Ex Post resources of the RAFs, the liquidity intervention in favor of Banca di Pisa e Fornacette Credito Cooperativo for a total amount of €100 million, has been extended for an additional 24 months (until June 1, 2026), with the same terms as the current loan.
Capitalization interventions implemented are allocated on a pro-rata basis to each participant. The intervention shares attributed to each participant shall be:

- recognized by the participant as an indirect loan in the form of an instrument eligible for computation in the issuer's own funds;
- deducted, from a prudential point of view, from the component of own funds consistent with the type of intervention implemented for the mutual bank involved.

Structure of the Banking Group

As summarized in the following chart, at December 31, 2024, the Group is structured as follows:

- the Parent Company, Iccrea Banca SpA, which plays a management and coordination role for the Group and for interacting with regulatory and supervisory authorities;
- the companies subject to the management and coordination of the Parent Company, which include:
  - the affiliated banks, participating in the Group in virtue of the Cohesion Contract signed with the Parent Company;
  - subsidiaries held, directly or indirectly, by the Parent Company in accordance with points 1 and 2 of Article 2359 of the Italian Civil Code, over which the Parent Company exercises management, coordination and control powers (by convention, these companies are said to fall within the "direct scope" of management and coordination);
- companies controlled by affiliated banks, separately or jointly, by way of equity investments, over which the Parent Company directly or indirectly exercises management, coordination and control powers in light of their instrumental roles within the ICBG (by convention, these companies are said to fall within the "indirect scope" of management and control);
- other subsidiaries of the Parent Company, held directly or through the affiliated banks, over which Iccrea Banca does not exercise specific management, coordination, or control power.

Organizational structure of the Parent Company

BCC BANCA ICCREA

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Direct scope

Entities controlled directly or indirectly by the Parent Company through an interest in the equity of the investee, pursuant to points 1 and 2 of Article 2359 of the Italian Civil Code.

114

Affiliated banks

The mutual banks participating in the Iccrea Cooperative Banking Group under the provisions of the Cohesion Contract with the Parent Company

1

Indirect scope

Entities controlled by the affiliated banks, including jointly, through an interest in the equity of the investee, over which the Parent Company exercises direct or indirect management, coordination and control authority

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Other subsidiaries

Other entities controlled by the Parent Company, including through the affiliated banks, over which the Iccrea Banca does not exercise specific management, coordination and control authority

BCC

SCOPE OF MANAGEMENT AND COORDINATION

The organizational structure of the Parent Company is based on the operating model and the strategic-operational activities required by regulations and the Cohesion Contract, which can be summarized in the following macro-areas: (i) management, coordination, direction and control, (ii) provision of services to the affiliated banks and the direct scope companies, (iii) performance of the Parent Company's own activities.

The organization of the Parent Company is based on a structure made up of hierarchical levels. The first-level structures reports to the Board of Directors (in the case of Corporate Control Functions - CCFs) or to the General Manager and mainly groups organizational units carrying out synergic/complementary activities, linked in a functional and operational logics and/or belonging to the same technical-operational area, ensuring the completion of the tasks necessary to carry out the activities of the Parent Company and to coordinate the choices and operations of subordinated units.

As of December 31, 2024, the organizational model of the Parent Company therefore includes:

- second and third level Corporate Control functions (CCF), reporting directly to the Board of Directors, divided into the following organizational areas: Chief Audit Executive (CAE) Area, Chief Risk Officer (CRO) Area, Chief Compliance Officer (CCO) Area, including the related Data Protection Officer function, and Chief AML Officer (CAMLO) Area. The Corporate Control functions are centralized and operate under an outsourcing regime for all Group companies (affiliated banks and direct scope companies);
- organizational structures/areas reporting to the General Manager:
  - Chief Financial Officer Area (CFO Area), internally structured with the Project Coordination and Transversal Activities structures; Administration and Budget (whose manager also assumes the qualification of Financial Reporting Manager as per Law 262/2005); Tax; Planning and Management Control; Group Finance; Investor Relations; Relations with Supervisory Authorities; Mutual banks Governance; Data Governance and Group Registry;
  - Credit and Associates Activities Area, internally structured with the Chief Lending Officer Area structures; Associates, M&A and Special Projects; Institutional Insurance Management; General Counsel; Group Sustainability & ESG Strategy; Credit Asset Management;
  - Chief Operating Officer Area (COO Area), internally structured with the Back Office structures; Transformation & Outsourcing; Real Estate; Cost Strategy; Operations Strategy; HR Management, Development and Change Management and Organization; Industrial Relations, Compensation, Staff Planning;
  - Chief Business Officer Area (CBO Area), internally structured with the Marketing and Commercial Tools structures; Digital Innovation & Multichannel Division; Commercial Planning and Coordination; Private and POE Division; Enterprise Division;

- Chief Information Officer Area (CIO Area), internally structured with the ICT Governance and Security and Business Continuity structures. The CIO Area is functionally connected to the Group company dedicated to IT systems;
- Institutional Communications unit;
- GM Staff unit.

Distinctive features of the mutual banks

Under Italian law, mutual credit activities enjoy dual constitutional recognition. As part of the wider cooperative movement, it is protected by Article 45, which recognizes “the social function of cooperation of a mutual and non-speculative nature”, while in its function of intermediation of savings and credit, it falls within the particular duty that Article 47 assigns to the Italian state to encourage and safeguard savings in all its forms and to regulate, coordinate and control the exercise of credit activities.

In addition to a business model based on this relationship, the difference between the mutual banks and their more traditional brethren is explicated in the Consolidated Banking Act (Articles 33 et seq. of the Consolidated Banking Act, with significant amendments introduced with the Reform Law 49/2016, which introduced the rules governing cooperative banking groups).

More specifically, primary legislation (Articles 33-37 of the Consolidated Banking Act, as amended by the legislation governing cooperative banking groups) requires the following of mutual banks: (i) that they be established as limited-liability, joint-stock cooperatives (*società cooperativa per azioni a responsabilità limitata*); (ii) that they have no fewer than 500 shareholders; (iii) that their shareholders be residents of or have operations, on an ongoing basis, in the community in which the bank operates; (iv) that every shareholder have one vote, regardless of the number of shares held; (v) that no shareholder may own shares with a total nominal value of greater than €100,000; and (vi) at least 70% of annual net profits be allocated to the legal reserve (3% of annual net profits is allocated to mutualistic funds for the promotion and development of cooperation efforts).

The vocation of service to local communities is also expressed in secondary legislation issued by the Bank of Italy (Bank of Italy Circular no. 285, Part III, Chapter 5), which, in implementation of Article 35(2) of the Consolidated Banking Act, states that no less than 95% of all business shall be conducted within the bank’s territory, and at least 50% of this business shall be in favor of shareholders, such that the funding of the bank shall, in essence, go to supporting and financing the economic growth of the traditional area of operations. The aforementioned rules for the preservation of mutuality and localism were confirmed by the reform of the sector, whose objective – as underscored by the Bank of Italy - was solely to “remove the regulatory and operational constraints typical of entities established as cooperatives - which could have hindered rapid recapitalization, including through access to the capital market, in case of need - and the related diseconomies associated with the small size of such entities” (Circular no. 285, Part Three, Chapter 5, Section 1, sub-section 1)).

In line with their nature as mutual banks, the affiliated banks pursue the objective of maximizing their social utility in the conduct of their business.

The branch network and strategic positioning of the Group’s retail banks

At December 31, 2024, the Group had 114 affiliated mutual banks[10] distributed in almost all regions of the country, with the exception of Valle d’Aosta, Trentino Alto Adige, Liguria and Umbria (although the Group does have branches in the latter three regions).

The Group has 2,415 branches. More than 56% of branches are located in the Italian regions of Lombardy, Veneto, Tuscany and Emilia-Romagna for a nationwide branch market share of 12.3%.

In 2024, the affiliated bank branch network saw the closure of 46 55 branches, offset by the opening of new branches in locations with greater potential for business development and commercial penetration. The result of

[10] During 2024 the number of affiliated mutual banks declined from 116 to 114 as a result of the merger BCC Patavina into BCC di Verona e Vicenza, which led to the creation of Banca Veneta Credito Cooperativo and the merger of BCC dell’Agro Pontino into BCC di Roma.

these changes was a net decrease of 4 branches compared with December 2023.

Number of branches per region and associated market share

The Group has at least one branch in 1,676 of the 4,513 Italian municipalities served by banks (37.1% of the total). In 382 of these municipalities (22.8% of the total), the Group's branches are the only banking presence, consistent with the mutual banks' community-centric mission. Lombardy is the region in which the Group is present in the most municipalities (388), while Marche boasts the largest share of municipalities with a banking presence with a Group branch (66.4%).

Region	Municipalities with banking services	with ICBG branch	(%)	of which ICBG is only bank	(%)
Abruzzo	118	56	47.5%	12	21.4%
Basilicata	67	29	43.3%	11	37.9%
Calabria	105	50	47.6%	24	48.0%
Campania	246	83	33.7%	35	42.2%
Emilia-Romagna	303	120	39.6%	9	7.5%
Friuli-Venezia Giulia	147	62	42.2%	12	19.4%
Lazio	184	93	50.5%	17	18.3%
Liguria	102	12	11.8%	1	8.3%
Lombardy	956	388	40.6%	110	28.4%
Marche	146	97	66.4%	24	24.7%
Molise	23	10	43.5%	5	50.0%
Piedmont	419	63	15.0%	11	17.5%
Puglia	190	68	35.8%	4	5.9%
Sardinia	243	11	4.5%	0	0.0%
Sicily	242	98	40.5%	35	35.7%
Tuscany	245	143	58.4%	6	4.2%
Trentino-Alto Adige/Südtirol	243	2	0.8%	0	0.0%
Umbria	60	23	38.3%	3	13.0%
Valle d'Aosta/Vallée d'Aoste	20	0	0.0%	0	0.0%
Veneto	454	268	59.0%	63	23.5%
Total	**4,513**	**1,676**	**37.1%**	**382**	**22.8%**

Source: based on Bank of Italy data as at December 31, 2024

With regard to competitive pressure, about 42% of the municipalities in which the Group is present have at most one branch of another bank, while 34.2% of municipalities have more than three bank competitors. Compared with June 30, 2024 the number of municipalities in which the Group is the only banking presence increased by 23.

No. of other banks present in the municipalities in which ICBG has a presence	0	1	2	3	More than 3	Total
No. Municipalities	382	315	231	175	573	**1,676**
% of total	22.8%	18.8%	13,8%	10.4%	34.2%	**100.0%**

Source: based on Bank of Italy data as at December 31, 2024

Strategic positioning of the Group and distribution of employees

The Group banks have a total market share of lending to resident customers (performing loans to consumer households and firms, net of repurchase agreements and Monetary Financial Institutions) of 6.3%, with a value of about €77.5 billion broken down similarly between loans to consumer households (47%) and to firms (53%).

By region, the Group has its largest market share, about 15%, of loans to customers in the Marche, followed by Friuli-Venezia Giulia, Abruzzo, Basilicata, Veneto and Tuscany with around 10%.

Region	Market share of lending to households and firms	Market share of lending to consumer households	Market share of lending to firms	Market share of customer deposits (consumer households and firms)
Abruzzo	10.8%	9.5%	12.2%	9.5%
Basilicata	10.7%	6.5%	15.4%	6.7%
Calabria	6.2%	4.0%	10.2%	4.9%
Campania	3.2%	1.8%	4.9%	3.0%
Emilia Romagna	7.6%	9.3%	6.3%	7.2%
Friuli Venezia Giulia	11.2%	13.0%	9.6%	10.1%
Lazio	6.9%	8.1%	5.6%	5.6%
Liguria	1.7%	1.3%	2.1%	1.3%
Lombardy	5.2%	5.4%	5.1%	6.4%
Marche	15.5%	14.9%	16.1%	15.3%
Molise	6.0%	4.4%	8.1%	3.1%
Piedmont	4.3%	3.9%	4.7%	4.2%
Puglia	5.2%	3.9%	7.3%	4.7%
Sardinia	2.4%	0.9%	4.8%	2.0%
Sicily	3.8%	2.6%	5.9%	4.7%
Tuscany	9.4%	9.1%	9.7%	11.1%
Trentino-Alto Adige	0.6%	0.2%	0.8%	0.4%
Umbria	4.6%	3.7%	5.3%	5.4%
Valle d'Aosta/Vallée d'Aoste	0.5%	0.4%	0.5%	0.3%
Veneto	10.5%	11.5%	9.7%	10.8%
ITALY	**6.4%**	**6.4%**	**6.4%**	**6.5%**

Source: based on supervisory and Bank of Italy data as at December 31, 2024. Loans to customers and customer deposits have been allocated on the basis of customer residence.

With regard to deposits by resident customers, market share is at 6.5% equal to an amount of about €105.8 billion, of which €66 billion attributable to consumer households. Customer deposits (consumer households and firms) are also led by Marche, in which the Group has a 15.3% market share, followed by Tuscany, Veneto and Friuli-Venezia Giulia.

Distribution of employees

In line with the regional distribution of branches, the branch network by number of employees shows peak numbers in the regions of Lombardy, Veneto, Tuscany, Emilia–Romagna and Lazio. The average number of employees per branch nationwide was 4.8. The average number of employees per branch is the outcome of a process begun some time ago by the mutual banks, who have sought to optimize their presence in the territories in which mutual banking performs a social service, reducing opening hours and days where appropriate while at the same time balancing the need for physical proximity with that for financial sustainability. Analyzing the data by region, Piedmont has the largest number of employees per branch (5.7), followed by (5.5) and Tuscany (5.1).

Region	No. branch employees	Employees/Branch
Abruzzo	300	4.6
Basilicata	110	3.7
Calabria	215	4.0
Campania	456	4.8
Emilia-Romagna	1149	5.0
Friuli-Venezia Giulia	386	4.3
Lazio	1009	5.5
Liguria	56	4.6
Lombardy	2462	5.0
Marche	750	4.9
Molise	26	2.4
Piedmont	491	5.7
Puglia	375	4.4
Sardinia	39	3.2
Sicily	369	3.3
Tuscany	1260	5.1
Trentino-Alto Adige/Südtirol	3	1.5
Umbria	143	3.7
Veneto	1823	4.7
Total Italy	**11,420**	**4.8**

Source: based on supervisory and Bank of Italy data as at December 31, 2024

Ownership structure of the Group's retail banks

In terms of ownership structure, the number of shareholders at December 2024 totaled about 902 thousand, an increase of more 18 thousand compared with December 31, 2023 (+2.0%). The northern and central areas account for 43% and 45% respectively, covering together 88% of the total shareholder base. The North-west area made the largest contribution to the growth in the number of shareholders, with a gain of 4,835 in 2024.

Geographical area	No. Shareholders 31/12/24	(%)	No. Shareholders 31/12/23	(%)	Delta 31/12/24 – 31/12/23
North-west	257,467	28.6%	252,632	28.6%	4,835
North-east	129,785	14.4%	126,143	14.3%	3,642
Center-west	224,682	24.9%	220,631	24.9%	4,051
Center-east	186,161	20.6%	181,617	20.5%	4,544
South-west	76,146	8.4%	75,668	8.6%	478
South-east	28,330	3.1%	27,813	3.1%	517
Total	**902,571**	**100,0%**	**884,504**	**100,0%**	**18,067**

Source: based on supervisory and Bank of Italy data as at December 31, 2024

Remuneration and incentive policies

In compliance with the applicable "Provisions governing remuneration and incentive policies and practices in banks and banking groups" of the Bank of Italy, the Parent Company has adopted a Group policy on remuneration and incentive systems consistent with the characteristics of the Group and all its components, taking due account of the cooperative nature that distinguishes it and the mutualistic purposes of the affiliated banks.

Policies adopted in 2024 take into account the sustainability-related issues, as outlined in a series of ESG targets and indicators included within the formalized short-term incentive system of the Parent Company and the direct scope companies and, where applicable, in the incentive systems of the Group's mutual banks. For further details, see the Sustainability statement section.

With these policies, Group companies and banks seek to:

- ensure the coherence of the values of the mutual banking industry, a corporate culture based on strong roots in local territories, the overall corporate governance and control structure of the Group; promote the pursuit of long-term financial and non-financial strategies, in line with the general framework of governance and risk management policies and with the established liquidity and capitalization requirements;
- ensure a constant balance between the fixed and variable components of remuneration to enable compliance with capital requirements and limit excessive risk taking;
- ensure the adoption of ex-ante and ex-post risk correction mechanisms (malus and claw back systems) with a view to penalizing improper or fraudulent behavior by staff in respect of customers, the Bank and/or the Group;
- guarantee the gender neutrality of personnel and, therefore, ensure that personnel receive equal remuneration for performing the same activities, including equal conditions for recognition and payment of such remuneration.

The annual Group Remuneration and Incentive Policies report was approved by the Ordinary Shareholders' Meeting of the Parent Company – acting on a proposal of the Board of Directors - on May 16, 2024 and is available on the Parent Company's website.

The Group's asset management company, BCC Risparmio&Previdenza, prepares its own Remuneration and Incentive Policies report, in compliance with specific sector regulations, in accordance with the Group Remuneration and Incentive Policy.

With regard to the affiliated banks, in order to ensure the uniformity and adequate compliance with the applicable provisions and the uniformity of application of the principles on which the Group's Remuneration and Incentive Policies is founded, a standard has been prepared that those banks could use to support the adoption of remuneration policies and incentive models consistent with the Group policies and in compliance with the applicable regulations and the principle of proportionality. In this respect, the Affiliated mutual banks take into account derogations permitted by the Supervisory regulations and apply the rules on remuneration according to the category "banks of smaller size or operational complexity" or "other than those of smaller size or operational complexity".

Industrial relations

On April 19, 2024, the trade union secretariats signed the first **Supplementary Contract** for the Iccrea Cooperative Banking Group, which provides for a uniform regulations on lunch vouchers, territorial mobility and welfare (insurance coverage, company contribution for the supplementary pension of dependent children, prevention/check-up packages, dental services), in addition to the agreements on the performance bonus (VPA) and smart working already signed in 2023..

During the year, in accordance with the agreements, the work of the Joint Observatory on smart working continued, a joint company-union body verifying the correct application and analyzing any critical issues and improvement areas relating to remote work, and meetings were held of the Committee for Equal Opportunities, Inclusion and ESG Issues, established to promote conditions of substantial equality and parity, prevent discrimination based on gender, age, sexual preference, ethnicity, disability and political and religious orientation. With reference to this last aspect, in December the Group confirmed the Certification for Gender Equality UNI PDR

125:2022.

On July 9, 2024, Federcasse and the national trade union secretariats signed an agreement for the renewal of the **national collective bargaining agreement** for the executives and staff of the professional areas of the mutual banks, expiring on December 31, 2025.

The main provisions of the renewal include the following:

- salary increases that will lead to a structural increase in costs (including social security charges) for personnel classified as executives and professionals.
- a one-off payment, disbursed in July, to those who were in service on July 9, 2024. The overall cost of the one-off payment for the Group (including social security charges, equal to about €31 million) was fully recognized in profit or loss for the period;
- a commitment to renegotiate the Rules of the Fund for Cooperative Credit Employment (FOCC),[11] to establish the Bilateral Industry Body (EnBiCC) necessary for the operation of the Fund, and to amend the Rules of the Industry Solidarity Fund.[12].

Planned/activated terminations

During 2024 a number of agreements were signed for the consensual individual termination of employment through incentives for early retirement. The agreements for the termination of employment, signed in protected conditions in compliance with the constraints of the Remuneration Policies in force from time to time, have resulted in the exit of personnel, generally without the need for replacement. The result was a streamlining of the workforce without leaving unsolved management problems.

In the second half of 2024, a generational turnover operation was carried out through an agreement for access to the extraordinary benefits of the Industry Solidarity Fund directed at the personnel of the Parent Company and the direct scope companies. The exit of resources from the workforce will take place at 5 six-monthly windows starting from July 1, 2025.

With regard to the affiliated banks, agreements were formalized for access to the extraordinary benefits of the Industry Solidarity Fund during 2024. In the first half of 2024, these agreements involved BCC Veneta, Riviera Banca, Banca Annia, Banco Fiorentino, BCC Versilia, Lunigiana e Garfagnana, ChiantiBanca, Banca Centro.

The second half of 2024 saw the finalization of further agreements involving a potential group of 259 personnel. More specifically, agreements were signed in the following mutual banks: Banca Della Marca, Calabria Ulteriore, Banca d'Andria, Valle Del Trigno, Roma, Cappelle sul Tavo, Basso Sebino, Piceno, Metauro, Ostra e Morro d'Alba, Centromarca, Recanati e Colmurano, Toniolo, San Francesco, Credito Romagnolo, Emilbanca, Mediocrati, Banca d'Alba, Pachino, Vicentino, Veronese, Credifriuli, Terra di lavoro.

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[11] The FOCC was established in 2024 to finance new hires (young people, women, the unemployed, etc.) and the provision of certain benefits for workers (supplementation of the allowance for reduced working hours for under the Cassa Integrazione, extraordinary mobility and other such mechanisms). The aim is to modify the benefit systems, eliminating benefits for workers and introducing others to finance financing training and generational turnover (financing part of the reduction in working hours for personnel close to retirement who decide to reduce their working hours in exchange for hiring new employees).

[12] The Solidarity Fund is intended to support employment: early retirement benefits, financing training, reduction of working hours under the Cassa Integrazione and emergency benefits following collective layoffs. The proposed amendments seek to increase the maximum Cassa Integrazione benefits and enable the payment of full contributions in the event of recourse to generational turnover.

4. DEVELOPMENTS IN GROUP OPERATIONS

The following provides an overview of the main balance sheet and income statement figures of the Iccrea Cooperative Banking Group as at December 31, 2024. To enable a more immediate understanding of the Group's balance sheet and income statement, the following tables are presented in more summary form than those provided for in Circular no. 262/05 of the Bank of Italy.

Balance sheet

Consolidated assets

€/thousand	31/12/2024	31/12/2023
Cash and cash equivalents	3,316,821	4,956,422
Financial assets measured at fair value through profit or loss	1,493,523	1,494,234
Financial assets measured at fair value through other comprehensive income	6,914,461	7,693,412
Financial assets measured at amortized cost	143,283,468	145,480,602
a) due from banks	1,911,716	2,656,221
b) loans to customers	93,541,310	90,886,258
c) securities	47,830,442	51,938,123
Hedging derivatives and value adjustments of macro-hedged financial assets	197,435	313,430
Equity investments	300,366	239,807
Property, plant and equipment	2,292,185	2,441,827
Intangible assets	200,283	174,591
Tax assets	1,012,497	1,346,472
Non-current assets and disposal groups held for sale	109,553	4,593,316
Other assets	5,491,320	5,778,532
Total assets	**164,611,913**	**174,512,645**

The consolidated assets of the Iccrea Cooperative Banking Group totaled €164.6 billion, down €9.9 billion on December 31, 2023.

Financial assets measured at fair value through profit or loss, in the amount of €1.5 billion, include financial assets held for trading in the amount of €87 million (which mainly includes derivatives and securities held for trading), financial assets designated as at fair value in the amount of €325 million (represented by instruments in which liquidity from the Guarantee Scheme is invested) and other financial assets mandatorily measured at fair value in the amount of €1 billion (mainly in units of collective investment undertakings - CIUs, policies and postal bonds).

€/thousands	Total 31/12/2024	Total 31/12/2023
Financial assets held for trading	87,418	227,299
Debt securities	45,085	86,694
Equity securities	297	1,758
Units in collective investment undertakings	177	10,200
Financial derivatives	41,859	128,647
Financial assets designated as at fair value	324,693	317,077
Debt securities	323,647	315,788
Financing	1,047	1,289
Financial assets mandatorily measured at fair value	1,081,411	949,858
Debt securities	21,812	45,320
Equity securities	58,875	70,902
Units in collective investment undertakings	408,168	410,763
Financing	592,555	422,872
Financial assets measured at fair value through profit or loss	**1,493,523**	**1,494,234**

The portfolio of financial assets measured at fair value through other comprehensive income amounted to €6.9 billion, down €0.8 billion on December 31, 2023 and is mainly represented by government securities held in accordance with the HTCS business model. The aggregate also includes minority interests in the amount of €501 million, which are measured at fair value through other comprehensive income without recycling to profit or loss.

€/thousands	Total 31/12/2024	Total 31/12/2023
Debt securities	6,413,006	7,189,061
Equity securities	501,455	504,351
Financial assets measured at fair value through other comprehensive income	**6,914,461**	**7,693,412**

Financial assets measured at amortized cost amounted to €143.3 billion of which about 67% is in loans with the remainder in debt securities. These assets can be categorized by their relative level of risk as shown below.

€/thousands	Gross value		Total writedowns		Net value 31/12/2024
	Stage 1 and 2	Stage 3	Stage 1 and 2	Stage 3	
Financing	95,443,688	2,908,772	(751,408)	(2,148,026)	95,453,026
Loans to banks[13]	1,918,804	-	(7,088)	-	1,911,716
Loans to customers[13]	93,524,884	2,908,772	(744,320)	(2,148,026)	93,541,310
Debt securities	47,938,681	1,097	(108,319)	(1,017)	47,830,442
Total financial assets measured at amortized cost	**143,382,369**	**2,909,869**	**(859,727)**	**(2,149,043)**	**143,283,468**

More specifically, net loans to customers totaled about €93.5 billion, €92.7 billion of which performing and about €0.8 billion related to impaired positions. Of this total, about 80% was in medium and long-term financing (both loans and leases).

€/thousands	Total 31/12/2024	% share	Total 31/12/2023	% share
Current accounts	6,580,147	7.0%	6,383,748	7.0%
Repurchase agreements	1,230,915	1.3%	874,600	1.0%
Medium/long-term loans	70,245,056	75.1%	69,458,911	76.4%
Credit cards, personal loans and salary-backed loans	2,797,132	3.0%	2,389,285	2.6%
Lease financing	3,441,276	3.7%	3,618,216	4.0%
Factoring	907,280	1.0%	814,586	0.9%
Other lending	8,339,504	8.9%	7,346,912	8.1%
Financial assets measured at amortized cost – Loans to customers	**93,541,310**	**100.0%**	**90,886,258**	**100.0%**

Gross impaired loans, which have continued to decrease in recent years thanks to robust de-risking efforts came to about €2.9 billion, or 3% of total gross lending (3% also considering loans to customers alone).[14]

Net impaired loans amounted to about €761 million, equal to 0.8% of net lending (0.8% when considering only ordinary customers).[15] The ratios of net bad loans and net unlikely-to-pay positions to total net lending came to 0.1% and 0.5% (0.1% and 0.5% when considering only ordinary customers).

[13] Source: based on consolidated Finrep data

[14] Excluding transactions with institutional counterparties (mainly repurchase agreements and deposits with the Clearing and Guarantee Fund totaling €2.3 billion) the gross NPL ratio is 3.1%.

[15] Excluding transactions with institutional counterparties (mainly repurchase agreements and deposits with the Clearing and Guarantee Fund totaling €2.3 billion) the net NPL ratio is 0.8%.

As shown in the table below, efforts to improve the Group's risk profile can also be seen in the more prudent assessment policies, which have resulted in an increase in the coverage of NPLs to 73.8%, an increase compared with the end of the previous year.

Type of exposure	Gross exposure	Writedowns	Net exposure	Coverage 31/12/2024	Coverage 31/12/2023
Bad loans	842,883	745,618	97,266	88.5%	87.3%
Unlikely-to-pay positions	1,743,219	1,246,484	496,735	71.5%	69.6%
Impaired past-due positions	322,670	155,924	166,746	48.3%	40.5%
Impaired exposures to customers at year end	**2,908,772**	**2,148,026**	**760,747**	**73.8%**	**72.2%**

The particular business model of the affiliated banks, which account for the largest component of assets and of total loans to customers, is reflected, above all, in the type of counterparty. Total loans disbursed, a gross amount of €96.4 billion, have mainly gone to consumer and producer households, which accounted for 48.4% of total lending. As shown in the table below, these segments feature a lower NPL ratio than for the corporate segment, thereby confirming the ability to better discriminate and manage credit relationships with households and SMEs, which have always been the core customer base of mutual banks.

Type of counterparty	Gross value	Ratio to total loans and advances	Performing loans and advances		Non-performing loans and advances	
			Ratio to total	Ratio to total performing	Ratio to total	Ratio to total NPL
Ordinary customers	**95,199,364**	**98.7%**	**95.7%**	**98.7%**	**3.0%**	**100.0%**
Financial companies	4,702,217	4.9%	4.9%	5.0%	0.0%	0.5%
Non-financial companies	43,815,952	45.4%	43.6%	44.9%	1.9%	62.1%
of which: small and medium-sized enterprises	27,319,071	28.3%	27.5%	28.3%	0.9%	28.7%
of which: secured by non-residential real estate as collateral	11,110,553	11.5%	10.9%	11.3%	0.6%	19.0%
Households	46,681,195	48.4%	47.3%	48.7%	1.1%	37.4%
of which: secured by residential real estate as collateral	35,959,026	37.3%	36.6%	37.7%	0.7%	23.3%
of which: consumer creditcredito al consumo	2,873,346	3.0%	2.9%	3.0%	0.1%	2.0%
Government	**1,234,291**	**1.3%**	**1.3%**	**1.3%**	**0.0%**	**0.0%**
Total loans to customers	**96,433,656**	**100.0%**	**97.0%**	**100.0%**	**3.0%**	**100.0%**

With regard to financial assets measured at amortized cost, amounts due from banks amounted to approximately €1.9 billion and include €1.6 billion in respect of the reserve requirement with central banks, a decrease of €0.3 billion on the end of the previous year.

€/thousands	Stage 1 and 2	Stage 3	Total 31/12/2024	% share	Total 31/12/2023	% share
Due from central banks – reserve requirement	1,625,061		1,625,061	85.0%	1,947,030	73.3%
Loans to banks - financing	286,656	-	286,656	15.0%	709,190	26.7%
Financial assets measured at amortized cost – Loans to banks	**1,911,716**	**-**	**1,911,716**	**100.0%**	**2,656,221**	**100.0%**

Finally, debt securities measured at amortized cost (under the HTC business model), largely represented by Italian government securities, totaled €47.8 billion, down €4.1 billion on December 31, 2023.

Equity investments €300.4 million) mainly represent interests in associates, the most significant of which include the investments in Numia Group SpA (€147.6 million), BCC Vita (€85.4 million), Pitagora SpA (€17.4 million) and BCC Assicurazioni (€11.1 million).

Property, plant and equipment, totaling €2.3 billion, mainly include property used in operations (€1.8 billion) as well as properties contributed to consolidated real estate funds (€0.3 billion).

Intangible assets (€200.3 million) mainly include software and user licenses (€171 million), goodwill recognized on initial consolidation of a number of controlling interests (€15.6 million) and, to a lesser extent, goodwill recognized among assets of the affiliated banks for the acquisition of bank branches (€2.8 million) prior to creation of the Cooperative Banking Group.

Assets held for sale (€109.6 million) mainly include: (i) the assets of BCC POS (€32.8 million) which are expected to be sold to a non-Group entity in the first months of 2025; (ii) the assets of BCC Sistemi Informatici (€34.8 million); (iii) the loan portfolio of BCC Leasing (€30.7 million) which is expected to be sold to a non-Group entity. At December 31, 2023 the item included the assets of BCC Vita and BCC Assicurazioni, which have been consolidated from September 2023 and deconsolidated during the first half of 2024 following the sale of 51% of them.

Other assets include: (i) tax assets totaling about €1 billion and including current tax in the amount of € 0.3 billion and deferred tax assets in the amount of about €0.7 billion, the latter including about €0.4 billion referring to Law 214/2011; (ii) other assets of about €5.5 billion, which among other things include tax credits of about €3.6 billion.

Consolidate liabilities and equity

€/thousands	31/12/2024	31/12/2023
Financial liabilities measured at amortized cost	143,756,450	152,795,976
a) due to banks	6,554,016	17,922,680
b) due to customers	123,234,220	122,522,919
c) securities issued	13,968,214	12,350,376
Financial liabilities held for trading	63,920	111,588
Hedging derivatives and value adjustments of macro-hedged financial liabilities (+/-)	244,789	219,917
Tax liabilities	83,193	71,537
Liabilities associated with assets held for sale	30,922	4,320,959
Other liabilities	3,699,492	2,315,340
Post-employment benefits	197,279	215,977
Provisions for risks and charges	658,125	572,459
Equity	13,847,157	12,032,522
Profit/(loss) for the period	2,030,587	1,856,369
Total liabilities and equity	**164,611,913**	**174,512,644**

Total consolidated liabilities and equity amounted to more than €164.6 billion, down about €9.9 billion on December 31, 2023.

More specifically, financial liabilities measured at amortized cost include direct funding from ordinary customers (securities issued, amounts due to customers, the latter net of institutional fundraising of about €12.7 billion) came to €124.4 billion, up on the end of 2023 due to the increase in current accounts and demand deposits (+€2.6 billion) and new issues of securities (+€1.6 billion).

€/thousands	31/12/2024	31/12/2023
Due to customers	110,476,755	107,945,457
Current accounts and demand deposits	103,294,029	101,641,888
Time deposits	6,135,365	5,202,421
Other amounts due	1,047,361	1,101,147
Outstanding securities	13,968,214	12,350,376
Bonds	7,316,465	6,543,286
Other securities	6,651,749	5,807,090
Financial liabilities measured at amortized cost – Direct funding from ordinary customers	**124,444,969**	**120,295,833**

The remainder of financial liabilities measured at amortized cost comprises funding from institutional customers (€19.3 billion) and includes: (i) €10.6 billion in in repurchase agreements, almost entirely with the Clearing & Guarantee Fund, (ii) €6.6 billion in amounts due to banks, of which €4.7 billion in ordinary monetary policy operations with Central banks (down €11.5 billion reflecting the repayment of TLTRO funding during the year) and €1.9 billion in operations with other non-Group banks.

€/thousands	31/12/2024	31/12/2023
Loans to customers	12,757,465	14,577,463
Repos	10,647,133	12,079,638
Other	2,110,332	2,497,824
Due to banks	6,554,016	17,922,680
Due to central banks	4,701,855	16,204,661
Due to banks	1,852,161	1,718,019
Current accounts and demand deposits	869,637	998,151
Time deposits	13,188	40,235
Loans and repurchase agreements	965,502	602,559
Other	3,834	77,074
Financial liabilities measured at amortized cost – Funding from institutional customers	**19,311,481**	**32,500,143**

Other main liabilities include the following: (i) financial liabilities held for trading, in the amount of €63.9 million, which include the negative fair value of trading derivatives; (ii) tax liabilities in the amount of €83.2 million, which include deferred tax liabilities on temporarily non-taxable revenues in the amount of €37.4 million; (iii) liabilities held for sale (€30.9 million) which include the liabilities of BCC POS and BCC Sistemi Informatici, which are expected to be sold with loss of control to a non-Group entity. At December 31, 2023 the item mainly included the liabilities of BCC Vita and BCC Assicurazioni deconsolidated during the first half of 2024 following the sale of 51% of the investments; (iv) other liabilities in the amount of about €3.7 billion; (v) post-employment benefits for the Group totaling €197 million and (vi) provisions for risks and charges of €658 million, including about €268 million in provisions for credit risk against commitments to disburse funds and financial guarantees issued.

Consolidated shareholders' equity

Consolidated shareholders' equity totaled €15.9 billion. Share capital includes the capital of the Parent Company, amounting to €1.4 billion, and the capital of the mutual banks, which, together with the Parent Company, constitute a single consolidating entity. Treasury shares mainly represent the capital of Iccrea Banca held by the affiliated banks consolidated in application of Article 1072 of Law 145/2018.

Reserves totaled about €12.5 billion, and mainly included legal reserves of €13.3 billion – accumulated as a result of an aggressive use of self-funding by the affiliated banks in relation to the aforementioned obligation for the capitalization of at least 70% of earnings – and a negative IFRS 9 reserve of €1.6 billion.

€/thousands	31/12/2024	31/12/2023
Share capital	2,292,445	2,290,202
Equity instruments	30,139	30,139
Share premium reserve	154,624	152,967
Treasury shares	(1,387,018)	(1,382,888)
Valuation reserves	201,291	47,360
Reserves	12,543,839	10,894,741
Profit for the period	2,030,587	1,856,369
Equity attributable to shareholders of the Parent Company	**15,865,908**	**13,888,891**
Non-controlling interests (+/-)	11,837	-
Total shareholders' equity	**15,877,745**	**13,888,891**

INCOME STATEMENT

Consolidated income statement

€/thousands	31/12/2024	31/12/2023
Net interest income	**4,363,532**	**4,094,933**
Net fee and commission income	**1,404,519**	**1,348,189**
Dividends, net gain/(loss) on trading activities, net gain/(loss) on hedging and net gain/(loss) on assets and liabilities at FVTPL	57,449	84,769
Net gain (loss) on disposals	92,024	61,841
Gross income	**5,917,525**	**5,589,733**
Net writedowns/writebacks for credit risk	(336,913)	(401,937)
Gains/losses from contract modifications without cancellations	(7,433)	(5,581)
Net income/(loss) from financial operations	**5,573,178**	**5,182,214**
Administrative expenses	(3,252,135)	(3,151,010)
a) personnel expenses	(2,104,039)	(1,898,920)
b) other administrative expenses	(1,148,096)	(1,252,090)
Depreciation, amortization and provisions	(218,020)	(297,975)
Other operating income/expense	378,687	353,506
Operating expenses	**(3,091,468)**	**(3,095,479)**
Profit/(loss) from equity investments	9,801	29,641
Net gain/(loss) from fair value measurement of property, plant and equipment and intangible assets	(21,448)	(19,815)
Writedown of goodwill	(310)	(971)
Profit/(loss) from disposal of investments	(252)	(1,136)
Profit/(loss) before tax on continuing operations	**2,469,502**	**2,094,454**
Income tax expense from continuing operations	(418,411)	(334,514)
Profit/(loss) after tax on discontinued operations	(20,946)	97,666
Profit/(loss) for the period	**2,030,145**	**1,857,607**
Net profit/(loss) attributable to non-controlling interests	(442)	1,237
Net profit/(loss) attributable to shareholders of the Parent Company	**2,030,587**	**1,856,369**

The Group ended 2024 with net profit of more €2 billion, up €0.2 billion on 2023.

More specifically, net interest income came to €4.4 billion, the net result of interest income of €6.8 billion (including €4.6 billion on loans to customers and €1.6 billion on debt securities) and interest expense of about €2.4 billion (mainly related to amounts due to customers and outstanding securities recognized among financial liabilities and measured at amortized cost).

The increase in net interest income (+€268.6 million compared with December 2023), is mainly attributable to: (i) an increase in interest income on loans to customers (+€397 million, mainly reflecting the increase in interest rates); (ii) an increase in positive differentials connected with hedging derivatives on hedged financial instruments (+€212 million); (iii) an increase in interest accrued on tax credits resulting from tax incentive measures contained in government programs (+€41 million); (iv) a decrease in negative interest on TLTRO financing (+€306 million); (v) an increase in interest expense on customer funding (-€508 million) reflecting an increase in interest rates and (vi) an increase in interest on bonds issued (-€163 million).

Interest and similar income

€/thousands	Debt securities	Loans	Other transactions	Total 31/12/2024	Total 31/12/2023
Financial assets measured at fair value through profit or loss	17,927	2,503	-	20,430	23,948
Financial assets measured at fair value through other comprehensive income	181,900	-	-	181,900	176,878
Financial assets measured at amortized cost	1,361,449	4,669,137	-	6,030,586	5,647,667
- of which loans to banks	*61,977*	*112,639*	*X*	*174,616*	*182,721*
- of which loans to customers	*1,299,472*	*4,556,497*	*X*	*5,855,970*	*5,464,946*
Hedge derivatives	-	-	300,648	300,648	71,139
Other assets	-	-	230,999	230,999	190,142
Financial liabilities	-	-	1,616	1,616	2,802
Interest and similar income	**1,561,276**	**4,671,639**	**533,264**	**6,766,179**	**6,112,576**

Interest and similar expense

€/thousands	Payables	Securities	Other transactions	Total 31/12/2024	Total 31/12/2023
Financial liabilities measured at amortized cost	(1,936,758)	(430,576)	-	(2,367,333)	(2,003,738)
- of which central banks	*(370,600)*	*X*	*X*	*(370,600)*	*(677,083)*
- of which banks	*(70,631)*	*X*	*X*	*(70,631)*	*(71,520)*
- of which due to customers	*(1,495,527)*	*X*	*X*	*(1,495,527)*	*(987,089)*
- of which securities issued	*X*	*(430,576)*	*X*	*(430,576)*	*(268,047)*
Other liabilities and provisions	-	-	(2,181)	(2,181)	(2,829)
Hedge derivatives	-	-	(18,716)	(18,716)	(1,227)
Financial assets	-	-	(14,417)	(14,417)	(9,849)
Interest and similar expense	**(1,936,758)**	**(430,576)**	**(35,314)**	**(2,402,647)**	**(2,017,644)**

Net fee and commission income amounted to €1.4 billion in 2024, up €56 million on 2023, and include fee and commission income of about €1.7 billion (mainly relating to commissions for collection and payment services, the management of current accounts and distribution of third-party services) net of fee and commission expense of €285 million.

Fee and commission income

€/thousands	31/12/2024	31/12/2023
Guarantees issued	25,978	25,131
Management, intermediation and advisory services	169,892	165,433
Management of current accounts	562,856	559,643
Other collection and payment services	544,619	505,004
Distribution of third-party services	295,903	268,920
Other services	90,150	92,632
Fee and commission income	**1,689,398**	**1,616,762**

Fee and commission expense

€/thousands	31/12/2024	31/12/2023
Guarantees received	(2,584)	(2,865)
Management and intermediation services	(12,602)	(12,269)
Collection and payment services	(252,381)	(226,066)
Other services	(17,312)	(27,373)
Fee and commission expense	**(284,879)**	**(268,573)**

The net gain on disposals came to €92 million, mainly reflecting the gain on the assignment of loans by Group banks in the amount of €101 million, and the loss on the sale of debt securities classified at amortized cost and assets measured at fair value through other comprehensive income (totaling a net €9 million).

Net writedowns for credit risk amounted to €336.9 million, a slight decrease compared with the previous year, also reflecting the robust monitoring of impaired positions implemented by the Group since its establishment, with a coverage ratio of 73.8%.

Operating expenses amounted to about €3.1 billion, essentially stable compared with 2023, reflecting the net effect of: (i) the increase in personnel expense in the amount of €205 million, also attributable to the compared renewal of the national collective bargaining agreement and the increase in the workforce, (ii) a decrease of €104 million in other administrative expenses, mainly related to the decrease in contributions to the Single Resolution Fund (BRRD), the National Resolution Fund for bank crises and the Deposit Guarantee Fund having reached the target ceilings set for the contribution to these funds, (iii) lower provisions for risks and charges in the amount of €62 million.

Profit from equity investments amounted to €9.8 million, including the financial effect of the equity valuation of investments in associates and the recognition of the earn-out connected with the sale of the investment in BCC Pay (now Numia SpA) to FSI during 2022 in the amount of €15 million.

The net loss from discontinued operations (€20.9 million), mainly includes: (i) the net gain (+€31.6 million) on the sale, in the first half of 2024, of 51% of the insurance companies BCC Vita and BCC Assicurazioni, whose assets and liabilities were classified as held for sale at December 31, 2023 and (ii) the loss (-€62.1 million) of the Infrastructure segment of BCC Sistemi Informatici expected to be sold to a no-Group entity during 2025.

Consolidated own funds and capital adequacy

Own funds

The following table offers a breakdown of own funds at December 31, 2024, which amounted to about €15.82 billion.

Capital and capital ratios - €/thousands	31/12/2024	31/12/2023
Share capital	2,292,445	2,290,202
Share premium reserve	154,624	152,967
Treasury shares and repurchase commitments	(1,408,426)	(1,401,693)
Reserves	12,797,294	11,150,748
Profit/(Loss) for the period	1,834,161	1,675,495
Other comprehensive income	(52,164)	(208,647)
Transitional provisions – IFRS 9	59,628	58,193
Goodwill (net of related tax effects)	(21,485)	(42,114)
Intangible assets (net of related tax effects)	(128,514)	(82,117)
Other deductions	(19,778)	(23,495)
Prudential filters	(27,230)	2,633
Common Equity Tier 1 (CET 1)	**15,480,554**	**13,572,173**
Additional Tier 1 (AT1)	30,139	30,139
Tier 1 (T1)	**15,510,693**	**13,602,312**
Eligible subordinated loans	308,221	700,041
Tier 2 (T2)	**308,221**	**700,041**
Total Own funds (TC)	**15,818,914**	**14,302,353**

In light of the special accounting rules applicable[16] and the obligation under Article 38 of the Consolidated Banking Act for the affiliated banks to allocate at least 70% of annual earnings to reserves, own funds mainly include reserves (€12.8 billion) in addition to share capital (mainly composed of the shareholder contributions of the affiliated banks and the associated share premiums). Group capital in the amount of about €2.3 billion decreased to about €884 million after elimination of the capital of the Parent Company held by the affiliated banks (reported under treasury shares.

CET1 at December 31, 2024, which represents approximately 97.9% of total own funds and increases compared with December 2023 by a total of about €1.9 billion (+14%) as the algebraic sum of some of its main components, including: *(i)* the calculation of annual profit - as per the authorization of the same authority received from the ECB on February 10, 2025 - for a total €1.83 billion; *(ii)* the decrease in the IFRS 9 phase-in ratio, resulting from the reduction from 50% to 25% of the former “quick fix” dynamic, more than offset by the effect of the HTCS transitional provisions (overall benefit of €59.6 million at December 31, 2024); *(iii)* the increase in the FVOCI reserve, which came to -€52 million overall (+156 million compared with December 2023).

Additional Tier 1 capital did not change, while the change in Tier 2, mainly reflecting the repayment of the Iccrea Banca bond in the amount of about €400 million, is significant.

[16] Under Article 38, point 2 bis of Legislative Decree 136 of August 18, 2015, concerning bank financial statements, which establishes that in the case of the cooperative banking groups referred to in Article 37-bis of Legislative Decree 385 of September 1, 1993, the Parent Company and the mutual banks affiliated with it under the provisions of the Cohesion Contract represent a single consolidating entity.

Capital adequacy

Requirements for 2024 - 2025

As regards the outcome of the supervisory review and evaluation process (SREP), on November 30, 2023 the supervisory authorities communicated to the Parent Company the **prudential requirements** to be met at the consolidated level **with effect from January 1, 2024**:

- an additional Pillar 2 own funds requirement (P2R) of 2.53% (of which 3 bps for the NPE P2R, which is subject to reduction within the year upon the occurrence of certain conditions), of which a minimum of 56.25% to be held in the form of primary Tier 1 capital (Common Equity Tier 1, CET1) and 75% in the form of Tier 1 capital;
- a Pillar 2 capital guidance (P2G) equal to 1.25%, consisting entirely of CET1, held in addition to the Overall Capital Requirement (OCR).

In addition, as already anticipated in 2023, on November 21, 2023 the Parent Company received the decision from the Bank of Italy which for 2024 designates the Iccrea Cooperative Banking Group as an Other Systemically Important Institution (O-SII) authorized in Italy. Following the analyses performed for the purposes of calibrating the O-SII buffer, the Bank of Italy for the first time assigned the Group an O-SII requirement of 0.125% for 2024.

Moreover, on April 26, 2024 the Bank of Italy announced the decision to apply to all authorized banks in Italy a Systemic Risk Buffer (SyRB) equal to 1% of the risk-weighted exposures for credit and counterparty risk to residents in Italy., as required by Article 133 of Sir EU Directive 2019/878 (CRD5). This requirement, applicable at both consolidated and individual level, must be achieved gradually by establishing a reserve, fully covered by Common Equity Tier 1 capital, equal to 0.5% of exposures (as previously mentioned) by 31 December 2024 and the remaining 0.5% by 30 June 2025.

Following the preliminary discussions undertaken in the second half of 2024, the supervisory authorities, with a notice received on December 10, 2024, informed the Parent Company of the results of the SREP decision, which establishes the **prudential requirements to be met at the consolidated level with effect from January 1, 2025** consisting of own funds requirements and qualitative requirements). With this decision, which replaces the previous SREP decision, the supervisory authorities established the following own funds requirements to be met for 2025:

- an additional Pillar 2 own funds requirement (P2R) of 2.52% (of which 2 bps for the NPE P2R, which is subject to reduction within the year upon the occurrence of certain conditions), of which a minimum of 56.25% to be held in the form of primary Tier 1 capital (Common Equity Tier 1, CET1) and 75% in the form of Tier 1 capital;
- a Pillar 2 capital guidance (P2G) equal to 1.25%, consisting entirely of CET1, held in addition to the Overall Capital Requirement (OCR).

As with the previous decisions, the SREP decision did not impose own funds requirements to be met on an individual basis by the Group's affiliated banks.

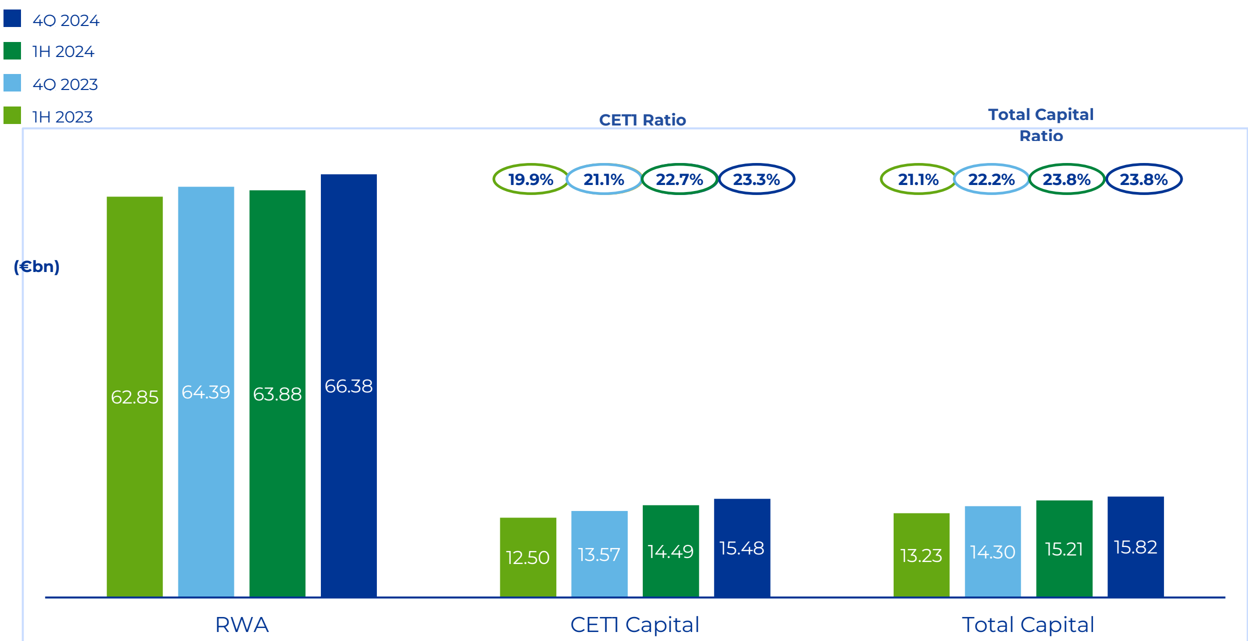
On November 22, 2024 the Parent Company received the decision from the Bank of Italy which confirmed for 2025 designation of the Iccrea Cooperative Banking Group as an Other Systemically Important Institution (O-SII) authorized in Italy. Following the analyses performed for the purposes of calibrating the O-SII buffer, the Bank of Italy assigned the Group an O-SII requirement of 0.25% for 2025.

The compositions of overall prudential requirements for 2024 and 2025 is as follows:[17]

CONSOLIDATED CAPITAL RATIOS	**Dec-25**	**Dec-24**
Total SREP capital requirement (TSCR)	**10.52%**	**10.53%**
TSCR: covered by CET1	*5.92%*	*5.92%*
TSCR: covered by TIER 1 capital	*7.89%*	*7.90%*
Overall Capital Requirement (OCR)	**14.09%**	**13.57%**
CCB	*2.50%*	*2.50%*
O-SII buffer	*0.25%*	*0.13%*
SyRB	*0.82%*	*0.41%*
OCR: covered by CET1	*9.49%*	*8.96%*
OCR: covered by TIER 1 capital	*11.46%*	*10.93%*
OCR and P2G	**15.34%**	**14.82%**
OCR and P2G: covered by CET1	*10.74%*	*10.21%*
OCR and P2G: covered by TIER 1 capital	*12.71%*	*12.18%*

With the dynamics in own funds noted above, RWAs increased by 3.1% compared with the end of 2023 (66.38 billion compared with 64.39 billion at December 2023).

The CET1 ratio at December 31, 2024, came to 23.3%, while the TC ratio came to 23.8% (21.1% and 22.2% respectively at December 2023).



[17] The SyRB coefficient for the year 2025 is estimated on the dynamics of RWA in December 2024, considering the fully loaded application of the requirement.

Minimum Requirement of Eligible Liabilities (MREL)

With regard to Pillar II capital adequacy, Directive 2014/59/EU on bank recovery and resolution (Bank Recovery and Resolution Directive - BRRD - as amended) introduced the "MREL" (Minimum Requirement of Eligible Liabilities), representing the minimum requirement for own funds and eligible liabilities with a view to ensuring the proper functioning of the bail-in mechanism and guaranteeing the continuity of critical economic functions during and after a possible crisis.

In March 2025, Iccrea Banca, as the Group Resolution Entity, received the decision of the Single Resolution Board on the determination of the minimum requirement of own funds and eligible liabilities (MREL - Minimum Requirement of Eligible Liabilities), including the subordination requirement, defined in terms of total risk exposure (RWAs) and a metric of the total leverage exposure (LRE) to be achieved on a consolidated basis by the Resolution Group.

On the basis of that notice, the final mandatory level of the MREL on a consolidated basis (with which the Parent Company is compliant), to be met by January 1, 2026, is equal to 25.48% of RWAs (including the combined buffer requirement of 3.4% of RWAs at December 31, 2024) and 6.33% of the LRE. The intermediate subordination requirement, to be met on a consolidated basis starting from January 1, 2022, is equal to 21.11% of the RWAs (including the combined buffer requirement at December 31, 2024 of 3.04% of the RWA) and 6.35% of the LRE.

With regard to the subordination requirement on a consolidated basis (with which the Parent Company is compliant), the final mandatory target, to be met by January 1, 2026, is equal to 17.97% of the RWAs (including the combined buffer requirement of 3.04% of the RWAs at December 31, 2024) and 6.33% of the LRE. The intermediate subordination requirement, to be met on a consolidated basis starting from January 1, 2022, is equal to 16.54% of the RWAs (including the combined buffer requirement of 3.04% of the RWAs at December 31, 2024) and 6.35% of the LRE.

In order to comply with these requirements, the general-hybrid approach adopted by the Single Resolution Board requires consideration of the following elements:

- own funds at Group level calculated in accordance with the provisions of the CRR (Capital Requirements Regulation - Regulation (EU) no. 575/2013 as updated);
- liabilities eligible for the MREL and the subordination requirement issued by the Parent Company (as the Group Resolution Entity) with a residual maturity greater than one year.

At the reference date of December 31, 2024, the Group had with respect to:

- the mandatory intermediate MREL on a consolidated basis, a surplus of about €4,337 million in terms of RWAs (+6.52% of consolidated RWAs) and a surplus of about €7,441 million in terms of LRE (+4.32% of the consolidated LRE);
- the mandatory intermediate subordination requirement on a consolidated basis, a surplus of about €4,874 million in terms of RWAs (+ 7.33% of consolidated RWA) and a surplus of about €4,939 million in terms of the LRE (+2.87% of consolidated LRE).

5. THE GROUP'S STRATEGIC LINES OF BUSINESS

CONSOLIDATED BANKS AND OTHER COMPANIES

The ICBG's product and service delivery model is based on an organizational structure (defined internally for operational purposes) that is divided into the following strategic lines of business, chosen on the basis of factors that management considers in making its operational and strategic decisions and consistent with IFRS 8's disclosure requirements. A specific segment has been retained for the mutual banks based on their unique qualities, in line with the sector regulations that distinguish and preserve the nature of cooperative banking.

The following tables show the main operational areas and the result of the individual business areas in which the Group operates.

	CORPORATE	INSTITUTIONAL	RETAIL	MUTUAL BANKS	INTERSEGMENT TRANSACTIONS	TOTAL
Financial assets	312,251	16,204,571	53,167	45,769,603	(5,375,689)	56,963,903
Due from banks	46,937	18,411,629	1,379	10,404,845	(26,953,073)	1,911,716
Due from customers	4,773,860	8,839,942	1,958,753	81,101,895	(3,133,141)	93,541,310
Funding from banks	4,422,756	25,659,182	1,917,642	14,558,603	(40,004,167)	6,554,016
Funding from customers	305,178	12,975,020	532	110,096,122	(142,633)	123,234,220
Securities and other financial liabilities	41,176	7,794,037	2,603	10,382,567	(3,943,460)	14,276,923

	CORPORATE	INSTITUTIONAL	RETAIL	MUTUAL BANKS	INTERSEGMENT TRANSACTIONS	TOTAL
Net interest income	107,324	201,173	70,747	3,940,896	43,392	4,363,532
Net fee and commission income	9,474	82,529	85,964	1,287,124	(60,572)	1,404,519
Other financial expense and income	808	87,248	372	118,678	(57,632)	149,473
Gross income	**117,606**	**370,949**	**157,083**	**5,346,698**	**(74,812)**	**5,917,525**
Net value adjustments	37,242	(10,407)	(33)	(371,149)		(344,346)
Net gains/(losses) from financial operations	**154,848**	**360,543**	**157,050**	**4,975,549**	**(74,812)**	**5,573,178**
Operating expenses	(68,330)	(210,156)	(64,228)	(2,727,108)	(21,645)	(3,091,468)
Other costs and revenues		(14,602)		(1,898)	4,291	(12,209)
Profit/(loss) before tax on continuing operations	**86,517**	**135,784**	**92,823**	**2,246,544**	**(92,166)**	**2,469,502**
Income tax expense from continuing operations	(27,875)	(17,219)	(29,851)	(342,907)	(558)	(418,411)
Profit/(loss) for the period	**58,642**	**118,565**	**62,971**	**1,903,637**	**(92,724)**	**2,051,091**
Profit/(loss) after tax on continuing operations		(20,946)				(20,946)
Profit/(loss) after tax on discontinued operations	**58,642**	**97,618**	**62,971**	**1,903,637**	**(92,724)**	**2,030,145**
Profit/(loss) attributable to non-controlling interests		**(442)**				**(442)**
Profit/(loss) attributable to shareholders of the Parent Company	**58,642**	**98,060**	**62,971**	**1,903,637**	**(92,724)**	**2,030,587**

INSTITUTIONAL BUSINESS AREA

This area includes the companies that provide products and services directly to the affiliated banks and their customers. The wide range of solutions available includes financial services, payment systems, securities administration, credit collection services, Web services, facility management, real estate services, and IT and back-office services, as well as logistical, administrative and infrastructure support.

The main Group companies engaged in this area are Iccrea Banca – which as Parent Company carries out the management, coordination and control activities provided for under applicable law and the Cohesion Contract – - BCC Sistemi Informatici, BCC Sinergia, BCC POS and other minor companies.

€/thousands	INSTITUTIONAL									
	Iccrea Banca		BCC Sistemi Informatici		BCC Sinergia		BCC POS		Other (*)	
	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23
Cash and cash equivalents	3,406,816	4,759,314	524	525	42,051	19,935	1,680	7,462	16,469	16,496
Financial assets measured at fair value through profit or loss	1,644,108	1,977,687	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1,220,887	1,224,308	8	8	3	4	-	-	-	-
Financial assets measured at amortized cost	40,914,461	48,502,908	-	-	3,166	3,102	-	-	-	5
a) due from banks	18,408,558	28,273,822	-	-	3,071	3,007	-	-	-	-
b) loans to customers	8,968,108	7,558,420	-	-	95	95	-	-	-	5
c) securities	13,537,796	12,670,666	-	-	-	-	-	-	-	-
Hedging derivatives and value adjustments of macro-hedged financial assets	93,082	162,418	-	-	-	-	-	-	-	-
Equity investments	1,326,954	1,372,145	-	-	-	-	-	-	-	-
Property, plant and equipment	90,248	90,770	15,743	35,055	18,098	17,987	21,567	10,085	15,695	16,225
Intangible assets	8	247	167,752	117,335	372	1,774	509	409	231	564
Tax assets	39,691	51,136	6,700	4,240	3,869	2,365	4,485	241	2,702	4,153
Non-current assets and disposal groups held for sale	2,000	142,678	34,817	-	-	537	-	-	-	-
Other assets	632,144	835,607	120,318	120,920	57,241	85,858	8,069	4,359	10,788	12,298
Total assets	**49,370,398**	**59,119,218**	**345,863**	**278,083**	**124,799**	**131,563**	**36,309**	**22,557**	**45,885**	**49,740**

€/thousands	INSTITUTIONAL									
	Iccrea Banca		BCC Sistemi Informatici		BCC Sinergia		BCC POS		Other (*)	
	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23
Financial liabilities measured at amortized cost	45,073,293	54,800,756	90,930	74,163	43,129	56,902	10,983	663	13,134	15,198
a) due to banks	25,657,921	34,677,583	78,735	66,804	29,488	44,749	10,448	-	13,134	15,198
b) due to customers	12,963,954	14,926,307	12,195	7,360	13,640	12,152	535	663	-	-
c) securities issued	6,451,419	5,196,867	-	-	-	-	-	-	-	-
Financial liabilities held for trading	847,759	1,048,214	-	-	-	-	-	-	-	-
Financial liabilities designated as at fair value	385,075	387,148	-	-	-	-	-	-	-	-
Hedging derivatives and value adjustments of macro-hedged financial liabilities (+/-)	109,785	88,523	-	-	-	-	-	-	-	-
Liabilities associated with disposal groups held for sale	-	-	-	707	-	-	-	-	145	168
Tax liabilities	5,985	20,028	-	-	-	58	3,382	3,364	21	232
Other liabilities	460,163	377,668	99,705	85,627	44,709	57,080	5,335	9,304	7,536	10,440
Post-employment benefits	11,666	12,216	2,065	3,237	3,338	2,996	467	503	774	789
Provisions for risks and charges	149,906	155,567	12,917	4,065	10,577	2,433	-	-	1,228	268
Shareholders' equity	2,248,017	2,141,180	122,789	104,891	12,151	6,233	8,723	750	22,644	21,244
Profit/(loss) for the period (+/-)	78,749	87,920	(4,423)	5,393	10,895	5,862	7,420	7,973	402	1,402
Total liabilities and equity	**49,370,398**	**59,119,218**	**345,863**	**278,083**	**124,799**	**131,563**	**36,309**	**22,557**	**45,885**	**49,740**

(*)"Other" includes BCC Servizi Assicurativi, BCC Gestione Crediti, BCC Beni Immobili.

€/thousands	INSTITUTIONAL									
	Iccrea Banca		BCC Sistemi Informatici		BCC Sinergia		BCC POS		Other (*)	
	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23
Net interest income	196,552	113,055	395	1,075	668	(609)	95	27	117	5,514
Net fee and commission income	73,177	55,863	(2)	(2)	(24)	(18)	-	-	8,567	9,316
Dividends	61,195	140,341					-	-	-	-
Net gain/(loss) on trading	21,861	17,681	(74)	2			-	-	-	-
Net gain/(loss) on hedging	2,299	7,274					-	-	-	-
Net gain/(loss) on disposals	15,054	37,323					-	-	-	-
Net gain/(loss) on financial assets and liabilities at FVTPL	(26,929)	(6,451)					-	-	-	-
Gross income	**343,211**	**365,086**	**319**	**1,075**	**644**	**(628)**	**95**	**27**	**8,684**	**14,831**
Net writedowns/writebacks for credit risk	(10,407)	(25,845)					-	-	-	-
Net gains/(losses) from financial operations	**332,804**	**339,241**	**319**	**1,075**	**644**	**(628)**	**95**	**27**	**8,684**	**14,831**
Administrative expenses	(516,391)	(482,711)	(212,214)	(256,025)	(146,797)	(131,448)	(4,402)	(2,806)	(18,368)	(21,529)
a) personnel expenses	(256,736)	(214,065)	(52,633)	(47,398)	(67,888)	(54,350)	(2,117)	(1,701)	(10,136)	(8,500)
b) other administrative expenses	(259,655)	(268,646)	(159,581)	(208,627)	(78,909)	(77,099)	(2,285)	(1,106)	(8,232)	(13,029)
Depreciation, amortization and provisions	(23,981)	(117,134)	(42,616)	(54,793)	(8,436)	(13,538)	(6,248)	(3,034)	(1,142)	(1,102)
Other operating expenses/income	250,865	217,594	331,293	318,183	156,618	151,940	20,932	16,940	11,588	9,815
Operating expenses	**(289,507)**	**(382,251)**	**76,462**	**7,365**	**1,385**	**6,953**	**10,282**	**11,099**	**(7,923)**	**(12,816)**
Profit/(loss) from equity investments	55,773	9,803								
Profit/(loss) from disposal of investments					(1)	1				
Net gain/(loss) from FV measurement of property, plant and equipment and intangible assets										
Impairment of goodwill										
Profit/(loss) before tax on continuing operations	**99,070**	**(33,207)**	**76,781**	**8,440**	**2,028**	**6,327**	**10,377**	**11,126**	**761**	**2,014**
Income tax expense from continuing operations	(20,321)	42,027	(19,108)	(3,046)	(1,022)	(1,792)	(2,958)	(3,153)	(359)	(612)
Profit/(loss) on discontinued operations after tax	-	79,100	(62,097)	-	9,889	1,327	-	-	-	-
Profit/(loss) for the period	**78,749**	**87,920**	**(4,423)**	**5,393**	**10,895**	**5,862**	**7,420**	**7,973**	**402**	**1,402**

(*) "Other" includes BCC Servizi Assicurativi, BCC Gestione Crediti, BCC Beni Immobili

Iccrea Banca SpA

Within the Group, Iccrea Banca performs the duties and responsibilities in respect of the affiliated banks relating to strategic and operational oversight, coordination and control and interacts with supervisory and regulatory authorities. The traditional role of the second-level bank, which, in supporting the operations of the mutual banks, provides products, services and advisory services to help them meet the needs of their shareholders, customers, households and the development of local communities, is supplemented by the addition of duties connected with the responsibilities of our role and performing the activities need to ensure the consistency of the Group's strategic policy, operational governance, risk management, pursuit of industrial and operational synergies to achieve ever-improving levels of operational efficiency and effectiveness, and the development of production and distribution models.

Financial services

In the financial services area, the Parent Company supports the affiliated banks with a variety of activities associated with investment services, including trading in equities and bonds, accessing over-the-counter (OTC) markets for unlisted securities, order execution and transmission services both for transactions connected with the management of the proprietary portfolio and for the provision of investment services to their retail and/or professional customers. In this context, i) defines guidelines and investment strategies (also declined during the year through a monthly Finance Steering Committee in which the affiliated banks participate ii) assumes the role of central counterparty in the liquidity management system; iii) performs capital and money-market activities and hedging; iv)) monitors and analyzes the ALM position of the affiliated banks in order to predict its evolution and, if necessary, identify the paths and actions for rebalancing the positions, v) offers a delegated risk management service to enhance the efficiency of the arrangements and techniques adopted to manage the risk profiles associated with the finance book of the affiliated banks.

With specific regard to liquidity management, in the second half of 2024 the collateralized funding operations of the Group banks still largely focused on the ECB's long-term auctions, in conjunction with participation in ordinary auctions. The use by Group banks decreased to approximately €2.2 billion at December 31, 2024 (€0.642 billion MRO and €1.599 billion LTR, given the expiration of the TLTROs). At the same time, the Parent Company reduced the Group's participation in central bank operations to €4.7 billion at December 31, 2024 (€1.7 billion MRO and €3 billion LTR).

Collateralized funding activity on the market was mainly conducted through repos on government securities channeled through the central counterparty Clearing & Guarantee Fund. At December 31, 2024, the stock of repos on the market amounted to about €11.1 billion, compared with reverse repos of about €1.0 billion (for a net balance of about €10.1 billion). In the context of diversifying funding sources, approximately €500 million of repos on senior GACS securities and self-securitizations (Crediper) were outstanding at December 31.

In the second half of 2024, the Group Treasury managed an average balance at the Bank of Italy of about €1.1 billion, having regular recourse to the deposit facility at the Bank of Italy, which averaged a balance of about €1.7 billion in the period.

With regard to the deposits and investment accounts held by the mutual banks on the Parent Company, fixed-term deposits amounted to about €4.1 billion at December 31, 2024, while rolling deposits with maturity beyond one year amounted to about €2.9 billion, broken down as follows: the tiering account had a balance of about €2.3 billion and the Monetary Deposit account was about €594 million. In addition, in September, three new investment accounts with short-term rolling maturities (of one, two, and three months), known as "short-tiering" accounts, were introduced, which at the end of the year amounted to a total of about €300 million.

With regard to the main events impacting liquidity management, the expected monetary easing of the ECB brought the deposit facility to 3% at the end of 2024, leading the market to discount further cuts in 2025. As of September 2024, the new operational framework of the ECB rate corridor came into force, defining a spread of 0.15% between the deposit facility and the MRO rate. In this environment, the Treasury continued to optimize the cost of funding along the curve, conducting repo transactions in addition to ordinary short-term funding operations, including transactions with maturities greater than one year, in order to manage liquidity indicators and transactions requested by the mutual banks.

Activity continued with the MEF, both in the secured segment on the Repo segment on the MTS market and in the unsecured segment, where the Group is an authorized counterparty to receive liquidity at short-term maturities on the money market and transactions were carried out for amounts between €0.5 and €2 billion. At December 31, 2024, outstanding funding from the MEF amounted to €500 million.

With regard to forex operations, at December 31, 2024, 110,856 contracts had been negotiated, with a total volume of about €11.119 billion. In particular, approximately €7.690 billion (€3.813 billion in swap operations) were negotiated for the mutual banks, €3.692 billion in spot transactions and €185 million in outright transactions). Proprietary trading transacted a total €3.429 billion, of which €2.213 billion in spot transactions, €1.208 billion in fxswap and the remainder outright .

Capital market operations for MREL purposes included the issue effective February 5, 2024 of a Senior Preferred Social bond in the amount of €500 million, with a maturity of 6 years and early redemption possible after 5 years. The issue was placed with about 300 institutional investors. The transaction - which is part of the process of meeting the MREL requirements, carried out under the €5 billion EMTN program and the Green, Social and Sustainability Bond Framework adopted in October 2021, in line with the Green and Social Bond Principles issued by ICMA (International Capital Market Association) – is Iccrea Banca's third Social bond Its primary objective is to support the real economy and SMEs operating in economically disadvantaged areas of Italy, young and female entrepreneurs.

In addition, the call dates for the following issues matured in the second half of 2024:

- Senior Preferred issue for an amount of €500 million maturing on October 20, 2025, ISIN XS2239094936, coupon of 2.25%, and a call date of October 20, 2024;
- Subordinated issue for an amount of €400 million maturing on November 28, 2029, ISIN XS2084827935, coupon of 4.125%, and a call date of November 28, 2024.

Taking into account market conditions, the Bank exercised the early redemption options for both bond issues.

In December 2024, the Green, Social and Sustainability Bond Framework was revised in order to incorporate the Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines issued by the International Capital Market Association (ICMA) as well as to more closely reflect the evolution of the Group's sustainability strategy.

Covered bond issues are detailed in the following section "The covered bond program", in the discussion of significant events in the period.

At December 31, 2024, the amount of outstanding bonds of Iccrea Banca totaled €6.29 billion, with a weighted average residual maturity of 4.65 years, broken down as follows:

- senior preferred securities of €2.49 billion with a weighted average residual maturity of 3.06 years;
- senior not preferred securities of €0.05 billion with a weighted average residual maturity of 2.20 years;
- subordinated Tier 2 securities of €0.30 billion with a weighted average residual maturity of 7.05 years;
- covered bonds of €3.45 billion with a weighted average residual maturity of 5.63 years.

Other structural funding operations included a medium/long-term loan agreement with the EIB for an amount of €100 million as part of the Italian Regions EU Blending Programme. The funds to be disbursed by the EIB are to be used, through the Affiliated Banks based in Tuscany, to finance eligible initiatives promoted by SMEs and mid-cap enterprises.

With regard to Italian government securities, within market making operations on the Vorvel platform, 2024 saw the listing of 139 securities with a total volume handled of about €9 billion, up 80% on the previous year. Trading continued on the MOT market of Borsa Italiana, totaling about €6.9 billion in 2024. Trading on the MTS, BondVision and Bloomberg platforms reserved for institutional investors came to €49 billion. As part of market making operations for eurobonds, 397 eurobonds were listed on the Vorvel market, 264 eurobonds on EuroTLX and 167 on ExtraMOT and MOT. Total volumes traded on these markets came to about €1.8 billion, up 52% on the previous year.

Execution activities on national and foreign financial markets on behalf of the affiliated banks in 2024 were characterized by a decrease in overall volumes (-6.4%) compared with 2023. With a total transacted value of €19.4 billion, the Italian equity sector recorded a volume of €4.5 billion, up 6.8% on 2023. Foreign equities recorded volumes of €567 million, with an increase of 13% compared with 2023. Operations in the bond segment posted a transacted volume of €9.5 billion, down 7.7%. In addition, financial instruments totaling €4.9 billion were placed, of which some €4.7 billion in Italian government securities.

The affiliated banks carried out derivative transactions with a nominal amount of about €4.3 billion in 2024. More specifically, mutual banks belonging to the Group carried out transactions to hedge the interest rate risk of their mortgage portfolios in the nominal amount of about €1.08 billion, a significant increase on 2023. Moreover in 2024, transactions to hedged the variable-rate mortgage portfolios for a nominal amount of about €614 million were also carried out.

In managing their securities portfolio, the mutual banks transacted interest rate and inflation risk hedges in the notional amount of around €791 million and cash flow hedges on CCTs in the notional amount of about €832 million. During the year, unwinding operations (the early termination of outstanding swaps) were carried out for an nominal amount of €728 million.

As regards transactions in derivatives with BCC Leasing, new and unwinding transactions were closed with a total notional amount of about €287 million.

Transactions on the proprietary financial portfolios focused primarily on the banking book, with trading book operations were modest.

At December 31, 2024, the size of the financial portfolio on the Parent Company’s banking book was about €11.9 billion, a marginal increase of +2.5% on 2023. The portfolio is diversified as follows: €10.2 billion (86% of the total) is represented by Italian sovereign bonds; €0.9 billion (7.5% of the total) by “financial” bonds; €0.54 billion (4.5% of the total) by European sovereign bonds; €0.14 billion (1.2% of the total) by supranational bonds; €0.04 billion by corporate bonds (0.3% of the total); and the remainder is invested in equities and funds. Overall, the financial portfolio consists of 83.2% variable-rate items, 2.8% inflation-linked items and 14% fixed-rate items (with an average duration of 3.1 years).

The HTC business model covers 92% of the financial portfolio, whose securities have an average residual duration of 6.5 years, classified on the basis of the fair value policy as 97% L1, 2% L2 and 1% L3. At December 31, 2024 the remaining 8% of the financial portfolio, allocated to the HTCS category, had an average residual maturity of 3.97 years classified as 99% L1 and 1% L2.

The financial portfolio also gradually accumulated a position in ESG financial instruments, which at December 31 amounted to about €0.6 billion, or 5.1% of the overall total of the portfolio under management.

With regard to the management and mitigation of the financial risks of the portfolios, new hedging and unwinding operations were carried out with a total notional amount of about €2.6 billion.

At December 31, 2024, the bond trading portfolio registered flows (cash, listed derivatives and OTC positions) totaling €14 billion with an average daily VAR of €125 thousand. The activity was mainly accounted for by Italy (27%), Germany (11%), the United State (6.5%), France (1%). Compared with 2023, these operations increased by 117%.

In equities segment, in 2023 the value of securities traded reached €72 million, while the value of transactions in listed derivatives was equal to €317 million with an average daily VAR of €48 thousand. Trading volumes decreased by 54% on 2023.

The trading portfolio in OTC derivatives on interest rates (IR) and inflation rate (IL), saw transactions in contracts with a total notional amount of about €570 million, with an average daily VAR of about €60 thousand. Trading volumes increased by about 20% compared to the previous year.

Lending to firms

Lending activities include the services offered to corporate clients of the affiliated banks (including through the companies within the direct scope that operate in specific specialist areas, such as leasing and factoring). These services include the structuring of financing to support productive investments and provide working capital. In addition to specific lending activities, our product range also comprises advisory services to support international trade and internationalization for firms, as well as advisory services for incentive programs and the management of interest rate risk.

In 2024, lending activities saw the granting of new loans for a total of €1,764.6 million (+1.9% compared to 2023), of which €785.9 million attributable to the leasing sector, €383.2 million to industrial credit, €270.2 million to structured finance, €179.1 million to agribusiness and €146.2 million to the foreign sector, in addition to factoring activity, which saw the sale of about €2.7 billion in trade receivables.

Among the specialist skills that qualify the Group's offer in addition to leasing and industrial credit, we should highlight structured finance and business consultancy, which operates in support of merger and acquisition (M&A) operations, notably for generational transition transactions, and investments for the environmental transition (both in the renewable energy sector and in the circular economy), in the management of European Union funds to support territorial cohesion and tourism objectives, as well as in the public-private partnership sector, where direct support continues for the construction of local infrastructure such as nursing homes, schools and sports facilities.

Special attention should also be paid to the agro-industry sector in which, thanks to the driving force of the "Supply Chain and District Contracts" initiative, a strategic measure for the development of the sector, Iccrea Banca operates both as a lending bank (under a contract with the CDP) and as an authorized bank (under a contract with the Ministry of Agricultural Policies, Food Sovereignty and Forests).

Direct lending to support investments abroad and international trade decreased, while internationalization advisory activities increased significantly (+44% in the level of commissions accrued), notably to facilitate access to Simest incentives, which offset operations in SACE guarantees, which decreased compared to the previous year due to the timing of the launch of the new Futuro and Green agreements. Furthermore, in April, new agreements were signed for the development of exports with IC&Partners (an advisory firm specializing in tax, legal and administrative assistance in over 40 countries) and Webidoo (a tech digital company specializing in digital transformation and digital marketing). These agreements will make it possible to provide new digital tools to the business customers of the mutual banks for sales and penetration of foreign markets.

Growth was also registered in "transactional activities" (cross-border payments, letters of credit and international guarantees), despite the slowdown in the expansion of international trade and the spread of global geopolitical tensions. Another area posting growth was correspondent banking, which saw the forging of over 120 new bilateral relationships with foreign banks, demonstrating the increased importance at the international level. This was confirmed both by the increase in the number of customers (+20%) who have used the "trade" services made available by the Group, and by the increase in the number of foreign countries involved in the transactions (+8%).

Another sector experiencing significant activity was subsidized loans, which were enriched and strengthened with new initiatives to enhance our support of business customers in navigating the measures introduced with the NRRP.

As regards the main incentive programs traditionally followed, it should be noted that, in the context of the "New Sabatini" operations, 1,977 new applications for grants were successfully processed in 2024 (1,347 in 2023), corresponding to about €465 million in investments (€260 million in 2023), which led to the booking of about €43 million in grants (€23.7 million in 2023) with the Ministry of Italian Enterprise, of which €23.3 million was decreed as at December 31, 2024. In addition, there is the "Sabatini Friuli Venezia Giulia" program for leasing, which, in 2024, recorded an increase of more than 70% in applications submitted compared to 2023, mainly as a result of the introduction of retroactive eligibility (for up to 2 years from the start of the investment) of operations under the program.

With regard to Industry Contracts, following the first ministerial approvals of the investment programs presented in the 5th Call, the executive projects for 13 Industry Contracts were processed, involving some 190 firms with total investment value of around €470 million. The portfolio under management (4th and 5th Calls) consists of 39 Industry Contracts, representing about 30% of the national market, with a total involvement of over 580 beneficiary firms with investments for over €1 billion.

With regard to the MCC service, the use of the Guarantee Fund by the mutual banks on behalf of their customers is substantially stable. The advisory service offered by Iccrea Banca managed 11,005 guarantee applications (+5%) with a total loan value of €2.2 billion (-8%), of which about €1.5 billion guaranteed by MCC.

Additional initiatives connected with the new incentive measures introduced under the NRRP involved:

- strengthening partnerships with advisory firms, including BIT, to offer business customers the technical and administrative support necessary to access the main national and regional incentive programs;
- the introduction of a portal for monitoring all open calls for subsidized financing and the eligibility criteria required for submitting applications in order to match existing calls for tenders with customers;
- the agreement with the CDP for management of the incentive measures related to the Tourism Revolving Fund, which enabled the Group to participate in both the 1st Call (July 2023) and the 2nd Call (July 2024);
- the management of a fund of €118 million as third-party funds under administration from the EIB Fund of Funds dedicated to tourism and financed under the NRRP – M1C3 Int. 4.2.3 Next Generation EU;
- the definition of new partnership agreements to support mutual bank customers in accessing incentive programs related to the Transition 5.0 measure.

Other measures include initiatives to support the tourism and environment sector thanks to the dedicated funds financed with resources from Cassa Depositi e Prestiti, totaling €500 million.

In the last two years, the Parent Company, in a pool with the local mutual banks, has supported more than 80 tourism initiatives by financing a project to redevelop accommodation facilities both in Italian cities and in tourist resorts throughout the country. Similarly, in the renewable energy sector, project finance initiatives were supported for the construction of new renewable energy production plants.

Payment systems

Iccrea Banca has continued its efforts in the analysis, development and management of payment solutions available to the Group banks to help them ensure compliance with evolving EU and international legislation.

Transaction volumes increased int 2024 compared with the previous year (+10% of transactions handled), confirming the overall growth trend of the sector, partly reflecting the substitution of cash with electronic transactions. Digital payment services (ordinary and instant SEPA credit transfers, direct debits and PagoPA) have seen double-digit growth, which more than offset the contraction experienced by traditional paper-based products (checks, cashier's checks, bills, RIBA, MAV).

The main payment solutions initiatives undertaken in 2024 included projects for:

- enhancing the efficiency of integrated cash cycle management by adopting the market-leading management application for the benefit of the mutual banks and their customers;
- ensuring compliance with the requirements set by European regulations governing instantaneous credit transfers;
- initiatives related to the digital euro.

BCC SISTEMI INFORMATICI S.P.A.

The company is responsible for the Group's information technology, managing applications, infrastructure, architecture and security. The year 2024 was a particularly important one in terms of corporate strategy, including the entry of a primary market player – AFAST/Accenture – as a minority shareholder in the context of a partnership aimed at strengthening and accelerating the transformation of applications and technology long undertaken by the Group's ICT division.

Major initiatives during the year included: (i) actions to support the coordination and control efforts of the Parent Company; (ii) the further development of systems (e.g. Channels, Credit, Finance, Collections and Payments, Registry, Management Control, Anti-Money Laundering, and Conditions); (iii) the start of strategic initiatives (e.g., new loans platform, turnaround of supervisory reports); (iv) infrastructure upgrades (e.g., new SD-WAN network); (v) the strengthening of security (e.g., base software updates, hardening, anti-virus, data loss prevention).

Balance sheet

The company's assets are characterized by the relevance of property, plant and equipment, and of intangible assets, totaling €209.7 million and represented by proprietary or licensed software that constitutes the "main" IT system in use at the mutual banks, the Parent Company and the companies of the direct scope and by the components of the data processing infrastructure. Other assets, amounting to €128.9 million, include prepaid expenses of €60.9 million, tax credits pursuant to Italy's "Salva" and "Cura" Italy Decrees of €40.1 million, trade receivables of €22 million, and other receivables of €5.9 million. Tax assets and cash and cash equivalents amounted to €6.7 million and €0.5 million, respectively. Assets held for sale amount to €34.8 million.

Liabilities and equity include: financial liabilities of €90.9 million, of which €78.7 million is payable to banks; other liabilities of €120 million, which include payables to suppliers of goods and services, to the Parent Company and to other companies in the direct scope for €105 million; provisions for risks and charges of €13 million, mainly attributable to the provision in the year in the amount of €11.9 million following the specific early retirement initiative activated through access to the extraordinary benefits of the fund for the support of employment and earnings of mutual bank staff; shareholders' equity of €118.4 million, for which the main change was the effect of the paid capital increase by issuing new shares placed with a new shareholder against a cash contribution of €12.5 million.

Liabilities associated with disposal groups held for sale amount to €21.5 million.

Income statement

The company closed the year with a net loss of €4.4 million. Administrative expenses amounted to €283.3 million, an increase of €27.3 million compared with the previous year. Personnel expenses (€62.5 million) increased €15.1 million due to the adjustment of salaries resulting from renewal of the national collective bargaining agreement during the year and to the allocation to the provision for the support of employment and earnings of the staff of the mutual banks Pago PA in the amount of €11.9 million. The increase in other administrative expenses (€12.2 million) is due to the increase of €8.2 million in ICT costs. Other operating expenses/income, amounting to €331.3 million, increased from the previous year (€13.1 million). Revenues from sales and services, which are the main component of this item, increased (+€11.7 million) due to the greater level of services related to current operations (+€12.5 million) net of the lower revenues related to projects (-€0.8 million).

The net value of components related to disposal groups held for sale amounts to €62.1 million.

BCC SINERGIA S.P.A.

The company reported net profit for the year of €10.89 million.

Ordinary operations contracted by 75.37% (-€4.4 million), attributable to the slight decrease in total revenues, for about €160 million (down €1.36 million, or -0.84%), and the increase in operating costs for about €141 million (+1.92% compared to 2023). More specifically, within operating revenues, revenues for back office, administrative and safety services increased, totaling €5.4 million. This increase offset the decrease in revenues from workstations (down €7.59 million), mainly due to the spin-off of the real estate unit in the last quarter of 2023.

On May 1, 2024, the unit related to the production and customization of payment cards and the management of POS terminals was transferred to Numia S.p.A. in exchange for new Numia shares equal to 1.36% of the company's capital. The transaction resulted in a capital gain, net of tax effect, of €9.8 million.

During the period under review, the following additional mergers and acquisitions were completed:

- the acquisition of a business unit from BCC Mediocrati related to the "Back-Office Service for Corporate Treasury". The transaction was finalized on June 26, 2024, with an effective date of July 1, 2024;
- the sale of the "BCC Salaries" unit of Sinergia to ICCREA Banca, as part of the process of optimizing the Group's operations.

With the aim of consolidating – where applicable – the operational centralization of services in this area, the decision was made to acquire a business unit from Banca Centro. The transaction was finalized in January 2025.

Finally, the 2024 financial statements include recognition of a provision of €7.2 million to the Staff Solidarity Fund in relation to the participation of 33 employees who will benefit from the fund by June 30, 2027, for a maximum of 36 months. The fund is still active for previous voluntary redundancy plans at Sinergia and BCC Solutions.

RETAIL BUSINESS AREA

€/thousands	RETAIL							
	BCC		BCC CreditoConsumo		BCC R&P		Banca Sviluppo	
	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23
Cash and cash equivalents	9,265,102	8,755,449	36,800	18,054	48,402	51,651	10,671	19,198
Financial assets measured at fair value through profit or loss	1,339,843	1,186,848	-	-	10,489	10,249	38	98
Financial assets measured at fair value through other comprehensive income	7,169,976	7,917,319	-	-	3	3	750	639
Financial assets measured at amortized cost	128,197,354	129,756,365	1,853,014	1,432,021	53,368	49,837	95,637	106,288
a) due from banks	10,410,129	8,935,514	53	42	22	299	1,304	2,272
b) loans to customers	81,101,895	79,668,263	1,852,961	1,431,979	53,346	49,538	52,446	57,064
c) securities	36,685,329	41,152,588	-	-	-	-	41,887	46,952
Hedging derivatives and value adjustments of macro-hedged financial assets	125,326	171,241	-	-	-	-	-	-
Equity investments	2,917	30,770	-	-	-	-	-	-
Property, plant and equipment	1,801,151	1,828,199	2	16	3,728	3,974	-	28,602
Intangible assets	7,327	10,460	1,392	631	6,639	6,399	-	-
Tax assets	772,879	1,070,534	3,498	4,820	1,175	802	38,954	41,034
Non-current assets and disposal groups held for sale	11,280	13,300	-	-	-	-	25,885	-
Other assets	4,878,473	4,904,590	127,476	117,034	40,384	36,367	15,551	16,166
Total assets	**153,571,627**	**155,645,075**	**2,022,182**	**1,572,577**	**164,187**	**159,282**	**187,487**	**212,024**

€/thousands	RETAIL							
	BCC		BCC CreditoConsumo		BCC R&P		Banca Sviluppo	
	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23
Financial liabilities measured at amortized cost	134,866,626	140,237,723	1,790,063	1,406,688	70,138	90,746	60,578	65,236
a) due to banks	14,575,841	23,536,175	1,789,567	1,406,060	70,120	90,671	57,955	62,715
b) due to customers	110,096,122	107,355,522	496	628	18	75	19	24
c) securities issued	10,194,663	9,346,026	-	-	-	-	2,603	2,497
Financial liabilities held for trading	283	110	-	-	-	-	-	-
Financial liabilities designated as at fair value	-	-	-	-	-	-	-	-
Hedging derivatives and value adjustments of macro-hedged financial liabilities	191,748	161,954	-	-	-	-	-	-
Tax liabilities	75,518	46,291	197	491	640	20	38	27
Liabilities associated with disposal groups held for sale	-	-	-	-	-	-	3,596	-
Other liabilities	2,897,217	1,504,427	38,531	37,237	23,404	24,572	4,183	22,560
Post-employment benefits	177,273	193,919	280	252	221	239	-	44
Provisions for risks and charges	518,999	486,817	351	190	1,052	752	3,340	5,264
Equity	12,940,426	11,376,060	152,719	90,585	42,951	25,913	119,028	121,812
Profit/(loss) for the period (+/-)	1,903,538	1,637,773	40,041	37,134	25,782	17,039	(3,274)	(2,919)
Total liabilities and equity	**153,571,627**	**155,645,075**	**2,022,182**	**1,572,577**	**164,187**	**159,282**	**187,487**	**212,024**

€/thousands	RETAIL							
	BCC		BCC CreditoConsumo		BCC R&P		Banca Sviluppo	
	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23
Net interest income	3,940,908	3,770,747	67,560	62,767	2,718	2,530	228	225
Net fee and commission income	1,287,147	1,250,581	12,204	10,378	73,752	54,981	8	(52)
Dividends	11,406	12,501	-	-	94	11	7	0
Net gain/(loss) on trading activities	28,278	20,884	-	-	-		(0)	1
Net gain/(loss) on hedging	(96)	(970)	-	-	-		-	-
Net gain/(loss) on disposals or repurchases	77,987	26,326	163	301	-		-	447
Net gain/(loss) on assets and liabilities at FVTPL	255	(4,235)	-		150	226	(42)	(49)
Gross income	**5,345,884**	**5,075,834**	**79,927**	**73,446**	**76,715**	**57,748**	**201**	**572**
Net writedowns/writebacks for credit risk	(371,197)	(408,907)	1,217	693	-	-	(1,250)	(351)
Net gains/(losses) from financial operations	**4,974,687**	**4,666,927**	**81,144**	**74,139**	**76,715**	**57,748**	**(1,049)**	**220**
Administrative expenses	(2,929,916)	(2,799,883)	(24,589)	(21,993)	(39,114)	(33,170)	(2,611)	(4,193)
a) personnel expenses	(1,679,053)	(1,542,139)	(6,435)	(5,468)	(7,415)	(6,143)	(747)	(1,173)
b) other administrative expenses	(1,250,863)	(1,257,744)	(18,154)	(16,525)	(31,700)	(27,028)	(1,864)	(3,020)
Depreciation, amortization and provisions	(145,927)	(227,588)	(413)	(605)	(3,342)	(2,034)	(1,421)	(426)
Other operating expenses/income	348,697	286,230	3,473	3,528	2,594	2,096	754	1,640
Operating expenses	**(2,727,146)**	**(2,741,241)**	**(21,530)**	**(19,070)**	**(39,861)**	**(33,108)**	**(3,278)**	**(2,979)**
Profit/(loss) from equity investments	(90)	(5,020)	-	-	-	-		-
Profit/(loss) from disposal of investments	(695)	(1,217)	-	-	-	-	-	-
Net gain/(loss) from FV measurement of property, plant and equipment and intangible assets	-	-	-	-	-	-		
Impairment of goodwill	(310)	(300)	-	-	-	-	-	(671)
Profit/(loss) before tax on continuing operations	**2,246,445**	**1,919,149**	**59,614**	**55,069**	**36,853**	**24,640**	**(4,327)**	**(3,430)**
Income tax expense from continuing operations	(342,907)	(281,376)	(19,573)	(17,935)	(11,072)	(7,601)	1,053	511
Profit/(loss) on discontinued operations after tax	-	-						
Profit/(loss) for the period	**1,903,538**	**1,637,773**	**40,041**	**37,134**	**25,782**	**17,039**	**(3,274)**	**(2,919)**

AFFILIATED BANKS

The segment includes the affiliated mutual banks that represent the largest portion of the Group's consolidated assets.

The structure of the mutual banks' balance sheets reflects the nature of local banking, characterized by a high level of funding from customers stemming from the historic ties that the mutual banks have with their local areas, with a prevalence of loans to households and small firms and the investment of excess liquidity primarily in government securities.

The sections below summarize the main balance sheet and income statement items of the 114 mutual banks of the Iccrea Cooperative Banking Group as at December 31, 2024, presented in aggregate form and gross of intercompany items.

Balance sheet

Total assets at December 31, 2024, amounted to €153.6 billion, a decrease of €2 billion compared with December 31, 2023.

Financial assets measured at amortized cost decreased by €1.5 billion to €128.2 billion and consist of:

- loans to customers totaling €81.1 billion (up €1.4 billion compared to the end of 2023), mainly represented by mortgage loans to customers (€67.3 billion), current accounts (€6.5 billion), other financing (€6.3 billion) and transactions involving credit cards, personal loans and loans repaid by automatic deductions from wages (€0.9 billion);
- amounts due from banks of €10.4 billion, an increase of €1.5 billion compared with 2023. The item consists of fixed-term deposits (€9.6 billion) and other financing (€0.8 billion);
- debt securities amounting to about €36.7 billion, of which about €35.5 billion are securities with customers, down by about €4.5 billion, and securities issued by banks in the amount of €1.2 billion (substantially in line with December 2023).

The characteristics of the mutual banks' business model is reflected primarily by the type of customers served. Total loans to mutual bank customers were made largely to consumer and producer households (52.8% of total lending).

The aggregate NPE ratio stood at 3.1%, while the coverage ratio for impaired loans was 74.8% (72.3% at December 31, 2023).

Type of counterparty	Gross value	Ratio to total loans and advances	Performing loans and advances		Non-performing loans and advances		
			Ratio to total receivables	Ratio to total performing	Ratio to total receivables	Ratio to total NPE	Coverage NPE
Ordinary customers	**82,634,784**	**98.7%**	**95.7%**	**98.7%**	**3.1%**	**100.0%**	**74.8%**
Financial companies	1,601,530	1.9%	1.9%	2.0%	0.0%	0.3%	81.4%
Non-financial companies	36,832,222	44.0%	42.2%	43.5%	1.8%	59.8%	77.8%
of which: small and medium-sized enterprises	23,962,695	28.6%	27.8%	28.7%	0.8%	26.8%	73.4%
of which: secured by non-residential real estate as collateral	9,873,289	11.8%	11.2%	11.6%	0.6%	19.5%	79.0%
Households	44,201,032	52.8%	51.6%	53.2%	1.2%	39.8%	70.3%
of which: secured by residential real estate as collateral	35,886,971	42.9%	42.1%	43.4%	0.8%	26.2%	68.0%
of which: consumer creditcredito al consumo	975,374	1.2%	1.1%	1.2%	0.0%	0.8%	73.4%
Government	**1,046,865**	**1.3%**	**1.2%**	**1.3%**	**0.0%**	**0.0%**	**37.0%**
Total	**83.681.648**	**100.0%**	**96.9%**	**100.0%**	**3.1%**	**100.0%**	**74.8%**

Financial investments totaled about €42.2 billion[18] and are almost entirely represented by debt securities issued by government entities (in particular the Italian State). Of these, 87% are measured at amortized cost (Hold-to-Collect, HTC, business model) in line with the traditional business model that characterizes these banks, in order to take advantage of the coupon yield and at the same time to not expose its funds to risks associated with volatility.

The portfolio of financial assets measured at fair value through other comprehensive income, represented almost entirely by Italian government securities, amounted to about €7.2 billion, down slightly from the end of the previous year. Financial assets measured at fair value through profit or loss amounted to €1.4 billion and are almost entirely represented by financial assets mandatorily measured at fair value (which also include receivables in respect of the Parent Company for the Ex-Ante contribution to the Guarantee Scheme) and assets held for trading in the amount of €19 million.

Finally, other relevant items include property, plant and equipment - which amounted to about €1.8 billion and mainly includes land and buildings for use in operations (€1.3 billion) and other capital equipment – while intangible assets amounted to just about €7.3 million, of which about €2.8 million in goodwill paid on the acquisition of bank branches before the formation of the ICBG.

Strong ties with the territory are also reflected in the composition of liabilities, with a large proportion of direct funding from customers, especially current accounts and demand deposits, and to a lesser extent bonds and certificates of deposit.

Accordingly, liabilities largely consist of financial liabilities measured at amortized cost, which amounted to €134.5 billion. More specifically:

- amounts due to customers, up €2.7 billion compared to the end of the previous year, amounted to €110.2 billion and are mainly represented by current accounts and demand deposits (€102.5 billion), fixed-term deposits (€6 billion) and other financing (€1.7 billion);
- amounts due to banks came to €14.6 billion, mainly attributable to loans obtained through ordinary monetary policy operations and refinancing transactions with the Parent Company. The decrease of about €9 billion is attributable to TLTRO repayments made in 2024;
- securities issued came to €10.2 billion, an increase of €0.8 billion due to the issue of new certificates of deposit. Of the total, €3.5 billion are represented by bonds and €6.7 billion by certificates of deposit.

The aggregate equity of the mutual banks amounted to €14.8 billion, an increase of €1.8 billion on the end of 2023, and consists of €1 billion of share capital, with the rest made up of reserves.

Income statement

On aggregate, the mutual banks closed 2024 with a profit of €1.9 billion, up €266 million on the same period of the previous year.

More specifically, gross income increased by €270 million, to over €5.3 billion, as a result of:

- an increase in net interest income (+€170 million), largely attributable to higher interest income on loans to customers (+€166 million), higher interest income on loans to banks (+€165 million), higher positive differences on hedging derivatives (+€111 million), and lower interest expense on funding from banks (+€201 million), partly offset by higher interest expense on funding from customers (-€354 million) and on liabilities issued (-€108 million);
- an increase of €36.6 million in net fee and commission income;
- an increase in gains on disposal of about €51.7 million, mainly attributable to the profit deriving from the disposal of loans during the year.

During the year, writedowns for credit risk amounted to €371.2 million, a slight decrease compared with December 2023, reflecting the robust monitoring of non-performing positions implemented by the Group since its establishment.

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[18] The aggregate includes securities measured at amortized cost and financial assets measured at fair value through other comprehensive income and through profit or loss.

Operating expenses amounted to about €2.7 billion, substantially in line with the previous year, the net effect of: (i) an increase of €137 million in personnel expenses, mainly connected to the renewal of the national collective bargaining agreement in 2024; (ii) a decrease of €6.9 million in other administrative expenses, mainly related to the decline in contributions to the BRRD, the National Resolution Fund for Banking Crises and the DGF having reached the funding ceilings set for contributions to these funds; (iii) a decrease of €77 million in provisions for risks; and (iv) an increase of €62 million in other operating income.

BCC CREDITOCONSUMO SPA

The company's operations concern consumer credit products to private customers in the form of personal loans and, through a distribution agreement with Pitagora SpA, salary/pension-backed loans. The company makes use of the branches of the mutual banks for the promotion and placement of these products. For personal loans, the company also employs a direct channel both through the Crediper.it website and through online comparison sites (Facile.it and Prestitionline.it). Salary/pension-backed loans are provided directly by the partner Pitagora.

Balance sheet

Financial assets measured at amortized cost amounted to €1.85 billion and consisted almost entirely of exposures to customers for consumer credit products. In particular, personal loans amounted to €1.4 billion, and salary/pension-backed loans amounted to €457 million.

The table below provides a breakdown of gross loans to customers for consumer credit at December 31, 2024, by credit quality, including an indication of associated loan loss allowance and the coverage percentage.

€/thousands	Gross exposure	Writedowns	Net exposure	% Coverage
Performing exposures	**1,844,452**	**1,862,228**	**17,777**	**0.95%**
Impaired past due	5,505	11,237	5,732	51.01%
Unlikely to pay	2,548	12,940	10,392	80.31%
Bad loans	453	14,819	14,365	96.94%
Non-performing exposures	**8,506**	**38,996**	**30,489**	**78.19%**
Total	**1,852,958**	**1,901,224**	**48,266**	**2.54%**

Other assets amounted to €128 million, mainly consisting of €94 million in receivables in respect of the self-securitization vehicle.

Financial liabilities measured at amortized cost amounted to €1.79 billion and are mainly represented by intercompany liabilities payable to Iccrea Banca related to funding.

Other liabilities amounted to €38.5 million and include €14.7 million in liabilities for fees and commissions due to the affiliated mutual banks, liabilities in respect of insurance companies for premiums to be paid of €0.5 million, and liabilities in respect of Iccrea Banca connected with the tax consolidation mechanism in the amount of €12.9 million. The remaining €10.4 million mainly consist of liabilities with sundry suppliers (€7.3 million), liabilities in respect of tax authorities, mainly consisting of the provision for virtual stamp duty for 2024 (€0.9 million) and other liabilities (€2.2 million) consisting of amounts due to social security institutions, sundry amounts due to personnel and other liabilities.

Income statement

Revenues are represented by interest and similar income in the amount of €101.6 million, fee and commission income from insurance management and the placement of third-party "salary-backed loan" products in the amount of €27.5 million, gains on the assignment of NPEs of €0.16 million, writebacks of loan-loss provisions of €1.2 million and other operating income/expenses amounting to €3.5 million.

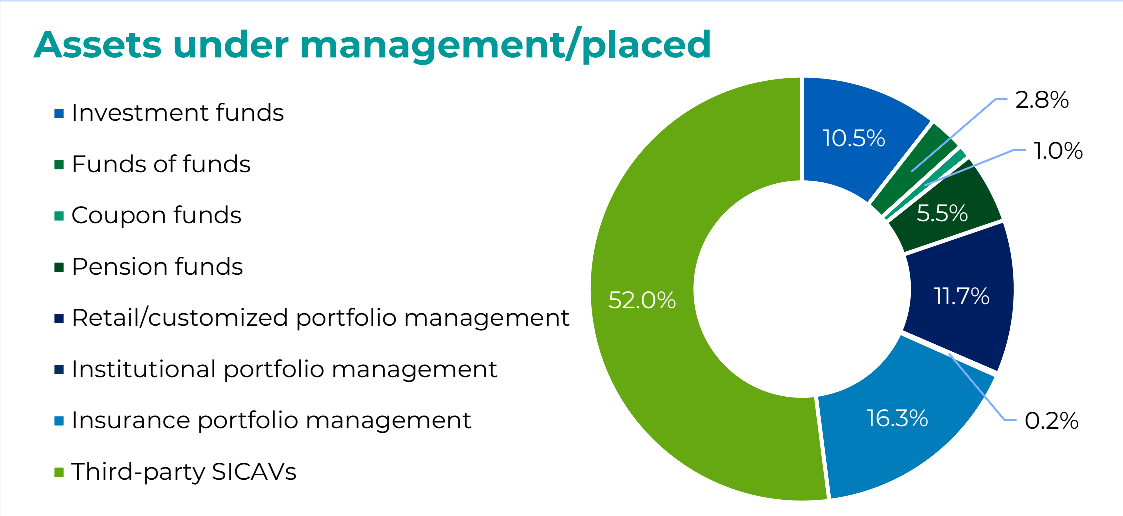
Costs include €34 million in interest expense on current accounts and loans, €15.3 million in fees and commissions payable to affiliated mutual banks, €6.4 million in personnel expenses, €18.1 million in other administrative expenses and €0.4 million in depreciation and amortization.

Income taxes for the year at December 31, 2024, amounted to €19.6 million. The year ended December 31, 2024, therefore closed with a net profit of €40.0 million (€37.1 million in 2023).

BCC RISPARMIO&PREVIDENZA SGRPA

At December 31, 2024 total assets managed or placed by BCC Risparmio & Previdenza amounted to €29.4 billion, an increase of €5.6 billion compared with the end of 2023, with total net funding of €4.1 billion, and positive market development producing a gain of €1.5 billion.

The chart below shows the weight of each investment product out of total assets under management as at December 31, 2024.



Assets under management

Net funding from investment funds and funds of funds was a positive €723.2 million. Total assets under management at year end came to €3.9 billion and the number of supplementary pension contracts rose to 242,061, an increase of 16% on the end of 2023 (when the number of contracts was 209,537).

Net funding from coupon fund was a negative €196.4 million, closing the period with €296 million in assets under management, also following the merger of Investiper Cedola dicembre 2023 in Investiper Valore Obbligazionario Italia 2026, in April.

With regard to supplementary pension funds, the company confirmed the positive trend in annual net funding, which amounted to €155.9 million bringing assets under management to €1.6 billion and a total number of investors of 192,861 (+10.2% compared with the end of 2023).

With regard to retail, institutional and insurance portfolio management, net funding was also positive at a total of €1,803.3 million (of which €544.4 million in the retail segment, €1,253.8 million in the insurance segment, €5.1 million in the institutional segment). Total assets under management at year end came to about €8.3 billion. The placement of retail asset management products generated a total of 6,086 new accounts to reach a total of 60,076 accounts at year end.

Assets in placement

Total assets placed at the end of the period amounted to €15.3 billion with net funding of €1,641.4 million

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Income statement

The year closed with pre-tax profit of about €36.9 million (+49.6% compared with 2023) and net profit of about €25.8 million (+51.3% compared with 2023).

The results mainly reflect:

- net fee and commission income of €73.8 million, up about €18.8 million on 2023;
- net interest and other income of €3 million (€2.8 million in 2023);
- operating expenses of about €39.9 million (+20.4% on 2023) reflecting:
  - €7.4 million in personnel expenses, up €1.3 million on 2023, partly due to the renewal of the national collective bargaining agreement (CCNL)
  - €31.7 million in other administrative expenses, up €4.7 million on 2023, mainly due to higher costs related to the wealth management acceleration plan and to advertising expenses.
- other net income of €2.6 million (+ €0.5 million compared with 2023).

BANCA SVILUPPO S.P.A.

Consistent with the Strategic Plan, the objective set for the 2024 financial year is the refocus of the Bank's corporate purpose and business on new strategies is under way. Analysis is being conducted of the evolution towards new models to be used in the rationalization of the companies belonging to the Group and for integration into the Parent Company.

With the closure of the Lucrezia Romana branch, the last operational branch of Banca Sviluppo, in December 2023 and the simultaneous transfer of relationships relating to direct and indirect funding and all services excluding financing relationships with another mutual bank, the process of returning the branches to the mutual banks adjacent to the territories in which the Banca Sviluppo network was located can be considered concluded. In 2024, banking activity will be conducted solely through headquarters in Rome, which will also manage the residual mortgage portfolio still held by the bank.

Income statement

The income statement at December 31, 2024, closed with a pre-tax loss of €4.33 million and a net loss of €3.27 million. In general, performance for the year was affected by the Bank's overheads, as well as by the increase in provisions for the NPE portfolio and the worsening of the valuation of certain senior securities arising from securitization transactions with GACS.

CORPORATE BUSINESS AREA

€/thousands	CORPORATE							
	BCC Leasing		BCC Rent&Lease		BCC Factoring		BCC Financing	
	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23
Cash and cash equivalents	7,959	5,652	329	746	3,326	4,955	217,720	99,285
Financial assets measured at through profit or loss	58,294	79,248	-	-	-	-	18,408	19,279
Financial assets measured at fair value through other comprehensive income	283	283	-	-	11	11	10,552	32,356
Financial assets measured at amortized cost	3,205,701	3,388,675	501,310	509,266	902,905	805,590	439,940	535,174
a) due from banks	12,748	14,266	833	895	-	-	34,064	59,254
b) loans to customers	3,166,475	3,340,136	500,476	508,371	902,905	805,590	207,650	268,228
c) securities	26,478	34,273	-	-	-	-	198,226	207,692
Hedging derivatives and value adjustments of macro-hedged financial assets	-	-	-	-	-	-	-	133
Equity investments	-	-	-	-	-	-	-	-
Property, plant and equipment	7,500	6,162	463	305	-	4	6,407	6,828
Intangible assets	-	-	543	223	439	659	17	33
Tax assets	104,495	129,902	1,663	2,529	2,704	4,229	32,868	36,722
Non-current assets and disposal groups held for sale	30,699	-	-	-	-	-	0	0
Other assets	39,252	45,363	10,531	8,698	23,967	9,693	8,697	9,340
Total assets	**3,454,182**	**3,655,284**	**514,838**	**521,767**	**933,352**	**825,140**	**734,608**	**739,149**

€/thousands	CORPORATE							
	BCC Leasing		BCC Rent&Lease		BCC Factoring		BCC Financing	
	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23
Financial liabilities measured at amortized cost	2,833,276	3,027,620	444,712	458,763	870,631	762,404	584,154	595,188
a) due to banks	2,813,222	3,001,815	441,981	454,895	857,061	754,135	310,492	291,183
b) due to customers	20,055	25,805	2,731	3,868	13,570	8,268	268,823	299,518
c) securities issued	-	-	-	-	-	-	4,840	4,488
Financial liabilities held for trading	35,862	55,574	-	-	-	-	-	-
Financial liabilities designated as at fair value	-	-	-	-	-	-	-	-
Hedging derivatives and value adjustments of macro-hedged financial liabilities	-	-	-	-	-	-	463	281
Tax liabilities	-	-	32	-	-	74	75	75
Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Other liabilities	75,658	65,886	15,225	19,273	34,518	38,620	18,981	16,899
Post-employment benefits	886	1,106	162	88	407	356	208	213
Provisions for risks and charges	32,309	28,732	1,352	252	1,257	1,089	7,632	7,799
Equity	435,343	430,783	43,381	32,921	22,596	19,744	119,155	113,612
Profit/(loss) for the period (+/-)	40,848	45,583	9,974	10,470	3,943	2,853	3,940	5,084
Total liabilities	**3,454,182**	**3,655,284**	**514,838**	**521,767**	**933,352**	**825,140**	**734,608**	**739,149**

€/thousands	CORPORATE							
	BCC Leasing		BCC Rent&Lease		BCC Factoring		BCC Financing	
	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23	31/12/24	31/12/23
Net interest income	65,522	75,440	23,061	23,244	12,059	8,953	5,940	7,161
Net fee and commission income	969	1,671	(532)	(546)	4,534	4,046	5,193	5,481
Dividends	2	0			-	-	430	-
Net gain/(loss) on trading activities	1,615	527			16	13	(34)	(54)
Net gain/(loss) on hedging	-	-					(181)	128
Net gain/(loss) on disposals or repurchases	(1,913)	349	-	-			966	267
Net gain/(loss) on financial assets and liabilities at FVTPL	316	3,251					(409)	(1,034)
Gross income	**66,510**	**81,239**	**22,529**	**22,698**	**16,609**	**13,013**	**11,904**	**11,949**
Net writedowns/writebacks for credit risk	37,141	23,865	131	(1,637)	(963)	(276)	933	4,967
Net income/(loss) from financial operations	**103,652**	**105,103**	**22,660**	**21,061**	**15,646**	**12,737**	**12,838**	**16,916**
Administrative expenses	(38,733)	(33,698)	(13,224)	(12,039)	(9,836)	(7,785)	(11,662)	(11,467)
a) personnel expenses	(14,720)	(11,142)	(4,012)	(3,303)	(4,686)	(3,790)	(5,985)	(5,206)
b) other administrative expenses	(24,013)	(22,557)	(9,212)	(8,736)	(5,150)	(3,995)	(5,677)	(6,261)
Depreciation, amortization and provisions	(2,635)	416	(937)	(46)	(113)	(512)	3,336	2,323
Other operating expenses/income	(1,751)	(2,520)	6,582	6,576	221	61	422	(731)
Operating expenses	**(43,119)**	**(35,802)**	**(7,579)**	**(5,509)**	**(9,728)**	**(8,236)**	**(7,904)**	**(9,874)**
Profit/(loss) from equity investments	-	-						
Profit/(loss) from disposal of investments							-	79
Net gain/(loss) from FV measurement of property, plant, equipment and intangible assets								
Goodwill impairment								
Profit/(loss) before tax on continuing operations	**60,533**	**69,302**	**15,080**	**15,552**	**5,918**	**4,501**	**4,933**	**7,121**
Income tax expense from continuing operations	(19,685)	(23,718)	(5,106)	(5,082)	(1,975)	(1,648)	(993)	(2,037)
Profit/(loss) after tax on discontinued operations								
Net profit/(loss) for the period	**40,848**	**45,583**	**9,974**	**10,470**	**3,943**	**2,853**	**3,940**	**5,084**

BCC LEASING S.P.A.

Company operations are focused exclusively on finance leasing.

Balance sheet

In 2024, new contacts amounted to a total €855 million (+5.2% compared to the objectives of the Plan and +17.7% compared to 2023), strong performance driven mainly by the growth of the capital-goods sector compared to the market average (+25%) and by the year-on-year growth of the segments vehicles (+35%) and public leasing (+33%).

The finance lease market in which BCC Leasing operates (net of equipment leasing up to €50 thousands and light vehicle leasing) contracted by about 2.1% in value and 1.8% in number of contracts against the backdrop of contrasting trends: the property sector growth, despite a reduction in number of contracts; equipment leasing down by around 9.5%, penalized for much of the year by lack of clarity on available incentives; and the commercial and heavy vehicles leases up by 19.6% and 11.5%, respectively.[19]

In this landscape, the bank increased its market share from 4.6% at December 31, 2023, to 5.6% at December 31, 2024. The particularly prudent policies applied when approving new financing have made it possible to continue benefitting from a lower cost of risk, while maintaining satisfactory profitability on the portfolio.

The following table provides a breakdown by type of new output in the period, with equipment leasing representing about 50.9% of new output.

Product line	Lease volumes							
	dic-24		dic-23		% Comp.		Annual change	
	Number	Amount	Number	Amount	% Num	% Val	% Num	% Val
Light commercial vehicle leasing	361	22,032	301	17,207	11.1%	2.6%	19.9%	28.0%
Heavy vehicle leasing	936	133,487	660	99,006	28.9%	15.6%	41.8%	34.8%
Equipment	1,760	434,976	1,870	398,425	54.3%	50.9%	-5.9%	9.2%
Air and nautical	11	6,578	3	1,982	0.3%	0.8%	266.7%	231.9%
Public	10	67,534	10	50,785	0.3%	7.9%	0.0%	33.0%
Property	163	190,470	152	159,189	5.0%	22.3%	7.2%	19.7%
Total leasing	**3,241**	**855,076**	**2,996**	**726,594**	**100%**	**100%**	**8.2%**	**17.7%**

Of the bank's lending portfolio, totaling €3.2 billion, 99.6% is represented by non-financial counterparties.

€/thousands	31/12/2024	31/12/2023	% change
Debt securities	**26,477**	**34,273**	**-22.7%**
Other financial companies	26,477	34,273	-22.7%
Financing to	**3,166,468**	**3,340,136**	**-5.2%**
a) Government entities	156,139	158,764	-1.7%
b) Other financial companies	10,484	10,666	-1.7%
of which: insurance undertakings	328	579	-43.4%
c) Non-financial companies	2,885,687	3,050,459	-5.4%
d) Households	114,158	120,247	-5.1%
Total	**3,192,945**	**3,374,409**	**-5.4%**

€/thousands	31/12/20214	31/12/2023	% change
Financing	**3,166,468**	**3,340,136**	**-5.2%**
- Lease financing	3,008,350	3,182,916	-5.5%

[19] Preliminary Assilea data for 2024

- Other financing	158,118	157,221	0.6%
Debt securities	**26,477**	**34,273**	**-22.7%**
Total	**3,192,945**	**3,374,409**	**-5.4%**

Coverage of impaired loans remained high in application of valuation policies and methodologies based on particularly prudent criteria applied to a gross portfolio reduced to about €120 million (compared with €210 million last year), by virtue of the significant derisking actions implemented, particularly in the second half of the year.

The gross and net NPE ratio stood at 3.69% (lower than the budgeted figure of -5.15% and the figure of -5.89%) and at 1.28%, respectively, in December 2024.

Income statement

The year 2024 closed with profit before tax of €60.5 million (€69.3 million in 2023, -12.6%). After taxes, net profit stood at €40.8 million (€45.6 million in 2023, -10.5%).

A breakdown of the main income statement components that contributed to the result for the period shows:

- interest income of €191 million (€194 million in 2023). Net interest income decreased by 13% (€65.5 million compared with €75.4 million in December 2023);
- net writedowns/writebacks for credit risk showing net writebacks of €35 million, the combined effect of: *(i)* a reduction of interest-bearing assets and transfers to other status categories; *(ii)* the closure/sale of non-performing positions that generated writebacks; (*iii*) the effects of recovery activities on non-performing positions;
- administrative expenses amounting to €38.7 million, an increase of about €5 million compared with December 31, 2023. Personnel expenses, which include the portion relating to the contract renewal during the year and the charges relating to the early retirement incentive agreement (€1.8 million), totaling €14.7 million (up €3.6 million compared with 2023). Other administrative expenses amounted to €24 million (€22.6 million in 2023);
- net provisions for risks and charges increased by about €3 million (balance of €2.6 million compared with a positive value of €0.6 million in 2023), mainly attributable to commitments and guarantees;
- other operating income and expense showed net expenses of €1.7 million, down compared with the previous year (€2.5 million).

BCC RENT&LEASE S.P.A.

The company operates in the small-ticket lease market. Developments in 2024 showed a decrease of 10% in new business (18,968 contracts agreed with a total value of €250 million, compared with 20,516 and €278 million in 2023).

The breakdown of operations compared with last year is shown in the table below.

Balance sheet

	2024		2023		% change	
	Number	Amount €/thousands	Number	Amount €/thousands	Number	Amount
Equipment vendor						
Operating leases	7,987	70,312	7,563	66,508	5.6%	5.7%
Equipment leasing	3,638	62,892	4,454	75,746	-18.3%	-17.0%
Special-purpose financing	5,699	61,061	6,607	71,357	-13.7%	-14.4%
Total vendor	**17,324**	**194,265**	**18,624**	**213,610**	**-7.0%**	**-9.1%**
Mutual banks						
Light commercial vehicle leasing	919	34,966	998	39,042	-7.9%	-10.4%
Equipment leasing	527	11,467	683	15,456	-22.8%	-25.8%
Heavy vehicle leasing	47	2,930	43	2,830	9.3%	3.5%
Total mutual banks	**1,493**	**49,363**	**1,724**	**57,328**	**-13.4%**	**-13.9%**
Other						
Light commercial vehicle leasing – Agents	128	5,367	134	5,286	-4.5%	1.5%
Heavy vehicle leasing – Agents	23	1,056	34	1,868	-32.4%	-43.5%
Total other	**151**	**6,423**	**168**	**7,155**	**-10.1%**	**-10.2%**
Total	**18,968**	**250,052**	**20,516**	**278,093**	**-7.5%**	**-10.1%**

Net lending came to €500 million, a slight decrease (-1.7%) on the end of 2023 (€509 million). The gross and net NPE ratio at the end of the year stood at 3.6% and 1.1%, respectively. The average coverage ratio was 70.6%.

Income statement

Profit before tax in 2024 came to €15.3 million (€15.5 million in 2023). Net profit stood at €10.3 million (€10.5 million at December 2023).

Gross income totaled €22.5 million, a slight decrease on the previous year, reflecting the increase in the average cost of funding, which was not fully offset by an increase in interest income. The cost of risk increased.

BCC FACTORING SPA

The year at December 31, 2024 closed with a net profit of €3.94 million. The net profit outperformed budget expectations. The company's turnover has increased steadily in the last 3 years, closing at over €2,716 million (+8.02% on 2023).

Balance sheet

The year 2024 closed with over €911 million in gross lending (+12.1% on the previous year), of which only 1.57% classified as impaired. Excluding past-due positions, the percentage drops to 1.06%.

The company's total assets, almost entirely represented by loans to customers, amounted to €933 million. The coverage ratio remained at 12.5% for past-due positions, while it was higher than 84% for UTPs and close to 100% for non-performing loans.

Income statement

With regard to the income statement, interest income (+44%) and commission income (+8%) both increased. Interest expense also increased; however, retrocessions to the mutual banks were stable based on the new corporate agreement in force from last year. As a result, gross income increased by 27% compared with the previous year.

Operating expenses show overall higher charges compared with 2023. Personnel expenses increased due to the provision to the Solidarity Fund (€440 thousand), new hires, and recognition of the one-off payment established within the scope of renewal of the national collective bargaining agreement. Administrative expenses increased compared with 2023 by about €1.150 million, attributable in part to new project costs, particularly for the transition to the new platform for processing supervisory reports.

BCC FINANCING S.P.A.

BCC Financing SpA specializes in medium and long-term lending and is also responsible for the lending granted through subsidized financing instruments that the Autonomous Region of Friuli Venezia Giulia (in part under Revolving Funds) and other public entities have made available to businesses. In 2024 new lending to businesses in Friuli Venezia Giulia came to a total €53.8 million (of which €32.1 million through subsidized regional financing).

Balance sheet

At December 31, 2024, total assets amounted to €735 million, represented by €208 million in loans to customers (a decrease of about €68 million compared to the end of 2023), financial assets of about €227 million, loans to banks and cash and cash equivalents (about €34 million and €218 million, respectively), and tax assets (€33 million).

Net performing loans amounted to €206 million, a decrease of 28.89% compared with the end of 2023. Net impaired exposures, which amounted to €1.9 million (€3 million at December 31, 2023), decreased by 59%. As a result, the net NPE ratio came to 0.91%, down from 1.13% the previous year, and the gross ratio amounted to 6.7% (6.5% at the end of 2023).

Direct funding from customers amounted to €156 million, a decrease of 8.1% compared to the end of 2023.

Income statement

At December 31, 2024, profit before tax came to €4.9 million (€7.1 million in 2023) and profit of €3.9 million.

Gross income of €11.9 million was stable compared with December 2023 (-0.37%). This performance reflects the reduction in net interest income (€5.9 million compared with €7.1 million in 2023) resulting from the contraction of interest-bearing assets and the reduction in market rates, offset by the positive result of finance operations. Net fee and commission income also decreased slightly (-5.25%).

Net writebacks for credit risk, including those on commitments and guarantees issued, which comprise subsidized transactions with government funding, totaled €3.5 million.

Operating costs decreased sharply (-24%) as a result of initiatives to contain administrative expenses and the net release of provisions for risks and charges made in previous years, as the underlying assumptions were no longer valid.

6. DEVELOPMENTS IN PARENT COMPANY OPERATIONS AND THE MAIN ITEMS OF THE BALANCE SHEET AND INCOME STATEMENT

The following provides a summary description of the main items of the Parent Company's balance sheet and income statement at December 31, 2024. In order to permit a more immediate assessment of the items, the balance sheet and income statement schedules shown below are presented in a more summary format than those provided for by Circular 262/05 of the Bank of Italy.

Balance sheet

Assets

€/thousands	31/12/2024	31/12/2023	Change	% Change
Cash and cash equivalents	3,406,816	4,759,314	(1,352,498)	(28.4)
Financial assets measured at amortized cost – *Due from banks – Loans and securities*	21,355,847	30,806,297	(9,450,450)	(30.7)
Financial assets measured at amortized cost –*Due from customers – Loans*	8,968,108	7,558,420	1,409,688	18.7
Financial assets measured at amortized cost – *Due from customers – Securities*	10,590,506	10,138,191	452,315	4.5
Financial assets measured at fair value through profit or loss	1,644,108	1,977,687	(333,579)	(16.9)
Financial assets measured at fair value through other comprehensive income	1,220,887	1,224,308	(3,421)	(0.3)
Hedging derivatives	93,878	163,309	(69,431)	(42.5)
Equity investments	1,328,954	1,514,823	(185,869)	(12.3)
Other assets	632,144	835,607	(203,464)	(24.3)
Total interest-bearing assets	**49,241,247**	**58,977,956**	**(9,736,708)**	**(16.5)**
Other non-interest-bearing assets	129,151	141,263	(12,112)	(8.6)
Total assets	**49,370,398**	**59,119,218**	**(9,748,820)**	**(16.5)**

At December 31, 2024, total assets amounted to about €49.4 billion, a decrease from €59.1 billion at the end of December 2023, mainly reflecting the following developments:

- a decrease of €1.4 billion in cash and cash equivalents, mainly reflecting the decrease in overnight deposits with the ECB;
- a decrease of €7.6 billion in loans measured at amortized cost compared with the end of 2023, resulting from:
  - the decrease in amounts due from banks (-€9.5 billion) primarily reflecting the combined impact of: *i)* the repayment of lending connected with TLTRO operations with the mutual banks (-€14.4 billion) matured in 2024. A similar development is recorded for "Financial liabilities measured at amortized cost"; and ii) a decrease in reserve requirements (-€0.3 billion); *iii)* an increase in intercompany lending (+€5.3 billion) granted against collateral in the form of refinanceable securities and covered bonds; *iv)* an increase in the debt securities (+€0.4 billion) mainly issued by the mutual banks and subscribed by the Parent Company (to meet the MREL requirements for the Group), with an analogous change in "Financial liabilities measured at amortized cost"";
  - an increase in lending to customers (+€1.9 billion), essentially attributable to an increase in repurchase agreements with the Clearing & Guarantee Fund (+€0.4 billion); an increase in investments in debt securities (+€0.4 billion, almost exclusively Italian government securities) and for the remainder lending to mainly to companies within the direct scope.

The following table provides a breakdown of amounts due from banks, largely represented by loans to the mutual banks (€ 16.1 billion), down €8.4 billion compared with the end of 2023. These loans, secured by securities eligible for refinancing (pool collateral) came to about €9.9 billion while lending connected with covered bonds came to €3.4 billion.

€/thousands	31/12/2024	31/12/2023	Change	Change %
Mutual banks	16,097,897	24,490,718	(8,392,821)	(34.3)
Other credit institutions	5,257,950	6,315,579	(1,057,629)	(16.7)
Due from banks	**21,355,847**	**30,806,297**	**(9,450,450)**	**(30.7)**

Amounts due from other credit institutions include €3.1 billion in intercompany lending (of which about €2.8 billion to BCC Leasing) with the remainder comprising deposits with third parties.

The following table provides a breakdown of impaired positions.

	31/12/2024			
€/thousands	Gross exposure	Impairment losses	Net exposure	% coverage
Bad loans	11,159	10,008	1,151	89.7
Unlikely to pay	96,486	59,759	36,727	61.9
Impaired past-due	8,150	2,634	5,516	32.3
Total 31/12/2024	**115,795**	**72,401**	**43,394**	**62.5**
Total 31/12/2023	**178,531**	**125,795**	**52,736**	**70.5**
Change	**(62,736)**	**(53,394)**	**(9,342)**	**(7.9)**

Financial assets measured at fair value through other comprehensive income, as detailed in the table below, amounted to about €1.6 billion, down €0.3 billion on the end of 2023 reflecting: *i)* a decrease in the value of trading derivatives and securities held at the reporting date (-€0.3 billion, with a similar development in trading derivatives in liabilities); *ii)* a decrease in other financial assets mandatorily measured at fair value (-€69.1 million), mainly due to redemptions in the period and a decrease in the value of units in CIUs (-€43.0 million); a decrease in debt securities (-€13.6 million) and equity securities (-€12.5 million) held at the reporting date;

	31/12/2024			
€/thousands	Financial assets held for trading	Financial assets designated as at FV	Other financial assets mandatorily measured at FV	Total
Debt securities	27,539	346,666	5,986	380,191
Equity securities	25	-	48,586	48,611
Units of CIUs	-	-	350,972	350,972
Derivative instruments	864,334	-	-	864,334
Total 31/12/2024	**891,898**	**346,666**	**405,545**	**1,644,108**
Total 31/12/2023	**1,164,658**	**338,401**	**474,629**	**1,977,687**
Change	**(272,760)**	**8,265**	**(69,084)**	**(333,579)**

Financial assets measured at fair value through other comprehensive income, held under the HTCS business model, came to €1.2 billion, virtually unchanged compared with the end of 2023.

Equity investments decreased by €185.9 million, mainly reflecting the combined effect of: (*i)* the disposal of the 51% interest in the insurance companies BCC Vita SpA and BCC Assicurazioni SpA (with carrying amounts of €132.3 million and €10.4 million, respectively), relating to the reorganization of the Group's bancassurance segment described in the section on significant events of the period; (*ii)* a decrease in the value of the equity investment held in Numia Group SpA (-€80.8 million) reflecting the distribution of reserves to shareholders; *(iii)* the recognition of impairment losses on interest in Banca Sviluppo SpA (-€5.2 million), BCC Beni Immobili Srl (-€4.8 million) and on shares pursuant to Art. 150-ter of BCC di Pisa e Fornacette (-€2.3 million); *(iv)* the repayment (authorized by the ECB) carried out by Banca TEMA (-€2.0 million). On the other hand increases include: *(i)* the subscription of a future capital increase in BCC Credito Consumo SpA (+€25.0 million) and BCC Assicurazioni SpA (+€2.5 million); *(ii)* an increase in the interest held in Pitagora SpA (+€11.1 million); *(iii)* the acquisition of 49% of the share capital of the real estate entity Sigest Srl (+€13.6 million).

Liabilities

€/thousands	31/12/2024	31/12/2023	Change	% Change
Financial liabilities measured at amortized cost – *Due to banks*	25,657,921	34,677,583	(9,019,662)	(26.0)
Financial liabilities measured at amortized cost – *Due to customers*	12,963,954	14,926,307	(1,962,353)	(13.1)
Financial liabilities measured at amortized cost – *Securities issued*	6,451,419	5,196,867	1,254,552	24.1
Financial liabilities held for trading	847,759	1,048,214	(200,455)	(19.1)
Financial liabilities designated as at fair value	385,075	387,148	(2,074)	(0.5)
Hedging derivatives	109,785	88,523	21,262	24.0
Other liabilities	460,163	377,668	82,495	21.8
Total interest-bearing liabilities	**46,876,074**	**56,702,309**	**(9,826,235)**	**(17.3)**
Other non-interest-bearing liabilities	167,558	187,810	(20,253)	(10.8)
Shareholders' equity	2,248,017	2,141,180	106,838	5.0
Profit for the period	78,749	87,920	(9,170)	(10.4)
Total liabilities	**49,370,398**	**59,119,218**	**(9,748,820)**	**(16.5)**

The decrease in liabilities compared with the end of 2023 is mainly attributable to the decrease of €9.8 billion in interest-bearing funding, which was the net effect of the following developments:

- a decrease in amounts due to banks (-€9.0 billion) to about €25.7 billion, due to the combined effect of the decrease in amounts due to central banks (-€11.5 billion) as a consequence of the already mentioned repayment of TLTRO financing, matured in 2024; partially offset by an increase in amounts due to banks mainly intercompany lending, in the form of current accounts and deposits (+€2.5 billion);
- a decrease in amounts due to customers (-€2.0 billion), to €13.0 billion, essentially reflecting a decrease in repurchase agreements with the Clearing & Guarantee Fund (-1.4 billion) and unsecured transactions with the Ministry for the Economy and Finance (-€0.5 billion);
- an increase in securities issued (+€1.3 billion) due to new issues (+€2.1 billion) in the period– mainly connected to the covered bond program – partly offset by the repayment of matured or repaid early securities (-€0.9 billion).

Amounts due to banks break down as follows:

- €19.1 billion in positions with the affiliated banks mainly in respect of demand and time deposits (€18.7 billion), of which €2.0 billion in mutual bank deposits to meet the reserve requirement, €3.6 billion in "tiered" deposits and €8.3 billion in amounts held on the daily settlement account;
- €6.6 billion in amounts due to other credit institutions, largely related to financing from the ECB under Group treasury operations (€4.7 billion).

€/thousands	31/12/2024	31/12/2023	Change	% Change
Mutual banks	19,068,145	16,920,694	2,147,451	12.7
Other credit institutions	6,589,776	17,756,888	(11,167,113)	(62.9)
Due to banks	**25,657,921**	**34,677,583**	**(9,019,662)**	**(26.0)**

Funding with customers amounted to €13.0 billion, a decrease (-€2.0 billion) on December 31, 2023, mainly attributable to a decrease in repurchase agreements with the Clearing & Guarantee Fund (-€1.4 billion) and unsecured transactions with the Ministry for the Economy and Finance (-€0.5 billion).

€/thousands	31/12/2024	31/12/2023	Change	% Change
Current accounts and deposits	1,006,972	932,178	74,794	8.0
Financing	11,654,596	13,618,668	(1,964,072)	(14.4)
Other payables	302,386	375,461	(73,075)	(19.5)
Due to customers	**12,963,954**	**14,926,307**	**(1,962,353)**	**(13.1)**

Equity

€/thousands	31/12/2024	31/12/2023	Change	% Change
Capital	1,401,045	1,401,045	-	-
Share premium reserve	6,081	6,081	-	-
Reserves	784,115	682,588	101,526	14.9
Equity instruments	-	-	-	-
(Treasury shares)	-	-	-	-
Valuation reserves	56,776	51,464	5,311	10.3
Total	**2,248,017**	**2,141,180**	**106,838**	**5.0**

At December 31, 2024, the share capital of Iccrea Banca, represented by 27,125,759 ordinary shares with a par value of €51.65 each, was equal to €1.4 billion, unchanged from 2023. Shareholders' equity, excluding profit for the period, amounted to €2.2 billion, an increase of €106.8 million on December 31, 2023. The main changes reflect the allocation of 2023 profit (€87.9 million; of which €8.8 million to the legal reserve and €79.1 million as retained earnings), to the earning reserve relating to equity securities measured at FVOCI sold in the period (+€13.6 million) and the increase in the valuation reserve (+€5.3 million).

Income statement

€/thousands	31/12/2024	31/12/2023	Change	% Change
Net interest income	**196,552**	**113,055**	**83,497**	**73.9**
Other gains/losses on financial transactions	12,286	55,827	(43,541)	(78.0)
Dividends	61,195	140,341	(79,146)	(56.4)
Net fee and commission income	**73,177**	**55,863**	**17,314**	**31.0**
Gross income	**343,211**	**365,086**	**(21,876)**	**(6.0)**
Personnel expenses	(256,736)	(214,065)	(42,671)	19.9
Other administrative expenses	(259,655)	(268,646)	8,991	(3.3)
Net adjustments of property, plant and equipment and intangible assets	(6,627)	(1,992)	(4,635)	232.7
Other operating expenses and income	250,865	217,594	33,271	15.3
Total operating expenses	**(272,153)**	**(267,109)**	**(5,044)**	**1.9**
Gross operating profit	**71,057**	**97,977**	**(26,920)**	**(27.5)**
Net provisions for risks and charges	(17,354)	(115,142)	97,789	(84.9)
Net losses/recoveries on impairment of loans and other financial transactions	(10,407)	(25,845)	15,439	(59.7)
Total provisions and adjustments	**(27,760)**	**(140,987)**	**113,227**	**(80.3)**
Profit/(loss) from equity investments	55,773	9,803	45,970	468.9
Profit/(loss) before tax	**99,070**	**(33,207)**	**132,277**	**(398.3)**
Income tax expense	(20,321)	42,027	(62,347)	(148.4)
Profit/(loss) after tax on discontinued operations	-	79,100	(79,100)	(100.0)
Profit/(loss) for the period	**78,749**	**87,920**	**(9,170)**	**(10.4)**

The year 2024 closed with a net profit of €78.7 million, compared with net profit of €87.9 million in 2023.

The main factors that contributed to the result for the period are described below.

A decrease– totaling €21.9 million – in **gross income**, to €343.2 million.

The decrease reflects the following factors:

- **an increase in net interest income** (+€83.5 million) reflecting: *(i)* an increase in yields on securities net of the effect of associated hedging derivatives (+€173.7 million, almost all of which are Italian government securities indexed to inflation); *(ii)* higher returns on medium/long-term loans (+€133.3 million); *(iii)* increased margins from other technical forms of lending, such as loans to mutual banks using pool collateral mechanisms, auctions and TLTRO (+€30.2 million); ECB overnight deposits (+€21.1 million); repurchase transactions (+€163.3 million); *(iv)* other lending (+€8.2 million). These factors were countered by an increase in the cost of: *(v)* repo transactions (-€105.5 million); *(vi)* funding through bond issues (-€85.8 million); *(vii)* unsecured funding with MEF (-€53.2 million); (*viii)* balances on current accounts and other technical forms of funding (-€178.9 million); (i*x)* minimum reserves, which are no longer remunerated (-€24.5 million);

- **a decrease in other income/(loss) from financial operations** – which amounted to €12.3 million (as detailed in the table below) – a decrease of €43.5 million on 2023, as a consequence of the decrease in gains on disposal of securities (-€22.3 million). The performance recorded by CIU's units in the FVTPL mandatory portfolio (-€20.5 million) was negative, as well as the performance of hedging activities (-€5.0 million) partly offset by trading activities mainly relating to the derivative segment (+€4.2 million);

€/thousands	31/12/2024	31/12/2023	Change	% Change
Net gain (loss) on trading activities	21,861	17,681	4,179	23.6
Net gain (loss) on hedging activities	2,299	7,274	(4,975)	(68.4)
Net gain (loss) on the disposal or repurchase of:	15,054	37,323	(22,269)	(59.7)
a) financial assets measured at amortized cost	*14,718*	*38,931*	*(24,214)*	*(62.2)*
b) financial assets measured at fair value through other comprehensive income	*695*	*(1,740)*	*2,435*	*(139.9)*
c) financial liabilities	*(358)*	*132*	*(490)*	*(371.2)*
Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss	(26,929)	(6,451)	(20,477)	317.4
a) financial assets and liabilities measured at fair value	*(5,546)*	*(4,916)*	*(630)*	*12.8*
b) other financial assets mandatorily measured at fair value	*(21,383)*	*(1,535)*	*(19,847)*	*1,292.6*
Total Other income/(loss) from financial operations	**12,286**	**55,827**	**(43,541)**	**(78.0)**

- **a decrease in dividend income** (-€79.1 million), which amounted to €61.2 million; of which €41.0 million from BCC Leasing, €10.6 million from interest held in the Bank of Italy, €6.3 million from Numia Group and €2.0 million from the IDeA Taste of Italy fund. In 2023 dividend from companies in the direct scope came to €128.8 million;
- **the increase in operating expenses**, to €272.2 million (+€5 million on 2023), reflecting:
  - an increase in personnel expenses (+€42.7 million), mainly reflecting the recognition of a provision (+€25.7 million) following the agreement on access to the extraordinary benefits of the Cooperative Banking Solidarity Fund for employees, and for the remainder an expansion of the workforce and recognition the renewal of the collective bargaining agreement;
  - an increase in other operating expenses/income (+€33.3 million);
  - the increase in value adjustments (+€4.6 million) relating to property plant and equipment following the spinoff and transfer of the Lucrezia Romana property from BCC Sinergia to Iccrea Banca in 2023;
  - a decrease in other administrative expenses (€259.7 million), due to the significant reduction in the BRRD contribution (-€19.9 million), partly offset by an increase in running expenses (+€17.5 million) mainly due to expense on the wealth management and real estate acceleration program;
- **the decrease in net provisions for risks and charges** (-€97.8 million). In 2023, total charges of €122.2 million were recognized in connection with the exclusive promotion and placement agreement of products of the bancassurance and e-money (€54.3 million) segments with the Group mutual banks;

- **a decrease in the cost of risk** (detailed below) with the recognition of writedowns on on-balance-sheet and off-balance-sheet exposures of about €16.8 million equal to the effect of provisions on stage 1 and 2 exposures (€2.3 million) and non-performing stage 3 exposures (€14.5 million).

€/thousands	31/12/2024	31/12/2023	Change	% Change
A. On-balance sheet exposures				
Stage 1 and 2	3,023	15,174	(12,151)	(80.1)
Stage 3	(13,429)	(41,018)	27,589	(67.3)
B. Off-balance sheet exposures				
Stage 1 and 2	(5,377)	7,996	(13,373)	(167.2)
Stage 3	(1,047)	(1,090)	43	(3.9)
Total	**(16,831)**	**(18,938)**	**2,107**	**(11.1)**

- **an increase in gains/loss on equity investments** (+€46.0 million) to €55.8 million, mainly reflecting the gains on the disposal of the 51% interest in BCC Vita and BCC Assicurazioni. The item also reflects the recognition of spies the earn-out of €15.0 million out connected with the sale of the e-money operations to Numia, partly offset by the value adjustments of a number of equity investments, including: Banca Sviluppo SpA (-€5.2 million), BCC Beni Immobili Srl (-€4.8 million).

7. SIGNIFICANT EVENTS DURING THE PERIOD

2025-2027 Group Business Plan

On March 26, 2025 the Board of Directors of Iccrea Banca approved the Group 2025-2027 Business Plan, which represents an update and extension of the horizon of the previous 2024-2026 Business Plan, with the aim of incorporating both the changed macroeconomic environment and the results achieved in 2024.

The extension of the business plan horizon to 2027 confirms the Group's strong local and mutual approach in support of local communities, respecting the values that inspire mutual banking, and our focus on:

- sustainable profitability and growth in the medium term, buoyed by diversifying sources of revenue and maintaining cost discipline, supported by a robust capital position and a solid, efficient liquidity position;
- asset quality in line with the average of the main banks in Italy;
- the further acceleration of the digitalization process, development of the IT sourcing model, and a focus on ESG issues.

More specifically, the Plan aims to continue to ensure sustainable growth and profitability in the medium term by way of our commitment to the following strategic themes:

- **support for the communities**: consolidating the creation of value for the benefit of all stakeholders, to be achieved by increasing operations in highly attractive markets and further developing our service and distribution model, with the goal of being increasingly leading players in supporting the challenges faced by consumers and SMEs, thereby affirming the value of the presence of the affiliated Banks in their communities;
- **revenue diversification**: supporting the development and provision of products and services, including through the development of partnerships, consolidating, in particular, the fiduciary role of the bank in consumer and business investment, the offering of advisory services, and the integration of organizational models, processes and supporting applications;
- **cost discipline**: ensuring the optimization of efficiency levels consistent with the business model, through the centralized oversight of production processes and supported by appropriate investments for development, and completion of the Cost Strategy program;
- **solid capital and liquidity position**: maintaining our solid capital position—and further, progressive strengthening, thanks to our continuing ability to create value—as well as high liquidity standards, supported in part by annual bond programs (Senior and Covered Bonds) issued on wholesale markets, conducted with a view to diversifying funding sources.

The Plan factors in growth in all components of Gross Banking Product, growth that is expected to be particularly significant in indirect funding. The environment of falling rates is reflected in the trend of net interest income, which is expected to contract by about 12% in 2025 and then stabilize over the time horizon of the plan. Net fee and commission income is expected to grow by 4.2% annually, amounting to approximately €1.6 billion by 2027, or approximately 29% of gross income. The cost of credit is expected to increase to levels higher than those seen in 2024. Operating costs are estimated to grow by 2.9% on average per year, factoring in the entry into force of renewed collective bargaining agreements and costs and investments for developments envisaged under the IT and Digital Transformation plans.

The Plan confirms, and increases compared to the targets set in the previous plan, the Group's efficiency levels and ability to create medium-term value, forecasting an average cost-to-income ratio for 2025-2027 of 61% and cumulative net profits over the period 2025-2027 of €4.2 billion, with an average ROE of 7.6% over the three-year period. Net profit is expected to contract by about 30% in the first year of the plan (€1.4 billion in 2025) and then stabilize over the time horizon of the plan.

This earnings trend produces a total capital ratio of 27.5% by 2027 (up by about 3.8 percentage points compared to 2024). The Group confirms its annual programs for the issuance of eligible securities for MREL purposes (€1.5 billion in senior preferred securities over the three-year period) to partially replace securities that are no longer eligible, which leads to having an MREL buffer constantly above 260 bps (corresponding to approximately €1.8 billion), which, together with covered bond issues of €3.2 billion over the three-year period, contributes to maintaining solid liquidity, both short-term (LCR approximately 250% by 2027) and structural (NSFR approximately 163% by 2027).

With regard to credit quality, the Plan aims to achieve full convergence of the quality of consolidated gross assets with the average of the main Italian banks, while significantly reducing the lack of continuity in the current positioning of affiliated banks, through our commitment to the following strategic themes:

- **group derisking**: implementation of actions capable of reducing the amount of impaired loans, taking into account new defaults, while confirming top coverage levels compared to the banking system and maintaining alignment in the quality of net assets;
- **selection of new credit**: managing the future riskiness of the portfolio by reinforcing lending strategies aimed at business growth in line with the risk objectives of the Group.

These actions will drive convergence of **the Group's GNPL ratio** towards system averages, to an **expected 2.7% by 2027**, and a significant reduction in the lack of continuity in the positioning of the mutual banks. Coverage rates are to remain high despite the reduction in the aging of impaired positions.

The Group's digital strategy aims to increase the ability of mutual banks to create value through the introduction of technological solutions designed to improve production, distribution and relationship processes with both current and potential customers. This will be directed through the following strategic themes.

- **Digital Transformation Plan**: implementation of the three-year project roadmap to availability of the new families of digital products related to Online Accounts, Wealth Management, E-Money and Consumer Credit by 2027;
- **Digital Adoption**: further impetus to the digital transformation of the affiliated banks through joint work within the framework of the Digital Plan;
- **implementation of the partnership program with Accenture**, aimed at accelerating digital transformation in the fields of applications and infrastructure and related revision of the operating model, with investments over the plan period of approximately €300 million.

The Group, for some time, has embarked on a path of continuous improvement in sustainability, progressively integrating **ESG** into business processes. The 2025-2027 ESG Plan includes not only initiatives that were part of the previous plan, but also a commitment to the following strategic themes, as per the quantitative objectives detailed in Section 8 of the "Sustainability statement" included herein.

- **decarbonization of the credit portfolio**: implementing initiatives aimed at reducing "financed" emissions with reference to the sectors considered priorities on the basis of the Group's exposures, identified, initially, in Agriculture and in Home Loans;
- **reduction of our own CO2 emissions**: implementing initiatives aimed at reducing direct (Scope 1) and indirect (Scope 2) emissions;
- **diversity, equity and inclusion**: implementing initiatives aimed at enhancing inclusive leadership and raising employee awareness on issues of gender, ethnicity and diversity;
- **definition of the social framework**: proactively measuring and governing the social dimension of our communities, enhancing the differentiating aspects of mutual banking.

NPE Strategy

Since its establishment, the Group has undertaken a virtuous de-risking process, which in just a few years made it possible to progressively achieve a gross NPE ratio in line with the average of leading national competitors. The proactive management actions for the most vulnerable performing positions and the substantial disposals of NPEs - in particular of bad loans through securitizations guaranteed by the State under the GACS mechanism - had already lowered that indicator to 4.5% at the end of 2022, compared with a pro-forma figure at the end of 2017 of about 19%.

Consistent with the set objectives, a number of NPE sales were finalized in 2024, carried out using market procedures, which for a significant part also involved counterparties classified as UTP. At the same time, the progressive consolidation of processes for managing of impaired loans has made it possible to achieve good performance in terms of both curing NPE positions and collections from liquidations and/or settlement agreements. These actions, in association with a lower-than-projected default rate, made it possible to achieve a gross NPE ratio at Group level of 3.1% at the end of 2024 (compared with the planned 3.6%), even outpacing the

3.3% target for 2026 of the 2024-2026 plan. This result, together with the high level of coverage (which has also rise steadily over the years) deriving from the prudential evaluation policies implemented since the creation of the Group, brought the net NPE ratio at the end of 2024 to around 0.8%, in line with the best results for "significant" credit institutions.

In particular, in addition to measures aimed at maximizing collections on impaired positions thanks to the streamlining of management of legal actions and the cost/opportunity assessment of out-of-court solutions (especially with non-performing positions), as well as management actions aimed at favoring the care of impaired positions that are still "live", in 2024 three significant multi-originator competitive processes were finalized (i.e. ***Project Climb, Project Libra***, and ***Project Olympia***), as well as other targeted divestments of lesser amount. These transactions saw the participation of the major Italian and international institutional investors, for an overall credit claim of about €0.9 billion (0.8 in terms of gross book value). In addition, a leasing assignment operation was initiated, with conclusion of the binding phase in December and the consequent classification as assets held for sale as at December 31, 2024, pursuant to IFRS 5. These assignments are detailed below:

- the first quarter saw the finalization of the disposal of a portfolio of impaired loans - cd. Project Climb – with the individual positions held by 72 Group banks (71 mutual banks and Iccrea Banca) and attributable mainly to small and medium-sized businesses (mainly medium and long-term installment loans, largely secured by collateral) and to households (largely residential home loans) with a marginal share of Public Guarantee (MCC) secured loans, for a total credit claim of about €298.2 million. The derecognition of the positions was finalized in the 2024 first quarter financial report;
  - the third quarter saw the finalization of the disposal of another portfolio of impaired loans - ***Project* Libra** – originated by 67 Group banks (66[20] mutual banks and Iccrea Banca), and attributable mainly to small and medium-sized businesses (mainly medium and long-term installment loans, largely secured by collateral) and to households (largely residential home loans) with a residual share of Public Guarantee (MCC) secured loans, for a total credit claim of €247.9 million. The derecognition of the loans was finalized in the 2024 third quarter financial report. In addition, in parallel with the structuring of "Libra", further assignments of positions mainly related to large-corporate UTP (related in part to Commercial Real Estate, or "CRE", exposures) were made for a total credit claim of €51.3 million. The derecognition of these positions was also reported in the 2024 third quarter financial report;
  - the fourth quarter saw the finalization of another multi-originator procedure– ***Project* Olympia** – for the disposal of a portfolio of impaired loans, mostly classified as unlikely-to-pay positions, representing a total credit claim €217.1 million, originated by 56 Group banks (55 mutual banks and Iccrea Banca), mainly attributable in line with the previous operations to small and medium-sized businesses and households, with a smaller share of Public Guarantee (MCC) secured loans. The derecognition of the positions was finalized in the 2024 annual financial statements.

[20] Following the merger of BCC Agro Pontino into BCC di Roma, the mutual banks participating in the operation total 65.

At the same time, at the end of December 2024, following a competitive process as part of "***Project Pausilypon***", the binding offer of a leading investor was accepted for the assignment of a portfolio consisting exclusively of UTP leasing receivables and non-performing loans of both a real estate and non-real estate nature, originating from BCC Leasing, for a total value of approximately €52.7 million in terms of credit claims. Given the irrevocable nature of the selected bid and the aforementioned acceptance formalized with the successful investor, as of December 31, 2024, the exposures involved were classified among non-current assets held for sale on the separate financial statements of BCC Leasing and the consolidated financial statements of the Group at December 31, 2024, in application of IFRS 5. Considering that the definitive cancellation of the receivables from the separate and consolidated financial statements is subject to authorization of the ECB, given the need to proceed with a spin-off for a portion of the portfolio pursuant to Article 57 of the Consolidated Banking Act, this transaction is expected to be finalized by the first half of 2025.

NPE Strategy – NPE Ratio

The covered bond program

In 2024, as part of the Group's Covered Bond Program intended for institutional investors, bonds were issued for a total of €1.7 billion. This figure was achieved by way of four issues of European Covered Bonds (Premium) compliant with the new European directive and the respective national transposition rules and by the reopening of the series three Covered Bank Bond issued in November 2023 in the amount of €100 million.

More specifically, in February 2024, the first issue offered to institutional investors was completed for an amount of €500 million and with an 8-year maturity. Rated Aa3 (Moody's), with a fixed rate coupon of 3.50%, and maturing in March 2033, the issue had the following geographical breakdown: Italy (31%), United Kingdom and Ireland (20%), Germany and Austria (17%), Nordic countries (10%), Iberian countries (9%), France (5%), Asia (3%), and other (5%). In terms of types of investor, 46% was allocated to banks, 41% to funds, and 12% to central banks and other government bodies. The funding raised with this issue met the funding needs of 13 affiliated banks.

In May 2024, the second covered bond issue for institutional investors was completed for an amount of €750 million and with a 10-year maturity. Rated Aa3 (Moody's), with a fixed rate coupon of 3.50%, and maturing in June 2034, the issue had the following geographical breakdown: Italy (15%), Germany, Austria and Switzerland (31%), United Kingdom and Ireland (22%), Nordic countries (14%), Iberian countries (7%), Benelux (4%), Asia (4%), and France (3%). In terms of types of investor, 45% was allocated to funds, 38% to banks, 11% to central banks and other government bodies, 3% to insurance companies and pension funds, and the remaining 3% to other investors. The funding raised with this issue met the needs of 17 affiliated banks and the Parent Company.

As part of the activities aimed at supporting the real economy and developing innovation in the communities in which the affiliated banks operate, Iccrea Banca has finalized an agreement with the European Investment Bank (EIB) to mobilize over €400 million of new financing in favor of small and medium-sized enterprises (SMEs) and mid-cap enterprises.

The transaction was structured with the full subscription by the EIB of a covered bond private placement in the amount of €200 million issued by Iccrea Banca, rated Aa3 (Moody's), with a duration of 7 years, and a fixed yield of 3.433%. The funding raised with this issue met the needs of 8 affiliated banks and will help mobilize around €400 million of new financing for SMEs and mid-cap enterprises. Compared to the amount financed by the EIB through the subscription of the Covered Bond, the new financing must be allocated in an amount equal to 25% to projects that fall within the realms of innovation and sustainable economic growth.

The agreement reached with the EIB was further supplemented for an amount of €150 million in December 2024. The covered bond, rated Aa3 (Moody's), has a duration of seven years and a fixed yield of 2.846%. This funding met the needs of 8 affiliated banks and will help mobilize over €300 million of new financing for SMEs and mid-cap enterprises, of which, again, 25% must be allocated to projects that fall within the realms of innovation and sustainable economic growth.

For the purposes of completing the Group's Funding Plan, in September the series-three Covered Bank Bond, originally issued in November 2024, was reopened. This reopening was carried out for an amount of €100 million.

As part of the activities aimed at providing the Group with instruments for optimizing liquidity, in November 2024 the Parent Company launched a new Covered Bond *Retained* Program to ensure: i) the issuance of Covered Bonds that can easily be used as collateral in refinancing operations on the capital market or within the context of monetary policy operations; ii) improvement of the Group's counterbalancing capacity, i.e. the buffer of uncommitted assets, aimed at covering any imbalances in cash flows over the short, medium and long term; and iii) the optimal and efficient use of Group assets, reserving high-credit-standing mortgage loans to the existing Covered Bond Program and the loans secured by commercial real estate to the new program.

The covered bonds issued under this program are not intended for institutional investors but are to be subscribed by Iccrea Banca and used in refinancing operations, providing liquidity to the affiliated banks.

In November 2024, the Retained Covered Bond Program was issued for an amount of €750 million and was fully subscribed by Iccrea Banca. Through this issue, and with dedicated refinancing operations, the short-term funding needs of 17 affiliated banks were met.

The issue was authorized by Consob, for the first time in Italy, and listed on Mercato Obbligazionario Telematico (MOT) of Borsa Italiana – Euronext Group.

For more information on the program, see Part E of the notes to the financial statements.

Reorganization of the Group's Bancassurance segment

In line with the strategic development of the bancassurance segment work has continued in 2024 on implementing the model defined in the 2024-2026 Strategic Plan.

Specifically, in the first half of 2024, Iccrea Banca finalized an agreement on insurance distribution with the affiliated banks. The agreement provides for (i) the centralization of the overall management at Group level within Iccrea Banca and BCC Servizi Assicurativi of services and activities in the bancassurance sector and (ii) the promotion and distribution of insurance products in the non-life and life sectors indicated by the Parent Company.

In the first half of 2024, preparatory activities for the launch of the new insurance partnerships were completed, concluding the evolutionary path that began in 2022 and continued in 2023 with the acquisition from the Generali Group of 70% of the capital of BCC Assicurazioni and BCC Vita and the completion of a selection procedure for future insurance partners that involved a number of leading national and European companies.

Specifically, after signing preliminary agreements in September 2023 and obtaining authorization from the competent authorities, on April 19, 2024 Assimoco S.p.A. became our new insurance partner in the non-life segment, acquiring 51% of BCC Assicurazioni and signing a distribution agreement with the Group. The 51% stake generated a gross capital gain of €35 million for Iccrea Banca. Subject to achieving certain targets, the duration of the partnership could be extended up to a total of 15 years with the sale of a further 19% of BCC Assicurazioni to Assimoco S.p.A.

In this context, in order to support the growth of BCC Assicurazioni in the changing reinsurance landscape, on December 20, 2024, the shareholders made capital contributions in favor of BCC Assicurazioni for a total of €12 million, without diluting the company's shareholding. Specifically, (i) €6 million in capital payments were made, of which €2.5 million by Iccrea Banca, and (ii) €6 million in subordinated loans eligible for Solvency II own funds were disbursed, with a duration of 10 years, of which €2.5 million was disbursed by Iccrea Banca.

At the same time, after signing preliminary agreements in November 2023 and obtaining authorization from the competent authorities, on May 31, 2024 BNP Paribas Cardif S.A. became our new insurance partner in the life segment, acquiring 51% of BCC Vita and signing a distribution agreement. The 51% stake was acquired for €140 million, with a subsequent additional price adjustment of €10.8 million in favor of Iccrea Banca. Also in this case, subject to achieving certain targets, the duration of the partnership could be extended up to a total of 15 years with the sale of a further 19% of BCC Vita to BNP Paribas Cardif SA. In the context of defining the partnership, in July 2024, Iccrea Banca and the BNP Paribas group also granted and disbursed credit and financing lines to BCC Vita for a total of €550 million, with the aim of adding liquidity to the BCC Vita Garantia separate account to purchase securities that offer yields in line with the market. The new insurance partnerships, together with the reorganization of the bancassurance sector described above, will make it possible to standardize the insurance offering of the affiliated mutual banks and to develop its full commercial potential, ensuring the continuity of the efforts of Iccrea Banca and BCC Servizi Assicurativi in promoting insurance products, as well as strengthening the synergies with the Group's asset management operations.

Reorganization of the Group's retail segment – Electronic money

Effective May 1, 2024, BCC Pay SpA and Pay Holding SpA have changed their corporate names to Numia SpA and Numia Group SpA, respectively.

The agreement signed on July 14, 2023 by Iccrea Banca, Banco BPM SpA and FSI SGR SpA led to a strategic partnership aimed at developing an independent Italian operator, based on Numia, in the e-money sector, specifically digital payments (issuing and acquiring) with major expected synergies. In 2024, preparatory activities for the finalization of the partnership were completed, and authorizations were obtained from the competent authorities, enabling the transaction to be completed on September 30, 2024. Following the closing, which took place on schedule, integration of Banco BPM SpA's digital payment operations within Numia was successfully begun. The resulting corporate structure saw Numia Group owned by FSI SGR S.p.A. with approximately 43% of the capital and with approximately 28.6% each held by Iccrea Banca and Banco BPM S.p.A., while Numia continued to be wholly owned by Numia Group.

Furthermore, within this context and as part of the partnership agreements between Iccrea Banca and FSI SGR SpA:

- in May 2024, BCC Sinergia transferred to Numia the business unit relating to the production and customization of payment cards and the management of POS terminals; these activities are closely related to Numia's commercial and operational value proposition, which is the main customer of the business unit in question, while for the Group they represent ancillary activities without the possibility of specific synergies with the mutual banks. The transfer took place for a total consideration of €10 million, which allowed BCC Sinergia to achieve a gross capital gain of approximately €9.5 million;
- on August 6, 2024, Iccrea Banca accepted a binding offer for the purchase by Numia of 100% of the stake held in BCC POS. This would allow Numia to maximize commercial and offer synergies, in addition to the operational synergies that are to be further strengthened by the above-described strategic partnership with Banco BPM S.p.A. and FSI SGR S.p.A.; the closing of the transaction took place on February 28, 2025.

Lastly, on June 11, 2024, FSI SGR SpA finalized its entry into the shareholding structure of BANCOMAT SpA by way of a reserved capital increase of €75 million, and signed a shareholders' agreement with Iccrea Banca, Intesa Sanpaolo SpA, Banco BPM SpA, and BPER SpA, which may also be extended to other current and future shareholders of BANCOMAT SpA As a result of the capital increase, FSI SGR SpA became the largest shareholder of BANCOMAT SpA with a 42.9% stake, which, together with the current banks signing the shareholders' agreement, represents a total of 74.7% of the capital. The strategic partnership, which aims to support BANCOMAT SpA in its effort to strengthen the key role of digital payments in Italy, has seen the signing of multi-year commercial agreements by the banks involved, in addition to an agreement with Nexi SpA for the supply of a supporting technological platform.

Industrial partnership with Pitagora in the context of the salary-backed loan business

As part of the partnership agreements between Pitagora and the Group, on November 14, 2024, Iccrea Banca completed the purchase of an additional 10.10% stake in Pitagora for a total consideration of €11.1 million. Post-acquisition, Pitagora’s capital is 56.5% held by CR Asti, 20% by Iccrea Banca, and 23.5% by the company’s management. At the same time, the commercial and funding agreements between Pitagora and BCC Credito Consumo S.p.A., a Group company specializing in personalized consumer financing, were extended until December 31, 2028.

Reorganization of the Group’s Operations segment

As part of the Operations Strategy project to create a single back office hub within the Group taking into account the financial benefits already obtained from previous operations, the virtuous process of centralizing within BCC Sinergia back-office activities carried out by the affiliated banks continued in 2024. In particular, in 2024, the business unit was transferred from Banca di Credito Cooperativo Mediocrati to BCC Sinergia, effective July 1, 2024. Also in line with the process described, in 2024 a similar transaction was approved involving Banca Centro – Credito Cooperativo Toscana – Umbria with effect from February 1, 2025.

Furthermore, in 2024, as part of the broader process of streamlining and rationalizing the activities performed by the Parent Company and the other companies within the direct scope in support of the mutual banks, the “BCC Salaries” unit was transferred from BCC Sinergia to Iccrea Banca, effective from September 1, 2024. The unit in question, which is responsible for processing pay slips for certain affiliated banks, was integrated into the Iccrea Banca structure responsible for the same activities. In consideration of the evolution of the service offered and the fact that the “Labor Regulations” and “Industrial Relations” functions are centralized within the Parent Company for all the companies within the direct scope (including BCC Sinergia), the centralization operation in the Parent Company ensure a greater degree of oversight including from a regulatory point of view.

Reorganization of Banca Sviluppo

In pursuit of its corporate object, between 2016 and 2022, Banca Sviluppo completed sales of branches throughout the country, including 39 in Veneto, 24 in Calabria, 29 in Emilia Romagna, 5 in Campania, 10 in Sicily and 2 in Basilicata, for a total of 109 branches sold. In addition, on December 16, 2023, the sale of all customer relationships of the Via Lucrezia Roma branch, with the exception of mortgage relationships and impaired positions, to the affiliated bank in Rome was completed. As a result, the remaining branch was also closed.

Following all of the above, Banca Sviluppo has therefore exhausted its corporate purpose, and in December 2024, in light of the strategic objective of rationalizing the Group’s scope, the merger of Banca Sviluppo into Iccrea Banca was approved and is to be completed following authorization by the Supervisory Authorities.

Evolution of the Group’s “ICT” segment

In line with the strategic development of the ICT segment defined in the Group’s 2024-2026 Business Plan to support the achievement of the Group’s full commercial potential, during the first two quarters of 2024 a number of preparatory activities were carried out in order to evaluate potential new Group sourcing models. Specifically, joint discussions with leading European and international technology companies aimed at defining potential new partnerships in both applications and infrastructure led to the selection of Accenture as an industrial partner for the development of certain application and for infrastructure services.

Specifically, the partnership agreement with Accenture, which also includes the acquisition by Accenture of a minority stake in BCC Sistemi Informatici, focuses, in terms of application development, on digital platforms, core systems (including customer master data and current accounts), and the Group’s information platform. In terms of infrastructure, the partnerships will contribute to improving the services provided to affiliated banks and other customers, as well as to developing a new service model designed to increase levels of security and resilience.

Global minimum tax

With the publication in the *Gazzetta Ufficiale* of Legislative Decree 209 of December 27, 2023,[21] Italy formally implemented the provisions of Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (the so-called global minimum tax or GMT), in compliance with the common approach agreed with the OECD/G20 Inclusive Framework in the document "OECD (2021), *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS*" (the "GloBE Model Rules"). The OECD reform "Global antibase erosion model rules" introduced a two-pillar approach to addressing tax issues arising from the digitalization of the economy. The approach seeks to limit tax competition by introducing a global minimum rate of 15% in each jurisdiction in which large multinationals operate.

The provisions contained in Title II of the above legislative decree introduce the GMT into the Italian tax system, which, taking account of the option exercised by Italy for the introduction of a national minimum tax (i.e. a Qualified Domestic Minimum Top-Up Tax or QDMTT in OECD jargon), is broken down into three distinct forms of levy having a specifically regulated hierarchical order of application: the national minimum tax, the minimum supplementary tax and the minimum additional tax with deferred start date. The national minimum tax and the minimum supplementary tax shall apply from financial years starting from December 31, 2023. The minimum additional tax will be applied, subject to certain conditions, from financial years starting from December 31, 2024.

As highlighted for the purposes of the financial statements as at December 31, 2023, with reference to the implementing regulations relating to the global minimum tax, there were certain interpretative and operational doubts regarding the correct definition of companies falling within the scope of application of the provision, including taking into account the specificities of mutual banking groups.

In this regard, on February 17, 2025, the Ministry for the Economy and Finance (MEF) published the guidelines on global minimum tax specifically for mutual banking groups. According to these guidelines, a mutual banking group resulting from a cohesion contract, although characterized by a single consolidated financial statement, does not fall within the scope of the global minimum tax, as it cannot be considered a single entity for the purposes of the aforementioned regulation. The conclusions of the document state that the parent company and each individual mutual bank must be classified separately and can indistinctly assume the role of Parent Company with respect to its distinct group and set of subsidiaries. Therefore, in light of the changes referred to in the aforementioned MEF guideline, the legislation on global minimum tax is applicable only to Iccrea Banca and its direct subsidiaries and not to the mutual banks.

Banking Package 2021

In 2024, Europe's banking sector was affected by important changes in prudential regulations.

Banking Package 2021, proposed by the European Commission in October 2021 with the aim of transposing into European legislation the international standards approved by the Basel Committee in 2017 ("Basel 3 Finalization") went into effect on July 9, 2024.22 The relevant legislative texts are:

- Regulation (EU) 2024/1623 (CRR3) of May 31, 2024, containing the new rules for calculating risk-weighted assets, which banks must apply from January 1, 2025 (but with the ability to benefit from important phase-in mechanisms that will extend beyond 2030);
- Directive (EU) 2024/1619 (CRD6) of May 31, 2024, containing rules on supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, which Member States must implement within 18 months of its entry into force.

Certain provisions of CRR3 are already applicable from July 9, 2024, including the rule reintroducing the prudential

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[21] Published in *Gazzetta Ufficiale Serie Generale n. 301* of December 28, 2023 (delegated decree) and entering force on December 29, 2023

[22] The package consisted of three legislative proposals to revise the Single Rulebook, namely an amendment of the Capital Requirements Directive (CRD6) and the Capital Requirements Regulation (CRR3) and a proposal for a regulation on the "daisy chain", which introduces targeted adjustments that improve the resolvability of banks by amending the CRR and the BRRD Directive. The daisy-chain proposal followed an autonomous legislative process that accelerated its adoption with publication of EU Regulation 2022/2036 applied from November 14, 2022.

filter on government bonds and allowing banks to fully sterilize from CET1 capital, until December 31, 2025, the amount of unrealized profits and losses accumulated since December 31, 2019, on exposures to central government bodies classified as financial assets measured at fair value through other comprehensive income (FVOCI). The Group, in line with decisions made previously, has taken advantage of this option, thereby excluding from CET1 100% of the unrealized profits and losses on the assets in question starting from the reporting date of September 30, 2024.

The European Banking Authority (EBA) has begun producing of secondary legislation on the basis of the implementation mandates contained in the new rules, which entrust the EBA with the production of over 140 regulatory materials (including technical standards, guidelines, and reports) over the next 4 years, following the EBA Roadmap on Strengthening the Prudential Framework – Implementation Timeline of EBA mandates under EU Banking Package, published in December 2023. For European institutions, the most important aspect at this stage is to monitor how standards are implemented in the main global jurisdictions, especially in the United States where the Federal Reserve has to formalize the new proposal for adoption after the withdrawal of the first version in July 2023. In essence, to date, neither the date of implementation of Basel 4 in the United States nor the extent to which the rules will deviate from those soon to be applied in the EU are certain. In the meantime, European authorities have already taken action and, in order to ensure a level playing field at the international level, have decided to postpone by one year (to 2026) the date of application of the rules for the calculation of own funds requirements for market risk.

With regard to the provisions whose application starts from January 1, 2025, the Group has conducted analyses and activated the operational and application changes functional to proper application starting from the first reporting date affected (March 31, 2025).

Mergers between mutual banks

The rationalization of the territorial organization of affiliated mutual banks continued in 2024 with the finalization of the following extraordinary operations:

- merger of Banca Patavina Credito Cooperativo di Sant'Elena e Piove di Sacco SC into BCC di Verona e Vicenza - Credito Cooperativo (now called: “BCC Veneta - Credito Cooperativo - Società cooperativa”) with legal effect from February 12, 2024;
- merger of Cassa Rurale ed Artigiana dell’Agro Pontino – Banca di Credito Cooperativo - Società Cooperativa into Banca di Credito Cooperativo di Roma – Società Cooperativa with legal effect from July 22, 2024.

Actions within the scope of the Guarantee Scheme

During 2024, the Parent Company implemented the following support interventions through the Guarantee Scheme drawing on the Ex Ante Quota of the Readily Available Funds:

- a capital support initiative through the subscription of shares issued in accordance with Article 150-ter of Legislative Decree 386/93 by the BCC Centropadana for a total nominal amount of €399,978;
- the purchase of a 49% equity stake in Sigest Srl, a real estate company fully owned by Banca di Pisa e Fornacette Credito Cooperativo, for a total nominal amount of €13,559,248, as in the intervention provisions provided for by the partial non-proportional demerger of Banca di Pisa e Fornacette Credito Cooperativo.

On November 27, 2024 the repurchase and subsequent cancellation of shares pursuant to Article 150-ter of the Consolidated Banking Act were carried out by:

- Banca Terre Etrusche di Valdichiana e di Maremma Credito Cooperativo, for an amount of €2,000,000, on a residual value of the support intervention of €33 million carried out in May 2021 in favor of the former Banca Valdichiana (absorbed by Banca Terre Etrusche di Valdichiana e di Maremma in July 2021);
- Banca di Bari e Taranto Credito Cooperativo, for an amount of €650,000, on a total value of the support intervention of €1.3 million, carried out in November 2021 in favor of the former BCC di Massafra (absorbed by Banca di Taranto in March 2022 and in turn absorbed by BCC di Bari on April 24, 2023).

Refinement of the impairment model

At the closure of the financial statements at December 31, 2024, the calculation of the IFRS 9 ECL of the Group's performing credit exposures included implementation of the following:

- a number of amendments produced as part of the 2024 planning of the Credit Risk Models Evolution (CRME) program, with particular reference to the new private-rating model and the revision of the satellite PD models;
- actions to strengthen the framework for identifying significant increase in credit risk (SICR) resulting from the recommendations made by the Supervisory Authority in the context of OSI-CRE and OSI-IFRS9;
- updates of the overlay component applied to the calculation of ECL, so as to add an additional degree of prudence in light of the uncertainty of the macroeconomic environment as well as to integrate C&E expectations on credit risk.

Together with the aforementioned actions and in line with the provisions of IFRS 9, adjustments were made to the ordinary process of updating PD Point in Time (PiT), which was updated with the latest available risk data.

With particular reference to the overlay component, for the 2024 financial statements, the scope of application was reviewed with reference to both the results of the backtesting carried out as part of the validation and the latest developments in the macroeconomic landscape. The backtesting pointed to a default rate over the last year on all overlay segments that was lower than the conditional PD, even considering only the extreme worst-case scenario (overlay reference). However, the results of the aforementioned analyses were supplemented with appropriate assessments of the macroeconomic landscape and with additional, particularly prudent assumptions. In this context, the climate component was evaluated by in-model adjustments based on the models estimated for addressing the expectations of the Supervisory Authority in relation to C&E, providing a broad spectrum of model development activities for physical risk, with reference to the LGD component relating to mortgage loans and for transition risk (climate/environmental) with impacts on the PD parameter (business segment) and LGD (mortgage loans on all segments). In this context, the Network for Greening the Financial System (NGFS) climate scenarios were used.

Finally, as part of the conditioning of the IFRS 9 risk parameters, the ordinary updating of the macroeconomic scenarios was applied in accordance with the most update of those scenarios (September 2024).

Voluntary appointment of the Financial Reporting Officer

On May 16, 2024, the Shareholders' Meeting of Iccrea Banca approved the amendment to the articles of association to provide for the voluntary establishment of the officer in charge of preparing corporate accounting documents (the Financial Reporting officer, FRO), a position introduced by Law 262/2005 and regulated by the Consolidated Finance Act. In compliance with the articles of association, on June 13, 2024, the Board of Directors of Iccrea Banca appointed Ms Marianna Di Prizio (previously Head of Administration and Financial Reporting) as Financial Reporting Officer.

The Financial Reporting officer is charged with overseeing the reliability of the company's accounting documents and the financial reporting process in compliance with the provisions of art. 154-bis of the Consolidated Finance Act and the related implementing provisions.

The Financial Reporting officer also exercises governance, supervision and coordination functions over the entire corporate accounting and reporting process, has the responsibility of controlling and documenting the procedures and contributes to supervising the independence of the audit firm in compliance with the provisions established by the specific Group Policy, in accordance with applicable rules and regulations. The Officer is also charged with overseeing and monitoring the audit assignments and other services assigned by the functions of the Parent Company and the Group companies to Audit firm, its networks and entities, and the task of regularly informing the Internal Control and Auditing Committee in this regard.

8. SUSTAINABILITY STATEMENT

ESRS 2 – GENERAL INFORMATION

REGULATORY FRAMEWORK

Starting from 2024, the Iccrea Cooperative Banking Group (hereinafter the "Group" or "ICBG") prepares an annual sustainability statement, pursuant to the Directive (EU) 2013/34 of the European Parliament and of the Council of June 26, 2013, [23] as amended by Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022[24] -the Corporate Sustainability Reporting Directive (hereinafter also the "CSRD") and transposed into Italian law by Legislative Decree 125/24 (the "Decree 125/24"), as required by the size criteria set forth in the Decree.

This sustainability statement is prepared in accordance with the European Sustainability Reporting Standards (hereinafter also "ESRS") published by EFRAG and contains sustainability-related information on the material impacts, risks and opportunities related to environmental, social and governance matters, as required by Decree 125/24. The statement also complies with the principles set out in other applicable regulations, including Regulation (EU) 2019/2088 (SFDR - Sustainable Finance Disclosure Regulation) and Regulation (EU) 2020/852 (Taxonomy Regulation).

The information reported in the following sections refers not only to the current financial year, but also contains retrospective and forward-looking data and complies with the requirements of relevance, faithful representation, comparability, verifiability and understandability provided for by ESRS 1.

The sustainability statement is subject to legal review by the AuditFirm Forvis Mazars SpA pursuant to Legislative Decree 39 of January 27, 2010.

GENERAL BASIS FOR PREPARATION

GENERAL BASIS FOR THE PREPARATION OF THE SUSTAINABILITY STATEMENT

This sustainability statement has been prepared in such a way as to ensure transparency, comparability and reliability of the information provided. More specifically, in preparing the sustainability statement, the Group complied with the following general principles:[25]

- the fundamental qualitative characteristics of information, i.e. relevance and faithful representation;
- the enhancing qualitative characteristics of information, i.e. comparability, verifiability and understandability.

Therefore, pursuant to ESRS 1, Appendix B, information presented in the statement is:

- relevant, that is, they are related to the sustainability matters that have been found to be relevant following the double materiality process;
  - faithfully represented, in relation to the substance of the phenomenon they intend to describe. To this end, the information has been presented in a way that is:
  - complete, as it provides the user all the elements to understand the impacts, risks, opportunities, also by describing the Group's strategy and governance in relation to such impacts, risks and opportunities;
  - neutral, as it describes both positive and negative material impacts, and financially material risks and opportunities in a prudent manner (neither underestimating nor overestimating them);

[23] Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

[24] Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting (OJ L 322, 16.12.2022, p. 15).

[25] ESRS 1, paragraph. 2 "Characteristics of information quality".

- accurate, as it is free from material errors or mismeasurements, and with a description of the methodologies for determining the quantitative data and the related limitations where relevant.

- comparable,[26] that is consistent over time and with other information disclosed by the Group;
- verifiable, in the sense that it is possible to corroborate such information (or the inputs used to derive it), confirming its characteristics of completeness neutrality and accuracy;
- understandable, that is clear and concise, presented as a consistent context with linkage with other parts of the consolidated financial statements.

In presenting the information, the provisions of paragraph 10 Transitional provisions of ESRS 1 have also been used, where applicable to the Group.

No material (i) classified, (ii) sensitive, or (iii) secret information (specific information relating to intellectual property, know-how or innovation results) has been omitted.

REPORTING SCOPE AND VALUE CHAIN

The sustainability statement at December 31, 2024, pursuant to Article 29-bis, paragraph 7, of the CSRD, is prepared on a consolidated basis and presents the information relating to the Iccrea Cooperative Banking Group for the period from January 1, 2024 to December 31, 2024.

In compliance with the new regulatory framework, the composition of the Group and the accounting scope of consolidation were taken into consideration to determine the scope of sustainability reporting, in order to identify the companies relevant for understanding the Group's strategy and performance in relation to environmental, social and governance sustainability-related issues.

Based on the analyses conducted on the affiliated banks and on the companies directly and indirectly owned by Iccrea Banca SpA, the reporting scope at December 31, 2024 corresponds to the IAS/IFRS scope used for the Group's consolidated financial statements, (for a description of which, please see Part A of the Notes to the consolidated financial statements – paragraph 3. Scope and methods of consolidation.

As provided for by Article 7, par. 1 a) of Decree 125/2024, Group companies[27] covered by the sustainability statement are exempted from the obligation to disclose non-financial information pursuant to the CSRD in their individual report on operations. There are no Group companies that are not exempted from individual and consolidated reporting pursuant to other paragraphs or articles of the aforementioned decree.

Where shown relevant by the double materiality analysis, the sustainability statement also includes information relating to the actors in the Group's value chain.

For each applicable ESRS standard, the statement describes the material impacts, risks and opportunities and their relevance to the upstream and/or downstream value chain, as well as metrics related to the upstream (scope 3 emissions, categories 1, 2, 3, 6 and 8) and downstream (scope 3 emissions, categories 13 and 15) value chain actors.

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[26] Note that in compliance with paragraph 136 of ESRS 1, ("To ease the first time application of this Standard, the undertaking may defer the presentation of comparative information as required in section *7.1 Presenting comparative information Argo* by one year. [...]"), this Statement does not contain comparative information.

[27] Hereinafter also referred to as "Companies" of the Group or, individually, the "Company".

The table below lists the standards and value chain information for each Disclosure Requirement (DR), where applicable.

ESRS	Disclosure requirement	Value chain information	Section
ESRS 2	BP-1 – General basis for preparation of sustainability statements BP-2 – Disclosures in relation to specific circumstances SBM-1 – Strategy, business model and value chain SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Description of the value chain and elements of strategy, policies and targets that affect or may influence the value chain	ESRS 2 – General information
ESRS E1 ESRS E5	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	Description of impacts, risks and opportunities along the value chain	ESRS E1 – Climate change and ESRS E5 – Resource use and circular economy
ESRS E1 ESRS E5	ESRS E1-2 – Policies related to climate change mitigation and adaptation E1-3 – Actions and resources in relation to climate change policies E5-1 — Policies related to resource use and circular economy E5-2 — Actions and resources related to resource use and circular economy	Information on policies and actions that affect the value chain	ESRS E1 – Climate change and ESRS E5 – Resource use and circular economy
ESRS E1	ESRS E1-6 Gross Scopes 1, 2, 3 and total GHG emissions	Scope 3 Greenhouse Gas (GHG) Emissions	ESRS E1 – Climate change
ESRS S2	All DR	Information on impacts, risks and opportunities related to workers in the value chain, and on policies and actions affecting workers in the value chain	ESRS S2 – Workers in the value chain
ESRS S3	All DR	Information on impacts, risks and opportunities relating to the affected communities impacted by operations and the value chain	ESRS S3 – Affected communities
ESRS S4	All DR	Information on impacts, risks and opportunities relating to end consumers impacted by operations and its value chain	ESRS S4 – Consumers and end-users

OTHER DISCLOSURES ON SPECIFIC CIRCUMSTANCES

In defining the time horizons relating to the targets set by the Group, the criteria set out in ESRS 1, par. 6.4 “Definition of short-, medium- and long-term for reporting purposes” were used:

- short-term: one year for sustainability and financial reporting;
- medium-term: up to five years from the end of the short-term reporting period;
- long-term: more than five years.

The definition in section 6.4 of ESRS 1 was also used in defining the time horizons for the identification and assessment of impacts, risks and opportunities. In this regard, the mapping and assessment of climate-related and environmental risks relating to the portfolio financed by the Group carried out by the Risk Management function,[28] was based on time horizons defined in line with (i) the short-term horizon used in the internal capital adequacy assessment process (1-3 years),[29] and (ii) the (medium-term) horizon for the entry into force of the first decarbonization targets for 2030 defined by the Group (5-7 years) as it coincides with the 2030 objectives of the UN SDGs and the European Commission. For the purposes of the double materiality analysis, these time horizons were realigned with the time horizons envisaged by the methodology in use, i.e. with the definition envisaged by ESRS 1.

In the sustainability statement as of December 31, 2024, the Group reports data relating to its value chain in compliance with the disclosure requirement E1-6 - Gross Scopes 1, 2 and 4 and Total greenhouse gas (GHG)

[28] Climate & Environmental Materiality Assessment (CEMA), an analysis carried out annually by the Risk Management function, which provides an input for the broader double materiality analysis. More information in the “Double materiality” section.

[29] Internal Capital Adequacy Assessment Process (ICAAP); This time horizon is also aligned with the EBA recommendations.

emissions, reporting the following data on Scope 3 emissions, in particular relating to:

- Category 1. Purchased goods and services (emissions generated by suppliers in the production of goods and in the provision of services and in intermediate transport activities);
- Category 2. Capital goods (emissions generated by suppliers in the production of such assets and in intermediate transport activities);
- Category 3. Fuel and energy-related activities (including extraction, production, transportation of purchased energy, excluding what is already reported in Scope 1 and 2 emissions);
- Category 6. Business travels (employee travel for business-related activities using vehicles owned or operated by third parties, including, for example, trains and planes);
- Category 8. Upstream leased assets (indirect emissions related to operating property leased from third parties, not already reported as direct emissions of scope 1 and 2);
- Category 13. Downstream leased assets (indirect emissions related to non operating property leased to third parties);
- Category 15. Investment activities (emissions generated by own financial activities).

As permitted by paragraph 10.2 “Transitional provision related to Chapter 5 Value Chain”, par. 133 a) of EU Delegated Regulation 2023/2772, other relevant metrics downstream of the double materiality analysis do not include information connected with the value chain.[30]
Given the complexity of the Group's value chain (in terms of the number of players and the heterogeneity of the sectors in which they operate), which is composed both upstream (mainly suppliers) and downstream (mainly financed customers) of small and medium-sized entities and companies, the Group operates in a context of still very limited data availability.

For small and medium-sized companies, the Group estimates indirect emissions through the application of methodologies based on internationally recognized measurement standards (GHG Protocol and PCAF). This also allows to overcome the limitations associated with limited data availability (and the use of consolidated measurement techniques for metrics related to GHG emissions) from the actors in the value chain, mainly due to their size, and the lack, as of today, of reporting requirements on sustainability.[31]

For categories 1 and 2, the calculation was based on the Spend Based Method provided by the GHG Protocol, using the Environmental Extended Input Output (EEIO) emission factors.[32]

For category 3, the calculation, developed on the average-data method provided for by the GHG Protocol, is based on consumption reported in the Scope 1 and 2 emission categories, applying the relevant secondary emission factors to quantify upstream emissions per unit of consumption.[33]

For category 6, the calculation is based on the mileage travelled by the workforce in the context of business travel (distance-based method provided for by the GHG Protocol), which is then converted into greenhouse gas emissions using the emission related relating to transportation used.[34]

For categories 8 and 13, a proxy has been developed that allows the calculation of indirect emissions based on historical Scope 1 and 2 emissions data, re-proportioned for energy sources and emission factors, applied to the surface area of property.

For category 15, the methodological approach is largely based on the principles and standards developed by the Partnership for Carbon Accounting Financials (PCAF), an initiative that has provided a crucial contribution in the development of specific methodologies for measuring and reporting GHG emissions in the financial sector. The approach adopted aims to meet the reliability required by regulators, ensuring robustness of the method and consistency of calculation. The key pillars on which the framework is based are:

[30] Except GHG Scope 3 emissions, according to DR E1-6.

[31] See the size thresholds provided for by Decree 125/2024, art. 3.

[32] Eurostat data - “EEIO Consumption – based accounting tool”

[33] UK Department for Business, Energy & Industrial Strategy - “Conversion factors 2024: full set (for advanced users)”

[34] UK Department for Business, Energy & Industrial Strategy - “Conversion factors 2024: full set (for advanced users)”

- transparency, i.e. an adequate structuring of the method and process to provide clarity on data and estimates, making the results comparable at international level;
- data quality, evaluated with the PCAF scoring system, which allows to represent the level of confidence in the estimates and improve their quality over time;
- the graduality of the approach, aimed at improving the quality of estimates, starting from industry average data (where necessary) and working to obtain more specific and verified data from the counterparties.

In particular, two different methodologies have been developed, respectively for the “NFC” (Non-Financial Corporate) and “Real Estate” customer segments (financing with real estate as collateral, CRE – Commercial Real Estate and RRE – Residential Real Estate).

To calculate emissions related to the NFC portfolio, absolute emissions are calculated as the ratio between the emission intensity[35] of the NACE sector of the company and a factor representing the individual counterparty. To calculate financed emissions, the attribution factor is multiplied by absolute emissions, which defines the share of the counterparty's emissions attributable to the financing obtained by the latter from the Group.

Estimates of absolute emissions associated with properties used as collateral for the loans granted by the Group are calculated following a hierarchical approach, based on a cascade logic that favors more precise and direct data on the properties (emission levels present in the energy certification of each property - APE or EPC rating), using indirect estimates (indicators combined with national statistical data for the estimate of emissions or the energy class via proxy associated with the type of property) only when such information is not available. The calculation of the financed emissions is therefore completed by multiplying absolute emissions by the value of the property at the time of the disbursement of the related loan (so-called "LTV - Loan To Value").

For further methodological details, please refer to the following section in the ESRS E1 – Climate change section.

The use of proxies for the calculation of metrics, also using industry information acquired from external infoproviders, due to the lack of specific data from the value chain and/or robust (and consistent) measurement techniques used by the individual players in the value chain to estimate their emissions, generates possible uncertainties in the data. This approach, however, allows to overcome the aforementioned limitations in the availability and accuracy of data coming directly from the value chain, without compromising the qualitative characteristics of data required by ESRS 1.

In order to obtain granular data on its upstream and downstream value chain, the Parent Company has started collecting information from the individual counterparties, specifically (i) through a questionnaire on quantitative and qualitative information on the ESG pillars of the financed customers, during the credit investigation phase, and (ii) through a project for collecting quantitative-qualitative information from suppliers that will be launched during 2025. This effort prepares the way to the progressive replacement of estimates with granular data, where possible and appropriate.

The methods for estimating metrics do not seem affected by significant uncertainties, given the measures adopted by the Group and described above (use of internationally recognized frameworks, use of sector data acquired from info providers or official sources).

This sustainability statement does not contain information derived from other regulatory sources, except as described in the following section “Taxonomy”, compiled pursuant to Regulation (EU) 2020/852.

Finally, for the purposes of materiality of information, this sustainability statement does not contain references to documents external to the methods report and financial statements.

[35] Emission intensity can be determined on the basis of GHG official data released by companies and/or public research agencies/bodies.

STRATEGY, BUSINESS MODEL AND STAKEHOLDERS ENGAGEMENT

STRATEGY AND BUSINESS MODEL

The Iccrea Cooperative Banking Group is the largest national cooperative banking group (and one of the leading Italian banking groups in terms of total assets, as well as – among these – the only banking group with entirely Italian capital); it has considerable financial solidity, positioning itself among the best Italian banking groups in terms of quality of assets and liquidity position.

Among the Group's companies, the 114 Affiliated mutual banks distributed throughout the country contribute to value creation, covering 1,676 Italian municipalities with 2,415 branches: [36] in 2024, the Group achieved approximately €93.5 billion in net loans and direct funding from customers of approximately €124billion, counting over 5.2 million customers and approximately 903 thousand shareholders.[37]

The Group covers approximately 37% of Italian municipalities with banking presence; in 22.8% of the municipalities where it is located, the Affiliated banks are the only banking entity. Furthermore, the territorial distribution covers almost the entire national territory, as a result of a mission oriented towards mutualistic support of local communities. This peculiar characteristic of the Group fully represents the cooperative mission of assisting local areas and communities by providing access to financial services, also through the physical channel represented by the branch and the consultancy and direct assistance provided by operators.

In 2024, the net growth of the membership came to more than 2%, showing the trust that the shareholders continue to place in the Affiliated mutual banks and the Group, as well as their willingness to participate in the banking enterprise, characterized by mutualistic exchange, to support the solidity of the mutual banks to which they belong and to recognize the social and economic role that it plays in the area in which it operates. In line with previous years and with the vocation of mutual banking, the majority of shareholders are physical persons; with reference to the age group, the majority is made up of older people.

The vocation of mutual banks is represented by cooperation, mutuality and localism. The principles that inspire their activity are not linked to profit creation as an end in itself, but rather to the creation of value in the territories providing the capital generating it, thus supporting the economic and social development of the communities and giving substance to the concept of sustainability in the circularity of the economy: "collecting savings from the territory and returning them to the territory". Among the main characteristics that distinguish mutual banks from other banks, we can highlight:

- the exercise of credit mainly in favor of members (over 50% of loans to members and/or risk-free activities);
- no less than 95% of exposures (financing and loans and other risk activities) in the area of territorial competence;
- the allocation of at least 70% of annual net profits to the legal reserve;
- the allocation of 3% of annual net profits to mutual funds for the promotion and development of cooperation;
- the allocation of remaining profits, net of any revaluation of the shares and the portion assigned to other reserves or distributed to shareholders the members in the limits indicated below, to charitable or mutual purposes;
- the allocation of profits to members but in an amount not exceeding the maximum interest on postal savings certificates, increased by 2.5 points with respect to the capital actually paid;
- the non-distribution of the company's assets to shareholders, neither during the company's life nor upon the dissolution of the company;
- the principle of one vote per shareholder, regardless of the number of shares subscribed.

The principles inspiring the action of mutual banks are also laid down l in Article 2 of the Standard Articles of Association of the mutual banks, which states: "*In conducting its business, the Company's action is inspired by the*

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[36] For a description of the Group's territorial coverage, please refer to the chapter "THE ICCREA COOPERATIVE BANKING GROUP - DISTINGUISHING CHARACTERISTICS, GEOGRAPHICAL DISTRIBUTION, STRUCTURAL ARRANGEMENT, SPECIFIC NATURE OF THE AFFILIATED BANKS AND THEIR MISSION" in the Operations Report..

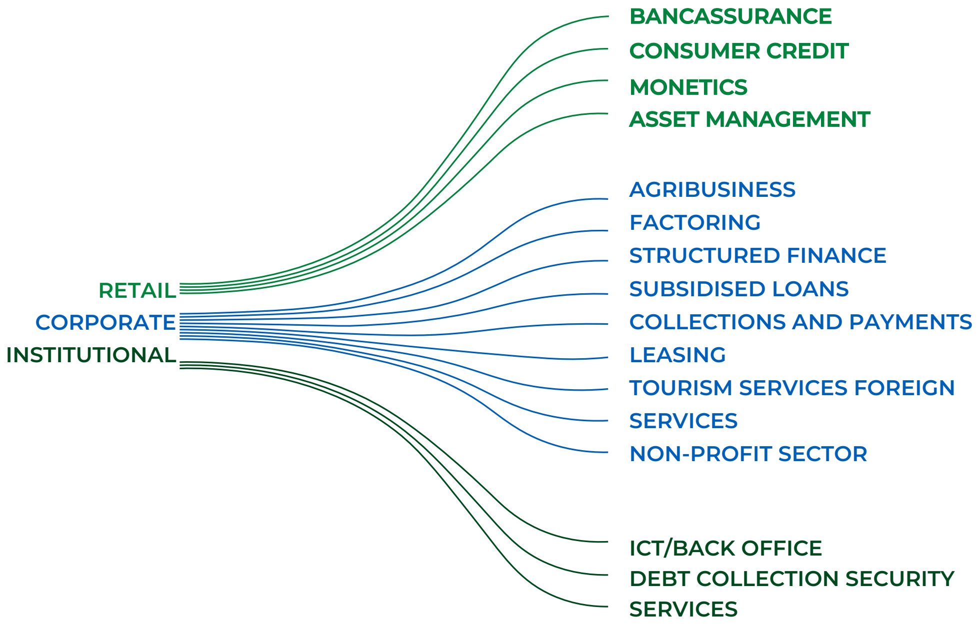
[37] For a description of the number and geographical distribution of the shareholder base, see the chapter "THE ICCREA COOPERATIVE BANKING GROUP – DISTINGUISHING CHARACTERISTICS, GEOGRAPHICAL DISTRIBUTION, STRUCTURAL ARRANGEMENTS, SPECIFIC NATURE OF THE AFFILIATED MUTUAL BANKS AND THEIR MISSION" in the Report on Operations..

local communities in banking operations and services, pursuing the improvement of their moral, cultural and economic conditions and promoting the development of cooperation and education on savings and welfare issues, as well as social cohesion and responsible and sustainable growth of the local areas in which it operates. The Company is distinguished by its social orientation and its commitment to building the common good. It is also committed to acting in compliance with the Charter of Mutual Banking Values and implementing appropriate forms of economic and financial democracy and mutualism among its shareholders, as well as their participation in the life of the Company".

These features are safeguarded by the Iccrea Cooperative Banking Group through the management, coordination and control role of the Parent Company, Iccrea Banca, ensuring stability, help the achievement of efficiency levels appropriate to the market, compliance with Supervisory Provisions, as well as promoting the development of shareholders and the local communities, cooperation and education on savings and pensions, as well as social cohesion and the responsible and sustainable growth of the territories in which they operate.

For their part, the mutual banks operate preferentially with the Group companies, reinforcing the features of partnership and proximity that have long characterized their relationships in order to ensure the implementation of the business vision embodied in the Cohesion Contract.

The Group includes mutual banks, and financial and instrumental companies directly controlled by Iccrea Banca, which carry out support and service activities for the mutual banks to support them in their growth. To effectively help the mutual banks in the relationship with their customers and cover the entire range of banking, financial and insurance products and services, the Group Companies are divided into the following three strategic business areas: Retail, Corporate, Institutional.



The table below provides a list of the Group companies, divided by strategic business area and setting out the main features of their business:

BUSINESS AREA	GROUP COMPANY	MAIN BUSINESS FEATURES
INSTITUTIONAL	Iccrea Banca	As Parent Company, provides financial services, including investment services (security trading, access to OTC markets), liquidity management (Group treasury, collateral funding with ECB, funding on regulated markets with the issue of bonds), execution of operations on the markets on behalf of the Affiliated banks, management of payment systems, managing relationships with the main players in the financial market. The Parent Company creates value by supporting the mutual banks in raising and managing capital, in accessing national and international markets, and in offering products and services to customers..
	BCC Sistemi Informatici BCC Sinergia BCC Pos BCC Gestione Crediti BCC Beni Immobili	These service organizations offer support to the operations carried out by the Parent Company and the other Group companies and Affiliated banks (information technology services, back-office services, credit management, facility management).
CORPORATE	BCC Leasing	This "captive" company addresses businesses by offering financial lease products placed through the online channel and the mutual banking network. The commercial offer includes "ESG" financing aimed at the purchase and construction of highly energy efficient properties, energy renovation of properties and construction of renewable energy generation plants.
	BCC Rent&Lease	This "captive" company targets the private market by offering "small ticket" lease products placed through the online channel and the mutual banking network. The commercial offer includes "ESG" financing aimed at purchasing low environmental impact vehicles.
	BCC Factoring	This "captive" company addresses the business market by offering factoring products placed through the online channel and the mutual banking network.
	BCC Financing	This bank specializes in medium-long term credit to businesses, in particular in the area of subsidized finance provided by the Friuli-Venezia Giulia region.
RETAIL	Mutual banks	The mutual banks are the main means by which the Group branches out in local areas to distribute its products and services and contribute to local social and economic development. The mutual banks offer consists of financing with "ESG" purposes, in addition to the products placed through their own network but originated by the other Group Companies Their main target is represented by private individuals and small and medium-sized enterprises in the area in which they operate; overall, over 80% of the financing granted* by the mutual banks is allocated to these segments.
	BCC CreditoConsumo	This "captive" company is aimed at the private market by offering consumer credit products placed by the mutual banking network.
	BCC Risparmio&Previdenza	This "captive" company manages the assets collected from savers through the management of funds and funds of funds, whose shares are placed through the online channel and the mutual banking network. The commercial offer of the asset manager includes sustainable products, including funds aligned with art. 8 and 9 of the SFDR regulation.
	Banca Sviluppo	This bank aims to support the Parent Company and the mutual banks in rationalizing the Group's structure. Its business model is being redefined.

* at 31/12/2024

For details on operations and results generated by the strategic business areas as represented above, see section “5. The Group’s strategic lines of business” in the Report on operations.

As regards loans[38], the main customer target segments are represented by consumer households and small-

[38] Given the peculiar business model of the mutual banks, the Group's main business is lending. Approximately 70% of interest income comes from lending activity (data as of 12/31/2024).

medium sized businesses, which are mainly offered medium-long term financing (mortgages and leasing).[39]

Also collection, due to the principle of circularity pursued by mutual banking, mainly comes from consumer households and small-medium sized businesses. Finally, the principle of supporting the local community is also implemented in the process of selecting suppliers, represented almost exclusively by counterparties based in the national territory, and, with particular reference to the mutual banks, preferring local suppliers, while respecting the criteria of ethics and impartiality).

Services to businesses[40] range from traditional technical forms of financing to structured finance products that can be customized based on the sector of the client company, also through the vast network of consultants operating at the Affiliated banks and the support of the Parent Company's. The consultancy service offered by the Group aims to promote the growth of companies also from a sustainable perspective, through a vast offer of green products.

The services offered to retail customers,[41] including small economic operators and producer households, allow them to obtain an all-comprehensive support from the Affiliated banks, tailored on the basis of needs of the individual customer, thanks also to the proximity that characterizes the structure and strategy of the Group.

The affiliated banks and the Group companies are supported by the Parent Company at every stage of value creation, thanks to the information and technological systems made available, back- and front-office activities, specialist and professional skills within the organization.

Among the strategic initiatives included in the Group's business plan, a specific section is dedicated to the ESG strategy, expressing the Group's commitment to supporting the development of local communities, facilitating the transition, enhancing its personnel, and facilitating innovation and digitalization.

In this sense, the Group, which has always been committed to offering social and economic support for the development of local territories and communities, continues its work for improvement of the moral, cultural and economic conditions of shareholders in the group three-year period 2025-2027, of promoting cooperation, financial education and social cohesion. Furthermore, in line with the evolving regulatory framework and the renewed attention from the market, special attention is also reserved to environmental issues.

In this context, the ESG strategy promotes objectives related to the creation of services to support a sustainable transition, also through specific ESG products, fully integrated into the commercial offering proposed by the Group.

[39] About 80% of financing (as at 31/12/2024).
[40] See the dedicated web page: https://imprese.gruppobcciccrea.it/.
[41] See the dedicated web page: https://www.gruppobcciccrea.it/Pagine/ProdottiServizi/Per-tutti-i-progetti-di-vita.aspx

transition, also through specific ESG products, fully integrated into the commercial offering proposed by the Group.

In detail, as regards businesses, the offering includes:

- “taxonomy aligned” financing products dedicated, for example, to energy efficiency projects, construction of renewable generation plants, purchase, construction or renovation of industrial and commercial properties with a green focus;
- other green products, such as financing linked to the achievement of specific ESG KPIs and leasing of low energy impact company vehicles;
- specific consultancy services for measuring the company’s ESG positioning, also providing for the definition of actions aimed at improving the emission profile and the proposal of specialist financing lines;
- strategic partnerships with companies specializing in technical consultancy and with other financial intermediaries.

As regards retail customers, the offering includes:

- “taxonomy aligned” financing products dedicated, for example, to the green construction or renovation of residential or commercial properties;
- leases and consumer credit products for the purchase of low-emission vehicles;
- sustainable investment products (including investment funds pursuant to art. 8 and 9 of the Sustainable Finance Disclosure Regulation - SFDR).

Finally, the 2025-2027 Business plan approved by the Board of Directors in March 2025 also includes ESG commercial objectives and related guidelines for achieving them.

The evolution of the macroeconomic context and customer preferences are considered relevant factors for the purpose of achieving the Group's strategic objectives. In particular, the analysis of the macroeconomic and local context, as well as the engagement of stakeholders, allows for the adaptation of financial and sustainability strategies as the need arises.

Moreover, strategic initiatives are defined based on additional inputs including:

- the analysis of applicable legislation and its development;
- the analysis of the market and identification of the main trends, also in terms of national and European policies, functional to facilitate and accelerate the transition processes towards green production systems;
- analysis of the operating context of the Group,[42] with particular reference to risks and opportunities arising from climate and environmental issues related to the loan portfolio and the impact on the core business;
- the results of the update of the Group's sustainability rating;
- the specific needs of the mutual banks and customers, also in order to guarantee constant support to local areas and communities, in line with the Group's mission

As part of the effort to integrate ESG factors into corporate processes, the Group has long since launched an significant project aimed at achieving, on the one hand, the alignment with the applicable regulatory framework and, on the other, improving its strategic positioning. In this context, the main processes have concerned in particular:

- the lending process, which includes the sustainability assessment of the financed counterparty, the purpose of the requested financing, and any collateral;
- the investment process and the provision of asset management and investment consultancy services, which includes the sustainability assessment of the issuing counterparty;
- the procurement process, which includes the sustainability assessment of the supplier of products and services.

The ESG factors integrated into these processes allow the measurement and consistent monitoring of the ESG risks to which the Group is exposed and the adoption of the mitigation actions, as well as the seizing of the opportunities

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[42] With particular reference to climate-related and environmental risks and opportunities, see the section "ESRS E1 - Climate change"

offered in the context of raising and allocating financial resources.

STAKEHOLDERS ENGAGEMENT

The definition of strategic ambitions related to sustainability derives from a constant analysis of the external and internal context and dialogue with the Group's main stakeholders, conducted within the scope of the double materiality analysis[43] aimed at identifying the priority topics, sub-topics and sub-sub topics themes for the Group

Since its formation in 2019, the Iccrea Group has established a sound relationship with its internal and external stakeholders, based on the principles of transparency and mutual trust. A constant dialogue with stakeholders is particularly useful and constructive, first and foremost to always be well informed and effectively interpret the economic and social context in which we operate. This approach allows us to quickly adapt to the development of the industry, promoting the continuous improvement of the processes and strategies adopted.

The engagement channels represent the main levers with which the Parent Company and the individual Group companies collect, analyze and incorporate the opinions and needs of stakeholders into their strategy and processes. Some channels are in fact codified within operational processes such as, for example, monitoring the achievement of commercial plans through analysis of periodic actual data, monitoring the execution of the diversity, equity and inclusion policy of workforce through climate surveys. Furthermore, using specific questionnaires to assess the materiality of sustainability matters represents the preferred channel for assessing the degree of attention of certain categories of stakeholders to ESG issues; this, together with the results from the other engagement channels, allows the prioritization of issues in the Group strategy.[44]

The following table summarizes the Group's stakeholders and highlights the main commitments undertaken towards them, as well as the engagement method used.

THE GROUP STAKEHOLDERS		
Category	**General commitment taken**	**Main engagement methods**
INTERNAL STAKEHOLDERS		
Mutual banks	Promote relationships based on the principles of collaboration, professionalism and transparency (as established by the Cohesion Contract). Support the stability and continuous development of mutual banks.	Surveys on the satisfaction with services and products offered by the Parent Company Territorial assemblies, Management team meetings Surveys for assessing the relevance of sustainability matters
Shareholders of the mutual banks	Promote relationships, through the mutual banks, based on the principles of collaboration, professionalism and transparency. Ensure the development and strengthening of mutual banking.	Local committees managed by individual mutual banks Institutional website of the Parent Company and individual mutual banks (information on the banks' performance and local initiatives), social media Shareholders' meetings of mutual banks Questionnaires for assessing the relevance of sustainability matters
Iccrea Group people	Promote the growth and development of personnel, in compliance with the principle of equal opportunities. Recognize and enhance the skills of human resources. Ensure the protection of the psychological and physical integrity of workers and respect for their moral personality. Ensure the dignity of each person and prevention against any form of discrimination.	Climate surveys Group intranet portal (“mutual banks space”) Questionnaires for assessing the relevance of sustainability matters
EXTERNAL STAKEHOLDERS		
Suppliers	Give priority to local suppliers, in order to foster the development of the areas in which the Group operates. Ensure a selection of suppliers based on the principle of	Questionnaires for assessing the relevance of sustainability matters

[43] For a description of the analysis, please refer to the dedicated section, "Double materiality", in this section.
[44] This process ultimately involves the ESG Committee and the Board of Directors of the Parent Company in the development and approval of the sustainability plan included in the Group's business plan.

	impartiality, avoiding preferential or discriminatory treatment.	Institutional website of the Parent Company and individual mutual banks (information on the banks' performance and local initiatives), social media
Local communities and territories	Contribute to the economic, intellectual and social enrichment of the territory and local communities. Use donations and sponsorships to support and promote initiatives to sustain and develop the community.	Direct reports from individual mutual banks Institutional website of the Parent Company and individual mutual banks (information on the banks' performance and local initiatives), social media
Customers	Promote relationships based on the principles of collaboration, professionalism and transparency. Ensure the transparency of banking operations and financial culture with the provision of exhaustive information prior to transactions, acting with a view to promoting customer engagement and supporting the activation of a sustainable transformation process. Adopt effective cyber security practices. Satisfy customers' financial needs with high-quality services and products oriented towards a green transition.	Customer satisfaction assessment Evaluation of the Group's and individual bank's reputation on the market Direct feedback via telephone and digital channels Questionnaires for assessing the relevance of sustainability matters
Third sector entities	Ensure the transparency of banking operations and financial culture with the provision of exhaustive information prior to transactions. Adopt effective cyber security practices. Satisfy customers' financial needs with increasingly better and high-quality services and products. Develop a line of ad hoc products to meet the needs of this category of stakeholders and a dedicated website.	Direct reports from the Parent Company and individual mutual banks Institutional website of the Parent Company and individual mutual banks (information on the banks' performance and local initiatives),
Trade associations	Promote relationships based on the principles of collaboration, professionalism and transparency. Ensure the transparency of banking operations and financial culture with the provision of exhaustive information prior to transactions. Adopt effective cyber security practices. Satisfy customers' financial needs with increasingly better and high-quality services and products.	Institutional website of the Parent Company and individual mutual banks (information on the Group performance)
Financed communities and government entities	Promote relationships based on the principles of collaboration, professionalism and transparency. Ensure the transparency of banking operations and financial culture with the provision of exhaustive information prior to transactions. Adopt effective cyber security practices. Satisfy customers' financial needs with increasingly better and high-quality services and products.	Direct reports from the Parent Company Institutional website of the Parent Company and individual mutual banks (information on the Group performance)
Regulators and supervisors	Promote relationships based on the principles of collaboration, professionalism and transparency. Ensure the transparency of banking operations and financial culture with the provision of exhaustive information prior to transactions.	Direct reports from the Parent Company Institutional website of the Parent Company and individual mutual banks (information on the Group performance)

Among the internal stakeholders, top managers play a primary role, both in the Parent Company, for being in charge of defining and implementing the entire Group’s strategic lines, and in the other Group companies, for being in charge for defining and implementing the Group’s strategic lines within their own activities and territory.

In particular, a traditionally fundamental and consistent interaction with the mutual banks allows the Group to monitor relations with customers, territories and local communities. This interaction takes on strategic importance especially in relation to market, business development, communication and marketing activities that are carried out with the coordination of the Parent Company in close collaboration with the mutual banks.

In this regard, the organization of opportunities for dialogue and discussion contributed to an increasing flow of information to/from the Group Banks, including:

- the local area meetings, consultative meetings with a view to sharing the Group's directions and actions, taking into account the peculiarities of the local areas. The discussions concern issues of strategic importance, pertaining to the Group's business and related to mutual banking purposes;
- the plenary meetings of the so-called Management team, i.e. meetings between the top management of the Parent Company and the top management of the Group companies aimed at creating periodic (monthly) opportunities of dialogue on strategic, commercial and planning issues;
- information and training sessions dedicated to the commercial development of the "business" segment, aimed at helping the mutual banks' commercial network to understand regulatory innovations and market developments, the Group's lending strategies, services and products made available by the Group for the mutual banks, with a focus also on the issues of sustainability and green products;
- meetings organized by iDEE, the Association of Women in Cooperative Credit, aimed at promoting the contribution of women in the industry through the contribution of solidarity and culture between members, in order to strengthen the presence of women in the governance and management of the mutual banking system, promoted by the Parent Company.

As commented above, a fundamental step in the continuous listening process is represented by stakeholder engagement, a step in the broader double materiality analysis process that aims to gather the point of view of the various relevant stakeholders on material issues, in order to guide the Group's strategic choices on these aspects. The process, described in the following section "Double materiality", also provides for the representation of the results of the stakeholder engagement to the top bodies and internal board committees (Board of Directors and ESG Committee).

DOUBLE MATERIALITY

METHODOLOGY

In non-financial reporting, the concept of "materiality" is a crucial principle that guides the company in identifying the most important sustainability issues on which to base the definition of corporate strategic lines and to focus the disclosure of its performance to its stakeholders. Thinking from the perspective of material sustainability issues is in fact equivalent to considering, on the one hand, internal contextual factors such as strategic objectives, action priorities and company activities, and on the other, external contextual factors, represented by the interests and demands of the various stakeholders as well as regulatory developments and market trends.

The Group, progressing on the path of alignment with regulatory developments undertaken in previous years, has updated the process of assessing the materiality of sustainability issues in accordance with the requirements introduced by the CSRD, which provides for the performance of a so-called "double materiality" analysis, consisting of two dimensions:

- impact materiality ("outside-in"): a sustainability issue is material from the point of view of impact when it has actual or potential, positive or negative, impacts, in the short, medium or long term on people or the environment, generated both by its own operations and/or commercial relationships, and by the activities carried out along the value chain;
- financial materiality ("inside-out"): a sustainability issue is material from a financial perspective when it causes or is likely to cause material financial effects on the undertaking, its performance and its financial position (e.g. on cash flows, capital ratios, etc.).

The analysis of double materiality breaks down into the following macro-phases:

- understanding the context in which the Group operates;
- identification of impacts, risks and opportunities (hereinafter also "IRO") relating to sustainability matters;

- assessment and determination of the materiality of the IRO;
- reporting of the process followed and the results obtained.

Understanding the context is based on an in-depth analysis, both internal and external, aimed at identifying the qualifying elements of the market in which the Group operates and related trends. This analysis also considers the structure of the Group's business and its evolution, in line with the strategic ambitions and in response to changes in the market environment. The elements considered in the internal analysis include, first of all, the sustainability plan, integrated into the broader context of the Group's strategic plan. This analysis includes the evaluation of the results achieved, the identification of areas for improvement and the identification of any necessary revisions. The evaluation also includes: the assessments of rating agencies, the remarks of the Group's control functions, and those formulated by the supervisory bodies; information published by the Group on its institutional website (for example, financial reports, news and events); internal policies and processes, including risk management strategies; and regulations applicable to the Banking Group, together with their evolutions.

These internal context elements are analyzed in relation to additional information sources, including reports on standards for measuring sustainability performance (e.g., Global Risk Report, MSCI ESG Index, CDP Report, Principles for Responsible Banking – PRB), in addition to supervisory expectations of the Bank of Italy and the ECB in the ESG field. Furthermore, the positioning of the main market peers in sustainability is the subject of a benchmark analysis conducted on publicly available documentation, with the aim of contextualizing the Group's positioning with respect to comparable companies.

This analysis is preparatory to the identification and preliminary assessment of the list of IROs applicable to the Group, defined on the basis of the list of regulatory topics, sub-topics and sub-sub-topics referred to in ESRS 1, RA. 16, appropriately aggregated on the basis of the Group's context (business model and operations limited to the national context, value chain and commercial relations). The mapping of the IROs, structured on the 10 topical regulatory standards, integrates the mapping of impacts defined in previous financial years with the risks defined in the context of other internal processes, including in particular the Climate & Environmental Materiality Assessment activity carried out by the Risk Management Function on the climate and environmental risks to which the Group is exposed in relation to its operations and value chain, based on the preliminary analysis of the operating context, aimed at also identifying the potential opportunities (along the value chain) arising from the evolution of climate and environmental policies in relation to its business model.

The IRO assessment was developed on the basis of the metrics indicated by the regulation and the EFRAG guidelines for the impact and financial dimensions of materiality, assigning each of these a score from 1 to 4, as the materiality of the individual metric increases. In particular:

- the materiality of an impact was based on its level of severity, as the arithmetic mean of the score assigned to its scale (intensity of the effects on the environment and people), its scope (scale of the effects on the environment and people), the irremediability of the damage for negative impacts, and the likelihood for potential impacts;
- for the assessment of a risk or an opportunity, the scale of the financial effects was taken into account (scale of the effects on performance and on the economic-financial situation), and the likelihood for potential risks or opportunities.

The Group has defined a preliminary materiality threshold to identify the material topics and individual relevant IROs linked to each topic, equal to a score of 3 out of 4.

The preliminary assessment of the IROs, limited to impacts and opportunities, was integrated with the assessment received from stakeholders, with a weighing system identified by the Group.[45] The initiative, which allowed for the collection of almost three thousand questionnaires, received the contribution of the following macro-categories of stakeholders:

GROUP MAIN STAKEHOLDERS

Stakeholder	Method of engagement	Contribution
Top managers [46] of the Parent Company and mutual banks	Dissemination of questionnaire with dedicated e-mail message	Assessment of severity of impacts Assessment of scale of opportunities
ESG ambassador[47] of the Iccrea Cooperative Banking Group	Dissemination of questionnaire via intranet	Assessment of severity of impacts Assessment of scale of opportunities
Personnel of the Iccrea Cooperative Banking Group	Dissemination of questionnaire via intranet	Assessment of severity of impacts
Shareholders, customers and suppliers of the mutual banks	Dissemination of questionnaire via company website	Assessment of severity of impacts

In respect of risks, the preliminary analysis was integrated with the contribution of the Risk Management Function - in order to ensure an alignment between the risk mapping for CSRD purposes and that deriving from the internal frameworks - and the alignment of the evaluation rationale of the internal frameworks with the methodology defined for the purposes of the double materiality analysis conducted pursuant to the CSRD.

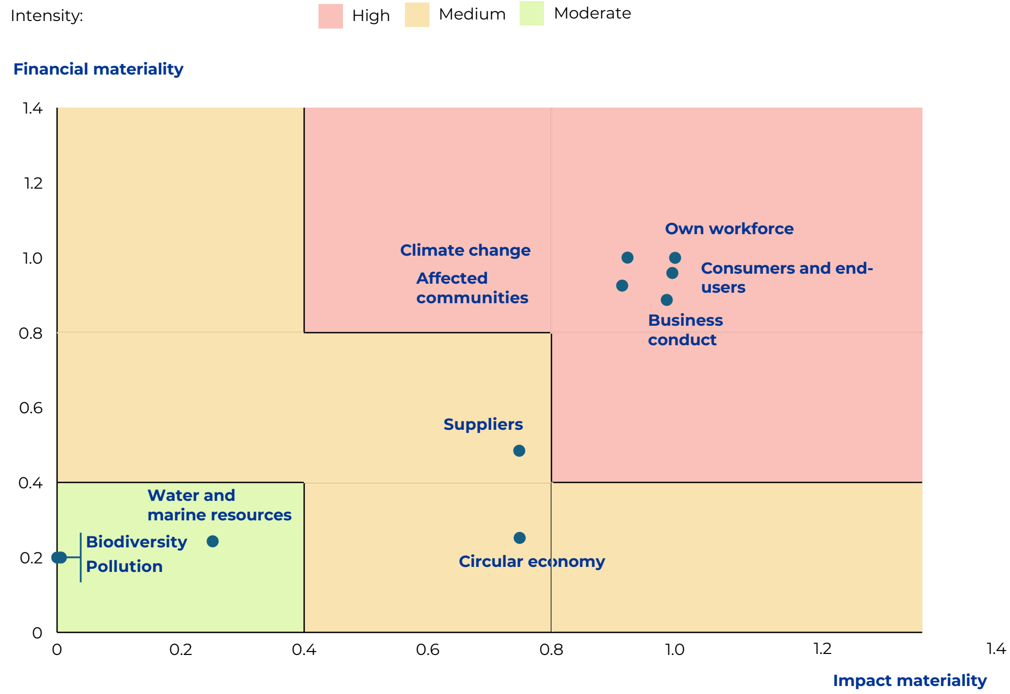
[45] In the weighing logics assigned by the Group to the preliminary assessment (so-called "desk analysis") and to the assessment deriving from the involvement of top figures, ESG Ambassadors, employees and shareholders, customers and suppliers (the latter representing the so-called stakeholders "affected" by the Group's activities), the latter has an overall lower relevance than the opinions expressed by internal stakeholders and those impacted

[46] Directors, managers, Area head of the Parent Company

[47] Role established within the Group Sustainability Policy, representing the reference for ESG issues within each corporate area of the Parent Company and each Group company.

OUTCOMES

To consolidate the analysis of the materiality of sustainability issues, the scores relating to impact materiality and financial materiality (composed of the scores of risks and opportunities, specifically the maximum score detected) have been normalized on a scale from 0 to 1, in order to allow their comparison, prioritization and representation within a matrix, reported below. Based on the result obtained, a normalized materiality threshold equal to 0.4 has been defined which determines the materiality of a topic in both the impact and financial dimensions.



For the topics that overall present a moderate level of materiality (i.e. pollution, biodiversity, water and marine resources), some sub-topics were found to be relevant from the point of view of impact materiality or financial materiality, according to the IRO materiality thresholds established.

In particular, with regard to the Climate change topic, within the financed portfolio, the positive impacts for the reduction of emissions financed with the promotion of products, services and other initiatives favoring the transition to a low-emission green economy were assessed as significant; within the scope of own operations, issues related to climate change are deemed relevant as they require the adoption of measures for decarbonization and the use of renewable energy. From the point of view of climate and environmental risks related to the climate in own operations and along the value chain, the outcomes were as follows: a possible decrease in the solvency of companies (Corporate) due to the negative impact on financial solidity due to physical risks as well as possible damage to headquarters, network nodes, owned properties and IT structures (including external suppliers) due to exposure to acute climate risks that could cause a decrease in operations and affect the Group's main functions.

Finally, further investigations were carried out to evaluate the possible presence of relevant sub-topics which highlighted that:

- the topic Water and marine resources is material only in the context of own operations, in particular in relation to the positive impacts that the Group promotes by virtue of its principles and commitments towards the environment. Overall, the topic has limited materiality, and for these reasons there is no reporting obligation as of December 31, 2024 pursuant to the CSRD;
- the Biodiversity and Pollution topics are material with respect to the financed portfolio, based on the findings of the CEMA exercise conducted at the beginning of 2024. The Group is collecting and processing further information on the opinion of customers with respect to these topics (in particular among SMEs, for whom there is very limited information available in this area) and has decided to evaluate the adoption of policies and actions to support the mitigation of environmental risks in the future, also in light of possible regulatory and market standards developments: the Group will continue to monitor the exposure to environmental risks linked to its loan portfolio, also thanks to the new credit policies that allow the measurement of the ESG risk profile of individual counterparties and the collection of more granular information for the purposes of assessing the IROs linked to pollution and biodiversity.

The following table shows, in order of priority, the regulatory topics and sub-topics that are material for reporting purposes as of December 31, 2024.

ESRS	Topic	Sub-topic	Sub-sub topic
E1	Climate change	Climate change adaption	
		Climate change mitigation	
		Energy	
G1	Business conduct	Corporate culture	
		Protection of whistle blowers	
		Management of relationships with suppliers, including payment practices	Prevention and detection including training
			Incidents
S1	Own workforce	Working conditions	Secure employment
			Working time
			Adequate wages
			Social dialogue
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers
			Collective bargaining, including rate of workers covered by collective agreements
			Work-life balance
			Health and safety
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value
			Training and skill development
			Employment and inclusion of persons with disabilities
			Measures against violence and harassment in the workplace
			Diversity
		Other work related rights	Privacy
S4	Consumers and end-users	Information-related impacts for consumers and end-users	Privacy
			Freedom of expression
			Access to (quality) information
		Social inclusion of consumers and end-users	Non discrimination
			Access to products and services
			Responsible marketing practices
S3	Affected communities	Communities' economic, social and cultural rights	Adequate housing
			Adequate food
			Water and sanitation
			Land-related impacts
			Security-related impacts
		Communities' civil and political rights	Freedom of expression
			Freedom of assembly
			Impacts on human rights defenders
S2	Workers in the value chain	Working conditions	Secure employment
			Working time
			Adequate wages
			Social dialogue
			Freedom of association, including the existence of works councils
			Collective bargaining
			Work-life balance
			Health and safety
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value
			Training and skill development
			Employment and inclusion of persons with disabilities
			Measures against violence and harassment in the workplace
			Diversity
		Other work related rights	Privacy
E5	Circular economy	Circular economy	Waste

The issues related to the fight against climate change, attention to the Group's values and integrity, and care and enhancement of its workforce are confirmed as priorities. Attention to the protection of customer rights, the supply chain, as well as support for the local territory and communities where the Group operates, in line with the values and mission of mutual banking, are also central.

The process and results of the double materiality analysis were validated by the ESG Committee and approved by the Board of Directors of Iccrea Banca.

The following table shows the material IROs that emerged from the double materiality analysis for 2024, broken down by regulatory topic.

			Value Chain			Time horizon		
Material IRO	**ESRS**	**Type of IRO**	**Upstream**	**Own operations**	**Downstream**	**Short**	**Medium**	**Long**
Promoting awareness and commitment to fighting climate change by providing products and services to customers aimed at financing initiatives that promote the transition to a green economy and mitigate the negative impacts of climate change	Climate change	Impact			x			
Contribution to Scope 3 indirect emissions through own supply chain and financed customers	Climate change	Impact	x		x			
Production of direct and indirect emissions (scope 1 and scope 2) in the course of its operations, resulting in negative performance in terms of environmental sustainability	Climate change	Impact		x				
Reduction of the environmental impact of office facilities and related improvement of the working environment and of energy efficiency, through initiatives such as the green renovation of buildings, obtaining certifications of the environmental performance of facilities, increasing the use of green energy and the progressive conversion of the company car fleet	Climate change	Impact		x				
Credit Risk (transition risk). Decrease in the solvency of companies (Corporate) due to the negative impact on financial strength due to the failure to adapt to the sustainable transition	Climate change	Risk			x			
Credit Risk (physical risk) Decrease in the solvency of companies (Corporate) due to the negative impact on financial strength caused by physical risks	Climate change	Risk			x			
Credit Risk (Transition Risk) Loss of value of property collateral on exposures secured due to negative Energy Performance Certificate (EPC) ratings	Climate change	Risk			x			
Operational risk (physical risk): Damage to headquarters, network nodes, owned properties and IT system support infrastructure (including external suppliers) due to exposure to acute climate risks could slow operations and affect the Group's core functions.	Climate change	Risk		x				
Reputational and litigation risk (transition risk) Exposure to sectors with high climate risks could lead to detailed scrutiny from private and institutional stakeholders	Climate change	Risk		x	x			
Reputational and Litigation Risk (Transition Risk) Non-compliance with regulations and C&E expectations could result in audits and sanctions from supervisors	Climate change	Risk		x				
Reputational and litigation risk (transition risk) Risk of greenwashing on product offerings in the event of partial evidence of the actual positive “green” impact	Climate change	Risk		x				
Reputational and litigation risk (transition risk) Failure to align with decarbonization objectives with related reputational impacts	Climate change	Risk		x				
Reputational and litigation risk (transition risk) Misconduct on C&E issues towards a trusted counterparty	Climate change	Risk			x			
Sovereign risk (physical risk) Impact on sovereign bond portfolios due to the implementation of policies to address climate change that require increased government spending by states, together with increased costs of dealing with the	Climate change	Risk			x			

increased frequency of damages related to climate hazards					
Operational risk (transition risk) Fluctuations in energy prices that have a significant impact on current expenditure and the value of investments	Climate change	Risk		x	
Creation of products, services and initiatives aimed at customers to support them in pursuing their environmental objectives, including the achievement of decarbonization targets	Climate change	Opportunity			x
Investments aimed at implementing green projects (e.g. green project financing) with a view to energy transition	Climate change	Opportunity		x	
Investment in new technologies and access to new markets (e.g. carbon credit trading)	Climate change	Opportunity		x	
Development of initiatives to promote energy efficiency of buildings and greater use of renewable energy sources	Climate change	Opportunity		x	
Support for the "responsible and sustainable growth of the area in which it operates", distinguishing itself "for its social orientation and for the choice to build the common good", in line with the mission provided for in the articles of association	Business conduct	Impact		x	x
Dissemination a culture of fairness and ethics among employees and in the market	Business conduct	Impact		x	x
Ineffectiveness of whistleblowing processes and/or in the protection of users who rely on whistleblowing processes, resulting in their distrust in the Banking Group	Business conduct	Impact		x	
Damages to suppliers, especially SMEs, due to failure to meet payment deadlines	Business conduct	Impact	x		
Contribution to the diffusion of a culture of fairness and ethics among employees and in the market through the provision of training programs aimed at employees and shareholders and the communication of company policies	Business conduct	Impact		x	x
Occurrence of corruption episodes to the detriment of the market and the community	Business conduct	Impact		x	
Risk of non-compliance. Failure to update internal regulations in the face of expanding regulatory framework on corporate culture and whistleblower protection	Business conduct	Risk		x	
Reputational and Litigation Risk Incidents of regulatory non-compliance and loss of customer and market confidence	Business conduct	Risk	x	x	x
Reputational and Litigation risk Reputational damages following incorrect management of supplier relations (including failure to respect agreed payment terms)	Business conduct	Risk	x		
Operational Risk Losses incurred as a result of legal proceedings, which could interrupt business continuity, resulting from money laundering, misconduct events and non-compliance events	Business conduct	Risk		x	
Fraud risk (internal and external) Fraud attempted or perpetrated by Group employees or external parties to the detriment of the Group	Business conduct	Risk		x	
Reputational and litigation risk Financial crime: money laundering, sanctions violations, corruption and bribery	Business conduct	Risk		x	
Improving reputation by promoting initiatives that support corporate culture.	Business conduct	Opportunity		x	
Improving the quality of products and services purchased through a more sustainable supply chain and certified products (incorporating minimum environmental criteria), and developing good business relationships with suppliers (based on responsible payment practices).	Business conduct	Opportunity	x		
Improving reputation through investments in the development of innovative tools to manage, monitor and prevent active and passive corruption.	Business conduct	Opportunity		x	
Improvement of the working environment through policies and initiatives aimed at ensuring the psychological and physical well-being of its employees, and through the	Own workforce	Impact		x	

implementation of the Management System for Health and Safety at Work			
Adoption and promotion of policies and actions aimed at promoting employment stability.	Own workforce	Impact	x
Contribution to the satisfaction of workforce and to improving the quality of work, ensuring compliance with union agreements and/or the freedom of association of employees and the constraints set out in collective bargaining	Own workforce	Impact	x
Increased employee well-being through the use of flexible working arrangements and/or remote working	Own workforce	Impact	x
Increased well-being of workers with the protection of the work-life balance, the formalization of People Care policies functional to the promotion of initiatives that include respect for work-life balance, and the recognition of welfare goods and services, such as study and education and assistance services	Own workforce	Impact	x
Reduction of employee insecurity due to incidents of harassment and/or the lack of measures to protect workers and/or awareness-raising initiatives	Own workforce	Impact	x
Creating a respectful and inclusive work environment	Own workforce	Impact	x
Creating an accessible and barrier-free work environment for the integration of workers with disabilities	Own workforce	Impact	x
Employee feelings of insecurity and frustration due to discrimination and non-inclusive practices within the workplace	Own workforce	Impact	x
Implementation of policies and initiatives aimed at ensuring equal treatment in selection and remuneration policies, including through obtaining specific certifications that attest to the ongoing Group's commitment and results	Own workforce	Impact	x
Improving workers' skills through training and professional development activities, general and technical programs, also linked to personal growth and evaluation objectives, creating a working environment characterized by a culture of merit	Own workforce	Impact	x
Violation of employees' right to privacy resulting from inadequate management systems or ineffective application of preventive procedures and actions	Own workforce	Impact	x
Reputational and litigation risk Risk of negative impact on the Group's image due to violations of human rights, labour legislation, suboptimal management of employment relationships (level of working conditions such as guarantees of adequate working hours, guarantee of social dialogue and freedom of association, compliance with collective agreements, protection of health and safety conditions) as well as wages, benefits and employment relationships (dismissals, illegal transfers, deaths, illnesses, etc.) for employees and/or non-employees) and failure to guarantee safe employment	Own workforce	Risk	x
Reputational and litigation risk Risk of a high increase in the level of stress of workforce, with consequent increase in the turnover rate and loss of positive image on the job market	Own workforce	Risk	x
Reputational and litigation risk Inability of Group companies to attract and retain qualified employees due to incorrect management of company personnel	Own workforce	Risk	x
Reputational and litigation risk Risk of not being effective in identifying and preventing situations of discrimination in the workplace, also due to inadequate staff training	Own workforce	Risk	x
Operational risk Risk of financial losses due to a high turnover rate, caused by the sense of insecurity and dissatisfaction generated in one's workforce	Own workforce	Risk	x

Reputational and Litigation risk Damage to the image caused by the failure to ensure the neutrality of remuneration treatments (in fixed and variable amounts) with respect to elements of diversity	Own workforce	Risk		x	
Operational Risk Failure to leverage the skills of qualified employees and increased operational inefficiency, while increasing the occurrence of events that may compromise business continuity	Own workforce	Risk		x	
Operational Risk Risk of loss due to breach of confidentiality, failure of system and data integrity, inadequacy or unavailability of systems and data. This includes security risks arising from inadequate or failed internal processes or external events, including cyber-attacks, and risks due to the inability to manage IT changes	Own workforce	Risk		x	
Increased ability to attract staff through job creation and protection, and consequent improvement in workforce performance and reduction in turnover rate	Own workforce	Opportunity		x	
Improve the performance of own workforce and reduce turnover rates by creating a safe and healthy workplace, promoting people's well-being and improving work-life balance	Own workforce	Opportunity		x	
Creation and promotion of a working environment that guarantees respect for human rights and workers' rights and the promotion of equality and human dignity, and that promotes equal access to equal opportunities for all its employees	Own workforce	Opportunity		x	
Increase the productivity of own workforce through an effective training and skills development system, and ensuring the availability of a performance evaluation and professional development system	Own workforce	Opportunity		x	
Promotion of initiatives aimed at ensuring confidentiality and privacy in the Group's work environments	Own workforce	Opportunity		x	
Dissemination of ethics of worker protection and their rights	Workers in the value chain	Impact	x		
Dissemination of the development of good working practices and promotion of talent development initiatives	Workers in the value chain	Impact	x		
Reputational and litigation risk. Commercial relationships of the Group with entities along the value chain that: - do not have adequate measures/policies for the prevention of violence and harassment, inclusion and diversity, employment and inclusion of people with disabilities, training activities, ensuring equal treatment and opportunities, gender pay gap; - they do not provide an inclusive working environment; - they do not provide a safe working environment and do not adopt measures to protect work-life balance	Workers in the value chain	Risk	x		
Promote collaborations with suppliers and business partners that respect human rights and establish good business practices	Workers in the value chain	Opportunity	x		
Improved customer satisfaction levels by offering tailor-made products/services and using user-friendly digital channels	Consumers and end-users	Impact			x
Contribution to promoting knowledge and understanding of banking services and products by customers and individuals through the planning of financial education activities	Consumers and end-users li	Impact			x
Promoting access to products and services by supporting small businesses, and projects with positive social impacts through the provision of microcredit financing and the offer of dedicated credit for the Third Sector	Consumers and end-users	Impact			x
Dissemination of misleading information, or implementation of commercial strategies that spread misleading messages, which contribute to generating confusion or false expectations in customers	Consumers and end-users	Impact			x

Violation of the right to privacy of customers resulting from inadequate management systems or ineffective application of procedures and preventive actions resulting in loss of data	Consumers and end-users	Impact	x
Operational risk Inability of individuals and/or organizations not yet integrated into the ordinary financial system to access banking services	Consumers and end-users	Risk	x
Reputational and litigation risk Lack of transparency in relations with the community and damage to the image in the event of exclusion of disadvantaged categories or areas in the offer of banking services	Consumers and end-users	Risk	x
Reputational and Litigation Risk Inability to provide financial products that attract greater customer interest	Consumers and end-users	Risk	x
Reputational and Litigation risk Lack of structured relationships with regulatory bodies and with Partners that generate reputational damage	Consumers and end-users	Risk	x
Operational Risk Risk of loss due to breach of confidentiality, failure of system and data integrity, inadequacy or unavailability of systems and data. This includes security risks arising from inadequate or failed internal processes or external events, including cyber-attacks, and risks due to the inability to manage IT changes	Consumers and end-users	Risk	x
Creation of systems/platforms that guarantee access to the products and services offered to all customers	Consumers and end-users	Opportunity	x
Expansion of market share and improvement of retention thanks to the implementation of digital/innovative solutions, products and services	Consumers and end-users	Opportunity	x
Increase of market share through the development of initiatives to support customers and facilitate access to economic and financial resources	Consumers and end-users	Opportunity	x
Improved reputation by promoting effective financial education initiatives	Consumers and end-users	Opportunity	x
Improved relationships with customers and shareholders through clear and transparent communication	Consumers and end-users	Opportunity	x
Improved customer loyalty by optimizing company assets in terms of privacy and data security and by creating a solid and secure IT system	Consumers and end-users	Opportunity	x
Adoption of long-term responsible tax practices in order to attract conscientious customers and investors and, consequently, gain a competitive advantage	Consumers and end-users	Opportunity	x
Promoting access to adequate housing and basic services, including through financing initiatives for the construction, renovation and development of social housing aimed at low-income population groups	Affected communities	Impact	x
Contribution to the social and economic progress of the area, thanks to widespread support for households and micro and small-medium enterprises, and through strategic collaborations with local organizations and the financial and business sector aimed at establishing and promoting financial inclusion projects	Affected communities	Impact	x
Contribution to the dissemination of civil rights related to freedom of expression and assembly that has a positive impact (e.g. on human rights defenders) on affected communities	Affected communities	Impact	x
Contribution to the creation of a positive social impact through direct support, financing to third sector entities, and provision of funds for charity and sponsorships	Affected communities	Impact	x
Reputational and Litigation Risk Risk of violation of regulations and consequent sanctions due to incorrect management of credit or reduced presence in the territory	Affected communities	Risk	x

Reputational and Litigation Risk Reputational risk following the disclosure of data on grants, donations, sponsorships and other initiatives to support communities below stakeholders' expectations	Affected communities	Risk		x
Promotion of initiatives that support the development of the territories and affected communities	Affected communities	Opportunity		x
Collaborations with local organizations, industrial and professional associations and community groups to create sustainable and impactful programs	Affected communities	Opportunity		x
Promotion and support of subsidized financing, in order to be able to meet the needs of every type of client company	Affected communities	Opportunity		x
Increase market share by expanding the offer of products with a positive social impact, such as those related to the third sector	Affected communities	Opportunity		x
Promotion of an efficient and responsible approach to the management of natural resources, starting from own operations and the management of office facilities and branches and through initiatives to dematerialize processes and services	Circular economy	Impact	x	
Promotion of an efficient and responsible approach to waste management thanks to initiatives such as, for example, increased use of recycled products, reduction of waste production, and increase in the share of recycled waste	Circular economy	Impact	x	
Credit Risk (transition risk). Decrease in the solvency of companies (Corporate) due to the negative impact on financial strength caused by failure to comply with environmental protection	Circular economy	Risk		x
Economic savings thanks to the implementation of initiatives and projects related to the efficient use of resources and raw materials, reuse, recycling and dematerialization	Circular economy	Opportunity	x	
Creation of new products and services to support customers in projects aimed at the efficient production and management of waste	Circular economy	Opportunity		x

LIST OF DISCLOSURE REQUIREMENTS INCLUDED IN THE SUSTAINABILITY STATEMENT PURSUANT TO ESRS

Considering the results of the double materiality analysis, the table below lists the disclosure requirements for each topic included in the Statement:

ESRS	Topic	Disclosure Requirement	Cross reference in the sustainability statement	Page
2	General disclosures	BP-1	ESRS 2 – General information: Reporting scope and value chain	95
2	General disclosures	BP-2	ESRS 2 – General information: Other disclosures on specific circumstances	96
2	General disclosures	GOV-1	ESRS 2 – General information: Composition and role of the administrative, management and control bodies ESRS 2 – General information: Sustainability governance	127 134
2	General disclosures	GOV-2	ESRS 2 – General information: Composition and role of the administrative, management and control bodies	127
2	General disclosures	GOV-3	ESRS 2 – General information: Sustainability governance ESRS E1 – Climate change: Incentive schemes	134 207
2	General disclosures	GOV-4	ESRS 2 – General information: Sustainability governance	134
2	General disclosures	GOV-5	ESRS 2 – General Information: The internal control system	139
2	General disclosures	SBM-1	ESRS 2 – General Information: Strategy and business model	99
2	General disclosures	SBM-2	ESRS 2 – General Information: Stakeholders' engagement	104
2	General disclosures	SBM-3	ESRS 2 – General Information: Double materiality – Outcomes	109
2	General disclosures	IRO-1	ESRS 2 – General Information: Double materiality – Methodologies	106
2	General disclosures	IRO-2	ESRS 2 – General Information: Double materiality – List of disclosure requirements included in the sustainability statement pursuant to ESRS	117
E1	Climate change	ESRS 2 GOV-3	ESRS E1 – Climate change: Incentive schemes	207
E1	Climate change	ESRS 2 SBM-3	ESRS E1 – Climate change: Resilience analysis	181
E1	Climate change	ESRS 2 IRO-1	ESRS 2 – General Information: Double materiality ESRS 2 – General Information: ESG risk management ESRS E1 – Climate change: Resilience analysis	106 139 181
E1	Climate change	E1-1	ESRS E1 – Climate change: Transition plan	176
E1	Climate change	E1-2	ESRS E1 – Climate change: Policies	189
E1	Climate change	E1-3, E1-5, E1-6	ESRS E1 – Climate change: Actions and metrics	193
E1	Climate change	E1-4	ESRS E1 – Climate change: Targets	205
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The table below shows the datapoints in ESRS 2 and topical ESRSs that derive from other European Union legislations, referred to in Appendix B of ESRS 2. For each element, the table provide a cross reference within the sustainability statement, or the reason why the information element has not been reported.

Disclosure requirement and related datapoint	SFDR[48]	Pillar 3[49]	Benchmark Regulation[50]	European Climate law[51]	Cross reference in the sustainability statement
ESRS 2 GOV-1 Board's gender diversity, paragraph 21, letter d)	Annex I, table 1, indicator 13		Commission Delegated Regulation (EU) 2020/1816, Annex II[52]		ESRS 2 – General disclosures: Group Governance – Composition and role of the administrative, management and control bodies
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21, letter e)			Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2 – General disclosures: Group governance - Composition and role of the administrative, management and control bodies
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Annex I, table 3, indicator no. 10				ESRS 2 - General disclosures: Group governance – Sustainability governance
ESRS 2 SBM-1 Involvement in activities related to fossil fuels, paragraph 40, letter d), i)	Annex I, Table 1, indicator no. 4	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453[53], Table 1 – Qualitative information on environmental risk and Table 2 – Qualitative information on social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not applicable to Group's activities
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40, letter d), (ii)	Annex I, table 2, indicator no. 9		Commission Delegated Regulation (EU) 2020/1816, Annex II		Not applicable to Group's activities
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40, letter d), (iii)	Annex I, Table 1, indicator no. 14		Article 12(1), of Delegated Regulation UE) 2020/1818[54] and Annex II of Delegated Regulation (UE) 2020/1816		Not applicable to Group's activities
ESRS 2 SBM-1 Involvement in activities related to the cultivation and production of tobacco, paragraph			Article 12(1), of Delegated Regulation UE) 2020/1818 and Annex II of Delegated		Not applicable to Group's activities

[48] Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27 2019 on sustainability-related disclosures in the financial services sector (SFDR) (OJ L 317, 9.12.2019, p. 1).

[49] Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation) (OJ L 176, 27.6.2013, p. 1).

[50] Regulation (EU) 2016/1011 of the European Parliament and of the Council of June 8, 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171 of June 29, 2016, p. 1).

[51] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for the achievement of climate neutrality, and amending Regulation (EC) No 401/2009 and Regulation (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

[52] Commission Delegated Regulation (EU) 2020/1816 of July 17 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

[53] Commission Implementing Regulation (EU) 2022/2453 of November 30 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 with regard to disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p. 1).).

[54] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

40, letter d) (iv)			Regulation (UE) 2020/1816		
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				Regulation (EU) 2021/1119 article 2(1)	ESRS E1 Climate change: Transition plan;
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16, letter g)		Article 449a of Regulation (EU) 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Article 12, paragraph 1, points (a) to (g), and paragraph 2, of Delegated Regulation (EU) 2020/1818		ESRS E1 Climate change: Actions and metrics
ESRS E1-4 GHG emission reduction targets, paragraph 34	Annex I, Table 2, indicator no. 4	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – climate change transition risk: alignment metrics	Article 6 Delegated Regulation (EU) 2020/1818		ESRS E1 – Climate change; Targets
ESRS E1-5 Energy consumption from fossil fuels disaggregated by sources (only high climate impact sectors), paragraph 38	Annex I, Table 1, indicator no. 5 e Annex I, Table 2, indicator no.5				ESRS E1 – Climate change: Actions and metrics
ESRS E1-5 Energy consumption and energy mix, paragraph 37	Annex I, Table 1, indicator no. 5				ESRS E1 – Climate change: Actions and metrics
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraph 40 to 43	Annex I, Table 1, indicator no. no.6				ESRS E1 – Climate change: Actions and metrics
ESRS E1-6 Gross scope 1, 2, 3 and total GHG emissions, paragraph 44	Annex I, Table 1, indicators no. 1 and 2	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – climate change transition risk: credit quality of exposures by sector, emissions and residual maturity	Article 5, paragraph 1, art. 6 and 8, paragraph 1, of Delegated regulation (EU) 2020/1818		ESRS E1 – Climate change: Actions and metrics
ESRS E1-6 Gross GHG emissions intensity paragraphs	Annex I, Table 1, indicator	Article 449a of Regulation (EU) No	Article 8, paragraph 1, of delegated		ESRS E1 – Climate change: Actions and metrics

53 to 55	no.3	575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – climate change transition risk: alignment metrics	regulation (EU) 2020/1818		
ESRS E1-7 GHG removal and carbon credits, paragraph 56				Article 2 (1) Regulation (EU) 2021/1119	NA (for 2024); The Group does not resort to the purchase of carbon credits
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Annex II of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		N/A (phase-in)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant physical assets at material physical risk, paragraph 66(c)		Article 449a of Regulation (EU) 575/2013; points paragraphs and 47 of Commission Implementing Regulation (EU) 2022/2453; Template 5: Banking book – Climate change physical risk: exposures subject to physical risk			N/A (phase-in)
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy efficiency classes, paragraph 67, letter c)		Article 449a of Regulation (EU) No 575/2013; paragraph 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Banking book – climate related transition risk: loans collateralized by immovable property– Energy efficiency of the collateral			N/A (phase-in)
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			Annex II to Delegated Regulation (EU) 2020/1818		N/A (phase-in)
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and land, paragraph 28	Annex I, Table 1, Indicator No.8; Annex I, Table 2, Indicator No.2; Annex 1, Table 2, Indicator No.1; Annex I, Table 2, Indicator				N/A (not material in 2024)

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ESRS E3-1 Water and marine resources, paragraph 9	Annex I, table 2, indicator no.7		N/A (not material in 2024)
ESRS E3-1 Dedicated Policy, paragraph 13	Annex I, table 2, indicator no.8		N/A (not material in 2024)
ESRS E3-1 Sustainable oceans and seas paragraph 14	Annex I, table 2, indicator no.12		N/A (not material in 2024)
ESRS E3-4 Total water recycled and reused, paragraph 28, letter c)	Annex I, table 2, indicator no.6,2		N/A (not material in 2024)
ESRS E3-4 Total water consumption in m3 per net revenue on own operations, paragraph 29	Annex I, table 2, indicator no.6,1		N/A (not material in 2024)
ESRS 2 IRO-1 – E4 paragraph 16, letter a), point i)	Annex I, table 1, indicator no.7		ESRS E4 – Biodiversity and ecosystems
ESRS 2 IRO-1 – E4 paragraph 16, letter b)	Annex I, table 2, indicator no.10		ESRS E4 – Biodiversity and ecosystems
ESRS 2 IRO-1 – E4 paragraph 16, letter c)	Annex I, table 2, indicator no.14		ESRS E4 – Biodiversity and ecosystems
ESRS E4-2 Sustainable land/agriculture practices and policies, paragraph 24, letter b)	Annex I, table 2, indicator no.11		N/A (not material in 2024)
ESRS E4-2 Sustainable ocean/seas practices or policies, paragraph 24, letter c)	Annex I, table 2, indicator no.12		N/A (not material in 2024)
ESRS E4-2 Policies to address deforestation, paragraph 24, letter d)	Annex I, table 2, indicator no.15		N/A (not material in 2024)
ESRS E5-5 Non-recycled waste, paragraph 37, letter d)	Annex I, table 2, indicator no.13		ESRS E5 – Resource use and circular economy; Actions and metrics
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, table 1, indicator no.9		Not applicable to Group's activities
ESRS 2 – SBM3 – S1 Risk of incidents of forced labor, paragraph 14, letter f)	Annex I, table 3, indicator no.13		N/A (not material in 2024)
ESRS 2 – SBM3 – S1 Risk of incidents of child labor, paragraph 14, letter g)	Annex I, table 3, indicator no.12		N/A (not material in 2024)
ESRS S1-1 Human rights policy commitments, paragraph 20	Annex I, table 3, indicator no.9 e Annex I, table 1, indicator no.11		ESRS S1 – Own workforce; Policies
ESRS S1-1 Due diligence policies on issues		Commission Delegated Regulation	ESRS S1 – Own workforce; Policies

addressed by fundamental International Labor Organization conventions 1 to 8, paragraph 21		(EU) 2020/1816, Annex II	
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	Annex I, table 3, indicator no.11		N/A (not material in 2024)
ESRS S1-1 Workplace accidents prevention policy or management system, paragraph 23	Annex I, table 3, indicator no.1		ESRS S1 – Own workforce; Policies; Actions and metrics
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32, letter c)	Annex I, table 3, indicator no.5		ESRS S1 – Own workforce; Actions and metrics
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88, letters b) e c)	Annex I, table 3, indicator no.2	Commission Delegated Regulation (EU) 2020/1816, Annex II	ESRS S1 – Own workforce; Actions and metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88, letter e)	Annex I, table 3, indicator no.3		ESRS S1 – Own workforce; Actions and metrics
ESRS S1-16 Unadjusted gender pay gap, paragraph 97, letter a)	Annex I, table 1, indicator no.12	Commission Delegated Regulation (EU) 2020/1816, Annex II	ESRS S1 – Own workforce; Actions and metrics
ESRS S1-16 Excessive CEO pay ratio, paragraph 97, letter b)	Annex I, table 3, indicator no.8		ESRS S1 – Own workforce; Actions and metrics
ESRS S1-17 Incidents of discrimination, paragraph 103, letter a)	Annex I, table 3, indicator no.7		ESRS S1 – Own workforce; Actions and metrics
ESR S1-17 Non-respect of UN Guiding Principles on Business and Human Rights and OECD, paragraph 104, letter a)	Annex I, table 1, indicator no.10 e Annex I, table 3, indicator no.14	Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	ESRS S1 – Own workforce; Actions and metrics
ESRS 2 SBM-3 – S2 Significant risk of child labor or forced labor in the value chain, paragraph 11, letter b)	Annex I, table 3, indicators nn. 12 and 13		N/A (not material in 2024)
ESRS S2-1 Human rights policy commitments, paragraph 17	Annex I, table 3, indicator no.9 e Annex I, table 1, indicator no.11		ESRS S2 –Value chain workers; Policies
ESRS S2-1 Policies related to value chain workers, paragraph 18	Annex I, table 3, indicators nn. 11 and 4		ESRS S2 – Value chain workers; Policies
ESRS S2-1 Non-respect of UN Guiding Principles on Business and Human Rights and OECD Guidelines,	Annex I, table 1, indicator no.10	Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated	ESRS S2 – Value chain workers; Policies

paragraph 19		Regulation (EU) 2020/1818	
ESRS S2-1 Due diligence policies on issues addressed by fundamental International Labor Organization conventions 1 to 8, paragraph 19		Commission Delegated Regulation (EU) 2020/1816, Annex II	ESRS S2 – Value chain workers; Policies
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Annex I, table 3, indicator no.14		ESRS S2 – Value chain workers; Policies
ESRS S3-1 Human rights policy commitments on, paragraph 16	Annex I, table 3, indicator no.9 e Annex I, Table 1, indicator no.11		ESRS S3 – Affected communities; Policies
ESRS S3-1 Non-respect of the United Nations Guiding Principles on Business and Human Rights, the ILO Principles or and the OECD Guidelines, paragraph 17	Annex I, table 1, indicator no.10	Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	ESRS S3 – Affected communities; Policies
ESRS S3-4 Human rights issues and incidents, paragraph 36	Annex I, table 3, indicator no.14		ESRS S3 – Affected communities; Policies
ESRS S4-1 Policies related to consumer and end-users, paragraph 16	Annex I, table 3, indicator no.9 and Annex I, table 1, indicator no.11		ESRS S4 – Consumers and end-users; Policies
ESRS S4-1 Non-respect of the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 17	Annex I, table 1, indicator no.10	Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	ESRS S4 – Consumers and end-users; Policies
ESRS S4-4 Human rights issues and incidents, paragraph 35	Annex I, table 3, indicator no.14		ESRS S4 – Consumers and end-users; Policies
ESRS G1-1 United Nations Convention against Corruption, paragraph 10, letter b)	Annex I, table 3, indicator no.15		ESRS G1 – Business conduct; Prevention and detection of corruption
ESRS G1-1 Protection of whistleblowers, paragraph 10, letter d)	Annex I, table 3, indicator no.6		ESRS G1 – Business conduct; Prevention and detection of corruption
ESRS G1-4 Fines for violations of anti-corruption and anti-bribery laws, paragraph 24, letter a)	Annex I, table 3, indicator no.17	Annex II of Delegated Regulation (EU) 2020/1816	ESRS G1 – Business conduct; Prevention and detection of corruption
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24, letter b)	Annex I, table 3, indicator no.16		ESRS G1 – Business conduct; Prevention and detection of corruption

GROUP GOVERNANCE

The governance model of the Parent Company and of the management and coordination scope companies is founded on the principle of sharing a single business design whose goal is to create value for the affiliated banks and the Group as a whole.

This principle is designed to ensure:

- an adequate level of integration and coordination for the effective implementation of the Group's organizational model, the achievement of economies and synergies, and the achievement of strategic objectives;
- the degree of independence of the directors of the management and coordination scope companies to enable them to be fully accountable for strategic and operational decisions, consistent with the guidelines and guidance provided by the Parent Company;
- the operational autonomy and the accountability of the management and coordination scope companies' management, in order to ensure the full achievement of the results envisaged in their strategic plans and, consequently, the objectives of the Group's Strategic Plan.

The Group is founded on the Parent Company's powers of management, coordination and control as resulting from the provisions of primary legislation, supervisory regulations governing banking groups and the Cooperative Banking Group, the Cohesion Contract and the Group's company rules.

The distinctive features of the governance model of the Iccrea Group can be summarized as follows:

- a management, coordination and control model developed using a risk-based approach centered on a voluntary agreement with the affiliated banks (the Cohesion Contract);[55]
- a corporate governance model designed to ensure the appropriate quality and scale of the membership of the management and control bodies of the Group companies in order to ensure governance arrangements are based on sound and prudent management criteria;
- a monitoring and classification system for the risks to which the affiliated banks are exposed, based on qualitative and quantitative indicators: the Early Warning System (EWS). The responsibility for this activity rests with the Board of Directors of the Parent Company, which is advised by a specific Board committee, i.e. the Affiliated Bank Controls & Interventions Committee (CIBA), composed of independent directors tasked with monitoring, classifying and assessing risks involving the affiliated banks;
- the implementation of a non-contributory system of protection within Iccrea (the Guarantee System), which guarantees, in addition to capital support for the solvency and liquidity of the Group companies, also protection for the shareholders and customers of the companies that benefit from it and therefore for the entire local area served by them.

The Parent Company carries out management, coordination and control activities in the following fields: (i) Corporate governance, (ii) Strategic planning, (iii) Risk management and internal control system, (iv) Lending policies and related risk profiles, (v) Financial management and related risk profiles, (vi) Marketing and distribution, (vii) Communication and media relations, (viii) Management and supervisory reporting, (ix) Tax management, (x) Organizational model, (xi) Purchasing and expenditure, (xii) Human resources, (xiii) IT, (xix) Legal affairs, (xx) Operations and real estate, (xxi) Sustainability.

On top of the management, coordination and control activities as described above, in its capacity as Parent Company, Iccrea Banca is therefore expected to perform several different functions, including:

- support the management and coordination scope companies in the pursuit of the objectives set out in their articles of association;
- ensure and promote the functions, mutualistic purposes and local nature of the affiliated banks, supporting them in developing a relationship of mutual benefit with shareholders and their operations in the areas in which they operate;

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[55] In addition to providing for "general" powers of direction and coordination over the affiliated banks, the Cohesion Contract also regulates the specific powers required to ensure that the management and control systems are uniform and effective at the consolidated level. It also provides for compliance with prudential requirements and reporting obligations applicable to the affiliated parties, as well as with any other provisions on banking and financial matters.

- preserve and develop the Group's cooperative spirit and typical mutualistic function, performing its role and its functions in line with the principles of mutual banking, solidarity, equality of treatment and non-discrimination;
- steer the Group towards business models that are consistent with cooperative principles, having regard to the objectives of equilibrium and effective operation of the Guarantee Agreement and adopting organizational measures and Group arrangements that limit the risks deriving from its activities;
- perform the role of exclusive contact with the supervisory authorities with regard to consolidated supervision and in conducting relations with third-party institutions;
- issue directives and recommendations for the implementation of the general and specific instructions of the supervisory authorities in the interests of the stability and sound and prudent management of the Group and its components, ensuring compliance with prudential regulations and, if necessary, implementing the intercompany support referred to in the Guarantee Agreement;
- implement any further general and specific instructions of the supervisory authorities and requirements of the resolution authority concerning the resolvability of the Iccrea Group and the application of the associated resolution plan;
- verify compliance by the scope companies with the directives issued on the basis of the instructions of the supervisory authorities in order to ensure compliance with prudential supervision rules. The governing bodies of individual companies remain responsible for ensuring that reporting flows are correct and that the procedures for producing and checking the data supplied are satisfactory;
- foster the competitiveness and efficiency of the scope companies by offering a range of products, services and organizational and technological solutions that meet market demands;
- provide the affiliated banks with periodic information flows regarding the Group's operations, financial position and performance.

COMPOSITION AND ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND CONTROL BODIES

The Parent Company is responsible for defining corporate governance guidelines ensuring that the administrative, management and control system is effective and appropriate to the structure, activities and risks of the Group and all its member, therefore taking into account the organizational structures and the administration and control models adopted by the articles of association of the companies within the management and coordination scope and the complexity of the various risks to which the Group and the individual companies are exposed.

The Group's corporate governance model is based on the following principles:

- company officers must be fit to perform the administration or control duties assigned to them; [56]
- the overall composition of the Board of Directors and Board of Auditors must be suitably diversified not only in terms of professional qualifications and competence, but also age, gender and time in office (seniority), so as to foster an exchange of views and internal dialogue within the governing bodies, facilitate the emergence of diverse approaches and points of view when issues are analyzed and decisions are taken, provide effective support to corporate processes in developing strategies and take account of the multiple interests that contribute to the sound and prudent management of the company;
- the duties and powers of management and control are distributed in a clear and balanced manner, avoiding concentrations of power that could prevent effective internal dialogue and the creation of organizational units (e.g. interbody committees) with powers that could encroach on the prerogatives of the corporate bodies themselves;[57]
- directors act in an informed manner, aware of their regulatory obligations laid down in, among other sources, supervisory provisions;
- all the directors of the Parent Company and of the management and coordination scope companies understand the duties and responsibilities associated with their positions and take part in initiatives to enhance their knowledge of the Group and its companies and their dynamics, having regard to the applicable regulatory framework, in order to be able to perform their duties in an effective manner;
- the Chairman of the Board of Directors plays a key role within that body. Chairpersons must be able to perform their duties as guarantor of the proper operation of the Board of Directors and, above all, take responsibility for encouraging effective dialogue within the Board, ensuring that it operates effectively and that all its members make constructive contributions;
- the Chairman of the Parent Company's Board of Directors is not a senior executive of the Group. He has neither an executive role nor does he perform operational functions, even on a de facto basis, although he may take decisions for which the Board of Directors is responsible in urgent situations, acting on a binding proposal of the executive bodies, subject to reporting to the Board at its next meeting;
- the Chairman is not a member of the Executive Committee, even if he attends its meetings – without voting rights – in order to ensure a reliable information flow between the Board of Directors and the relevant delegated body. The Chairman coordinates the Board's activities and ensures that it functions normally and that information within the Board is circulated regularly in compliance with the articles of association and company rules;
- the Board of Auditors must act proactively, seeking to prevent anomalies, malfunctioning or irregularities, operating both with regard to the companies' interest and bearing in mind the environment in which the Group operates. In this regard, the Parent Company's Board of Auditors works in close liaison with the corresponding bodies of the direct scope companies and the affiliated banks;
- the Group has established appropriate safeguards against conflicts of interest. More generally, arrangements have been made to manage the risk that close relationships between individuals and company decision-

[56] For this purpose, with specific regard to the corporate governance model of the Group's supervised entities (banks, financial intermediaries under Art. 106 of the Consolidated Banking Act), Art. 26 of the Consolidated Banking Act and Art. 13 of the Consolidated Law on Financial Intermediation (Consolidated Act) require that company officers shall meet the requirements for professionalism, integrity and independence, meet criteria of competence and fairness and devote the time necessary for the effective performance of their duties so as to ensure the sound and prudent management of the supervised entities

[57] Accordingly, the scope of delegated powers must be established specifically and must be clear and precise, setting quantity or value limits and providing for procedures for their exercise so that the collegial body is able to specifically verify that the powers have been employed correctly and to exercise its own powers of direction or to assume the powers of other subordinate bodies.

making centers might jeopardize the objectivity and impartiality of decisions concerning transactions in which they are involved or actions that they may take within the scope of their management, coordination and control activities that would otherwise lead to distortions in the allocation of resources, the exposure of the company to risks that have not been adequately measured or managed or possible potential harm to customers and shareholders.

In this context, the Board of Directors of the Parent Company is responsible for the strategic supervision and management of the company. As the top management body of the Parent Company, the Board of Directors also has the power to strategically direct the companies within the management and coordination scope, as sanctioned by the provisions of the Civil Code governing the Parent Company and its subsidiaries (see Art. 2497 of the Civil Code), to be implemented using the tools set out in the Group rules. The Board of Directors of the Parent Company also exercises control over the implementation of strategic guidelines.

The Boards of Directors of the companies within the management and coordination scope exercise strategic oversight functions for their respective companies in compliance with the instructions of the Parent Company's Board of Directors through the approval of the Group Strategic Plan, as well as performing management functions in accordance with the specific nature of their business. More specifically, the Boards of Directors of the companies within the management and coordination scope:

- implement the strategic guidelines and risk management policies established at the Group level by the Parent Company's Board of Directors. They must be aware of the risks to which the company is exposed and understand and approve the methods used to identify and measure the risks themselves;
- approve the organizational structure of their company; ensure that duties and responsibilities are assigned in a clear and appropriate way - with particular regard to mechanisms for the delegation of powers - and subject them to review where necessary; and ensure that company policies and procedures are communicated promptly to all affected personnel;
- adopt the Group's internal control system and ensure that the operation, efficiency and effectiveness of the internal control system are periodically evaluated and that the findings of the audits are brought to the attention of the Board. If deficiencies or anomalies should be found, promptly adopt appropriate corrective measures;
- approve the procedures and organizational safeguards implemented to contain risks in respect of related parties, consistent with the applicable policies defined by the Board of Directors of the Parent Company;
- implement the directives issued by the Parent Company, including those issued in execution of instructions given by the supervisory authorities to preserve the stability of the Group.

Accordingly, the Boards of Directors of the Parent Company and of the companies within the management and coordination scope are invested with all the powers of ordinary and extraordinary management of their companies and have the power to take decisions on all acts falling within the corporate purpose that have not been reserved by applicable legislation to the authority of shareholders' meetings. In supervised entities, these bodies are responsible for the strategic oversight and management functions defined in supervisory provisions.

The Boards of the Parent Company, the companies with the direct scope and the affiliated banks have their own internal rules governing the following matters:

- the powers, duties and responsibilities of the Board;
- the functioning of the Board, with specific reference to:
  - the role of the Chairman;
  - the procedures for holding meetings, specifying the roles present within the Board;
  - the procedures for adopting resolutions and their consequent recording and storage.

The principles applicable to the appointment and selection of corporate officers of the supervised entities within the Iccrea Cooperative Banking Group are set out in the corporate governance policies of the Iccrea Group and in the policy on the eligibility of officers of supervised entities.

With reference to the stakeholders involved in the appointment process, the Group's Corporate Governance Policies provide as follows:

- the management and control bodies of the Parent Company and of the management and coordination scope companies are elected by their respective Shareholders' Meetings in accordance with the election procedures set out in their articles of association and, where applicable, their election rules;
- the Shareholders' Meetings of the direct scope companies appoint the candidates for their respective Boards of Directors indicated by the Board of Directors of the Parent Company by means of directives;
- the Shareholders' Meetings of the affiliated banks appoint their governing bodies autonomously, subject to the provisions concerning the powers of appointment and dismissal granted to the Parent Company under applicable legislation and the articles of association. The election procedure that they use is governed by the Meeting and election rules adopted by each affiliated bank, which use the standard rules drafted by the Parent Company as a model.

The supervised entities are tasked with the identification of suitable representatives and ensuring appropriate qualitative/quantitative composition of the administrative and supervisory bodies, in order to guarantee corporate governance based on sound and prudent management criteria.

With regard to the selection criteria and the appropriate qualitative/quantitative composition of the management bodies, the policy on the eligibility of officers of the Group's supervised entities establishes that the membership of the corporate bodies must be adequately diversified in order to:

- encourage the exchange of views and internal dialogue within the bodies;
- encourage a plurality of approaches and perspectives in the analysis of issues and taking decisions;
- effectively support company processes for strategy development, management of operations and risks and oversight of the actions of senior management;
- take account of the multiple interests that contribute to the sound and prudent management of the supervised entity.

The number of members of the Boards of Directors of supervised entities are determined considering the size and complexity of the organizational structure of each company. In accordance with the principle of proportionality, and in order to ensure that Boards of Directors are not oversized, the size of the affiliated banks' Boards of Directors comply the provisions of the standard articles of association drawn up by the Parent Company and specifically:

- 5-7 directors for small banks – assets of €250 million or less;
- 7-9 directors for medium banks – assets of between €250 million and €3.5 billion;
- 9-13 directors for large banks – assets over €3.5 billion.

The policy on the eligibility of officers of Group supervised entities also provides that the Group banks shall take account of the following criteria:

- the collective composition of the Board shall meet at least the following requirements in order to ensure an adequate balance in terms of age, gender and seniority:
    - average age of 65 years or less;
    - at least one director younger than 45 at the time of voting (not applicable to the Parent Company and the supervised direct scope companies, may be applied to the affiliated banks when electing all or part of the Board of Directors);
    - at least 33% of the members belong to the less represented gender, in line with the recently updated supervisory provisions on the corporate governance of Banks;
    - an average total seniority in office - calculated as the number of terms already held in the bank by each officer divided by the number of directors – of 5 full terms or less;
    - at least one member in his/her first term of office, if the average total seniority in office is greater or equal to 3 full terms;
- the Group's corporate governance policies and the Cohesion Contract provide for the appointment of a director in charge of the internal control system, who shall have appropriate expertise in this area and who, if the bank has not established a Risks Committee, shall also oversee issues concerning risk assets in respect of connected persons;

- it is considered a good practice that: i) at least one member of Board committees should belong to the less represented gender; ii) the positions of Chairman of the Board of Directors, Chairman of the Board of Auditors and Chief Executive Officer/General Manager shall not be held by officers of the same gender;
- with regard to the professionalism of Board members:
  - at least two-thirds of the members of the Board of Directors must have competence and/or experience in at least two of the subject areas referred to in the policy on eligibility. No shortcomings shall be accepted for the chairmen of the Boards of Directors of the banks;
  - in smaller banks with less complex operations, at most half of non-executive officers may be selected from among people who meet the requirements laid down in Art. 8, paragraph 2, of the Decree;
  - at least one of the directors must have theoretical knowledge of and/or practical experience in: i) matters connected with environmental, social and governance (ESG) factors; ii) matters connected with money laundering and terrorist financing;[58] iii) particular or sector-related subjects meeting the specific needs of the bank and knowledge of or experience which are identified within the scope of an optimal qualitative and quantitative assessment.

The possession of an appropriate level of experience and knowledge is verified based on a careful examination of previous professional experience or other technical knowledge and skills acquired by the company officer or manager through education and training in the areas provided for by Ministerial Decree 169/2020[59] or, in particular or sectoral areas (e.g. legal, management, IT, HR, cooperation, etc.), that meet specific needs of the supervised entity or that are identified within the assessment of the optimal composition defined by the competent Body, including ESG areas.

The Board of Directors of the Parent Company is made up of 15 directors, of whom 10 are elected from among the directors of the Group's mutual banks. Of the 15 members of the Board, five make up the Executive Committee and four meet the statutory independence requirements. The membership of the Board is considered appropriately diversified in terms of its professionalism, skills and experience, as it includes members of the professions, entrepreneurs, university professors and managers of large companies.

The Boards of Directors of the Group's financial intermediaries under Art. 106 of the Consolidated Banking Act and asset managers are formed in accordance with the same principles as those provided for the Group banks, with the exception of the provisions on professionalism. With regard to gender diversification, at least 20% of the members of the Board of Directors shall belong to the less represented gender.

With regard to the collective composition of the Boards of Auditors of the Group banks, in order to ensure an appropriate balance in terms of age, gender and seniority of their members, Group policies provide for compliance with the following criteria:

- the average age of its standing members shall not exceed 65;
- at least 33% of the standing members shall belong to the less represented gender;
- alternate auditors shall belong to both genders. The alternate auditor of the less represented gender among standing auditors is chosen from among certified auditors enrolled in the Register of Auditors who have practiced statutory auditing for no less than three years;
- with specific regard to the seniority, the requirements, if any, set forth in the respective articles of association shall apply.

With regard to the professionalism of the standing and alternate members of the Board of Auditors:

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[58] According to the policy, the experience of (i) at least three of the last five years in administrative or control roles in corporate bodies of companies operating in the credit, financial, securities or insurance sectors, or (ii) at least two of the last five years in the sectors referred to in art. 3 of Legislative Decree 231/2007 is relevant.

[59] The areas covered by the "Regulation on requirements and eligibility criteria of corporate officers of banks, financial intermediaries, collective guarantee financial consortia, electronic money institutions, payment institutions and depositor guarantee schemes." are the following: 1) financial markets, 2) regulation in the banking and financial sector, 3) strategic guidelines and planning, 4) organizational and corporate governance structures, 5) risk management (identification, assessment, monitoring, control and mitigation of the main types of risk of a bank, including the responsibilities of the officer in such processes), 6) internal control systems and other operational mechanisms, 7) banking and financial activities and products, 8) accounting and financial reporting, 9) information technology.

- at least one of the standing auditors and at least one of the alternate auditors shall be chosen from among certified auditors enrolled in the Register of Auditors who have practiced statutory auditing for no less than three years;
- at least one of the standing auditors must have theoretical knowledge of and/or practical experience in: i) matters connected with environmental, social and governance (ESG) factors; ii) matters connected with money laundering and terrorist financing; iii) particular or sector-related subjects meeting the specific needs of the bank and knowledge of or experience which are identified within the scope of an optimal qualitative and quantitative assessment;
- at least two standing auditors shall have competence and/or experience in at least two of the subject areas referred to in the eligibility policy.

The supervised companies are also responsible for ensuring that the directors comply with the requirements and suitability criteria identified by the legislation at the time of appointment and for the entire duration of the assignment.

In compliance with supervisory provisions and company rules on the matter, each year Iccrea Banca’s Board of Directors conducts a self-assessment exercise in order to verify its proper and effective functioning and ensure that its membership is appropriately composed. Every three years the assessment is conducted with the assistance of a specialized independent advisor.

The last self-assessment exercise, carried out with specific focus on ESG-related issues, identified a need to further strengthen the competence of the members, using the industry best practices and favoring a consistent comparison with industrial benchmarks.

The table below shows the composition of the Board of Directors for the Parent Company and the Group as a whole.

COMPOSITION OF THE BOARD OF DIRECTORS OF THE PARENT COMPANY BY GENDER AND AGE GROUP			2024
Age group (no.)	**Men**	**Women**	**Total**
Under 30	0	0	**0**
Between 30 and 50	0	0	**0**
Over 50	9	6	**15**
Total	**9**	**6**	**15**

COMPOSITION OF THE BOARD OF DIRECTORS OF THE PARENT COMPANY BY GENDER AND AGE GROUP		2024	
Age group (%)	**Men**	**Women**	**Total**
Under 30	0%	0%	**0%**
Between 30 and 50	0%	0%	**0%**
Over 50	60%	40%	**100%**
Total	**60%**	**40%**	**100%**

The Board of Directors is composed by:

- 4 independent directors, equal to 27% of total;
- 5 executive directors and 10 non-executive directors

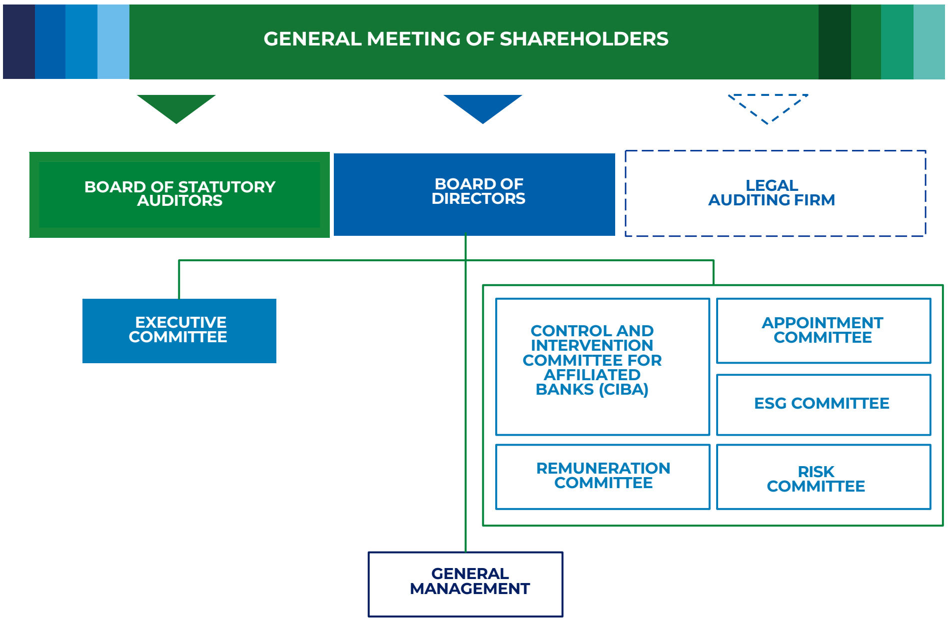
BOARD COMPOSITION AT GROUP LEVEL, BY GENDER (NO.)	2024
Women	292
Men	792
Total	**1,084**

DISTRIBUTION BY GENDER (%)	2024
Women	26.94%
Men	73.06%
Total	**100.00%**

BOARD COMPOSITION AT GROUP LEVEL, BY AGE GROUP (NO.)	2024
Under 30	1
Between 30 and 50	237
Over 50	846
Total	**1,084**

BOARD COMPOSITION AT GROUP LEVEL, BY AGE GROUP (%)	2024
Under 30	009%
Between 30 and 50	21.86%
Over 50	78.04%
Total	**100.00%**

At the Parent Company level, the Appointment Committee, Risks Committee and Remuneration Committee have been established as required by supervisory provisions in order to promote operational simplification. In addition to the above committees, an ESG Committee at the Parent Company level and an Affiliated Bank Controls & Interventions Committee (CIBA) have also been established to assist the Board of Directors in its decision making. Both of these provide advice and recommendations.



The Iccrea Cooperative Banking Group governance

The following provides a breakdown of the composition of the Board committees and the Board of Auditors of Iccrea Banca:

COMPOSITION OF THE BOARD COMMITTEES AND THE BOARD OF AUDITORS OF THE PARENT COMPANY BY GENDER AND AGE GROUP

Year	2024		
Distribution by age group (no.)	**Women**	**Men**	**Total**
Under 30	-	-	**-**
Between 30 and 50	1	1	**2**
Over 50	6	4	**10**
Total	**7**	**5**	**12**

The figures show that in 2024 the number of women sitting in Board committees [60] of the Parent Company and on the Board of Auditors came to 58% of the total. Also, three committees out of five are chaired by a woman. The Board of Auditors is also chaired by a woman.

In relation to the composition of the administrative and supervisory bodies and information on the personal details of its members, please refer to the "Corporate Bodies" section of the consolidated Report on operations.

It should be noted that there are no representatives of employees or other workers within the administrative bodies.

All management roles within the Parent Company (i.e. the General Manager, the Senior Deputy General Manager and the Deputy General Manager) are all men.

[60] The table includes the following Board committees: Risk Committee, ESG Committee, Remuneration Committee, CIBA Committee, Appointments Committee. It also includes the three standing members and three alternate members of the Board of Auditors. Individual who are member of more than one committee are counted only once. The members of the Executive Committee are not included.

SUSTAINABILITY GOVERNANCE

The Group has implemented a sustainability governance system to integrate ESG factors into the design of strategies and operating and control processes, based on precise centers of responsibility. This system promotes engagement among corporate bodies and areas across the organization and gives top priority to the creation and distribution of value to all our stakeholders.

The Board of Directors sets out the Group's sustainability guidelines and strategies, with specific regard to the objectives of sustainable finance and the integration of environmental, social and governance factors into corporate decision-making processes.

In particular, it is responsible for integrating ESG-related objectives into the business plan, the risk management and internal control system and remuneration policies. The Sustainability Plan and Group policies and sustainability guidelines are approved by the Board of Directors, after an analysis by Board committees for the provision of advice and recommendations within the sphere of their specific responsibilities.

The Board of Directors also assesses and approves, acting with the support of the Risk Committee, the overall methodological framework for the identification of the Group's risk profiles, including environmental climate risks, liquidity risks, operational risks and reputational risks, as well as the evaluation and approval of the results of the risk assessment conducted by the Risk Management Function, following analysis by the Risk Committee and the ESG Committee with regard to sustainability issues.

The Board is responsible for approving the Group Code of Ethics, the Group Charter of Commitments on the Environment and Climate Change, the Group Charter of Commitments on Human Rights, and the Group Policy on Sustainability, which represent the main documents in which the Group presents its core values and principles on sustainability, and defines the methodologies with which ESG factors are integrated into operational and control processes.

The Board of Directors also assesses and approves the list of material topics outlined during the materiality analysis, including the outcome of stakeholder engagement [61]) - with a view to setting guidelines and indicators to measure in the sustainability statement, prepared in accordance with the CSRD regulations, to be submitted to the Board for approval, after examination by the ESG Committee (and by the Risk Committee).

Therefore, action on the part of the Board of Directors takes place on several fronts, covering the processes of laying down and monitoring ESG strategies, regulatory compliance, emerging risk management and market disclosure, with the aim of providing impetus to the implementation of evolutionary developments and supervising planned projects and activities that have the capacity to facilitate and assist in sustainable transition in the tradition of the support that mutual banks historically give their local areas.

The governance structure defined by the Group, with specific regard to ESG issues, provides for:

- the appointment at the Parent Company level - of an ESG Director or ESG Committee, whose function is to provide advice, analysis and recommendations on issues relating to sustainability and the possibility, for companies - for the companies within the management and coordination scope – to do the same;
- the requirement for at least one of the directors of the Boards of Directors of the Group banks to possess theoretical knowledge and/or practical experience in areas related to environmental, social and governance factors (ESG).

These provisions guarantee, on the one hand, the ability of the Board of Directors of the Parent Company to assess, manage, direct and monitor the IROs material to the Group, and, on the other, the ability of the Board of Directors of Group companies to implement the Group strategies for the management of the IROs, adapting them to their own context and strategy at local level.

As part of the assessment of the Group's risk profile, the **Risk Committee** provides assessments and opinions to the Board of Directors in defining the overall methodological framework for measuring risk, the guidelines for the risk control and management systems and in assessing the overall adequacy of such systems.

The **ESG Committee** is a board committee established in 2022 to replace the Director for Sustainability who, since May 2019, had supported the Board on these issues. Since its establishment, the ESG Committee has contributed

[61] See the sections "Strategy and stakeholders engagement" and "Double materiality"

to further strengthening the constant monitoring of sustainability issues and to increasing the level of attention paid to these issues. In performing its activities, including the discussion and analysis of the various issues connected to ESG factors, the Committee has acquired a holistic vision of the various initiatives to promote the integration of ESG factors into corporate processes, as well as a comprehensive understanding of the aspects relating to the assessment of risks associated with these issues.

In consideration of the ever-increasing interrelationships with other internal committees and the growing attention paid by stakeholders to sustainability, the ESG Committee rules were updated in February 2024, with changes instrumental to generating greater synergies between the committees and ensuring the provision of better and more incisive support to the Board of Directors' decision-making and policy action.

The ESG Committee is made up of three members chosen from among the members of the Board of Directors, at least one of whom is independent and, considering the close correlation between the work of the ESG Committee and the Risk Committee, coincides with the Chairman of the Risk Committee.

The Committee's main functions include the appraisal and formulation of opinions regarding:

- sustainability initiatives, objectives, and targets, also preparing proposals for integrating ESG factors in the Group Strategic Plan and monitoring their implementation;
- the Group's values and ethical approach;
- ESG reporting;
- activities related to bond issues under "Green, Social and Sustainability Bond Framework" and related reporting (Impact Reporting);
- ESG positioning of the Group, also in respect of participation in initiatives and indexes;
- models for the measurement of the social and environmental impact of the initiatives undertaken.

The Committee also promotes training activities directed at disseminating a sustainability culture within the company bodies and among employees. It conducts a preliminary analysis of in-house ESG training programs, suggesting ways in which these programs can ensure an adequate, complete and structured evolution towards a company sustainability culture at all Group levels. Specifically, the ESG Committee works jointly with the Remuneration Committee on the processes for the identification of strategic ESG objectives related to remuneration and incentives processes and with the Risks Committee on (i) corporate control function reports on climate-related and environmental risk and on ESG matters and factors integrated into the various control systems and (ii) observations regarding ESG matters expressed by the supervisory authorities and the agency engaged by the Group for the assignment of a sustainability rating.

The **Operations Committee** is an advisory committee to the General Manager on areas that concern the management of the Group in respect of the implementation of the Board of Directors' guidelines. The topics within the committee's remit include:

- the assessment and monitoring of the Group's main initiatives;
- in respect of strategic planning, the verification of the plans being defined and the proposal to the Board of Directors of the consequent guidelines;
- in respect of ESG initiatives, preliminary work on a proposal to the Board of Directors on priority activities to be carried out and supervision of the defined initiatives also providing alternative proposals if necessary;
- in respect of the financial situation, the preparation of budgets and monitoring the current and prospective results;
- in respect of the commercial, organizational and information system initiatives, their definition and monitoring their implementation.

The General Manager (of the Parent Company) and the heads of the central and business functions take part in this committee: Credit and Associates Activities Area (CLO), Chief Business Officer Area (CBO), Chief Financial Officer Area (CFO), Chief Information Officer Area (CIO), Chief Operating Officer Area (COO) and Institutional Communications unit.

During 2024, a review of the organizational structure of some organizational units in the sustainability field was undertaken, which led, among others, to the establishment of the new Sustainability Steering unit, replacing the Group Sustainability & ESG Strategy Organizational Unit, and located in the organizational chart within the CFO

Area.[62]

The **Sustainability Steering** unit is the focal point at Group level for the integration of ESG factors into corporate processes. It plays a proactive and coordinating role, directing its action along the following main lines: (i) participation in the strategic planning process, in coordination with the Planning and Control Function (target setting) and the Risk Management Function (integration of ESG risks)[63], therefore defining and updating the strategic sustainability guidelines; (ii) oversees the identification of ESG strategic partnerships and the definition and maintenance of the ESG product catalogue in support of the CBO area, and in coordination with the CLO and CRO Areas; (iii) ensures the definition of a social strategy at Group level in terms of charitable activities, charitable initiatives, sponsorships and third sector financing, in coordination with the Institutional Communications Unit; (iv) ensures the coordination of ESG initiatives, also with reference to regulatory requirements, ensuring the necessary involvement and interaction with the affected functions, as well as the preparation of reporting to top management and corporate bodies; (v) coordinates the acquisition and maintenance of the ESG Rating by interacting with the rating agencies; (vi) prepares external communications and voluntary disclosures on sustainability matters (for example, TCFD and Transition plan), in coordination with the Investor Relations Unit and the Institutional Communication Unit; (vii) ensures support to the Administration and Budget Function in collecting and consolidating the information for drafting the sustainability statement, interacting with the relevant corporate structures of the Parent Company, as well as with the companies in the consolidation scope; (viii) in close coordination with the Institutional Communication Unit, caters institutional relations on sustainability matters in order to ensure the representation of the Group's interests. Furthermore, it monitors regulatory developments and identifies the consequent interventions, in support of the Compliance Function, and ensures the adequate level of ESG skills within the corporate management in coordination with competent units in the matter.

For the fulfillment of the above listed functions, the unit is divided into two other sub-units, specifically the Sustainability Business Steering and Social unit and the Sustainability Reporting and Disclosure unit.

Finally, the Group's organization provides for the role of the **ESG Ambassador**, who within each corporate Area of the Parent Company and within each Group company acts as coordinator in respect of ESG issues, as well as a liaison with the Sustainability Function of the Parent Company. In some cases, this role is also included in specific ESG structures set up at local level. In order to guarantee the overall coordination and direction of the processes of collection and evaluation of data, information, projects, initiatives relating to ESG issues, the ESG Ambassador, among others:

- handles the dialogue with the relevant functions of the Parent Company, during the identification, planning and monitoring of ESG strategies;
- collects data and information, based on input from the relevant functions of the Parent Company, for the implementation of the non-financial reporting process;
- guarantees the completeness, consistency and accuracy of the information collected for the purpose of preparing the sustainability statement pursuant to the CSRD and ensure the related information flows to the competent organizational unit (Administration and Budget), through specific control activities and prior authorization of its Chief/General Management.

Thanks to the characteristics of the Group in terms of diversity of member entities and of the areas where they operate, this organizational structure has allowed the activation of a virtuous process of management of the matter the impacts on the economy, the environment and people.

Body/Committee	Role
Board of Directors	In respect of corporate governance: approves the establishment of board committees; ensures the correct implementation of the information process to the public; approves a policy for the promotion of diversity and inclusiveness; establishes the rules of professional conduct, also through a code of ethics or similar instruments, ensuring their implementation and monitoring compliance by the staff. In respect of strategic planning: defines and approves the business model, being aware of the risks to which this model exposes the Group and understanding the methods through which the risks are detected and assessed; defines and approves the strategic lines and management directions with a view to guaranteeing the achievement of the corporate purpose and provides for their periodic review also in relation to the evolution of the company's activity and the external environment, taking into account, among others, objectives of sustainable finance and the integration of ESG factors in the company's decision-making processes.

[62] As from January 2025

[63] This includes the double materiality analysis - including stakeholders engagement - aimed at identifying material impacts, risks and opportunities and thus defining the sustainability strategy.

	In respect of risk management and internal control system: defines the RAF/RAS and the ICAAP/ILAAP process; defines and approves risk governance policies and the risk management process, and approves internal risk assessment and control models, methodologies and criteria (with reference to Climate & Environmental risks, examines and approves the results of the implementation of the related Framework and directs the development of the strategies and expected positioning of the Group); defines and approves the overall structure of the internal control system; approves the code of ethics aimed at the dissemination of a culture of internal controls and mitigation of operational reputational risks, ensuring that it defines the principles of conduct, and the process for reporting violations (whistleblowing). It examines and approves policies and initiatives aimed at implementing the strategic and risk management guidelines defined, including the policies that define the Group's approach in relation to ESG issues. Based on the analysis by the board committees, it approves methodologies and results of the double materiality exercise pursuant to the CSRD. Based on the analysis by the board committees, it approves the sustainability statement pursuant to the CSRD, as part of the preparation and approval of the consolidated financial statements. It proposes the remuneration and incentive policy to the Shareholders' Meeting, determines the remuneration of Directors and Auditors to be submitted to the Shareholders' Meeting, and determines the remuneration of the General Manager and management personnel identified in the Remuneration Policy.
Risk Committee	Supports the Board of Directors in the definition and approval of: • strategic guidelines for risk management and control (particularly in the RAF/RAS area), the framework and policies for risk governance (including climate and environmental risks), and the ICAAP/ILAAP processes, supporting the Board of Directors in the subsequent control on the implementation of these guidelines. • the process for the development of new products and services, the launch of new activities, and entry into new markets. • the Group Code of Ethics, aimed at disseminating a culture of internal controls and mitigating operational and reputational risks, and the Group Anti-Corruption Code of Conduct, as well as the internal systems for reporting violations (whistleblowing). Expresses assessments and opinions to the Board of Directors about the compliance with the standards applicable to the Internal Control System and the company organization and the requirements applicable to the Corporate Control Functions, on their organizational structure, and on the overall adequacy of the internal control system. Examines the periodic results of the application of the Corporate Risk Management and Control Framework that are implemented by the Corporate Control Functions, expressing its assessments, among others, on climate and environmental risks (without prejudice to the competences of the ESG Committee), including the results and periodic implementation of the Climate & Environmental Risk system.
ESG Committee	Expresses assessments and opinions to the Board of Directors about: • sustainability initiatives, objectives and targets, developing proposals to include in the section of the Group Strategic Plan dedicated to ESG strategies, and on policies that operationally implement ESG strategies in the various corporate areas. • ESG reporting, including the process of determining material topics in accordance with the relevant legislation, and monitoring the related regulatory developments. • the evolution of the Group's ESG positioning (including any adoption of initiatives and indexes). It examines and expresses opinions on CSRD reporting, disclosure to the public (in respect of ESG issues) and the TCFD, as well as reporting (Impact Framework) on bond issues under the “Green, Social and Sustainability Bond Framework” (also subject to examination by the Committee itself). It examines and formulates opinions to the Board of Directors regarding the Group's values and ethical guidelines (Group Code of Ethics, Group Anti-Corruption Code of Conduct, Organization, Management and Control Model pursuant to Legislative Decree no. 231/01 of the Parent Company, Commitment Charters), and promotes training initiatives aimed at disseminating the culture of sustainability within the corporate bodies and employees of the Group. Without prejudice to the competences of the Risk Committee, it analyses the reporting produced by the Corporate Control Functions on climate/environmental risks and relating to the ESG areas/factors integrated into the respective control systems. Without prejudice to the competences of the Remuneration Committee, it can formulate proposals for the identification of ESG-related strategic objectives in respect of remuneration and incentive policies (MBO).
Remuneration Committee	Evaluates proposals on fixed and variable remuneration of personnel whose remuneration and incentive schemes are decided by the Board of Directors Evaluates proposals and expresses an opinion to the Board of Directors regarding the performance objectives related to the variable component of remuneration and their achievement
Sustainability Steering	Oversees, at Group level, the processes of defining and monitoring sustainability strategies and integrating ESG factors into corporate processes, ensuring coordination of ESG initiatives, also with reference to regulatory requirements. Contributes to strategic planning by defining the ESG macro strategy (positioning and ambitions, initiatives, objectives and targets) in coordination with the other organizational units (including the Planning and Control Function within the broader strategic planning process, and the Risk Management Function in risk identification, assessment and monitoring - including Climate & Environmental risks, continuously updating the sustainability guidelines in line with these processes). Oversees the definition of strategic directions and identification of ESG partnerships and defines the guidelines for the development and maintenance of the ESG-related lending and investment product catalogue, in support of and in coordination with other organizational units (Chief Business Officer area, Chief Lending Officer area, and Risk Management Function). Ensures the definition of a social strategy and strategic objectives at Group level in terms of charitable activities, charitable initiatives, sponsorships and third sector financing. Contributes to the preparation of periodic reports to the top bodies on ESG matters. Handles the preparation of external communications and voluntary disclosures on sustainability (including TCFD), and supports the other organizational units in the process of preparing sustainability reporting pursuant to the CSRD, including the process of defining the relevant topics pursuant to the aforementioned regulation.

The activity of the Sustainability Steering unit is also supported by formal information flows to the top management and corporate bodies related, as commented above, to: (i) sustainability strategies and the relative degree of achievement; ii) results of the double materiality analysis (including the stakeholder engagement process); (iii) disclosure on sustainability matters; (iv) periodic progress status of sustainability projects.

As part of its tasks, the unit works with the competent functions, the board committees and the Risk Management function to identify and propose strategic sustainability objectives, ensuring their full integration with the strategic guidelines defined by the corporate bodies.

Based on these periodic information flows, the Board of Directors approves the corporate strategies, outlined and proposed by the competent units, in line with the results of the double materiality analysis (approved by the Board of Directors, at least annually), and monitors the achievement of the strategic objectives set from time to time.

The table below describes the main information flows produced by the unit for the governance and control bodies.

Matter	Description of the information flow and its frequency	Beneficiaries
ESG Strategies	Annual presentation of the Sustainability Plan with the main ESG strategies. Presentation of the progress of ESG initiatives of the Group at least every six months, also with respect to specific indicators, milestones and/or deliverables.	Board of Directors, ESG Committee, Board of Statutory Auditors
ESG strategies and reporting	Presentation of the results of the double materiality analysis (carried out annually or infra-annually in the case of significant changes during the period), including the stakeholder engagement activity, aimed at identifying material topics for the Group and related IROs.	Board of Directors, ESG Committee, Board of Statutory Auditors
Supervisors	Presentation of feedback received from Supervisory Authorities in relation to ESG issues, including the assessment and management of climate and environmental risks (CEMA), the related response/action plans in response to recommendations and/or findings received. Presentation of the progress of the action plans defined and communicated.	Board of Directors, ESG Committee, Board of Statutory Auditors
Rating agencies	Annual presentation of the results of the Rating Agency assigning ESG ratings to the Group (including the evaluation process and methodologies adopted), and description of the strengths and areas for improvement identified in light of the assigned rating.	Board of Directors, ESG Committee, Board of Statutory Auditors

During the year, preparatory activities were carried out for the integration of ESG KPIs in the variable remuneration of the top roles of the Iccrea Cooperative Banking Group. More information in the section “Incentive schemes” of this document.

DUE DILIGENCE

The proposal for a Directive on Corporate Sustainability Due Diligence (CSDDD or CSD3) published in 2022 came into force on July 25, 2024 (and will apply to the 2026 financial year). The Directive will introduce due diligence duties regarding the identification, prevention, mitigation and reporting of negative social and environmental impacts caused by companies with their activities and in their value chain, the scope of which extends to its established direct and indirect commercial relationships. Such “active” responsibility in the identification and mitigation of negative impacts and social and environmental risks generated by the company’s activities, extends in particular to the entire supply chain.

With reference to the current reporting year, the Group does not have a due diligence policy in place. The process is however integrated in the Group's sustainability strategy and business processes, in particular in the identification, assessment[64] and management of material negative impacts within double materiality: following the materiality analyses, the Board of Directors approves the most appropriate strategies for their mitigation, within the broader multi-year strategic plan, which also includes the multi-year sustainability strategy.[65]

The Group plans to start the preparatory analysis to prepare to be compliant with the regulation, through the mapping and implementation of a system for evaluating, mitigating and monitoring the negative impacts and social and environmental risks generated in the supply chain, and the subsequent drafting of a related policy on the roles and responsibilities of the corporate bodies managing the due diligence process.

[64] As regards the process of identifying and evaluating negative impacts (also subject to stakeholder analysis) and of analyzing and approving the results of the double materiality analysis by the ESG Committee and the Board of Directors, please see the information provided in the previous section “Double materiality”.

[65] See the section “Sustainability strategy and relationship with stakeholders”.

THE INTERNAL CONTROL SYSTEM

The Corporate Control Functions integrate aspects of the management of sustainability-related issues into their risk identification and mitigation and review processes.

With reference to second level control functions:

- within the Risk Management Function, the Climate & Environmental Risk Governance unit, established in 2021, is the focal point, within the CRO Area, for cross-cutting initiatives in the field of climate and environmental risks and more generally for ESG risks, in particular in order to ensure the correct definition and implementation of the individual phases making up the identification, assessment and management of climate and environmental risks as well as the developments aimed at the full integration of these risks into the broader Group risk management framework. It has the primary responsibility of ensuring the correct integration of the climate and environmental component into the broader Group risk management framework, managing and supervising the periodic assessment of materiality as well as the integration of the climate component into the main risk governance processes (RAF/RAS, ICAAP/ILAAP, Recovery Plan);
- within the Compliance Governance unit, dedicated to ensuring the continuous monitoring of the rules applicable to the Group based on the second-level control model for compliance risk, as well as the transversal consistency of the consulting activity on compliance issues, the Indirect Regulation, Ethics and ESG unit was established to address ESG issues, performing the following activities:
    - monitoring the development of external ESG regulations, evaluating their potential compliance risk impact on the Group's processes and procedures;
    - providing advice to corporate structures and bodies on the measures to take in order to ensure compliance with legislative provisions, rules, regulations and ESG standards;
    - promoting the adjustment and/or adoption of control measures within the processes impacted by the Group sustainability strategies through an integrated approach to compliance risk;
    - contributing to the process of integrating ESG factors into Group projects, verifying their completeness and regulatory consistency and monitoring compliance with related regulatory deadlines;
    - identifies the mandatory training activities to be provided by the competent structures of the Parent Company, and the related roles/figures to be involved;
- as part of the sustainability reporting process, the role of the Financial Reporting Officer (in charge of preparing corporate accounting documents), established in 2024, certifies to stakeholders that sustainability information prepared pursuant to CSRD and included in the consolidated report on operations complies with applicable regulatory requirements. The activities of the Officer in charge of sustainability reporting are integrated into the broader framework form managing the risk of incorrect financial information as defined by Law 262/05.

Finally, with regard to third-level controls, within the Internal Audit Function, a "professional family"[66] has been established, dedicated to control activities concerning ESG matters and with specific competence related to sustainability.

At the Parent Company level, the Risk Management, Compliance Governance and Internal Audit functions also include the presence of a figure with the role of ESG Ambassador.

ESG RISK MANAGEMENT

With particular reference to climate-related and environmental risks, starting from 2023 the Group has carried out a series of activities to:

- review, strengthen and extend the methodological approach to identifying climate and environmental risks, through the complete description of transmission channels, including a qualitative assessment of the time

[66] A knowledge center focused on specific issues operating transversally to the organizational structure of the area.

horizons in which such risks may emerge, and the definition of an explicit judgement on the Group's overall exposure to the climate-related and environmental (C&E) risks identified as material;

- strengthen the monitoring of the impact of climate and environmental risks, defining an analysis framework to evaluate their impact on the overall business environment, with the aim of informing and supporting the Group's strategic decisions.

From a methodological point of view, the Group has identified the Inevitable Policy Response – IPR Forecast scenario as the guide for defining the framework of material climate policies. In particular, the use of the IPR has allowed the definition of the narrative on the most relevant sectors for the Group and the assessment of risks and opportunities arising from regulatory developments in the area. The analysis involved the identification of the relevant sectors in relation to climate-related issues, and a subsequent detailed analysis through (i) the identification of the policies, in force or about to be issued, relevant for each identified sector, (ii) the analysis and qualitative assessment of the impact of the risks arising from climate policies on the entire value chain of the sector, (iii) the assessment of financing and transition support opportunities associated with the policies.

The Group's Risk strategy in relation to the C&E profile has been further strengthened, by setting out the following guidelines within the RAS 2024-2026:

- stabilization and containment of the C&E risk profile in the short term, accompanied by a progressive development of medium-term business strategy initiatives, to mitigate the possible impacts arising from these types of risk and to improve the overall positioning of the Group;
- strengthening and acceleration of the integration of climate and environmental risk factors in corporate/business processes, starting from an evolution of the framework and analysis tools in use, aiming for higher levels of accuracy in the identification and measurement/assessment of the impacts that these risk factors (C&E) can generate on the "primary" risks (credit risk, financial risks, operational risks, etc.);
- strengthening and acceleration of initiatives aimed at consolidating climate-related information in order to support strategic and business processes, as well as risk management and disclosure;
- strengthening of the Group's financial investment strategy over the plan period in terms of ESG shares in the overall Financial Portfolio.

These strategic guidelines are implemented within the Group RAS through specific Key Risk Indicators (KRI) appropriately updated and revised on the basis of the developments that have affected the C&E Risk identification framework and calibrated in terms of maximum tolerated and permitted risk levels, also in order to ensure subsequent monitoring.

Starting from December 2023, the Credit Risk Management framework has provided for the integration of climate and environmental factors within the system for determining ECL provisioning under IFRS 9. Specifically, the scope of application of the overlay has been extended to sectors with high transition risk.

Furthermore, in 2024, the Group continued the progressive integration of the climate component in the capital adequacy process and in the process of assessing the adequacy of the liquidity profile; in particular, within the ICAAP/ILAAP 2024 cycle, the following activities were completed:

- strengthening of risk identification included in the Capital & Liquidity Adequacy assessments (risk-map) through the introduction of a specific focus on C&E risks, taking into account the results of the intervention to strengthen the Climate & Environmental Risk framework in terms of taxonomy and relevance assessment;
- strengthening of climate-related analyses of short-term impact within the Capital & Liquidity Adequacy analyses in the internal regulatory/normative perspective (so-called adverse scenario), both with regard to transition risk and physical guarantee risk;
- inclusion in the Liquidity Adequacy assessment system of a specific climate risk-related stress event.

During the year, the overall upgrade of the methodological framework underlying the materiality assessment of climate and environmental risks on traditional banking risks (CEMA) continued. This assessment, conducted on an annual basis, is formalized in a specific document submitted, in its consolidated version, to the attention of the Corporate Bodies of the Parent Company and, for the individual component, to the Group companies.

The Group's approach to integrating climate and environmental risks into the risk management framework is divided into the following three steps:

- identification of the taxonomy on Climate & Environmental (C&E) risks. The activity involved the development of a C&E taxonomy and the identification of the main drivers for transition and physical risk, both climate-related and environmental;
- identification of the transmission channels and related time horizon, with the definition of transmission channels through the qualitative description of the propagation of C&E risks and the related impact on the time horizon in the risks relevant to the Bank;
- assessment of the Materiality of C&E risks, in which, for all types of climate-related and environmental risk relevant to the Group, materiality assessment analyses were carried out on the impact of these risks on identified traditional risks.

Transmission channels are the causal links connecting climate risk factors to financial risks. Following the identification of relevant C&E risk drivers, the Group has identified the transmission channels through which these drivers can cause - through the counterparties, assets or the economic environment in which the Group operates - a direct (damage to assets, value chain interruption, reduction in corporate profitability) or indirect (macroeconomic changes) impact.

The transmission channels have been defined on seven main types of traditional risk (i.e. credit, market, operational, liquidity, reputational/litigation, strategic and sovereign risk), highlighting how these drivers impact in the short, medium and long term at macro and microeconomic levels. The time horizon has been defined as follows:

- short term: up to 3 years, in line with EBA recommendations and horizon defined in the ICAAP;
- medium term: from 3 to 7 years, to highlight and coincide with the 2030 objectives defined by the UN - SDGs, the European Commission and intermediate alignments to the decarbonization objectives;
- long term: over 7 years.

Following the identification of transmission channels, the Key Risk Indicators (KRI) were also identified, allowing the construction of a metric for the subsequent assessment of the impact of the C&E risk transmission channel on the traditional risk for each portfolio being analyzed.

Together with each KRI, the Group also identified the “materiality thresholds”, i.e. the ranges of impact of the KRI on the portfolio concerned, functional to assessing the materiality of the C&E risks on the analyzed scope.

Both metrics - KRI and materiality thresholds - were defined on the basis of market benchmarks, conducted on Italian peers, as well as on the basis of expert-based assessments.

The purpose of identifying the KRIs and materiality thresholds is to obtain an overall assessment of the materiality of the exposure of the portfolio to each C&E risk.

This analysis was integrated into the broader process of double materiality analysis of the Group (see the section “Double materiality” in this document).

The assessment was carried out on the main risk types, i.e. credit, operational, liquidity, reputation and litigation risks and other risks.

CREDIT RISK

The methodology adopted by the Group involves the analysis of climate-related and environmental risks, assessed both in respect of transition risks and physical risks, on the various types of “traditional” risk and on the main portfolios being analyzed (i.e. Non-Financial Corporate – NFC portfolio, real estate collateral portfolio, etc.), through a clear breakdown of the transmission channels.

With reference to the analysis of C&E risks on credit risk, a “variable granularity” approach has been defined that allows a combined use of standard market providers, which guarantee a top-down C&E risk assessment aligned with “industry best practices”, and Italian providers, which allow the integration of a more granular view highlighting the peculiarities linked to the micro-sector/territorial characteristics of the Group’s portfolio, both supported by expert-based assessments.

Finally, this framework will be further strengthened with the consolidation of the process of collecting idiosyncratic information from customers (i.e. presence of mitigating elements, insurance, etc.).

With reference to the portfolio of collateral properties, transition risk is defined by the energy class of the property (i.e. Energy Performance Certificate – EPC) - commercial and residential - and by the relative distribution in the

Group's portfolio. A concentration towards properties with energy class “E”, “F” or “G” may determine a high risk of depreciation of such properties or significant renovation costs in order to improve the energy class.

OPERATIONAL RISK

The assessment of exposure to operational risks related to C&E issues, through the following transmission channels:

- damages to owned properties, through the analysis of the potential impacts on Group's properties if exposed to acute and chronic physical risks;
- operational discontinuity of the Group, following events that lead to an interruption of operations if properties instrumental to the provision of services (headquarters, branches and IT support structures of the Group Companies) were exposed to acute and chronic physical risks, based on the geographical area;
- operational discontinuity of the outsourcer, following events that lead to an interruption of the services provided by the suppliers if the properties instrumental to the provision of services for the Group, based on their location, were exposed to acute and chronic physical risks.

LIQUIDITY RISK

As regards the assessment of C&E risks on the liquidity profile, the Group associated each counterparty with a specific risk score, in order to quantify exposures relating to demand deposits of non-financial customers and the available margins of the irrevocable credit lines granted to customers.

Subsequently, the Group analyzed the impact of extreme physical risk events (e.g. landslides, floods, fires, earthquakes) on the main liquidity indicators (e.g. LCR) through a sensitivity analysis based on the following types of shocks:

- historical analysis of deposit outflows and drawdowns of committed credit lines in the mutual banks of Emilia-Romagna following extreme weather events in 2023;
- reverse scenario analysis to reach the LCR risk tolerance or the regulatory limit, used as a reference point to determine the level of deposit outflows and drawdowns of committed credit lines necessary to significantly compromise LCR levels.

The materiality threshold was measured in terms of the potential decrease in the LCR indicator with respect to a decrease greater than 100 pp required for a regulatory breach.

REPUTATIONAL AND LITIGATION RISK

As part of the development and initial application of the Reputational Risk Management framework, reputational and litigation risk analysis activities were conducted for the Group, with the aim of identifying and examining the potential effects on corporate reputation resulting from issues and/or potential events connected to or induced by climate-related or environmental risk factors.

This framework, broken down into reputational risk identification, assessment, management and mitigation, provides for the definition and updating of the "reputational risk identification matrix", containing the set of reputational risk scenarios relevant to the Group. The scenarios are broken down through specific analysis dimensions (Reputation Driver Model and Stakeholder Model) and are subject to periodic analysis and assessment in terms of potential impact on the Group and effectiveness of the containment measures in place.

With specific reference to climate-related and environmental risks, the Group has identified six climate transition risk scenarios (including, for example, greenwashing risk, misconduct on C&E issues, non-compliance with C&E regulations and expectations, etc.) with potential impact on reputational risk. The relevance of each of the transition scenarios is analyzed through the “what if analysis” which involves the combination of two evaluation elements:

- pressure to act exerted by stakeholders, defined as the degree of importance/sensitivity attributed by the stakeholder to the scenario;
- applicability and/or significance of the scenario with respect to the Group's operating context.

OTHER RISKS

This category includes, for example, strategic risk, measured by the amount of interest and commission income associated with the sectors and their relative riskiness, and sovereign risk, measured by a standard market methodology, based on public information provided by the European Commission.

ENVIRONMENTAL INFORMATION

DISCLOSURES PURSUANT TO ARTICLE 8 OF REGULATION 2020/852 (EU TAXONOMY REGULATION)

EU TAXONOMY FOR SUSTAINABLE ACTIVITIES

The following paragraphs provide information pursuant to art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council (hereinafter also "EU Taxonomy" or "Taxonomy"), which defines a regulatory framework for classifying sustainable economic activities, promoting transparency and reducing the risk of greenwashing. According to the EU Taxonomy, an activity can qualify as environmentally sustainable if it substantially contributes to at least one of the six environmental objectives identified in Article 9 of the Taxonomy Regulation, does not do any significant harm (*DNSH – Do not significant harm*) to any of these objectives and is carried out in compliance with minimum social safeguards. The legislation distinguishes between eligible economic activities, for which it has established the technical screening criteria, and taxonomy-aligned economic activities, actually meet those criteria. The Green Asset Ratio (GAR) is the indicator that shows the Group's exposure to activities aligned with the EU Taxonomy (in the numerator) compared to the total covered assets (in the denominator).

The reporting follows the provisions of the Delegated Regulations (EU) 2021/2139 and 2021/2178, which respectively regulate the list of eligible activities for the first two climate objectives (Climate change mitigation and Climate change adaptation) and disclosure requirements. Subsequent updates, including the Delegated Regulations (EU) 2022/1214 and 2023/2485-2486, have expanded the technical criteria and the scope of the Taxonomy.

For 2024, the Group provides disclosures on the eligibility and alignment indicators for the first two environmental objectives and further indicators, including the KPI for Nuclear and Fossil Gas activities and the KPI of the Financial Asset Manager.

In terms of **stock**, the **Group turnover-based GAR** is equal to **2.00%** of total covered assets, while the **capex-based GAR** is equal to **1.99%** of the total covered assets.

In terms of **flow**, the **Group turnover-based GAR** is equal to **0.49%** of the total covered assets, while the **capex-based GAR** is equal to **0.48%** of the total covered assets.

METHODOLOGIES FOR CALCULATING INDICATORS AND INFORMATION ON CIRCUMSTANCES

SCOPE OF CONSOLIDATION AND DATA LIMITATION

The information on EU taxonomy eligibility and alignment of consolidated assets is based on the prudential scope of consolidation of the Group as of December 31, 2024.[67] The consolidation complies with the provisions for the supervisory reporting of credit institutions under Regulation (EU) 575/2013 of the European Parliament and Council and Commission Implementing Regulation (EU) 2021/451 (FINREP).

The Green Asset Ratio is the ratio between EU taxonomy aligned assets (in the numerator) and total on-balance assets (in the denominator), the latter also defined as covered assets. [68]

The indicator includes, both in the numerator and denominator, exposures to financial and non-financial counterparties subject to NFRD reporting obligations, as well as exposures to households, local government and real estate repossessed collaterals held for sale. As required by law, the following categories of assets are to be taken into consideration exclusively in the denominator: i) derivatives; ii) exposures to undertakings that are not required to publish NFS; iii) demand interbank loans; iv) cash and cash-related assets; v) other assets (e.g. goodwill, etc.). These assets are not part of the numerator on a structural basis.

Details on the methodology adopted by the Group in respect of the eligibility and alignment of the main asset categories are reported in the following paragraph, together with the performance indicators relating to the so-called "off-balance sheet exposures", i.e. financial guarantees backing loans and advances and other taxonomy aligned debt instruments in respect of non-financial companies subject to disclosure obligations (NFRD) and

[67] As of December 31, 2024, the prudential consolidation scope coincides with the accounting consolidation scope, with the exception of real estate funds. For a description of the accounting consolidation scope, please refer to Part A of the Notes to the Financial Statements, Section 3 – Scope and method of consolidation.

[68] This excludes exposures to central government, central banks and supranational issuers and the trading book.

managed financial assets (so-called Assets Under Management).

INDICATOR CALCULATION APPROACH BY EXPOSURE TYPE

The calculation of the GAR KPIs was carried out by applying different approaches for the different types of assets that make up the portfolio in the scope.

Financial and non-financial companies subject to disclosure obligations under NFRD

For exposures to financial and non-financial counterparties subject to NFRD, the portion of debt securities, equity instruments, general-purpose loans and advances (i.e. where the use of the proceeds is unknown) is weighted by the alignment indicators reported in the disclosures thereof and acquired through a dedicated data provider. Specific-purpose loans and advances have been excluded from reporting for the current year, due to the difficulty in finding qualified information to verify compliance with the technical screening criteria. However, the Group is taking the necessary measures to extend the alignment screening to include cases not yet considered.

Exposures to households

The legislation provides that retail exposures to households include loans for the purchase and renovation of residential properties and consumer credit for the purchase of cars. In these cases, the calculation of the Group's GAR includes data in respect of loans for the purchase of buildings, the alignment of which is assessed in line with the technical screening criteria envisaged by the Delegated Climate Act, [69] by the recovery of data on energy performance, for the evaluation of the substantial contribution criterion and the assessment of the exposure of properties to physical risk. More specifically, we consider:

- Buildings built before 2021 that:
  - have a valid class A or higher energy performance certificate (EPC) (A+, A1, A2, A3, A4); alternatively,
  - in the absence of a valid EPC or with expired certification (i.e., for the purposes of calculating the KPI at 12/31/2024, issued before 12/31/2014) but in class A, have an energy consumption lower than the TOP 15% PED (Primary Energy Demand) threshold, in line with the provisions of FAQ 23 of the Taxonomy (decree "C/2024/6691");
  - have a valid energy performance certificate of class lower than A (e.g. B, C, D) and energy consumption lower than the TOP 15% PED threshold
- Buildings built in or after 2021 are considered aligned with the Taxonomy if they have an operational primary energy requirement at least 10% lower than the threshold envisaged for nearly zero-energy buildings (NZEB – Net Zero Energy Building).

Properties with a high degree of physical risk were not considered suitable for compliance with the DNSH criteria, in accordance with the provisions of Appendix A of the Delegated Regulation on Climate.

Loans for the renovation and construction of buildings and consumer loans for the purchase of cars have been excluded from the reporting for the current year, due to the difficulty in finding qualified information to verify compliance with the technical screening criteria.

Other exposures

Exposures to local government (loans and advances) and repossessed commercial and residential real estate guarantees held for sale have been excluded from the reporting, due to the difficulty in finding qualified information to verify compliance with the technical screening criteria. However, the Group is taking the necessary measures to extend the alignment screening to include cases not yet considered.

Off-balance sheet exposures

The Iccrea Cooperative Banking Group reports the share of financial guarantees issued to back loans and advances

[69] Delegated Regulation (EU) 2021/2139, as amended by Delegated Regulation (EU) 2023/2485

and debt securities (to NFRD financial and non-financial counterparties) that finance taxonomy aligned economic activities.

Reporting also includes the share of assets under management in respect of companies that finance taxonomy aligned economic activities, compared to the total assets under management (debt securities, equity instruments and other assets). The aligned securities under management were identified used timely turnover-based and capex-based data published by the issuing counterparties subject to the NFRD and acquired through data providers according to the same alignment process activated for general-purpose loans to NFRD counterparties.

Exposures for activities related to nuclear power and fossil gases

As regards exposures in respect of activities related to nuclear power and fossil gases, for this year the Group only assessed exposures in respect of specific-purpose loans and advances, and found such exposures within its portfolios. All templates of Annex XII were completed, in the section "Disclosures pursuant to Annex IV, VI and XII of Delegated Regulation 2021/2178" below.

Asset managers

The turnover-based and capex-based KPI of the asset manager came to 1.72% and 2.68%, respectively. For more details, please refer to the template published in the section "Disclosures pursuant to Annex IV, VI and XII of the Delegated Regulation 2021/2178" below.

DISCLOSURES ANNEX IV, VI AND XII OF DELEGATED REGULATION (EU) 2021/2178

TEMPLATE 0 – ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

Main KPI	Total environmentally sustainable assets[70]	KPI based on the turnover	KPI based on the capex	% coverage of total assets[71]	% of assets excluded from GAR numerator (Article 7 paragraphs 2 and 3 point 1.1.2.) of annex V)[72]	% of assets excluded from GAR denominator (Article 7, paragraphs 1 point 1.2.4 of annex V)[73]
Green asset ratio (GAR stock	2,253.93	2.00%	1.99%	67.25%	52.36%	32.75%

Additional KPI	Total environmentally sustainable assets [74]	KPI based on the turnover	KPI based on the capex	% coverage of total assets	% of assets excluded from GAR numerator (Article 7 paragraphs 2 and 3 point 1.1.2.) of annex V)	% of assets excluded from GAR denominator (Article 7, paragraphs 1 point 1.2.4 of annex V)
GAR (flow)	548.78	0.49%	0.48%	7.35%		
Trading portfolio[75]						
Financial guarantees	4.32	0.27%	1.94%			
Assets under management	121.87	0.82%	1.27%			
Fee and commission income[5]						

[70] The amount is expressed in millions of euros and refers to the GAR KPI stock calculated on the basis of turnover (Turnover). The amount relating to the total sustainable assets that feed the GAR KPI stock on the basis of capital expenditure (CapEx) is equal to €1,203.67 million.

[71] Ratio of assets covered by the KPI (so-called "covered assets") to the total assets of the Group. The ratio is the same at flow level.

[72] Ratio of assets excluded from the numerator of the KPI (in particular: derivatives, exposures to companies not subject to the obligation to publish non-financial information pursuant to Article 19 bis or 29 bis of Directive 2013/34/EU, interbank loans on demand, liquid and liquidity-related assets, other asset categories, trading portfolio) on the total covered assets. The ratio is the same at flow level.

[73] Ratio of assets excluded from the denominator of the KPI (in particular: exposures to central government and supranational issuers, exposures to central banks, trading portfolio) on the Bank's total assets. The ratio is the same at flow level.

[74] The amount is expressed in millions of euros and refers to the GAR KPI flow calculated on the basis of turnover (Turnover).

[75] The additional KPIs relating to the trading book and fee and commission income will be published, in accordance with the provisions of the law, starting from 2026.

TEMPLATE 1 – ASSETS FOR THE CALCULATION OF GAR (TURNOVER)

	a	b	c	d	e	f	g	h	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
	31/12/2024																														
Million EUR	Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA))				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible))				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																															
1 **Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**53,720.45**	**28,986.39**	**2,253.73**	**-**	**7.73**	**18.79**	**18.26**	**0.20**	**-**	**0.04**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29,004.65**	**2,253.93**	**-**	**7.73**	**18.83**
2 Financial corporations	**6,304.43**	**1,166.25**	**51.41**	**-**	**5.54**	**5.56**	**5.30**	**0.15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,171.55**	**51.56**	**-**	**5.54**	**5.56**
3 **Credit institutions**	**1,973.02**	**758.31**	**20.98**	**-**	**2.07**	**2.99**	**0.16**	**0.03**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**758.47**	**21.02**	**-**	**2.07**	**2.99**
4 Loans and advances	124.85	31.95	2.58	-	0.30	0.37	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31.97	2.58	-	0.30	0.37
5 Debt securities including UoP	1,839.34	724.47	18.21	-	1.77	2.60	0.14	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	724.60	18.24	-	1.77	2.60
6 Equity instruments	8.83	1.89	0.19		0.01	0.03	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	1.89	0.19		0.01	0.03
7 **Other financial corporations**	**4,331.41**	**407.94**	**30.43**	**-**	**3.46**	**2.56**	**5.14**	**0.11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**413.09**	**30.54**	**-**	**3.46**	**2.56**
8 **Of which investment firms**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12 **Of which management companies**	**1.43**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities including UoP	1.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16 **Of which insurance undertakings**	**775.51**	**163.13**	**4.96**	**-**	**3.04**	**1.37**	**0.31**	**0.06**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**163.44**	**5.03**	**-**	**3.04**	**1.37**
17 Loans and advances	614.27	116.95	3.77	-	2.38	1.07	0.24	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117.19	3.82	-	2.38	1.07
18 Debt securities including UoP	21.64	13.82	0.08	-	0.04	0.02	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.82	0.08	-	0.04	0.02
19 Equity instruments	139.59	32.37	1.11		0.62	0.28	0.06	0.01		-	-	-		-	-	-		-	-	-		-	-	-		-	32.43	1.12		0.62	0.28
20 No-financial corporations	**733.93**	**143.12**	**37.96**	**-**	**2.19**	**13.23**	**12.95**	**0.05**	**-**	**0.04**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**156.08**	**38.01**	**-**	**2.19**	**13.27**
21 Loans and advances	511.81	91.85	22.33	-	2.01	4.40	0.67	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92.52	22.34	-	2.01	4.40
22 Debt securities including UoP	191.26	41.53	9.88	-	0.18	5.06	12.23	0.04	-	0.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53.76	9.92	-	0.18	5.10
23 Equity instruments	30.85	9.74	5.75		-	3.77	0.06	0.00		-	-	-		-	-	-		-	-	-		-	-	-		-	9.80	5.75		0.00	3.77
24 Households	**46,682.10**	**27,677.01**	**2,164.36**	**-**	**-**	**-**	**-**	**-**	**-**	**-**					**-**	**-**	**-**	**-**									**27,677.01**	**2,164.36**	**-**	**-**	**-**
25 of which loans collateralized by residential immovable property	27,677.01	27,677.0	2,164.36	-	-	-	-	-	-	-					-	-	-	-									27,677.01	2,164.36	-	-	-
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27 of which motor vehicle loans	-	-	-	-	-	-																					-	-	-	-	-
28 Local governments financing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	**76.35**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32 Assets excluded from the numerator for GAR calculation (covered in the denominator)	**58,952.32**																														
33 Financial and Non-financial corporations	**47,676.92**																														
34 **SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations**	**43,351.46**																														
35 **Loans and advances**	**43,202.21**																														
36 of which loans collateralized by commercial immovable property	-																														
37 of which building renovation loans	-																														
38 **Debt securities**	102.86																														
39 Equity instruments	46.38																														
40 **Non-EU country counterparties not subject to NFRD disclosure obligations**	**88.45**																														
41 Loans and advances	69.04																														
42 Debt securities	13.91																														
43 Equity instruments	5.50																														
44 **Derivatives**	725.48																														
45 On demand interbank loans	**153.89**																														
46 Cash and cash-related assets	**827.30**																														
47 Other categories of assets (e.g. Goodwill, commodities etc.)	**9,568.74**																														
48 **Total GAR assets**	**112,749.13**	**28,986.39**	**2,253.73**	**-**	**7.73**	**18.79**	**18.26**	**0.20**	**-**	**0.04**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29,004.65**	**2,253.93**		**7.73**	**18.83**
49 Assets not covered for GAR calculation	**54,901.44**																														
50 Central governments and Supranational issuers	**50,851.20**																														
51 Central banks' exposure	**3,962.35**																														
52 Trading book	**87.89**																														
53 Total assets	**167,650.57**	**28,986.39**	**2,253.73**	**-**	**7.73**	**18.79**	**18.26**	**0.20**	**-**	**0.04**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29,004.65**	**2,253.93**		**7.73**	**18.83**

		a	b	c	d	e	f	g	h	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2024																														
Million EUR		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA))				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible))				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																
54	**Financial guarantees**	1,601.84	20.23	4.32	0.00	0.19	1.99	0.21	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.44	4.32	0.00	0.19	1.99
55	**Assets under management**	**14,896.32**	**388.00**	**121.47**		**6.17**	**67.39**	**8.19**	**0.40**	**-**	**0.09**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**396.19**	**121.87**		**6.17**	**67.49**
56	Of which debt securities	1,596.42	299.26	102.59	0.00	4.26	55.44	5.80	0.18	-	0.08	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	305.06	102.77	0.00	4.26	55.52
57	Of which equity instruments	641.02	88.74	18.88	0.00	1.91	11.95	2.38	0.22	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91.13	19.10	0.00	1.91	11.96

		a	b	c	d	e	f	g	h	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2023																														
	Million EUR	Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**51,524**	**25,831**	**1,203**	**-**	**-**	**4**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**25,831**	**1,203**	**-**	**-**	**4**
2	**Financial corporations**	**5,199**	**859**	**17**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**859**	**17**	-	-	-
3	**Credit institutions**	**2,754**	**721**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**721**	-	-	-	-
4	Loans and advances	933	145	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	145	-	-	-	-
5	Debt securities including UoP	1,793	570	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	570	-	-	-	-
6	Equity instruments	28	6	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	6	-	-	-	-
7	**Other financial corporations**	**2,445**	**138**	**17**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**138**	**17**	-	-	-
8	**Of which investment firms**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
12	**Of which management companies**	**1**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities including UoP	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
16	**Of which insurance undertakings**	**484**	**55**	**17**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**55**	**17**	-	-	-
17	Loans and advances	192	54	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54	17	-	-	-
18	Debt securities including UoP	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	280	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
20	**No-financial corporations**	**566**	**74**	**16**	-	-	**4**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**74**	**16**	-	-	**4**
21	Loans and advances	377	38	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38	7	-	-	-
22	Debt securities including UoP	165	29	6	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29	6	-	-	2
23	Equity instruments	24	7	3		-	2	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	7	3	-	-	2
24	**Households**	**45,759**	**24,898**	**1,169**	-	-	-	-	-	-	-					-	-	-	-									**24,898**	**1,169**	-	-	-
25	of which loans collateralized by residential immovable property	24,898	24,898	1,169	-	-	-	-	-	-	-					-	-	-	-									24,898	1,169	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-																					-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**82**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**61,412**																										-	-	-	-	-
33	**Financial and Non-financial corporations**	**47,779**																										-	-	-	-	-
34	**SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations**	**43,893**																										-	-	-	-	-
35	**Loans and advances**	**43,754**																										-	-	-	-	-
36	of which loans collateralized by commercial immovable property	-																										-	-	-	-	-
37	of which building renovation loans	-																										-	-	-	-	-
38	**Debt securities**	**101**																										-	-	-	-	-
39	Equity instruments	38																										-	-	-	-	-
40	**Non-EU country counterparties not subject to NFRD disclosure obligations**	**64**																										-	-	-	-	-
41	Loans and advances	43																										-	-	-	-	-
42	Debt securities	13																										-	-	-	-	-
43	Equity instruments	8																										-	-	-	-	-
44	**Derivatives**	**951**																										-	-	-	-	-
45	**On demand interbank loans**	**267**																										-	-	-	-	-
46	**Cash and cash-related assets**	**734**																										-	-	-	-	-
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**11,681**																										-	-	-	-	-
48	**Total GAR assets**	**113,018**	**25,831**	**1,203**	-	-	**4**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**25,831**	**1,203**	-	-	**4**
49	**Assets not covered for GAR calculation**	**60,812**																										-	-	-	-	-
50	**Central governments and Supranational issuers**	**54,681**																										-	-	-	-	-
51	**Central banks' exposure**	**5,903**																										-	-	-	-	-

		a	b	c	d	e	f	g	h	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
	Million EUR	31/12/2023																														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA))				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible))				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
52	**Trading book**	**228**																										-	-	-	-	-
53	**Total assets**	**173,831**	**25,831**	**1,203**	-	-	**4**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**25,831**	**1,203**	-	-	**4**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
54	**Financial guarantees**	**1,495**	**22**	**3**	-	-	**1**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**22**	**3**	-	-	**1**
55	**Assets under management**	**11,673**	**173**	**40**	-	-	**17**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**173**	**40**	-	-	**17**
56	Of which debt securities	688	124	29	-	-	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124	29	-	-	10
57	Of which equity instruments	445	48	11	-	-	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48	11	-	-	7

TEMPLATE 1 - ASSETS FOR THE CALCULATION OF GAR (CAPEX)

		a	b	c	d	e	f	g	h	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
	Million EUR	31/12/2024																														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTALE (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned))				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	53,720.45	29,084.18	2,248.33	-	16.52	27.14	19.81	0.69	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,103.99	2,249.03	-	16.52	27.20
2	Financial corporations	6,304.43	1,209.45	0.57	-	0.24	0.33	14.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,224.33	0.57	-	0.24	0.33
3	Credit institutions	1,973.02	761.88	-	-	-	-	0.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	762.10	-	-	-	-
4	Loans and advances	124.85	32.39	-	-	-	-	0.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.43	-	-	-	-
5	Debt securities including UoP	1,839.34	727.60	-	-	-	-	0.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	727.78	-	-	-	-
6	Equity instruments	8.83	1.89	-		-	-	0.00	-		-	-	-		-	-	-		-	-	-		-	-	-		-	1.89	-		-	-
7	Other financial corporations	4,331.41	447.57	0.57	-	0.24	0.33	14.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	462.22	0.57	-	0.24	0.33
8	Of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	Of which management companies	1.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities including UoP	1.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	Of which insurance undertakings	775.51	170.52	-	-	-	-	0.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	171.21	-	-	-	-
17	Loans and advances	614.27	122.72	-	-	-	-	0.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	123.25	-	-	-	-
18	Debt securities including UoP	21.64	13.91	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.92	-	-	-	-
19	Equity instruments	139.59	33.90	-		-	-	0.14	-		-	-	-		-	-	-		-	-	-		-	-	-		-	34.04	-		-	-
20	No-financial corporations	733.93	197.71	83.41	-	16.28	26.81	4.93	0.69	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	202.65	84.10	-	16.28	26.87
21	Loans and advances	511.81	136.15	52.56	-	14.68	9.39	1.76	0.14	-	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	137.91	52.70	-	14.68	9.44
22	Debt securities including UoP	191.26	46.85	19.96	-	1.50	12.21	3.06	0.54	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49.91	20.50	-	1.50	12.21
23	Equity instruments	30.85	14.71	10.89		0.11	5.21	0.12	0.01		0.00	-	-		-	-	-		-	-	-		-	-	-		-	14.83	10.90		0.11	5.21
24	Households	46,682.10	27,677.01	2,164.36	-	-	-	-	-	-	-					-	-	-	-									27,677.01	2,164.36	-	-	-
25	of which loans collateralized by residential immovable property	27,677.01	27,677.01	2,164.36	-	-	-	-	-	-	-					-	-	-	-									27,677.01	2,164.36	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-																					-	-	-	-	-
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	76.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	58,952.32																														
33	Financial and Non-financial corporations	47,676.92																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	43,351.46																														
35	Loans and advances	43,202.21																														
36	of which loans collateralized by commercial immovable property	-																														
37	of which building renovation loans	-																														
38	Debt securities	102.86																														
39	Equity instruments	46.38																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	88.45																														
41	Loans and advances	69.04																														
42	Debt securities	13.91																														
43	Equity instruments	5.50																														
44	Derivatives	725.48																														
45	On demand interbank loans	153.89																														
46	Cash and cash-related assets	827.30																														
47	Other categories of assets (e.g. Goodwill, commodities etc.)	9,568.74																														
48	Total GAR assets	112,749.13	29,084.18	2,248.33	-	16.52	27.14	19.81	0.69	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,103.99	2,249.03	-	16.52	27.20
49	Assets not covered for GAR calculation	54,901.44																														

	a	b	c	d	e	f	g	h	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
Million EUR	31/12/2024																														
	Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTALE (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned))				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
50 Central governments and Supranational issuers	50,851.20																														
51 Central banks' exposure	3,962.35																														
52 Trading book	87.89																														
53 Total assets	167,650.57	29,084.18	2,248.33	-	16.52	27.14	19.81	0.69	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,103.99	2,249.03	-	16.52	27.20
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
54 **Financial guarantees**	1,601.84	42.63	31.06	-	10.64	4.34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42.63	31.06	-	10.64	4.34
55 **Assets under management**	**14,896.32**	**465.33**	**188.04**	**-**	**7.19**	**96.36**	**10.39**	**1.23**	**-**	**0.03**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**475.72**	**189.27**	**-**	**7.19**	**96.39**
56 Of which debt securities	1,596.42	363.83	150.93	0.00	4.09	77.42	5.98	0.72	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	369.81	151.65	-	4.09	77.45
57 Of which equity instruments	641.02	101.50	37.11	0.00	3.10	18.94	4.40	0.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105.90	37.63	-	3.10	18.94

	a	b	c	d	e	f	g	h	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
	31/12/2023																														
Million EUR	Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTALE (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned))					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	51,524	25,866	1,204	-	9	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,866	1,204	-	9	8
2 Financial corporations	5,199	867	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	867	-	-	-	-
3 Credit institutions	2,754	722	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	722	-	-	-	-
4 Loans and advances	933	144	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	144	-	-	-	-
5 Debt securities including UoP	1,793	573	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	573	-	-	-	-
6 Equity instruments	28	5	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	5	-		-	-
7 Other financial corporations	2,445	145	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	145	-	-	-	-
8 Of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12 Of which management companies	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities including UoP	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16 Of which insurance undertakings	484	57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57	-	-	-	-
17 Loans and advances	192	57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57	-	-	-	-
18 Debt securities including UoP	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	280	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
20 No-financial corporations	566	100	34	-	9	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	34	-	9	8
21 Loans and advances	377	55	13	-	8	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55	13	-	8	3
22 Debt securities including UoP	165	35	14	-	1	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35	14	-	1	2
23 Equity instruments	24	10	7		-	3	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	10	7		-	3
24 Households	45,759	24,898	1,169	-	-	-	-	-	-	-					-	-	-	-									24,898	1,169	-	-	-
25 of which loans collateralized by residential immovable property	24,898	24,898	1,169	-	-	-	-	-	-	-					-	-	-	-									24,898	1,169	-	-	-
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27 of which motor vehicle loans	-	-	-	-	-	-																					-	-	-	-	-
28 Local governments financing	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	82	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Assets excluded from the numerator for GAR calculation (covered in the denominator)	61,412																														
33 Financial and Non-financial corporations	47,779																														
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	43,893																														
35 Loans and advances	43,754																														
36 of which loans collateralized by commercial immovable property	-																														
37 of which building renovation loans	-																														
38 Debt securities	101																														
39 Equity instruments	38																														
40 Non-EU country counterparties not subject to NFRD disclosure obligations	64																														
41 Loans and advances	43																														
42 Debt securities	13																														
43 Equity instruments	8																														
44 Derivatives	951																														
45 On demand interbank loans	267																														
46 Cash and cash-related assets	734																														
47 Other categories of assets (e.g. Goodwill, commodities etc.)	11,681																														
48 Total GAR assets	113,018	25,866	1,204	-	9	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,866	1,204	-	9	8
49 Assets not covered for GAR calculation	60,812																														
50 Central governments and Supranational issuers	54,681																														
51 Central banks' exposure	5,903																														
52 Trading book	228																														
53 Total assets	173,831	25,866	1,204	-	9	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,866	1,204	-	9	8

Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations

		a	b	c	d	e	f
		31/12/2023					
	Million EUR	Total [gross] carrying amount	Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned))			
					Of which Use of Proceeds	Of which transitional	Of which enabling
54	**Financial guarantees**	1,495	45	33	-	-	2
55	**Assets under management**	**11,673**	**236**	**91**	**-**	**1**	**28**
56	Of which debt securities	688	164	63	-	-	14
57	Of which equity instruments	445	72	28	-	1	14

		g	h	i	k	l	m	n	o	p	q	r	s
		31/12/2023											
	Million EUR	Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
54	**Financial guarantees**	-	-	-	-	-	-	-	-	-	-	-	-
55	**Assets under management**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-

		t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2023												
	Million EUR	Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTALE (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
54	**Financial guarantees**	-	-	-	-	-	-	-	-	45	33	-	-	2
55	**Assets under management**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**237**	**92**	**-**	**1**	**28**
56	Of which debt securities	-	-	-	-	-	-	-	-	164	63	-	-	14
57	Of which equity instruments	-	-	-	-	-	-	-	-	72	28	-	1	14

TEMPLATE 2 - GAR - SECTOR INFORMATION (TURNOVER)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
		31/12/2024																											
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTALE (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount)		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC +BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC +BIO)
1	C20.11 Manufacture of industrial gases	10.11	0.02			-	-			-	-			-	-			-	-			-	-			10.11	0.02		
2	C24.20 Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	-	-			-	-			-	-			-	-			-	-			-	-			-	-		
3	C24.51 Casting of iron	5.13	0.18			5.13	-			-	-			-	-			-	-			-	-			10.25	0.18		
4	C25.11 Manufacture of metal structures and parts of structures	1.30	0.03			1.30	-			-	-			-	-			-	-			-	-			2.60	0.03		
5	C26.51 Manufacture of instruments and appliances for measuring, testing and navigation	1.03	-			1.03	-			-	-			-	-			-	-			-	-			2.06	-		
6	C27.11 Manufacture of electric motor, generators and transformers	-	-			-	-			-	-			-	-			-	-			-	-			-	-		
7	C27.51 Manufacture of electric domestic appliances	8.21	-			-	-			-	-			-	-			-	-			-	-			8.21	-		
8	C27.90 Manufacture of other electric equipment	0.11	-			0.11	-			-	-			-	-			-	-			-	-			0.22	-		
9	C28.49 Manufacture of other machine tools	0.32	-			-	-			-	-			-	-			-	-			-	-			0.32	-		
10	C28.91 Manufacture of banks' machinery for metallurgy	-	-			-	-			-	-			-	-			-	-			-	-			-	-		
11	C29.10 Manufacture of motor vehicles	1.00	0.10			-	-			-	-			-	-			-	-			-	-			1.00	0.10		
12	D35.11 Electric power generation	2.98	0.38			1.76	-			-	-			-	-			-	-			-	-			4.75	0.38		
13	D35.12 Transmission of electricity	4.27	3.63			-	-			-	-			-	-			-	-			-	-			4.27	3.63		
14	D35.13 Distribution of electricity	0.01	-			-	-			-	-			-	-			-	-			-	-			0.01	-		
15	E38.11 Collection of non-hazardous waste	0.57	0.07			-	-			-	-			-	-			-	-			-	-			0.57	0.07		
16	E38.32 Recovery of sorted materials	0.10	0.01			0.10	-			-	-			-	-			-	-			-	-			0.19	0.01		
17	F42.11 Construction of roads and motorways	0.12	0.03			0.12	-			-	-			-	-			-	-			-	-			0.24	0.03		
18	F42.12 Construction of railways and underground railways	7.76	2.21			7.76	0.04			-	-			-	-			-	-			-	-			15.51	2.25		
19	F42.99 Construction of other civil engineering projects n.e.c.	0.99	0.03			0.99	-			-	-			-	-			-	-			-	-			1.97	0.03		
20	F43.21 Electrical installation	0.20	0.17			-	-			-	-			-	-			-	-			-	-			0.20	0.17		
21	F43.22 Plumbing, heat and air-conditioning installation	0.60	0.02			0.60	-			-	-			-	-			-	-			-	-			1.20	0.02		
22	F43.29 Other construction installation	0.33	0.13			-	-			-	-			-	-			-	-			-	-			0.33	0.13		
23	H49.31 Scheduled passenger transport by road	0.48	-			-	-			-	-			-	-			-	-			-	-			0.48	-		
24	H49.41 Freight transport by road	1.81	0.05			-	-			-	-			-	-			-	-			-	-			1.81	0.05		
25	H49.50 Transport via pipeline	3.34	0.12			3.34	-			-	-			-	-			-	-			-	-			6.68	0.12		
26	H52.21 Service activities incidental to land transportation	5.25	0.13			3.12	-			-	-			-	-			-	-			-	-			8.38	0.13		
27	H53.20 Other postal and courier activities	32.92	0.36			-	-			-	-			-	-			-	-			-	-			32.92	0.36		
28	J61.10 Wired telecommunications activities	-	-			-	-			-	-			-	-			-	-			-	-			0.01	-		
29	J61.20 Wireless telecommunications activities	0.71	0.11			-	-			-	-			-	-			-	-			-	-			0.71	0.11		
30	J61.90 Other telecommunications activities	0.60	-			2.78	-			-	-			-	-			-	-			-	-			3.38	-		
31	J62.09 Other information technology and computer service activities	0.22	-			-	-			-	-			-	-			-	-			-	-			0.22	-		
32	J63.11 Data processing, hosting and related activities	0.26	-			-	-			-	-			-	-			-	-			-	-			0.26	-		
33	L68.10 Buying and selling of own real estate	0.05	-			-	-			-	-			-	-			-	-			-	-			0.05	-		
34	L68.20 Renting and operating of own or leased real estate	3.35	-			-	-			-	-			-	-			-	-			-	-			3.35	-		
35	M71.12 Engineering activities and related technical consultancy	0.15	0.01			0.15	-			-	-			-	-			-	-			-	-			0.30	0.01		
36	N77.11 Renting and leasing of cars and light motor vehicles	25.80	-			-	-			-	-			-	-			-	-			-	-			25.80	-		
37	R90.02 Support activities to performing arts	-	-			-	-			-	-			-	-			-	-			-	-			-	-		

TEMPLATE 2 - GAR - SECTOR INFORMATION (CAPEX)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
		31/12/2024																											
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTALE (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC +BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC +BIO)
1	C20.11 Manufacture of industrial gases	10.11	-			-	-			-	-			-	-			-	-			-	-			**10.11**	-		
2	C24.20 Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	-	-			-	-			-	-			-	-			-	-			-	-			**-**	**-**		
3	C24.51 Casting of iron	5.13	-			5.13	-			-	-			-	-			-	-			-	-			**10.25**	-		
4	C25.11 Manufacture of metal structures and parts of structures	1.30	0.22			1.30	0.10			-	-			-	-			-	-			-	-			**2.60**	**0.32**		
5	C26.51 Manufacture of instruments and appliances for measuring, testing and navigation	1.03	0.02			1.03	-			-	-			-	-			-	-			-	-			**2.06**	**0.02**		
6	C27.11 Manufacture of electric motor, generators and transformers	-	-			-	-			-	-			-	-			-	-			-	-			**-**	**-**		
7	C27.51 Manufacture of electric domestic appliances	8.21	-			-	-			-	-			-	-			-	-			-	-			**8.21**	-		
8	C27.90 Manufacture of other electric equipment	0.11	-			0.11	-			-	-			-	-			-	-			-	-			**0.22**	-		
9	C28.49 Manufacture of other machine tools	0.32	-			-	-			-	-			-	-			-	-			-	-			**0.32**	-		
10	C28.91 Manufacture of N.E.C. machinery for metallurgy	-	-			-	-			-	-			-	-			-	-			-	-			**-**	**-**		
11	C29.10 Manufacture of motor vehicles	1.00	0.33			-	-			-	-			-	-			-	-			-	-			**1.00**	**0.33**		
12	D35.11 Electric power generation	2.98	1.14			1.76	-			-	-			-	-			-	-			-	-			**4.75**	**1.14**		
13	D35.12 Transmission of electricity	4.27	4.22			-	-			-	-			-	-			-	-			-	-			**4.27**	**4.22**		
14	D35.13 Distribution of electricity	0.01	0.01			-	-			-	-			-	-			-	-			-	-			**0.01**	**0.01**		
15	E38.11 Collection of non-hazardous waste	0.57	0.16			-	-			-	-			-	-			-	-			-	-			**0.57**	**0.16**		
16	E38.32 Recovery of sorted materials	0.10	0.03			0.10	-			-	-			-	-			-	-			-	-			**0.19**	**0.03**		
17	F42.11 Construction of roads and motorways	0.12	0.05			0.12	0.01			-	-			-	-			-	-			-	-			**0.24**	**0.06**		
18	F42.12 Construction of railways and underground railways	7.76	3.07			7.76	0.54			-	-			-	-			-	-			-	-			**15.51**	**3.61**		
19	F42.99 Construction of other civil engineering projects n.e.c.	0.99	-			0.99				-	-			-	-			-	-			-	-			**1.97**	-		
20	F43.21 Electrical installation	0.20	0.20			-	-			-	-			-	-			-	-			-	-			**0.20**	**0.20**		
21	F43.22 Plumbing, heat and air-conditioning installation	0.60	-			0.60	-			-	-			-	-			-	-			-	-			**1.20**	-		
22	F43.29 Other construction installation	0.33	0.27			-	-			-	-			-	-			-	-			-	-			**0.33**	**0.27**		
23	H49.31 Scheduled passenger transport by road	0.48	-			-	-			-	-			-	-			-	-			-	-			**0.48**	-		
24	H49.41 Freight transport by road	1.81	-			-	-			-	-			-	-			-	-			-	-			**1.81**	**-**		
25	H49.50 Transport via pipeline	3.34	-			3.34	-			-	-			-	-			-	-			-	-			**6.68**	-		
26	H52.21 Service activities incidental to land transportation	5.25	-			3.12	-			-	-			-	-			-	-			-	-			**8.38**	-		
27	H53.20 Other postal and courier activities	32.92	1.68			-	-			-	-			-	-			-	-			-	-			**32.92**	**1.68**		
28	J61.10 Wired telecommunications activities	-	-			-	-			-	-			-	-			-	-			-	-			**0.01**	**-**		
29	J61.20 Wireless telecommunications activities	0.71	0.22			-	-			-	-			-	-			-	-			-	-			**0.71**	**0.22**		
30	J61.90 Other telecommunications activities	0.60	-			2.78	-			-	-			-	-			-	-			-	-			**3.38**	**-**		
31	J62.09 Other information technology and computer service activities	0.22	-			-	-			-	-			-	-			-	-			-	-			**0.22**	-		
32	J63.11 Data processing, hosting and related activities	0.26	-			-	-			-	-			-	-			-	-			-	-			**0.26**	-		
33	L68.10 Buying and selling of own real estate	0.05	-			-	-			-	-			-	-			-	-			-	-			**0.05**	-		
34	L68.20 Renting and operating of own or leased real estate	3.35	-			-	-			-	-			-	-			-	-			-	-			**3.35**	-		
35	M71.12 Engineering activities and related technical consultancy	0.15	-			0.15	-			-	-			-	-			-	-			-	-			**0.30**	-		
36	N77.11 Renting and leasing of cars and light motor vehicles	25.80	-			-	-			-	-			-	-			-	-			-	-			**25.80**	-		
37	R90.02 Support activities to performing arts	-	-			-	-			-	-			-	-			-	-			-	-			-	-		

TEMPLATE 3 – GAR KPI (TURNOVER STOCK)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2024																															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	% (compared to total covered assets in the denominator)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered[76]
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	25.71%	2.00%	-	0.01%	0.02%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.72%	2.00%	-	0.01%	0.02%	32.04%
2	**Financial corporations**	**1.03%**	**0.05%**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1.04%**	**0.05%**	-	-	-	**3.76%**
3	Credit institutions	0.67%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.67%	0.02%	-	-	-	1.18%
4	Loans and advances	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	-	-	-	-	0.07%
5	Debt securities including UoP	0.64%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.64%	0.02%	-	-	-	1.10%
6	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	%	-	-	0.01%
7	Other financial corporations	0.36%	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.37%	0.03%	-	-	-	2.58%
8	Of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Of which insurance undertakings	0.14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%	-	-	-	-	0.46%
17	Loans and advances	0.10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10%	-	-	-	-	0.37%
18	Debt securities including UoP	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.01%
19	Equity instruments	0.03%	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	-	-	-	-	0.08%
20	**Non-financial corporations**	**0.13%**	**0.03%**	-	-	**0.01%**	**0.01%**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.14%**	**0.03%**	-	-	**0.01%**	**0.44%**
21	Loans and advances	0.08%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.08%	0.02%	-	-	-	0.31%
22	Debt securities including UoP	0.04%	0.01%	-	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	0.01%	-	-	-	0.11%
23	Equity instruments	0.01%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	0.01%	-	-	-	0.02%
24	**Households**	**24.55%**	**1.92%**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**24.55%**	**1.92%**	-	-	-	**27.84%**
25	of which loans collateralized by residential immovable property	24.55%	1.92%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24.55%	1.92%	-	-	-	16.51%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	**Local government financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[76] The proportion of total covered assets is calculated as the ratio between the gross carrying amount in Template 1 and the value of total assets (see Template 1, Row 53 "Total assets").

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2024																															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered[76]
% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%
32	Total GAR assets	25.71%	2.00%	-	0.01%	0.02%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.72%	2.00%	-	0.01%	0.02%	67.25%

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2023																															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTALE (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered [77]
% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))				
				Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	22.86%	1.06%	-	-	0.00%	-	-	-	-	-																	22.86%	1.06%	-	-	0.00%	29.64%
2	**Financial corporations**	**0.76%**	**0.01%**	-	-	-	-	-	-	-	-																	**0.76%**	**0.01%**	-	-	-	**2.99%**
3	Credit institutions	0.64%	-	-	-	-	-	-	-	-	-																	0.64%	-	-	-	-	1.58%
4	Loans and advances	0.13%	-	-	-	-	-	-	-	-	-																	0.13%	-	-	-	-	0.54%
5	Debt securities including UoP	0.50%	-	-	-	-	-	-	-	-	-																	0.50%	-	-	-	-	1.03%
6	Equity instruments	0.00%	-		-	-	-	-		-	-																	0.00%	-		-	-	0.02%
7	Other financial corporations	0.12%	0.02	-	-	-	-	-	-	-	-																	0.12%	-	-	-	-	1.41%
8	Of which investment firms	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
10	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-																	-	-		-	-	-
12	Of which management companies	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	0.00%-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
14	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	0.00%
15	Equity instruments	-	-		-	-	-	-		-	-																	-	-		-	-	-
16	Of which insurance undertakings	0.05%	0.01%	-	-	-	-	-	-	-	-																	0.05%	0.01%	-	-	-	0.28%
17	Loans and advances	0.05%	0.01%	-	-	-	-	-	-	-	-																	0.05%	0.01%	-	-	-	0.11%
18	Debt securities including UoP	0.00%	-	-	-	-	-	-	-	-	-																	0.00%	-	-	-	-	0.01%
19	Equity instruments	-	-		-	-	-	-		-	-																	-	-		-	-	0.16%
20	**Non-financial corporations**	**0.07%**	**0.01%**	-	-	**0.00%**	-	-	-	-	-																	**0.07%**	**0.01%**	-	-	**0.00%**	**0.33%**
21	Loans and advances	0.03%	0.01%	-	-	0.00%	-	-	-	-	-																	0.03%	0.01%	-	-	0.00%	0.22%
22	Debt securities including UoP	0.03%	0.01%	-	-	0.00%	-	-	-	-	-																	0.03%	0.01%	-	-	0.00%	0.10%
23	Equity instruments	0.01%	0.00%		-	0.00%	-	-		-	-																	0.01%	0.00%		-	0.00%	0.01%
24	**Households**	**22.03%**	**1.03%**	-	-	-	-	-	-	-	-																	**22.03%**	**1.03%**	-	-	-	**26.32%**
25	of which loans collateralized by residential immovable property	22.03%	1.03%	-	-	-	-	-	-	-	-																	22.03%	1.03%	-	-	-	14.32%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-																						-	-	-	-	-	-
28	**Local government financing**	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	**0.05%**
32	**Total GAR assets**	**22.86%**	**1.06%**	-	-	**0.00%**	-	-	-	-	-																	**22.86%**	**1.06%**	-	-	**0.00%**	**65.02%**

[77] The proportion of total covered assets is calculated as the ratio between the gross carrying amount in Template 1 and the value of total assets (see Template 1, Row 53 “Total assets”).

TEMPLATE 3 – GAR KPI (CAPEX STOCK)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2024																															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))			
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered [78]
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	25.80%	1.99%	-	0.01%	0.02%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.81%	1.99%	-	0.01%	0.02%	32.04%
2	**Financial corporations**	**1.07%**	**-**	**-**	**-**	**-**	**0.01%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.09%**	**-**	**-**	**-**	**-**	**3.76%**
3	Credit institutions	0.68%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.68%	-	-	-	-	1.18%
4	Loans and advances	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	-	-	-	-	0.07%
5	Debt securities including UoP	0.65%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.65%	-	-	-	-	1.10%
6	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.01%
7	Other financial corporations	0.40%	-	-	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.41%	-	-	-	-	2.58%
8	Of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	Of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	Of which insurance undertakings	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.15%	-	-	-	-	0.46%
17	Loans and advances	0.11%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.11%	-	-	-	-	0.37%
18	Debt securities including UoP	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.01%
19	Equity instruments	0.03%	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	0.03%	-		-	-	0.08%
20	**Non-financial corporations**	**0.18%**	**0.07%**	**-**	**0.01%**	**0.02%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.18%**	**0.07%**	**-**	**0.01%**	**0.02%**	**0.44%**
21	Loans and advances	0.12%	0.05%	-	0.01%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.12%	0.05%	-	0.01%	0.01%	0.31%
22	Debt securities including UoP	0.04%	0.02%	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%	0.02%	-	-	0.01%	0.11%
23	Equity instruments	0.01%	0.01%		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	0.01%	0.01%		-	-	0.02%
24	**Households**	**24.55%**	**1.92%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**					**-**	**-**	**-**	**-**									**24.55%**	**1.92%**	**-**	**-**	**-**	**27.84%**
25	of which loans collateralized by residential immovable property	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	11.34%
26	of which building renovation loans	24.55%	1.92%	-	-	-	-	-	-	-	-					-	-	-	-									24.55%	1.92%	-	-	-	16.51%
27	of which motor vehicle loans	-	-	-	-	-																						-	-	-	-	-	-
28	**Local government financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.05%**
32	**Total GAR assets**	**25.80%**	**1.99%**	**-**	**0.01%**	**0.02%**	**0.02%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25.81%**	**1.99%**	**-**	**0.01%**	**0.02%**	**67.25%**

[78] The proportion of total covered assets is calculated as the ratio between the gross carrying amount in Template 1 and the value of total assets (see Template 1, Row 53 “Total assets”).

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2023																															
	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered [79]
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))				
				Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	22.89%	1.07%	-	0.01%	0.01%	-	-	-	-	-																	0.01%	0.01%	-	0.01%	0.01%	29.64%
2	**Financial corporations**	**0.77%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**																	**0.76%**	**-**	**-**	**-**	**-**	**2.99%**
3	Credit institutions	0.64%	-	-	-	-	-	-	-	-	-																	0.64%	-	-	-	-	1.58%
4	Loans and advances	0.13%	-	-	-	-	-	-	-	-	-																	0.13%	-	-	-	-	0.54%
5	Debt securities including UoP	0.51%	-	-	-	-	-	-	-	-	-																	0.51%	-	-	-	-	1.03%
6	Equity instruments	-	-		-	-	-	-		-	-																	-	-		-	-	0.02%
7	Other financial corporations	0.13%	-	-	-	-	-	-	-	-	-																	0.13%	-	-	-	-	1.41%
8	Of which investment firms	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
10	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-																	-	-		-	-	-
12	Of which management companies	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
14	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-																	-	-		-	-	-
16	Of which insurance undertakings	0.05%	-	-	-	-	-	-	-	-	-																	0.05%	-	-	-	-	0.28%
17	Loans and advances	0.05%	-	-	-	-	-	-	-	-	-																	0.05%	-	-	-	-	0.11%
18	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	0.01%
19	Equity instruments	-	-		-	-	-	-		-	-																	-	-		-	-	0.16%
20	**Non-financial corporations**	**0.09%**	**0.03%**	**-**	**0.01%**	**0.01%**	**-**	**-**	**-**	**-**	**-**																	**0.09%**	**0.03%**	**-**	**0.01%**	**0.01%**	**0.33%**
21	Loans and advances	0.05%	0.01%	-	0.01%	-	-	-	-	-	-																	0.05%	0.01%	-	0.01%	-	0.22%
22	Debt securities including UoP	0.03%	0.01%	-	-	-	-	-	-	-	-																	0.03%	0.01%	-	-	-	0.10%
23	Equity instruments	0.01%	0.01%		-	-	-	-		-	-																	0.01%	0.01%		-	-	0.01%
24	**Households**	**22.03%**	**1.03%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**																	**22.03%**	**1.03%**	**-**	**-**	**-**	**26.32%**
25	of which loans collateralized by residential immovable property	22.03%	1.03%	-	-	-	-	-	-	-	-																	22.03%	1.03%	-	-	-	14.32%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-																						-	-	-	-	-	-
28	**Local government financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**																	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**																	**-**	**-**	**-**	**-**	**-**	**0.05%**
32	**Total GAR assets**	**22.89%**	**1.07%**	**-**	**0.01%**	**0.01%**	**-**	**-**	**-**	**-**	**-**																	**22.89%**	**1.07%**	**-**	**0.01%**	**0.01%**	**65.02%**

[79] The proportion of total covered assets is calculated as the ratio between the gross carrying amount in Template 1 and the value of total assets (see Template 1, Row 53 "Total assets").

TEMPLATE 4 – GAR KPI (TURNOVER FLOW)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2024																															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTALE (CCM + CCA + WTR + CE + PPC + BIO)					
	% (compared to flow of total eligible assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.42%	0.49%	-	-	0.01%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.43%	0.49%	-	-	0.01%	7.35%
2	**Financial corporations**	**0.81%**	**0.03%**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.81%**	**0.03%**	-	-	-	**2.76%**
3	Credit institutions	0.60%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60%	0.02%	-	-	-	1.03%
4	Loans and advances	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.02%
5	Debt securities including UoP	0.59%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.59%	0.01%	-	-	-	1.00%
6	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	0.21%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.22%	0.01%	-	-	-	1.74%
8	Of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	Of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	Of which insurance undertakings	0.13%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.13%	-	-	-	-	0.35%
17	Loans and advances	0.09%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09%	-	-	-	-	0.26%
18	Debt securities including UoP	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.01%
19	Equity instruments	0.03%	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	0.03%	-		-	-	0.08%
20	**Non-financial corporations**	**0.07%**	**0.02%**	-	-	**0.01%**	**0.01%**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.08%**	**0.02%**	-	-	**0.01%**	**0.20%**
21	Loans and advances	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03%	-	-	-	-	0.09%
22	Debt securities including UoP	0.04%	0.01%	-	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	0.01%	-	-	-	0.10%
23	Equity instruments	0.01%	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	0.01%	-		-	-	0.01%
24	**Households**	**3.53%**	**0.44%**	-	-	-	-	-	-	-	-					-	-	-	-									**3.53%**	**0.44%**	-	-	-	**4.39%**
25	of which loans collateralized by residential immovable property	3.53%	0.44%	-	-	-	-	-	-	-	-					-	-	-	-									3.53%	0.44%	-	-	-	2.38%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-																						-	-	-	-	-	-
28	**Local government financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	**4.42%**	**0.49%**	-	-	**0.01%**	**0.01%**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**4.43%**	**0.49%**	-	-	**0.01%**	**7.35%**

TEMPLATE 4 – GAR KPI (CAPEX FLOW)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		31/12/2024																															
	% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))				
				Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.47%	0.48%	-	-	0.02%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.48%	0.48%	-	-	0.02%	7.35%
2	**Financial corporations**	**0.84%**	**-**	**-**	**-**	**-**	**0.01%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.85%**	**-**	**-**	**-**	**-**	**2.76%**
3	Credit institutions	0.60%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60%	-	-	-	-	1.03%
4	Loans and advances	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.02%
5	Debt securities including UoP	0.59%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.59%	-	-	-	-	1.00%
6	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	0.24%	-	-	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.25%	-	-	-	-	1.74%
8	Of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	Of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	Of which insurance undertakings	0.14%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%	-	-	-	-	0.35%
17	Loans and advances	0.09%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09%	-	-	-	-	0.26%
18	Debt securities including UoP	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%	-	-	-	-	0.01%
19	Equity instruments	0.03%	-		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	0.03%	-		-	-	0.08%
20	**Non-financial corporations**	**0.10%**	**0.03%**	**-**	**-**	**0.02%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.10%**	**0.04%**	**-**	**-**	**0.02%**	**0.20%**
21	Loans and advances	0.05%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05%	0.01%	-	-	-	0.09%
22	Debt securities including UoP	0.04%	0.02%	-	-	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%	0.02%	-	-	0.01%	0.10%
23	Equity instruments	0.01%	0.01%		-	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	0.01%	0.01%		-	-	0.01%
24	**Households**	**3.53%**	**0.44%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**					**-**	**-**	**-**	**-**									**3.53%**	**0.44%**	**-**	**-**	**-**	**4.39%**
25	of which loans collateralized by residential immovable property	3.53%	0.44%	-	-	-	-	-	-	-	-					-	-	-	-									3.53%	0.44%	-	-	-	2.38%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-																						-	-	-	-	-	-
28	**Local government financing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
32	**Total GAR assets**	**4.47%**	**0.48%**	**-**	**-**	**0.02%**	**0.01%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.48%**	**0.48%**	**-**	**-**	**0.02%**	**7.35%**

TEMPLATE 5 - KPI OFF-BALANCE SHEET EXPOSURES (TURNOVER STOCK)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae
		31/12/2024																														
	% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	1.26%	0.27%	-	0.01%	0.12%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.28%	0.27%	-	0.01%	0.12%
2	Assets under management (AuM KPI)	2.60%	0.82%	-	0.04%	0.45%	0.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.66%	0.82%	-	0.04%	0.45%

TEMPLATE 5 – KPI OFF-BALANCE SHEET EXPOSURES (CAPEX STOCK)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae
		31/12/2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	2.66%	1.94%	-	0.66%	0.27%	-	-	-	-	-																	2.66%	1.94%	-	0.66%	0.27%
2	Assets under management (AuM KPI)	3.12%	1.26%	-	0.05%	0.65%	0.07%	0.01%	-	-	-																	3.19%	1.27%	-	0.05%	0.65%

TEMPLATE 5 - KPI OFF-BALANCE SHEET EXPOSURES (TURNOVER FLOW)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae
		31/12/2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
% (compared to total eligible off-balance sheet assets)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			i	Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	0.50%	0.20%	-	-	0.13%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.50%	0.20%	-	-	0.13%

TEMPLATE 5 - KPI OFF-BALANCE SHEET EXPOSURES (CAPEX FLOW)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae
		31/12/2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
	% (compared to total eligible off-balance sheet assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned))				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			i	Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	0.62%	0.28%	-	-	0.18%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.63%	0.28%	-	-	0.18%

TEMPLATE 1 (ANNEX XII) - NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	Yes

TEMPLATE 2 (ANNEX XII) – TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) Turnover based						Amount and proportion (the information is to be presented in monetary amounts and as percentages) CapEx based					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaption (CCA)		CCM+CCA		Climate change mitigation (CCM)		Climate change adaption (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**249,888,685**	**0.22%**	**221,686,373**	**0.20%**	**28,202,312**	**0.03%**	**249,833,676**	**0.22%**	**221,631,364**	**0.20%**	**28,202,312**	**0.03%**
8	**Total applicable KPI**	**249,888,685**	**0.22%**	**221,686,373**	**0.20%**	**28,202,312**	**0.03%**	**249,833,676**	**0.22%**	**221,631,364**	**0.20%**	**28,202,312**	**0.03%**

TEMPLATE 3 (ANNEX XII) - TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) Turnover based						Amount and proportion (the information is to be presented in monetary amounts and as percentages) Capex based					
		CCM+CCA		Climate change mitigation(CCM)		Climate change adaptation (CCA)		CCM+CCA		Climate change mitigation(CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
2	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
3	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
4	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
5	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
6	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**249,888,685**	**11.01%**	**221,686,373**	**9.76%**	**28,202,312**	**1.24%**	**249,833,676**	**11.06%**	**221,631,364**	**9.81%**	**28,202,312**	**1.25%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the umerator of the applicable KPI**	**249,888,685**	**11.01%**	**221,686,373**	**9.76%**	**28,202,312**	**1.24%**	**249,833,676**	**11.06%**	**221,631,364**	**9.81%**	**28,202,312**	**1.25%**

TEMPLATE 4 (ANNEX XII) – TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages) Turnover based						Amount and proportion (the information is to be presented in monetary amounts and as percentages) Capex based					
		CCM+CCA		Climate change mitigation(CCM)		Climate change adaptation (CCA)		CCM+CCA		Climate change mitigation(CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
2	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
3	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
4	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,951	-	2,951	-	-	-	2,122	-	2,122	-	-	-
5	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	79,126,646	0.07%	79,126,646	0.07%	-	-	52,625,137	0.05%	52,625,137	0.05%	-	-
6	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	571	-	571	-	-	-	282	-	282	-	-	-
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**142,524,850**	**0.13%**	**142,524,850**	**0.13%**	**-**	**-**	**169,629,235**	**0.15%**	**169,629,235**	**0.15%**	**-**	**-**
8	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**221,655,018**	**0.20%**	**221,655,018**	**0.20%**	**-**	**-**	**222,256,776**	**0.20%**	**222,256,776**	**0.20%**	**-**	**-**

TEMPLATE 5 (ANNEX XII) – TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES

	Economic activities	Turnover based		Capex based	
		Amount	%	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI e	-	-	-	-
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**223,433,552**	**0.20%**	**222,784,712**	**0.20%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI’**	**223,433,552**	**0.20%**	**222,784,712**	**0.20%**

ANNEX IV – TEMPLATE FOR THE KPI OF ASSET MANAGERS

2024	
Weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:	Weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below:
Turnover-based (%): **1.72**	Turnover-based (€): **121,871,606**
Capex-based (%): **2.68**	Capex-based (€): **189,274,278**
Percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities	Monetary value of assets covered by the KPI. Excluding investments in sovereign entities.
Coverage rate (%): **52**	Coverage (€): **7,073,167,356**

Additional, complementary disclosures: breakdown of denominator of the KPI	
The percentage of derivatives relative to total assets covered by the KPI (%): **0**	The value in monetary amounts of derivatives (€): **0**
The proportion of exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:
For financial undertakings (%): **5.08**	For financial undertakings (€): **359,631,968**
For non-financial undertakings (%): **1.51**	For non-financial undertakings (€): **106,927,561**
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings (%): **4.10**	For non-financial undertakings (€): **290,162,314**
For financial undertakings (%): **3.43**	For financial undertakings (€): **242,727,021**
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings (%): **8.64**	For non-financial undertakings (€): **611,028,791**
For financial undertakings (%): **10.29**	For financial undertakings (€): **727,830,440**
The proportion of exposures to other counterparties over total assets covered by the KPI (%): **66.94**	Value of exposures to other counterparties and other assets (€): **4,734,859,261**
The value of all the investments that are funding economic activities that are not taxonomy-eligible relative to the value of total assets covered by the KPI: (%): **1.53**	Value of all the investments that are funding economic activities that are not taxonomy-eligible (€): **108,061,655**
The value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned relative to the value of total assets covered by the KPI (%): **2.48**	Value of all the investments that are funding Taxonomy-eligible economic activities, but not taxonomy-aligned (€): **175,324,230**

Additional, complementary disclosures: breakdown of numerator of the KPI	
The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19° and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings:	**For non-financial undertakings:**
Turnover-based (%): **1.55**	Turnover-based (€): **109,522,871**
Capex-based (%): **2.68**	Capex-based (€): **189,224,738**
For financial undertakings:	**For financial undertakings:**
Turnover-based (%): **0.17**	Turnover-based (€): **12,348,734**
Capex-based (%): **0.0007**	Capex-based (€): **49,539**
he proportion of taxonomy-aligned exposures to other counterparties and other assets in over total assets covered by the KPI::	Value of taxonomy-aligned exposures to other counterparties:
Turnover-based (%): **0**	Turnover-based (€): **0**
Capex-based (%): **0**	Capex-based (€): **0**

Breakdown of the numerator of the KPI per environmental objective Taxonomy-aligned activities		
1) Climate change mitigation	Turnover: **1.72 %**	Transitional activities: **0.09%; 0.10%** (Turnover; capex)
	Capex: **2.66 %**	Enabling activities: **0.95%; 1.36%** (Turnover; capex)
2) Climate change adaptation	Turnover: **0.01%**	Enabling activities: **0.001%; 0.0004%** (Turnover; capex)
	Capex: **0.02%**	
3) The sustainable use and protection of water and marine resources	Turnover: N/A	Enabling activities: N/A
	Capex: N/A	
4) The transition to a circular economy	Turnover: N/A	Enabling activities: N/A
	Capex: N/A	
5) Pollution prevention and control	Turnover: N/A	Enabling activities: N/A
	Capex: N/A	
6) The protection and restoration of biodiversity and ecosystems	Turnover: N/A	Enabling activities: N/A
	Capex: N/A	

ESRS E1 – CLIMATE CHANGE

In the context of growing global awareness of environmental and climate challenges, the Group recognizes the crucial importance of integrating environmental sustainability into every aspect of its activities. Protecting the environment and mitigating the negative impacts of economic activities on the climate are an ethical responsibility, but also a strategic element to ensure the Group's resilience and competitiveness in the long term.

The climate crisis and growing regulatory pressure at European and international level, such as the European Green Deal and the United Nations Sustainable Development Goals (SDGs), underline the need for a systemic change towards low-carbon economic models. In this context, the Group is committed to playing a leading role, both by adopting sustainable internal practices and by actively supporting the green transition of its customers and the territory in which it operates.

In respect of own operations, the Group has implemented policies aimed at reducing its environmental footprint, adopting solutions such as energy efficiency, responsible management of resources and the use of renewable sources. These efforts not only help reduce the direct impacts of the Group's activities (negative impacts on the environment resulting from direct greenhouse gas emissions), but also reinforce the example that it intends to offer to the market and society in general (positive impacts resulting from awareness initiatives among Group personnel, the supply chain and customers).

In respect of the financed portfolio, the Group recognizes its key role in directing financial flows towards sustainable initiatives and projects with a positive impact. The promotion of green investments, such as the financing of energy efficiency projects, renewable energy, sustainable mobility and regenerative agriculture, are a strategic priority for the Group both in terms of commercial opportunities and the diffusion of a culture oriented to environmental protection. In particular, support for small and medium-sized enterprises - the beating heart of the Italian economy - is essential to promote sustainable practices on a local and national scale.

The Group also understands the importance of managing environmental risks in the context of its lending activity. Through the adoption of tools and methodologies for the assessment of climate and environmental risk, it aims to ensure prudent and responsible management of its portfolio. This approach allows, on the one hand, to minimize the financial risks linked to climate change and, on the other, to seize the opportunities offered by the transition to a sustainable economy.

TRANSITION PLAN

In line with the mission, founding values, and business model of mutual banking, the Group is committed to promoting the transition of the economy towards a more sustainable future, aware of the risks and opportunities offered by the operational and regulatory environment due to climate change. To this end, the Group is making significant efforts in developing and enriching an organic set of initiatives that can concretely push the transition towards a sustainable economy. The dimensions of intervention that support the Group's transition plan break down into three different levels:

- activities related to own operations (so-called direct emissions): the Group is committed to mitigating the environmental impact through the adoption of low-GHG emission and low environmental impact management solutions and practices;
- activities of shareholders and customers: the Group aims to support its shareholders and customers in addressing the impacts of climate change and to help their transition towards low-emission behaviors and solutions;
- proprietary portfolio and Asset Under Management (AUM): the Group aims to achieve a progressive expansion of ESG activities.

The adoption of a responsible and sustainable business model is among the Group's strategic priorities. The Group operates nationwide through its 114 mutual banks, the Parent Company and its subsidiaries, in the fields of savings collecting, financing, investment and insurance services and products to its shareholders and customers of choice, primarily households and medium and small-sized businesses operating in all the main sectors of the Italian economy. This unique business model promotes alignment with the expectations of customers and communities, while ensuring a fair transition. The decentralized model and strong local roots are elements of strength that favor the effort to accompany the transition of the economy. The various Group companies carry out their activities at a local level, close to customers, providing innovative solutions in response to the challenges posed by climate change. Aware of the importance of its role, the Group has therefore committed to identifying a series of initiatives at the consolidated level, in support of the transition plan, relating to the main areas of the business model:

- actions to improve the GHG emissions profile related to its own activities and production processes;
- actions to support its customers, increasing awareness on environmental issues and energy efficiency and stimulating the adoption of initiatives towards the transition (e.g. consultancy services);
- financing products aimed at improving emission efficiency of business processes or customers' properties;
- investment products aimed at supporting companies with low environmental impact business models or engaged in the implementation of transition programs towards a sustainable economy;
- insurance products, both for corporate and retail customers, with the aim of mitigating physical risks in particular;
- capital raising instruments from the markets (green bonds) aimed at supporting the financing of initiatives to support the environmental transition;
- investments of the proprietary portfolio in financial instruments issued to support the transition.

These actions are considered priorities and are testimony of the concrete commitment of the Group to be a driving force of its own transition, that of its shareholders, customers and business portfolio.

Own operations

In line with regulatory requirements, the Iccrea Cooperative Banking Group has identified targets relating to direct and indirect emissions for 2030 (Scope 1 direct emissions and Scope 2 and 3 indirect emissions, categories 1-14), considering FY 2023 as the baseline and identifying the related actions to achieve them:

- the reduction of Scope 1 direct emissions by -20% by 2030 (compared to 10,384 tons of CO2 equivalent in 2023);
- the reduction of Scope 2 indirect emissions, calculated according to the market-based approach, by -75% by 2030 (compared to 6,909 tons of CO2 equivalent in 2023).

With regard to direct Scope 1 emissions, actions have been defined to reduce emissions from the operation of company buildings, through the optimization of consumption, and to reduce fossil fuel use in the company car fleet. This objective is considered achievable by the Group through the adoption by the various entities, based on local specificities, of various actions such as:

- efficiency and renovation of the real estate assets and related systems, such as, for example, energy efficiency of air conditioning systems and improving the insulation of buildings from external spaces;
- actions aimed at reducing emissions generated by generators, through the transition from fossil fuels such as diesel to more ecological fuels such as LPG or biogas;
- centralized management of air conditioning and heating systems in offices, by sharing guidelines for the rational use of energy in buildings;
- awareness-raising initiatives aimed at personnel.

As regards the reduction of consumption associated with the company car fleet, two macro-directives of intervention have been identified, one linked to company choices and one linked to the behavior of individual users:

- adoption of policies relating to the Car Fleet aimed at reducing its environmental impact, including the revision of the criteria for the assignment of company cars, the conversion of the car fleet to full-hybrid, full-electric or biofuel-powered vehicles (biodiesel or bioethanol) and incentive schemes to employees who choose cars with a lower environmental impact (e.g. reduction of amounts paid by the employee);
- promotion of initiatives for employees to disseminate greater awareness of the environmental impact generated by their actions and which direct them towards good practices in the management and use of company vehicles, such as raising awareness of mileage and the possibility of sharing the company vehicle, raising awareness of the use of the company car for private travel, on the impact of driving style and on the importance of correct maintenance of the vehicle.

With regard to Scope 2 indirect emissions, the Group's "market-based" Scope 2 profile is strongly characterized by electricity consumption and only to a residual extent by emissions deriving from thermal energy (10% of the total

Scope 2). For this reason, the target in question should be understood mainly as a reduction of emissions connected to the electricity component. To this end, the actions that the Iccrea Cooperative Banking Group has set out to carry out are:

- exclusive purchase of green and/or certified electricity from renewable sources with Guarantee of Origin (GO), by joining the BCC Energia Consortium or by requesting its purchase from its energy suppliers;
- direct production of energy from renewable sources (e.g. installation of a photovoltaic plant).

Finally, in relation to Scope 3 indirect emissions relating to its own operations, the Group has calculated and reported the emissions produced for the relevant categories (as better detailed in this section, i.e. categories 1. Purchased goods and services, 2. Capital goods, 3. Activities related to fossil fuels and energy, 6. Business travel, 8. Upstream leased assets, 13. Downstream leased assets).

Financed portfolio

As regards Scope 3 indirect emissions category 15, Small and Medium Enterprises (SMEs) account for about 80% of the gross carrying amount of the Group's portfolio of Non-Financial Corporates and these entities have specific difficulties in the measurement, engagement and monitoring of greenhouse gas emissions and the decarbonization path, due to their heterogeneity, small size and limited availability of structured data.

In this context, the Group recognizes the importance of establishing clear and realistic objectives for the reduction of emissions generated by its loan portfolio, both ambitious and reflecting the operational reality of SMEs. However, the current difficulty in obtaining complete and accurate data represents a critical element that requires a strategic and targeted approach.

Consequently, the Group has initiated a strategic process to evaluate the definition of specific targets for the sectors considered most critical based on the evidence of the Group's portfolio, in line with what emerges from the market and the main international standards.

In line with the characteristics of its loan portfolio and the type of customer, and with the results of the analyses of the operating context (better detailed below), the Group has identified two priority sectors for intervention: real estate (residential and commercial mortgages) and companies operating in the Agriculture, Industry, Steel and Transport sectors.

In order to support these customers in their decarbonization process, the Group has identified commercial levers that aim to enable the transition to a sustainable economy. These commercial actions, detailed in the following paragraphs, include the launch of new products and financing (e.g. Taxonomy Aligned), but also consultancy services, through external companies, offered to customers, especially SMEs, to develop awareness of their positioning with respect to the transition. The Group has defined cumulative objectives for the provision of new financing to customers (both retail and corporate), aimed at improving the emission profile, for over €10 billion in the period 2025/2030.

These actions and objectives are functional to establish the Group's concrete commitment as a driver of the transition of itself, its shareholders and customers, with the ultimate goal of limiting global warming.

During 2024, the Group began an in-depth analysis of its sector priorities, focusing on the reduction of financed emissions and the alignment of its activities with global sustainability objectives. Among the key sectors identified, agriculture and the mortgage sector were considered priorities for the definition of specific decarbonization targets.

Agriculture plays a central role in the Group's portfolio, both for its economic importance, with a strong impact on the loan portfolio, and for the deep-rooted commitment of Group to the primary sector and rural communities, contributing to their development and sustainable growth. The transition in this area requires a systematic and targeted approach, involving strategic investments in sustainable agricultural practices, the adoption of advanced technologies such as precision agriculture, the improvement of water and energy efficiency, and the transition to the use of renewable energy sources. In this spirit, the Group has decided to establish carbon footprint reduction targets (i.e. the ratio between financed emissions and gross carrying amount) for the agricultural sector, planning to reduce the carbon footprint of this sector by 2030 in a range of 5-10% (compared to approximately 845 tons of CO_2 equivalent/€ millions of gross carrying amount in 2024). Details on the strategy implemented to ensure the achievement of this target are available in the following sections.

The (residential) mortgage portfolio has been identified as another priority area of intervention, by virtue of the fundamental role the Group has always had in supporting the local economy, in particular in relation to its significant presence in the residential area outside large urban centers. This condition implies a strong responsibility in orienting the real estate sector towards more sustainable solutions. In this context, the Group has decided to set targets for reducing emissions related to the residential sector, mainly focusing on financing and supporting the redevelopment of existing building stock, while incentivizing the purchase and construction of new buildings with high energy efficiency and low environmental impact. The aim is not only to reduce direct emissions associated with real estate projects, but also to stimulate the market towards more sustainable and innovative solutions, which can have a positive impact in the long term. In the residential property segment, the Group has set itself the target of reducing its carbon footprint by 20-25% by 2030 (compared to approximately 28 tons of CO2 equivalent/gross carrying amount in 2024), including the grid effect, which consists of the reduction of emissions from properties through the increasing use of renewable energy. Details on the strategies implemented by the Group to achieve these targets are the following paragraphs. Overall, these targets are part of a broader strategic development to strengthen the Group's role as an active player in the transition. The actions undertaken are not limited to responding to the need to reduce emissions, but aim to create a long-term positive impact, ensuring a sustainable future for future generations and for the global economic system.

Real estate portfolio (residential and commercial) as collateral for mortgages

The real estate sector, both residential and commercial, is a major player in the fight against climate change, as it is responsible for a significant portion of greenhouse gas emissions and energy consumption globally. In response to this challenge, the EU Energy Performance of Buildings Directive (EPBD) sets very ambitious targets for the sector: a 60% reduction in emissions by 2030 compared to 2015 levels and the adoption of a zero-emission building stock by 2050. These targets require a radical change in the way buildings are designed, constructed and managed, with an urgent need for massive renovation and energy efficiency interventions, a process that involves both the public and private sectors. In this context, the Iccrea Cooperative Banking Group aims at being a key player in supporting the transition of the real estate sector, providing structured and targeted financial leverage. The Group has recognized that the transformation of the national building stock is one of the main challenges to achieving global climate goals, and for this reason it has identified support to the real estate sector as a strategic priority. In particular, the Group has developed a wide range of green financial solutions, which include loans and financing dedicated to energy efficiency interventions, sustainable renovations and the purchase of highly energy-efficient properties. These tools are designed to facilitate access to financial resources for households and businesses, encouraging the implementation of measures that reduce the emission footprint of buildings and increase their sustainability.

Also in light of the targets for reducing financed emissions set by the Group for the residential sector, commercial levers have been identified and developed to support customers in the transition process, with a particular focus on the real estate sector. The main financial levers designed by the Iccrea Cooperative Banking Group include specific products (including, for example, Taxonomy Aligned products) for the financing of interventions not only for the renovation of existing buildings, but also for the construction of new properties with low environmental impact, with a particular focus on the most virtuous energy classes. Furthermore, specific objectives have been established for new financing relating to properties in the best energy classes, with the aim of promoting a transition towards an increasingly sustainable building heritage that respects environmental criteria.

Agriculture

The agricultural sector is a significant contributor to global greenhouse gas emissions. In particular, livestock farming and the intensive use of fertilizers are the main drivers of emissions. The transition of the agricultural sector towards more sustainable and ecological practices is essential to achieving global climate goals and requires a radical change in the methods of cultivation and production, moving towards regenerative agricultural practices that not only reduce emissions, but also improve soil health and biodiversity. The adoption of advanced technologies plays a crucial role in this process, as it allows for the optimization of resources and the improvement of the efficiency of agricultural operations, while reducing environmental impact.

The agricultural sector has historically represented a priority for the Group, which recognizes the importance of its role in accompanying customers, especially small and medium-sized agricultural enterprises, on their path towards sustainability. Considering the targets (in terms of reduction of financed emissions) set by the Group, a targeted offer has been developed that includes financial solutions to support the transition of the agricultural sector, with a particular focus on innovative and sustainable agricultural practices. These solutions include specific financing for photovoltaic systems, biogas and other sustainable energy solutions, with the aim of reducing energy costs and emissions in the agricultural sector.

In addition to these financial solutions, there are consultancy services to facilitate access by agricultural companies to public funds from the National Recovery and Resilience Plan (NRRP) and other national and European financing programs, aimed at sustainable innovation in the agricultural sector. The Iccrea Cooperative Banking Group aims to be a strategic partner for agricultural companies that wish to undertake a transition path towards more sustainable practices, providing not only financial resources, but also technical and consultancy support to guide companies through sustainability-related regulatory and financial challenges.

Industry

The industrial sector is a significant contributor to global emissions, and sectors such as concrete and chemical production pose significant challenges for decarbonization. The adoption of advanced technologies, the electrification of processes and the use of renewable energy are key factors in achieving decarbonization objectives and pose even more ambitious challenges for SME counterparts.

The Group, in light of its role in supporting businesses, offers integrated solutions to accompany the industry towards the sustainable transition, which include financial support for the adoption of advanced technologies, such as the electrification of production processes, energy efficiency and the circular economy, credit lines that reward companies with measurable emission-reducing targets and improving ESG performance and consultancy services to guide small and medium-sized enterprises in the transition. The Group aims, in fact, to support small and medium-sized enterprises especially through the financing of high-impact technologies such as the electrification of industrial processes to replace fossil fuels with renewable energy, the adoption of CCUS (Carbon Capture, Utilization, and Storage) systems and advanced solutions for the recovery and reuse of waste materials..

Steel industry

The steel industry has a significant impact on global CO_2 emissions, especially for its heavy reliance on coal as a fuel. Its decarbonization poses a number of challenges, requiring the transition to furnaces powered by renewable electricity, the use of green hydrogen as a reducing agent in steel production, the development of CCUS (Carbon Capture, Utilization, and Storage) to capture and reuse carbon emissions, and increased steel recycling to reduce the need for carbon-intensive primary production. The Group supports its customers' decarbonization with financing for technological innovation projects, for example by supporting investments in electric furnaces and green hydrogen infrastructure, or by promoting recycling and the circular economy with dedicated solutions for secondary steel production.

Transportation

In light of the importance of the transport sector with respect to global emissions, European legislation has taken on a particularly stringent approach, requiring the adaptation of vehicles in such a way as to guarantee zero emissions for all new vehicles sold by 2035.

The technological transition in this sector is driven by the spread of zero-emission vehicles, including the development of battery electric vehicles (BEV), i.e. the dominant technology, supported by a widespread network of charging infrastructures. Other technologies include hydrogen (FCEV), suitable for heavy vehicles and long-distance applications, and advanced hybrids, the latter particularly widespread and suitable for a gradual transition towards full electrification.

The Group has set itself the strategic objective of supporting the innovation and sustainability of the entire value chain of the automotive industry with an integrated approach, which includes support for the production and purchase of electric vehicles and charging infrastructures, the offer of credit to suppliers in the automotive supply chain for the transition towards zero-emission processes, financing for leasing and long-term rental for electric vehicles and for private and public charging infrastructures.

Proprietary Portfolio and Assets Under Management

As regards the proprietary portfolio, the Group highly values the adoption of a diversification strategy of proprietary investments through ESG financial instruments, with the aim of integrating environmental, social and governance factors into corporate processes. To this end, a gradual plan has been outlined that provides for a progressive increase in ESG financial instruments in the portfolio, with the aim of reaching a share equal to or greater than 5% by 2025.

With regard to Assets Under Management, the Group's asset management company, BCC Risparmio & Previdenza SGR, integrates environmental, social and governance criteria into the investment processes relating to the managed portfolios. To this end, it has defined and adopted specific controls, graduated according to the characteristics and objectives of the individual financial products, aimed at identifying, evaluating and monitoring investments most exposed to sustainability risks. Specifically, these controls include mechanisms for:

- exclusion/restriction of certain sectors with questionable profile in terms of sustainability or considered “not responsible” (for example: alcohol, gambling, tobacco, nuclear energy, weapons) or specific exclusion of issuers with an internal ESG rating assigned on a “critical” value (CCC Rating), including the impact of any existing or arising disputes of the issuing counterparty;
- selection of investments based on sustainable investment criteria for which environmental or social characteristics, or a combination of such characteristics, are promoted provided that the companies in which the investments are made comply with governance practices including sustainable investment targets (pursuant to Articles 8 and 9 of EU Regulation 2019/2088);
- introduction of ESG investment limits, both positive, with minimum levels of investment in sustainable financial instruments and in companies that promote environmental and social characteristics, and negative, providing, in addition to the exclusion of instruments with a CCC rating, limits on exposure on instruments with an internal ESG rating assigned on a value lower than the critical one (Rating B), variable according to the characteristics of the investment itself.

The Scope 1, Scope 2 and Scope 3 emissions reduction targets refer to the consolidated size and are fully integrated in the Group's commercial strategy and are factored into financial planning over the same time frame of the 2025-2027 Business Plan approved by the Board of Directors of the Parent Company on March 26, 2025. Furthermore, the mitigation of climate risks is included within the broader process of defining the Group's Risk Appetite Framework. Specific targets linked to the ESG dimensions have also been introduced into the variable remuneration of top management, in particular the achievement of targets linked to the defined decarbonization path. Note though that the current targets and actions adopted with resolution of the Board of Directors of the Parent Company, although aimed at mitigating the negative effects deriving from climate change, are not formally aligned with the objectives set by the Paris Agreement.

Governance of the Transition Plan

The decarbonization strategies has been defined with the contribution of several units of the Parent Company, including the Planning & Control unit (responsible, among other things, for defining the consolidated business plan), the CBO Area for the analysis of the context and the definition of possible commercial strategies, and the Operations Strategy unit, for the definition of targets and actions related to the reduction of own emissions, the CRO Area for the estimates relating to the emissions of the financed portfolio (Scope 3). These structures are supported by the ESG Ambassadors present in each strategic area of the Parent Company and in each Group company, to act as coordinators within the relevant Area/Company on ESG matters, as well as liaison with the Sustainability Steering unit of the Parent Company. Finally, the aforementioned function is responsible for defining the ESG strategies and coordinates all the business structures of the Parent Company and the ESG Ambassadors.

In support of these structures and entities, the Parent Company has also invested in tools (including the purchase of specialized software for the calculation of emissions relating to the financed portfolio and reported in the Group's Scope 3 emissions, the update of the application used for the credit investigation in order to be able to collect the results of the ESG assessment questionnaire of customers and integrate it into the lending process) and presonnel training courses dedicated to ESG issues.

With regard to operating expenses (OPEX) and (or) capital expenditure (CAPEX) planned for the implementation of the ESG strategy (with particular reference to issues related to climate change), these do not represent a significant value with respect to the strategic plan as a whole and the Group's capital and financial structure.

RESILIENCE ANALYSIS

The identification of potential climate and environmental risk factors, and related opportunities, to which the Group is exposed, is based on an in-depth analysis of regulations, market best practices, the macroeconomic environment and the indications provided by Supervisory bodies regarding risk management.

The operating context can be analyzed with three dimensions:

- Global environment: characterized by increasing regulation aimed at integrating and/or limiting ESG risks in the Bank's key processes. This environment is based on intervention policies that consider different transition trajectories towards the objective of containing global warming, as well as on climate policies in place and/or necessary to address climate change. Technological evolution requires a significant increase in capital expenditure to support the transition towards a more sustainable economy;
- Market trends: they mainly include the growing attention of investors towards sustainability and the circular economy, the development of green products and the increased importance attributed to these issues by consumers and households. This offers strategic insights to accompany a sustainable transition. At corporate level, banks are subject to increasing pressure from investors, consumers and regulators to take concrete action on climate. At financial level, retail financing will account for, until 2025, a significant share of sustainability-related revenues in Europe. This segment, including green mortgages and electric vehicle financing, represents a significant opportunity for the Group.
- On the consumer front, the sustainable consumer goods market is expected to grow at an annual rate of 10-15%;
- Competitive environment: the banking sector is characterized by a growing commitment to aligning with the objectives of the Paris Agreement, also in response to the progressive adoption of stringent policies by financial institutions. Most of the main Italian operators have already set targets for the sectors with the highest climate and environmental (C&E) risk, and have introduced exclusion policies for new disbursements in high-impact sectors, such as coal and unconventional extraction activities in the Oil & Gas sector. The Group has identified the “Inevitable Policy Response - IPR Forecast” scenario as the guide for defining the relevant climate policy framework. In particular, the use of the IPR has allowed the definition of the narrative on the most relevant sectors for the Group and the development of the assessment of risks and opportunities arising from legislative and regulatory developments in this area.
- In this respect, the Group's portfolio has been divided into material C&E (Climate and Environment) sectors (material analysis), selected by intersecting two elements: "Medium" and "High" risk sectors according to the results of the Materiality Assessment exercise and C&E Sectors having the highest impact in terms of emissions.

The most relevant climate-related sectors have been identified (Real Estate & Construction, Agriculture, Steel Industry, Transport) and a detailed analysis has been carried out through i) the identification of the policies, in force or about to be issued, relevant for each identified sector, ii) the analysis and qualitative assessment of the impact of risks deriving from climate-related policies on the entire value chain of the sector, iii) the assessment of the financing and transition support opportunities associated with the policies.

The impact of the identified climate policies on the most important sectors in the Group's portfolio can be summarized as detailed in the following paragraphs.

Residential Mortgages & Buildings & Construction

Carbon and energy efficiency policies highlight the need to decarbonize and improve the energy efficiency of existing buildings, as well as promote the construction of new buildings that meet higher energy standards, in order to avoid cost increases.

Renewables will require significant initial investments due to the change in technology, but the presence of European or state subsidies to support the transition mitigates the cost increase.

Binding targets will come into force from 2024, such as the exclusion of subsidies for gas boilers, which will lead to an increase in costs related to the renovation and purchase of heat pumps. However, this will also represent a growth opportunity for installers of green heating systems.

The analysis of the impact of climate policies on the sector's value chain allows us to identify the segments most exposed to climate-related and environmental (C&E) risks for the Group, in particular those related to real estate management and mortgages, both commercial and residential. These segments offer significant opportunities for green financing, such as investments in energy-efficient buildings, products dedicated to low-emission heating and support through specific ecosystem solutions and actions.

Agriculture

The impact of new climate policies on the agricultural sector is direct and significant, although potentially mitigated by state subsidies.

An increase in costs is expected for the forestry and nature segments, especially in the distribution phase, due to the new standards on traceability and transparency, but also potential financing opportunities for agricultural companies. The decommissioning of traditional fertilizers in favor of green ones causes an increase in costs for agricultural companies and also indirectly impacts the entire production and distribution chain, but also offers financing opportunities for new agricultural approaches.

In the carbon farming segment, new income opportunities are generated for farmers, deriving from the use of the soil for carbon absorption, but with significant investments required.

The analysis of the impact of climate policies on the value chain of the sector allows us to identify the segments most exposed to C&E risks for the Group, such as in particular agricultural companies and producers of inputs active in the related value chain. These segments present the main opportunities for green financing (financing new production processes and new projects such as carbon farming, as well as supporting the adoption of new fertilizers).

Steel industry

With regard to carbon prices, the impact of policies generates an increase in production costs related to the EU Emissions Trading System (EU-ETS) and the imposition of customs duties on imports.

Research and innovation initiatives aimed at supporting the transition will have a cost-reducing effect by making low-emission solutions more competitive.

In respect of renewables, initiatives to support energy saving generate a reduction in costs along the entire production chain.

Finally, energy efficiency requires short-term investments to meet energy certification requirements that will lead to a reduction in medium-long term costs.

The analysis of the impact of climate policies on the value chain of the sector allows us to identify the manufacturing of metal products as the segment most exposed to C&E risks for the Group, while at the same time offering an opportunity for green financing (financing the transition through support for the reconversion of production systems).

Transportation

The policies for the decommissioning of internal combustion vehicles directly impact mainly the production segment of the sector but the Group's portfolio, concentrated on the "distribution and sales" segment, allows for its mitigation.

The impact is substantially positive on the financial incentives area, due to the acceleration of the electric vehicle sector.

The impact of policies on critical raw materials, on the life cycle of motor vehicles and on automotive components will lead to an increase in costs in the production segment and a contraction in sales, but will allow for business opportunities to support the circular economy.

In the area of carbon pricing, the "EU-ETS" system will cause an increase in costs, with possible transmission of increases along the value chain but also investment opportunities in the after-sales sector.

The analysis of the impact of climate policies on the sector's value chain allows us to identify the distribution and sales segment as the segment most exposed to C&E risks for the Group, while at the same time offering an opportunity for green financing through expenditures on the adaptation of distribution and sales facilities, and earning opportunities for logistics companies.

Risk analysis and resilience assessments

In light of the priority areas identified in the analysis of the operating environment, in accordance with applicable prudential regulations, the Group periodically identifies the risks to which it could be exposed, taking into account the potential impacts of climate-related and environmental risks on assets and economic activities which, in turn, may be reflected in the financial performance of the Group; this process has led to the development of an internal taxonomy of climate and environmental risks, which are broken down into the categories of transition and physical risk, as shown in the following figure:

	TRANSITION RISKS			PHYSICAL RISKS	
	Technological	**Policy**	**Market sentiment**	**Acute risks**	**Chronic risks**
Climate-related risks	The transition to low-impact technologies requires a higher cost and affects customers' business model	Global European policies limit activities to sectors with high levels of emissions	Shifts in consumer preferences towards climate-friendly consumption habits affects all sectors more dependent on energy consumption	Risks arising from extreme climate change, with specific events in a defined time (e.g. landslides and floods)	Risks arising from chronic climate change, with effects occurring over a long time horizon
Environmental risks	• Policies to reduce environmental impact and for the transition to green technologies/products can affect companies with high levels of pollutant emissions and poor waste management • The introduction of green policies and technologies, combined with a market sentiment of increased awareness of environmental damage, can influence activities that impact ecosystems and biodiversity • The transition to advanced technologies, the demand for environmentally sustainable products and policies on virtuous water management can impact companies with high use of water resources, decreasing productivity in specific sectors (e.g. agriculture)			Risks arising from extreme alterations of environmental resources due to pollution, water resources and loss of biodiversity	Risks arising from chronic long-term alterations of environmental resources due to pollution, water resources and degradation of ecosystems

In order to understand the causal links connecting climate-related risk factors to financial risks, the Group has identified the transmission channels. This was done by identifying the relevant C&E risk drivers first and then by identifying the transmission channels through which drivers can have - through the counterparties, assets or the economic environment of the Group - a direct (damage to assets, interruption of the value chain, decrease in profitability) or indirect (macroeconomic changes) impact.

The transmission channels were determined for seven main types of traditional risk (i.e. credit, market, operational, liquidity, reputational/litigation, strategic and sovereign risk), highlighting how these drivers have an impact in the short, medium and long term, at macro and microeconomic levels.

TYPE OF RISK	RISK DRIVER	TRANSMISSION CHANNEL
Credit risk	- Climate-related an environmental physical risks (acute and chronic) (pollution, loss of biodiversity, water stress) - Transition risks (Technological, Policy and Regulatory, Market Sentiment)	- Decrease in the corporate solvency of companies (Corporate) due to the negative impact on financial solidity (e.g., increased costs and decreased revenues) due to physical risks and failure to adapt to the sustainable transition and environmental protection - Impact on household income and savings (Retail) due to the repercussions of the costs to be borne by white-collar companies in sectors exposed to high physical risks or with failure to adapt to the sustainable transition - Loss of value of real estate assets used as collateral with negative energy certification (EPC) ratings or highly exposed to acute and chronic physical risks
Market risk	- Physical risks (acute and chronic) - Transition risks (Technological, Policy and Regulatory, Market Sentiment)	- Decrease in the value of assets in the trading book for companies in sectors particularly affected by new regulations encouraging the transition to a more sustainable economy and the adoption of cleaner technologies or in sectors particularly exposed to climate change and subject to acute physical risks
Operational risk	- Physical risks (acute and chronic - Transition risks (Technological, Policy and	- Damage to office facilities, network nodes, owned properties and IT systems support structures (including external suppliers) due to exposure to acute climate risks, potentially impacting on operations and affecting the Group's core functions - Risks of non-compliance with regulations and C&E expectations, with possible audits and sanctions by the Supervisor; legal actions by NGOs or climate activists with financial impacts;

	Regulatory, Market Sentiment)	risk of greenwashing on products in case of partial evidence of positive 'green' impact
Liquidity risk	- Physical risks (acute) - Transition risks (Technological, Policy and Regulatory, Market Sentiment)	- Impact on the HQLA stock and cash outflow due to the outflow of customer funding in order to meet the liquidity needs to finance the transition process or to finance reconstruction expenses due to climate hazards, with related potential impact on the value of liquid assets
Reputational and litigation risk	- Transition risks (Technological, Policy and Regulatory, Market Sentiment)	- Exposure to sectors with high climate risks could lead to higher scrutiny by private and institutional stakeholders - Non-compliance with regulations and C&E expectations could lead to audits and sanctions from the supervisor - Risk of greenwashing on product offerings in case of partial evidence of the actual positive "green" impact - Failure to align with decarbonization targets with related reputational impacts - Lawsuits by NGOs and/or climate activists could result in financial sanctions - Exposure to sectors with high environmental risks could lead to higher scrutiny by private and institutional stakeholders - Misconduct on C&E issues towards a counterparty
Strategic risk	- Transition risks (Technological, Policy and Regulatory, Market Sentiment)	- Impact on profitability (of counterparties) in sectors exposed to C&E risks due to a reduction in profits due to emissions taxes and costs for alignment with sustainable and environmentally friendly regulations/technologies, together with impacts on the operating model due to the increase in the frequency of climate hazards in Italy with a related impact on the ability to generate margins
Sovereign risk	- Physical risks (acute) - Transition risks (Technological, Policy and Regulatory, Market Sentiment)	- Impact on the sovereign bond portfolio due to the implementation of policies to address climate change that require increased public spending by states, together with the increase in costs to move towards a sustainable transition or to address the increase in the frequency of damages linked to climate hazards

The risk relevance assessment aims to quantify the effect of the identified C&E risks on the Group's overall risk profile, i.e. by measuring the potential financial effects of such risks on the traditional risks to which the Group is exposed, by (i) defining the Key Risk Indicators, i.e. the metrics[80] that best express the exposure to the various C&E risks (for example, proportion of credit exposures to certain sectors), and (ii) the subsequent definition of so-called "materiality thresholds" for each type of traditional risk, on a scale of 4 values (in addition to the "non-material", i.e. "low", "medium", "medium-high" and "high"), with differentiated impact along the short-term (1-3 years), medium-term (3-7 years) and long-term (over 7 years). With particular reference to credit risk, the result of the analysis, consisting of a heatmap that synthetically represents the risks to which the Group is exposed and their relevance, derives from qualitative and quantitative assessments both at counterparty level and at sector level, through the use of data obtained from third-party info providers.

Starting from 2022, the Group, following analyses on climate-relates risk, has developed a management framework dedicated to the Climate Stress Test in order to assess the main impacts and risks, also considering the consequences of recent climate emergencies in Italy.

The Climate Stress Test Framework aims to assess the Group's prospective exposure, broken down by physical and transition risk, through the analysis of different future scenarios, based on climate-related, macroeconomic and financial variables, with the aim of measuring its resilience capacity in adverse economic contexts. Specifically, a framework has been developed that is as transversal and integrated as possible between credit risk, operational risk, liquidity risk and sovereign risk while enhancing the risk-specific components of each risk, with the development of specific models.

The Climate Stress Test framework, calibrated to the characteristics of the Group in terms of business model, operating environment and risk profile, was developed through the analysis of all asset classes/balance sheet assets

[80] Reputational risk is assessed using a qualitative approach.

(including real estate assets pledged as collateral for customers) and liabilities in terms of distribution of exposures by sector and geographical area. The resilience analysis is based on a structured set of fundamental assumptions that guide the assessment and management of the risks the bank is exposed to due to climate and environmental changes. These assumptions allow for the definition of consistent and realistic scenarios, used to identify vulnerabilities and plan mitigation actions. The main assumptions adopted in the analysis include:

- **climate change scenario:** the analysis considers a plurality of climate scenarios to ensure a comprehensive risk assessment. These include a scenario aligned with the objectives of the Paris Agreement, which envisages a maximum global warming of 2°C, and an alternative more severe scenario, which assumes an increase in temperatures over 3°C. The Paris scenario is used to estimate the impacts of the transition to a low-carbon economy, while the second scenario highlights the potential effects of the most severe physical risks, such as extreme weather events, sea level rise and environmental degradation, highlighting the consequences of insufficient global climate action;
- **regulatory evolution:** the assumption is that the European Union regulatory framework on sustainability will continue to evolve towards greater stringency, especially with regard to policies to reduce greenhouse gas emissions and the promotion of sustainable finance. Key references include the EU Taxonomy, the Sustainability Disclosure Regulation (SFDR) and ESG reporting requirements. These rules will significantly influence capital allocation strategies, credit policies and the structure of financial products offered;
- **customer behavior:** the analysis assumes a growing customers attention towards sustainable financial products and services, reflecting market trends and social pressures towards low-carbon economic models. This evolution includes greater demand of financing for green projects, investments in renewable energy and ESG-compliant financial instruments, as well as a growing awareness of the role of banks in promoting sustainability;
- **economic stability:** the assumption is that, despite the potential risks arising from climate change, the global and local economy maintains relative macroeconomic stability over the time horizon. This assumption is crucial to focus the analysis on specific climate risks without overlapping with systemic economic crisis scenarios, while considering possible sectoral or geographical impacts arising from transition policies or extreme climate events.

The analysis considered multiple time horizons to cover both short-term and long-term impacts (in line with the time horizons over which C&E risks were identified):

- **short-term horizon (1-3 years):** the analysis focuses mainly on transition risks, such as adapting to upcoming environmental regulations, changing lending policies and increasing demand for sustainable investments. The direct effects of regulatory changes have been modelled to reflect changes already underway and those expected in the short term;
- **medium-term horizon (3-7 years):** this horizon includes a more in-depth assessment of physical risks, in particular those arising from extreme climate events such as floods, heatwaves and droughts that could impact the branch network, IT infrastructure and the availability of natural resources for customers;
- **long-term horizon (over 7 years):** the long-term analysis takes into account the structural effects of climate change and the transition to a low-carbon economy, with a focus on the resilience of the bank's business model to systemic changes, such as the widespread adoption of green technologies and evolving regulations globally.

The impacts of climate change on the various risk areas (Credit, Operational, Liquidity) were assessed on a time horizon that considers 2050 as the reference year.

As regards the scenarios used in the simulations, the Group has adopted those defined by the **Network for Greening the Financial System (NGFS),** in line with the main scientific projects for assessing climate change (including scenarios characterized by high physical risk). The NGFS scenarios, recognized at international level, outline seven potential trajectories for the energy transition and the related impacts:

- **Net Zero 2050**: Ambitious and aimed at limiting global warming to 1.5 °C, this scenario includes stringent climate policies and technological innovations, reaching net zero emissions by 2050. It carries low physical risks but high transition risks;
- **Low Demand**: It relies on significant changes in behavior, decreases in energy demand and reaching climate neutrality by 2050, with lower transition risks than Net Zero 2050;

- **Below 2 °C**: It foresees a progressive tightening of climate policies to limit warming to 2 °C. Net CO_2 emissions reach zero after 2070, with limited physical and transition risks;
- **Delayed Transition**: Emissions do not decrease until 2030, requiring more aggressive action to limit warming to 2 °C. It carries higher physical and transition risks than other scenarios;
- **Nationally Determined Contributions (NDCs)**: Based on policies announced but not yet fully implemented, it entails a temperature increase of up to 2.6 °C, with moderate or severe physical risks and low transition risks;
- **Current Policies**: Reflects policies currently in place, with an estimated warming of around 3 °C by 2080, leading to severe physical risks, including irreversible sea level rise;
- **Fragmented World**: Characterized by diverging climate policies across countries, it combines high physical and transition risks due to an uncoordinated and ineffective approach.

The Group's methodology for the resilience analysis aims to assess the impacts, estimated in a forward-looking manner using climate and environmental scenarios, on the main economic/financial indicators of the Group. This approach included, where deemed relevant, the physical and transition risk profiles for primary risks (credit, operational and liquidity risk), based on specific risk factors and also considering different time horizons.

The analysis of the operating context, the identification and assessment of C&E risks and the stress test activity are integrated into the internal risk management processes (Risk Appetite Framework – RAS and RAF, capital and liquidity adequacy assessment process – ICAAP and ILAAP), and direct the core business corporate processes, including strategic planning (including the definition of credit policies and commercial objectives).

Also note that the scenarios used for the identification of risks and the stress analyses are consistent with the scenarios used in the credit risk management process, in particular in the integration of climate and environmental factors within the system for determining expected losses of financial assets pursuant to the accounting principle IFRS 9. Details on the methods and scope of integration of climate and environmental risk factors in the credit risk measurement models are provided in this Report on Operations (chapter "10. Risks and uncertainties") and in the notes to the consolidated financial statements ("Part A – Accounting policies", "Part E –Risks and risk management policies").

Physical risk

The physical risk modeling framework developed by the Group is based on a structured and cross-cutting methodological framework, aimed at estimating the probability of occurrence of adverse physical events and at showing the impact of such events on the different types of risk, such as credit, operational and liquidity risk. This approach is based on the model proposed in the literature that breaks down risk into three main analytical components: Hazard (H), Vulnerability (V) and Exposure (E). The combination of these three drivers allows the definition of total risk. The Hazard parameter represents the probability of occurrence of an adverse event and is the common element across all types of risk. To quantify the Hazard component, the Group uses granular data in line with the Climate & Environmental Materiality Assessment process, which integrates internal information (e.g. physical risk scores associated with properties and collateral) and external data. In particular, over extended time horizons, the Group adopts a prudential approach and provides for continuous monitoring of the reliability of the models. Furthermore, the framework is subject to a periodic review to integrate any progress in scientific research, thus ensuring constant methodological evolution.

Credit risk

The methodology adopted by the Group focuses on the analysis of loans secured by collateral. In the context of credit risk, the methodology considers three types of acute physical events that are material for the Group: floods, landslides and fires. The risk transmission channel is represented by the property pledged as collateral for mortgages, the economic value of which may be compromised by the damage caused by the occurrence of such events.

The methodological approach to estimate the impact of these events is based on the quantification of a value adjustment of the property pledged as collateral. The methodology allows for an integrated assessment of the probability of occurrence of an acute physical event and the vulnerability of the property, i.e. the property's ability to suffer damage in the event of an event. The interaction between these two components allows for the estimation of the parameter for measuring the "climate-stressed" credit risk, useful for quantifying the value adjustment of the collateral, providing a measure of the risk associated with acute physical events and their potential economic impact.

Operational risk

The methodological approach adopted for operational risk, in line with the Group's overall framework and with the methodologies used for other types of risk, quantifies the economic impacts deriving from losses due to extreme weather events. This quantification is based on the analysis of two distinct risk transmission channels:

- **direct operating losses**: these include the loss of value of owned properties or the costs of restoring damage caused by extreme weather events. The occurrence of these risks leads to a decrease in the Group's asset value and the need to incur costs for the reconstruction of damaged properties;
- **business losses**: lost earnings due to operations interruption due to damage caused by extreme weather events.

For the transmission channel of direct losses, the analysis focused on the properties owned by the Group, while in the case of business losses (lost earnings) the analysis focused on both on properties, owned and leased, used in operations, i.e. the central and operational headquarters, and the properties used for branches.

The physical risk drivers were selected to consistently assess risks related to credit and liquidity. This choice was guided both by the materiality analysis and by the general dangerous conditions of the Italian territory.

The methodology for quantifying the effects of physical risk is based on an integrated assessment of three main elements such as probability of the event (Hazard), exposed value (Exposure) and susceptibility to damage (Vulnerability). The overall economic impact is calculated including both the loss of value of the property and the lost revenues due to the interruption of operations.

Liquidity risk

With regard to liquidity risk, the Group plans to define heatmaps to quantify exposures to C&E risks relevant for liquidity purposes and to prepare scenario analyses to assess their impact on the main liquidity indicators.

The methodological approach adopted for the definition of the heatmaps includes the estimate of expected liquidity outflows that occur in the event of climatic events to quantify the impact on deposits and credit lines granted to customers.

The estimate of stressed liquidity metrics is based on the methodological framework defined for modelling acute physical risks, with the estimate of the three main drivers: Hazard (H), Vulnerability (V) and Exposure (E), applied to liquidity risk. The probability of the event is estimated both in “point in time” and forward-looking terms.

The risk drivers have been identified in line with the results of the materiality analysis and with academic studies in the sector. The events considered to be more significant are landslides and floods.

Sovereign risk

The integration of C&E factors within the climate stress test framework on the Sovereign risk profile in relation to transition and physical risk uses a methodological approach based on three components: the yield of the sovereign bond, the associated rating and the score assigned to the issuing country. On the basis of these components, a change in the climate-related probability of insolvency associated with the State is determined.

<u>Transition risk</u>

Credit risk

The work on climate-related transition risk for credit risk purposes is based on two different methodologies with an impact on the LGD and PD risk parameters, applied to specific portfolio segments.

A first approach involves the definition of a haircut to be applied to the value of the property used as collateral in mortgages, defined as a function of the opportunity cost of the energy transition and the value of the property used as collateral.

A second approach, based on the prospective balance sheet method, is designed to incorporate transition risk into the probability of default (PD) risk parameter for corporate counterparties. The main objective is to estimate the financial impact of transitions towards a more sustainable economy on companies' balance sheets. The same methodological approach that determines an impact on the PD parameter has been adapted to include the environmental transition risk component limited to the risk factors found to be relevant by the 2024 materiality analysis.

Operational risk

The transition risk component is quantified by determining losses resulting from the offer of products classified as “green” that may generate complaints, as well as from non-compliance with C&E regulations, with the risk of incurring sanctions, convictions or audits by the competent authorities. The model is based on the definition and analysis of a specific scenario that analyses both components, considering fines, litigations and management impacts as direct or indirect manifestations of the risk.

The quantification of the impact associated with the transition risk, resulting in the exposure to operational risk, was carried out considering two main transmission channels: Greenwashing and non-compliance with Climate & Environmental (C&E) regulations. These channels reflect the main risks related to energy sustainability and environmental regulations.

Greenwashing represents the risk that financial products are incorrectly classified as “green” without complying with ESG requirements or offering rewarding conditions for customers. This risk was analyzed through various steps: identification of products potentially exposed to greenwashing, analysis of placement volumes, evidence of Loss Data Collection, consideration of the economic impacts at banking and financial level and estimation of the loss related to the greenwashing risk.

For the risk of non-compliance with C&E regulations, the analysis focused on: analysis of the economic consequences for the Group deriving from violations of the regulations, evidence of Loss Data Collection, assessment of the economic impacts on the banking and financial sector and assessment of potential economic losses related to non-compliance with C&E regulations.

These transmission channels were integrated into the C&E risk assessment framework, considering the results of the latest materiality analysis and the perception of these risks at systemic level. The quantification methodology uses qualitative-quantitative analysis tools, such as data collection through interviews with specialist company functions and expert-based approaches for medium and long-term projections.

Liquidity risk

The assessment of C&E risk on the liquidity profile is performed within the Group's overall framework, using the same methodology as for other types of risk. Specifically, the Group adopts the prospective balance sheet methodology to assess the climate cost that companies could bear to adapt to a more sustainable economy. The Group's approach to quantifying transition risk focuses on managing the run-off of deposits and the drawdown of corporate credit lines due to the ecological transition. The model includes the stressing of the balance sheet items of corporate counterparties in the portfolio, taking into account the impacts of the climate transition.

Similarly to physical risk, to quantify the effects of transition risk on the Group's liquidity profile, the main measures of the liquidity framework are stressed and assessed, based on the run-off of customer deposits and the drawdown of credit lines granted to corporate customers.

Periodically, the analysis of the operating context is updated in terms of identification of both the relevant sectors and the related risks and opportunities, as an input for commercial planning and measuring and monitoring the risks to which the Group is exposed in relation to its value chain.

POLICIES

The Group has adopted a number of policies on sustainability, with particular focus on environmental aspects and climate change, both relating to own operations and the financed portfolio. In line with the sustainable development objectives, the Group is committed to integrating sustainability into its day-to-day strategies and operations, adopting responsible practices that comply with regulations and promote a positive impact on local territory and communities. This section illustrates the policies and guidelines adopted to reduce environmental impact, optimize the use of resources and contribute to the transition to a low-carbon economy.

Charter of Commitments

The Group's "**Charter of Commitments of the Environment and Combating Climate Change**" is part of a strategic vision focusing on sustainability, particularly environmental sustainability, as a driver for shared-value creation of. The Group is aware of the interdependence between economic activities, ecosystems, resources and people, and directs its action towards a model that promotes responsible and sustainable growth, in line with the principles of cooperation and mutualism at the core of its identity. Environmental protection and attention to climate change are closely linked to the values of solidarity and common good expressed in the Group's Articles of association, which guides the mutual banks in favor of long-term sustainable economic development. [81]

In this context, the Charter represents a concrete commitment to promoting sustainability through the integration of environmental and social policies in its daily activities, responding to the growing need to reduce environmental impact and adopt solutions for the ecological transition. Through the Charter, the Group confirms its desire to support a culture of sustainability, involving its stakeholders - from collaborators to customers, from suppliers to companies issuing financial instruments - and promoting virtuous practices for the reduction of greenhouse gas emissions.

The principle of "connection with the territory", which underpins the work of mutual banks, implies a strong commitment to the protection of local communities and their environment. The Group is in fact convinced that the economic well-being of the mutual banks is inseparable from the social, environmental and economic well-being of the territories in which they operate. The Group's Charter of Commitments is, therefore, a strategic tool to embody a approach based on Integral Ecology, combining care for the environment with the promotion of the common good, supporting an economy that restores value to the environment, the territory and people.

The Charter of Commitments, examined by the ESG Committee and approved by the Board of Directors of the Parent Company and by the individual Boards of Directors of the Group Companies, is available for the stakeholders through publication on the company intranet and the website of each Group Company.

Sustainability Policy

The Group’s “**Sustainability Policy**” is based on the concept of sustainable development, understood as a growth model capable of meeting the needs of present generations without compromising the ability of future generations to meet their own needs. This approach implies specific attention to ESG (Environmental, Social and Governance) factors, to ensure that all corporate activities are managed responsibly and sustainably. The Group, in fact, favors companies that show responsible use of natural resources and careful management of impacts on ecosystems, promote safety, health, justice, equality and inclusion, and generate income and employment in compliance with ethical principles and best governance practices.

The growing attention to ESG aspects is crucial not only for the Supervisory bodies, but also for investors, who base their choices on the ESG performance of companies. To identify sustainable activities, the Group refers to the "EU Taxonomy of Sustainable Activities", which classifies green economic activities. The process of identifying sustainable activities based on objective and mature indicators is essential to measure the company's positioning on ESG factors. The Taxonomy helps to strengthen transparency towards investors and stakeholders, preventing "greenwashing" events, and supports companies in planning the transition towards more sustainable models, directing financial resources towards sustainability investments and contributing to a more cohesive market.

The policy illustrates the integrated operating model for sustainability management, which is also based on cyclical and timely activities to ensure adequate and uniform management of the various ESG initiatives. The Parent Company's Sustainability function coordinates the process, proposing shared strategic objectives and defining guidelines for the Sustainability Plans of the Group companies, in line with corporate directives and regulations. The main activities include double materiality analysis, monitoring of ESG trends, engaging relevant stakeholders, defining the Sustainability Plan and preparing regulatory disclosure, with specific actions at central and local level.

The Sustainability Policy, examined by the ESG Committee and approved by the Board of Directors of the Parent Company and by the individual Boards of Directors of the Group Companies, is available for the stakeholders through publication on the company intranet and the website of each Group Company

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[81] The principles inspiring the Charter include: the 2030 Agenda for Sustainable Development (and the related 17 “Sustainable Development Goals”, or “SDGs”); the United Nations Environment Programme; the United Nations Principles for Responsible Finance; the Blueprint for Sustainable Finance promoted by the European Commission; the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD); the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD).

Car and travel Policy

The Group is committed to promoting **sustainable corporate mobility** and optimizing efficiency in energy resource management.

Through its green **Car List** and **Travel Policy**, the Group defines a structured approach to reduce the climate impact of transport and mobility.

The Car Policy, implemented by the Parent Company and the companies in the direct scope, establishes the general principles relating to the Fleet Management, i.e. the assignment, use and management of the Group's car fleet. This policy includes both cars assigned to employees for mixed use and cars shared in "pool" mode for the service needs of company structures.

The monitoring and management of the car fleet are entrusted to specific internal bodies:

- the **Remuneration Committee**: evaluates proposals relating to the remuneration and assignment of company cars for the staff of the Parent Company and the direct scope companies. It also presents the proposals to the Board of Directors for approval;
- **BCC Sinergia**: manages the assignment and revocation of company cars for the Parent Company and the companies involved, verifies their correct use and takes care of updating the car database, in addition to managing the overall fleet.

The policy is approved by the Board of Directors of the Parent Company, subject to the favorable opinion of the Remuneration Committee, and is implemented by the Group companies after the approval of their Board of Directors.

The Group mutual banks are also gradually adopting their own **Car Policies**, focusing on the efficiency and sustainability of the use of company cars. The document presents common features and offers a complete overview of the criteria for the use of company cars, establishing rights, duties and guidelines to ensure optimal management of the cars assigned to staff. The initiative is consistent with the objectives of cost containment, in compliance with ESG principles and current regulations.

The Car Policies are part of the Group's **Sustainability Plan**, which provides for the gradual replacement of traditional vehicles with hybrid and electric vehicles, contributing to the reduction of CO_2 emissions and the improvement of overall energy efficiency.

The **Travel Policy** regulates the travel of the staff of the Parent Company and direct scope companies, paying particular attention to cost containment and compliance with ESG criteria. This document introduced in 2023 guidelines for the management of business trips with maximum efficiency and a reduction of CO_2 emissions, in order to promote conscious and sustainable travel choices, based on a number of key principles: preferring low environmental impact travel solutions, preferring train travel over the car or plane, introducing remote meeting methods, raising awareness among employees towards correct planning.

The Group's mutual banks are also adopting the Travel Policy, aligning themselves with the objectives of sustainability and reduction of environmental impact. The branches, in fact, are implementing the guidelines to promote the use of low-emission means of transport, such as trains and electric vehicles, limiting air travel and encouraging virtual meetings. This policy, in line with the Group's guidelines, aims to reduce the overall carbon footprint of business trips, while optimizing costs and improving the quality of working life for mutual banks employees.

Lending policies

Attention to customer needs, support to households and businesses (mainly micro, small and medium-sized enterprises) are the cornerstones of the Group vision for the construction of a sustainable development model, as well as a strategic principle for operating well in the present for the benefit of the future. The Iccrea Cooperative Banking Group has always had the mission of promoting the economic development of the areas in which it is present, providing financial support to households and the initiatives of economic operators: each request for financing has in itself the objective of economic development and the pursuit of the mission, specific to the mutual banks, of cooperative, mutualistic and local enterprises. This is in full compliance with the Charter of Values of mutual banking and with the provisions of Art. 2 of the Articles of association which establishes a close link between the action of the mutual banks and the sustainable development of the local areas in which they operate.

In this sense, “sustainability” is intimately embedded in the “genetic” heritage of the Group and has always found its realization in the attention that the Group pays to households and small and medium-sized businesses, with the aim of building the common good. Attention that has always been of a social nature, understood as the pursuit of improving the moral, cultural and economic conditions of the shareholders, promotion of cooperation and financial and social security education, social cohesion and increasingly - also due to the evolution of the regulatory framework and the renewed attention of the market - attention to the environment.

Also due to impact of the EU Taxonomy, the provision of loans is increasingly oriented towards green purposes; in this sense and with a view to combining social and environmental impacts, the role of the Iccrea Cooperative Banking Group concentrates even more on favoring economic operators who, in respect of environmental, social and corporate governance factors, are attentive to responsible use of natural resources and the effects on ecosystems, maintain adequate conditions of safety, health, justice, equality and inclusion or generate income and work in compliance with ethical principles and best governance practices.

The principles and guidelines that the Group adopts for the purposes of assessing the environmental, social and governance impacts of the economic activities of customers applying for loans are governed by the Group Policy on Granting and Finalizing Credit, which will be updated during 2024.

The Policy establishes the key principles relating to the steps of the loan granting process, aimed at the conscious assumption of credit risk, ensuring an adequate level of quality of the credit portfolio in line with the Group's risk objectives. This Policy is approved by the Board of Directors of the Parent Company, subject to the favorable opinion of the Risk Committee, and is adopted by the individual Group companies, subject to the acceptance by the local Board of Directors of the Direction and Coordination Directive issued by the General Management of the Parent Company.

The competent Functions of the Parent Company Credit Area periodically review the contents of the Policy in line with the internal Group needs as well as with external regulatory developments.

With specific regard to the integration of ESG factors and risks, the aforementioned Policy contemplates, in the context of the creditworthiness assessment process, an assessment phase of the ESG factors attributable to the counterparty and any collateral provided to mitigate the credit risk.

Specifically, in the investigation phase, specific information is collected from the customer through a Qualitative Questionnaire consisting of questions relating to the following areas: transition risk, physical risk, social risk, governance risk. In particular, with reference to transition risks, the Questionnaire includes questions differentiated on the basis of the production segments and sectors of the counterparty. The Questionnaire also provides for the collection of information useful for refining the precise estimate of greenhouse gas emissions (so-called GHG) of the counterparty, also differentiated by sector.

The information collected by completing the Qualitative Questionnaire show the client's positioning in terms of typical climate-related and environmental risks of the sector; if the answers to the questionnaire indicate a mitigation path for one or more risks that has not yet been completed (still in progress, only planned or not foreseen), the outcome of the questionnaire identifies the potential points of impact on specific balance sheet items, based on the sector and the risk driver examined. In such cases, during the investigation phase it is necessary to carry out an in-depth examination of the client's business plan to verify that the assumptions contained take into account the economic and financial impacts deriving from the ESG transition path started or to be started by the customers. The guidelines for this analysis emerge from the questionnaire where each answer is associated with a potential impact on the company's forward-looking accounts, differentiated by the client's sector and a sensitivity analysis on the counterparty's prospective economic and financial items to integrate additional expected and previously unconsidered ESG impacts into the business plan. The Group Policy on the acquisition and management of guarantees has integrated ESG factors into the process of evaluating collateral in consideration of the rental and market value of components connected to the green characteristics of buildings, as well as to the performance (energy, hydrogeological resilience, seismic resilience, etc.) related to the life cycle of the property.

These factors are fundamental in the qualification of a building, especially in terms of maintaining the value of the asset in the long term; although the impact of ESG aspects is not yet "standardized" and codified, the following aspects are taken into account during the evaluation of properties in consideration of their growing importance: the ability of the property to maintain a constant cash flow over time, risks connected to ESG factors that could impact the property in relation to its market segment and evaluation of the energy efficiency of the buildings provided by the Energy Performance Certificate (EPC) which the appointed evaluator considers to assess the impact of this characteristic on market prices. In this regard, the Group's information systems have been integrated to manage certain information relating to the specific APE of the property used as collateral.

Furthermore, the Group has entered into a partnership aimed at acquiring synthetic indicators of physical risk, capable of qualifying the ESG impacts of the properties used as collateral and therefore allowing the assessment of the potential exposure to climate and environmental risks during the analysis of the transaction.

ACTIONS AND METRICS

The Iccrea Cooperative Banking Group considers the protection and attention to the environment as one of the founding principles of cooperation and mutualism and is constantly committed to promoting the responsible protection of the local area in which it operates and to adopting a preventive and proactive approach to environmental challenges.

The "responsible and sustainable growth of the territory in which it operates" and the propensity to characterize itself "for its social orientation and for the choice to build the common good" – pursuant to art. 2 of the Articles of Association – is an essential part of the Group's mission and a guide for the mutual banks that refer to it. In compliance with the "Principle of connection with the territory" for which it is necessary to promote responsible and sustainable growth, the Group embraces the paradigm of Integral Ecology, a notion inseparable from the concept of common good and mutual banking.

The Group is also aware of the impacts that derive from corporate activities and the role it can play in the dissemination of virtuous behaviors as well as the interdependence between economic activities, ecosystems, resources and people and, for this reason, directs the creation of value to the advantage of all stakeholders such as customers, shareholders, supplier companies, communities and future generations, contributing to sustainable economic development in the medium-long term.

Actions and metrics for the Sustainability of Own Operations

The Iccrea Cooperative Banking Group has adopted a series of strategic initiatives to reduce the environmental impact of its daily operations, in line with the sustainability and ecological transition objectives established in the 2023-2025 Sustainability Plan. These initiatives are divided into various areas, with an integrated approach that aims to mitigate CO_2 emissions, optimize energy consumption, promote sustainable mobility and raise the awareness of staff on the importance of corporate practices that limit environmental impact.

Thanks to these initiatives, the Group has already undertaken the reduction of emissions from its own operations, with a 48% reduction in the overall emission impact of Group[82] in the four-year period 2019-2023. In compliance with current regulations, the Iccrea Cooperative Banking Group has defined clear objectives for the management of its direct and indirect emissions with a time horizon of 2030, taking FY 2023 as the reference year (see the following paragraph "Targets").

The most significant initiatives are reported below.

Vademecum Ambiente

Leading initiatives include the publication and distribution of the Vademecum Ambiente, an operational environmental handbook designed to support the Affiliated banks in defining and implementing environmental sustainability objectives. This tool, created after the approval of the Sustainability Plan, is a practical guide to assess and reduce environmental impacts, based on the local peculiarities of individual mutual banks. The Vademecum was presented during a dedicated online workshop, and represents a tangible example of the Group's commitment to providing concrete tools to facilitate the achievement of the Group's climate targets in relation to its own operations.

ABILab Protocol

The "Action Plan for CO_2 Offset" project aims at identifying best practices in the sector for offsetting CO_2 emissions. By participating in thematic working groups with the main industry players and with expert bodies in the field, the Group has explored and assessed possible carbon off-setting strategies, which can support the reduction of its direct emissions and improving its environmental impact.

Renewable Energy Communities (CER) 2

[82] To be understood as total Scope 1, Scope 2 (market-based) and Scope 3 (cat. 6 business trips) emissions from 2019 to 2023.

The second version of the CER Guidelines, aimed at promoting the development of Renewable Energy Communities, is a further step towards energy transition. Published in July 2024, the document is the result of collaboration between the Parent Company, Federcasse and other stakeholders, and is the result of in-depth analyses and consolidated experience in the field of renewable energy. The Guidelines provide useful indications for affiliated mutual banks and other Group companies, guiding them towards a more sustainable energy management model. This initiative promotes the achievement of climate and ecological transition objectives, acting with a view to preventing, managing and reducing direct and indirect environmental impacts.

Rational use of energy

The sustainability of operations also involves raising awareness among staff. The Group has introduced Guidelines for the rational use of energy, promoting virtuous behavior through a series of initiatives, including four thematic newsletters published on SpazioBCC – the internal communication platform – addressing issues such as:

a) reduction of offices' energy consumption;

b) optimization of the use of IT devices and reduction of digital pollution;

c) separate waste collection and reduction of physical waste;

d) sustainable mobility.

These actions aim to educate employees on daily practices that contribute to the containment of environmental impacts, in line with the Group's three-year ESG strategies.

Moreover, the Group has adopted, through its member banks, several initiatives to promote rational use of energy and contain emissions. Among the most significant are:

- use of electricity consumption monitoring tools with the installation of meters to track data and identify optimization opportunities;
- centralized management of switching on and off heating, cooling and lighting systems, to avoid waste;
- management of heating and cooling systems with predefined time slots and with maximum and minimum temperature settings;
- automatic deactivation of systems during inactivity to limit unnecessary consumption;
- shorter light-times for branch illuminated signs using timers and twilight switches for optimal lighting management;
- dissemination of "training pills" to employees, with concrete indications on good energy practices in the office (e.g. turning off lights and non-essential equipment before leaving, keeping devices turned off in unfrequented areas);
- participation in awareness campaigns such as "M'illumino di meno" to promote virtuous behavior;
- automatic timers on air conditioners to reduce energy waste.

Plan to reduce consumptions associated with the car fleet

To reduce consumption associated with the company car fleet, the Group has defined an action plan on two main levels: structural, linked to company decisions, and tactical, aimed at influencing the daily behavior of users.

At a structural level, an important focus is placed on reducing emissions related to corporate mobility, through the progressive electrification of the car fleet. This process will continue with the aim of achieving the total replacement of the cars in the corporate fleet, with a timing taking into account the natural expiry of existing contracts. To support this transition, additional new electric charging stations were installed and made operational at some of the Group's office facilities during 2024.

The commitment to promoting environmental sustainability through the transition of the company fleet to a more ecological configuration has also materialized in an awareness campaign aimed at the Group's mutual banks, encouraging them to adopt a green Car List by adhering to the Parent Company's commitment. Thanks to this initiative, 70 mutual banks have signed in, of which 52 have already implemented the updated Car List for 2024. This transition has led to significant results: 75% of the company fleet consists of green vehicles, including full-hybrid and electric cars, allowing a reduction in the average CO_2 emissions of the company fleet, from 94 g CO_2/km in 2023 to 74 g CO_2/km in 2024. Looking ahead, the Parent Company will intensify its monitoring of the direct scope companies car fleet through a fleet management system that guarantees efficient management of the fleet and related CO_2 consumption/emissions.

In this context, the review of the criteria for assigning company cars by classification or company function and the implementation of employee incentive mechanisms towards choosing cars with a lower environmental impact (e.g. reduction of the amount paid by the employee) are also important.

At a tactical level, the Parent Company aims to raise employee awareness of the impact of their actions and to promote responsible behavior in the use of company cars. Key initiatives include:

- optimization of mileage and vehicle sharing: promote the shared use of company cars for employees who travel similar routes and encourage the use of alternative means of transport (e.g. trains or buses) for long distances;
- reduction of the private use of company cars: raise awareness of the importance of minimizing the mixed use of cars, favoring alternative means for personal needs, to reduce reported emissions;

Sustainable Mobility and Green Mobility

Measures to protect the environment continued by the Group in 2024 include the activities of promoting and supporting sustainable mobility. The Parent Company and the direct scope companies have in fact confirmed several initiatives, including:

- agreements for discounted subscriptions to public transport managed by the main carriers operating in the country;
- promotion of the integrated Mobility Portal with sharing services and agreements available throughout the country and with a real-time mobility service that allows the use of mobility services made available by the best providers active in the area in real time;
- supply of electric and pedal-assisted bicycles, available on loan for use by employees of the Rome and Milan Esterle headquarters;
- company carpooling services in collaboration with Jojob Real Time Carpooling, with the aim of optimizing travel by offering colleagues the possibility of sharing the home-work journey;
- company shuttle service for the Rome and Peschiera Borromeo headquarters, providing connection with the main railway and underground stations.

These actions reduce the environmental impact, and encourage “green” transportation choices among employees.

The Parent Company has also reviewed its Travel Policy to promote more sustainable travel solutions, reducing the costs and environmental impact associated with employee travel. Key actions include:

- promotion of low environmental impact means of transport as well as the use of alternative remote communication tools to discourage short trips;
- reduction in the use of company cars for business trips;
- better planning of business trips to optimize travel and reduce the number of transfers.

This review has led to a reduction in costs and consumption related to travel, also thanks to:

- greater control of the manager over the requirements and methods of carrying out the trip;
- higher traceability, also to monitor the travel methods of the employees for reporting purposes.

Initiatives aimed at reducing the emissions of corporate mobility and encouraging virtuous behavior among employees and customers are carried out also at a local level in Affiliated banks and include the introduction of carpooling with incentives, such as cashback for employees who choose to share trips. This project promotes the reduction of the number of vehicles used and, consequently, of CO_2 emissions.

In addition, several mutual banks have adopted their own Travel Policy, promoting the use of low environmental impact means of transport, such as high-speed trains for travel between cities served by the railway network, and the reduction of unnecessary travel through the use of virtual tools for meetings. Furthermore, in line with the practice contained in the Parent Company Policy, business trips are planned in such a way as to comply with ESG criteria, trying to contain costs and environmental impact.

To further encourage the adoption of sustainable transport methods, some mutual banks have provided for the reimbursement of public transport fees for employees, and assessments are underway to implement solutions such as the purchase of e-bikes and the signing of agreements with local transport companies.

As part of the 2024-2026 Sustainability Plan, the Group also promotes the adoption of remote working to reduce daily home-work travel, as well as transferring some employees to facilities closer to their home to limit car travel. This initiative is supported by continuous monitoring and the adoption of digital tools to reduce the need for physical travel, encouraging participation in meetings and training courses in virtual mode.

Finally, the Home-Work Travel Plan, required by law, and initiatives such as the "Welfare ebike" are also aimed at promoting green mobility habits among employees, encouraging the use of ecological means of transport and activating analyses for the introduction of further sustainability objectives by 2025.

Energy efficiency interventions

As a testimony of the Group's commitment to reducing environmental impacts and, in general, combating climate change, initiatives aimed at energy efficiency and decarbonization have been implemented, in pursuit of the Group's strategic objectives, with positive impacts in terms of reducing tCO2eq emissions. These initiatives include the electrification of the Rome headquarters in via Lucrezia Romana - one of the Group's most energy-intensive facilities- with the completion in 2023 of an intervention to improve the efficiency of the air conditioning system, leading to the complete elimination of fossil gas through the replacement of methane gas-fired boilers with high-efficiency heat pumps and the consequent elimination in 2024 of CO2eq emissions relating to energy consumption from fossil fuels for heating the building and electricity consumption through the purchase of electricity certified with Guarantee of Origin (GO). In order to further reduce emissions associated with energy consumption, the main owned facilities, managed by Bcc Sinergia, (in Rome in via Lucrezia Romana and Milan in via Esterle and via Revere) are constantly monitored through energy management systems: in-depth and periodic analyses of the energy system are carried out, in order to identify new projects with respect to the state of the art.

The affiliated mutual banks also contribute to the implementation of initiatives for energy efficiency, with the installation of photovoltaic systems at various operating offices and branches and interventions to improve the efficiency of heating, cooling and lighting systems. Furthermore, the Affiliated banks are evaluating and implementing projects for the renovation and energy requalification of existing buildings, with interventions aimed at improving insulation and introducing innovative technologies with low environmental impact. Another central aspect of the program concerns internal awareness. The Banks have promoted training courses to promote virtuous behavior among employees, especially in relation to the adoption of energy saving practices and the fight against climate change.

These initiatives, in line with what is detailed in the Parent Company's Vademecum Ambiente, show the Group's concrete commitment to responsible and sustainable management of resources, with benefits that extend to the environment and the community.

Green energy purchase

Thanks to the support of the BCC Energia Consortium, which includes 108 mutual banks (95% of the 114 Group mutual bans) as well as Iccrea Banca and direct scope companies, the Group has adopted a proactive approach to reduce its indirect emissions. The electricity purchased is exclusively certified as coming from renewable sources, with a Guarantee of Origin (GO). Furthermore, the Consortium also allows to seize the potential for energy efficiency and the opportunity for self-production of energy from renewable sources, with a specialist contribution aimed at defining technological solutions and incentives: a complete control for energy management, thus reducing the impact on the environment and energy expenditure.

Certifications and performance monitoring

In 2021, the Group's registered office in Rome obtained the GOLD level of the LEED (Leadership in Energy and Environmental Design) Operations and Maintenance v. 4.1 (an important international recognition that rewards the sustainable management of buildings). In fact, this certification system measures monthly consumption of energy and water resources, the performance related to the sustainable management of the building and the subsequent comparison with comparable buildings to assign a score which allows comparisons with the local and international average. Periodic monitoring allows the starting performance level to be established and improvement interventions to be planned. In April 2024, the LEED Recertification process of the Via Lucrezia Romana headquarters was completed, confirming the LEED GOLD goal increasing the score to 72 points. The Milan Esterle headquarters also obtained the LEED GOLD certification (64 points) on October 24, 2024.

BCC Sinergia, in line with the commitments made by the Group, continues the improvement of its environmental performance in line with the requirements of the ISO 14001 Certification through the containment of energy consumption, the reduction of emissions into the atmosphere, separate waste collection and the reduction of waste produced - such as, for this last case, the elimination of the use of plastic (bottles, plates and glasses) in the company restaurant of the Lucrezia Romana office and the elimination of plastic bottles in the vending machines of the managed offices - and more generally the minimization of environmental impacts. The Certification, obtained in 2022 and renewed - as per annual audit requirements - in December 2024 through a maintenance audit conducted by an accredited third-party body, is valid for the Lucrezia Romana and Milan Esterle and via Revere offices.

In 2023, with effect from 2024, a Framework Agreement was also entered into to support mutual banks in obtaining ISO 14001 certification, strengthening their skills and know-how in environmental management. As a result, starting from 2024, several mutual banks of the Group have begun the ISO 14001 certification process, a key recognition to ensure an effective environmental management system.

A number of mutual banks have obtained further certifications, such as UNI EN ISO 26000:2020, which demonstrates their commitment to corporate social responsibility, and have applied the UNI EN ISO 14067 standard to calculate the climate footprint during key events such as the Shareholders' Meeting. These certifications allow for greater transparency and constant monitoring of the environmental impact, promoting a more responsible use of resources.

Employee training on environmental issues

The Group has undertaken a series of initiatives through its affiliated mutual banks, aimed at raising awareness and training employees on sustainability issues and ESG principles. These programs have been designed to spread a corporate culture focused on sustainability, increase internal awareness of environmental and social issues and promote virtuous behavior both within the organization and in customer relations. Among the main initiatives promoted by the mutual banks, an important first step was the launch of mandatory e-learning courses, including "Integration of ESG factors into business processes", and the dissemination of video clips that deal with the 2030 Agenda, highlighting concrete actions to achieve the main sustainability objectives.

The “ESG Laboratory” is series of events organized by the Lombardy Federation and aimed at employees of mutual banks in the region, with a view to creating a common knowledge base on ESG issues, raise awareness among participants of their roles and the difficulties they may encounter in integrating these aspects into the strategy and daily operations of the mutual banks, and encourage a support and collaboration network among participants.

A further example of training commitment is the “Percorso ESG” created in collaboration with CRIF Academy. This project dealt in depth with ESG issues, with a focus on regulatory aspects such as the European taxonomy, the CSRD regulation and loan granting processes according to ESG criteria. The courses allowed participants to acquire crucial skills to understand and apply the European guidelines on sustainability.

Mutual banks also launched internal training programs aimed at disseminating good practices for energy efficiency and the promotion of sustainable mobility, such as the use of shared company vehicles to reduce emissions. These interventions aim to encourage the adoption of responsible behaviors that can also be reflected in the way employees interact with customers, offering more sustainable financial solutions, such as financing for photovoltaic systems or low-emission vehicles.

All this is part of a long-term training plan that includes extending the initiatives to other corporate roles, such as members of the Board of Directors and specialists. Furthermore, mutual banks are designing new training courses based on the feedback received to constantly improve awareness and training in the ESG field.

Consumption metrics

ENERGY CONSUMPTION AND MIX FROM FOSSIL SOURCES (MWh)	2024
Total energy consumption from fossil sources	**54,688**
Share of fossil sources in total energy consumption (%)	**34.67%**
Fuel consumption for renewable sources including biomass, also comprising industrial and municipal waste of biologic origin, biofuels, biogas, hydrogen from renewable source, etc.)	27
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	100,564
Consumption of self-generated non-fuel renewable energy	2,461
Total energy consumption from renewable sources	**103,052**
Share of renewable sources in total energy consumption (%)	65.33%
Total energy consumption	**157,740**

Energy consumption data at the end of the reporting year was collected by each Group company included in the consolidation scope. Energy consumption is mainly related to the use of heating and air conditioning systems, office lighting systems and the company car fleet used by the Group's employees.

The data reported refer to energy consumption in MWh in respect of own operations and have been reclassified for this financial year on the basis of the new ESRS reference standards.

It should be noted that the Group's energy consumption does not come from nuclear sources.

A Group Company operates in the sector L – Real estate activities, i.e. one of the sectors with a high climate impact among those listed in sections A to H and in section L of NACE (and as defined in the Commission Delegated Regulation (EU) 2022/1288). The breakdown of the Group's total consumption from fossil fuels is reported below

ENERGY CONSUMPTION AND MIX FROM FOSSIL SOURCES (MWh)	2024
Fuel consumption from coal and coal products	-
Fuel consumption from crude oil and petroleum products	14,752
Fuel consumption from natural gas	30,782
Fuel consumption from other fossil sources	-
Consumption of purchased or acquired electricity, heats, steam or cooling from fossil fuels	9,154
Total energy consumption from fossil fuels	**54,688**

A number of Group companies independently produce electricity, mainly for self-consumption, through the installation of photovoltaic systems.

SELF GENERATED ENERGY BY SOURCE (MWh)	2024
Non-renewable energy production	12
Renewable energy production	3,345
Total self-generated energy	**3,357**

Emission metrics

As regards direct and indirect own operations emissions, the comparison with the Scope 1 and Scope 2 data of the previous sustainability report (consolidated non-financial statement) could be inconsistent given the different methodology applied in compliance with the CSRD and a different classification of buildings and related utilities.

As regards reporting of Scope 3 emissions, further categories have been added: Category 1 - Purchased goods and services; Category 2 - Capital goods; Category 3 – Fuel and energy-related activities; Category 8 - Upstream leased assets; Category 13 Downstream leased assets, in addition to Category 6 - Business travels already reported in previous financial years.

GROSS SCOPE 1 AND 2 AND TOTAL GHG EMISSIONS (tCO2eq)	2024
Emission type and scope	
Gross Scope 1 GHG emissions	10,502
Gross market-based Scope 2 GHG emissions	3,361
Gross location based Scope 2 GHG emissions	33,478

TOTAL GHG EMISSIONS DISAGGREGATED BY SCOPES 1 AND 2 AND SIGNIFICANT SCOPE 3 (tCO2eq)	2024
Scope 1 GHG emissions	-
Gross Scope 1 GHG emissions	10,502
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0
Scope 2 GHG emissions	
Gross location based Scope 2 GHG emissions	33,478
Gross market-based Scope 2 GHG emissions	3,361
Significant Scope 3 emissions	
Total Gross indirect (Scope 3) GHG emissions	17,241,213
Purchased goods and services	201,901
Capital goods	34,144
Fuel and energy-related activities	2,177
Business travels	2,672
Upstream leased assets	919
Downstream leased assets	2,604
Financial investments	16,996,796
Total GHG emissions	
Total location-based GHG emissions	**17,285,193**
Total market-based GHG emissions	**17,255,076**

GHG INTENSITY BASED ON NET REVENUE (tCO_2eq/million)	2024
Location-based GHG intensity (total GHG emissions per net revenue)	2,921.02
Market-based GHG intensity (total GHG emissions per net revenue)	2,915.93

The Group's GHG intensity based on net revenue was calculated using as the denominator the consolidated gross income (equal to €5,917,525,000), referred to at item 120 of the consolidated income statement prepared pursuant to Circular 262/2005 of the Bank of Italy.

Scope 1 emissions (direct emissions) represent, as defined by the GHG Protocol, the result of emissions deriving from the Group's activities, with particular reference to the direct consumption of electricity and the use of natural gas for heating offices and branches and of the company car fleet. The ABI-Lab guidelines were used to determine the coefficients and the calculation methodology of the equivalent tons of CO2.[83].

Scope 2 emissions (indirect emissions from energy consumption) are emissions resulting from the consumption of electricity and other energy carriers purchased from third parties. The GHG Protocol provides for the reporting of Scope 2 emissions using two methodologies: "location-based" and "market-based". In general, the "location-based method reflects the average GHG emissions intensity of the electricity networks in which the energy is

[83] ABILab - Linee Guida sull'applicazione nell'ambito dell'operatività bancaria degli European Sustainability Reporting Standard (ESRS) in materia ambientale – Focus su obblighi di informativa E1-5, E1-6 (version 17/12/2024).

consumed, primarily using data on the average emission factor in relation to the electricity network", while the "market-based method reflects emissions resulting from electricity generation that an organization has deliberately chosen (or due to lack of choice)". The ABI-Lab guidelines[84] were used to determine the coefficients and the methodology for calculating the equivalent tons of CO2 based on the conversion factors published on the website of the Higher Institute for Environmental Protection and Research (ISPRA).[85.]

As defined by the GHG Protocol, Scope 3 emissions are the result of an undertaking activities coming from sources not owned or controlled by the undertaking itself. In continuity with previous years, in this macro-class the Group reports emissions connected to business trips made by its employees, the measurement of financed emissions, i.e. Scope 3 emissions relating to its loan and investment portfolio (more details below). In addition to the previous reporting, in 2024 the Group also added emissions associated with: purchase of goods and services, capital goods, fossil fuel-related activities, upstream and downstream leased assets. The Group reports categories 1, 2, 3, 6, 8, 13, 15 as defined in the GHG protocol. Below is the methodological detail used for reporting the various categories:

- category 1 "Purchased goods and services" and 2 "Capital goods": application of the Spend-based method, based on the estimation of emissions from goods and services starting from the economic value of the purchased goods;
- category 3 "Fossil fuels-related activities": calculation based on consumption, applying the emission factors for the different energy vectors; [86]
- category 6 "Business travels": in continuity with the previous year, based on data on mileage of travels by train, plane and car, applying the related emission factors;
- categories 8 and 13 "Upstream leased assets" and "Downstream leased assets": use of proxies, due to the lack of data on leased assets to non-registered energy users;
- category 15 "Investment activities" financed emissions: application of a differentiated approach for exposures to non-financial companies and for mortgages backed by real estate collateral (whether residential or commercial). The methodology applied is that of the PCAF (Partnership for Carbon Accounting Financials) according to the indications of the latest report "The Global GHG Accounting and Reporting Standard". The Standard on financed emissions provides detailed methodological guidance for measuring and disclosing GHG emissions in line with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for investment activities, described with reference to Category 15 of the GHG Protocol. Among the seven asset classes envisaged by the PCAF, the Group has taken into account in the calculation of portfolio emissions the loans guaranteed by real estate assets ("Mortgages" and "Commercial Real Estate") and the exposures to non-financial companies ("Loans and Advances", "Debt Securities", "Equities") of the Group at December 31, 2024.
- non-financial companies: applying the PCAF methodology, we calculate average of sector emissions weighted by company size (i.e. GHG Intensity), to obtain a typical "carbon footprint" of companies operating in that sector in a differentiated manner for the different types of emissions (i.e. scope 1, 2 and 3). The sector average is then applied to each counterparty in the portfolio, with corrective factors that take into account characteristics that may influence emissions level. To calculate total emissions at counterparty level, the GHG Intensity obtained is then multiplied by a company driver. This estimated value is replaced by the one actually declared by the counterparty in the disclosure report, if available. The percentage of GHG emissions financed by the Group is calculated through the application of the attribution factor (i.e. the proportion factor of a client company's emissions that is attributed to the financial institution).
- Mortgages and Commercial Real Estate: the calculation of emissions related to buildings is carried out following a cascade logic that uses, if available, the emission levels of the building reported in the energy certification and, in the absence of the actual data, the estimate of emissions following the logic suggested by the PCAF. The PCAF methodology calculates emissions by combining information relating to buildings such as the intended use, following the classification according to Art. 3 of Presidential Decree 412/93 (General Classification of Buildings by Category), the year of construction, the energy performance, represented by the Energy Performance Certificate (EPC), the climate zone in which the property is located

[84] ABILab - Linee Guida sull'applicazione nell'ambito dell'operatività bancaria degli European Sustainability Reporting Standard (ESRS) in materia ambientale – Focus su obblighi di informativa E1-5, E1-6 (version 17/12/2024).

[85] The National Inventory Report and the Common Reporting Format data refer to 2022. As regards thermal energy, the 2022 ISPRA conversion factor relating to "heat production" is used.

[86] Source: DEFRA (Department for Business, Energy & Idustrial Strategy), UK Government GHG Conversion Factors for Company Reporting (2024).

and the surface of the property. If the information contained in the EPC is not available, an estimate of the EPC energy class and related emissions is carried out, with a model based on a statistical proxy that associates an average class to the building based on the type of property and its geographical location, year of construction and construction characteristics. The calculation of the share of financed GHG emissions is then carried out using the Loan to Value (LTV) approach, i.e. by applying to the total emissions of the property the ratio of the residual amount of the loan granted for the purchase and the value of the property (as resulting from the latest available appraisal). Categories 4, 5, 7, 9, 10, 11, 12, 14 are not considered as they are not relevant to the Group's operations.

Actions and metrics for the Sustainability of the financed portfolio

The Iccrea Cooperative Banking Group is aware of the interdependence between economic activities, ecosystems, resources and people and for this reason it steers value creation to the benefit of all stakeholders such as customers, shareholders, suppliers, communities and future generations, contributing to economic and sustainable development in the medium to long term.

As previously stated, the Group - also in response to the regulatory framework, which is still evolving, and expectations of the Supervisory Authority and the market - has undertaken targeted projects to integrate climate and environmental factors into its strategies and, in particular, into lending strategies.

In addition to the interventions, carried out and in progress, for the identification, assessment and management of climate and environmental risks and the integration of these metrics in the processes of lending and assessment of guarantees, notable steps include the strategies of decarbonization of the credit portfolio, the introduction of new financing products, the consequent activation of a commercial offers increasingly oriented towards environmental purposes, the provision of advisory and support services to customers aimed at facilitating access to public resources made available at European, national and regional level.

For this reason, the Group, based on the results of the Analysis of the Operating Context and the pillars identified in the Transition Plan, has taken steps to launch a series of commercial initiatives to promote the sustainable economic development of its portfolio and customers.

Advisory agreements and services

During 2024, the Group's activity focused on the creation of an ESG ecosystem, i.e. a structured system of agreements aimed at offering advisory and operational services in several areas.

The Group considers sustainability an opportunity to reaffirm the principles and values of mutual banking and has continued to support micro, small and medium-sized enterprises (i.e. mSMEs) in their sustainable evolution.

Knowing how to evaluate ESG positioning and priority actions to improve it is a key competitive factor for mSMEs, which helps them to direct investments and manage financial needs, all the more so since new regulations are introducing ESG aspects in the assessment of creditworthiness. For this reason, numerous projects are aimed at ensuring assistance, proximity and support to the mSME clients - recipients, directly and indirectly, in facing the new regulatory framework on ESG matters - in order to create awareness of the impacts of the transition on their business and their strategic positioning, proposing actions and financial support.

The Framework Agreement with BIT SpA, the Energy Services Company (E.S.Co.) of the Group, certified UNI CEI 11352 offers technical-specialist consultancy services to the Parent Company, the affiliated mutual banks and customers for investment projects in the renewable energy sector, energy efficiency, agriculture and agri-food. The Agreement aims, on the one hand, to be a specialized expertise hub recognized by the market and subject to control, coordination and management by the Parent Company and, on the other, to offer specialized services and tools to increase the ESG performance of Affiliated banks and client companies, so that the processes of integrating ESG factors into action and reporting strategies can be seen an opportunity rather than a requirement to qualify the entrepreneurial profile and the attention and care towards the territories. BIT SpA is a leading company in the evaluation of energy efficiency projects in terms of financeability, sustainability, technical and authorization appropriateness, economic and environmental compliance and therefore represents an element of value acting as a propulsive push towards energy transition. The specialized services and tools offered allow companies to build a personalized path: from energy efficiency to the construction of renewable generation plants. In addition, the BCC Energia Consortium manages value-added services in the energy sector. The Consortium provides support in the transition towards sustainable mobility, both with the mobility management service, aimed at optimizing the personnel home-work travel plan, and by providing support in the installation of charging infrastructure for electric vehicles. The Consortium aims to support not only the mutual banks, but also client companies, offering a specialist presence on energy and energy transition-related matters, to intercept opportunities and mitigate risks. Member companies and customers of the Consortium members have access to the same conditions and tools that the mutual bank has adopted for itself, which is an important competitive enabling lever for the companies, typically SMEs, which do not have dedicated facilities. An agreement was also signed at the end of 2023 with CRIF, leading operator in credit and credit information solutions, with particular reference to sustainability, aimed at raising customer awareness of ESG issues. Through the “OBIETTIVO ESG” portal, two different types of self-assessment questionnaires will be made available to client companies to obtain an initial assessment of ESG standards. Interested customers will receive a set of suitable tools, such as summary reports of the results generated by the self-assessment of their ESG positioning, to support the process towards sustainable transition. This initiative aims to provide a stimulus, preparatory to the decisions to improve the company profile.

Technical-specialist support

During 2024, the Group also implemented initiatives aimed at providing support to customers in the assessment process regarding the taxonomy alignment of loans, requested by customers and provided by affiliated banks. To this end, an agreement was signed with TERMO SpA, a company at the forefront of the energy transition, whose mission is to support the reduction of CO2 emissions and consumption in residential, office and industrial buildings. This agreement allowed the Affiliated banks and their customers to optimizing access a service for verifying the correctness and completeness of the technical documentation required to support the eligibility for the “Taxonomy Aligned” qualification of the loans issued and for delivering the authorization relating to the technical and documentary checks carried out. Thanks to this collaboration, the Group provides further support to the customers of mutual banks with new products (i.e. Green Loans) intended for individuals and businesses. These products support environmentally conscious customers by allowing households to purchase or renovate energy-efficient apartments or to travel using green cars, and businesses to implement the necessary interventions to generate a positive impact in terms of environmental sustainability. To facilitate customer access to financing aligned with the European Taxonomy, an agreement was also signed with HARLEY & DIKKINSON Srl, a leading consultancy firm in the sustainable redevelopment of buildings, with the aim of providing operational support to banks and customers in the case of financing for renovation and energy efficiency interventions and an integrated intervention in terms of preliminary diagnostic activities aimed at assessing the sustainability in terms of costs / benefits of any interventions and, subsequently, the related control and evaluation activities.

In light of the high costs that the environmental transition process entails for individual entrepreneurs, the Iccrea Cooperative Banking Group has finalized a framework agreement with Finservice, the first Italian company specialized in subsidized finance. The aim is to support Italian companies in finding their way in the maze of EU, national and regional regulations and to help them obtain the financial incentives provided by various public bodies. Affiliated banks will be able to report, through a dedicated portal, client companies deemed potentially interested in the various subsidized finance measures. For the same purpose, a Framework Agreement was also signed with KPMG with the specific aim of facilitating the access of business customers to the "Transition 5.0" measure, aimed at supporting the energy transformation process of companies in the two-year period 2024/2025.

Agreement with Cassa Depositi e Prestiti (CDP)

In 2022 the Group entered into an agreement with Cassa Depositi e Prestiti (CDP) to support access to credit for smaller Italian companies, increase sustainable investments and generate a positive impact on the environment. More specifically, the initiative envisaged the provision of a loan of €250 billion aimed at guaranteeing new finance, over a time horizon of up to 18 years, to SMEs and Mid Caps engaged in investing in sectors such as renewable energy generation, energy efficiency, the circular economy, sustainable mobility and the modernization of water networks. The operation is part of the broader collaboration between the Group and CDP for the promotion of joint initiatives to support Italian small and medium-sized enterprises. A previous agreement, signed in July 2020, aimed to support companies in the agricultural and agro-industrial sectors and a second, signed in November of the same year, was dedicated to companies operating in the tourism sector, with two €250 million credit lines, for a total of €500 million. From its activation until the end of 2024, the original €250 million credit line has been drawn for a total amount of €130 million, about 52% of the total. Using this credit line, Iccrea Banca has completed a Project Finance transaction in synergy with 3 mutual banks in Emilia Romagna, for a total value of €17.3 million for the benefit of Biocircular Srl, in order to build a new plant for the production of biomethane in Campiano (Ravenna). The operation aims to build a plant for biomethane production in the amount of over 4.1 million standard cubic meters per year, using by-products from poultry and agri-food farming provided by the partner investors.

Sustainable Finance

The Group is also aiming at of expanding sustainable operations in the corporate finance sector. During 2024, project financing programs were launched and are still being implemented in the sector of energy generation from alternative sources, both independently as Parent Company and in projects launched by different Affiliated banks as part of the support to the development of local communities. The program range from the development of photovoltaic systems to the financing of wind farms (Tozzi Group and Aren Electric Power Group). The cumulative total commitments of Iccrea Banca in these programs, for the year 2024, came to approximately €41 million. The mutual banks have also promoted programs at regional and state level, supporting calls for tenders and projects related to sustainable solutions for agriculture, solar energy and agrivoltaics, thus contributing to the energy transition and sustainability. These examples highlight the Group's commitment to expanding its operations in the corporate finance sector, with a strong focus on projects related to renewable energy and environmental sustainability.

In 2024, the Group's mutual banks continued to support companies in their move towards ecological transition, offering specific financing for the transition to renewable energy, the promotion of green mobility and the efficiency of the water network. In particular, the mutual banks encouraged investments in sustainable technologies, helping to reduce the environmental impact of corporate activities. These initiatives are part of an overall strategy aimed at encouraging the transformation of companies towards greener and more sustainable models, also through access to subsidized financing and favorable conditions.

Furthermore, the Affiliated banks have launched specific initiatives to subsidize the development of renewable energy in private homes, financing photovoltaic systems with non-repayable loans.

Transition 5.0

Promoting the digital and green transformation of customers is a priority for the Group, also in light of the favorable opportunities provided at national and community level by the Transition 5.0 Plan launched in March 2024. The Group has set itself the goal of incentivizing, through the recognition of tax credits provided for by the “Transition 5.0” plan of the Ministry of Business and Made in Italy, investments in tangible and intangible assets connected to the company production or supply system, leading to a reduction in energy consumption of the production structure covered by the innovation project of no less than 3% or, alternatively, of the processes affected by the investment of no less than 5%. The service provides for the provision of a ceiling of €1 billion intended for investments by client companies of the 114 mutual banks of the Group through the Parent Company and BCC Leasing, respectively for ordinary financing and for financial leases.

Environmental impact products

The initiatives of particular relevance for the Group include actions relating to Sustainable Finance and, specifically, the increase in operations using financing products dedicated to sustainable transformation (Taxonomy Aligned products). These products, introduced into the Group's catalogue in 2023, have expanded the set of new financing products dedicated to the energy transition, having characteristics of alignment with the European Taxonomy and aimed at both the corporate and private sectors. The types of financing are aimed at supporting interventions of: renovation and redevelopment of existing buildings, with the aim of bringing benefits in terms of energy efficiency and environmental sustainability; production of electricity, using photovoltaic or concentrated solar technology; electricity generation, as provided for by the 2024 Bando Agrisolare, with specific attention to the agricultural business sector; purchase of existing buildings with high energy performance; construction of residential and non-residential buildings, with the aim of minimizing energy use and carbon emissions; purchase of electric, hybrid and plug-in hybrid cars or light vehicles. The financing measures can be provided both in the form of a mortgage and in the form of an unsecured loan with the possibility of defining repayment plans according to different timeframes based on the type of products. Loans offer both fixed and variable rates and sometimes are disbursed on a progress-payment basis. The need to ensure the alignment of new products with the European taxonomy has led to the integration of the preparatory and granting process with some steps such as: the integration of the documentary checklist with new specific documentation associated with each Taxonomy Aligned product; the adoption, during the investigation phase, of the "Qualitative risk and vulnerability questionnaire" with the aim of incorporating the innovations required by the Delegated Regulation (EU) 2012/2139 for products/counterparties that present a high physical risk; the provision of specific checks during the registration of an overdraft facility and the disbursement of a loan with the aim of verifying all the activities that guarantee the qualification of the financing as Taxonomy aligned. The inclusion of Taxonomy aligned products in their product portfolio by the Affiliated banks is now well under way (currently with 71 mutual banks). In particular, a strong focus was observed on both the private and business sides with regard to loan products aimed at energy efficiency and requalification (Finanziamento Mobilita ESG - Privati, Mutuo Innova ESG – Privati e Mutuo Efficienza ESG – Impresa, Mutuo Rigenera ESG – Impresa respectively).

The following table summarizes the Group's disbursements of financing products with a positive impact on the environment, for a total of over 3,000 loans in 2024.

FINANCING FOR ENVIRONMENTAL PURPOSES	2024	
Type of financing	**Amount (€)**	**No. of loans**
Photovoltaic financing - Business	257,911,006	1,553
Photovoltaic financing - Individual	4,334,469	192
Wind financing - Business	25,576,000	11
Hydro - Business	5,174,150	4
Biogas/biomethane - Business	24,959,335	20
Energy efficiency financing – Business	16,248,071	49
Energy efficiency funding - Public entities	861,000	1
Smart mobility financing Business	3,022,866	34
Contributions Interests L. Sabatini Green	15,997,322	83
Home redevelopment financing	156,228,263	1,205
Total Financing for environmental purposes	**510,312,483**	**3,152**

Green Bonds

In January 2025, the Parent Company of the Iccrea Cooperative Banking Group successfully completed the placement of its first “green” Senior Preferred bond for institutional investors. The issue has a five-year maturity and a total nominal amount of €500 million. The bond was issued in accordance with the Group’s Green, Social and Sustainability Bond Framework 2024, following the Green Bond Principles 2021, the Social Bond Principles and the ICMA Sustainability Bond Guidelines.

Sustainable Investments

The Group is committed to make investment choices giving priority to companies that adopt virtuous practices focused on environmentally friendly production methods, inclusive and human rights-friendly working conditions and best corporate governance standards.

In this regard, the adoption of internationally recognized criteria and parameters is intended to ensure the exclusion from the investable universe of issuers that operate in sectors that are particularly sensitive to sustainability issues, including alcohol, gambling, tobacco, nuclear energy, weapons. The presence of disputes of various kinds related to the environment (toxic or polluting emissions, land exploitation, water exploitation), human rights, violation of labor rights, fraudulent management of companies and invasive/aggressive practices towards customers also constitutes a reason for exclusion from the investable universe.

The Group's asset manager, BCC Risparmio & Previdenza SGR, integrates environmental, social and governance criteria into the investment processes relating to the portfolios it manages. To this end, it has defined criteria, tools and activities to identify, evaluate and monitor the investments most exposed to sustainability risks.

The asset manager has built portfolio solutions offering customers a range of products (including Asset Management lines, Open Pension Funds and Mutual Investment Funds) and investment services that promote environmental or social characteristics and good governance practices (art. 8 SFDR). Furthermore, the asset manager provides Affiliated banks that offer portfolio management services with information relating to the classification of management lines in terms of sustainability, to ensure their correct distribution and compatibility with the needs expressed by customers.

As shown in the following table, the Group's sustainable investments, including direct management, placement and distribution activities, amounted to approximately €12.2 billion, with a level of invested assets in 2024 of approximately €2.8 billion.

SUSTAINABLE INVESTMENTS	2024	
Type of investment	**AUM (€)**	**Invested assets in the year (€)**
Managed funds invested in Art. 8 and Art. 9 products (€)	3,089,920,263	412,338,871
Managed funds invested in Green bonds	-	-
Total managed funds	**15,058,810,403**	**4,152,587,476**
Investments in consulting, administration and execution Art. 8 and Art. 9 products (€)	9,158,251,794	2,344,927,395
Investments in consulting, administration and execution Green bonds	-	-
Total investments in consulting, administration and execution	**15,303,613,534**	**4,676,589,707**
Sustainable investments (%)	**AUM (€)**	**Invested assets in the year (€)**
Sustainable investments managed	20.52%	9.93%
Sustainable investments in consulting, administration and execution	59.84%	50.14%

TARGETS

The CSRD introduces the obligation to disclose detailed information on several topics, including the definition of long-term environmental objectives, with particular attention to greenhouse gas (GHG) emissions.

The Iccrea Cooperative Banking Group's emissions reduction targets are set for 2030 and are consolidated goals at Group level. Although there are no formal intermediate targets before 2030, constant and gradual progress is considered essential and will be monitored through the annual reporting of sustainability metrics.

In compliance with regulatory requirements, for each defined target, information is provided regarding the target level, the baseline value (i.e. the value of the metric in the base year, used as a reference to measure progress), the reference period of the target and the significant methodologies and assumptions adopted for the definition of the target.

Own operations

In compliance with regulatory requirements, the Iccrea Cooperative Banking Group has defined targets for the reduction of its direct and indirect emissions (own emissions) to be achieved by 2030, using FY 2023 as the base year. These targets include:

- a 20% Scope 1 emission reduction target by 2030;
- a 75% Scope 2 (market based) indirect emission reduction target by 2030.

With reference to the **20% reduction of direct emissions (Scope 1)** by 2030, the Group has established a clear and measurable target for the reduction of direct emissions (Scope 1). The reference value for calculating the reduction is Scope 1 emissions in the base year, set at 2023. Scope 1 emissions of 2023, equal to approximately 10.4k tC02, are considered as a baseline for measuring progress towards the target. The target is applicable to the 2024-2030 period, and i subject to gradual interventions and constant monitoring. In particular, the Group is expected to implement preparatory interventions to achieve these targets, such as, for example:

- energy efficiency of real estate assets;
- optimization of the use of the company fleet;
- awareness and training.

With reference to the **75% reduction of indirect emissions (Scope 2) by 2030**, calculated with the market-based approach, this target mainly consists of reducing emissions related to electricity consumption, which represent approximately 90% of the Group's Scope 2 emissions, with a marginal role for emissions from thermal energy consumption.

Scope 2 emissions in the base year 2023, equal to approximately 6.9k tC02, provide the baseline for calculating the expected reduction. This value includes emissions from electricity and thermal energy used by the Group. The target applies over the 2024-2030 period, with progress being monitored on an annual basis. The strategy for achieving the target includes a combination of approaches aimed at reducing emissions from the electricity component, in light of the limited weight of thermal energy, including:

- the purchase of electricity generated from renewable sources, through membership in the BCC Energia Consortium or requesting certification from suppliers;
- the direct production of renewable energy, through the installation of photovoltaic systems to exploit solar energy as a primary source, contributing to the reduction of emissions associated with the grid;
- building efficiency (linked to Scope 1 interventions).

In methodological terms, the targets relating to own emissions (both Scope 1 and 2) were defined considering: (i) the positioning on FY 2023 both at Group level and at individual entities level, analyzing their intrinsic specificities; (ii) the historical trend on the main indicators, in order to evaluate the progress and the commitment made, as well as the potential still unexpressed with respect to buildings and the car fleet; (iii) the benchmark analysis on the main players in the sector, to ensure consistency and competitiveness of the identified targets. These have thus allowed us to identify in the subsequent five-year horizon (2030) a target value for the achievement of which all the entities of the Group are proportionally responsible, in line with their decision-making autonomy, and which is achievable both on the basis of past experience with the interventions already carried out by the Parent Company and the most proactive mutual banks, and in terms of the size of the investment required.

SCOPE 1 GHG EMISSION REDUCTION TARGETS (Co2/eq)

Scope 1 emissions	tCo2/eq	Year
Gross Scope 1 GHG emissions (base year)	10.385	2023
Absolute value of GHG Scope 1 emission reduction target	8.308	2030
GHG Scope 1 emission reduction target in % of base year emissions	-20%	2030

SCOPE 2 GHG EMISSION REDUCTION TARGETS (Co2/eq)

Scope 2 emissions	tCo2/eq	Year
Gross Scope 2 GHG emissions (base year)	6.909	2023
Absolute value of GHG Scope 2 emission reduction target	1.727	2030
GHG Scope 2 emission reduction target in % of base year emissions	-75%	2030

Financed portfolio

In line with the provisions of the Transition Plan, the Group has started an in-depth analysis to identify the priority sectors for the definition of specific targets for the reduction of financed emissions. Sectors such as agriculture and residential mortgages have been identified as key areas in which to intervene, with the aim of aligning their activities with global sustainability and decarbonization objectives. The adoption of these targets reflects a strategic commitment to promoting long-term sustainability, integrating innovative practices and advanced technologies to achieve a positive impact on the climate and communities. The aforementioned sectors (i.e. agriculture and residential real estate) have been identified by combining indicators relating to the materiality of the portfolio (in terms of overall exposure) and contribution in terms of emission metrics.

The methodologies chosen for the definition of baselines, metrics and targets have been developed taking into account international guidelines, with a methodology for estimating emissions relevant for the definition of targets that complies with the methodologies proposed by the PCAF (Partnership for Carbon Accounting Financials).

In relation to the targets defined for the agricultural sector, in line with the approach established at industry level, we excluded the SMEs, since the measurement, engagement and monitoring of their greenhouse gas emissions and decarbonization path are particularly complex due to their heterogeneity, small size and limited availability of structured data, as specified in the narrative relating to the Transition Plan.

Each target has been defined, in the form of an interval, as a reduction in the carbon footprint by 2030, compared to the FY2024 baseline. The carbon footprint is defined as the ratio between the tons of CO2 equivalent and the gross carrying amount. The tons of CO2 equivalent include Scope 1, 2 and 3 emissions. No intermediate objectives have been defined.

The following tables summaries the targets adopted by the Group for the agricultural and residential real estate sectors, respectively.

Agriculture		
	Reference date	Carbon footprint (TCO2 / GCA € mln)
Baseline	31/12/2024	845
Actual	31/12/2024	845
Target	31/12/2030	765-805

Residential Real Estate		
	Reference date	Carbon footprint (TCO2 / GCA € mln)
Baseline	31/12/2024	28
Actual	31/12/2024	28
Target	31/12/2030	21-22

The greenhouse gas emission reduction targets are specified for Scope 1, 2 and 3 and consist of gross targets, meaning that the commitment does not include greenhouse gas removals, carbon credits or avoided emissions as a means of achieving the reduction targets.

INCENTIVE SCHEMES

In defining the incentive system for top management, the objective is to further strengthen the correlation between variable remuneration and sustainability-related strategic actions, consistent with a sound and prudent management of climate-related environmental and social risks. Several ESG initiatives - strategic and/or aimed at aligning with the new regulatory framework - constitute salient elements of remuneration and incentive process and, where applicable, are integrated into the incentive schemes of the top management and, in cascade, of middle management and the remaining workforce. In this regard, at least part of the variable component for top management is connected to ESG objectives aligned with the strategic and sustainability plan and the risk appetite framework (RAS). For the 2024 financial year, ESG targets have an average weight of 15% of the variable component.

As part of the progressive and constant alignment of remuneration and incentive policies with the Group's targets related to environmental risks, measures have been defined to achieve a greater or deeper quantitative integration of ESG objectives into commercial and lending policies, in order to promote the adoption of corporate practices aimed at decarbonization and energy efficiency with an impact on the objectives to be assigned to senior management, top management and the remaining workforce. By way of example, reference is made to quantitative objectives connected to the achievement of the targets defined in the context of commercial planning to support the Group's decarbonization strategy, including: mortgages granted on properties with a better energy class; financing to companies granted in the context of Transition 5.0; financing granted for sustainability interventions (energy, water, mobility, photovoltaic, etc.).

With reference to social objectives and in particular to the commitment towards employees and the community in general, the remuneration systems:

- are determined based on the role held, areas of responsibility, merit and performance and the overall quality of the contribution made to the company's performance with respect to the Group's values;
- ensure neutrality of remuneration (in fixed and variable amounts) with respect to gender and any other element of diversity;
- guarantee fairness and equal opportunities in terms of career advancement and salary increases and promote, where possible, innovative work-life balance mechanisms;
- provide for ex-post adjustment mechanisms for the award of variable remuneration, precluding payment or requesting the return of amounts already recognized in case of - among other things - behaviors that do not comply with the provisions of the Code of Ethics.

These measures reflect a concrete commitment to making sustainability a central pillar of corporate strategies, strengthening the correlation between individual and collective performance and the pursuit of long-term ESG objectives, with a positive impact on competitiveness and value creation for all stakeholders..

ESRS E2 – POLLUTION

Although not a material issue in the context of the dual materiality analysis, the Group is very attentive to pollution-related issues, both in its own activities and along the value chain.

As stated in the Code of Ethics, the Group firmly condemns any form of environmental damage and/or deterioration, as well as any violation of current regulations on the environment, construction, urban planning, pollution and waste disposal and adopts proactive measures to reduce the environmental impact of its operations and promotes awareness of environmental issues among its stakeholders.

In its Charter of Commitments, the Group reiterated the importance of preventing, managing and, where possible, reducing direct and indirect environmental impacts, in accordance with regulatory requirements and with the aim of contributing to the achievement of the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.

The Group has implemented a series of concrete initiatives aimed at combating pollution and promoting sustainable development, including:

- sustainable mobility: Promotion of low environmental impact mobility solutions, with positive effects on the reduction of greenhouse gas emissions and air pollution.
- sustainable supply chain: commitment to responsible sourcing, favoring suppliers that adopt sustainable practices in terms of waste reduction, pollution minimization and efficient use of natural resources.
- dematerialization of processes and documents: digitalization of expense reports and receipts, with the aim of reducing the use of paper and the resources associated with its production and disposal.
- Vademecum Ambiente: publication and dissemination of an environmental handbook containing sustainability strategies and actions aimed at minimizing the environmental impacts of company activities.
- Environmental Management System: implementation, through BCC Sinergia, of an environmental management system aimed at continuous monitoring of environmental aspects, reduction of energy consumption, separate waste collection and minimization of emissions into the atmosphere.
- Plastic Free project: elimination of single-use plastic from company premises, supported by the installation of water dispensers in the Rome and Milan premises to reduce the consumption of plastic bottles.

The Group is committed to continue to monitor pollution-related issues, constantly analyzing the potential associated impacts, risks and opportunities. In this context, the Group carries out an environmental risk assessment relating to the Non-Financial Corporate portfolio, with particular attention to the analysis driver linked to pollution. This assessment highlighted a medium impact resulting mainly from the Group's exposure to sectors such as manufacturing and steel.

Through these activities, the Group aims to progressively strengthen its strategic commitment to reducing pollution and promoting a sustainable growth model.

ESRS E3 – WATER AND MARINE RESOURCES

Responsible management of water resources and, more generally, resource consumption, is a fundamental aspect for promoting a sustainable development model. Although this issue did not emerge as relevant in the double materiality analysis, the Group recognizes the importance of a conscious and sustainable use of natural resources in its operations and along the value chain.

A concrete example of the Group's commitment in this area is represented by the LEED (Leadership in Energy and Environmental Design) GOLD level certification obtained by the Lucrezia Romana premises, the Group's headquarters. This certification reflects the adoption of practices aimed at monitoring and optimizing monthly consumption of energy and water resources, ensuring sustainable management of the building. The certification system provides for the comparison of performance with similar buildings, both locally and internationally, to evaluate the level of efficiency achieved and identify opportunities for continuous improvement.

In addition to this initiative, both the Parent Company and many affiliated banks have implemented ISO 14001 certified environmental management systems, which include specific objectives for efficiency and reduction of resource consumption, including water.

With reference to the Non-Financial Corporate portfolio (which includes exposures to small and medium-sized enterprises), the Group has carried out an environmental risk assessment, also considering the analysis driver relating to water stress. This tool allows us to identify the geographical areas and economic sectors most exposed to risks related to water scarcity, helping to define mitigation and support strategies.

A further tangible sign of the Group's commitment is represented by the agreement with Cassa Depositi e Prestiti (CDP), which provides funds up to €250 million earmarked for the financing of sustainable projects. These include specific interventions for the renovation and optimization of water systems, contributing to the reduction of losses and the improvement of water resource management.

Through these initiatives, the Group confirms its commitment to monitoring and responsible management of water resources, with the aim of minimizing environmental impacts and contributing to the Sustainable Development Goals of the United Nations 2030 Agenda.

ESRS E4 – BIODIVERSITY AND ECOSYSTEMS

The protection of biodiversity, although not identified as a material issue for the Iccrea Cooperative Banking Group following the double materiality analysis, is a crucial element in the context of environmental sustainability and social responsibility. The Group is aware of the impacts of its business activities and the role it can play in promoting virtuous behavior and recognizes the interdependence between economic activities, ecosystems and natural resources. For this reason, it considers environmental protection as an expression of the founding principles of mutual banking.

The Iccrea Cooperative Banking Group is committed to promoting responsible principles for the protection of the local area in which it operates, adopting a preventive and proactive approach to environmental challenges. The Group's strategy is based on respect and enhancement of the environment, with the aim of promoting balanced and sustainable development, integrating these principles into the values expressed in its Code of Ethics and in the Charter of Commitments on the Environment.

The Group is committed to continuously monitoring biodiversity issues, analyzing potential impacts, risks and opportunities. To this end, an environmental risk assessment is conducted on the Non-Financial Corporate portfolio (which includes exposures to small and medium-sized enterprises), with particular reference to the biodiversity analysis drivers. This assessment highlighted a medium impact related to biodiversity loss and pollution, mainly resulting from the Group's exposure to the agricultural sector.

The Group has also carried out an analysis of the physical environmental risk, identifying counterparties located near areas of high biodiversity. These counterparties, depending on their sector, could have a high impact on these areas and could be subject to restrictive policies aimed at safeguarding ecosystems (for example, closure of activities, limitation of production or delocalization). Furthermore, they could incur sanctions or fines in case of events or incidents that compromise protected areas, negatively affecting their competitiveness and profitability.

Through constant monitoring and risk analysis, the Iccrea Cooperative Banking Group intends to strengthen its strategic commitment to protecting biodiversity, contributing to the protection of ecosystems and the achievement of the Sustainable Development Goals defined by the United Nations 2030 Agenda..

ESRS E5 –RESOURCE USE AND CIRCULAR ECONOMY

The Group attaches strategic importance to issues related to circularity, recognizing that the efficient management of resources and waste is a fundamental element for the achievement of long-term sustainability. In a global context increasingly oriented towards sustainable economic models, circularity is a key principle in the Group's strategy, with the aim of reducing environmental impact, optimizing the use of natural resources and contributing to the creation of a low-carbon economy. The Group promotes an economic model that favors waste reduction, recycling and reuse of resources, seeking to keep materials in use for as long as possible and minimizing the need to resort to primary resources, through the creation of a virtuous cycle in which materials constantly return to circulation.

Company policies in this area are aimed at optimizing waste management, minimizing waste and promoting innovative solutions to reduce the overall ecological impact of operations. The commitment to circularity is pursued in all phases of the life cycle of products and services offered by the Group, integrating sustainable practices from the design stage and encouraging the adoption of advanced technologies for recycling and reuse. Waste management is not seen as a separate process, but as an integral part of the overall sustainability strategy, through which the Group aims to reduce the production of non-recoverable waste and promote responsible resource use.

The Group is committed to implementing circular economy practices throughout its operations, actively involving its employees, customers and suppliers in a common path of environmental responsibility. Awareness-raising and training are key tools to encourage cultural change towards more sustainable behaviors, both within the organization and among external partners. The Group also promotes the adoption of responsible procurement policies, favoring suppliers who adopt circular practices and thus contributing to extending the positive impact also in its supply chain.

Circularity is not only an ecological objective, but also an opportunity for the Group to innovate and create value. Initiatives in this area are designed to promote innovative solutions that can reduce resource use and at the same time generate economic value, contributing to long-term competitiveness. The Group's objective is to consolidate its leadership in sustainability, making waste management and circularity a distinctive element of its identity and a strategic lever for the future.

Through these actions, the Group not only contributes to a positive impact on the environment, but also positions itself as an example of a responsible company, committed to a transformation that looks to the future with an integrated approach to sustainability.

POLICIES

The Group has adopted policies in relation to the circular economy and waste management. In line with its sustainability objectives, the Group promotes an economic model that favors waste reduction, recycling and reuse of resources, contributing to the creation of a virtuous cycle in which materials are kept in use for as long as possible. Company policies in this area are aimed at optimizing waste management, minimizing waste and promoting innovative solutions that reduce environmental impact, supporting a transition to a low impact economy. In this context, the Group is committed to implementing circular economy practices, integrating sustainable waste management in all its operations, involving its employees, customers and suppliers in a common path of environmental responsibility.

Charter of Commitments

The Group “**Charter of Commitments on Human Rights**" plays a crucial role in guiding company policies towards protecting the rights of its workforce, establishing key principles and guidelines to ensure that all people employed, both directly and indirectly, enjoy equal opportunities, respect and dignity, in accordance with international human rights standards. [87] The Group is committed to promoting an inclusive work environment, preventing any form of discrimination, exploitation or violation of the fundamental rights of its employees. The concrete actions envisaged by the Charter include promoting health and safety at work, protecting the psychological and physical well-being

[87] The principles inspiring the Charter include: the United Nations Universal Declaration of Human Rights, the Universal Declaration of Human Rights and subsequent international conventions on Civil and Political Rights and the one on Economic, Social and Cultural Rights; the 2030 Agenda for Sustainable Development (and the related 17 "Sustainable Development Goals", or "SDGs"); the fundamental conventions of the International Labour Organization and the declaration on Fundamental Principles and Rights at Work; the 10 principles of the UN Global Compact.

of employees, and ensuring fair and non-discriminatory treatment at all stages of the work life cycle. Furthermore, the Group is committed to promoting dialogue and active participation of the workforce, encouraging mutual respect and collaboration to achieve common goals. Through the Charter, the Group affirms its commitment to human rights, integrating these principles into its operating model and creating a responsible and respectful work environment.

In parallel, the Charter provides for responsible waste management, adopting solutions that enhance the fundamental principles of circular economy: Reduce, Recycle and Reuse. The Group is committed to minimizing waste production, implementing document dematerialization practices and maximizing the share of waste sent to recycling and reuse. These actions extend to all operational levels and actively involve collaborators, suppliers and customers, creating a shared network of environmental responsibility. By implementing these policies, the Group contributes to reducing direct environmental impact, and promotes a long-term sustainable approach, in line with the principles of the circular economy.

Other policies

In the context of the environmental and sustainability policies of the Group and the mutual banks, a central aspect concerns waste management, with the aim of reducing the ecological impact of business activities. The Group has adopted practices aimed at optimizing resource use, promoting recycling and reducing waste, aligning itself with the growing needs for environmental responsibility and ESG standards.

The waste management policy adopted by some of the Group's affiliated banks focuses on reducing waste and the correct disposal of resources. Among the main initiatives encouraged through these policies are the repair of electronic and mobile equipment rather than their replacement, the promotion of the reuse of office materials, such as remanufactured cartridges, and the redistribution of devices no longer in use within the various company divisions. Furthermore, to reduce the environmental impact, a separate collection program for obsolete electronic equipment is active, with the involvement of suppliers certified for responsible recycling. These policies also promote the reduction of the use of disposable materials, the adoption of digital documents and the optimization of business processes to avoid wasting resources.

ACTIONS AND METRICS

The Iccrea Cooperative Banking Group has undertaken a series of initiatives aimed at improving waste management and promoting a more responsible use of resources, in line with the principles of the ESRS E5 Standard. These initiatives are part of the Group's sustainability strategy, which aims to reduce environmental impacts, increase operational efficiency and strengthen the commitment to ecological transition. The main actions are described below.

Plastic Free Project

A structured program to reduce the use of single-use plastic in office premises, promoting more sustainable solutions and spreading greater awareness among employees. The main activities include:

- elimination of single-use plastic in the refreshment points of the Lucrezia Romana headquarters, both in the canteen and in the company coffee bar;
- replacement of plastic bottles and glasses in vending machines with alternative solutions with low environmental impact;
- distribution of reusable water bottles branded “Gruppo Bancario Cooperativo Iccrea” to all employees, encouraging the use of personal containers instead of disposable plastic;
- installation of water dispensers in the main office premises, including Rome, Milan and the Innovation Campus in Peschiera Borromeo, to guarantee employees free access to safe and clean water

These initiatives have also had a positive effect on the well-being of staff, improving the quality of working life and contributing to strengthening the Group's reputation as an employer sensitive to environmental issues.

In addition to significantly reducing the use of plastic, this project materially contributes to raising employee awareness on sustainability, for example by using reusable water bottles as a tangible symbol of the Group's commitment.

The "Plastic Free" project has been adopted by several Affiliated banks, which have undertaken actions such as distributing branded water bottles to all staff, installing drinking water dispensers, directly connected to the water supply, allowing employees to fill their water bottles without resorting to single-use plastic, and replacing plastic cups with compostable or recyclable alternatives, such as paper cups, to minimize waste generation.

Eliminating plastic in company events and meeting rooms was a further step towards promoting eco-sustainable practices. In these contexts, eco-friendly kits have been introduced, such as gadgets made from recycled materials, and vending machines have been converted to eliminate bottles and other plastic objects..

Dematerialization of expense report documentation

Another key intervention involved the dematerialization of expense report documentation, which led to the elimination of paper in favor of digitalization. This initiative has produced numerous benefits, including:

- lower paper consumption, thus contributing to the reduction of paper waste generated by company activities;
- increased operational efficiency, as digitalization has simplified processes, reducing approval times and improving the management of expense reports by the various company functions;
- positive environmental impact, thanks to a lower use of natural resources and a more sustainable management of document flows.

This transformation not only meets environmental sustainability objectives, but also guarantees advantages in terms of cost optimization and modernization of internal procedures.

The affiliated mutual banks carry out several actions aimed at digitalization and dematerialization, with a strong focus on reducing paper consumption and adopting innovative technological tools.

The digitalization of expense reports is one of the main measures also for the mutual banks, and is part of a broader project for the dematerialization of internal processes and document management. The process is completely digital, and starts from the creation of the expense report up to its presentation to the Executive Committee or Board of Directors, drastically reducing the use of paper and promoting sustainable and transparent management.

Actions implemented include the large-scale adoption of the Advanced Electronic Signature (FEA) and the signature for signing contracts and front-office operations. This has allowed a significant reduction in printing, supported by awareness campaigns aimed at both employees and customers. In particular, we encouraged the use of Relax Banking, the Group's home banking platform, to promote the abandonment of paper documentation in favor of electronic files. Explanatory emails and informative pop-ups were sent to customers who have the Relax service to encourage them to receive communications in digital format, highlighting the environmental benefits resulting from this choice. The review of company processes was also promoted to reduce the use of paper and the physical exchange of documents. For example, the creation of a print monitoring system allowed us to identify inefficiencies and waste, while the use of eco-friendly printers/photocopiers helped improve the company's overall sustainability. Furthermore, the number of local printers was reduced in favor of centralized system printers, thus optimizing consumption.

Initiatives aimed at digitalization also include the dematerialization of the credit archive and the credit investigation processes, as well as the electronic management of loan applications, with the reduction of paperwork associated with these procedures.

The above-described actions implemented by the Iccrea Cooperative Banking Group demonstrate the concrete commitment to responsible waste management and a reduction in environmental impacts. In addition to the environmental benefits, these initiatives generate:

- economic savings, linked to a more efficient resource use and waste reduction;
- improvement of the company's reputation, through the adoption of practices that contribute to the ecological transition;
- greater environmental awareness among employees, who are encouraged to actively participate in the Group's sustainability path.

These interventions offer a virtuous model of sustainable management, in line with ESG strategies and the long-term objectives included in the Group's Sustainability Plan.

Waste separation

The initiatives promoted by the Group's mutual banks also aim to improve waste management and reduce environmental impact through concrete actions of separate waste collection and recycling. The main actions implemented concern:

- separate waste collection: implementation of separate waste collection in the branches sorting paper, plastic, glass, metals, wet and dry waste and at the same time eliminating the outdoor litter bins. The aim is to improve waste separation and reduce undifferentiated waste, contributing to more sustainable management;
- waste electrical and electronic equipment collection: activities to collect and recycle obsolete electronic devices;
- disposal of toners and cartridges: used toners and cartridges are disposed of correctly through certified companies, and recycled toners are used to reduce the environmental impact;
- education and monitoring initiatives: instructions are provided to employees for the correct disposal of waste. The aim is to raise awareness on separate waste collection and improve daily practices.

TOTAL WASTE GENERATED AND NOT RECYCLED (TONS)	2024
Total waste generated	2,343
Total waste generated not recycled	514
Percentage of non-recycled waste (%)	21.93%

The data on waste generated were calculated using a proxy that provides an estimate of the quantity of waste delivered to the municipal waste collection company. This value was calculated by multiplying a waste production quota per workstation[88] by the number of workstations of each entity. The analysis was integrated with the quantity of waste not delivered to the municipal company promptly deduced from the loading/unloading register and the waste identification form. The percentage of waste generated but not recycled was estimated using the same methods described above.

Certifications and Guidelines

As already detailed in the paragraph “ESRS E1 - Actions and metrics for the Sustainability of Own Operations”, the ISO 14001:2015 certification is a fundamental pillar of the control and compliance with environmental regulations. This certification has led to a significant reduction in the environmental impacts of operations, such as waste production and use of natural resources, while improving environmental performance and containing the associated operating costs.

The adoption of the LEED certification in 2021 further strengthen the bank's commitment to the sustainable management of properties. In addition to improving the market value of buildings, this certification promotes the reduction of energy consumption and the efficient management of resources, indirectly contributing to the reduction of waste production.

Furthermore, by promoting guidelines for the rational use of energy and the containment of waste, the Parent Company is committed to raising employee awareness on the importance of correct resource management. The initiatives include training events and information sharing on SpazioBCC, aimed at all staff, with the aim of reducing paper consumption and waste production. These actions, already underway, are planned for the short term and aim to promote a sustainability-friendly corporate culture.

The Group has not set measurable objectives in relation to the circular economy and resource efficiency, although the Bank is committed to monitoring and optimizing its waste and resource flows and, with reference to the value chain, to measuring and monitoring the risks to which it is exposed in respect, in particular, of financed customers. However, the Group continues to work to improve its environmental management and to adopt sustainable practices, gradually aligning with industry standards and current regulations.

[88] This value is deduced from the quota of waste produced by the Parent Company's headquarters reported in the LEED certification, divided by workstations.

SOCIAL INFORMATION

ESRS S1 – OWN WORKFORCE

The Group's own workforce is a strategic pillar for the achievement of corporate objectives, including those related to sustainability. The management of own workforce[89] is based on an integrated approach that considers people as fundamental assets and promotes an inclusive and fair work environment focused on individual well-being. This is based on policies ensuring respect for human and labor rights, in line with the main international standards and guiding principles, such as the conventions of the International Labor Organization (ILO), the United Nations Guiding Principles on Business and Human Rights and the goals of the 2030 Sustainable Development Agenda (SDGs).

The Group adopts practices that promote diversity, equity and inclusion (DEI), in line with SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities). Our main actions in this respect include, most notably, the commitment to provide continuous training and professional development opportunities, to guarantee the competitiveness of our human capital in a rapidly evolving economic context.

The Group is also focused on promoting safe and healthy working conditions, developing skills and creating opportunities for personal and professional growth. While this approach contributes to the achievement of long-term corporate objectives, it also generates shared value for employees and the community. By protecting and respecting workers' rights, the Group consolidates its reputation as a responsible employer and actively contributes to building a more equitable and sustainable society.

Furthermore, our strategy for managing the workforce is fully integrated with the Group's sustainable transition plan, recognizing that employee engagement and empowerment are essential to achieve the company's mission and address global sustainability challenges. Conversely, in aspects related to climate change, the transition plan does not produce material negative impacts on the Group's workforce.

POLICIES

The following section describes the social policies adopted by the Group, with particular attention to aspects relating to employee well-being. In the context of growing attention to social issues, the Group is committed to promoting an inclusive work environment, respectful of human rights and oriented towards collective well-being. The social policies outlined in this section reflect the Group's responsibility towards its workforce, ensuring the creation of shared value and support for the sustainable growth of people and the territories in which the Group operates.

The Group "**Charter of Commitments on Human Rights**" plays a crucial role in guiding company policies towards protecting the rights of its workforce, establishing key principles and guidelines to ensure that all people employed, both directly and indirectly, enjoy equal opportunities, respect and dignity, in accordance with international human rights standards. The Group is committed to promoting an inclusive work environment, preventing any form of discrimination, exploitation or violation of the fundamental rights of its employees. The concrete actions envisaged by the Charter include promoting health and safety at work, protecting the psychological and physical well-being of employees, and ensuring fair and non-discriminatory treatment at all stages of the work life cycle. Furthermore, the Group is committed to promoting dialogue and active participation of the workforce, encouraging mutual respect and collaboration to achieve common goals. Through the Charter, the Group affirms its commitment to human rights, integrating these principles into its operating model and creating a responsible and respectful work environment.

In order to protect human rights, the Group is committed to respecting the following fundamental principles:

- **non-discrimination**: the Group is committed to combating all forms of discrimination based on gender, age, ethnicity, religion, political and trade union affiliation, sexual orientation, gender identity, language or disability, ensuring equal opportunities in the recruitment, management, development and professional growth of staff;
- **health and safety in the workplace**: the Group considers the safety and well-being of its employees, partners and customers as essential elements and is inspired by the highest health and safety standards,

[89] This refers to own workforce of all companies in the reporting scope of the Group.

with the aim of preventing and managing risks that could compromise the physical and mental health of its collaborators;

- **good working conditions**: the Group guarantees fair remuneration, in compliance with the minimum wage requirements set out in national collective bargaining agreements. It promotes equal opportunities and supports people with disabilities, encouraging a life-work balance. The Group is firmly opposed to any form of harassment or violence in the workplace, as well as working conditions that may cause discomfort or stress;
- **freedom of association and collective bargaining**: the Group respects the right to freedom of association and collective bargaining, combating any form of discrimination against workers' representatives;
- **abolition of child and forced labor**: the Group is committed to not resorting to child or forced labor, adopting clear policies to combat this practice in all its forms;
- **protection of personal data**: the Group is committed to protecting the personal data of employees, shareholders and customers, strictly respecting the current legislation on privacy and ensuring the protection of sensitive information.

These commitments, defined in the "Charter of Commitments on Human Rights", are an integral part of the Group's sustainability strategy and are implemented in all its operations to promote a fair, inclusive work environment respecting the fundamental rights of all people involved.

The Charter of Commitments, examined by the ESG Committee and approved by the Board of Directors of the Parent Company and by the individual Boards of Directors of the Group Companies, is made available to stakeholders through publication on company intranet and on the website of each Group Company.

The Group's **Code of Ethics** plays a fundamental role in promoting and ensuring a fair, inclusive work environment respecting the rights of all employees. The Group pays particular attention to the selection of personnel, ensuring that the processes are in line with the principles of equal opportunities, equality and personal growth, in full compliance with current regulations, the Italian workers' statute and the applicable national collective bargaining agreements. Employment relationships are characterized by mutual respect, fairness and meritocracy, with the aim of preventing any form of favoritism, nepotism or discrimination. The Code of Ethics also underlines the importance of a continuous training system for employees, which guarantees not only knowledge and application of the relevant legislation, but also constant updating on the products and services offered by the Group. Each Group Company guarantees equal opportunities in all phases of the work cycle, from selection to hiring, from training to management, from development to remuneration, and combats any form of discrimination, harassment or mobbing. The Group promotes an environment that values diversity and inclusion, respecting the balance between private and professional life of its employees. Furthermore, the Group's remuneration policies are structured in a transparent and fair way, aiming to attract, motivate and enhance people, with the aim of rewarding and recognizing their professional development through clear and meritocratic processes.

The Code of Ethics, examined by the ESG Committee and approved by the Board of Directors of the Parent Company and by the individual Boards of Directors of the Group Companies, is made available to stakeholders through publication on company intranet and on the website of each Group Company

Health and safety

Health and safety are considered fundamental priorities, and the Group adopts preventive practices and measures to reduce risks and protect the physical and mental well-being of its employees. In line with the highest standards, these policies aim to create a workplace that promotes respect for rights and working life quality, thus contributing to social sustainability and corporate responsibility. The Iccrea Cooperative Banking Group has adopted a single Occupational Health and Safety management system (SGSL) for direct scope companies, in compliance with Legislative Decree 81/08 and the UNI-INAIL guidelines, with certification by a third-party body. This system guarantees safe and healthy work environments, preventing accidents and occupational diseases through a continuous improvement approach. Annual audits are carried out at the premises to verify the application of procedures and assess risks in the workplace, with a focus on workers. The management model involves key figures and roles, such as the Head of the Occupational Health and Safety management system (RSGSL), appointed by the Board of Directors of each Company, and the Intragroup Committee, which coordinates and standardizes activities. Furthermore, the Group has delegated specific operational functions to BCC Sinergia, which deals with regulatory compliance, risk management, updating the Risk Assessment Document (DVR) and process optimization. The Safety management system policy is approved by the Board of Directors of the Parent Company, subject to the favorable opinion of the Intragroup Committee for Occupational Health and Safety and the Risk Committee for the aspects in its remit and is adopted by the individual companies subject to approval by their own Board of Directors.

The Safety management system covers 100% of the employees of Iccrea Banca and the companies in the direct scope and all non-employee workers present in the Group's premises, with particular attention to the risks typical of office tasks, such as ergonomic problems, work-related stress and the use of video terminals. Specific training activities are planned for workers and their representatives, together with periodic risk assessments to improve employee well-being. This integrated approach ensures regulatory compliance and promotes a culture of workplace safety in all member companies.

All Affiliated banks fully comply with the provisions of Legislative Decree 81/2008, ensuring the protection of health and safety in the workplace. The main requirements include the drafting of the Risk Assessment Document (DVR), the appointment of the Prevention and Protection Security Manager (RSPP), worker training and information, health surveillance and emergency management. Furthermore, a number of mutual banks have implemented a Safety management system (SGSL), a structured organizational model based on standards such as the UNI-INAIL guidelines or the ISO 45001 standard, which allows the planning, implementation and monitoring of prevention measures, continuously improving safety levels and ensuring full regulatory compliance.

The "**Group Policy on the Governance of Physical Access Security**" defines the principles and guidelines to ensure adequate and uniform control of physical access to the corporate areas of the Iccrea Cooperative Banking Group, with the aim of protecting corporate resources, meeting regulatory requirements and reducing operational and security risks. The policy assigns specific roles and responsibilities: the Parent Company ensures approval and coordinates implementation, BCC Sinergia supports the definition and monitoring of security measures, while the Physical Access Management Function operationally manages access and ensures compliance with requirements. Authorizations are subject to six-monthly reviews to verify their validity, while periodic monitoring is aimed at evaluating the effectiveness of the measures adopted and proposing any improvements. In the event of anomalies or incidents, these are promptly reported to the Incident Manager. The policy is approved by the Board of Directors of the Parent Company, after consulting the Risk Committee, and is adopted by each Group company after approval by their own Board of Directors.

The "**Guidelines on measures against violence and harassment in the workplace**" promote a safe, inclusive and respectful work environment, prohibiting any form of violence, harassment or inappropriate behavior. These guidelines provide a thorough description of the procedures for reporting incidents, the methods of internal investigation and possible disciplinary sanctions. Awareness is also promoted through mandatory training, with the aim of preventing such behavior and ensuring a healthy working environment. Finally, the guidelines ensure adequate support for victims, offering resources and assistance to deal with situations of violence or harassment.

The mutual banks also have policies and guidelines to combat harassment in the workplace, promoting a safe, inclusive and respectful environment. The policies establish clear guidelines that prohibit any form of violence, harassment or inappropriate behavior, and enhance inclusive communication, encouraging the use of expressions free from discrimination related to gender, age, ethnicity, sexual orientation, nationality, religion, socioeconomic status.

Secure employment and work-life balance

The Group recognizes the importance of creating working conditions that promote not only health and safety in the workplace, but also a sustainable work-life balance. These policies are essential to promote the well-being of employees, improve their productivity and contribute to their personal development, in line with the principles of social responsibility and sustainability. The Group is committed to ensuring equal opportunities for all and a working environment that respects individual needs, protecting the rights and quality of life of each employee.

The main issues related to employment and work-life balance are governed by the Federcasse National Collective Agreement and the Group Supplementary Agreement in force, as well as by specific framework agreements, such as the one on smart working signed in December 2022. The mutual banks have the possibility of issuing internal policies to operationally implement the principles established by first and second level bargaining and trade union agreements, as necessary in their own reality. The Parent Company has also adopted policies and regulations that give actual implementation to these contracts and agreements, and apply to all companies included in the direct scope of the Group.

The "**Group Provisions on Agile Work**" establishes the rules for the adoption of flexible work for employees of the Parent Company and direct scope companies, specifying the requirements for applying, the necessary tools, the time slots of availability and the safety measures. The aim is to ensure that remote work is carried out in a safe and productive manner, monitoring performance through targets agreed between the parties. The policy promotes work-life balance, allowing employees to better manage their time, without compromising the quality of work and safety. To ensure effective monitoring, the Human Resources Function, with the support of the other functions, verifies that the places indicated in the agile work applications meet the necessary requirements for the normal execution of work, ensuring adequate health and safety conditions for workers, confidentiality of company information and a secure connection. The Occupational Health and Safety Management function is responsible for providing mandatory training on workplace safety, in compliance with Legislative Decree 81/08, while the IT Security function guarantees the security and accessibility of the systems necessary for carrying out work in agile mode. This Group Provision is approved by the General Manager of the Parent Company, and is adopted by the individual companies following approval by their Board of Directors.

The "**Employee Regulation**" is a document that governs a series of fundamental issues relating to the management of Parent Company employees, such as working hours, attendance and absences, holidays, permits, illnesses, injuries, as well as parental allowances. The regulation also addresses aspects relating to student workers, participation in courses and conferences, and business trips, establishing the applicable regulations and procedures for each of these instances. The aim of the regulation is to ensure uniform and transparent management of human resources, promoting employee well-being and productivity in compliance with current regulations. The regulation was approved by the Board of Directors of the Parent Company.

Diversity, equity and inclusion

The Group has adopted several policies aimed at promoting and monitoring issues of diversity, equity and inclusion within the organization. The "Diversity, Equity and Inclusion Policy" defines the Group's strategic commitments to guarantee equal opportunities, prevent discrimination and promote a respectful and inclusive work environment. Among other initiatives, the Group has implemented specific policies on gender equality, inclusive communication, reporting of violations and incentive systems, with the aim of promoting diversity and ensuring that all employees can develop and grow in a fair and valorizing context.

The "**Group Policy on Diversity, Equity and Inclusion**" defines the directions and commitments relating to the issues of diversity, equity and inclusion[90]. The Group promotes an inclusive and respectful culture, taking into account various aspects, such as gender, sexual orientation, age, ability, ethnicity and other individual characteristics, with the aim of removing barriers, enhancing the uniqueness of people and improving motivation and performance. The policy is committed to ensuring equal opportunities, preventing discrimination and supporting organizational well-being and personnel development, while contributing to the objectives of the Group's sustainability plan. The Parent Company updates the policy based on regulatory developments and the Group's strategy; it also defines specific indicators for the purpose of monitoring its implementation. These indicators allows to monitor the implementation of the principles expressed in the policy, investigate the underlying dynamics, in support of cultural change in terms of diversity, equity and inclusion. The Human Resources Function of each Affiliated bank conducts the process of measuring the indicators at an individual level, and on an annual basis, and, based on the results, defines the appropriate mitigation actions aimed at improving trends in compliance with the principles set out in the policy. Appropriate information on the monitoring activity and any mitigation actions is provided to the Board of Directors of the Affiliated bank. The Human Resources function of the Parent Company carries out this monitoring for the Parent Company and the direct scope, providing summary reports to the Board of Directors. The responsibility for the approval and implementation of the Policy belongs to the Board of Directors of the Parent Company, subject to approval by the ESG Committee, and to the individual Companies, subject to approval by their respective Boards of Directors.

The Parent Company and nine companies in the direct scope have achieved the Gender Equality Certification. In compliance with current legislation and reference practice, the Parent Company has adopted a "Management system for gender equality", also valid for the Companies in the direct scope involved in the Certification process. The Management System, closely related to the Group Policy on Diversity, Equity and Inclusion, defines the system documentation, the organizational roles and responsibilities related to the certification process, the adoption of a strategic plan, the process of analysis, management and resolution of any non-conformities, in order to guarantee

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[90] Inspired, among others, by the Constitution, the Declaration on Fundamental Principles and Rights at Work and the Goals of the United Nations 2030 Agenda for Sustainable Development, national and European regulations on remuneration and incentives and the eligibility of corporate representatives for banking intermediaries.

maintenance over time of the requirements defined by UNI/PdR 125:2022.

The "**Group Provisions on Inclusive Communication**" define the guidelines for the adoption of communication practices that respect the principles of gender equality, accessibility, non-discrimination and inclusion. These principles are applied in the internal and institutional communication of the Iccrea Cooperative Banking Group, ensuring that communication is consistent with the Group's general strategies on social responsibility and inclusiveness. The policy aims to create a communication environment that promotes respect and equality among all people, making access to information and opportunities more equitable. The Group Provisions are approved by the General Manager of the Parent Company and adopted by the individual Companies, subject to approval by their Board of Directors.

The "**Group Policy on Whistleblowing**" establishes the general principles, roles and responsibilities for the Internal Whistleblowing System, in accordance with the external regulations in force. The policy describes the internal reporting procedure adopted by the Group, clarifying the methods through which reports can be made, and the safeguards adopted to guarantee the confidentiality of both the personal data of the whistleblower and of the person allegedly responsible for the violation. Furthermore, the Policy takes into account the ongoing external regulatory developments, providing for periodic updates and additions in order to guarantee continuous compliance. The Policy, whose owner is the Whistleblowing Committee, is approved by the Board of Directors of the Parent Company, subject to the favorable opinion of the Risk Committee and the Supervisory Body 231/01, and is adopted by the individual Companies subject to the approval of their own Board of Directors.

The "**Remuneration and Incentive Policy**" aims to ensure optimal alignment between the interests of shareholders, management and other stakeholders, also linking corporate results to sustainability. The policy provides for the inclusion of ESG criteria in the incentive system for top management, strengthening the correlation between variable remuneration and strategic actions related to sustainability. This includes prudent management of ESG risks, the promotion of an inclusive and "gender neutral" corporate culture, and sustainable finance objectives such as the development of green lending lines. In addition, training programs are planned for personnel in relevant roles within the Group, with the aim of strengthening the integration of sustainability into corporate policies. Monitoring of this policy is ensured by the Board of Directors of the Parent Company, which supervises the remuneration and incentive systems, ensuring that they are consistent with the long-term strategy, the risks assumed and internal governance. The Board annually reviews the remuneration policy, approves the "key management personnel", determines the remuneration for directors and auditors, and verifies the application of malus and claw-back clauses. Furthermore, it monitors gender neutrality in remuneration policies and the gender pay gap. The Remuneration Policies themselves promote the definition of formalized short-term incentive systems which, among other things, aim to:

- reward performance, supporting the culture of results through the valorization of assigned objectives, both collective and individual;
- apply transparency criteria through the link between assigned objectives, quantitatively or qualitatively measurable, and the results of the variable bonus recognized, through predefined or predefinable mechanisms;
- reward organizational behaviors/exercise of the Group's distinctive capabilities, rewarding those that support the development of the values of the Cooperative Credit;
- steer towards the principle of accrual accounting, adopting the principle of coverage and self-financing of the bonus pool.

The Boards of Directors of the Group companies are responsible for implementing guidelines in line with the directives established by the Parent Company..

The “**Group Policy on short-term variable incentive systems of the Management by Objectives (MBO) type**” aims to define principles and guidelines relating to the process and operating mechanisms of the Management by Objectives (MBO) system. The main purposes of the MBO system are: to reward performance with a view to promoting and encouraging a meritocratic culture, to provide objective criteria for evaluating performance, to avoid the assignment of distorted incentives that may lead to violations of regulations or excessive risk-taking for the individual company and for the Group as a whole, to maintain a competitive position on the remuneration market. The main beneficiaries of this incentive system are the employees who fall within the scope of the key management personnel at Group level and any additional employees based on the role held.

Training and skills development

In line with the Group's sustainability strategy, the education and professional growth of employees are fundamental elements for improving the quality of work, promoting a responsible corporate culture, achieving social objectives and strengthening commitment to stakeholders. The Group is committed to ensuring training opportunities that meet the needs of the economic and social context, promoting the integration of ESG principles and the valorization of human capital.

The **Personnel Training Policy** provides the guidelines for the professional training of employees of the Parent Company and the direct scope companies, with particular attention to mandatory regulatory training. The Parent Company is responsible, for all companies in the Management and Coordination scope, for identifying mandatory training needs (consistent with external and internal regulations) that the individual companies must include in their training programs. The policy provides for collaboration between the Anti-Money Laundering and Risk Management functions, the functions responsible for training and the Compliance Function of the Parent Company, which annually identify mandatory training initiatives, establishing content, recipients and scope of the programs. In addition, non-mandatory training initiatives are also proposed, in line with personnel needs and strategic objectives. Monitoring participation in training activities is entrusted to the Human Resources function of each Company, which verifies that the designated personnel benefit from the mandatory training. In the event of non-participation, the Human Resources function urges employees to complete training, highlighting the risks associated with non-compliance, including possible disciplinary measures. Periodically, the Human Resources function provides detailed reports to the Board of Directors, monitoring the completion of mandatory training. In addition, scope companies are required to provide, upon request, data relating to the training activities carried out, contributing to the overall monitoring of the training plan. The Personnel Training Policy is approved by the Board of Directors of the Parent Company and adopted by the individual companies subject to approval by their own Board of Directors.

The **Group Policy on the Training of officials of the Group's Supervised Companies** is a strategic tool aimed at ensuring the acquisition, maintenance and updating of the skills of directors, auditors and general managers, ensuring compliance with regulatory requirements and the effectiveness of corporate governance. The corporate Representatives to whom the policy applies include all those who hold administrative, management and control roles, specifically directors, members of the boards of statutory auditors and general managers of the supervised companies. The policy defines three main training paths: starter level, aimed at new officials to acquire basic and specific knowledge within 18 months of appointment; refresher, aimed at continuously improving skills through periodic events; and mandatory training, focused on relevant regulatory and corporate issues. Management is supported by a system of training credits that monitors compliance with training obligations, with annual and three-year objectives for each participant. The Parent Company plays a central role in the development and approval of the annual training program, in coordinating activities and monitoring results, providing support to the supervised companies to collect training needs and encourage the active participation of representatives. The Policy is approved by the Board of Directors of the Parent Company, after consulting the Appointments Committee, and adopted by the Supervised Companies through approval of their respective Boards of Directors.

The Iccrea Cooperative Banking Group and the affiliated mutual banks have adopted the **Group Policy on the management and training of personnel involved in investment services** and the **Group Policy on the management and training of personnel involved in the distribution of insurance products**. Both policies are approved by the Board of Directors of the Parent Company and adopted by the individual Companies after approval of their own Board of Directors. Each change to the policies follows the same approval process.

The first document defines the principles and guidelines for the management, training and professional development of personnel involved in investment services, in full compliance with current regulations. The training courses end with a test, which certifies the accumulation of the required training hours. In the event of a negative outcome, recovery activities are promoted to fill the gaps, making the fulfillment of annual training obligations conditional on passing the test. The reference owner of this policy is the CBO area, private division.

The second document establishes the general principles that the Companies of the Iccrea Cooperative Banking Group adopt for the management and training of personnel involved in the distribution of insurance products, following industry regulations. In particular, BCC Servizi Assicurativi and the Consulting Services and Mifid function, with the support of the Human Resources and Compliance functions of the Parent Company, identify the minimum contents for professional updating, in line with matters required by the legislation, to ensure a high level of competence in relation to the complexity of the activity and products offered by the Group companies. The reference owner is the CBO area and BCC Servizi Assicurativi.

The topic of personnel training is also addressed within the "**Provisions on professional development**" which defines the opportunities for growth and continuous training for employees of the Parent Company and companies in the direct scope, with the aim of enhancing their skills and promoting their career advancement. The provision includes structured training programs, mentorship activities, individual development plans and periodic performance assessments, promoting an environment of continuous learning. Employees are encouraged to participate in courses, seminars or internal projects that contribute to improving their professional skills. Particular attention is paid to the onboarding of new hires, with training courses aimed at integrating new resources into the Group's values and activities. Management development plans are also defined to enhance leadership and change management, promoting an inclusive and sustainability-oriented culture. Resource management includes evaluation systems to measure performance, skills and potential, as well as targeted assessments to verify the coverage of roles of responsibility. The policies are oriented towards meritocracy, diversity and inclusion, preventing bias and discrimination. To ensure adequate monitoring, the Costs and Investments Committee contributes to the definition of the annual budget allocated to the personnel development activities of the Parent Company and the companies in the direct scope. The Committee evaluates and approves spending requests for specific development initiatives. The Human Resources function of the Parent Company is responsible for the implementation of resource management processes, including evaluation systems and planning of professional development activities.

Other rights of the workforce (privacy)

The Group considers the protection of personal data a fundamental right to be guaranteed and protected on an ongoing basis, with the definition of Group policies and operating rules, the establishment and maintenance of adequate information systems, the constant assessment of potential risks and negative impacts related to compliance with such controls. This is not only for mitigating potential operational and reputational risks arising from failure to comply with the controls put in place to protect personal data (of employees, customers and suppliers), but also for increasing the trust of stakeholders in the Group integrity.

More information on the applicable regulatory framework, see section “ESRS S4 – Consumers and end-users”, “Policies”

PROCESSES FOR ENGAGING WITH OWN WORKFORCE

The active engagement of the workforce and its representatives is an essential element to ensure sustainable and responsible corporate management. The Group promotes dialogue, consultation and active participation of employees, ensuring transparent communication and adequate management of issues related to well-being, safety and working conditions.

Social dialogue

Managing relations with the workforce and trade unions within the Group takes place in full compliance with current regulations and the procedures provided for by collective bargaining. In compliance with art. 11-bis of the collective bargaining agreement for mutual banking the Parent Company coordinates trade union relations for the affiliated mutual banks through the Industrial Relations, Compensation and Staff Planning unit. This structure, which includes a specific unit dedicated to labor regulations, guarantees constant and transparent dialogue with the social partners, supporting the Parent Company, the companies in the direct scope and the mutual banks in the management of organizational processes, in compliance with the information and consultation procedures provided for[91].

In 2024, the Group signed important trade union agreements, making fundamental steps for contractual harmonization and the improvement of working conditions:

- Group supplementary contract (April 2024):

[91] The information exchanged and discussed, according to the the collective bargaining agreements includes: the composition of the workforce in relation to gender and contractual levels, wages paid, training, health and safety, the reduction of barriers to communication and information for people with disabilities..

- On April 19, 2024, Iccrea Banca and the Group Trade Union Delegation (FABI, First-Cisl, Fisac-Cgil, UILCA, UGL) signed the agreement for the first supplementary contract of the Iccrea Cooperative Banking Group. This contract unifies the previous 13 regional and 6 company contracts, creating a common discipline for workers in professional areas and management. The agreement regulates aspects such as lunch vouchers, welfare and territorial mobility, introducing a permanent Commission on equal opportunities, inclusion and ESG. The agreement is a response to the need, emerged with the reform of mutual banking, to overcome the fragmentations deriving from the previous Regional and Company Supplementary Contracts, while maintaining local regulation for matters not included in the group contract.

- Renewal of the Federcasse collective bargaining agreement (July 2024):
  - On July 9, 2024, Federcasse and the trade unions (FABI, FIRST-CISL, FISAC-CGIL, UILCA and UGL Credito) signed the renewal of the national collective bargaining agreement for managers and staff of the professional areas of mutual banks. The agreement, valid until December 31, 2025, introduced economic and regulatory improvements, with particular attention to the following issues: remuneration, workplace safety, supplementary healthcare, work-life balance measures.
- Valore di Produttività Aziendale (September 2024):
  - In September 2024, the Valore di Produttività Aziendale performance bonus was paid to all Group employees. This performance bonus was calculated for the first time on the basis of the financial indicators of the Group's 2023 consolidated financial statements. A specific agreement was signed in December for the allocation of surpluses from the bonus to welfare, offering mutual banks the choice between a series of spending options.
- Solidarity Fund (December 2024):
  - In the second half of 2024, a generational turnover was carried out through an agreement on access to the extraordinary benefits of the Cooperative Banking Solidarity Fund for employees of the Parent Company and companies within the direct scope. Staff will exit the workforce in correspondence of 5 six-monthly windows, starting from July 1, 2025. With reference to the mutual banks, thirty agreements were finalized regarding access to the extraordinary benefits of the Solidarity Fund in 2024.

The management of trade union relations is also developed through periodic meetings and ad hoc meetings with the trade union representatives at company level, focusing on issues such as work-life balance (part-time and agile working), welfare and fringe benefits policies, and the reorganization of resources in the branches. In this context, a constructive and continuous dialogue is ensured, in support of a shared management of organizational and regulatory changes.

Engagement and consultation of workers and their safety representatives

The engagement of workers and the consultation of their safety representatives is a fundamental element in the management of health and safety at work. This process takes place within the Health and Safety Management System (SGSL) adopted by the Parent Company and the companies in the direct scope. The SGSL provides for the active participation of employees with suggestions, observations and reports relating to safety, and the integration of health and safety issues in company meetings. The Intragroup Committee ensures the effectiveness of these forms of participation, while the Workers' Safety Representative (RLS) plays a central role in ensuring effective communication between workers and the employer. The RLS, elected or designated by workers or trade union representatives, receive specific initial training and annual updates. The RLS are actively involved in the risk assessment and prevention phases and have rights including access to the workplace and the possibility of participating in mandatory consultations. The Periodic Meeting of the Prevention and Protection Service (SPP) is an annual regulatory requirement, provided for by Legislative Decree 81/2008. This process is common to all Group companies. The meetings are attended by the employer, the Head of the Prevention and Protection Service, the company doctor and the workers' representative. The process consists of analyzing the risks, evaluating the effectiveness of the safety measures adopted and proposing any corrective actions. The results are documented in a report that contributes to the review and continuous improvement of the management system, ensuring compliance with regulations and the strengthening of company safety policies.

Open dialogue programs with employees

The mutual banks promote internal communication through periodic information and participation initiatives aimed at all workers. These programs, generally coordinated by the Company management, aim to encourage the active engagement of employees and collect useful feedback to improve the company climate. The main form of interaction is represented by plenary meetings, organized at least once a year, during which the Management illustrates the financial and business results and addresses, also through Q&A sessions, the issues that impact the working conditions of the staff. Some entities promote further opportunities for discussion, such as periodic meetings between employees and management and engagement workshops with office coordinators or managers, focused on issues such as sustainability and corporate social responsibility. Among the most significant initiatives, BCC Credito Cooperativo Ravennate, Forlivese e Imolese Società Cooperativa launched the BCC Open project in 2024, which gave rise to three Employee Resource Groups (ERG). These Groups, composed of employees who participate on a voluntary and free basis, focus on key issues: female leadership, work-life balance and intergenerational dialogue. The activity has generated a strong increase in staff involvement, strengthening the sense of belonging and collaboration within the company.

Interviews with the Human Resources Business Partner

Within the Group, the HR Business Partner (HRBP) plays a strategic role in promoting dialogue between the company and employees, contributing to the management and development of human resources. This role, formalized in the organizational chart of the most complex and structured companies in the Group, is responsible for managing employees throughout their professional careers, optimizing both corporate and individual needs. In less complex corporate environments, these responsibilities are implicitly included in the duties of the HR functions or departments, while still ensuring a personalized approach focused on the well-being of staff.

Among the main activities of the HRBP, annual management interviews represent a central tool for gathering feedback, identifying specific needs and defining paths for professional growth and development. During these interviews, conducted in an active listening environment, performance is analyzed, job rotation and internal mobility opportunities are explored and career aspirations are addressed. Particular attention is paid to employees who stand out for excellent performance or who need specific support to deal with significant changes in their career path.

The HRBP also actively contributes to the implementation of change management processes, accompanying employees and company teams during organizational transitions or strategic changes. This support also extends to the management of interpersonal relationships, the improvement of the organizational climate and the identification of targeted actions to enhance the potential of each employee. Management interviews, conducted directly by the HRBP in more structured organizations or by the heads of HR functions in less complex ones, are carried out annually or on the occasion of organizational changes of great impact. During 2024, the 9 HR Business Partners of the Parent Company and the companies in the direct scope conducted approximately 500 interviews, confirming the Group's commitment to promoting an inclusive and dynamic work environment, based on listening and valuing the workforce.

PROCESSES TO IDENTIFY AND REMEDIATE NEGATIVE IMPACTS

The Group adopts a series of processes and measures to address and remedy the negative impacts that may arise from its activities on workers, both directly and indirectly. The approach adopted is based on the principles of transparency, accountability and constructive dialogue, with the aim of ensuring that any concerns raised by employees are adequately addressed. To this end, accessible and secure communication channels have been established that allow the workforce to report issues and risk situations, promoting a working environment in which employee concerns are heard and resolved promptly. The following paragraphs describe in detail the processes in place to manage these issues, as well as the ways in which workers can raise concerns and receive appropriate responses.

Communication channel, surveys and focus groups

In mutual banking, various channels are adopted to collect feedback and identify the needs of employees and stakeholders. The main methods used include interviews, surveys and polls, which are fundamental tools for identifying specific needs and implementing targeted corrective plans. In particularly important organizational choices, groups of employees are involved to guide the final decisions in a participatory and conscious way. In 2024, following the climate survey carried out in October 2023, the “Great Place to Work” groups were launched, with the aim of proposing improvement actions in response to the critical issues that emerged. Other widespread surveys concern fundamental issues such as health and safety, mobility and home-work travel, as well as welfare measures, thus contributing to a constant process of listening and improving the work environment.

Two-way communication spaces have been promoted within the intranet, creating opportunities to give employees a voice and encourage open dialogue. Among the most significant initiatives, the social network Viva Engage was launched, an innovative platform that allows employees to interact dynamically and immediately. Its use was also tested during group meetings, collecting feedback to improve the internal communication experience. Internal communities building also started, with the aim of stimulating collaboration, communication and networking between people, such as communities dedicated to sporting events and cultural meetings, such as the BCC Book Club.

Corporate climate surveys

The corporate climate survey is a fundamental tool for the Group companies, used to anonymously collect employee needs and feedback, with the aim of defining increasingly effective internal strategies. The survey, conducted periodically by the Parent Company and the companies in the direct scope, adopts a standard format developed in collaboration with Great Place to Work®. In 2024, a survey specifically focused on the issues of Diversity, Equity and Inclusion was administered. Employees were asked to evaluate the following areas: fairness and meritocracy, inclusion and respect for diversity, transparency and communication, professional development and growth, as well as work-life balance. The results obtained allowed us to identify critical areas and plan corrective actions for continuous improvement.

Mutual banks also continued their commitment to actively involving employees through surveys on the corporate climate. In some cases, the format developed by GPTW Italia was used, while in others, ad hoc surveys were carried out, with the support of local universities and consulting firms. These surveys were designed to collect feedback useful for understanding staff needs and defining concrete actions to improve the work environment, making it more inclusive, respectful and in line with the needs of employees. In recognition of the results achieved, some Banks have obtained the "Best Place to Work" certification for 2024.

Reporting mechanisms for managing incidents of discrimination

The Group is committed to ensuring an inclusive work environment, free from discrimination and promotes preventive actions to combat any form of violence, whether physical, verbal, digital or psychological. Through the Group's whistleblowing system, employees can confidentially and securely report incidents of discrimination or violence. Adequate information has been provided to staff on how to use the platform to report abuses, strengthening the corporate culture of protection and mutual respect. These actions are essential to maintaining a healthy and safe work environment for all employees, preventing and promptly addressing any harmful behavior.

A central element of the process is the involvement of the Gender Equality Steering Committee, which acts as an evaluator of reports of incidents of gender-based violence or discriminatory behavior. The Committee receives timely information from the Violation Reporting Committee, especially for cases relevant under Legislative Decree 231/01. The Steering Committee is responsible for verifying the validity of the reports and for taking the necessary measures. In the event that the Steering Committee is not established, these responsibilities are assumed by the Supervisory Body, which becomes the body responsible for the evaluation.

To ensure effective management of reports, the process is structured to fully comply with confidentiality obligations, protecting the identity of whistleblowers and ensuring impartial treatment of each case. In addition, the Group has launched an internal awareness campaign to adequately inform employees on the use of the whistleblowing platform, with the aim of encouraging informed and responsible participation.

ACTIONS AND METRICS

The Group recognizes the central role of employees, collaborators and all internal stakeholders in achieving its strategic objectives and in building a sustainable growth model. In line with the principles of the ESRS S1 Standard, the Group has developed and implemented a series of initiatives aimed at ensuring the protection of fundamental rights, well-being, safety and development of its people.

This approach reflects the Group's commitment to promoting an inclusive, fair and safe working environment, supported by policies that aim to:

- strengthen the physical and psychological well-being of employees;
- guarantee opportunities for professional growth and continuous training;
- promote diversity, inclusion and respect for human rights throughout the value chain;
- strengthen mechanisms for dialogue and active participation of people within corporate strategies.

The chapter illustrates the main initiatives and results achieved by the Group, highlighting how these actions are integrated into the company processes and oriented towards the continuous improvement of social performance, in line with the requirements of the ESRS S1 Standard. The objective is to guarantee responsible and sustainable management of human resources, contributing significantly to collective well-being and strengthening the company's reputation.

Health and safety – Actions

As regards the topic of Health and Safety at Work and, limited to the companies in the direct scope, the Group has chosen to organize itself according to a well-defined model - a single management system for Health and Safety in the Workplace, pursuant to Legislative Decree 81/08 - aimed at ensuring the achievement of the Group's objectives for the health and safety of male and female workers, seeking, through the structuring and definition of the Management System, to maximize the benefits with a view to continuous improvement. In this area, a series of initiatives have been implemented, detailed in this paragraph.

UNI-INAIL Single Certification and adoption of a Management System for Safety at Work (SGSL)

The initiative involves obtaining the UNI-INAIL Single Certification in the field of Health and Safety at Work by the Parent Company and the companies in the direct scope, with the aim of guaranteeing safe, healthy and protected workplaces for all employees. The certification process is part of a broader work safety management program, with the aim of preventing accidents, injuries and occupational diseases related to work activities.

The UNI-INAIL certification represents an official recognition of company practices in terms of health and safety, demonstrating the commitment to adopting and implementing high safety standards in all phases of the work cycle. This process also includes the adoption of a Workplace Safety Management System (SGSL), a set of procedures and policies that aim to continuously improve the safety and health of workers through preventive actions, training and constant monitoring.

The main objective of this initiative is to prevent physical damage and illnesses resulting from work activities, proactively improving safety performance. The adoption of a management system allows to optimize resources, ensure a safer working environment and create a culture of safety among employees, supporting continuous improvement in all work safety management practices.

The certification of compliance with the UNI INAIL guidelines implemented by BCC Sinergia and several companies of the Group was confirmed in 2024, demonstrating the commitment to protecting workers and reducing risks.

Mandatory training course on work safety

In light of the provisions of the current legislation on the matter (art. 37 Legislative Decree 81/08) - which requires the employer to provide sufficient and adequate training on health and safety for all employees - the Group has also provided specific training. In this context, the mandatory training course for workers breaks down into two distinct phases:

- General Training: lasting at least four hours, it is dedicated to the presentation of general concepts on prevention and safety at work. General Training must be followed by specific training;
- Specific Training: aimed at the specific risks related to the tasks (screen work) and the possible damages and the consequent prevention and protection measures and procedures characteristic of office activities and comparable activities in reference to risks to safety and health.

Specific training is also provided to the Workers' Representative for Safety (basic course and annual updates) and for the Safety Manager.

The aim of training is to ensure greater awareness of professional risks and provide all employees with the skills needed to operate safely, thus improving health protection in the workplace.

Group Physical Security Structure

The Iccrea Cooperative Banking Group has established a new Security structure composed of 117 security managers, the largest in Italy for the control of physical access and the management of Physical Security. The aim is to strengthen the culture of physical security within the Group and its subsidiaries, improving the protection of sensitive areas and the management of risks related to unauthorized access and other environmental factors.

The structure was presented through seminars on "Physical Security Management", organized by BCC Sinergia, a Group company dedicated to security management, in collaboration with CESINTES of the University of Rome Tor Vergata. Among the most significant initiatives, on July 19, 2024, a crisis simulation was held at the BCC Basilicata headquarters in Potenza to test public and corporate safety measures. The exercise, organized with the State Police and the support of BCC Sinergia, involved NOCS, DIGOS, the Flying Squad and psychologists of the Police, as well as the Fire Brigade, Local Police and the Red Cross. The initiative highlighted the central role of BCC Sinergia in planning and managing operations, ensuring effective integration between safety measures and interventions by the authorities. In another significant event, in February 2024, the Group Security Manager started a dialogue with the Police Force to improve safety in the area of via Esterle, Milan. Following the report, the Police department of Milan arranged for an inspection and activated an extraordinary service to monitor the area. Furthermore, from March 1, 2024, a safe car escort service has been introduced, managed by two security officers. These initiatives demonstrate the commitment of the Iccrea Cooperative Banking Group to strengthening physical safety through concrete interventions and strategic collaborations with institutions and law enforcement agencies, thus contributing to the protection of customers, employees and territories.

DVR update and work-related stress assessment

All employees are subject to health periodic controls and all risks are assessed in the Risk Assessment Document (DVR) and intervention priorities are identified based on the type of risk. The DVR is a document that identifies the possible risks present in the workplace and is used to assess the probability of occurrence of a harmful event for workers, calculate the extent of the damage that may result and suggest concrete prevention and protection measures. The main types of dangers related to typical office work can be: physical (radiation, electrical malfunctions, high noise, etc.); ergonomic (inadequate workstations, poor lighting, etc.); psychological (verbal abuse, mobbing, discrimination); related to work organization (excessive working hours, lack of breaks from work, etc.). Given the work activities performed and the duties of the workers present in the specific environment of the Iccrea Cooperative Banking Group, these are very limited risks and the most significant are linked to the use of video terminals (VDT), which causes visual and postural fatigue, to the microclimate and/or lighting.

Other initiatives

The Group's affiliated banks, in compliance with Legislative Decree 81/08, have adopted numerous initiatives to ensure health and safety at work, improving working conditions and preventing risks. The main activities include updating equipment, with the replacement of obsolete furniture and tools in favor of ergonomic workstations compliant with safety regulations, such as ergonomic chairs, low-emission screens and footrests. Safety management is guaranteed through inspections, updates to the Risk Assessment Document (DVR) and periodic checks by external consultants. Furthermore, particular attention is paid to training, with courses for fire safety and first aid workers, and to promoting the culture of first aid. In the healthcare sector, employees are subjected to periodic visits by the company doctor, with the possibility of additional checks on a voluntary basis. Several companies are annually committed to the maintenance of the Health and Safety Management System.

Health and safety – Metrics

PEOPLE IN OWN WORKFORCE COVERED BY THE HEALTH AND SAFETY MANAGEMENT SYSTEM	2024
Percentage of people in own workforce who are covered by the health and safety management system based on legal requirements and/or recognized standards or guidelines;	100%

INFORTUNI/DECESSI NELLA PROPRIA FORZA LAVORO	2024
Number of recordable work-related injuries for own workforce	139
Total number of hours worked by own workforce	33,302,906
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	-
Rate of recordable work-related for own workforce	*4.17*
Number of cases of work-related ill health in own workforce	-
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	2,332

The rate of work-related injuries was calculated by dividing the total number of cases by the total number of hours worked by people in own workforce, and then multiplying by 1,000,000. Therefore, these rates represent the number of injury per million hours worked. The rate based on 1,000,000 hours worked indicates the number of work-related injuries per 500 full-time people in the workforce over a 1-year period. It should be noted that the data represented includes all types of work-related injuries, including commuting injuries, i.e. injuries that occur to the worker on the way to or from work to home.

Secure employment and work-life balance – Actions

The Iccrea Cooperative Banking Group places great importance on job stability and generational turnover, two key elements for long-term sustainability and competitiveness.

Job stability represents a significant added value, as secure employment offers economic security to employees, reducing stress related to uncertainty and contributing to their psychological well-being. Furthermore, secure employment reduces staff turnover, preserving company know-how and avoiding costs associated with the loss of skills. Employee loyalty fosters social cohesion and strengthens the spirit of collaboration, improving the quality and efficiency of company activities thanks to the experience accumulated in the medium-long term.

To support the objectives that the Group has undertaken, a series of initiatives have been implemented, including:

- recruitment processes dedicated to young people, such as collaborations with universities and start-ups;
- skills development programs, with a focus on technical, managerial and administrative skills (e.g. Young Talents Program);
- tutoring activities, aimed at transferring knowledge from senior employees to younger ones;
- work-life balance initiatives, such as smart working, to meet the needs of a young and dynamic workforce.

The following details the main initiatives adopted by the Group to promote and guarantee secure employment and a work-life balance for all employees.

National Collective Bargaining Agreement (CCNL)

All Group employees are covered by the Federcasse National Collective Bargaining Agreement (CCNL), which is one of the most important instruments in Italian labor law. The CCNL establishes the minimum working conditions to guarantee the employee, such as pay, working hours, holidays, leave, health and safety, training and professional development, and is valid throughout the national territory.

Employees of the Iccrea Cooperative Banking Group are covered by social protection against loss of income due to illness, unemployment, injury, parental leave and retirement through a combination of public programs and benefits offered by the company. Italian law guarantees sickness benefits through INPS, NASpI for unemployment, INAIL coverage for accidents at work and access to a mandatory pension. The CCNL of mutual banking integrates these protections ensuring remuneration in the event of illness and injury, as well as improved conditions for parental leave and supplementary pension provision. In terms of retirement, membership in the National Pension

Fund of mutual banks is provided for, with additional company contributions to support post-work economic security. The Group Supplementary Contract introduces further welfare measures, including additional health care and pension assistance, strengthening worker protection.

Internal mobility in the event of company reorganizations

In order to ensure responsible management of personnel in the event of extraordinary operations, the Federcasse CCNL establishes that, in case of reorganization and/or decentralization processes - in the sense of significant restructuring that entails substantial changes in work performance or in the event of employment criticalities arising from corporate events, such as mergers, demergers, spinoffs, concentrations - the Parent Company activates dialogue with the trade unions and other applicable related procedures and evaluates the activation of support measures, even temporary, of employment levels. In line with the provisions of the industry CCNL, the Parent Company coordinates the possible launch of specific programs for retraining, consolidation and/or acquisition of new skills of the personnel involved. Starting from the evaluation of the skills and professionalism within the Group, the following actions aimed at protecting employment levels will be evaluated as a priority:

- requalification and up-skilling initiatives defined on the basis of new organizational needs;
- professional updating initiatives that – within the scope of existing contractual provisions – facilitate the reintegration into work for long-term absences, in the presence of organizational changes and/or new activities that have occurred in the meantime;
- internal mobility initiatives that guarantee the correspondence of professional profiles with the necessary skills.

Healthcare and retirement

In line with the provisions of the current applicable CCNL, the Group provides the payment of a portion of the salary, both by the company and by the employees, in favor of two institutions. The first is the National Pension Fund increasingly oriented towards sustainable investments (in September 2022 the Fund was in fact the subject of a transformation of the sectors with a conversion of the investments towards art. 8 SFDR products). The second is Cassa Mutua Nazionale, a Supplementary Health Fund with the aim of providing assistance to members through the reimbursement of health expenses in accordance with the Regulation defined by the Fund itself. The benefits are guaranteed to workers and dependent family members. There is also the possibility of including family members who are not dependent in exchange for an additional contribution paid by the worker.

Agile working

The agreement on agile working in the Iccrea Cooperative Banking Group, signed on December 10, 2022 and integrated into the Group Supplementary Contract of April 19, 2024, was reached between the Group Trade Union Delegation and company representatives. It applies to workers in the professional and executive management areas of the Iccrea Cooperative Banking Group, involving approximately 22,000 people.

Participaiton is voluntary, through the signing of an individual agreement that allows work to be carried out outside company premises, while still guaranteeing the security and confidentiality of company data. Agile working can be performed fro a maximum limit of 10 days per month, in line with the organizational needs of the company, and must respect the working hours established by the collective agreement. The right to disconnect is recognized, in order to protect employees' rest times.

Work carried out in smart working is considered equivalent, in all respects, to that provided at the usual workplaces and employees receive lunch vouchers, as established by the contract.

To ensure effective application, an Observatory including union and company representatives has been established, with the task of monitoring the implementation of the agreement, identifying any critical issues and proposing possible improvements.

In assessing applications, the mutual banks give priority to workers managing complex parental and family needs, in conditions of fragility or certified disability, and travelling particularly long distance between home and the workplace.

This agreement represents an important step towards the modernization of working methods in the Iccrea Group, promoting greater flexibility and a better balance between professional and personal life.

Other measures provided for by first and second level bargaining

In 2024, following the renewal of the National Collective Bargaining Agreement (CCNL) and the signing of the supplementary agreement of the Iccrea Cooperative Banking Group, significant measures were introduced to improve employment, corporate welfare and the conciliation between professional and personal life. These measures are intended for all workers in the professional and management areas of mutual banks, direct scope companies and the Parent Company, with the aim of promoting a healthier work-life balance.

- Family, Parenting and Work-Life Balance: one of the main innovations is the reduction of weekly working hours by 30 minutes, with the same wage. In addition, leave and protections for family and parents have been strengthened, with the introduction of additional paid leave for female workers who are victims of gender-based violence and new specific leave for parents. These changes reflect the Group's commitment to inclusion and families support. Another important initiative is the creation of the "Solidarity Time Bank", which allows employees to donate hours of paid leave, with the company's contribution, to help those who are facing personal or family difficulties. An economic support measure has also been introduced for the families of employees who die prematurely. Finally, paid leave has also been introduced for female workers who are victims of gender-based violence.
- Permanent Equal opportunities Commission: another innovation concerns the establishment of this commission that deals with equal opportunities, inclusion and ESG (environmental, social and governance) issues. The Commission will be responsible for promoting active policies on various issues, including work-life balance, corporate welfare and corporate social responsibility.
- Illnesses and accidents: the sick leave period has been extended for employees suffering from oncological diseases, serious chronic-degenerative diseases or undergoing life-saving therapies, thus ensuring greater protection in the event of illness.
- Welfare and Supplementary Healthcare: with regard to welfare, an additional contribution is planned to support the National Pension Fund, with the commitment to develop a strategic discussion to further strengthen the supplementary healthcare system.
- Employment and Income: minimum salary increases have been agreed, in addition to a significant one-off payment. The agreement also includes measures to combat banking desertification, delegating to the national bargaining council the task of developing organizational solutions to address the challenges related to new technologies, digitalization and artificial intelligence in the banking sector.
- Employment Fund for mutual banking (FOCC): the FOCC will be used to support stable employment and promote generational turnover projects, with the aim of maintaining employment in the banking sector and encouraging generational turnover.
- Social Rights and Non-Discrimination: in line with Law 193/2003, the so-called "oncological oblivion" has been introduced, which guarantees workers who have recovered from oncological diseases the right not to have to provide information on their previous health condition, avoiding discrimination or inquiries in this respect.

These initiatives are an important step forward in the promotion of a more inclusive, flexible and sensitive work environment for employees and their families.

Protection of work flexibility and the right to disconnect

This initiative is part of the 2024 Gender Equality Strategic Plan, in line with the objective of promoting a balanced work environment that respects the personal and professional needs of all people, without discrimination.

To this end, specific Guidelines have been drawn up for the correct management and planning of meetings and work activities, in order to guarantee the right to disconnect. The Guidelines are designed to optimize the planning of daily activities, avoiding unnecessary workloads and promoting a healthy and productive use of technologies, minimizing the use of work outside of scheduled hours.

In particular, the Guidelines aim to:

- ensure the right to disconnect, limiting electronic communications outside of working hours and encouraging detachment from technology, to protect the mental and physical health of employees;

- encourage everyone's participation in work activities, ensuring that every team member, regardless of their personal situation, can actively participate, without having to sacrifice their well-being;
- improve productivity and performance, promoting work-life balance.

A DEI Toolkit dedicated to meetings is also available, useful for having immediate feedback on the indications expressed in the Guidelines. In addition, additional DEI Toolkits have been developed on specific topics: selection, onboarding, feedback as operational tools that, in line with the principles expressed in the Group Policy on Diversity, Equity and Inclusion, provide practical and concrete indications to be applied in all HR processes, in order to promote an inclusive culture, raise awareness of the use of inclusive language and the adoption of respectful behaviors towards all people.

Conversation before and after temporary or long-term leave

The action involves making space for moments of conversation dedicated both before and after leave, with the aim of mapping the motivations, expectations and propensity to change roles or duties of employees. These interviews are an opportunity to monitor and better understand the needs and desires of employees in relation to their career, especially in moments of transition.

These interviews aim to gather information on the employee's motivations regarding the management of leave and their future expectations, improving communication and alignment between the employee and the organization. Post-leave interviews allow us to assess the propensity to change roles or tasks, helping to create personalized and tailored career paths for employees, based on individual needs and desires. These moments of discussion also aims to facilitate the employee's return to the company after leave, reducing any distances, maintaining high motivation, facilitating the re-integration process.

Care Leave and Return Support Program

The company has launched a structured program to support employees who are on leave for reasons related to care, with particular attention to periods of absence exceeding six months, ensuring continuous support before, during and after the leave. The goal is to create a connection between the private life experience, related to caring for family members, and the work experience, facilitating the return to the company and maintaining high motivation and inclusion.

Company Nursery

A Company Nursery is active, located near the Rome headquarters in via Lucrezia Romana. This service is reserved exclusively for the children of employees who work at the headquarters and can accommodate up to 30 children aged between 3 and 36 months. The Company Nursery provides an important support to working parents, allowing them to better reconcile professional and family commitments.

In 2024, 29 applications were registered, confirming the strong interest in this initiative, which concretely supports the family needs of personnel.

Conversion of the Performance Bonus: welfare for employees

In compliance with current tax legislation, employees have the possibility of voluntarily converting their performance bonus by allocating it to a platform dedicated to corporate welfare, Conto PerBene, benefiting not only from the expected tax advantages but also from an increase in welfare provided for by the supplementary contract in the event of partial or total voluntary conversion of their bonus.

Thanks to the welfare platform, employees can choose how to use the accumulated welfare credit to purchase goods and services directly on the platform or request reimbursement of specific expenses provided for by the legislation, such as:

- education and training;
- family assistance;
- transportation and mobility;

- leisure and recreation;
- healthcare;
- travel and holidays.

Family Care Portal for parents and caregivers

Since 2024, the Family Care Portal dedicated to the employees of the Parent Company and direct scope companies has provided a new complete package of services for parents with children aged 0 to 18 and caregivers to support them in their daily family care and assistance needs. The goal is to ensure a greater balance between professional and personal life, answering to the support needs that employees face on a daily basis.

The portal offers access to a network of affiliated partners throughout the country and telephone and online assistance from the Family Manager, a consultant who supports parents in choosing the best solutions for daughters and sons aged 0 to 18 and the Care Manager, a specialized figure who provides initial guidance on social and assistance services, present throughout the country, dedicated to the needs of elderly, frail or non-self-sufficient family members. The Parent Company has also signed a Framework Agreement with the supplier to expand the service also to mutual banks interested in activating the service.

Self-coaching courses for parents and caregivers

Self-coaching courses for parents and/or caregivers lasting 12 months are available for employees of the Parent Company and direct scope companies and can be used through a dedicated digital platform. The aim is to promote the concept of "care" as an element of both personal and professional growth, in the awareness that the skills acquired and developed in particular moments of life can also be used within the working environment, thus creating greater cohesion and synergy between private life and working life. Thanks to this course, the Parent Company has been awarded the title of Caring Company, intended for companies that invest in the valorization of people and their life experiences and that recognize diversity and care as fundamental values for expressing the potential of each individual person. The Parent Company has also signed a Framework Agreement with the supplier to make the service also available to mutual banks interested in activating the project.

Workshops/short videos to raise awareness on paternity and parental leave regulations

A series of workshops and short videos have been developed to raise awareness and inform employees about paternity and parental leave regulations and associated benefits. These training measures are designed to spread the culture of balancing care loads and to raise awareness at all levels of the organization about the importance of equal involvement in family management by both parents, with particular attention to the role of paternity. These meetings, held by experts and specialists, are aimed at educating employees on the importance of active paternity and the balance between work life and family responsibilities. Topics such as the role of the father in caring for children, the importance of sharing household responsibilities and the implications related to mental health and parental well-being are addressed. The aim is to reduce stereotypes related to gender roles and promote more equal participation in family care activities. The videos are short multimedia contents that address, in a practical and accessible way, the rights and opportunities related to parental leave, illustrating the current regulations, the methods of use and the procedures for accessing leave and benefits. These videos are designed to be easily accessible by employees at any time, contributing to their continuous training and facilitating access to the information needed to make informed choices on the subject of fatherhood. The main objective of these initiatives is to change the collective perception on the subject of fatherhood and promote a greater balance of care loads between parents, encouraging active participation of fathers in family management. This will help create a more inclusive work environment, in which all employees, regardless of their gender, feel supported in reconciling career and family responsibilities.

Other initiatives

The Group mutual banks provide various initiatives aimed at promoting secure and quality employment, with a focus on attracting young talent and generational turnover. Among these actions, active participation in Career Days organized in collaboration with the Parent Company at universities and participation in orientation events stands out. These events serve not only to acquire CVs, but also to strengthen the Group's positioning as an attractive and innovative employer, rooted in the territory and attentive to the needs of young people.

The mutual banks have adopted a complex set of initiatives to improve employee well-being, promoting a balance between professional and personal life through innovative and flexible welfare measures. Below is a selection of the most widespread and effective initiatives, already implemented or planned, to support staff and their families. A key element of this strategy is joining a platform that allows employees to manage their benefits in a personalized way, choosing from a wide range of services and local purchases. To support health and psychophysical well-being, the BCC Wellbeing Program has been implemented, which includes initiatives such as sporting events and activities aimed at encouraging healthy lifestyles. On the training front, the Smartlearning project offers employees the opportunity to access refresher and professional development courses in e-learning mode, reducing the need for travel and promoting greater work-life balance. Another fundamental aspect is the adoption of smart working agreements, which guarantee greater flexibility in managing work activities. In addition, the mutual banks have introduced various measures to facilitate work-life balance, including reducing lunch break hours to allow early end of business days and greater flexibility in hours and rankings for part-time work. These interventions are accompanied by additional welfare services compared to the Group Supplementary Contract, aimed at guaranteeing broader support for employees and their families. To further strengthen the social protection system, some mutual banks have established local mutual funds, dedicated to employees, members and customers, which offer reimbursements for medical expenses, prevention campaigns, study and sports subsidies. Finally, to protect the health of workers, free health check-ups have been introduced, which include periodic checks in collaboration with affiliated health facilities, promoting prevention and the overall well-being of the staff.

Secure employment and work-life balance – Metrics

NUMBER OF EMPLOYEES (HEADCOUNT)	2024
Gender	
Men	12,607
Women	9,817
Other	0
Not reported	0
Total	**22,424**

Numbers are reported as total number of employees in head count equivalent at the end of the reporting period (i.e. December 31). The only reference country is Italy.

EMPLOYEES BY TYPE OF EMPLOYMENT (FULL-TIME AND PART-TIME)					2024
Type of employment (no.)	**Men**	**Women**	**Other**	**Undisclosed**	**Total**
Full-time employees	12,451	8,128	-	-	20,579
Part-time employees	156	1,689	-	-	1,845
Total	**12,607**	**9,817**	**-**	**-**	**22,424**

EMPLOYEES BY TYPE OF CONTRACT (TEMPORARY AND PERMANENT)					2024
Type of contract (no.)	**Men**	**Women**	**Other**	**Undisclosed**	**Total**
Temporary employees	221	238	-	-	**459**
Permanent employees	12,386	9,579	-	-	**21,965**
Total	**12,607**	**9,817**	**-**	**-**	**22,424**

The share of permanent contracts increased to 98.0% in 2924 (from 97.7% in 2023) as evidence of the Group's commitment to promoting secure employment. There is also an increase in part-time contracts (+ 2.4%) as a solution for flexibility and work-life balance.

TURNOVER RATE					
			2024		
Turnover by age group (no.)	**Men**	**Women**	**Other**	**Undisclosed**	**Total**
Under 30	83	74	-	-	**157**
Between 30 and 50 anni	156	104	-	-	**260**
Over 50	383	143	-	-	**526**
Total	**622**	**321**	**-**	**-**	**943**

The turnover rate is 4.2%, and was calculated as the ratio of total terminations to total employees at the end of the year.

The total number of terminations, including intragroup movements, is 1,035 (turnover rate 4.6%). New hires came to 1,112 in 2024, of which 1,020 from outside the Group (51% of these were women).

Diversity, equity and inclusion – Actions

The Group is strongly committed to ensuring a safe, inclusive and respectful work environment, in which every employee is protected from any form of discrimination or gender-based violence. Companies that adopt inclusive policies not only promote the well-being of their people, but also increase their competitiveness and performance, thanks to the ability to attract and develop highly qualified talent.

Gender equality is a fundamental value for the Group, guiding corporate policies and the path towards greater inclusion. The Group's commitment aligns with Goal 5 of the United Nations 2030 Agenda, aimed at ensuring gender equality and promoting the empowerment of women. This translates into the creation of a work environment that offers equal career opportunities to all employees, with actions aimed at reducing or eliminating gender pay gaps and facilitating women's access to leadership and decision-making roles.

DEI (Diversity, Equity and Inclusion) Manifesto

The DEI (Diversity, Equity and Inclusion) Manifesto is a strategic initiative aimed at promoting a corporate culture free from any form of discrimination, ensuring equal opportunities and equity in all corporate processes, from governance to every single operational aspect. This Manifesto was published on the Group's corporate intranet "Spazio BCC", and encourages the adoption of inclusive behaviors both at an individual and Group level, creating a work environment in which each individual can feel valued, respected and fully integrated, regardless of gender, ethnicity, sexual orientation, age, disability or other personal characteristics.

The objectives of the Manifesto are:

- promote a corporate culture free from any form of discrimination, through the integration of the principles of diversity, equity and inclusion in all corporate processes;
- ensure equal opportunities and guarantee fairness in every area, from governance to the selection, development and valorization of human resources;
- encourage the adoption of inclusive behaviors both at individual and Group level, so that every member of the organization feels part of a respectful and welcoming context.

In this way, the DEI Manifesto becomes a central tool for building an inclusive and dynamic working environment, in which each person can fully contribute to the success and growth of the Group, regardless of their individual characteristics.

Gender Equality Certification UNI PDR 125:2022 and implementation of the Strategic Plan for Gender Equality

The achievement of the Gender Equality Certification pursuant to the UNI PDR 125:2022 standard in 2023 represents an important recognition of the Group's commitment to gender equality and the promotion of an inclusive work environment. The certification process was successful for Iccrea Banca and for 9 direct scope companies, which obtained the certificate from the RINA certification body in September and December 2023 respectively.

The process of obtaining the certification followed a series of fundamental steps, including:

- establishment of a Steering Committee on gender equality, to ensure dedicated organizational oversight and the correct implementation of actions;
- definition of a Strategic Plan, aimed at outlining concrete actions in the areas of intervention provided for by the legislation on gender equality, with assignment of responsibilities and precise timeframes for each activity;
- formalization of a Management System, integrated with the Group Policy on Diversity, Equity and Inclusion, in order to consolidate the commitment to gender equality at an organizational level, and preparation of supporting documentation;

- constant monitoring of the quantitative and qualitative KPIs defined by the UNI PDR 125:2022 standard, to ensure continuous improvement and effectiveness of the actions undertaken.

To complete this path, the annual certification maintenance process was successfully concluded in 2024, confirming the Group's commitment to creating a work environment that promotes gender equality and inclusiveness.

The Parent Company's "Gender Equality Management System" aims to promote and protect diversity and equal opportunities in the workplace, measuring the progress and results through the preparation of specific KPIs, defined within the Group Policy on Diversity and Inclusion and reported in official documents. As envisaged by the management system, organizational controls have been strengthened by formalizing the corporate role of Diversity, Equity & Inclusion Manager (DEI Manager) and the Manager of the "Gender Equality Management System" for the Parent Company and the Group Companies involved, from time to time, in the gender equality certification process pursuant to UNI PDR 125:2022 and its maintenance.

Membership in the Association of Women in Cooperative Credit and active participation in ValoreD training courses

The Parent Company's membership in iDEE (Association of Women in Cooperative Credit) and ValoreD provides an added value for its contribution to the awareness on issues related to inclusion and gender equality.

Thanks to these memberships, it was possible to extend the promotion of these issues to all employees, through talks and initiatives that encouraged dialogue and awareness on gender equality, support for women in the workplace and inclusion, thus strengthening the corporate culture of equity and respect.

Participation in the 'D&I in Finance' project promoted by ABI

The Parent Company played a fundamental role as a supporting bank in the “D&I in Finance” project, promoted by ABI, with the aim of consolidating the role of the banking, financial and other business sectors in favor of inclusion, equity and the valorization of diversity. The initiative provides in-depth analysis for banks, insurance companies, institutions and other companies on the link between the culture of diversity, accessibility and strategic business levers.

Adoption to the Charter "Women in Banking: Enhance Gender Diversity"

The Parent Company has decided to adopt the Charter "Women in Banking: Enhance Gender Diversity" promoted by ABI in 2019, a formal commitment that underlines the importance of equal opportunities and gender diversity in the banking sector. This strategic tool was designed to support companies in promoting inclusion and equality between men and women, thus aligning with current legislation. The objective pursued by ABI is to further strengthen the value of gender diversity, recognizing it as a key resource for development, sustainable growth and the creation of value in all companies.

Adequate wages

All Group employees receive an adequate salary, in line with the applicable reference parameters, thanks to the application of the industry national collective bargaining agreement (CCNL) and the Group Supplementary Agreement. The CCNL establishes guaranteed minimum wage levels, defined through national bargaining between the industrial partners, ensuring economic treatment in line with the standards of the banking and financial sector. Furthermore, the recent contract renewal has provided for a significant salary increase, improving the economic conditions of employees. The Group Supplementary Agreement further improves remuneration through corporate welfare tools and the integration of benefits, such as lunch vouchers and contributions to supplementary pension schemes. Therefore, the employees of the Iccrea Cooperative Banking Group enjoy an adequate salary that complies with the reference parameters set out in the current regulatory and contractual framework.

Pay and gender gap

The Diversity, Equity and Inclusion Policy provides for the collection of a number of indicators relating to the various phases of the employment relationship (recruiting, training, pay, etc.) in order to monitor the implementation of its principles. The Human Resources function of each Company is responsible for measuring these indicators, on an annual basis, informing the Board of Directors and, based on the results, defining the appropriate mitigation actions to improve trends in compliance with the principles set out in the Policy.

With particular reference to remuneration, in accordance with the current regulatory provisions (Bank of Italy Circular No. 285/2013), the Board of Directors of each Group Company also carries out an analysis of the "neutrality of remuneration policies with respect to gender" (using the calculation methods identified by the circular), identifying the main causes of the gender pay gap and the appropriate corrective actions. In this regard, there are many initiatives that each Company can adopt in this area; by way of example and not limited to:

- **recruiting activities and subsequent hiring**: valorization of diversity (also through the practice of "blank CVs") in compliance with objective elements, offering remuneration in line with the market and reflecting the role held, skills, abilities and professional experience;
- **development paths**: initiatives aimed at making the most of female talent and supporting the development of female colleagues in a meritocratic and equal opportunity logic (e.g. Empowerment programs), also through the career management in periods of discontinuity or long absence, including a change of role or return from maternity leave;
- compensation policies:
  - **salary review**: in order to gradually reduce the pay gap, initiatives aimed at favoring the less represented gender in compliance with the overall performance of each recipient;
  - **staff incentive schemes**: initiatives aimed at adopting a formalized short-term incentive system for the population belonging to the professional areas and management also connected to the Professional Evaluation replacing discretionary one-off incentives;
  - **remuneration analysis**: use of internal and external remuneration benchmarking in order to strengthen decisions relating to the determination of the remuneration package.[92]

"Human Rights and Gender Equality" course in e-learning mode

In 2024, the "Human Rights and Gender Equality" course was delivered in e-learning mode, for the benefit of all the staff of the direct scope companies. The course, structured in training modules, covered crucial topics such as gender violence, diversity and discrimination in the workplace, as well as the concept of decent and sustainable work. The aim of the course was to raise awareness and train employees on issues relating to human rights and gender equality, with a focus on the implications of these issues in the workplace.

This course is part of the mandatory training program for the employees of the direct scope companies, and has also been adopted by several mutual banks that acquired the training product for their employees. The initiative has met with strong interest, helping to promote a corporate culture that respects human rights and gender equality.

The initiative offered participants a comprehensive overview of the fundamentals of human rights and gender equality, with a particular focus on their practical implications in the workplace. The aim was to raise awareness and encourage inclusive and respectful behavior in the workplace.

Guide to writing and communicating with inclusive language

The Group has developed a Guide to writing and communicating with inclusive language, with the aim of promoting language that respects diversity and equal opportunities, avoiding the use of terms, expressions or approaches that may be discriminatory or exclusionary. The guide is aimed at all employees, providing practical guidance on how to write and communicate in a fair and respectful way, both in company documents and in everyday interactions.

The initiative aims to raise awareness and educate staff on how to use language that does not perpetuate gender, ethnicity, age or other stereotypes, emphasizing the importance of using a language that includes all subjects, regardless of their identities.

The main objective of this guide is to eliminate stereotypes and cognitive biases that could affect the perception

[92] At the direct scope company level, Iccrea has already been using a banding system for years that analyses the salary data related to the positions held, taking into account the responsibilities and the managerial and organizational complexity of the various roles.

and treatment of employees, promoting a more equitable and inclusive corporate culture. Through this initiative, the aim is to reduce the presence of hidden biases in communication and ensure that every individual, in any business context, feels valued and respected.

Creation of an intranet section dedicated to Diversity, Equity and Inclusion

The Group has developed a new section on the corporate intranet, entirely dedicated to the topic of Diversity, Equity and Inclusion (DEI). This initiative aims to centralize all relevant information relating to the DEI policy, the progress made and the initiatives promoted, creating an easily accessible space for all employees.

The new section includes:

- Group policy and certifications: an area that clearly and transparently sets out the Group Policy on DEI, the certifications obtained by the Group and the awards received for its commitment;
- DEI partnerships: an overview of DEI partnerships with external organizations and other entities that work with the Group to promote and develop diversity and inclusion policies;
- combating gender violence: specific sections dedicated to combating gender violence, with information, resources and actions undertaken by the Group to raise awareness and support the creation of a safe and respectful work environment for all;
- projects and initiatives: a showcase dedicated to ongoing projects and initiatives, with a focus on the concrete actions undertaken by the Group to promote an inclusive and diverse culture.

Intranet Accessibility

The Group's intranet has a "human-centered design", which means that it is continuously improved based on the needs expressed by the personnel. In this context, a new setting has been introduced that promotes digital accessibility, to ensure the inclusion of people with disabilities, making the platform even more usable and inclusive for everyone. The new Accessibility section on SpazioBCC offers guidelines, training, tools and resources to ensure the accessibility of digital content. It also includes insights into the regulations, the reference bodies and the concept of disability, with the aim of promoting an inclusive and accessible environment for all the people in the Group.

The Iccrea Cooperative Banking Group is actively committed to developing accessible digital channels, ensuring an intuitive and inclusive browsing experience for all users and in line with the Charter of Human Rights and the Charter of Values of the Group.

D&I Climate Surveys: A Step Towards an Inclusive and Sustainable Organization

Among the main initiatives of the BCC People Strategy, a fundamental aspect is represented by climate surveys, key tools for gathering people's views and orienting corporate actions towards an inclusive and diversity-respectful culture. In November, the Group launched four new surveys, focusing on issues of diversity, equity and inclusion (DE&I), to continue to enhance and respond to the needs of staff.

The main surveys conducted are:

- DE&I for Parent Company and direct scope companies staff: this survey focuses on crucial issues such as diversity, equity and inclusion within the company. The goal is to collect feedback from people, identify areas for improvement and implement initiatives that make the organization increasingly sustainable and inclusive;
- Internal climate for mutual banks: these surveys are aimed at mutual banks that have chosen to renew or launch a communication initiative for their staff. The aim is to collect information on employee perceptions and well-being, creating a continuous feedback loop that fuels the commitment to constant improvement.

Initiatives for the application of DEI principles in recruiting

In 2024, approximately 150 events were held throughout Italy (10% in the DEI field) with the participation of 24 mutual banks and 140 Group Brand Ambassadors. The activity of creating and/or participating in initiatives on the application of DEI principles in recruiting aims to promote an inclusive work environment, where professional opportunities are accessible to all, regardless of personal characteristics and specific needs. In particular, these initiatives aim to support historically disadvantaged groups, such as people with disabilities and women in the STEM field, helping to remove barriers and prejudices in the selection process and to expand diversity within organizations.

The main DEI initiatives are described below:

- "**Breakfast with Randstad**": three events aimed at promoting the employment of people with visual impairments (a protected category pursuant to Law 68/99). This initiative is part of a larger project that aims to raise awareness among companies and ensure equal opportunities for access to employment for all. 24 people were interviewed.
- **"Ability Garden Space" project** at Luiss University: a training and job orientation program for young people with disabilities. The project involved ten participants and included practical support activities, including a visit to the Lucrezia Romana headquarters, a financial education meeting and six on-the-job training events focused on HR & Social Media Management to prepare young participants to enter the job market with greater awareness of the opportunities available.
- **"Inclusion Job Day**": two events dedicated to the specific work needs of people with disabilities and belonging to protected categories. Around 50 people visited the Group stand, met recruiters and received information on accessible work opportunities. These initiatives are part of a program that promotes diversity in hiring and provides a space for discussion on issues related to work inclusion.
- **"Inclusion Job Talk"** round table: talk held within the Inclusion Job Day on the theme "Inclusion: when respect makes the difference. People, rules, behaviors".
- "**Virtual Meeting STEM Girls**": online event with approximately 2,000 students aimed at encouraging the participation of women in STEM disciplines (Science, Technology, Engineering and Mathematics). The initiative aims to break down gender barriers in sectors traditionally dominated by men, offering participants the tools and information necessary to undertake a career in these fields.
- **"Blind Interviews"** at Luiss University: workshop that trains recruiters in conducting selection interviews with visually impaired candidates. The goal is to eliminate any visual bias, focusing the recruiter's attention exclusively on the skills and experience of the candidates. This approach promotes a fairer hiring process, allowing people to be evaluated for their skills and not for personal characteristics that are not relevant to the role.
- **"Wellbeing within organizations: work-life balance and DEI" ·** round table at the University of Rome La Sapienza: testimony at the meeting on Iccrea Banca's approach to work-life balance within the cycle of events organized by the Y&Co Community of La Sapienza working with the Business Administration department and the Leadership and Organizational Change training.
- **"Disability Reform. The independent life project between rules and market"** round table at the Luiss University: testimony at the meeting organized as part of the Rights, Community & Diversity HUB cycle of the Law Department.

In all these initiatives, the Parent Company plays an active role, participating in thematic talks and speeches that explore the importance of DEI principles in recruiting practices. During the events, stands are organized to collect CVs, conduct interviews and offer information on access to the labor market, with a particular focus on inclusion and eliminating inequalities in the selection process. The constant commitment is to ensure that every person has equal opportunities for success in the labor market.

Measures against violence and harassment in the workplace

The Iccrea Cooperative Banking Group has developed a system of measures to combat gender-based violence and harassment in the workplace, in accordance with the provisions of Legislative Decree 81/08 and the practices outlined by the UNI PdR 125/2022 standard. The Group's Policy on the Whistleblowing System is designed to combat unlawful behavior, including incidents of violence and discrimination of any kind, such as physical, verbal, digital and psychological. The system allows employees to report such violations in a secure manner, ensuring confidentiality and no retaliation for those who report. In addition, the internal Health and Safety Policies and Procedures are periodically updated to align with current regulations and ensure a safe and respectful work environment for all.

Risk Assessment Document (DVR) was updated to include a map of harassment and aggression risk, including physical, sexual, verbal harassment and threats. The first step in the risk assessment exercise is to analyze working conditions, places of activity, break areas and routes for travel or training activities, people involved, both internal (employees) or external (customers, external personnel), and other factors such as age, ethnicity and gender. In addition, the types of activities are evaluated (for example, work in contact with the public, night work or in high-risk environments). Preventive actions currently being defined include physical security measures (night lighting, alarms), work organization measures (visitor credential control, avoiding isolation of staff) and awareness-raising measures (training on mobbing and discrimination).

Creation and dissemination of the Zero Tolerance Manifesto

The initiative involves the creation and dissemination of a "Zero Tolerance Manifesto", with the aim of combating all forms of abuse and discrimination within the organization. The Manifesto, also defined in collaboration with iDEE (the association of women in mutual banking), renews the company's commitment to promoting a safe, inclusive and respectful working environment, where any type of abuse, discrimination or inappropriate behavior is prevented and combated. The Manifesto was distributed to all staff through the DEI section of the company intranet, accompanied by a presentation event that involved the mutual banks, in order to raise awareness and involve all the Group's employees. The invitation to sign the Manifesto as a common commitment towards greater awareness of the issues related to gender violence and discrimination and the use of concrete tools available to combat these phenomena was distributed to all mutual banks. The presentation event at the mutual banks also saw the participation of the Carabinieri, to underline the social value of the initiative.

At December 31, 2024 60 mutual banks have subscribed the Manifesto, the list of signatories is published in the Group intranet and is regularly updated.

Handbooks and Operating Formats for Personnel Selection and Evaluation

The Group has developed handbooks and operating formats to improve the fairness of the candidate selection and evaluation and feedback processes, focusing on four main areas:

- **job advertisements and selection interviews**: guidelines for drafting job advertisements and conducting interviews in an inclusive manner, eliminating gender discrimination and basing selection on skills and professional potential.
- **candidate profile reports**: reports drafted by recruiters that are neutral with respect to personal characteristics (such as gender), to describe the skills and experiences of candidates, ensuring an objective and bias-free approach.
- **feedback on candidate profiles from function managers**: managers are invited to provide neutral feedback with respect to personal characteristics (such as gender), focused exclusively on the professional skills and attitudes of candidates.
- **staff feedback and evaluations**: a standardized format to collect feedback and evaluations in an impartial manner, based on performance and skills, without gender influences or stereotypes.

Initiatives of mutual banks

Mutual banks are implementing several initiatives to promote Diversity, Equity and Inclusion, with the aim of creating a more accessible, fair and respectful work environment. Obtaining the certification for gender equality represents a fundamental step to empower female resources and reduce the gender gap. The adoption of the "Zero Tolerance Manifesto", promoted by the Parent Company of the Iccrea Cooperative Banking Group in collaboration with the iDEE Association, underlines the commitment against all forms of violence and discrimination in the workplace, promoting a corporate culture based on respect and safety. To improve the inclusion of people with disabilities, some mutual banks have signed an agreement for the Disability Management Service, which provides specialized advice and support in certifying disability to facilitate job placement. Furthermore, in collaboration with several local municipalities, projects have been launched to remove architectural barriers, through the creation of dedicated parking lots, facilitated access and inclusive infrastructures in branches, improving the accessibility of work environments. The adoption of special furnishings and equipment further contributes to ensuring accessibility for all employees. The Female Leadership program, promoted by the

Parent Company, encourages the professional growth of women and strengthens their presence in positions of responsibility. Furthermore, initiatives such as the Mentoring ChiantiBanca Academy support the development of employees, with particular attention to women and new hires, promoting gender equality and professional growth.

Diversity, equity and inclusion – Metrics

EMPLOYEES BY nan EMPLOYEE CATEGORY AND AGE GROUP	Men	Women	Other	Not disclosed	Total
Managers	**354**	**40**	**-**	**-**	**394**
Under 30	-	-	-	-	-
Between 30 and 50	39	5	-	-	44
Over 50	315	35	-	-	350
Middle managers	**5,044**	**2,002**	**-**	**-**	**7,046**
Under 30	5	-	-	-	5
Between 30 and 50	1,816	831	-	-	2,647
Over 50	3,223	1,171	-	-	4,394
Office staff	**7,209**	**7,775**	**-**	**-**	**14,984**
Under 30	680	763	-	-	1,443
Between 30 and 50	3,987	4,737	-	-	8,724
Over 50	2,542	2,275	-	-	4,817
TOTALE	**12,607**	**9,817**	**-**	**-**	**22,424**

The overall incidence of women has increased to 43.8% from 43.0% in 2023. The same positive trend is confirmed for employees under 30, where women account for 6.5%, up approximately 0.5 pp, confirming the effectiveness of the Diversity and Inclusion strategies implemented by the Group. The percentage of female managers is also increasing, from 9.5% in 2023 to 10.2% in 2024.

GENDER DISTRIBUTION IN TOP MANAGEMENT	2024
Men	10
Women	-
Other	-
Not disclosed	-
TOTAL	**10**

“Top Management” means the members of the top management as defined in the Group Remuneration Policies (and in line with the provisions of Circular 285/2013 of the Bank of Italy), and corresponding to the General Manager, the Deputy General Managers, the Heads of Corporate Control Functions, the Chief Financial Officer, the Head of the Credit and Associated Activities Area, the Chief Information Officer, the Chief Business Officer, and the Chief Operating Officer of Iccrea Banca.

Top managers are 100% men.

GENDER PAY GAP (%) BY EMPLOYEE CATEGORY [BASE REMUNERATION]	2024
Managers	19.85%
Middle managers	6.93%
Office staff	2.20%

GENDER PAY GAP (%) BY EMPLOYEE CATEGORY [TOTAL REMUNERATION]	2024
Managers	20.32%
Middle managers	7.84%
Office staff	3.29%

The gender pay gap is calculated as the average gross hourly earnings of male and female employees, divided by the average gross hourly earnings of male employees. The gender pay gap for the Group is 17.2% when considering base remuneration and 17.7% when considering total remuneration.

ANNUAL TOTAL REMUNERATION RATIO (€)	2024
Annual total remuneration ratio	21.33

The total annual remuneration of each individual is the sum of base remuneration (i.e. the annualized gross monthly remuneration), lunch vouchers, overtime, fringe benefits, daily allowances, other remuneration linked to the fixed remuneration (such as function allowances, performance bonus, MBO, annual executive bonus, early retirement incentives, incentive bonuses, settlement agreements, entry bonuses, stability agreements and non-competition agreements). These elements are also governed by the Remuneration Policies of each company.

PERCENTAGE OF OWN EMPLOYEES WITH DISABILITIES					2024
	Men	Women	Other	Not disclosed	Total
Percentage of employees with disabilities[93]	5.46%	6.11%	0.00%	0.00%	**5.74%**

INCIDENTS, COMPLAINTS, SEVERE HUMAN RIGHTS IMPACTS	2024
Number of incidents of discrimination	0
Number of complaints filed through channels for people in the undertaking's own workforce to raise concerns	0
Total amount of fines, penalties and compensation for damages as a result of the incidents of discrimination, including harassment (€)	0
Number of severe incidents and human rights impacts within its own workforce	0
Total amount of fines, penalties and compensation for severe incidents and human rights impacts within its own workforce (€)	0

Training and skills development – Actions

The Iccrea Cooperative Banking Group considers training and skills development as strategic levers to support the professional growth of its personnel and successfully address the challenges of a constantly evolving market. Through structured, innovative training programs geared to the specific needs of different business environments, the Group promotes the acquisition of new knowledge, the enhancement of individual skills and the alignment of skills with technological progress and sustainability objectives. This vision aims not only to make the most of the talent and potential of its resources, but also to foster a corporate culture based on continuous learning, involvement and shared growth.

The main initiatives implemented by the Group to ensure skills development and the consolidation of a trained, motivated workforce aware of its role in achieving company objectives are illustrated below.

The "Buddy" project

The Buddy is a role introduced with the aim of facilitating the orientation and integration of new hires within the organization. The role is assigned to a volunteer employee who feels the desire to pass on his or her experience, has the task of supporting new resources in the first few months of work, helping them familiarize with the company culture and integrate into the work environment.

To complement this support, an ad hoc training activity is also planned, structured in approximately 70 hours of training both in the classroom and e-learning, to ensure effective and complete onboarding. This training path covers various operational and cultural aspects, allowing new hires to acquire the skills to quickly integrate and actively contribute to the Group's activities.

Some affiliated banks also support and implement the Buddy project in their own companies with the aim of effectively and usably transmitting the company values and promoting synergies between generations.

[93] The figure includes employees in protected categories pursuant to law 68 of March 12, 1999)

Corporate Mentoring Initiative 2024

The Corporate Mentoring initiative aimed at employees of the Parent Company and direct scope companies took place in 2024 and is a strategic program at its second edition involving approximately 40 colleagues between mentors and mentees in the first edition and approximately 60 in the second. This initiative is part of the Group's HR strategy and is proposed as one of the main tools to support the professional and personal development of employees, putting into practice the principles of Diversity, Equity and Inclusion (DEI). Mentoring is a structured path that promotes a learning partnership between two people with different levels of experience, an opportunity for the mentor to share his or her experience, and for the mentee to receive professional guidance and support. This process generates a relationship of mutual learning and growth, helping to develop skills, promote networking and transmit the corporate values that fuel the Group's organizational culture. The program included dedicated training for both colleagues trained for the role of mentor and for mentees so that they could best take advantage of this path.

Next Generation Program

The Next Generation Program was designed to bring out and develop the potential of valuable young people within the organization. This development program involved 31 employees of the Parent Company and direct scope companies and was held from April to December 2024, divided into various steps with the objective of strengthening the professional and personal skills of young colleagues, with a view to continuous enhancement. The program included:

- development center: a phase dedicated to acquiring awareness of one's growth path, analyzing the areas of strength and those for improvement through specific evaluation sessions;
- soft skills lab: participation in four experiential laboratories, focused on the development of transversal skills, centered on the pillars of the Leadership Model, to promote self-awareness and the improvement of relational and professional skills;
- mentoring: each participant had the opportunity to be supported by a mentor from the Corporate Mentoring program, building a personal and professional growth path based on a relationship of mutual support and guidance;
- inspiration: moments of external contamination, to stimulate entrepreneurship and innovation, offering learning opportunities with external experts and other leaders in the sector.

The Next Generation Program aims to enhance and strengthen the skills of participants, share the Group's fundamental values and develop a solid and inclusive corporate culture, in line with the principles of the Group Policy on Diversity, Equity and Inclusion. The program is an important opportunity for growth and alignment with corporate values, encouraging the development of a new generation of talents who will contribute to the construction of a positive and inclusive work environment, and who will be able to support innovation and the values of social and economic sustainability of the Group.

Development program dedicated to Female Empowerment

The second edition of the Development Program dedicated to Female Empowerment ended in July 2024, a Group initiative aimed at enhancing female talent and supporting the personal and professional growth of women, in a logic of equal opportunities and meritocracy. During the program, 58 participants from the Parent Company and direct scope companies had the opportunity to undertake a growth path that included a series of training activities, moments of discussion, and team building sessions, designed to reflect on the outcomes in terms of awareness and to define together the leadership of female change. During the program, the colleagues achieved important results, including:

- Development of skills related to the Leadership Model, with a significant increase in the areas of Network partnership (+85%), Programming and control (+85%), Team work (+92%), Analysis and decision (+85%), Result orientation (+83%) and Climate management (+91%);
- transfer of innovative skills to work, with a lower fear of making mistakes and a better ability to manage risks and changes, demonstrating a significant increase in creativity and an unconventional approach: imaginative at work (+75%), unconventional at work (+71%);

- increase in leadership, with a positive impact on decision-making, highlighting a greater ability to orient choices and actions in the direction of the awareness gained during the program (+94%).

This program provided a tangible contribution to enhancing female talent, supporting the professional growth of women, within a meritocratic and equal opportunity rationale, with the aim of promoting an inclusive work environment and encouraging female participation in decision-making and leadership processes within the Group.

Inter-company Female Empowerment program dedicated to mutual banks

The first edition of the Female Leadership program dedicated to mutual banks was launched in 2024, involving 63 colleagues from the affiliated banks. The dissemination of the program throughout the territory, through the inter-company involvement of mutual banks, has the following objectives: facilitating the path towards gender equality, strengthening the social sustainability of the Group, contributing to the reduction of the gender gap at managerial levels in the banking sector. The meta-objective of the Female Leadership program, lasting approximately five months, is to promote knowledge, dialogue, contamination and cooperation among the participating colleagues, to trigger a virtuous circle.

Sustainability Training

Corporate sustainability training is crucial to align the company with the global goals of the United Nations 2030 Agenda and ensure compliance with ever-changing environmental and social regulations. Such training promotes a responsible culture at all levels, from office staff to management, stimulating innovation and improving competitiveness. It reduces legal risks, strengthens the company's reputation and contributes to employee motivation and retention. For leaders, it also helps integrate sustainability into strategic decisions, preparing the company to be more resilient and competitive in the long term.

Below is an excerpt of the training plans for employees and company representatives in the ESG field for the year 2024:

<table>
<tr><th>Title</th><th>Recipients</th><th>Type</th><th>Objective</th><th>Main content</th></tr>
<tr><td rowspan="3">ESG - A Strategic Perspective on Sustainability</td><td rowspan="3">Corporate representatives</td><td rowspan="3">Mandatory training (2024)</td><td>Highlight the paradigm shift in ESG disclosure</td><td>Disclosure and new reporting</td></tr>
<tr><td>The contribution to indirect emissions (scope 3) of supply chain and financed customers</td><td>Green Asset Ratio and Regulatory KPIs</td></tr>
<tr><td>Integrate ESG aspects into credit rating.</td><td>ESG in Credit Rating</td></tr>
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Managerial development program: "The role of the manager: communication, motivation, empowerment"

In 2024, four editions of the "The role of the manager: communication, motivation, empowerment" program were carried out, in continuity with a broader managerial development program, dedicated to all figures with leadership responsibilities, with the aim of strengthening managerial skills and improving the quality of management within the organization.

Through theoretical and practical modules, 53 employees of the Parent Company and direct scope companies had the opportunity to improve their ability to make strategic decisions, manage interpersonal dynamics and promote a positive and inclusive corporate culture. The implementation of this program is in line with the strategy of making the most of internal skills and with the Group's commitment to developing a management team prepared to face future challenges, in an increasingly complex and dynamic work environment.

Training and Accessibility

The Iccrea Group is committed to ensuring full accessibility of training. In particular, in the production of e-learning courses, it refers to suppliers that work in compliance with the international WCAG (Web Content Accessibility Guidelines), developed by the W3C (World Wide Web Consortium) through the WAI (Web Accessibility Initiative). These guidelines provide guidance on how to make web content accessible to all people, including people with disabilities. The WCAG refers to various areas, such as content perception, use, navigation and interaction. They represent the leading technical standard for ensuring digital accessibility in online training courses.

Professional evaluation

Professional Evaluation is a crucial moment for the professional development of employees, as it allows them to become aware of their strengths and areas for improvement, with the aim of promoting continuous growth. The performance management process of the Parent Company and direct scope companies is divided into various phases:

- objectives definition: at the beginning of the year, each resource is assigned clear qualitative and quantitative objectives, in line with the strategic priorities of the Parent Company. These objectives are defined in line with the company's policies for remuneration and incentives for personnel, as well as with the Regulations on Incentive schemes in force;
- evaluation of previous year performance, with reference to the objectives and organizational skills/behaviors implemented;
- feedback interview in which the contents of the evaluation and the training and development needs are shared.

The 2024 Evaluation cycle saw the application for the first time of innovations introduced the previous year, including the connection between performance evaluation and the provision of incentives, to employees in the professional areas and managers, based on the new short-term incentive system. This included the assignment of at least one centralized objective by the Human Resources function at Area or Company level, together with the objectives identified by the Evaluator. To support the correct implementation of the performance management process, workshops were organized for the evaluators to accompany them in the effective formulation of the objectives and in their evaluation.

The presence of an annual professional evaluation process is a fundamental tool for increasing and improving individual skills, through performance management that promotes continuous growth and improvement of resources. Through constructive feedback, the aim is to support skills development, aligning skills and performance with the strategic objectives of the Group, to have an increasingly competent workforce ready to face future challenges.

Many Affiliated banks have also adopted a structured performance evaluation system that represents a key element to promote the professional development of employees and the achievement of corporate objectives.

Job Map Project

In 2024, the Group fine-tuned its Professional System with an evolution of the Capabilities Model, in order to foster the sense of identity and belonging of the Group. The activity was conducted through the analysis of four main pillars: the Principles of the Charter of Values of Cooperative Credit, the Group Parent Capabilities Model, the Capabilities Models of a sample of mutual banks and market benchmarks. The new Capabilities Model enhances the different professional skills in the system, identifying the related key Capabilities for the Group, transversal to all professional profiles and the specific ones characterizing the professional family of belonging and senior managers.

One year after its launch, the Professional System , has proven to be a dynamic tool, capable of evolving in line with the specific needs of the Iccrea Cooperative Banking Group and market and business developments, with the aim of ensuring more effective HR initiatives aimed at the needs of each professional, enhancing the individual growth path.

Initiatives of mutual banks

The training activity in the Affiliated banks has focused on two main areas: mandatory training, in line with regulatory developments, and training aimed at commercial roles. With regard to the training of commercial roles, the Parent Company has structured a training program based on three strategic pillars: consistency with the service model and business development projects, the development of skills and role capabilities and the recognizability of the Group in interactions with customers and shareholders.

In this context, up to 2024, 710 people have participated in the Private Managers Project, 551 in the Business Managers Project, 405 in the Affluent Managers Project, 197 in the Credit Analyists Project and 119 in the Foreign Specialists Project. In addition, a four-day professional training course was provided for 136 Wealth Managers, aimed at preparing for the ESG Advisor certification of EFPA Italia. A specific training course for branch managers was also launched, divided into 17 hours of self-instruction and four days in the classroom, which involved a total of 188 participants.

In addition to the development programs and behavioral and technical-specialist training courses proposed by the Parent Company, individual banks design training initiatives tailored to their specific situations.

The training plans of the individual mutual banks are aimed at all categories of employees, with a particular focus on young resources, managers and the professional growth of staff. The main initiatives include multi-year courses to develop cross-cutting skills, and programs for young talents aimed at loyalty and professional development. In addition, coaching courses, managerial training to improve self-management and team management, team building activities and integration programs for new hires have been activated. Below are the expected results of initiatives activated by some mutual banks:

- "From me to us": a training and group coaching program for heterogeneous teams that strengthens individual skills and promotes organizational cohesion;
- Team Building, based on acting and cinema: innovative tools to improve communication, collaboration and team spirit among colleagues;
- training intervention with artificial intelligence for the development of interpersonal soft skills: an innovative approach to increase role awareness and retain junior resources.

Finally, mutual banks pay great attention to human rights awareness, gender equality and inclusion, as well as to supporting new parents to enhance the skills acquired during the parenting experience. These initiatives aim to create a working environment that is increasingly cohesive, inclusive and oriented towards personal and professional growth.

Anti-corruption training course

During 2024, the design and delivery of a mandatory training course for all employees and corporate representatives of the Group was started, with the aim of improving anti-corruption skills. The 2-hour e-learning course aims to provide an in-depth understanding of applicable anti-corruption regulations, best practices and legal implications.

The overall training program addresses crucial issues such as national and international anti-corruption laws, internal behaviors and policies that foresee the risk of corruption, as well as the tools and procedures to ensure transparency and integrity in corporate activities. The training will use different teaching methods, including classroom sessions, e-learning and practical case studies, to ensure comprehensive and interactive learning.

The course aims to delve into the discipline of Anti-Corruption, ensuring that all participants acquire a solid understanding of the applicable policies and regulations, thus contributing to strengthening the culture of legality and transparency within the Group. The objective is to promote ethical behavior and prevent corruption, ensuring that every resource, at any level, is adequately prepared to recognize and combat the risks of corruption in their daily activities.

Training and skills development – Metrics

EMPLOYEES THAT PARTICIPATED IN REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (%)					
	2024				
	Men	Women	Other	Not disclosed	Total
Managers	22.88%	22.50%	0.00%	0.00%	22.84%
Middle managers	49.54%	51.65%	0.00%	0.00%	50.14%
Office staff	42.54%	42.06%	0.00%	0.00%	42.29%
Total	**44.79%**	**43.93%**	**0.00%**	**0.00%**	**44.42%**

44.42% of Group employees participated in regular performance and career development reviews. A number of Group entities established a correlation between performance evaluation and the provision of incentives, as part of a short-term incentive system.

AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE LEVEL	2024				
	Men	Women	Other	Not disclosed	Total
Managers	26	40	0	0	28
Middle managers	54	50	0	0	53
Office staff	57	56	0	0	57
Total	**55**	**55**	**0**	**0**	**55**

The commitment to ensure comprehensive and quality training to employees is a priority for the Iccrea Group. The total hours of training provided in 2024 amount to 1,230,884, with approximately 60% accounted for by mandatory training.

Other rights of the workforce (privacy)

Employees have access to a dedicated section of the company intranet, publishing information sheets on current issues related to security and data processing, as further support in carrying out their activities, in addition to internal regulations.

For more information on actions implemented in the period, see section “ESRS S4 – Consumers and end-users”, “Actions”.

With regard to operating expenses (OPEX) and (or) capital expenditure (CAPEX) necessary for the management of material impacts and, in general, planned for the implementation of the ESG strategy for the own workforce, these do not represent a significant value with respect to the strategic plan as a whole and to the Group's capital and financial structure.

TARGETS

The CSRD introduces the obligation to disclose detailed information on several topics, including the definition of long-term social objectives, with particular attention to own workforce.

The Iccrea Cooperative Banking Group's objectives relating to own workforce are set for 2030 and represent consolidated goals at Group level.

The Iccrea Cooperative Banking Group has identified four priority and essential areas to promote an inclusive, fair and sustainability-oriented corporate culture. Targets for 2030 have therefore been defined for these areas:

- **Gender equality target #1**: At least 50% of women in new hires by 2030, in order to promote gender equality within the workforce;
- **Gender equality target #2**: Increase by 25% the percentage of women in managerial positions by 2023 (compared to a 1H-2024 baseline of 9.7%), thus promoting greater female representation among management figures;
- **Contract stability target**: Maintain permanent contracts equal to at least 95% of total contracts (until 2030), to ensure fairness and job stability, consolidating employment quality through secure and inclusive contracts;
- **Generational turnover target**: Under 30 employees equal to at least 5% of total employees (until 2030), to protect generational turnover;
- **Training target**: Train 100% of employees on ESG issues, by 2030, supporting the growth of employees' skills with particular attention to ESG issues.

Gender equality target #1: At least 50% of women in new hires, by 2030.

The Iccrea Cooperative Banking Group has defined the achievement of greater female representation in new hires as a strategic target, aiming for 50% until 2030, in order to ensure concrete equality, progressively improving gender balance within the organization's workforce, at a consolidated level.

As specified, the target scope concerns exclusively new hires within the Group, focusing on female representation in all professional areas and levels. The target level is set at 50%, a significant threshold for increasing female representation and reducing the existing gender gap.

The gender equality target in new hires will be applied starting from 2025 and will extend until 2030, with monitoring planned on an annual basis.

Gender equality target #2: Increase by 25% the percentage of women in managerial positions by 2030 (compared to a 1H-2024 baseline of 9.7%)

The Iccrea Cooperative Banking Group has set ambitious goals for its sustainability and social responsibility policies to promote gender equality within its organization. One of the most significant goals is to increase female representation at management levels.

The Iccrea Cooperative Banking Group has set itself the target of increasing the percentage of women in management positions, from the current structure of the Group's workforce, where women are more represented at the lower levels of the hierarchy, progressively decreasing at higher levels. Specifically, the Group has set itself the target of increasing, by 25%, the percentage of women in management positions (with a baseline at 1H-2024 of 9.7%).

Contract stability target: at least 95% permanent contract of total contracts at 2030

The Group has set a strategic objective focused on the stability of its workforce, with a target of maintaining permanent contracts at least 95% of total contracts until 2030. This target is intended to discourage the use of temporary contracts that could compromise the continuity and loyalty of staff.

The target relating to the stability of the workforce will be applied starting from 2025 and will extend until 2030, with monitoring planned on an annual basis.

Generational turnover target: at least 5% under 30 employees of total employees at 2030

The Group has set a strategic objective to promote generational turnover, with the aim of maintaining the incidence of under 30 employees on the total at employees least 5% until 2030. This target aims to ensure continuous renewal of the workforce and to enhance young talent, promoting the entry of new resources into the Group and promoting intergenerational balance. This target applies to the entire Group workforce.

The generational turnover target will be applied starting from 2025 and will extend until 2030, with monitoring planned on an annual basis.

Training target: Train 100% of employees on ESG issues, by 2030

The Group has decided to commit to provide ESG training to 100% of its employees by 2030, with particular reference to participation in dedicated courses on sustainability, social responsibility and governance issues. The scope of this target includes the entire Group workforce, with the intention of involving every employee, regardless of their level or function, in the dissemination of ESG culture. This approach aims to ensure that every employee is aware of ESG issues and understands their relevance.

The ESG training target will be applied starting from 2025 and will extend until 2030, with monitoring planned on an annual basis.

In methodological terms, the objectives relating to own workforce have been defined considering: (i) the positioning at 2023 both at Group and individual entities level; (ii) the historical trend of turnover and hiring, in order to assess the progress and commitment made, as well as the potential still unexpressed with respect to gender equality issues; (iii) the benchmark analysis of the main industry players, to ensure consistency and competitiveness of the identified objectives. These have thus allowed us to identify a target in the five-year horizon (2030), the achievement of which proportionally falls on all Group entities, in line with their decision-making autonomy. In defining the target, future replacements due to retirement, existing constraints on the labor market for certain profiles and the prospective distribution of profiles by employment level were also considered in order to determine values that were achievable both on the basis of the experience gained by the Group and investment and operational continuity. Although workforce representatives or own workforce were not directly involved in setting targets and monitoring performance against corporate objectives, they were involved in defining the material topics and impacts that were most significant for the Banking Group. In this context, workers helped identify and prioritize the areas of greatest relevance potentially impacting the sustainability and operations of the company.

ESRS S2 – VALUE CHAIN WORKERS

The Iccrea Cooperative Banking Group recognizes the central value of people in its value chain, considering the well-being of all employees, including workers not in the Group's own workforce, as a key factor for sustainable growth and long-term value creation. The Group has a direct and significant positive and negative impact on its own workforce, collaborators and all the people who operate in its value chain. Positive impacts derive from policies aimed at ensuring a safe, inclusive and human rights-respectful working environment, as well as from training and professional development programs that enhance human capital. Possible negative impacts may derive from risks related to unsafe working conditions, inequalities in human resources management or discriminatory practices.

The Group's suppliers, located mostly in Italy, are subject to national regulations on the protection of workers' rights and privacy protection. The material impacts concern all workers in the supply chain, regardless of their role or professional classification.

To effectively identify and manage material, actual and potential impacts on workers, the Group adopts an integrated approach that includes a continuous assessment of social risks and working conditions along the entire value chain, in line with international social responsibility standards and ESG principles. This process includes the promotion of diversity and inclusion policies, the protection of fundamental workers' rights and the adoption of concrete measures to prevent harassment or abuse. The Group actively promotes collaboration with its suppliers and partners to ensure that the same principles of ethics and responsibility are respected externally.

Impacts on workers, as well as the company's dependencies on its collaborators, can give rise to material risks for the Group, such as damage to its reputation, loss of stakeholder trust and potential legal disputes. However, a proactive approach in managing these issues can also generate opportunities, such as attracting talent, improving productivity and motivation, and strengthening customer and investor trust. The Group, therefore, considers the management of relations with workers in the value chain a crucial element for the creation of shared value and for strengthening long-term sustainability.

POLICIES

As already reported in section S1, the Group's **"Charter of Commitments on Human Rights**" represents a fundamental reference to ensure respect for human rights throughout the value chain. The Group recognizes that the protection of workers' rights is crucial for social and economic well-being and, therefore, adopts measures to prevent and address any human rights violation along the value chain, including suppliers, partners and other relevant actors. With specific reference to suppliers, the Group requires them to provide behavioral guarantees, including:

- **workers' protection**: suppliers must operate in compliance with applicable laws and regulations and industry standards relating to workers' safety and rights;
- **non-discrimination**: the Group promotes equal treatment based on gender, age, ethnicity, religion, sexual orientation, gender identity, language or different ability;
- **health and safety**: the Group is committed to avoiding business relationships with suppliers who violate health and safety regulations at work;
- **fight against child and forced labor**: any business relationship with suppliers involved in child or forced labor practices is excluded;
- **traceability, transparency and impartiality**: suppliers are selected through clear, transparent and non-discriminatory processes, ensuring that choices are always based on criteria of fairness and responsibility.

Furthermore, as part of the suppliers' qualification process, counterparties are required to take note of the following documentation which declares the Group's commitment to establishing relationships with Third Party Suppliers based on principles of ethics, professionalism, transparency and the requirements of reliability and commercial correctness:

- Group Code of Ethics;
- Anti-Corruption Code of Conduct;
- Organizational Model 231/01;
- Whistleblowing Model.

These actions are part of a continuous improvement effort, aimed at ensuring that the entire value chain operates in full respect of human rights, promoting a culture of sustainability, ethics and transparency.

The Iccrea Cooperative Banking Group, in line with the principles established in its "**Charter of Commitments on Human Rights**", has developed a continuous monitoring system to ensure the effectiveness of the planned actions and compliance with the commitments made along the entire value chain.

The Iccrea Cooperative Banking Group's "**Code of Ethics**" plays a central role in defining the interaction with suppliers, consultants, outsourcers and all contractual third parties. Company representatives and employees are required to act with the utmost correctness, transparency and in compliance with the laws and regulations in force, as well as the provisions contained in the Code and in the Organization, Management and Control Model pursuant to Legislative Decree 231/01, where applicable.

Selection of suppliers and third parties is carried out through an accurate and transparent evaluation process, considering various factors, including reliability, technical and professional suitability, quality of services and economic convenience. It is essential that new commercial relationships, as well as those already in place, are preceded by a verification of the identity and activity of suppliers, to avoid any risk associated with possible illicit activities, such as money laundering, terrorist financing, or organized crime.

Furthermore, all commercial relationships are regulated by specific contracts, which ensure clarity and transparency in the management of the relationship. The compensation due to suppliers is determined exclusively on the basis of the quality and quantity of the goods or services provided, without ever compromising the ethical principles of correctness and reliability provided for by the Code. In this way, the Group ensures that its activities are always aligned with standards of ethics and responsibility, promoting sustainable practices along the entire supply chain. This is potentially applicable to all employees of the companies with which the Group has commercial relations. Also note that most of the Group's suppliers and partners are located on the Italian territory, and are therefore subject to the protection of national legislation (including the protection of workers and their privacy).

The recently updated Cost Management Policy defines the principles and guidelines of the "Cost Management Model" relating to the procurement of goods and services for direct scope companies and Affiliated banks. The Model aims to ensure that all spending needs are adequately authorized and efficiently managed. Among the main aspects, the roles involved in the process are outlined, the segregation between the requesting structures and the purchasing function, and the streamlining of sourcing and procurement activities.

The key elements of the Model include ensuring that each expense follows the established authorization path, a centralized negotiations with suppliers, and standardization of activities, such as the chart of accounts and supplier records. The importance of following the principles of the Code of Ethics, the Anti-Corruption Code and Model 231/01 is also emphasized.

Furthermore, specific indications are provided for the selection and evaluation of suppliers, applicable only to the Parent Company and the direct scope companies, while for the other companies of the Group the principles of conduct provided for by the corporate codes and by the Model 231/01 remain valid.

The Cost Management Model provides for the establishment of a Supplier Register, made up of suppliers accredited through an evaluation of qualitative and quantitative information updated periodically.

The evaluation of supplier performance is centralized for companies with purchases in BCC Sinergia, while for the others it is optional; the aim is to verify quality and service levels and, in the event of negative or illicit feedback, take corrective action, including the suspension of the supplier's qualification. The methods are regulated by the Group Purchasing Regulations.

Monitoring of contracts stipulated with third parties must consider four aspects: i) subjective profile (e.g. criminal record and reputation), ii) behavior (e.g. delays in submitting documents), iii) economic profile (e.g. unusual payment methods or transactions without economic justification), iv) territorial location (e.g. offices in countries with privileged tax regimes or banking secrecy). The Policy is approved by the Board of Directors of the Parent Company and adopted by the individual Companies subject to approval by their Board of Directors.

The Purchasing Regulations regulate the activities of the Group Purchasing Centre (BCC Sinergia) within the Cost Management Model, regulating the procurement of goods and services for the Group companies that adopt the model, in line with the Group Policy on the purchase of goods and services. The Regulations are approved by the Board of Directors of the Parent Company and are adopted by the individual Companies following approval by their own Board of Directors. The monitoring of activities is carried out through quarterly reports validated by the Head of the Purchasing Centre, which provide a detailed overview of the supplies and contracts activated in the quarter, highlighting aspects such as the total amount of orders for each supplier, direct assignments, supplies negotiated in the event of urgent operational needs, suppliers qualified ex officio, and suppliers with family or business ties with Group employees. The reports also notify the corporate bodies of any critical issues, such as a worsening of the Vendor Rating, and are made available to the Risk Management and Internal Audit functions of the Parent Company, as well as to the Supervisory Bodies (OdV) concerned. The objective of monitoring is to ensure transparency and compliance with purchasing policies, preventing conflicts of interest and ensuring the effectiveness of supplier evaluation and selection procedures.

The ethical principles and commitments to human rights that inspire the Group's policies relating to the value chain are designed in full compliance with international guiding principles, promoting transparency, accountability and protection of rights. The Group complies with the United Nations Guiding Principles on Business and Human Rights and the objectives of the 2030 Agenda for Sustainable Development, with particular attention to the protection of consumer rights, sustainability and the promotion of a fair and inclusive economy.

PROCESSES TO IDENTIFY AND REMEDY NEGATIVE IMPACTS

Sourcing and supplier qualification activities

The supplier qualification process is one of the activities envisaged by the Group Purchasing Centre (BCC Sinergia) and involves an in-depth assessment, breaking down into two levels: a “standard qualification” questionnaire and a so-called “enhanced qualification” questionnaire, accompanied by a request for self-certification by the supplier. The “standard qualification” questionnaire records general information about the company, such as years of activity, operating area, type of business, type of sector and size. It is also required to provide details on commercial references, with information on the type of service provided, annual volume of orders and their expiry. A crucial aspect concerns the mandatory documentation, including the updated Chamber of Commerce certificate and the certification of the suppliers compliance with social security and welfare payments (DURC). To complete this first level of qualification, the supplier must fill out a Declaration, which certifies the truthfulness of the information provided.

The “enhanced qualification” questionnaire focuses on a more in-depth assessment, with questions relating to the supplier’s reputation, its participation in legal proceedings in recent years and its regulatory compliance. In this context, the supplier is required to declare the adoption of an internal Code of Ethics and provide evidence of any professional certifications, quality of supply and measures adopted for the protection of personal data. Furthermore, the supplier is required to confirm the existence of Disaster Recovery (DR) and Business Continuity (BC) plans, attaching a summary of the related documents. Prospective suppliers are also require to declare their compliance with all relevant laws and regulations, including anti-corruption laws, regularity of contributions and the absence of pending legal proceedings. This qualification process guarantees that the supplier complies with the requirements of ethics, transparency and sustainability, while ensuring its operational and legal reliability. With this methodology, the Group is committed to establishing solid commercial relationships in line with its ethical and regulatory principles. Finally, suppliers are asked to complete a survey to verify compliance with the provisions of the GDPR, divided into various sections. The questions concern the presence of internal procedures for data protection, whether there is a Data Protection Officer, training of personnel authorized to process data, adoption of security measures and risk management. Furthermore, the survey includes aspects relating to data transfers outside the EU, the use of sub-processors and the management of requests from data subjects. The aim is to ensure that suppliers adopt adequate data protection measures.

ESG rating of Group suppliers

In line with the European Corporate Sustainability Due Diligence Directive (CS3D) currently being issued, the obligations introduced by the CSRD and the Group Sustainability Plan, BCC Sinergia has adopted a tool for rating the degree of ESG compliance of its supply chain.

The ESG rating framework for suppliers is consistent with the rationale of the current standard and enhanced qualification model of the supply chain; using qualitative and quantitative drivers (e.g. ATECO Code), it has allowed the identification of a scope on which to focus our commitment in the ESG field. For 2024, the counterparties of the Group's supply chain identified within the ESG rating framework were approximately 700 (6% of the total counterparties in the scope), covering a total Group expenditure of approximately €440 million (82% of the total value of orders in scope).

Starting from this framework and based on the application of the rationale expressed above, the Parent Company has acquired a suppliers “ESG rating”, a synthetic score prepared by an external Infoprovider that measures the

level of compliance of the counterparty with respect to the ESG pillars (such as, for example, physical and transition risk, taxonomy-alignment and other variables).
A specific "ESG Procurement Vademecum" was issued to support the Affiliated banks, and to share the logic of the framework adopted at Group level and the availability of the "ESG rating" for suppliers' assessments.
The definition of the model for the ESG rating of suppliers will be developed further in 2025 with the aim of creating a structured system that allows greater knowledge of the suppliers' positioning in environmental and social terms and allows for systematic and transparent reporting of ESG performance, also in preparation for the CS3D due diligence requests. This will ensure that both the Parent Company and the Affiliated banks can adopt adequate tools to promptly respond to upcoming regulatory commitments and will promote an iterative and collaborative approach with suppliers to promote sustainability along the entire value chain.

Audit Plans
The Group carries out periodic audits and direct checks, in order to ascertain compliance with the defined sustainability and human rights standards. Traceability and reporting systems are also used to collect information on suppliers' business practices, ensuring the transparency and correctness of operations.

CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

At present, the Group has not established specific channels for value chain workers to raise concerns. However, the Group recognizes the importance of such tools to promote responsible working conditions throughout the value chain, and will evaluate the possibility of defining and implementing a structured process for collecting the opinions of value chain workers, including the creation of accessible and secure reporting channels.

ACTIONS

As commented in the previous section, the Parent Company has implemented a Sustainable Procurement Framework aimed at ensuring suppliers' compliance with ESG principles. This framework provides for a continuous and structured verification process, which includes the assessment of suppliers with regard to environmental, social and governance criteria and based on specific performance, quality and compliance criteria. The objective is to ensure that suppliers comply with the ethical and sustainable standards defined by the Group, thus promoting responsible procurement practices aligned with ESG commitments, with a particular focus on respect for workers' rights, environmental management and transparency in corporate governance. The objective is to assess over 50% of the overall expenditure on the Group's suppliers from an ESG perspective. This approach is being implemented by steps and will allow the Group to include ESG criteria in the supplier assessment process, in line with the legislative proposal of the Corporate Sustainability Due Diligence Directive (CSDDD).

To date, the Group does not have a structured methodology to measure the effectiveness of its actions or initiatives in providing concrete results in value chain management. Although several activities and projects aimed at improving sustainability along the value chain have been launched, an organic monitoring and evaluation system systematically measuring the impact of these interventions has not been implemented yet.

In conclusion, although the Group is engaged in a rigorous supplier qualification process, which includes in-depth assessments of legal and regulatory compliance, as of this date there are no specific processes to identify the actions necessary to respond to negative impacts on workers in the value chain. This represents an opportunity for improvement to integrate measures aimed at protecting workers' rights and promptly managing risks related to their well-being.

The results of the application of the new ESG qualification process of suppliers in terms of their ESG score are currently being evaluated. Starting from this evidence, the Group will implement further actions consistent with a strategic path oriented towards improving EGS performance also with respect to its own supply chain.

While the Group has not set specific measurable objectives in relation to issues related to consumer protection, it does monitor the effectiveness of actions planned and undertaken, both through the examination of the progress of planned projects and structured processes established in each Group company, such as complaint management, which allow for the detection and evaluation of conducts that do not comply with the values, principles of conduct and ethical, as well as regulatory, standards guiding the relationship between the Group companies and their customers.

With regard to operating expenses (OPEX) and (or) capital expenditure (CAPEX) necessary for managing material impacts and, in general, for the implementation of the ESG strategy in the value chain workers' area, these do not represent a significant value with respect to the strategic plan as a whole and the Group's capital and financial structure.

ESRS S3 – AFFECTED COMMUNITIES

Mutual banking has been contributing to national common good by catering the needs of people, businesses and communities as a whole for more than a century. Support to the sustainable development of local areas and communities is an intrinsically core element of the Iccrea Cooperative Banking Group's way of doing banking, which is carried out by providing a widespread presence at a national level and ensuring proximity and mutualistic support to local communities. This allows the Group to establish a direct and constant connection with local communities and to offer distinctive financial services, thanks to a more direct grasp of the needs of the territories in which it operates to promote their economic development and prosperity, without however neglecting the ongoing challenges of meeting the contemporary expectations of the market and, most notably, new generations.

Listening and dialogue with stakeholders are the basis of this process of mutuality, which takes the form of active support for the growth of communities, both on the social and environmental area, representing the key to understanding local "sustainability".

Sustainable value creation at a local level is a distinctive feature of the Group's history, as it is expressed in art. 2 of the articles of association which calls for the "promotion of responsible and sustainable growth of the territory". This concept also represents an "integrated" development approach which, set in motion by the prevailing mutuality model, can generate well-being for people and the planet, while respecting the peculiarity and uniqueness of communities and territories.

Through the network of its mutual banks, the Group is the banking engine of change and sustainable development of local communities, affirming its role as a generator of added value within the economic and social fabric, through the choice of long-term sustainable and socially inclusive solutions in response to the need for an environmental, social and digital transition that leaves no one behind.

Sustainability is therefore inherent in the history of the Iccrea Cooperative Banking Group, which has set itself the primary present and future objective of reaffirming – in the context of the ongoing sustainable transformation – the principles and values of mutual banking as well as the attention to the territory, people and local economy that have always distinguished its actions.

POLICIES

In light of mutual banking mission, the Group has defined a system of rules and guidelines, essential for promoting and protecting social sustainability.

The Code of Ethics of the Iccrea Cooperative Banking Group, approved by the Board of Directors of Iccrea Banca and by the administrative bodies of the affiliated banks, sets out the shared principles and establishes the behavioral guidelines that all Group entities must follow in their activities. This document, an integral part of the Internal Control System, represents a fundamental governance tool designed to guide strategic and operational choices. Every decision and action is inspired by the principles set out within it, which are also applicable to all external parties that collaborate with the Group.

The document highlights the Group's commitment to promoting a corporate culture free from any form of discrimination, affirming essential values, including respect for human rights, and combating discriminatory behavior based on ethnicity, religion, sexual orientation, gender identity, etc.

The Code also complies with the "**Charter of Values of Cooperative Credit**", which establishes the strategies, practices and system of values that underpin the operations of mutual banks. The Group's Code of Ethics is disseminated via the company intranet and the website, and is part of the internal disciplinary regulations. All recipients of the Code, which include members of corporate bodies, employees, external collaborators and customers, are obliged to comply with it. In line with its Code of Ethics and international regulations, the Group has a **Charter of Commitments on Human Rights**, with guidelines to promote and guarantee the protection of human rights. The document illustrates the commitment that the Group has undertaken through the preparation of a series of concrete actions aimed at preventing and managing any unfavorable social and economic impacts arising, directly or indirectly, from its operations.

This commitment is also intrinsically linked to the fundamental values of mutual banking, in particular cooperation and mutualism, pillars of the entire business model of mutual banks.

Cooperation and mutualism are, in fact, fundamental tools for promoting human rights in a concrete way. Mutual banking, which is based on mutual solidarity between shareholders, customers, employees, suppliers and local communities, is not only an economic model, but also a tool for social inclusion and the promotion of fundamental rights. The Group actively supports the values contained in the **Charter of Values of Cooperative Credit**, "inspiring its activity with attention to and promotion of the person", placing particular emphasis on the value of each individual and the importance of investing "in human capital - made up of shareholders, customers and collaborators - to enhance it permanently".

Through these instruments, in addition to ensuring full and substantial compliance with regulatory provisions on human rights, the Iccrea Cooperative Banking Group is inspired by the principles issued by national and international organizations, including: the International Charter of Human Rights of the United Nations (UN), the Universal Declaration of Human Rights and subsequent international conventions on Civil and Political Rights and that on Economic, Social and Cultural Rights, the United Nations conventions on women's rights, on the elimination of all forms of racial discrimination, on children's rights, on the rights of persons with disabilities, the fundamental conventions of the International Labor Organization (ILO) and the declaration on Fundamental Principles and Rights at Work.

PROCESSES FOR ENGAGING WITH AFFECTED COMMUNITIES

Acting through the mutual banks operating throughout the national territory, the Group operates in close collaboration with local communities, listening to their needs and promoting services, products and initiatives that help enhance their development prospects. This multi-stakeholder approach is implemented primarily through committees established by the affiliated banks over the years with the aim of accurately assessing the community requirements and identifying and implementing the most appropriate initiatives in line with the expressed demand. The committees play a significant role in the area thanks to their function as representatives of the social base of the affiliated banks, and serve as a permanent liaison between the demands and needs of shareholders, customers and all other stakeholders and the products and services offered by the banks. For this reason, local committees, together with the shareholders, represent a “hotline” between banks and the areas in which they operate.

TOTAL NUMBER OF COMMITTEES

	2024	%
Typo of committees (no.)		
Young shareholders	42	26.58%
Shareholders	54	34.18%
Local area	59	37.34%
Other*	3	1.90%
Total	**158**	**100%**

The most common types of committees are shareholder committees (34%) and local area committees (37%).

BREAKDOWN OF COMMITTEES BY GEOGRAPHICAL AREA	2024				
	Young shareholder committees	Shareholder committees	Local area committees	Other committees	Total
North-east	5	2	6	0	13
North-west	9	10	6	0	25
Center	20	40	38	2	100
South	8	2	9	1	20
Islands	0	0	0	0	0
Total	**42**	**54**	**59**	**3**	**158**

As regards geographical distribution, Committees are present throughout the national territory, with a prevalence in Central Italy.

COMPOSITION OF COMMITTEEES BY GENDER	2024
Type Of committees (no.)	
Young shareholders	**1,208**
Men	682
Women	526
Shareholders	**689**
Men	500
Women	189
Local area	**322**
Men	259
Women	63
Other	**382**
Men	233
Women	149
Total	**2,601**

As indicated in the following table, the number of shareholders participating in committees exceeded 2,600 during the reporting period. Young shareholder men and women committees had the largest membership.

No actual or potential negative impacts have been identified for the Group on communities, nor have any processes been identified to mitigate them.

ACTIONS

The guiding principle of the Group's activity includes a strong commitment to local areas and communities. With its widespread presence throughout the country, the Group establishes a direct and constant relation with local communities which is accompanied by an attention for responsible development, aimed at ensuring not only the economic well-being but also social sustainability of the territories in which the mutual banks operate. Listening and dialogue with stakeholders are the basis of this process of cooperation, which takes the form of active support for the social growth of communities, as the key to understanding local "sustainability".

The commitment to local communities is confirmed by many activities carried out by the Group in 2024 with a positive social impact.

The figures below summarize some of the priority initiatives with a positive social impact implemented by the Group:

Social Impact financing (€)	Number of social impact loans	Charitable contributions(€)	Sponsorships(€)	Number of initiatives promoted by the Committees
1,546,740,078	13,761	36,400,483	17,070,450	4,064

Social impact loans

By offering financial support to households and economic initiatives, the Group pays increasing attention to the social and economic development of the territories in which it operates, with the aim of creating long-term shared value.

Social impact loans disbursed during 2024 came to a total €1.5 billion.

SOCIAL IMPACT LOANS	2024	
Type of loan (€)	Amount	No. of loans
Student loan - other subsidized student loan products	871,850	133
Social microcredit (max amount €10k)	619,500	128
Consap secured loans (primary residence loans)	831,977,375	7,059
Loans to the third sector	247,274,606	2,732
Social safety net programs	114,244	89
Natural disaster lending	76,486,702	675
Financing for female entrepreneurs	128,793,180	1,256
Business microcredit	9,595,375	278
ISMEA	246,007,246	1,267
Resto al Sud	5,000,000	144
Total	**1,546,740,078**	**13,761**

Resto al Sud (Invitalia)

Resto al Sud is a program that supports the start-up and development of new business and freelance activities in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, Sicily, in the municipalities of the earthquake-prone area of Central Italy (Lazio, Marche, Umbria) and in the smaller marine, lagoon and lake islands of Central-Northern regions. The incentives are intended for people aged between 18 and 55. The available funds, managed by Invitalia, amount to €1.250 billion. Eligible businesses include those operating in trade, industry, artisanal fields, the processing of agricultural products, fishing and aquaculture, the provision of services to businesses and people, tourism, professional activities (in both individual and corporate forms). Agricultural activities are excluded.

Resto al Sud covers up to 100% of costs, with a maximum loan of €50,000 for each applicant, and up to €200,000 for companies made up of four shareholders. Sole proprietorships can receive up to €60,000.

The grant covers 100% of eligible costs and is made up as follows:

- 50% di non-refundable grants,
- 50% bank loan backed by the SME Guarantee Fund.

Interest is entirely borne by Invitalia.

At December 31, 2024, 37 mutual banks of the Group had completed at least one transaction, for a total of 1,533 transactions (of which 144 in 2024) for a total amount of €59 million (of which €5 million approved in 2024).

Microcredit

A total of 33 mutual banks were involved in microcredit operations fro businesses in 2024, producing a total of about 1,596 transactions - with guarantees from the specific section of the SME Guarantee Fund – and a value of €26.6 million. Furthermore, during the year, 19 mutual banks completed a total of 278 new transactions with a value of €9.6 million.

In addition, many of the Group's mutual banks are shareholders and partners of microcredit operators (such as Permicro and Fidipersona) operating in Italy, i.e. non-bank intermediaries specialized in microcredit, to whom possible borrowers and projects potentially eligible for a microcredit operation are reported.

In order to strengthen the commitment to preventing and combating usury and supporting its victims, whether businesses or individuals, the following agreements were signed:

- an agreement with the Giovanni Paolo National Anti-Usury Council, for the promotion of financial inclusion, a mission historically included in the social purpose of mutual banking. The framework agreement makes it possible to coordinate the activities of the mutual banks, which already have contractual relationships with anti-usury foundations operating at a local level, for their own and institutional initiatives, promoted and requested by the territorially competent prefectures;

- a framework agreement with Assoconfidi, the main representative body of credit guarantee consortia and cooperatives;
- finally, the Parent Company - in agreement with Federcasse – supports the participation of mutual banks in the “Microcredito di libertà” initiative promoted by the Ministry for Equal Opportunities and the Family, ABI, Federcasse, the National Microcredit Agency (ENM) and Caritas Italiana to encourage social and entrepreneurial microlending to women who have experienced domestic violence. The objective of the agreement is use microcredit as one of the tools to promote the emancipation of women who have experienced male violence from economic dependence, which can also arise or deteriorate when women report the violence and move away from the economic support based on family or social relationships in which the violence occurred.

In order to ensure that people in conditions of poverty and marginalization have access to financial services, the Parent Company has established two main programs that the mutual banks can use to implement their financial inclusion initiatives through microcredit:

- an agreement with the National Microcredit Agency (signed in 2020), which allows mutual banks that intend to directly provide microcredit to make use of microcredit tutors for the provision of mandatory auxiliary services;
- agreements with specialized microcredit operators such as Permicro (2021), Fidipersona (2022) and Cassa del Microcredito (2023), aimed at supplementing the direct offer of the affiliated banks, offering the possibility of signing bilateral agreements for reporting their customers.

Social bond issues

Consistent with its attention to initiatives with a social impact, the Group established a specific issuance program in 2021 aimed at supporting investments in initiatives with a social connotation, such as female entrepreneurship and micro- and small businesses operating in disadvantaged areas. The three issues carried out by the Group under this program between 2021 and now total €1.5 billion and are described below.

First social bond issue: In November 2021, Iccrea Banca SpA formalized the Green, Social and Sustainability Bond Framework and then placed, within the €3 billion EMTN Program, its first €500 million Social Bond for the institutional market, which was subscribed by around 90 investors. The transaction was meant to raise funding for lending to SMEs and households suffering from the COVID-19 emergency, businesses with fewer than 50 employees operating in areas with a per capita income below the national average and young and female entrepreneurs. Some 80% of the proceeds were used to refinance loans, while the remaining 20% was allocated to new lending. Following the issue and in line with the applicable deadlines, Iccrea Banca produced a specific impact analysis to highlight the main impacts generated.

Acting under the above EMTN Program and Green, Social and Sustainability Bond Framework, Iccrea Banca successfully completed the issue of a second Social Bond on January 12, 2023, which was subscribed by 125 leading domestic and international investors, in the amount of €500 million. The transaction was mainly aimed at supporting the real economy and SMEs with up to 20 employees operating in economically disadvantaged areas. For this issue, 70% of the proceeds were used to refinance loans, while the remaining 30% was allocated to new lending. The transaction confirms the Group’s attention to supporting local economies and the communities that live and work there.

Third social bond: Acting under the €5-billion EMTN program and the Green, Social and Sustainability Bond Framework, on January 30, 2024 Iccrea Banca successfully placed with institutional investors a third senior preferred Social Bond in the amount of €**500 million** with a 6-year maturity. The issue received orders for €3.5 billion - about 7 times over-subscribed - from approximately 300 institutional investors globally. Confirming the attention of the Group for the territory in which it operates and the communities it serves, the proceeds will be used to finance SMEs operating in economically disadvantaged areas, and young and women entrepreneurs.

Committees’ initiatives

Committees promoted a vast range of activities in 2024 that left a tangible and positive mark on their communities, contributing to their growth and well-being. These initiatives were centered on the various thematic areas outlined in the table below, and highlight a strong commitment towards the promotion and development of activities for improving people's quality of life. In general, the action implemented at the local level underscores the desire to pursue common objectives, working closely with local communities to guarantee a better future.

NUMBER OF INITIATIVES	2024				
	Young shareholder committees	Shareholder committees	Local area committees	Other committees*	Initiatives by subject (n.)
Environment	14	28	17	0	59
Church and other religious institutions	3	155	366	0	524
Art and culture	32	196	1,048	3	1,279
Education	46	97	42	1	186
Economic development	19	206	68	0	293
Health	6	58	42	0	106
Welfare	27	235	199	0	461
Sport	15	263	634	0	912
Civil and humanitarian emergencies	3	15	226	0	244
Total	**165**	**1,253**	**2,642**	**4**	**4,064**

Donations: charity and sponsorships

The Group's mutual banks have always stood out for their commitment to local communities and the promotion of solidarity initiatives. Through a series of charitable activities and sponsorships, they not only support projects aimed at improving the social and economic conditions of the territories in which they operate, but also actively contribute to collective well-being, in perfect harmony with the principles of mutuality, solidarity and cooperation that are the basis of their mission.

The activities and initiatives promoted by the Group aim to protect and enhance the historical heritage, the education of young people, scientific and university research, as well as social and health care, and the artistic, cultural, sporting and recreational fields.

Every donation and sponsorship is part of a path that aims to improve the quality of life of people and the territory by strengthening the bond between the bank and the community.

Through these activities, the Iccrea Cooperative Banking Group proves its constant commitment to social cohesion, in line with its cooperative roots and with the mission of being a resource for communities, supporting the growth and sustainable development of the areas in which it operates.

In the reporting year, the Group's charitable donations amounted to over €53 million for a total of over 24,000 initiatives. Specifically, donations for charity amounted to over €36 million while those for sponsorship activities amounted to over €17 million.

In 2024, in line with the methods established by the relevant legislation, the Affiliated banks paid 3% of profit generated in 2023 to the mutual fund for the promotion and development of cooperation (FondoSviluppo), i.e. an amount equal to approximately €49 million.

Charitable and sponsorship contributions made by the Group are reported in the following tables by area of intervention.

CHARITABLE CONTRIBUTIONS: NUMBER AND AMOUNTS	2024	
Area	**No.**	**Amount (€)**
Environment	265	494,852
Church and other religious institutions	2,542	4,722,727
Art and culture	3,832	6,878,756
Education	1,206	3,553,363
Economic development	2,070	3,873,178
Health	850	5,171,714
Welfare	2,172	7,120,043
Sport	2,481	3,081,661
Civil and humanitarian emergencies	507	1,504,189
Total	**15,925**	**36,400,483**

With regards to charity, contributions made by the Group were mainly in support of art and culture, welfare, sport and health.

SPONSORSHIPS: NUMBER OF INITIATIVES AND AMOUNTS	2024	
Area	**No.**	**Amount (€)**
Environment	117	166,607
Church and other religious institutions	287	317,908
Art and culture	2,288	3,921,880
Education	278	523,187
Economic development	1,372	3,221,633
Health	120	309,079
Welfare	459	740,336
Sport	3,446	7,772,894
Civil and humanitarian emergencies	77	96,925
Total	**8,444**	**17,070,450**

With regards to sponsorship, contributions made by the Group were mainly in support of sport, art and culture and economic development, both in terms of number of initiatives and amounts.

In 2024, mutual banks confirmed their role as drivers of local development through significant charitable activities, which are not limited to simple donations, but represent a concrete strategy to strengthen the social and economic fabric of the communities in which the bank operate. The deep connection with the territory and attention to people's needs have guided the choices of charitable giving in the various areas.

The initiatives have had a direct impact on people's life quality, improving essential services, supporting the weakest sections of the population and improving collective wealth. Through these actions, the mutual banks have reaffirmed their mission and commitment to promoting sustainable and inclusive development. By way of example, some examples of charitable initiatives promoted by the mutual banks are reported below:

- **Health and healthcare**: the banks have responded significantly to the health needs of communities, with contributions to purchase ambulances and advanced medical equipment, as well as to support health facilities. An example is Banca Veronese Credito Cooperativo di Concamarise, which donated €62,000 for the purchase of a van for transporting disabled people, destined for the Red Cross of Basso Veronese. Other examples include Banca di Credito Cooperativo Brianza e Laghi, which allocated €20,000 to purchase an ambulance for the Municipality of Erba, and Banca delle Terre Venete, which contributed €45,000 for the purchase of an eco-doppler for the Complex Operating Unit of Vascular Surgery of the Treviso Hospital. Similarly, Banca di Credito Cooperativo di Arborea donated €18,000 to the Santa Croce Soccorso Association of Oristano for the purchase of an ambulance. Finally, Banca di Credito Cooperativo di Staranzano e Villesse also supported research on Parkinson's disease, financing a doctoral scholarship in Molecular Biomedicine;
- **Social inclusion and support to vulnerable people**: numerous initiatives have also focused on supporting the most vulnerable people, offering accommodation, food, and assistance in various areas. For example, Banca delle Terre Venete supported the "Casa della Carità" project in Treviso with a donation of €50,000, helping to ensure hospitality and assistance to homeless people. In a similar context, Banca di Credito Cooperativo di Pergola e Corinaldo supported free home care through the "Casa Pergolese del Volontariato" project, which guarantees adequate care for people in fragile conditions. Another example is BCC Cantù, which allocated €100,000 to the Eleonora and Lidia Foundation for the construction of a new residence for the severely disabled. Another significant project also promoted by BCC Cantù is a contribution of €100,000 for the redevelopment project of the young people day center of the Parish of Ss. Ippolito and Cassiano, intended to create a welcoming space for young people and families in the community.
- **Safety and prevention**: many banks have also invested in public safety and prevention, providing communities with tools to deal with emergency situations. Banca di Filottrano - Credito Cooperativo di Filottrano e Camerano has donated six automatic external defibrillators (AEDs) to the Municipality of Filottrano, helping to make the city "cardio-protected" and organizing training courses for the correct use of the devices. Likewise, the Banca di Credito Cooperativo di Carate Brianza provided €26,000 to support the activities of City Angels, a volunteer organization that provides assistance to the homeless and contributes to urban safety.

- **Sustainability and collective well-being**: another area of intervention was sustainability and collective well-being, with initiatives that promoted care for the environment and support for social housing projects. The Banca delle Terre Venete, for example, contributed €50,000 to the "Casa San Bernardino" project in Vicenza, aimed at the renovation of a former convent to create apartments for social reintegration.

These interventions confirm the role of mutual banks as pillars of the territory, demonstrating how mutual banking can translate into concrete actions for the well-being of communities. The commitment in such different areas, but all fundamental for the quality of life of people, demonstrates the desire to build a more equitable and sustainable future, in which no one is left behind.

Mutual aid societies

The banks of the Iccrea Cooperative Banking Group have always been committed to supporting local communities and promote mutualistic initiatives for their shareholders through the establishment of mutual aid societies. Currently, 47 mutual banks that have established a mutual aid society, confirming their strong commitment to improving people's well-being and offering concrete support to their shareholders. These societies are created on the initiative and financial support of the individual bank, with the aim of implementing the principles of voluntary mutuality and mutual assistance provided for in their articles of association. Among these, there is the improvement of the health, social, cultural and recreational conditions of the shareholders and their families, seeking to improve solidarity between them.

Mutual aid societies operate in the health, social, educational and recreational sectors. In particular, thanks to their activity, members can benefit from:

- reimbursements or discounts for health expenses: coverage for specialist visits, diagnostic tests, surgical interventions and other medical services not fully covered by the National Health Service;
- social assistance to the family: support for social-assistance needs, such as home care or services for the elderly;
- cultural and educational activities: organization of cultural events, training courses and educational initiatives to promote the professional and personal growth of members;
- recreational activities: promotion of recreational and sporting activities to foster well-being and cohesion among members.

At the national level, the mutual aid societies are organized in a system that allows them to operate efficiently and transparently, guaranteeing members the possibility of accessing a vast network of affiliated healthcare facilities and taking advantage of discounted services. This model allows for the expansion of assistance and support opportunities for members and their families, strengthening the bonds of solidarity within the communities.

Thanks to this mutualistic network, the mutual banks of the Iccrea Cooperative Banking Group confirm their commitment to improving people's well-being, offering concrete support and promoting the values of cooperation, inclusion and mutual assistance.

Crowdfunding

The crowdfunding activity represents an increasingly widespread tool among the mutual banks of the Iccrea Cooperative Banking Group, to promote and support projects of social and cultural interest. Thanks to this tool, the banks not only promote fundraising for initiatives aimed at the Third Sector, culture and support for the community and the territory, but also strengthen their role as promoters of local development, in line with their principles of mutuality and solidarity.

The Group banks implement this commitment through support and collaboration with the IdeaGinger.it platform, a point of reference for ethical and local crowdfunding at a national level. Thanks to this collaboration, the mutual banks mobilize economic and social resources, encouraging the active participation of people and encouraging the creation of new valuable projects. Support for initiatives translates into a virtuous circle of trust and shared responsibility, which strengthens the bond between the Group banks and the territory in which they operate.

During 2024, numerous fundraising campaigns were launched and completed, demonstrating the ability of this tool to generate concrete benefits for the community. Below are some of the main initiatives supported by the Banks and successfully concluded:

- **Mobility for vulnerable people**: many initiatives have been promoted to improve the mobility of people with disabilities, the elderly and other vulnerable categories, ensuring greater autonomy and access to essential services. An example is the campaign "Circoliamo insieme: dona mobilità", promoted by the BCC del Garda. With the aim of raising funds for a vehicle equipped for the transport of people with disabilities, the campaign was a great success, raising the funds needed to purchase a car with a motorized stairlift chair, which improved the transport of people with disabilities, ensuring greater safety and comfort. Another initiative of this type is the campaign "Un pulmino amico: metti in moto la solidarietà", promoted by the BCC Ravennate, Forlivese e Imolese. The aim was to raise funds for the purchase of a minibus equipped for the transport of people with disabilities and the elderly. The same bank supported the campaign "Un'auto per l'inclusione", launched by the Fondazione Opera Don Pippo, whose aim was to raise funds to purchase a vehicle equipped for the transport of people with disabilities and the elderly.
- **Education**: some of the initiatives focused on supporting educational and training projects, contributing to the creation of educational spaces and opportunities for young people and families. A successful example is the campaign "A dream to make Il Giardino di Hana flourish", promoted by the Il Giardino di Hana O.N.L.U.S. Association with the support of BCC Pordenonese e Monsile. The goal was to raise funds to build an educational space inside the association's greenhouse, inclusive and suitable for educational activities for young people. The campaign exceeded expectations, raising 142% of the initial goal. The funds made it possible to build the classroom, a safe and stimulating environment for the children of the association's communities.
- **Families and solidarity activities**: some of the crowdfunding campaigns focused on assisting families, especially those facing economic difficulties, and on supporting social and solidarity activities for people in vulnerable situations. The campaign "Life in the hearts of our children!", promoted by the Garda Vita ETS association, in collaboration with the BCC del Garda, was a great success, collecting 225% of the initial target to support families with prevention campaigns, reimbursements for health expenses and the organization of social moments. Another initiative is the campaign "Nel cuore delle donne", promoted by the Lorenzo Perrone ETS association, with the support of the BCC of Milan. The goal was to raise funds to support the free activities offered by the Cuore Rosa program, which supports women affected by cancer, with services such as free medical transport and psychological support.

Social Housing

Initiatives with a social impact implemented by the Group include most notably social housing initiatives, within a broader project that saw the establishment in 2014 of a Social Housing Real Estate Fund, called the Iccrea Banca Impresa Fund (the "IBI Fund").

The entire project plan of the initiative, worth €80 million, is being implemented by Investire SGR through the ICCREA BANCA IMPRESA Fund and is financed for €60 million by CDP Real Asset (through the Alternative investment fund Fondo Investimenti per l'Abitare) and for €20 million by Iccrea Banca together with Emil Banca.

The social housing project, at the basis of the Fund, is aimed at the construction of 500 residences in Emilia-Romagna, Veneto and Lazio, with the aim of increasing the supply of social housing for rent and for sale at agreed values, to support and integrate public policies to combat housing hardship. Social housing is intended as a long-term investment to support those who cannot find an adequate answer to their housing needs on the free market, despite being able to afford a controlled rent; in addition to the economic aspect, this type of initiative aims to stimulate the creation of social contexts of sharing, also thanks to activities that encourage group initiative and assistance in situations of hardship.

The project called "Granarolo SH" fits into this context, whose participation call was published in 2024, which will see the construction of 82 apartments located in Granarolo dell'Emilia, Metropolitan City of Bologna, of which 56 apartments intended for long-term subsidized rental and 26 apartments intended for immediate subsidized sale. All the apartments will be built, in line with modern anti-seismic and environmental sustainability criteria, in the highest energy class and will be equipped with a large green space and external condominium parking.

BCC Arte & Cultura

The BCC Arte&Cultura project is the cultural integration and enhancement initiative of national scale promoted by the Iccrea Cooperative Banking Group, launched on December 10, 2024 in Milan in the prestigious headquarters of the Biblioteca Nazionale Braidense.

The project represents the largest private national widespread museum of the art collections and the historical and architectural heritage of the mutual banks, which can be visited in person and through a web portal, dedicated to the immersive 3D and catalogue consultation of the works and the discovery of the exhibitions and artistic-cultural events of the territories.

With the aim of contributing to the cultural and social development of the places where the banks are located, the initiative also provides:

- an educational plan for middle school students with a digital educational text distributed free of charge to teachers at schools in the hosting communities and with the launch of creative workshops and guided tours of the works;
- initiatives in favor of reading, extending the BCC Book Club program to members and customers of the banks, also with the involvement of local bookshops.

Social Impact Measurement

The Group has started a process of continuous improvement in the area of social impact, aiming to be a banking driver of sustainable and socially inclusive change in the development models of local communities.

In the second half of 2024, in order to enhance the numerous social impact activities carried out by the Group, a project was launched aimed at defining and adopting a framework for measuring and quantifying social impact.

Specifically, for 2024, the Group has identified a series of initiatives and areas on which it has activated a local data and information collection process, preparatory to measurement.

Financial education

Financial, insurance and social security education is the process through which people improve their understanding of financial instruments and products and develop the skills necessary to acquire a greater awareness of the risks and opportunities connected with financial transactions.

In line with the mission that has always characterized mutual banking, the Group supports the development of knowledge and competence – as essential tools to strengthen active citizenship within its communities - in the belief that financial education:

- cannot be separated from the objectives of sustainability and digitalization, as a pillar for strengthening informed civic awareness on the most relevant issues, bearing in mind the new scenarios that have emerged in the post-pandemic world;
- is complementary to scholastic and academic education in enabling students to approach the job market and makes it possible to train a new generation of future shareholders, administrators and collaborators;
- gives young people the foundation they require to make informed choices commensurate with their needs;
- facilitates both financial and social inclusion.

The Group therefore considers financial education to be an essential part of its sustainability strategy, a tool for making the company accountable and bringing young people closer to the world of mutual banking.

For this reason, in 2024 the Group consolidated and expanded its financial education initiatives, working in part through the mutual banks, and continuing dissemination and training activities throughout the country.

During the year, information and training activities were provided by the “Financial education” web portal of the Iccrea Cooperative Banking Group, which offers useful tools to develop informed financial skills by addressing topics such as savings, investment, planning and insurance protection. The site includes practical guides, insights, podcasts, training events and other tools to guide informed financial choices and is designed for private users and companies (young people aged between 18 and 35), with a section dedicated to the specific needs of everyday life. In 2024, the portal featured 24 articles on the topics of basic financial education, the “Parliamo di Finanza Comportamentale” podcast, and over 90 events organized by the Group’s mutual banks. The activity is completed with an editorial line developed on the Group’s Instagram channel which is divided into Edufin, Glossario and EduQuiz.

Also during 2024, Iccrea Banca continued its membership - as an ordinary member - in the “Foundation for

Financial Education and Savings" (FEduF), established by the Italian Banking Association (ABI). The organization's main objective is to promote financial education, considered essential to addressing life's economic choices in an informed and mindful way. This membership enables the Group banks, which are already very active in the field of financial education, to access the services and support of FEduF, and specifically:

- training packages prepared by the Foundation for training classes of students of all levels from primary to upper secondary school;
- educational courses for the development of soft skills and career guidance (formerly work experience placements);
- training projects targeted at local communities.

Among the main national initiatives coordinated by the Italian Banking Association, which the Parent Company joined during 2024, are the participation in the "Month of Financial Education" and the "It's culture" campaign, dedicated to enhancing the commitment made by financial world operators in the socio-cultural development of the country, through various initiatives such as the opening of the historic and modern offices of the Banks and Foundations, the holding of events, meetings and conferences. On the occasion of the seventh edition of the Month of Financial Education (#NovembreEduFin2024), the mutual banks organized events to involve students on fundamental topics such as saving and managing the personal budget. Furthermore, to amplify the impact of the educational initiatives, content relating to financial education was disseminated through social channels and some magazines, making financial education more accessible and engaging for the community.

Also worth mentioning is the commitment within Tertio Millennio Foundation a non-profit organization established within mutual banking, to promote the implementation of the cooperative and mutualistic financial education project called "Epic Finance!" in schools in the communities served by the mutual banks. This modular project allows the Group's banks adhering to the Foundation to have a valid program to spread financial culture among young people. "Epic Finance!" is mainly intended for secondary school students and deals with topics such as civil economy, the value of savings, digital payments (e-money), financial scams and the characteristics of mutual banking. During the 2023-2024 school year, 12 mutual banks of the Group launched the project, involving a total of over twenty schools. "Epic Finance!" is currently underway in the 2024-2025 school year.

INITIATIVES TO PROMOTE FINANCIAL EDUCATION

Number of initiatives (no.)	2024
Initiatives targeted at young people	201
Initiatives targeted at office workers	2
Initiatives targeted at migrants	2
Low-income initiatives	6
Initiatives targeted shareholders/customers	10
Other initiatives	53
Total initiative	**274**

The nature of the Group and its principles, expressed as statutory and ethical principles, imply a constant commitment to supporting the territory and consequently providing continuous support for its socio-economic development. For this reason, the Group has not set measurable targets in relation to positive impacts and opportunities related to supporting the territory.

In addition to the Sustainability Steering Function, other functions within the Parent Company, in particular the CBO area, also have the responsibilities of seeking and promoting initiatives with a positive environmental and social impact. This ensures that opportunities to create strategic partnerships and pursue the creation of positive impacts on the territory can be seized.

The ESG Committee ensures the pursuit of sustainability objectives and their integration into the Group's business plan, as well as adequate management of impacts, risks and opportunities.

At a local level, the establishment of local area committees allows the interception of local needs and preferences as well as their integration into the process of allocating resources for charity, sponsorship, and support of commercial initiatives with charitable purposes.

ESRS S4 – CONSUMERS AND END-USERS

The Group adopts a structured and responsible approach to assess and manage material impacts on its customers, recognizing the importance of analyzing not only the direct and indirect effects of its activities, but also of investigating the opportunities that arise from the interaction with its customer base, composed of businesses, households, local government and third sector organizations.

The Group's impact on customers is closely linked to the nature of its financial and banking services, which can generate significant benefits, such as improved access to credit, financial inclusion and support for the sustainable development of communities. However, the organization is aware of potential risks, such as the difficulty of access to services by certain segments of the population or the risk of misunderstandings in the use of complex financial products.

Among the main positive impacts generated by the Group's commercial offering (and related to business opportunities in terms of strengthening and expanding the customer portfolio) is the increased access to products and services for all categories of consumers, thanks to the development of a wide range of products and services marketed through a multi-channel strategy providing the highest level of assistance, advisory and information services based on the preferences of potential and current customers, including people with disabilities, while ensuring maximum protection of the confidentiality of information (thanks to a solid ICT system and privacy monitoring processes) as well as their transparency and correctness (thanks to the controls on the supervision and governance of the products). The offer of products with environmental, social and governance sustainability features and/or aimed at specific categories of subjects, in support of the communities in which the Group operates (third sector and micro-enterprises; see section "ESRS E1 – Climate change", "Actions and metrics", and "ESRS S3 – Affected communities", "Actions"), also contribute to further strengthening the solidity and proximity to customers and the territory, therefore to increasing market shares. Finally, several financial education initiatives contribute to increasing access to credit and protection of consumer and customer rights (more information in section "ESRS S3 – Affected communities", "Actions"). These actions are balanced by policies and processes aimed at mitigating operational and reputational risks associated with potential breaches on consumers' and customers' personal data and transparency in the offer of products and the management of related commercial relationships, through constant monitoring of the adequacy and effectiveness of the controls ensuring the correct functioning of ICT systems and execution of product marketing activities. In addition, the evolution of regulations on digital processess is constantly monitored, as well as the trend of customer preferences, in order to reduce the risk of not promptly seizing the resulting market opportunities.

POLICIES

The Iccrea Cooperative Banking Group places great value on the relationship with its customers, committing to responding attentively and professionally to their needs and concerns. This attention is reflected not only in the offer of quality products and services, but also in the management of any problems or dissatisfaction. The following section provides an overview of the policies that guide the Group's approach to managing customer relations, including the management of complaints and litigation, with the aim of ensuring a relationship of trust and transparency.

The Iccrea Cooperative Banking Group's policies regarding relations with consumers and end users are designed in full compliance with international standards, promoting transparency, responsibility and protection of rights. The guiding principles and guidelines that the Group Companies must comply with in their relations with customers and shareholders are set out in the Group Charter of Commitments to Protect Human Rights and Code of Ethics (for more information, see previous section "ESRS S1 – Own Workforce", "Policies"), published on the website of each Group Company. The Group complies with the United Nations Guiding Principles on Business and Human Rights and the goals of the 2030 Agenda for Sustainable Development, with particular attention to the protection of consumer rights, sustainability and the promotion of a fair and inclusive economy.

Policies fro the protection of personal data comply with the provisions of, among others, Regulation (EU) 2016/679 (GDPR), Legislative Decree 196/2003 (Personal Data Protection Code), the Provision of the Personal Data Protection Authority of May 12, 2011, and Circular 285/2013 of the Bank of Italy. In order to ensure that operations and commercial practices do not contribute to causing negative impacts on consumers, consumer rights protection policies, aligned with external legislation, are issued by the Parent Company, at the conclusion of the decision-making process of the Corporate Control functions, and implemented by the Board of Directors of all Group companies. Their adequacy in respect with legislation is assessed from time to time by the competent functions, while the risks of ineffectiveness of the controls designed and implemented by the Group are periodically assessed to mitigate, in turn, the risks of violation of the legislation and failure to comply with the Group's policies and guidelines. The results of control activities and, with reference to the channels for expressing concerns, the annual report on complaints, are the subject of specific information flows to the relevant board committees and the Boards of Directors of the Companies. Furthermore, employees are subject to mandatory training programs defined by the Parent Company, in line with applicable legislation, including specialist training based on the function held, in order to ensure that all Group people possess necessary knowledge and skills.

Complaints Management Policies

The **"Group Policy for Handling Complaints and Out-of-Court Disputes"** regulates the management of complaints received from customers, ensuring that they are handled with care, transparency and in compliance with current regulations. The Iccrea Cooperative Banking Group places the relationship with customers at the center of its operations and is committed to meeting their needs and strengthening trust through constant examination of complaints and continuous improvement of products and services. If customer expectations are not fully met, the Group promotes a collaborative approach to resolve the issues that have emerged. In compliance with current legislation, the Policy establishes behavioral guidelines and defines internal responsibilities for managing complaints. The Complaints function of each legal entity of the Group is responsible for managing complaints and complying with out all legal requirements, including the drafting of the annual report and the publication of the statement on the page of the website dedicated to complaints. Based on the reports of the Complaints function, the Compliance function periodically reports to the corporate bodies on the overall status of complaints, on the rulings of the Financial Banking Arbitrator and the judicial authority that have defined in a manner favorable to customers issues that were the subject of previous complaints, deemed unfounded, on the main critical issues that emerge from the complaints received and on the adequacy and effectiveness of the procedures and organizational solutions adopted.

The Policy is approved and reviewed at least annually by the Board of Directors of the Parent Company, which is also responsible for its correct implementation, as well as any changes to it. The Policy is adopted by the individual companies following approval by their own Board of Directors. Each change to the document follows the same approval process.

The Process Rules define the operating procedures for the management of complaints and out-of-court disputes at the level of the individual entity, with the aim of promptly resolving the problems raised by customers, ensuring prompt and exhaustive responses. These procedures are structured to prevent the recurrence of situations that may cause dissatisfaction, promoting continuous improvement in the quality of the services offered. In detail, the process is divided into two main phases: the handling of complaints, which includes the procedures necessary for the effective management of complaints relating to banking, financial, investment and insurance intermediation services; and the handling of legal disputes, which establishes the methods for managing proceedings, including those before the Financial Banking Arbitrator, the Arbitrator for Financial Disputes, the Prefect or other authorized mediation bodies..

Policies relating to the management of customer relations

The **Transparency Policy** aims to set out the organizational and process requirements necessary to comply with a timely, correct and complete management of the Banking Transparency obligations of the Iccrea Cooperative Banking Group. The Policy defines the operational, behavioral and protection guidelines that the operators of the Group companies must constantly adopt in all phases of the promotion, marketing and post-sales management of banking products and services offered to customers. The Policy responds to the Group's commitments in enhancing relationships with potential and loyal customers, continuously responding to their needs, with a view to increasing their level of satisfaction, and to the needs expressed from time to time. The Group consolidates trust in the Companies and ensures compliance with external and internal industry regulations, guaranteeing substantial consistency in the ordinary operational and process management underlying customer relations.

The **Process Standard for Transparency for Customers** defines the activities for drafting, updating and archiving transparency documentation intended for customers, both in branch and online. The process is divided into four main phases:

- preparation of documentation: includes activities for updating the bank transparency documentation;
- cost indicators (total cost indicator and annual percentage rate): provides for the calculation and representation of these indicators in the documents;

- customization of ICBG advertising announcements: regulates the creation of advertising materials for the Group's products and services;
- preparation of Bank advertising announcements: establishes activities for the creation of advertising for the products and services of the individual Bank.

The standard integrates the EU directives on accessibility (EU Directive 882/2019) and the ABI technological standards, for which a methodological note is provided to facilitate application in banks. The Parent Company makes the process available through the Kadma system[94], allowing Affiliated banks to adapt the validated operational description "model", download the process into the internal repository, make adjustments to the operational context and approve the adapted version of the process. Finally, Process Managers will have to evaluate any updates to the business impact analyses (BIA) in collaboration with the Business Continuity Plan Manager.

The **Product Management Group Policy** covers all products and services (banking, insurance, financial and others) and aims to define the general principles, guidelines, responsibilities and roles of the functions involved in the Product Management model, ensuring that all phases of the life cycle of products or services, from conception, to development, distribution, continuous monitoring, and disposal, are carried out in compliance with the external regulatory framework, [95] ensuring consumer protection through transparency and regulatory adequacy of the products. The Product Management model is divided into two main areas:

- product approval: includes the activities and responsibilities for the conception, feasibility and approval of new products or services, modifications to existing ones, introduction into new markets and distribution channels, and discontinuation of. The scope of this Policy also includes products developed by companies external to the Group and distributed on the basis of distribution agreements. Exceptions include insurance investment products subject to execution services (e.g. "execution only") and other specific cases;
- product governance (POG): regulates the obligations and responsibilities of manufacturers and distributors in the conception, distribution and periodic review of products to ensure that they are appropriate for the target market and monitored during their life cycle and applies to banking, financial and insurance products subject to Product Governance obligations.

The policy defines the operational procedures, the responsibilities and actions necessary to ensure compliance with the applicable regulations, the preventive assessment of risks associated with the creation of new products and services, the modification of existing products and services, their marketing, and the continuous monitoring of both own and third-party products and services. Monitoring activities on banking, financial and insurance products originated or distributed by the Group are carried out at least annually, based on continous collection of internal and market information (for example, problems encountered with customers during the initial marketing phase), and involve specific remediation procedures based on the riskiness of the product being analysed, which also involve the Parent Company's board committees and Board of Directors (as well as the individual Group Companies, as far as they are competent). The Product Management model takes into account local peculiarities and territorial autonomy and generally provides that the activities are carried out at the Affiliated banks or direct scope companies in compliance with this Policy and the related methodological annexes defined by the Parent Company. The involvement of the Parent Company is also provided for in specific cases both in the assessment phase, through the intervention of the Parent Company functions, and in the approval phase, with the involvement of the Product Committee which issues a mandatory non-binding opinion in favor of the deliberative body of the Proposing Company. Finally, the defined model provides for the integration of the assessment of Environmental, Social and Governance factors (ESG factors) in the Product Approval processes, in order to promote the Group's sustainable development path.

The circular on digital accessibility highlights the growing importance of digital accessibility, supported by stringent regulations and sanctions that can cost up to 5% of turnover in the event of non-compliance. Digital accessibility implies that IT systems are also usable by people with disabilities, in line with the values of inclusion and equality always central to mutual banks, the social factor and the related Group objectives. The regulatory framework includes a number of regulations such as the European Directive 2019/882 (European Accessibility Act), the Stanca Law, the Simplification Decree, the AgID guidelines, and other directives on transparency and banking governance. To support banks in adapting to the regulations on digital accessibility, the Parent Company has

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[94] Information system also accessible by affiliated banks and direct scope companies, allowing, among other things, consultation and navigation of internal regulations.

[95] Including, Circular 285/2013 of the Bank of Italy, the Consolidated Banking Act, the Consolidated Financial intermediation Act, the IDD Directive, the MIFID II Directive, and the EBA provisions and guidelines on internal governance and products..

planned central interventions including:

- an analysis of websites to identify any gaps with respect to current legislation;
- the publication of accessibility statements for each website;
- the use of artificial intelligence to improve the usability of websites according to WCAG 2.1 standards;
- the creation of models compliant with ABI guidelines for transparency;
- manuals for creating accessible content and online training days.

Banks are required to send specific information (employees with disabilities, dedicated workstations, training organizers and participants) to a dedicated email address.

The Process Standard regarding the publication of documents on the websites of the Iccrea Cooperative Banking Group and Iccrea Banca defines responsibilities and activities for publishing technical documentation, news, press releases and institutional multimedia content. It is divided into two main sections:

- publication of technical documentation, which describes the roles and activities for publishing technical documents on websites;
- publication of news, press releases and institutional multimedia content, which specifies the responsibilities for the publication of these institutional contents.

Furthermore, provisions on regulatory compliance with European accessibility (EU Directive 882/2019) and the Simplification Decree have been included, which extend accessibility obligations to private individuals as well.

Customer privacy policies

The Iccrea Cooperative Banking Group has defined the Group Policy for the protection of personal data which regulates the general principles, the organizational model, the main roles and responsibilities aimed at protecting the right to the protection of personal data in accordance with the current regulatory requirements, in the context of the data processing carried out by the banks and companies of the Group or for which they assume responsibility. The prevention of risks related to possible breaches of the right to privacy (from incorrect functioning of the ICT system or management of activities not in line with policies and operating rules) also represents an opportunity to increase customer loyalty.

The Policy is periodically reviewed to ensure its adequacy and alignment with applicable legislation, examined by the Compliance function and approved by the Board of Directors of the Parent Company and of each Group company (following the approval process of the corporate control functions).

The Policy is integrated by the following annexes:

- “Methodology and Criteria for the assessment of risks and impact on the processing of personal data”;
- “Guidelines on Incident Management with a particular focus on personal data breaches”;
- “Guidelines on Video Surveillance and Video Recording”;
- “Guidelines for the management of personal data rights”;
- “Guidelines for determining the legal basis of data processing”;
- “Guidelines for the management of Requests for information and Inspections by the Privacy Guarantor”;
- “Guidelines for Data Retention”;
- “Guidelines for the Credit Information Systems (SIC)”.

The Group has also adopted a Process Standard, which sets out the main processes, roles and responsibilities in terms of privacy.

The main roles defined within the Group Policy for the protection of personal data are:

- Data Controller: assigns specific delegated powers to internal personnel or to personnel from other Group Companies, through a resolution of the Board of Directors or internal regulations. Delegated responsibilities include the appointment of external Data Processors, the designation of Internal DPO Representatives, Data

Privacy Managers, System Administrators and the definition of directives on physical and IT security for the protection of personal data.

- Data Protection Officer (DPO): monitors compliance with the GDPR regulations, reports to the Data Controller and has management autonomy.
- Mutual banks DPO: supports the Affiliated banks by providing advice, verification and management of requests from interested parties, in coordination with the Supervisory Authority.
- Internal DPO Representative: acts as a link between the Group companies and the DPO of the Parent Company, with transversal skills on company processes.
- Data Privacy Manager: responsible for GDPR compliance for specific processing, promotes appropriate internal practices.
- Data Processor: external subjects in charge of data processing, designated with specific instructions to ensure security and compliance.
- Data Processor: natural person who carries out processing operations on personal data under the direct authority of the Data Controller or the Data Privacy Manager.

As required by current legislation on privacy and processing of personal data, as implemented in the Group's internal rules (including Regulation (EU) 2016/679 - GDPR, Legislative Decree 196/2003 - Personal Data Protection Code, the Provision of the Authority for the Protection of Personal Data of May 12, 2011, Circular 285/2013 of the Bank of Italy), the risk of violation of privacy and the impacts of personal data processing are continuously assessed and monitored, while at the same time evaluating the controls designed and implemented by the Group to mitigate such risks. The Policy and the operating Process standard are published on the company intranet and are available to all employees, who also have access to a dedicated intranet section offering information sheets on current issues related to security and data processing. Furthermore, an extract of the ways in which the Group protects information security is reported on the “Privacy” page of the Group’s institutional website.

In 2024, the Group Policy on Information Security was also updated, to include the main guidelines for preserving information security and ensuring its protection also in terms of confidentiality, the violation of which is a violation of the Code of Ethics. The Policy, approved by the Board of Directors of the Parent Company and the Group companies, is subject to ongoing checks in relation to its adequacy with respect to external regulations (including, in particular, the Bank of Italy circular 285/2013, and the EBA guidelines on “ICT and security risk management”).

PROCESSES FOR ENGAGING CONSUMERS AND END-USERS

Considering the value attributed by the Group to the relationship with its customers, concrete actions have been taken showing its commitment to meeting, with attention and professionalism, their needs and concerns. Below are some initiatives implemented during 2024.

Customer Satisfaction

The main customer experience measurement activities performed in 2024 as an instrument for engagement with stakeholders were:

- customer satisfaction survey on the general managers of the Affiliated banks, with the aim of measuring the overall satisfaction of the banks both on specific items and in relation to the perceived quality of the Group companies product/business;
- customer satisfaction survey aimed at the business representatives of the Affiliated banks with the aim of measuring the level of satisfaction of the banks with the products/services offered by the direct scope companies and business units;
- customer satisfaction survey for selected mutual bank customers: the survey was structured in order to verify the alignment between customer's expectations with their perception of the quality of the service delivered; acquire a potential framework of actions necessary to define and implement improvements and create value in the relationship between the bank and the customer; implement a quality improvement plan according to the PDCA logic (plan, do, check, act) and monitor KPIs over time;
- customer satisfaction survey for participants in commercial events: the survey is carried out to understand the overall level of satisfaction related to key drivers in relation to single events;

- Voice of Customer project on customers aimed at surveying the level of service for certain touch points, such as CartaBCC customer assistance.

Some Affiliated banks, with the support of Iccrea Banca, have launched an important customer satisfaction activity to monitor and improve the quality of services offered to their customers. In particular, in 2024, a customer satisfaction survey was conducted through a CATI (Computer Assisted Telephone Interview) telephone survey. The survey used the Net Satisfaction Index (NSI), a satisfaction indicator that measures the quality of the service offered, based on the analysis of collected responses. This approach allows for the collection of in-depth feedback on the quality of the service, allowing the mutual banks to respond in a targeted manner to customer needs and implement continuous improvements. Thanks to these surveys, the mutual banks strengthen their commitment to management focused on customer satisfaction and improving the quality of the banking service.

Full digital potential

In order to support the Affiliated banks in the digital transition and make the most of the potential deriving from direct channels, the Pieno Potenziale Digitale project is fully operational, in coordination with the BCC Service Models unit. The project aims to

- cluster the mutual banks customer base based on digitalization, distinguishing digital customers, digital “eligible” customers and non-digital customers;
- increase the share of so-called “full digital” customers (they have activated digital services, have at least one ATM for using ATM/CSA, have complete personal data and have provided privacy consent for commercial contact);
- optimize the operations of customer assistants, transferring part of the cash operations to digital channels in order to be able to manage customers even remotely;
- activate new outbound channels (e.g. Telephone Banking) for the design of new multi-channel customer journeys.

During the year, the Full Digital Potential initiatives were completed on 5 BCCs, while assessment/campaign activities are underway in another 18 BCCs. The program is proving effective, with a significant incidence of omnichannel customers (approximately 30.1%) in the banks that are carrying out the project compared to the Group average.

In addition, the Affiliated Banks, with the support of Iccrea Banca, have started an analysis of the comments and opinions left by customers on the main digital channels, such as social media (LinkedIn, Facebook, Instagram) and the Group's website with the aim of collecting direct feedback on the quality of the products and services offered, allowing the BCCs to better understand customer needs and to adapt their offering from time to time. The analysis of comments also allows the dissemination of the Bank's initiatives and projects, strengthening dialogue with the community and improving transparency. In addition, some BCCs have also launched a project aimed at measuring and demonstrating the sustainability of SMEs, through conferences and communication activities on digital channels to promote responsible and conscious management of resources. This process of monitoring and interaction on social and digital channels allows BCCs to remain actively listening and respond to their customers' expectations in real time.

BCC Innovation

«BCC Innovation» is a brand created to consolidate the role of mutual bans as accelerators of technological innovation and sustainable development. It represents a Group collector within which mutual banks can bring together all initiatives and actions in favor of economic growth and innovation in the territory, such as collaborations with business incubators and training institutions, provision of financing at favorable conditions, sponsorship of training courses.

The brand welcomes Group initiatives, promoted and organized with/by the mutual banks, such as BCC Innovation Festival and BCC Innovation Week.

BCC Innovation Festival is promoted by the banks of the Iccrea Cooperative Banking Group with the aim of identifying entrepreneurial ideas in line with the targets of the UN 2030 agenda from innovative startups and SMEs and accompanying them towards growth and positioning on the market through incubation and acceleration paths provided by selected partners. In 2024, the third edition received with 388 proposals, 30 Champions, over 20 partners and 7 winning ideas that had access to academies or incubation/acceleration paths. The process will then continue with a pitch with selected investors and international partners. The programming of the fourth edition is already under way, drawing on the network of contacts and contribution developed in the previous editions (including from the Scientific Committee, Sponsors, Partners and all participants). The project has the aim of allowing mutual banks to stimulate technological innovation in their area of expertise and to support the growth of innovative startups and SMEs, shareholders and customers. The objectives include channeling and retaining within our communities the resources that the National Recovery and Resilience Plan (NRRP) will allocate to digitalization, innovation, competitiveness and tourism, the green revolution (with the ecological transition) and sustainable mobility in the coming years. Through this initiative, the mutual banks have the opportunity to get in touch with potential new customers and shareholders and with institutional innovation players, taking an active role in the development of innovation.

In this initial setup phase of the next event, mutual banks use surveys to know expectations for the new edition and receive feedback on the previous one. The process then includes a plenary session to present the initiative and a phase of promotion and collection of applications in which the mutual banks and the Group involve end users with local events, focus groups, open dialogue with shareholders and customers and with the transversal and integrated use of the different communication channels. The path as a whole includes phases of membership, evaluation, selection, training, mentoring and networking with active participation of all users involved. The evaluation of the effectiveness of the engagement channels is carried out with periodic monitoring meetings with key stakeholders/users. Furthermore, engagement KPIs of the Group's communication channels are monitored at specific moments of the initiative.

BCC Innovation Week is a week dedicated to innovation promoted by the Iccrea Cooperative Banking Group. The initiative explores and encourages innovation at a local level through discussion and in-depth analysis of central topics related to the new frontiers of the market, the digital revolution and innovation, with 5 days of events, both in person and online, independently organized by the mutual banks, to train and inform, deepen and promote, involve and create social & business networking. Condensing all the different events within a week is a reputation amplifier, creating visibility that is not only local, but national; it also allows for the optimization of communication and promotion investments and consolidation of the reputation of the mutual banks as part of a network spread throughout the country. The first edition, held from June 3 to June 7, 2024, involved 20 initiatives promoted throughout Italy of the Group's mutual banks with over 3,000 participants. The topics covered ranged from artificial intelligence to blockchain, and from the digital euro to start-ups, from fraud and cyber scams to digital inclusion. The meetings were open to shareholders, customers and entrepreneurs, with different and engaging formats aimed at expanding the pool of users interested in the innovation promoted by the Group's Banks at a local level. In an initial setup phase of the initiative, some mutual banks were engaged through focus groups aimed at assessing interest in launching the initiative. The process then included a plenary session to present the initiative and a series of meetings with specific banks representatives. Subsequently, the banks and the Group began a phase of local and national promotion with the involvement of end users and transversal and integrated use of the various communication channels. The events were organized by the mutual banks with different and engaging formats, including workshops, seminars, round tables, interviews, competitions, webinars, public speeches, meetings between companies, start-ups, entrepreneurs and investors, to stimulate collaboration between shareholders, entrepreneurs and financial sector operators. For the first edition of the initiative, effectiveness was measured based on the number of participating mutual banks and total number of participants..

PROCESSES TO REMEDY NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

The Iccrea Cooperative Banking Group has defined processes to remedy or cooperate in remedying negative impacts on consumers, and has identified channels for consumers to raise concerns and receive assistance..

Complaints

The Group adopts a structured and technologically advanced approach to the management of complaints and out-of-court disputes, ensuring a timely, transparent response that complies with industry regulations. In particular, the Group has implemented procedures and tools that ensure effective and uniform management of all reports received, helping to resolve customer issues in a fair and decisive manner. All complaints filed by customers are recorded, processed and responded to within the timeframes set by current legislation. This activity is managed by the Complaints unit of each company, subject to industry regulations, which ensures timely and compliant management of the issues raised. If customers are not satisfied with the response received, they may resort to alternative dispute resolution (ADR) tools, such as the Banking and Financial Arbitrator (ABF), the Arbitrator for Financial Disputes (ACF) or the Insurance supervisor (IVASS). In addition, the customer has the possibility of submitting a request for mediation to an accredited mediation body, registered in the Register of conciliation bodies held by the Ministry of Justice. This system guarantees an additional channel of resolution for problems not resolved internally, thus ensuring adequate protection of customers.

The main procedures adopted by the Group to handle complaints and disputes, as well as to support customers in resolving their problems, are described below.

Complaints Repository

Starting from June 2022, all companies of the Iccrea Cooperative Banking Group subject to the regulations on handling of complaints and out-of-court disputes use the Group "Complaints Repository". This tool was developed to centrally record and manage complaints, and was implemented in compliance with the regulatory requirements and directives of the Supervisory Authority. The application guarantees uniform management of complaints, ensuring accurate collection of documentation and complete traceability of reports. Furthermore, the "Complaints Repository" is integrated with other management systems, facilitating the interaction between different company platforms, and thus supporting efficient information handling in respect of complaints and out-of-court disputes.

Contact Center and Telephone Banking Project

In 2024, the Contact Center and Telephone Banking Project was activated, with the aim of innovating, evolving and improving the centralized assistance service for shareholders and customers. The initiative is aimed at rationalizing customer assistance, ensuring technological uniformity as well as homogeneous and centralized data collection. The continuous implementation of the contact center also allows its purpose to evolve, from an assistance tool to a channel for the development of commercial activity.

Privacy

The DPO does not use specific channels to involve data subjects about their methodological choices for the implementation of the Group privacy model. In compliance with the regulatory provisions, data subjects have specific contact addresses available to exercise their rights such as access to personal data, reporting of any data breaches. The same channels are used by the DPO in the event of communication to data subjects, which can be carried out, where they need to reach a multitude of subjects, also through publications on institutional company websites.

ACTIONS

In 2024, the Iccrea Cooperative Banking Group implemented numerous customer support initiatives, confirming its commitment to respond with attention and professionalism to the needs of end consumers. The initiatives linked to digitalization aim to guarantee consumers access to an increasingly wider range of products and services with maximum transparency, combined with the assistance and advisory services provided in the branches throughout the national territory.

Initiatives related to digitalization

Mobile Internet Banking: a program for the constant strengthening and improvement of digital channels, with priority given to the mobile channel, where approximately 80% of the transactions of shareholders and customers are carried out. In 2024 activities were mainly focused on the objective of reaching further levels of accessibility, both following specific web and app tests by specialized third-parties, and through the involvement of colleagues with disabilities as well as receiving indications from selected users.

Digital Payments: the development of alternative forms of digital payment continued in 2024, in line with market trends and in response to customer demand. More specifically, the activation of the Instant Payments service, released during 2020, was activated by all Group banks except for one which will be reached in 2025. The publication, during 2024, of the Instant Payments Regulation (IPR) on instant bank transfers has absorbed part of the development activity, to guarantee, from January 9, 2025, commission parity with ordinary bank transfers. In terms of operations, the positive trend in volumes was confirmed in 2024 with more than 5 million instant bank transfers sent. Market developments and regulations governing digital payments are constantly monitored to keep step with the evolution of payment services available to customers.

Omnichannel Bank: as part of the Omnichannel Bank activities, in line with planning, projects continued to enhance integration between CRM channels and increase customer knowledge, to encourage the evolution of digital channels to support omnichannel sales processes, obtain a single 360° view of the customer and make contact more effective and efficient as well as profiling, in compliance with current legislation.

The objective is to provide increasingly tailored and effective services in response to customer needs, track customer browsing behavior to maximize/direct commercial actions and have a single CMS tool for the integrated management of creativity on digital channels. The main solutions adopted to support this transition (Microsoft Dynamics for the integration of customer care data and processes and Adobe Analytics for tracking customer behavior on digital channels) were introduced with cloud services, generating considerable savings in terms of CO_2 emissions when compared with similar on-premise systems.

Distance selling: the Signature Room project launched in September 2022 was completed, in particular with regard to processes to obtain personal loans. Thanks to this project, interventions have been implemented to enable customers to remotely subscribe products and services with a qualified electronic signature (QES) in "assisted" mode, i.e. guided by a bank operator who can send documents/contracts to customers directly within internet banking, to be signed from home, without having to go to the branch. Furthermore, the project is being developed for the use of the signature room integrated with the WMP (Wealth Management Platform) for the management of customer investments in funds and SICAVs.

Digital web channels: As part of the actions to evolve and develop the digital web channels for the Group, the activity of improving accessibility to services continued with the aim of making access to these channels increasingly accessible to any type of user, including those who, due to disabilities, require assistive technologies and/or particular configurations. The activity guaranteed all the accessibility criteria indicated by the WCAG, or guidelines for the accessibility of web content, which include a wide variety of recommendations to allow greater accessibility to web content, with particular attention to people with disabilities. Accessibility statement were also produced for all Group entities and additional projects were launched to support additional types of disabilities**.**

Digital regulations: the activity of analyzing and monitoring regulatory obligations with a high digital impact continued, also determined by the digital transformation strategy pursued by the European Commission and which concern both the vertical (Retail Payments, Digital Finance) and the horizontal (Data Economy, Security and Accessibility) dimension of banking and finance. Analysis and monitoring activity was continuous, aimed at identifying technological and business opportunities and impacts for the Group. During the year, the various national and European working tables were also monitored.

Fraud Management

Activities to strengthen prevention measures to protect customers continued in order to follow, monitor and, where possible, anticipate the evolution of attack patterns, intervening on all risk functions (Relax Banking, Customer Care applications, Transaction Risk Analysis tools, etc.). In-depth and constant information activities were carried out through digital channels (the institutional website contains a dedicated “Stop fraud” section, constantly updated in order to raise consumer awareness on issues related to the management and protection of personal information), in addition to participation in information campaigns of the banking system (new 2024 edition) and information-training meetings with mutual banks, customers and local communities, to increase awareness of the main fraud schemes and the countermeasures and behaviors to be adopted.

Innovation of the ATM (Automated Teller Machine) and CSA (Automatic Cash Register) fleet

The Operating unit continued to ensure the management, monitoring and innovation activities of the ATM and CSA fleet to guarantee widespread local presence and the proper functioning and effectiveness of this channel. Projects are launched or about to be launched to introduce the CSA on current account transactions and increase the level of accessibility on ATMs.

Development of initiatives aimed at combating all forms of discrimination

As part of the progressive adaptation of the websites of the Group's Companies and Banks, the activity of using artificial intelligence solutions to support users, in accordance with the WCAG 2.1 and 2.2 (Web Content Accessibility Guidelines) accessibility standards, the review and updating of the accessibility declarations on the respective websites and on the "Relax Banking" App, in line with regulatory requirements, as well as the organization of training sessions for mutual banks and, with the support of external specialists, for the IT resources involved in the development of the websites and internet banking, has been confirmed; participation in the training sessions made available by the Agenzia per l’Italia digitale has also been guaranteed.

Other initiatives of the Affiliated banks to improve access to financial services by disadvantaged people include most notably the "Tellis Service" by Emil Banca. The Bank, together with the Service & Work Social Cooperative of Ravenna, has implemented and made available, both on its website and in all its branches, an innovative digital interpreting service. The service allows deaf signers, oralists and hearing impaired people to communicate with the Bank through the mediation of LIS (Italian Sign Language) interpreters - professionals connected remotely - guaranteeing deaf people equal communication opportunities with hearing people, both for telephone calls and for reception at the office.

For issues relating to financial education, please refer to the chapter relating to S3 (Actions).

In the establishment of commercial relationships with customers, the Group is committed to respecting and protecting their interests through the implementation of policies and processes in the area of Product Oversight and Governance, i.e. by ensuring compliance, by all Group companies (affiliated banks and direct scope companies that offer banking, financial and insurance products), with specific approval procedures for new products and services (or substantial changes to existing products), new activities, and entry into new markets, preliminarily assessing the markets in which the products will be sold (so-called target markets) and their consistency and adequacy with respect to the regulatory framework and consumer needs. Compliance with these requirements is also guaranteed during the life cycle of products, through monitoring of evidence emerging, for example, from the distribution channels and any customer complaints. Each Group company implements monitoring activities, at least annually, based on the methodology established by the Group Policy, which provides for adequate information flows to the board committees and the Board of Directors, and the contribution of the corporate control functions (in particular, Risk Management and Compliance) where necessary for the assessment of the findings and the consequent remedial actions.

Protection of personal data

As equired by the GDPR, in order to guarantee the effectiveness of the measures designed and implemented by the Group to protect personal information, the risk of breaches of privacy and the impacts of personal data processing are continuously assessed and monitored, according to the methodological manual attached to the Group Policy for the protection of personal data. In relation to the availability of personal information, periodic checks are also carried out on the work of System administrators (also in compliance with the Provision of the

Authority for the Protection of Personal Data of November 27, 2008) through the analysis of access logs. The control activities carried out by the DPO, in collaboration with the other competent functions, are the subject of specific information flows to the board committees and the Board of Directors.

With respect to information security, in line with the relevant Policy and with the current legislation (including Circular 285/2013 of the Bank of Italy), in order to guarantee the effectiveness of the security measures adopted by the Group to protect the integrity and confidentiality of information, the Group continuously assesses the risks arising from external and internal threats and verifies the safeguards designed and implemented.

In 2024, the Group Policy on Information Security was also updated, which describes the main guidelines for preserving the security of information and guaranteeing its protection also in terms of confidentiality, the violation of which is a violation of the Code of Ethics. The Policy, approved by the Board of Directors of the Parent Company and the Group Companies, is subject to ongoing checks as regards its compliance with external regulations (including, in particular, the Bank of Italy circular 285/2013, and the EBA guidelines on "ICT and security risk management").

In line with the provisions of the Bank of Italy Circular 285/2013, the Bank's personnel is subject to annual specific training courses on cybersecurity.

Although it has not set specific measurable objectives in relation to consumer protection issues, the Group regularly monitors the effectiveness of actions planned and undertaken. This monitoring occurs both through the examination of the progress of the planned projects and through structured processes established in each Group company, such as complaint management, which allows for the detection and evaluation of any conduct that does not comply with the values, principles of conduct, ethical and regulatory standards that guide the relationship between the Group companies and their customers.

With regard to operating expenses (OPEX) and (or) capital expenditure (CAPEX) necessary for the management of material impacts and, in general, planned for the implementation of the ESG strategy in the consumer and end-user sector, these do not represent a significant value with respect to the strategic plan as a whole and the Group's capital and financial structure.

GOVERNANCE INFORMATION

ESRS G1 – BUSINESS CONDUCT

The dissemination of corporate culture and ethics to all stakeholders plays a key role in achieving the Group's mutualistic and strategic objectives, enabling a convergence of values and principles that materialize in increasingly virtuous actions and behaviors.

The responsible and sustainable growth of the local area ad communities as per the articles of association, based on the founding principles of cooperation and mutualism, can only be promoted within a framework of principles of correctness and professional ethics defined by the Parent Company and applied to all the activities undertaken by the Group.

The Iccrea Cooperative Banking Group is committed to promoting virtuous conduct both internally and in relations with external stakeholders, within all corporate processes; it defines codes of conduct and policies and process standards consistent with these principles and with applicable standards, with the aim of maintaining and strengthening stakeholder trust and expanding the Group's customer base. To further mitigate the risk of non-compliance with the principles of ethics and conduct and applicable regulations, and related repercussions in terms of operational and reputational risks, processes for assessing and monitoring such risks and the effectiveness of the controls designed and implemented by the Parent Company and each Group Company are envisaged, as well as specific channels for reporting suspected violations, the results and evidence of which are periodically examined by the corporate bodies and Board of Directors. Opportunities for improving the quality of the commercial offering are also identified through the development of solid and transparent relationships with suppliers, based on collaboration with counterparties sharing the same ethical and conduct principles, and, overall, responsibility towards all ESG issues.

THE ROLE OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Group has a sustainability governance system, understood as the integration of ESG (Environmental, Social and Governance) factors into strategies and operational and control processes, which is based on specific centers of responsibility, in order to encourage the involvement of corporate bodies and areas, and taking into primary consideration the objective of creating and distributing value for all stakeholders. All the committees that make up ESG governance work in synergy to ensure effective support for the Board of Directors decision-making and guidance action.

The Board of Directors sets out the Group’s sustainability guidelines and strategies, with specific regard to the objectives of sustainable finance and the integration of environmental, social and governance factors into corporate decision-making processes about the business plan, the risk management and internal control system and remuneration policies. The Board of Directors approves the Sustainability Plan, the Group's policies and guidelines relating to sustainability, and also evaluates and approves the list of material topics identified in the context of the materiality analysis for the definition of the strategic guidelines as well as to the identification of the indicators to be measured in the Sustainability Statement.

The governance structure defined by the Group with regard to ESG issues provides, both at the level of the Parent Company and of the individual bank/company within the management and coordination scope, for the appointment of an ESG Director or ESG Committee, who digital provide advice, analysis and recommendations on sustainability issues; there is also the requirement for at least one of the directors of the Boards of Directors of the Group banks to possess theoretical knowledge and/or practical experience in areas related to environmental, social and governance factors (ESG.

The **ESG Committee** is made up of members chosen from among the members of the Board of Directors possessing knowledge, competence, ability an experience on sustainability issues. The Committee’s main functions includes the appraisal and formulation of opinions regarding:

- sustainability initiatives, objectives, and targets, also preparing proposals for integrating ESG factors in the Group Strategic Plan and monitoring their implementation;
- the Group’s values and ethical approach;
- ESG reporting;

- activities related to bond issues under "Green, Social and Sustainability Bond Framework" and related reporting (Impact Reporting);
- ESG positioning of the Group, also in respect of participation in initiatives and indexes;
- models for the measurement of the social and environmental impact of the initiatives undertaken.

In particular, the ESG Committee operates jointly with the Remuneration Committee and the Risk Committee..

The **Risk Committee** expresses assessments and formulates opinions to the Board of Directors in defining the overall methodological framework for measuring risk, in defining the guidelines for risk control and management systems and in assessing the overall adequacy of such systems.

The **Remuneration Committee** has consultative and proactive functions in matters of remuneration and incentive policies, including ESG incentives. In particular, the Committee

- evaluates the proposal of the competent corporate functions regarding the Group's Remuneration and Incentive Policy and expresses an opinion to the Board of Directors;
- ensures that the Remuneration and Incentive Policy is adequately documented and accessible within the corporate structure, including through the Parent Company's intranet;
- presents proposals to the Board of Directors regarding remuneration to be paid to Directors and Auditors to be submitted to the Parent Company's Shareholders' Meeting and to the members of the corporate bodies of the companies within the direct scope to be approved by the competent bodies of such companies;
- presents proposals to the Board of Directors regarding the remuneration due to Directors invested with particular duties.

CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

The Group is aware of the ethical and legal relevance of issues related to business conduct and has adopted a set of policies and measures aimed at ensuring compliance with the principles of integrity, transparency and accountability. These policies not only aim to prevent illicit behavior, but also to promote a corporate culture that values proper risk management, continuous training and timely reporting of violations. In this context, the Group has implemented reporting mechanisms, impartial investigation procedures, targeted training activities and specific control measures for risk areas.

The Group's **Code of Ethics** is a fundamental pillar for the promotion and maintenance of business conduct based on integrity, transparency and compliance with regulations. The Code establishes clear ethical principles shared by all Group companies, steering the alignment of every business decision and interaction with behaviors respecting human dignity, social responsibility and the interests of all stakeholders. In particular, it defines the guidelines for preventing incidents of corruption, discrimination and conflict of interest, establishing a framework of values that guides daily actions and corporate strategies. Adoption and compliance with the Code of Ethics are essential to ensure that the Group's operations are conducted in compliance with the highest standards of legality and responsibility, thus helping to strengthen the company's reputation and long-term sustainability.

The Group's set of values and behavior described in the Code of Ethics are disseminated to stakeholders through publication on the official website of the Iccrea Cooperative Banking Group within the "Group Ethics and Whistleblowing" section, in the specific sub-section "Group Code of Ethics", and are referred to on the official websites of each Company. They are applicable to the members of the corporate bodies (who exercise the powers of representation, administration, management and control), the staff (top and subordinate), shareholders and customers (where applicable), as well as to Third Party Recipients, such as collaborators in any capacity, subjects who operate for the company responsible for the legal audit of the accounts, consultants, suppliers of goods and services, including professional ones (of the Group and Third Parties), agents, commercial partners and anyone who carries out activities in the name and on behalf of the Company.

In 2022, through a Directive of management and coordination of the Parent Company, the Group Code of Ethics was transmitted for adoption to all the companies of the Iccrea Cooperative Banking Group. In order to guarantee the adoption of homogeneous ethical and good conduct principles, this document was received and independently implemented by the individual Companies of the Group.

The **Organization, Management and Control Model** (MOG 231) adopted by each Group company and published on the Group website, provides for a specific disciplinary system aimed at sanctioning failure to comply with the rules and measures contained in the Model, in compliance with Articles 6 and 7 of Legislative Decree 231/2001. This disciplinary system is designed to ensure that violations of principles, rules and procedures are promptly and adequately addressed, in line with legal, statutory and contractual provisions, respecting workers' rights as provided for by the Workers' Statute and national collective bargaining. Furthermore, the system also provides for sanctions for those who carry out discriminatory or retaliatory acts against reporters (whistleblowers) or for those who submit unfounded reports for intent or gross negligence, in compliance with the legislation on Whistleblowing (Legislative Decree 24/2023). Violations of the Model may involve both top management, such as managers and directors, and employees or other individuals subject to management, supervision or operating in the name and on behalf of the Company.

Each individual company adopts its own Organization, Management and Control Model (MOG 231) and its own disciplinary system through its Board of Directors, ensuring that the policies and procedures are adequate to the specific organizational and operational needs of each entity.

The **General Behavioral Protocols** are documents that illustrate the fundamental contents of Legislative Decree no. 231/2001, the articulation of the components of the Model, as well as the general principles of behavior to which all corporate representatives and collaborators operating in/for the collective entity are subject (both in a top and subordinate position). Each individual company adopts its own MOG 231 through its own Board of Directors.

The **Special Behavioral Protocols** are documents that define the special preventive arrangements and rules of conduct to which those operating in “sensitive” corporate areas are subject, as managers of processes considered potentially exposed to the risk of commission of an offence. These protocols are intended for those who manage such processes and who, therefore, could potentially be involved in the commission of offences listed in Legislative Decree 231/2001. Each individual LE adopts its own special protocols through its own Board of Directors, defining targeted preventive measures appropriate to the structure and specific needs of the individual entity.

The **Offence Risk Mapping Matrix** are summary documents of the potential for commission of the individual offences listed in the catalog referred to in Legislative Decree 231/01. These tools allow to identify and assess the risks of commission of offences within the different business operating areas, contributing to a more effective and targeted management of the risks related to the administrative liability of legal entities. Also in this case, each individual LE adopts its own risk mapping matrix through its own Board of Directors, customizing it according to specific needs.

The Group's **Anti-Bribery Code of Conduct** presents in a detailed manner the Group's commitment to fighting corruption, promoting and disseminating a culture of risk and awareness of the internal control system in place, also through the definition of principles for the identification and prevention of potential behaviors that are generally not in line with the ethical principles promoted and adopted at Group level. In this context, bribery is understood as the offer or acceptance, directly or indirectly, of money or other benefits that are capable of influencing the recipient, in order to induce or reward the performance of a function/activity or the omission of the same. The Anti-Bribery Code of Conduct identifies the Group's key anti-bribery principles (Zero tolerance for corruption; Enhancement of the "G" Governance factor; [96] Commitment against conflicts of interest), as well as the main "sensitive" areas in which corrupt behavior could potentially occur and the related control and behavior measures in place to mitigate potential risks. Furthermore, it encourages the reporting of illicit behavior through specific reporting channels (whistleblowing).

Each violation is investigated and sanctioned in accordance with applicable regulations. The Code is part of the Group's Internal Control System and applies together with the Organization, Management and Control Model (and is aligned with the relevant applicable legislation, i.e. Legislative Decree 231/2001), the Code of Ethics and the Charter of Values of Cooperative Credit, ensuring compliance with the regulations and ethical principles of the company.

The Code is submitted for approval to the Board of Directors of the Parent Company, upon proposal of the Compliance function (which also ensures its updating from time to time) and having heard the opinion of the ESG Committee and the Risk Committee, and is incorporated into the regulations of each Group Company by resolution of their Board of Directors.

The Anti-Corruption Code of Conduct is available to stakeholders through publication on the website of the Group, as well as on the official websites of each Group company, within the section “Group Ethics and Whistleblowing”, in the specific sub-section “Group Anti-Corruption Code”. The Anti-Corruption Code of Conduct is also available to

[96] Dissemination and promotion of the principles of good governance and, in general, sustainability, in line with the principles of the Global Compact promoted by the UN and the objectives for Sustainable Development set out in the 2030 Agenda.

all employees on the intranet of each Group company.

An integral part of the ethical commitments and responsibilities related to the activities defined in the Code of Ethics, and of the mitigation measures against the risk of illicit conduct set out in the Organization, Management and Control Model pursuant to Legislative Decree 231/2001, is the Group's Tax Strategy, available to all stakeholders on the Group's website (section "Corporate Documents"). The document defines the founding principles of the prevention and control system relating to tax offences, including honesty and integrity in the management of tax, with behaviors that comply with tax regulations, disseminating the culture and values of compliance with tax regulations, and transparency and collaboration in managing relations with the tax authority. In this context, the Group has adopted the Tax control Framework, which defines the methods of sound and prudent management of tax, introducing a corporate control system to prevent tax offences. The collaborative compliance regime with the Revenue Agency also includes the adoption of a Code of Conduct that defines the mutual commitments of the Group and the Agency. The responsibility for disseminating the culture and values of compliance is assigned to the Parent Company Tax Organizational Unit, which contributes to the definition of the Tax Strategy together with the Parent Company Board of Directors that approves its contents (applicable to all Group Companies), and of the framework for monitoring and controlling the tax risk to which the Group is exposed, as a specialized regulatory oversight body of the Compliance function. Every year, the Board of Directors examines a summary report that illustrates the results of the checks on the Tax Control Framework and the measures to remedy any deficiencies highlighted by monitoring.

Reporting Mechanisms

Following the issuance of Legislative Decree 24 of 2023, the Group has updated its Policy on the Violation Reporting System (Whistleblowing), in line with the regulatory provisions and the ANAC Guidelines adopted with resolution no. 311 of July 12, 2023. Each Group Company has implemented a dedicated reporting system, aimed at preventing and combating illicit conduct, including violations of the Group's Code of Ethics and Anti-Bribery Code of Conduct. In this regard, specific channels have been set up to guarantee the protection and confidentiality of the subjects involved in the reporting process. To ensure the full effectiveness of this tool, information relating to the channels, procedures and prerequisites for making a report (both internal and external) codified by the Policy, are available to all stakeholders on the institutional websites of the Group Companies, in the "Group Ethics and Whistleblowing" Section and the Group's website, and corporate intranet. Reports may be submitted in writing, via an IT platform by employees or by regular mail by non-employees, and orally, via a voice messaging system or by requesting a face-to-face meeting. The Policy also codifies specific and periodic information flows addressed, in particular, to the Board of Directors (which approves the Policy, after consulting the Supervisory Body and the Risk Committee) and to the Reporting and Violations Committee. The annual report on the correct functioning of the violation reporting system is prepared annually and brought to the attention of the Board of Directors and the Reporting and Violations Committee (and made available to employees after approval), with aggregate information on the results of the activity carried out following the reports.

Investigation procedures

The evaluation of reports regarding business conduct, including those involving corruption, is the responsibility of the Violation Reporting Committee, established at each individual Group Company, which is responsible for ensuring a rapid and impartial analysis of the reported cases. To ensure the transparency and independence of the investigative process, an escalation mechanism has been implemented that assigns responsibilities based on the category and company to which the reported individual belongs. In particular, reports regarding incidents of gender violence, which are also relevant pursuant to Legislative Decree no. 231/2001 as they also constitute a violation of the Group Code of Ethics, are treated specifically. In these cases, the evaluating body is the Gender Equality Steering Committee, if established; in other cases, the responsibility for the evaluation is entrusted to the Supervisory Body 231/01, which assumes the role of evaluator. This system ensures fair and timely management of reports, respecting the principles of impartiality and transparency.

The Manager of the internal system for reporting violations of each Group company draws up the Annual Report on the correct functioning of the Violation Reporting System. This Report contains aggregate information, with no relation to the identity of the subjects involved, on the results of the activity carried out following the reports received for each Company. The Report is made available to employees via the company intranet.

Training Policy on Business Conduct

The Parent Company has defined the mandatory training areas for the Group Companies, with the aim of promoting a corporate culture based on legality and correct conduct. In particular, mandatory training courses have been provided regarding the administrative liability of legal entities (pursuant to Legislative Decree 231/2001) and whistleblowing, intended for all employees, including administrative bodies and new hires. These courses were delivered in e-learning mode to ensure their usability and widespread coverage. Furthermore, during 2024, training was also provided on the phenomenon of corruption at a global level and on the measures adopted by the Iccrea Cooperative Banking Group to combat this phenomenon. The training course was intended for all employees of the Group companies and company representatives, and was delivered both in e-learning mode and in person, to ensure complete and targeted coverage at all company levels.

Furthermore, the Group's Video Pills and Ethical Behavior Maps are available to employees on the company intranet.

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

Functions at Risk of Corruption

The Group firmly rejects all forms of corruption and bribery and is actively committed to its prevention and fight, promoting a culture of risk and widespread awareness of the internal control system in place. This commitment translates into the adoption of principles contained in the Group Code of Ethics and the Group Anti-Bribery Code of Conduct, which establish guidelines to identify and prevent behaviors that do not comply with the ethical standards promoted by the Group. Furthermore, the Organization, Management and Control Models ("MOG 231/01") of each Group Company include periodic assessments on the areas at risk of offence and among these, particular attention is paid to the corporate functions most exposed to the risk of bribery.

The risk-crime mapping matrices developed by the Parent Company identify the following main types of crime:

- embezzlement, also through the profit of others;
- misappropriation of public funds, undue perception of public funds;
- extortion;
- corruption in the exercise of a function;
- corruption to act contrary to official duties;
- corruption in judicial acts;
- undue inducement to provide or promise benefits;
- corruption of a person in charge of a public service;
- incitement to corruption;
- extortion, incitement to give or promise benefits and corruption of members of international organizations.

As regards the functions and subjects potentially involved in corruption events, each Group Company is responsible for their identification based on the results of the risk assessment activities. As recalled in the Risk-Crime Mapping Matrices of the Parent Company's MOG 231, potential functions/subjects at risk are summarised by: (i) the members of the Board of Directors, including the Chairman; (ii) the General Manager; (iii) the Board of Statutory Auditors and the Auditing Firm; (iv) the Chief Compliance Officer and Chief AML Officer Area; (v) some divisions/organisational units of the Chief Business Officer Area; (vi) the Chief Financial Officer Area (Administration and Budget Unit); (vii) some divisions/organisational units of the Credit and Associated Activities Area; (viii) some divisions/organisational units of the Chief Operating Officer Area; (ix) the Group Companies that provide outsourcing services to the Group itself (including the IT outsourcer); (x) the Institutional Communication organizational unit; (xi) consultants, external collaborators, outsourcers and suppliers of goods and services used by individual companies.

Formal internal procedures are a primary and indispensable form of risk management, and the distinctive element in the construction of the MOG. The Anti-Corruption Code of Conduct, as ex-ante risk mitigation control, also defines the principles to set out the framework of policies and process rules governing the activities in which the types of crime could arise, including the management of: (i) relationships with the Supervisory Authorities and Control Bodies; (ii) purchases and relationships with suppliers; (iii) relationships with third-party entities and lobbying activities; (iv) gifts, hospitality, sponsorships and donations; (v) relations with analysts, investors, press and rating agencies; (vi) human resources; (vii) credit and finance; (viii) extraordinary transactions; (ix) relations with customers; (x) complaints and litigation. All (100%) functions at risk at the reporting date, have participated in the mandatory training programs provided by the Parent Company on anti-bribery. Furthermore, each Group company is responsible for ensuring adequate training for its personnel with reference to the "special" component that characterizes its Organization, Management and Control Model.

During 2024, all Group companies adopted their own MOG 231/01 thus completing the process of adopting the Model across all Group companies.

Incidents of corruption and bribery

In 2024, there were no convictions for violations of the laws against corruption and bribery.

CONFIRMED INCIDENTS OF CORRUPTION AND BRIBERY	2024
Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	0
Total number of confirmed incidents of corruption or bribery	0
Total	**0**

No fines were imposed for violations of anti-bribery and anti-corruption laws during the year. There have been no incidents involving contracts with business partners that have been terminated or not renewed due to corruption or bribery-related violations.

MANAGEMENT OF RELATIONS WITH SUPPLIERS AND PAYMENT PRACTICES

In a context where corporate social and environmental responsibility is increasingly relevant, supplier policies must ensure that companies operate ethically and responsibly throughout the supply chain. This involves not only compliance with local and international regulations, but also the adoption of practices that promote respect for human rights, environmental protection, the promotion of decent working conditions and the fight against corruption. Policies in this area must include, among others, monitoring and evaluation tools, to ensure that suppliers comply with corporate sustainability standards and to encourage continuous improvement of ESG (environmental, social and governance) performance throughout the supply chain.

Code of Ethics and Charter of Commitments on Human Rights

The Group is committed to promoting sustainable behaviors along its supply chain, respecting applicable laws and regulations, as indicated in the Group Code of Ethics and in the Charter of Commitments on Human Rights. In particular, suppliers selection and management processes comply with the principles of fairness, transparency and reliability, as set out in the Code of Ethics. The choice of suppliers is made through clear, transparent, non-discriminatory processes and based on a technical and economic evaluation, with particular attention to the reliability and quality of offered services. Furthermore, the Group requires its suppliers to adopt practices that respect workers' rights, ensuring non-discrimination, safety at work, and combating child and forced labor, as established by the Charter of Commitments on Human Rights. All commercial relationships with suppliers must be governed by clear and transparent contracts, in line with the principles of fairness and commercial correctness set out in the Code of Ethics, with compensation commensurate with the quantity and quality of supplies. In any case, the Group avoids having relationships with suppliers that may be involved in illicit activities, such as money laundering or terrorist financing, or that do not meet the necessary requirements of seriousness and commercial correctness, as outlined in both documents.

The ethical and regulatory principles that govern relationships with suppliers also includes MOG 231 and policies and processes that regulate outsourcing.

For the discussion of other policies, please refer to the chapter relating to ESRS S2.

The Group has implemented an ESG assessment system for suppliers through the SAP Ariba management system, with the aim of monitoring and qualifying suppliers based on ESG principles. The main requirements include: identification of suppliers, collection of additional data, classification by size and risk, automated sending of ESG questionnaires, calculation of ESG scores for monitoring reporting. This system aims to optimize the sustainability of the supply chain and ensure compliance with ESG regulations.

In parallel, an ESG questionnaire for suppliers was launched, exploring issues such as the presence of dedicated sustainability structures, transition targets, risk management policies, diversity, and environmental impacts. The survey collects data to evaluate suppliers' approach to sustainability, promoting a responsible supply chain aligned with global standards. For a more in-depth discussion of these initiatives, please refer to the chapter on ESRS S2.

Payment practices

The mutual banks payment practices are regulated by internal processes structured to avoid delays. Most mutual banks adopt the SAP system to monitor and manage the payment schedule, with frequent (daily or weekly) checks to ensure compliance with deadlines. In particular, the management of invoices is automated through SAP, which allows monitoring and checking deadlines, while payments are generally made by bank transfer, after checking the authorized invoices. Among the main practices to avoid delays are the use of internal workflows that map the entire approval cycle (from receiving the order to recording the invoice and payment) and a constant comparison between the invoices to be received and those recorded in the system. Furthermore, some mutual banks have formalized these procedures in internal regulatory documents, such as regulations or process standards, which govern each phase of the passive cycle, from the request for supply to the final payment. These policies are typically monitored by specific managers, such as administration or payment coordinators, and by tools such as the company intranet and periodic reports.

The table below shows the average payment time expressed in days, calculated as the difference between the invoice payment date and the invoice issue date for all invoices paid in 2024, divided by the total number of invoices.

PAYMENT TERMS	**2024**
Average time to pay an invoice (days)	20

The management of payment terms is entrusted to each Group company, which agrees payment terms from time to time with its suppliers. Therefore, it is not possible to identify "standard" payment terms applied to suppliers or to certain categories of suppliers.

NUMBER OF LEGAL PROCEEDINGS CURRENTLY OUTSTANDING FOR LATE PAYMENTS	**2024**
Number of outstanding legal proceedings for late payments	0
Total	**0**

The Group, in line with the standard terms provided by national legislation, pays invoices with an average time of 20 days. At this reporting date, there are no significant pending legal proceedings due to payment delays.

9. INTERNAL CAPITAL AND LIQUIDITY ADEQUACY ASSESSMENT PROCESS

The ICAAP and ILAAP processes have been implemented in all their respective phases - i.e. risk identification, risk measurement and assessment in both baseline and adverse scenarios, self-assessment, etc. – and providing for the assessment and certification of capital adequacy (Capital Adequacy Statement - CAS) and liquidity adequacy (Liquidity Adequacy Statement - LAS) of the Group.

The analyses conducted to assess adequacy were developed in line with system expectations for ICAAP/ILAAP packages for SREP 2024 purposes transmitted by the ECB on January 30, 2024 to all bank/banking groups subject to the Single Supervisory Mechanism (SSM)[97] and with the other specific requests/expectations communicated by the supervisory authorities.

The results of the analyses and assessments conducted were formalized in the Group "ICAAP and ILAAP package", submitted to the supervisory authorities at the end of March 2024.

At the consolidated level, the assessments conducted within the 2024 ICAAP in the various perspectives considered (regulatory/internal and economic) showed full compliance with overall capital adequacy requirements over the entire time horizon of the baseline scenario.

With regard to the regulatory/internal rules perspective:

- The CET1 ratio, Tier 1 ratio and Total Capital ratio are positioned stably above the thresholds established at the regulatory level and in the main risk governance processes (i.e. Risk Tolerance and Risk Capacity), with substantial capital buffers over the entire time horizon considered. In particular, the analyses show that at the end of 2026:
- for the CET 1 ratio, the capital buffer over OCR+P2G stands at around €9.6 billion, while the capital buffer with respect to the Risk Tolerance threshold is equal to about €7.8 billion;
- for the Tier 1 ratio, the capital buffer over OCR+P2G stands at around €8.2 billion, while the capital buffer with respect to the Risk Tolerance threshold is equal to about €6.7 billion;
- for the Total Capital ratio, the capital buffer over OCR+P2G stands at around €6.6 billion, while the capital buffer with respect to the Risk Tolerance threshold is equal to about €5.6 billion;
- the leverage ratio is positioned stably above the thresholds envisaged at the regulatory and management levels, with sizeable buffers over the horizon considered. More specifically, the analyses performed showed that at the end of 2026, in the baseline scenario, the capital buffer over the minimum regulatory requirement stood at about €11.7 billion, while the capital buffer with respect to the Risk Tolerance threshold is equal to about €9.2 billion;
- the regulatory MREL indicators (MREL and MREL subordinated calculated on the basis of overall risk exposures and overall leverage exposures), are positioned - over the entire time horizon considered - above the targets set both in the Funding Plan 2024-26 and the levels provided for in the main risk governance processes (i.e. Risk Tolerance and Risk Capacity).

With regard to the economic perspective, the key indicator (Risk Bearing Capacity)[98] shows that our capital determined on a going concern basis is amply sufficient to absorb potential unexpected losses on the Group's exposures. In particular,

- at the point in time date of December 31, 2023, the analyses conducted show that the indicator stands at 191.0%,giving a capital buffer of about €5.9 billion, to cover potential unexpected losses on the Group's exposures;
- over the lifetime of the plan (baseline scenario) the Group complies with capital requirements, with an estimated RTC ratio above the management threshold. Specifically, the ratio is equal to 243.6% in 2026, giving a capital buffer of about €9.2 billion, to cover potential unexpected losses on the Group's exposures.

The assessments conducted using the integrated approach between the various perspectives in adverse

[97] ECB Explanatory Note on ICAAP and ILAAP and on the transmission of related files

[98] The ratio between the amount of capital readily available to absorb unexpected losses while preserving business continuity (Total Capital) and the value of the Total Internal Capital estimated internally on all relevant measurable risks of both the first and second pillars aggregated through a "building block" approach. The relative value is compared with the management threshold of 100%.

conditions showed full compliance with overall capital adequacy requirements at the consolidated level over the entire time horizon. In particular, having the Group adopted sufficiently severe but plausible adverse scenarios that could determine a significant deterioration of the capital profile, with reference to the Regulatory/Internal Regulatory Perspective:

- the CET1 ratio, Tier 1 ratio and Total Capital ratio, in the time horizon considered, are at levels higher than the thresholds set both at regulatory level and in the main risk governance processes (i.e. Risk Tolerance and Risk Capacity). In particular, the analyses conducted show that at the end of 2026:
- for the CET 1 ratio, the capital buffer over OCR+P2G stands at around €7.0 billion, while the capital buffer with respect to the Risk Tolerance threshold is equal to about €5.1 billion;
- for the Tier 1 ratio, the capital buffer over OCR+P2G stands at around €5.6 billion, while the capital buffer with respect to the Risk Tolerance threshold is equal to about €4.1 billion;
- for the Total Capital ratio, the capital buffer over OCR+P2G stands at around €4.0 billion, while the capital buffer with respect to the Risk Tolerance threshold is equal to about €3.0 billion;
- the leverage ratio indicator exceeds regulatory and management thresholds even in adverse scenario.

With regard to the economic perspective, including in adverse conditions, the Group complies with capital requirements, with an estimated RTC ratio above the management threshold. Specifically, the ratio is equal to 179.1% in 2026, giving a capital buffer of about €5.7 billion to cover potential unexpected losses on the Group's exposures.

The assessments conducted for the ILAAP showed that for the entire time horizon the overall liquidity profile of the Group is adequate in the short and medium-long term, taking into consideration both normal operating conditions and adverse conditions. In particular, the estimated evolution of the LCR and NSFR indicators over the period of the plan did not reveal any critical issues in terms of the adequacy of the operational and structural liquidity profiles, as:

- in the baseline scenario, the LCR and NSFR indicators exceed the regulatory and management thresholds (i.e. Risk Tolerance and Risk Capacity) over the time horizon considered. More specifically, the analyses show that at the end of 2026 the LCR stands at 213% and the NSFR at 154%;
- in the stress scenario, given the adoption by the Group of sufficiently severe but plausible adverse scenarios, which could produce a significant deterioration in its liquidity position, the LCR exceeds the regulatory levels and maximum risk allowed over the time horizon considered, standing at 141% at the end of 2026. The NSFR exceeds the regulatory and management levels (i.e. Risk Tolerance and Risk Capacity) over the time horizon considered, standing at 140% at the end of 2026.

10. RISKS AND UNCERTAINTIES

The geopolitical environment appears uncertain, and geopolitical and economic scenarios are more confusing every day, reflecting the extreme volatility shown since the inauguration by the new US President, the ongoing conflicts in the Middle East and Ukraine (likely to cause interruptions in energy supplies and further weigh on international trade), uncertainties connected to political balance in Europea and possible tensions in Asia. The risk of negative economic consequences has definitely increased in recent months.

The outcomes of several European elections (in France, Germany and Austria) seem to be harbingers of tensions and delays that are making the path of the new legislature difficult. The agenda of the new Commission is not yet clear and the reception to the Draghi Report, providing directives in particular in the economic field, suggests a difficult implementation process.

Protectionist policies have been announced and then put off and even withdrawn by President Trump in the United States. All this has triggered a potential spiral of tightening of tariffs to protect national production

In strictly economic terms, these risk factors impact, in the short term, on commodity prices - oil first and foremost - and the continuity of global value chains, while in the medium term, can slow down global trade, both in goods and capital, making it difficult to address the reduction of public debt and at the same time the need to increase investments.

With reference to monetary policies, as already anticipated, the European Central Bank started a gradual reduction in official rates in June, reflecting the progress achieved in the fight against inflation. Looking ahead, the fight against inflation cannot be considered over yet and it will be essential to monitor all the factors that could hinder the return to the 2% target. Monetary policy decisions will have to balance the weakness of the European economy and geopolitical tensions (which are holding back consumption and investment, helping to contain inflation) against the increasing uncertainty - due above all to the contradictory announcements on the trade policies of the United States - which requires caution in the easing path of official rates..

Expectations of a "soft landing" for the global economy are confirmed, with GDP growth slowing in the main world areas. In the European Union, economic activity is affected by structural difficulties in the manufacturing sectors, combined with a decrease margin for fiscal stimulus.

Italian GDP continues to grow at moderate pace, but future developments of the economy remain uncertain considering the end of the Superbonus, the restoration of fiscal rules and the repercussions of the difficulties of German industry.

During the year, the euro area saw a decrease in risk-free rates in the very short-term segment, against an increase in the medium-long term segment, accompanied by a rise in credit spreads of American and European government bonds, in particular Italian.

The systemic phenomena which have impacted risk-free rates and are expected to generate further instability have affected interest rate risk. In this environment, the Group's objective is to minimize the risk of losses of economic value on the banking book caused by potential adverse changes in risk-free rates, together with balance sheet dynamics.

With regard to credit risk, while economic developments during the year caused a slight deterioration in credit quality, which could persist and deteriorate further in light of the uncertainties previously discussed, methodological changes were carried out by the Group in order to introduce additional precautionary measures (overlays). The estimation of out-of-model overlays is intended to incorporate a greater level of prudence for sub-portfolios that could see their creditworthiness deteriorate in the event of further macroeconomic shocks.

With regard to climate-related and environmental risks, in November 2020 the ECB published its Guidelines, outlining expectations regarding the prudent management of these risks. The document provides guidance on how financial institutions should integrate them into corporate strategies, governance models and reporting systems. To align with these expectations, the Group has launched a broad program to integrate climate and environmental risks into its risk governance and risk management frameworks. This path, structured on a gradual implementation timeframe, aims to include environmental risk factors in overall risk management, as they are potential elements of impact on business sustainability, credit quality, profitability and reputational profile. Furthermore, the Group carefully considers risks related to business conduct and corporate governance, which could translate into legal and compliance implications..

The approach adopted involves collaboration between the various corporate functions to ensure a structured and coordinated analysis of the risks and opportunities associated with climate change. The objective is to integrate these factors into the risk identification, assessment and monitoring processes, credit strategies and commercial offerings.

The Group is therefore committed to considering climate-related impacts in its strategic decision-making processes, with the aim of fully integrating them into risk management models. This strategy is aimed at ensuring greater resilience and preserving a sustainable risk profile in the long term.

Climate change-related risks to can be divided into two large categories: climate-related risks and environmental risks:

- Climate-related risks identify the potential economic loss that an undertaking may incur, directly or indirectly, as a result of the transition process towards a low-carbon and more sustainable economy in terms of the counterparties in the portfolio, together with damages related to climate change and the related impact on the territory.
- Environmental risks identify the potential economic loss that an undertaking may incur, directly or indirectly, as a result of the industry potential impacts and dependencies on changes in ecosystems and the related biodiversity loss, pollution (linked to emissions and the waste cycle) and the virtuous management of water resources.

The definition of climate-related and environmental risks therefore includes:

- the physical risk, referring to the financial impact of climate change, including increasingly frequent extreme weather events and gradual changes in climate, as well as environmental degradation, such as air, water and soil pollution, water stress, loss of biodiversity and deforestation. Physical risk is classified as “acute” if caused by extreme events such as droughts, floods and storms, and “chronic” if caused by progressive changes such as rising temperatures, rising sea levels, water stress, loss of biodiversity, destruction of habitats and scarcity of resources. This risk can directly lead to, for example, material damage or a decline in productivity, or indirectly to subsequent events such as the disruption of production chains.
- the transition risk, referring to the financial loss that an entity may incur, directly or indirectly, as a result of the process of adjusting to a low-carbon and more environmentally sustainable economy. This situation could be caused, for example, by the relatively sudden adoption of climate and environmental policies, technological progress or changing market confidence and preferences.

During the year, the effort continued for an overall upgrade of the methodological framework underlying the assessment of the materiality of climate-related and environmental risks on traditional banking risks (CEMA). This assessment, conducted on an annual basis, is formalized in a specific document submitted, in its consolidated version, to the attention of the corporate bodies of the Parent Company and, in a separate version, to the Group Companies.

The Group's approach to integrating climate-related and environmental risks into the risk management framework is structured on the following steps:

- identification of the taxonomy on Climate-related & Environmental (C&E) risks. The activity involved the development of a C&E taxonomy and the identification of the main drivers of transition and physical risk, both climatic and environmental;
- identification of the transmission channels and related time horizon, defining transmission channels through the qualitative description of the C&E risks and related impact propagation on the time horizon to the risks relevant to the Bank;
- assessment of the materiality of C&E risks; materiality assessment analyses were carried out for all types of climate-related and environmental risk relevant to the Group, measuring the impact of these risks on traditional risks
- Within this constantly evolving and complex environment, the Group - which is facing this economic situation with more than adequate capital and a robust liquidity position - appears to be fully capable of ensuring compliance with regulatory requirements and the more stringent limits that have been set internally.

- The risks and uncertainties are also subject to constant observation through our framework of risk policies, the updating of these policies, and monitoring efforts aimed at verifying their implementation and adequacy. Moreover, the Group is paying close attention to the timely assessment and adoption of measures to contain the potential impact of the various risks and uncertainties on our operations and to the consequent adaptation of strategies as the current landscape evolves.

More detailed information on risks in general, and on financial risks (credit risk and market risk) and operational risks more specifically, is provided in the relevant sections of Part E of the explanatory notes.

As regards capital soundness, more information is provided in the section specifically dedicated to capital and capital adequacy. Additional details are also provided in conjunction with updates to the Disclosure to the Public under Third Pillar of Basel 3 at consolidated level, published by the Parent Company Iccrea Banca SpA on the Group's institutional website.

11. SUBSEQUENT EVENTS

Mergers and corporate reorganization

With a notice of September 24, 2024, the ECB authorized the partial non-proportional demerger of Banca di Pisa e Fornacette Credito Cooperativo by dividing the business assets in three pools, and identification of the main share to be broken down into two pools (each consisting of assets, liabilities and equity, customers and partners) with subsequent acquisition of the two pools by Banca di Pescia e Cascina Credito Cooperativo and Banco Fiorentino – Mugello Impruneta Signa - Credito Cooperativo. The residual share of business assets (assets, liabilities, equity and a sole financial partner) will be assigned to Banca di Pisa e Fornacette Credito Cooperativo and liquidated by voluntary dissolution pursuant to art. 96 quinquies of Legislative Decree 385/1993 (the Consolidated Banking Act).

The partial non-proportional demerger of Banca di Pisa e Fornacette Credito Cooperativo took legal effect as from February 17, 2025 as regards the pool transferred to Banco Fiorentino – Mugello Impruneta Signa -Credito Cooperativo and from February 24, 2025 for the pool transferred to Banca di Pescia e Cascina Credito Cooperativo.

Moreover, on February 25, 2025 the ECB authorized the merger of Cassa Rurale - Banca di Credito Cooperativo di Treviglio into Banca di Credito Cooperativo di Carate Brianza - Società Cooperativa. The merger is expected to take effect in the second quarter of 2025.

Sale of BCC Pos

On February 28, 2025 the sale of the 100% stake held in BCC POS to Numia was finalized.

Revision of organizational structure

In January 2025, a number of changes in the organizational structure of the Parent Company were finalized, aimed at further strengthening the ability to respond to the industry challenges, enhancing managerial resources and internal skills.

The most significant interventions include:

- review of the CFO Area mission, to transfer to its scope of responsibility the Group-wide supervision of the processes for defining and monitoring sustainability strategies and the integration of ESG factors into corporate processes, as well as the related internal and external reporting activities;
- establishment of a new organizational structure within the COO Area, called AI Strategy and Process Innovation, responsible for ensuring the governance of all issues related to AI technologies, reengineering and automation;
- within the Chief Business Officer Area, an intervention to strengthen the governance in the field of Product Oversight Governance (hereinafter “POG”) with reference to non-financial banking and insurance products through the establishment of a Group-wide supervision within the Commercial Planning and Coordination hub.

12. OTHER SIGNIFICANT INFORMATION

Treasury shares

At December 31, 2024 Iccrea Banca SpA did not hold any treasury shares.

Iccrea rating

Following the annual review of their ratings, the rating agencies have increased those for the Parent Company and the Group. More specifically:

- on January 24, 2024, Fitch Ratings improved Iccrea Banca's and the Group's ratings to "investment grade", raising its rating of the medium/long-term debt to "BBB-" from "BB+" with a "stable" outlook. The rating of short-term debt also improved to "F3" from "B";
- on February 22, 2024, S&P Global Rating improved Iccrea Banca's and the Group's ratings to "investment grade", raising its rating of the medium/long-term debt to "BBB-" from "BB+" with a "stable" outlook. The rating of short-term debt also improved to "A-3" from "B";
- on June 18, 2024 S&P Global Ratings improved Iccrea Banca's outlook from stable to positive with a rating of "BBB-/A-3":
- on October 21, 2024 Morningstar DBRS improved Iccrea Banca's rating for long-term debt to BBB from BBB (low) and for short-term debt to R-2 (high) from R-2 (middle). The trend is stable for all ratings;
- on December 19, 2024, Fitch Ratings confirmed Iccrea Banca's and the Group ratings, for long-term debt (at "BBB-"), short-term debt (at "F3") and viability rating (at "bbb-") revising the outlook from stable to positive.

These increases reflect the significant improvement in the Group's asset quality (thanks to the implementation of the risk reduction strategy and NPE disposal plan), the solid capital and liquidity position as well as the progress achieved in improving the operating and business model.

The Group is therefore rated "investment grade" by all the agencies that express a rating on the matter: S&P Global Ratings, DBRS Morningstar and Fitch Ratings.

Guarantee Scheme resources

At least annually, the Board of Directors of the Parent Company, in application of the provisions of Annex 3 of the Cohesion Contract and the Group Policy on the Cross-Guarantee Scheme, approves: i) the results of the stress test exercise conducted for the participating banks in order to determine the RAFs; and ii) the relative shares pertaining to the banks.

The figures for the RAFs for 2024 revealed the following estimates:

a) Ex Ante Quota of €330 million;

b) Ex Post Quota of €330 million.

The resources of the Ex Ante Quota are invested in liquid and enforceable assets, in accordance with the prescriptions, limits and requirements set out in the Investment Policy. The financial resources constituting the Ex Ante Quota of the RAFs are invested in readily convertible instruments, with a limited risk profile and sufficiently diversified in order to pursue the objective of capital conservation and ready availability.

Transactions with related parties

Group policy for the management of conflicts of interest and transactions with related parties governs the management of conflicts of interest in respect of transactions with related parties, decisions within the scope of application of Article 136 of the Consolidated Banking Act and Article 2391 of the Italian Civil Code, loans granted to company officers and their related parties pursuant to Article 88 of the CRD-V Directive, transactions whose counterparties are senior personnel and, where applicable, conflicts of interest connected with the application of the Early Warning System. The policy establishes the responsibilities of the companies subject to the management and coordination of the Parent Company, creating management arrangements consistent with the regulations established by the Bank of Italy while at the same time serving the Group's organizational and corporate structure.

With particular regard to transactions with connected parties, the policy underscores the obligation to comply with the limits on exposures to connected parties established in banking supervisory regulations and lays down specific evaluation, decision-making and reporting procedures that involve, where necessary, the TCP committees set up within the companies of the banking group.

In addition, decision–making procedures have been tailored to the risk level of the transactions involved. Since the materiality threshold envisaged under supervisory regulations is 5% of consolidated own funds, a lower threshold, equal to 5% of the individual own funds of the Bank, has been established to identify significant-value transactions of lesser importance for which the enhanced decision-making process should be activated.

In order to streamline the procedures for low-risk transactions, the Policy fully exempts certain operations from the decision-making and disclosure procedures, including the low-value transactions, transactions connected with guarantee interventions, the centralization agreements between the affiliate banks and the Parent Company and the intercompany service agreements governed by the Group rules if their value classifies them as being of lesser importance. Although the materiality threshold would be €1 million on the basis of the applicable legislation for all entities of the ICBG, lower thresholds have been set in relation to the type of company and the amount of own funds.

During the period, there were no transactions with connecting parties approved by the deliberating body despite an adverse opinion of the TCP Committee.

In order to strengthen the oversight of this type of transaction and ensure the continuous monitoring of developments and the total value of exposures in relation to the limits established by the Parent Company - on the occasion of the annual update of the Group Risk Appetite Statement - the scope of the indicators included therein was expanded by introducing, among others, an indicator measuring exposures to related parties and connected parties, operationally implemented at both a consolidated level and the individual level of the Group banks.

The results of the monitoring activities are included in the periodic reporting to the corporate bodies produced for RAF/RAS purposes on a quarterly basis.

As far as transactions with related parties are concerned, during the period no positions associated with atypical or unusual transactions whose significance or scale might have raised concerns about the integrity of the company's financial position were undertaken.

Part H – "Transactions with related parties" in the notes to the financial statements provides information on the remuneration paid to key management personnel and loans and guarantees granted, in compliance with Article 136 of the Consolidated Banking Act.

Disclosures on business continuity, financial risks, verification of impairment of assets and uncertainty in the use of estimates

As better specified in Part A of the Notes, these consolidated financial statements have been prepared on a going-concern basis. In this regard, the Directors are not aware of any significant uncertainties, events or conditions that could warrant serious concern about the Group's ability to continue to operate as a going concern in the foreseeable future.

For more information on financial risks, verification of impairment of assets and uncertainties in the use of estimates, please see the details provided in this report on operational performance and/or in the specific sections of the notes to the financial statements.

Main characteristics of the risk management and internal control systems with regard to the financial reporting process (Article 123-bis, paragraph 2, letter b) of the Consolidated Law on Financial Intermediation (TUF) and voluntary establishment of the Financial Reporting Officer (art. 154-bis of TUF)

The control activities and processes relating to the generation of the information required for the preparation of the financial reports (annual and interim financial statements) are an integral part of the Bank's general control system for managing risks. While noting that no internal control system can entirely eliminate the risks of error or fraud, but can only measure those risks and lessen the likelihood of occurrence and mitigate the effects, these features seek to provide a reasonable guarantee of the reliability, accuracy and timeliness of financial reporting.

The control system is based upon two primary guidelines:

- the information on transactions handled by different subsystems is entered in the accounting system. The line control processes are therefore incorporated either within IT and transaction management procedures or assigned to specially-formed units. Organizational procedures assign the duties of verifying the accounting records to the heads of the organizational units. Second-level controls are performed by the organizational unit responsible for managing the general accounts and preparing the annual and interim reports. Controls are performed daily, weekly or monthly depending upon the type and frequency of the transactions processed;
- the valuation components that have the greatest impact on the financial statements are delegated to specialized units. The data relating to the fair value of balance sheet items, in addition to those for hedging relationships and the related effectiveness tests, are supplied by specialized structures equipped with appropriate calculation tools. The data are then re-examined by the appropriate units of the Parent Company. Data concerning the classification and measurement of non-performing loans are provided by highly specialized, appropriately separated structures that operate on the basis of detailed procedures approved by the Board of Directors.

The annual consolidated and interim financial statements are audited by Forvis Mazars SpA which also conducted an accounting review pursuant to Article 14 of Legislative Decree 39/2010.

As anticipated in the section on significant events, with the aim of further strengthening the control over the system of internal controls relevant on individual and consolidated financial reporting, Iccrea Banca voluntarily appointed the officer in charge of preparing corporate accounting documents (the Financial Reporting officer, FRO), a position introduced by Law 262/2005 and regulated by the Consolidated Finance Act. The FRO exercises governance, supervision and coordination functions over the entire corporate accounting and reporting process, and has the responsibility of controlling and documenting the procedures and of the Group internal and external communication.

With regard to the supervision and control functions, the FRO:

- certifies, together with the CEO, the appropriateness and the effective adoption of the administrative and accounting procedures for the preparation of the separate financial statements of the Parent Company Iccrea Banca and the consolidated financial statements, pursuant to Art. 154-bis TUF, paragraph 5, as well as that these documents are compliant with international accounting standards, correspond to the information in the books and other accounting records, and provide a true and fair representation of the financial position, financial performance and cash flows, and a reliable analysis of operations and performance, with a description of the main risks and uncertainties to which the Group is exposed;
- certifies, pursuant to the provisions of Article 154-*bis*, paragraph 5-*ter*, of the TUF, that the consolidated sustainability statement, included in the Report on Operations was prepared in compliance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013 and Legislative Decree adopted in application of Art. 13 of Law 15 of February 21, 2024, and with the specifications adopted pursuant to Art. 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council, of June 18, 2020;
- certifies the conformity of the documents and communications disclosed to the market against documents results, books and accounting records, pursuant to art. 154-bis TUF, paragraph 2.

The affiliated mutual banks and direct scope companies carrying out compliance checks on operations and representing the first organizational control over the working the internal control system are involved proportionally, according to a risk-based approach.

With regard to the "Transparency Directive", the Parent Company has chosen Luxembourg as its home member state, as the majority of securities issues are concentrated on this stock exchange.

Outlook

The macroeconomic environment, which is still impacted by geopolitical tensions, remains uncertain and complex, providing important and new challenges for financial intermediaries.

Financial intermediaries will in fact have to work in an environment of decreasing market rates, following monetary policy easing interventions which are expected to continue in the next period.

The financial wealth of households, significantly increasing in 2024, is expected to grow at more moderate rates, accompanied by a change in the composition of portfolios towards more profitable investment products, and a more central role of asset management.

Bank revenues, still very positive in 2024, should suffer a reduction conditioned by the decrease in interest margin only partially offset by the increase in commission revenues. Special attention will have to be paid to pressures on operating costs in particular as a result of the need for increasing investments in technology and human capital to continue the digital and green transitions. In general, efficiency improvements remain crucial for the banking sector.

In that context, the Group:

- confirms the strategic importance of credit quality monitoring activities, which will be pursued by lending further impetus to managing and recovering impaired positions and continuing the use of disposals of portions of the non-performing portfolio, with the goal of further improving asset quality indicators;
- will continue to implement actions to ensure growth and medium-term sustainability of profitability: the latter will continue to be driven by initiatives to expand net fee and commission income, supported by the partnerships already in place, and contain costs, also implementing specific efficiency enhancement measures already initiated and progressing on the actions taken to rationalize the branch network and the direct scope companies ;
- will continue to strengthen its capital position and issue financial instruments designed to ensure compliance with MREL and liquidity requirements with an appropriate margin of safety.

ATTACHMENT 1 - RECONCILIATION OF EQUITY AND NET PROFIT OF THE PARENT COMPANY WITH GROUP EQUITY AND NET PROFIT

	SHARE CAPITAL	RESERVES	VALUTATION RESERVES	EQUITY INSTRUMENTS	NET PROFIT	SHAREHOLDERS' EQUITY
Iccrea Banca SpA Financial Statements	**1,401,045**	**790,196**	**56,776**	**-**	**78,749**	**2,326,766**
Financial statements of fully consolidated company	1,004,950	11,875,817	156,010	30,139	2,039,086	15,106,002
Financial statements of companies accounted for using equity method		35,316	8,323		(5,199)	38,440
Elimination of Group company dividends		47,713			(47,713)	-
Adjustment of intercompany writedowns (revaluations)		159,548				159,548
Goodwill		15,426				15,426
Other consolidation adjustments	(113,550)	(1,612,570)	(19,818)		(34,336)	(1,780,274)
Consolidated shareholders' equity	**2,300,590**	**11,315,564**	**201,307**	**30,139**	**2,030,145**	**15,877,745**
Non-controlling interests	**8,145**	**4,118**	**16**		**- 442**	**11,837**
Group shareholders' equity	**2,292,445**	**11,311,446**	**201,291**	**30,139**	**2,030,587**	**15,865,908**

ATTACHMENT 2 - ALTERNATIVE PERFORMANCE MEASURES

Pursuant to Article 16 of Regulation (EU) 1095/2010, the European Securities and Markets Authority (ESMA) has issued a series of guidelines on the criteria for the presentation of Alternative Performance Measures (APMs). APMs are defined as indicators of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The APMs are generally derived (or are based) on the financial statements prepared in accordance with the applicable financial reporting framework. This type of measure is included by European issuers in their regulated information, therefore including the Report on Operations, when these measures are not defined or provided for by the financial reporting framework. These guidelines are intended to promote the usefulness and transparency of the APMs, in such a way as to adopt a common approach to the use of these measures, with improvements in terms of comparability, reliability and understandability and consequent benefits for the users of financial information.

Measures published in application of prudential rules, including the measures specified in the Regulation and the Directive on capital requirements (CRR/CRD IV), physical or non-financial indicators, and social and environmental indicators are not strictly included in the definition of APM.

Iccrea Banca draws up its consolidated financial statements, in application of Legislative Decree 38 of February 28, 2005, in accordance with the IAS/IFRS accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, as established by Regulation (EC) no. 1606 of July 19, 2002, using the formats and rules envisaged by Circular no. 262 of December 22, 2005 “Bank financial statements: formats and rules of compilation” as detailed in Part A of the notes to the financial statements.

Iccrea Banca uses Alternative Performance Measures (APMs), determined in accordance with the aforementioned ESMA guidelines, with the aim of providing a faithful representation of the financial information disclosed to the market in terms of profit or loss, financial position and performance obtained, and which represent useful metrics for investors to facilitate their understanding of developments in performance and financial position.

In addition to being widely used in banking and finance, the APMs selected by Iccrea Banca are considered key factors by management in its decision-making at both the operational and strategic level.

The values for the measures can be reconciled with these financial statements for the purposes of the associated measures defined under the IFRS. For each published measure, the corresponding value for the comparative period is also provided, appropriately restated to ensure a uniform comparison where the restatement is necessary and of a material amount.

Note that the Alternative Performance Measures represent supplementary information with respect to the measures defined in the IFRS and are in no way a substitute for the latter.

Structural indicators

- Loans to customers: the aggregate includes loans to customers recognized as financial assets measured at amortized cost, net of exposures represented by securities.
- Total direct funding from ordinary customers: the aggregate includes outstanding debt securities, current accounts, deposits and other liabilities recognized as liabilities measured at amortized cost relating to funding from ordinary customers, with the exception of the sub-item financing.
- Net loans to customers at amortized cost/Total assets: the measure compares loans to customers at amortized cost with total balance sheet assets. For a definition of the “loans to customers” aggregate, please see the foregoing.
- Direct funding from customers/Total liabilities: the measure is the amount of total direct funding from ordinary customers as a proportion of total balance sheet liabilities. For a definition of “direct funding from customers” aggregate, please see the foregoing.
- Loan to deposit ratio: a measure of loans to customers at amortized cost as a proportion direct funding from customers, which includes amounts due to customers and outstanding securities, and provides summary information on liquidity.

Profitability measures

- ROE - Return On Equity: the measure is calculated as the ratio between net profit and shareholders' equity and expresses the profitability generated by available equity.
- ROTE - Return On Tangible Equity: the measure is calculated as the ratio between net profit and tangible equity.[99]
- ROA - Return On Assets: the measure is calculated as the ratio between net profit and total assets and provides an indication of the profitability of company assets.
- Cost/Income Ratio: the measure is calculated as the ratio between operating costs and gross income and provides an indication of the efficiency of operations.

Risk measures

- Net bad loans/Loans to customers at amortized cost: the measure is calculated as the ratio between bad loans and total loans to customers. For a definition of the loans to customers aggregate, please see the foregoing.
- Impairment losses on bad loans/Gross bad loans: the measure is calculated as the ratio between total impairment losses accumulated on bad loans to customers and the amount of bad loans to customers, gross of the associated accumulated impairment losses. It provides an indication of the coverage level for bad loans. For a definition of the loans to customers aggregate, please see the foregoing.
- Net NPL Ratio (Net non-performing loans/Net loans to customers at amortized cost): the measure is calculated as the ratio between non-performing loans to customers net of the associated accumulated impairment losses and total net loans to customers. It provides an indication of the quality of the loan portfolio. For a definition of the loans to customers aggregate, please see the foregoing.
- Net UTP/Net loans to customers at amortized cost: the measure is calculated as the ratio between unlikely to pay loans to and total loans to customers. For a definition of the loans to customers aggregate, please see the foregoing.
- Impairment losses on gross UTP/UTP: the measure is calculated as the ratio between total accumulated impairment losses on unlikely to pay loans to customers and unlikely to pay loans to customers gross of the associated accumulated impairment losses. It provides an indication of the coverage level for unlikely to pay positions. For a definition of the loans to customers aggregate, please see the foregoing.
- Impairment losses on impaired past-due exposures/gross impaired past-due exposures: the measure is calculated as the ratio between total accumulated impairment losses on impaired past-due loans to customers and impaired past-due loans to customers gross of the associated accumulated impairment losses. It provides an indication of the coverage level for impaired past-due loans. For a definition of the loans to customers aggregate, please see the foregoing.
- Gross NPL Ratio (Gross non-performing loans/Gross loans to customers at amortized cost): the measure is calculated as the ratio between gross non-performing loans to customers and total gross loans to customers. It provides an indication of the quality of the loan portfolio. For a definition of the loans to customers aggregate, please see the foregoing.
- NPL Coverage (Accumulated impairment losses on non-performing loans/Gross non-performing loans to customers): the measure is calculated as the ratio between total accumulated impairment losses on loans to customers and non-performing loans to customers gross of the associated accumulated impairment losses. It provides an indication of the coverage level for non-performing loans to customers.
- Cost of risk (Net writedowns/(writebacks) for credit risk/net loans to customers measured at amortized cost): the measure is calculated as the ratio between impairment losses for the year and the amount of loans to customers at the end for the year. It provides an indication of the impact of impairment losses on the portfolio during the year. For a definition of the loans to customers aggregate, please see the foregoing.

[99] Determined as the difference between the Group's book equity and intangible assets.

- Texas ratio: the ratio between gross non-performing loans to customers and the sum, in the denominator, of the related provisions and tangible equity.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets		31/12/2024	31/12/2023
10.	Cash and cash equivalents	3,316,821	4,956,422
20.	Financial assets measured at fair value through profit or loss	1,493,522	1,494,234
	a) financial assets held for trading	87,418	227,299
	b) financial assets designated as at fair value	324,693	317,077
	c) other financial assets mandatorily measured at fair value	1,081,411	949,858
30.	Financial assets measured at fair value through other comprehensive income	6,914,461	7,693,412
40.	Financial assets measured at amortized cost	143,283,468	145,480,601
	a) due from banks	3,390,631	4,175,943
	b) loans to customers	139,892,837	141,304,658
50.	Hedging derivatives	725,478	951,258
60.	Value adjustments of financial assets hedged generically (+/-)	(528,043)	(637,827)
70.	Equity investments	300,366	239,807
90.	Property, plant and equipment	2,292,185	2,441,827
100.	Intangible assets	200,283	174,591
	- of which: goodwill	18,408	39,011
110.	Tax assets	1,012,498	1,346,472
	a) current	272,195	290,851
	b) deferred	740,303	1,055,621
120.	Non-current assets and disposal groups held for sale	109,553	4,593,316
130.	Other assets	5,491,321	5,778,531
	Total assets	**164,611,913**	**174,512,644**

Liabilities and shareholders' equity		31/12/2024	31/12/2023
10.	Financial liabilities measured at amortized cost	143,756,450	152,795,976
	a) due to banks	6,554,016	17,922,680
	b) due to customers	123,234,220	122,522,919
	c) securities issued	13,968,214	12,350,377
20.	Financial liabilities held for trading	63,920	111,588
40.	Hedging derivatives	244,789	220,477
50.	Value adjustments of financial liabilities hedged generically (+/-)	-	(560)
60.	Tax liabilities	83,193	71,536
	a) current	45,771	43,061
	b) deferred	37,422	28,475
70.	Liabilities associated with assets held for sale	30,922	4,320,959
80.	Other liabilities	3,699,492	2,315,342
90.	Employee termination benefits	197,279	215,977
100.	Provisions for risks and charges	658,124	572,459
	a) commitments and guarantees issued	268,203	307,960
	c) other provisions for risk and charges	389,921	264,499
120.	Valuation reserves	201,291	47,360
140.	Equity instruments	30,139	30,139
150.	Reserves	12,543,839	10,894,741
160.	Share premium reserves	154,624	152,967
170.	Share capital	2,292,445	2,290,202
180.	Treasury shares (-)	(1,387,018)	(1,382,888)
190.	Non-controlling interests (+/-)	11,837	-
200.	Net profit (loss) for the period (+/-)	2,030,587	1,856,369
	Total liabilities and shareholders' equity	**164,611,913**	**174,512,644**

CONSOLIDATED INCOME STATEMENT

		31/12/2024	31/12/2023
10.	Interest and similar income	6,766,179	6,112,576
	of which: interest income calculated using effective interest rate method	6,212,486	5,824,514
20.	Interest and similar expense	(2,402,647)	(2,017,643)
30.	**Net interest income**	**4,363,532**	**4,094,933**
40.	Fee and commission income	1,689,398	1,616,762
50.	Fee and commission expense	(284,879)	(268,573)
60.	**Net fee and commission income (expense)**	**1,404,519**	**1,348,189**
70.	Dividends and similar income	25,005	24,057
80.	Net gain (loss) on trading activities	40,306	36,216
90.	Net gain (loss) on hedging activities	(1,687)	15,069
100.	Net gain (loss) on the disposal or repurchase of:	92,025	61,841
	a) financial assets measured at amortized cost	89,671	92,229
	b) financial assets measured at fair value through other comprehensive income	2,130	(31,463)
	c) financial liabilities	224	1,075
110.	Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss	(6,175)	9,427
	a) financial assets and liabilities designated as at fair value	2,184	2,088
	b) other financial assets mandatorily measured at fair value	(8,359)	7,339
120.	**Gross income**	**5,917,525**	**5,589,732**
130.	Net losses/recoveries for credit risk in respect of:	(336,913)	(401,937)
	a) financial assets measured at amortized cost	(336,324)	(401,745)
	b) financial assets measured at fair value through other comprehensive income	(589)	(192)
140.	Gains/losses from contractual modifications without derecognition	(7,433)	(5,581)
150.	**Net income (loss) from financial operations**	**5,573,179**	**5,182,214**
180.	**Net income (loss) from financial and insurance operations**	**5,573,179**	**5,182,214**
190.	Administrative expenses:	(3,252,135)	(3,151,010)
	a) personnel expenses	(2,104,039)	(1,898,920)
	b) other administrative expenses	(1,148,096)	(1,252,090)
200.	Net provisions for risks and charges	13,899	(49,048)
	a) commitments and guarantees issued	40,877	(13,937)
	b) other net provisions	(26,978)	(35,111)
210.	Net adjustments of property, plant and equipment	(186,501)	(199,740)
220.	Net adjustments of intangible assets	(45,417)	(49,187)
230.	Other operating expenses/income	378,686	353,506
240.	**Operating costs**	**(3,091,468)**	**(3,095,479)**
250.	Profit (loss) from equity investments	9,801	29,641
260.	Net gain (loss) from valuation at fair value of property, plant and equipment and intangible assets	(21,448)	(19,815)
270.	Goodwill impairment	(310)	(971)
280.	Profit (loss) from disposal of investments	(252)	(1,136)
290.	**Profit (loss) before tax on continuing operations**	**2,469,502**	**2,094,454**
300.	Income tax expense from continuing operations	(418,411)	(334,514)
310.	**Profit (loss) after tax on continuing operations**	**2,051,091**	**1,759,940**
320.	Profit (loss) after tax on discontinued operations	(20,946)	97,666
330.	**Net profit (loss) for the period**	**2,030,145**	**1,857,606**
340.	Net profit (loss) for the period – non-controlling interests	(442)	1,237
350.	**Net profit (loss) for the period – shareholders of the Parent Company**	**2,030,587**	**1,856,369**

STATEMENT OF COMPREHENSIVE INCOME

		31/12/2024	31/12/2023
10.	**Net profit (loss) for the period**	**2,030,145**	**1,857,606**
	Other comprehensive income net of taxes not recyclable to profit or loss	**(8,289)**	**6,481**
20.	Equity securities designated as at fair through other comprehensive income	(8,562)	10,250
70.	Defined-benefit plans	273	(3,769)
	Other comprehensive income net of taxes recyclable to profit or loss	**115,383**	**224,911**
130.	Cash-flow hedges	31,004	57,855
150.	Financial assets (other than equity investments) measured at fair value through other comprehensive income	76,842	153,811
160.	Non-current assets and disposal groups held for sale	-	13,270
170.	Share of valuation reserves of equity investments accounted for with equity method	7,537	(26)
200.	**Total other comprehensive income net of taxes**	**107,094**	**231,392**
210.	**Comprehensive income (item 10 + 200)**	**2,137,238**	**2,088,998**
220.	Comprehensive income - non-controlling interests	(442)	1,237
230.	**Comprehensive income - shareholders of the Parent Company**	**2,137,680**	**2,087,761**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 2024

				Allocation of net profit of previous year		Change for the period											
							Equity transactions										
	As at 31/12/2023	Change in opening balance	As at 1/1/2024	Reserves	Dividends and other allocations	Change in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Change in equity holdings	Comprehensive income at 31/12/2024	Shareholders' equity at 31/12/2024	Shareholders equity attributable to shareholders of the Parent Company	Non-controlling interests
Share capital:																	
- ordinary shares	2,290,202		2,290,202	8,774			9,071	(15,602)					8,145		2,300,590	2,292,445	8,145
- other shares																	
Share premium reserve	152,967		152,967				1,657						1,376		156,000	154,624	1,376
Reserves:																	
- earnings	10,922,751		10,922,751	1,688,492		(36,693)							2,742		12,577,292	12,574,550	2,742
- other	(29,247)		(29,247)			(1,463)									(30,710)	(30,710)	
Valuation reserves	47,360		47,360			46,838							16	107,093	201,307	201,291	16
Equity instruments	30,139		30,139												30,139	30,139	
Treasury shares	(1,382,888)		(1,382,888)				3,171	(7,301)							(1,387,018)	(1,387,018)	
Net profit (loss) for the period	1,857,606		1,857,606	(1,697,266)	(160,340)									2,030,145	2,030,145	2,030,587	(442)
Total shareholders' equity	**13,888,890**		**13,888,890**		**(160,340)**	**8,682**	**13,898**	**(22,902)**					**12,279**	**2,137,238**	**15,877,745**	**15,865,908**	**11,837**
Shareholders' equity - shareholders' of Parent Company	**13,888,890**		**13,888,890**		**(160,340)**	**8,682**	**13,898**	**(22,902)**						**2,137,680**	**15,865,908**		
Shareholders' equity - non-controlling interests													**12,279**	**(442)**	**11,837**		

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 2023

				Allocation of net profit of previous year		Change in the period											
							Equity transctions										
	As at 31/12/2022	Change in opening balance	As at 1/1/2023	Reserves	Dividends and other allocations	Change in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Change in equity instruments	Derivatives on treasury shares	Stock options	Change in equity holdings	Comprehensive income at 31/12/2023	Shareholders' equity at 31/12/2023	Shareholders equity attributable to shareholders of the Parent Company	Non-controlling interests
Share capital:																	
- ordinary shares	2,293,857		2,293,857	9,013			8,281	(20,949)							2,290,202	2,290,202	
- other shares	985		985					(985)									
Share premium reserve	150,838		150,838	(743)			2,872								152,967	152,967	
Reserves:																	
- earnings	9,213,484		9,213,484	1,691,951		17,316									10,922,751	10,923,988	(1,237)
- other	(29,210)		(29,210)			(37)									(29,247)	(29,247)	
Valuation reserves	(205,160)		(205,160)			21,128								231,392	47,360	47,360	
Equity instruments	30,139		30,139												30,139	30,139	
Treasury shares	(1,380,525)		(1,380,525)				3,875	(6,238)							(1,382,888)	(1,382,888)	
Net profit (loss) for the period	1,796,109		1,796,109	(1,700,221)	(95,888)									1,857,606	1,857,606	1,856,369	1,237
Total shareholders' equity	**11,870,517**		**11,870,517**		**(95,888)**	**38,407.**	**15,028**	**(28,171)**						**2,088,998**	**13,888,890**	**13,888,890**	
Shareholders' equity - shareholders' of Parent Company	**11,838,016**		**11,838,016**		**(95,888)**	**68,566**	**15,028**	**(24,591)**						**2,087,761**	**13,888,890**		
Shareholders' equity - non-controlling interests	**32,501**		**32,501**			**(30,159)**		**(3,580)**						**1,237**			

STATEMENT OF CASH FLOWS: INDIRECT METHOD

	Amount 31/12/2024	Amount 31/12/2023
A. OPERATING ACTIVITIES		
1. Operations	**2,854,491**	**2,771,797**
- net profit (loss) for the period (+/-)	**2,030,145**	**1,857,606**
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss(-/+)	35,760	120,770
- gains (losses) on hedging activities (-/+)	(21,996)	(22,619)
- net losses/recoveries on impairment (+/-)	200,873	292,940
- net adjustments of property, plant and equipment and intangible assets(+/-)	231,918	249,899
- net provisions for risks and charges and other costs/revenues (+/-)	144,899	45,966
- taxes, duties and tax credits to be settled (+/-)	226,250	209,630
- other adjustments (+/-)	6,642	17,605
2. Net cash flows from/used in financial assets	**3,353,162**	**2,525,568**
- financial assets held for trading	113,569	(94,852)
- financial assets designated as at fair value	(7,617)	(65,685)
- other assets mandatorily measured at fair value	(141,001)	221,354
- financial assets measured at fair value through other comprehensive income	885,648	810,156
- financial assets measured at amortized cost	1,928,638	5,397,992
- other assets	573,926	(3,743,398)
3. Net cash flows from/used in financial liabilities	**(7,715,806)**	**(1,075,142)**
- financial liabilities measured at amortized cost	(9,039,526)	(4,281,495)
- financial liabilities held for trading	(47,668)	(124,894)
- other liabilities	1,371,388	3,331,247
Net cash flows from/used in operating activities	**(1,508,152)**	**4,222,222**
B. INVESTING ACTIVITIES		
1. Cash flow from	**280,963**	**63,085**
- sales of equity investments	15,000	-
- dividends on equity investments	25,005	24,057
- sales of property, plant and equipment	45,195	39,028
- sales of subsidiaries and business units	195,761	-
2. Cash flow used in	**(247,943)**	**(420,540)**
- purchase of equity investments	(51)	-
- purchases of property, plant and equipment	(147,421)	(194,544)
- purchases of intangible assets	(100,471)	(37,276)
- purchases of subsidiaries and business units	-	(188,720)
Net cash flows from/used in investing activities	**33,020**	**(357,455)**
C. FINANCING ACTIVITIES		
- issues/purchases of own shares	(4,129)	(2,363)
- dividend distribution and other	(160,340)	(95,888)
Net cash flows from/used in investing activities	**(164,469)**	**(98,251)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**(1,639,601)**	**3,766,514**

Key

(+) generated

(-) absorbed

RECONCILIATION

	Amount 31/12/2024	Amount 31/12/2023
Cash and cash equivalents at beginning of period	4,956,422	1,189,908
Net increase/decrease in cash and cash equivalents	(1,639,601)	3,766,514
Cash and cash equivalents at end of period	3,316,821	4,956,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PART A - ACCOUNTING POLICIES

A.1 –GENERAL INFORMATION

SECTION 1 – DECLARATION OF CONFORMITY WITH INTERNATIONAL ACCOUNTING STANDARDS

In compliance with the provisions of Legislative Decree 38 of February 28, 2005, the consolidated financial statements of the Iccrea Cooperative Banking Group have been prepared in condensed form and in accordance with the recognition and measurement criteria of the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and the related interpretations of the International Financial Reporting Interpretations Committee (IFRS - IC), endorsed by the European Commission and in force as of the reporting date.

The IASs/IFRSs have also been applied in accordance with the "Conceptual Framework for Financial Reporting" (the Framework), with particular regard to the key principle of the prevalence of substance over form, as well as the concepts of relevance and materiality of information.

These financial statements have been prepared using the format and main schedules provided for in Circular no. 262 of December 22, 2005 – 8th update of November 17, 2022 – issued by the Bank of Italy in the exercise of the powers established by Article 43 of Legislative Decree 136/2015, as well as with the Communication of the Bank of Italy of March 14, 2023 "Update of the provisions of Circular no. 262 "Bank financial statements: formats and rules of preparation" concerning the impact of COVID-19 and the measures to support the economy.

These consolidated financial statements were prepared using the accounting standards IAS/IFRS endorsed by the European Commission and in force as of the reporting date.

The following table sets out the new international accounting standards and amendments to existing accounting standards, with the related endorsement regulations of the European Commission, that took effect, either on a mandatory basis or with the option of early adoption, as from January 1, 2024.

ENDORSEMENT REGULATION	IAS/IFRS AND SHORT DESCRIPTION	ENTRY INTO FORCE
2822/2023	**Amendments to IAS 1 – Presentation of Financial Statements: classification of liabilities as current or non-current** The amendments seek to clarify one of the criteria of IAS 1 for the classification of a liability as non-current, i.e. the requirement that an entity must have the right to defer the settlement of the liability for at least 12 months after the end of the reporting period. The changes: • specify that the right to defer settlement must exist at the end of the reporting period; • clarify that the classification is unaffected by management's intentions or expectations regarding the possibility of exercising the right to defer settlement; • clarify how the terms of a liability impact its classification; and • clarify the requirements for the classification of liabilities that an entity intends to settle or could settle with the issue of equity instruments.	Annual reporting periods beginning on or after January 1, 2024.
2579/2023	**Amendments to IFRS 16 on sale and leaseback arrangements** The amendments are intended to clarify how to account for a sale and leaseback arrangement that provides for variable payments based on the performance or use of an underlying asset.	Annual reporting periods beginning on or after January 1, 2024.
1317/2024	**Amendments to IAS 7 Statement of cash flows and IFRS 7 Financial instruments: disclosures** The amendments require additional disclosures on reverse factoring arrangements that enable users of the financial statements to evaluate how supplier finance arrangements can affect the liabilities and cash flows of the entity and to understand the effect of such arrangements on the entity's exposure to liquidity risk.	Annual reporting periods beginning on or after January 1, 2024.

With regard to the amendments of IAS 1 – considering the nature of the amendment and the obligation for banks to adopt the tables provided for in Bank of Italy Circular no. 262/2005 – the limited amendments to IAS 1 were not material.

The amendments of IFRS 16 did not have a material impact in view of the characteristics of the outstanding sale and leaseback arrangements, as they do not provide for significant variable payments.

The amendments to IAS 7 and IFRS 7 essentially regard entities that enter into finance arrangements as purchasers. This situation is not material for the Group.

The following table reports new international accounting standards and amendments to existing standards issued by the IASB that have not yet entered force:

<table>
<tr><th>ENDORSEMENT REGULATION</th><th>IAS/IFRS AND SHORT DESCRIPTION</th><th>ENTRY INTO FORCE</th></tr>
<tr><td>2862/2024</td><td>Amendments to IAS 21 Effects of changes in exchange rates
The amendments to IAS 21 require the provision of disclosures that enable users of financial statements to understand the impact of a non-exchangeable currency.</td><td>Annual reporting periods beginning on or after January 1, 2025.</td></tr>
<tr><td>To be determined</td><td>Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments
The amendments primarily regard:
the derecognition of a financial liability settled through electronic transfer;
the classification of financial assets, with specific regard to those with variable returns linked to environmental, social and corporate governance (ESG) objectives and the criteria to adopt in the assessment of the SPPI test;
the disclosure requirements for investments in equity instruments designated as at FVOCI.</td><td>Annual reporting periods beginning on or after January 1, 2026.</td></tr>
<tr><td>To be determined</td><td>Annual improvements to IFRS – Volume 11
The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards. The amended principles are:
IFRS 1 First-time Adoption of International Financial Reporting Standards;
IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7;
IFRS 9 Financial Instruments;
IFRS 10 Consolidated Financial Statements;
IAS 7 Statement of Cash Flows.</td><td>Annual reporting periods beginning on January 1, 2026. Early application is permitted.</td></tr>
<tr><td>To be determined</td><td>IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 sets out specific principles for aggregating and disaggregating financial statement information and which of these must be provided in the schedules or in the notes. In particular:
it requires assets, liabilities, equity, income, expenses or cash flows to be classified into items based on shared characteristics and, otherwise, to disaggregate financial statement items if the disclosure resulting from the disaggregation is material;
it allows an item to be labeled as “other” only if a more informative label is not available. In the case of the aggregation of several material items, the entity shall use a label that describes the aggregated item as precisely as possible, for example, ‘other operating expenses’ or ‘other finance expenses’;
it requires the presentation of “additional line items” and “additional subtotals” (for example, after operating profit) when such items are necessary to provide a “useful structured summary” in the income statement”.</td><td>Annual reporting periods beginning on or after January 1, 2027.</td></tr>
<tr><td>To be determined</td><td>IFRS 19 Subsidiaries without Public Accountability: Disclosures
IFRS 19 permits entities that do not have public accountability and are subsidiaries of a parent company producing financial statements complying with the IFRS to apply IFRS with reduced disclosure requirements.</td><td>Annual reporting periods beginning on or after January 1, 2027.</td></tr>
</table>

At December 31, 2024, the possible impact on the financial position and performance of the Group of rules issued by the IASB that have not yet entered force is being assessed.

SECTION 2 - GENERAL PREPARATION PRINCIPLES

The consolidated financial statements, prepared in condensed form, consist of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows, the notes to the financial statements an associated comparative information, along with the Report on Operations and the performance and financial position of the Iccrea Cooperative Banking Group.

In compliance with Article 5 of Legislative Decree 38/2005, the financial statements use the euro as the reporting currency.

Unless otherwise specified, the figures in the financial statements and the explanatory notes are expressed in thousands of euros.

The financial statements have been prepared in accordance with the general principles set out in IAS 1 "Presentation of Financial Statements" and the accounting standards endorsed by the European Commission and described in Part A.2 of these explanatory notes, as well as the general assumptions set out in the Conceptual Framework for Financial Reporting issued by the IASB. No exceptions have been made in applying the IASs/IFRSs.

The financial statements also comply with the following general principles of preparation:

- accrual basis accounting;
- understandability of information;
- materiality of information (relevance);
- reliability of information (faithful representation; prevalence of economic substance over legal form; neutrality of information; completeness of information; prudence in estimation to avoid overestimating revenues/assets or underestimating costs/liabilities);
- comparability over time.

In compliance with the provisions of IAS 1, these consolidated financial statements have been prepared on a going-concern basis. In this regard, the Directors are not aware of any significant uncertainties, events or conditions that could warrant serious concern about the Group's ability to continue to operate as a going concern in the foreseeable future, taking particular account of the system of cross-guarantees on which the Cooperative Banking Group is based, for which a discussion is provided in the Report on Operations.

In preparing the financial statements, the documents issued by the European Securities and Markets Authority (ESMA) during 2023 and 2024 were also considered - to the extent applicable. In particular, in October 2024, ESMA published the document "European common enforcement priorities for 2024 corporate reporting", confirming the relevance of the supervisory priorities regarding climate issues, published from 2021, for the 2024 annual financial statements and underlining the importance of consistency and connection between the information relating to climate risks and opportunities provided in the financial statements and the information included in sustainability reporting.

In addition to the financial statements in PDF format, which represents the official version, the Group also voluntarily prepares the financial statements in the XHTML format required under Delegated Regulation (EU) 2019/815 "ESEF - European Single Electronic Format".

Our country-by-country reporting as provided for in Article 89 of Directive 2013/36/EU of the European Parliament and the Council (CRD IV) is published on the Group's website.

Content of the financial statements and the explanatory notes

Balance sheet and income statement

The balance sheet and the income statement contain items, sub-items and further information (the "of which" for items and sub-items). Items without values for the reference period and the previous period are not included. In the income statement, revenues are shown without indicating their sign, while cost figures are shown within parentheses.

Statement of comprehensive income

The items concerning other comprehensive income after taxes in the statement of comprehensive income report changes in the value of assets recognized in the valuation reserves. Items without balances for the period and for the previous period are not reported. Negative amounts are presented within parentheses.

Statement of changes in equity

The statement of changes in equity shows the composition and movements of equity accounts during the reference period and the previous period, broken down by share capital (ordinary and savings shares), earnings reserves, capital reserves and valuation reserves for assets or liabilities, equity instruments and the net profit (loss) for the period. The value of any treasury shares is deducted from shareholders' equity.

Statement of cash flows

The statements of cash flows for the present period and the previous period were prepared using the indirect method, under which cash flows from operating activities are represented by the profit (loss) for the period, adjusted for the impact of non-monetary transactions. Cash flows are broken down into cash flows from/used in operating activities, investing activities and financing activities. Cash flows generated during the period are shown without a sign, while those used are shown within parentheses.

Content of the notes to the financial statements

The explanatory notes to the financial statements include the information required by international accounting standards, using the tables provided for in Bank of Italy Circular no. 262/2005 – 8th update of November 17, 2022, as well as the Communication of the Bank of Italy of March 14, 2023.[100]

For the sake of a complete representation compared with the schedules provided for by the Bank of Italy, the notes also report the titles of sections for items in the financial statements that do not have values either for the period under review or the previous period.

[100] See. "Update of the provisions of Circular no. 262 "Bank financial statements: formats and rules of preparation" concerning the impact of COVID-19 and the measures to support the economy.

SECTION 3 – SCOPE AND METHODS OF CONSOLIDATION

The scope of consolidation of the Iccrea Cooperative Banking Group includes:

- the financial statements of Iccrea Banca SpA in its capacity as Parent Company and Central Body;
- the financial statements of the 114 affiliated mutual banks, which together with Iccrea Banca SpA comprise the Consolidating Entity;
- the financial statements of the companies over which, in application of IFRS 10, IFRS 11 and IAS 28, Iccrea Banca and the affiliated mutual banks exercise control, joint control or significant influence.

Please see "Assessments and significant assumptions in determining the scope of consolidation" in section 2 below for a discussion of the assumptions underlying the determination of the scope of consolidation and the associated consolidation methods.

The following table reports the companies included in the scope of consolidation of the Iccrea Cooperative Banking Group.

1. COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

		Headquarters	Type of relationship (A)	Equity investment		% share of votes (B)
				Investor	% holding	
A.	Consolidated on a line-by-line basis					
1	Iccrea Banca SpA	Rome				
2	BCC di Bari e Taranto S.C.	Bari				
3	Banca dell'Elba - Credito Cooperativo S.C.	Portoferraio				
4	Credito Cooperativo Mediocrati S.C.	Rende				
5	Banca di Credito Cooperativo Magna Grecia – Società Cooperativa	Vallo della Lucania				
6	Credito Cooperativo Romagnolo - BCC di Cesena E Gatteo - S.C.	Cesena				
7	Emil Banca - Credito Cooperativo S.C.	Bologna				
8	Banca Cremasca e Mantovana - Credito Cooperativo S.C.	Crema				
9	Banca della Marca Credito Cooperativo S.C.	Orsago				
10	Credito Cooperativo Friuli (CrediFriuli) S.C.	Udine				
11	BCC dell'Adriatico Teramano S.C.	Atri				
12	Banca di Credito Cooperativo della Calabria Ulteriore - Società Cooperativa	Crotone				
13	BCC di Cagliari S.C.	Cagliari				
14	Banca di Andria Di Credito Cooperativo S.C.	Andria				
15	BCC Agrigentino S.C.	Agrigento				
16	BCC di Napoli S.C.	Naples				
17	BCC di Putignano S.C.	Putignano				
18	Banca di Ancona e Falconara Marittima Credito Cooperativo S.C.	Ancona				
19	BCC di Montepaone S.C.	Montepaone				
20	BCC di Basciano S.C.	Basciano				
21	BCC della Valle del Trigno S.C.	San Salvo				
22	Valpolicella Benaco Banca Credito Cooperativo S.C.	Costermano Sul Garda				
23	Banca Veronese Credito Cooperativo di Concamarise S.C.	Bovolone				
24	Banca Centropadana Credito Cooperativo S.C.	Lodi				
25	Banco Fiorentino - Mugello Impruneta Signa - Credito Cooperativo S.C.	Firenzuola				
26	BCC di Roma S.C.	Rome				
27	BCC Brianza e Laghi S.C.	Lesmo				
28	BCC di Altofonte e Caccamo S.C.	Altofonte				
29	Banca di Anghiari E Stia - Credito Cooperativo S.C.	Anghiari				
30	BCC di Avetrana S.C.	Avetrana				
31	BCC Pordenonese e Monsile S.C.	Azzano Decimo				
32	Banca di Pescia e Cascina - Credito Cooperativo S.C.	Pescia				
33	BCC di Arborea S.C.	Arborea				

		Headquarters	Type of relationship (A)	Equity investment		% share of votes (B)
				Investor	% holding	
34	BCC Campania Centro - Cassa Rurale e Artigiana S.C.	Battipaglia				
35	BCC di Bellegra S.C.	Bellegra				
36	Cassa Rurale e Artigiana di Binasco - Credito Cooperativo S.C.	Binasco				
37	Banca delle Terre Venete Credito Cooperativo S.C.	Vedelago				
38	BCC di Busto Garolfo e Buguggiate S.C.	Busto Garolfo				
39	Cassa Rurale e Artigiana di Cantù BCC S.C.	Cantù				
40	BCC di Capaccio Paestum e Serino S.C	Capaccio Paestum				
41	BCC Abruzzese - Cappelle Sul Tavo S.C.	Cappelle Sul Tavo				
42	BCC del Basso Sebino S.C.	Capriolo				
43	BCC di Carate Brianza S.C.	Carate Brianza				
44	Credito Cooperativo Di Caravaggio Adda e Cremasco - Cassa Rurale S.C.	Caravaggio				
45	BCC di Terra D'Otranto S.C.	Carmiano				
46	Banca Alpi Marittime Credito Cooperativo Carrù S.C.	Carrù				
47	BCC di Venezia, Padova E Rovigo - Banca Annia S.C.	Cartura				
48	BCC di Milano S.C.	Carugate				
49	Credito Padano Banca di Credito Cooperativo S.C.	Cremona				
50	Banca dei Sibillini - Credito Cooperativo Di Casavecchia S.C.	Pieve Torina				
51	Credito Cooperativo Valdarno Fiorentino Banca di Cascia S.C.	Reggello				
52	Cassa Rurale e Artigiana di Castellana Grotte Credito Cooperativo S.C.	Castellana Grotte				
53	BCC di Castiglione Messer Raimondo e Pianella S.C.	Castiglione Messer Raimondo				
54	Banca del Piceno Credito Cooperativo S.C.	Acquaviva Picena				
55	BCC dell'Oglio e Del Serio S.C.	Calcio				
56	Banca della Valsassina Credito Cooperativo S.C.	Cremeno				
57	BCC di Fano S.C.	Fano				
58	BCC di Alba, Langhe, Roero e Del Canavese S.C.	Alba				
59	Credito Cooperativo Cassa Rurale Ed Artigiana Di Erchie S.C.	Erchie				
60	Credito Cooperativo Ravennate, Forlivese E Imolese S.C.	Faenza				
61	Banca di Filottrano - Credito Cooperativo di Filottrano e Camerano S.C.	Filottrano				
62	BCC di Gaudiano Di Lavello S.C.	Lavello				
63	Banca di Pisa e Fornacette Credito Cooperativo S.C.	Pisa				
64	BCC di Gambatesa S.C.	Gambatesa				
65	BCC Agrobresciano S.C.	Ghedi				
66	BCC Basilicata - Credito Cooperativo Di Laurenzana e Comuni Lucani S.C.	Laurenzana				
67	BCC Valle Del Torto S.C.	Lercara Friddi				
68	BCC di Leverano S.C.	Leverano				
69	BCC di Canosa - Loconia S.C.	Canosa Di Puglia				
70	BCC di Lezzeno S.C.	Lezzeno				
71	Chiantibanca - Credito Cooperativo S.C.	Monteriggioni				
72	BCC del Garda - BCC Colli Morenici Del Garda S.C.	Montichiari				
73	BCC di Mozzanica S.C.	Mozzanica				
74	BCC di Marina Di Ginosa S.C.	Ginosa				
75	BCC di Nettuno S.C.	Nettuno				
76	BCC del Metauro S.C.	Terre Roveresche				
77	BCC di Ostra e Morro D'alba S.C.	Ostra				
78	BCC di Ostra Vetere S.C.	Ostra Vetere				
79	BCC di Ostuni S.C.	Ostuni				
80	BCC di Pachino S.C.	Pachino				
81	Banca di Udine Credito Cooperativo S.C.	Udine				
82	Credito Cooperativo Cassa Rurale e Artigiana di Paliano S.C.	Paliano				
83	Banca Versilia Lunigiana e Garfagnana - Credito Cooperativo S.C.	Pietrasanta				
84	BCC di Pergola e Corinaldo S.C.	Pergola				
85	BCC Vicentino - Pojana Maggiore S.C.	Pojana Maggiore				

		Headquarters	Type of relationship (A)	Equity investment		% share of votes (B)
				Investor	% holding	
86	BCC di Pontassieve S.C.	Pontassieve				
87	BCC di Pratola Peligna S.C.	Pratola Peligna				
88	Centromarca Banca - Credito Cooperativo di Treviso e Venezia, S.C.	Treviso				
89	BCC di Recanati e Colmurano S.C.	Recanati				
90	Banca di Ripatransone e Del Fermano - Credito Cooperativo S.C.	Ripatransone				
91	Cassa Rurale e Artigiana di Rivarolo Mantovano Credito Cooperativo S.C.	Rivarolo Mantovano				
92	BCC della Provincia Romana S.C.	Riano				
93	BCC Veneta - Credito Cooperativo S.C.	Fara Vicentino				
94	Banca del Valdarno - Credito Cooperativo S.C.	San Giovanni Valdarno				
95	Banca di Pesaro Credito Cooperativo S.C.	Pesaro				
96	BCC di Santeramo In Colle S.C.	Santeramo In Colle				
97	Banca TEMA - Terre Etrusche di Valdichiana e di Maremma S.C.	Chiusi				
98	BCC di Scafati e Cetara S.C.	Scafati				
99	BCC Appulo Lucana S.C.	Spinazzola				
100	BCC di Staranzano e Villesse S.C.	Staranzano				
101	Banca Centro Credito Cooperativo Toscana - Umbria S.C.	Sovicille				
102	Cassa Rurale - BCC di Treviglio S.C.	Treviglio				
103	BCC di Triuggio e della Valle del Lambro S.C.	Triuggio				
104	BCC della Valle del Fitalia S.C.	Longi				
105	Banca Alta Toscana Credito Cooperativo S.C.	Quarrata				
106	BCC Bergamasca e Orobica S.C.	Cologno Al Serio				
107	Banca Don Rizzo - Credito Cooperativo della Sicilia Occidentale S.C.	Alcamo				
108	BCC dei Colli Albani S.C.	Genzano Di Roma				
109	BCC G. Toniolo di San Cataldo S.C.	San Cataldo				
110	Banca San Francesco Credito Cooperativo S.C.	Canicattì				
111	BCC delle Madonie S.C.	Petralia Sottana				
112	BCC Terra Di Lavoro - S. Vincenzo De' Paoli S.C.	Casagiove				
113	BCC degli Ulivi - Terra di Bari S.C.	Palo Del Colle				
114	RivieraBanca Credito Cooperativo di Rimini e Gradara S.C.	Rimini				
115	BCC di San Marco Dei Cavoti e Del Sannio - Calvi S.C.	San Marco Dei Cavoti				
116	BCC Risparmio&Previdenza SGrpA	Milan	1	Iccrea Banca SpA	100.0	100.0
117	BCC Leasing SpA	Rome	1	Iccrea Banca SpA	100.0	100.0
118	BCC Factoring SpA	Rome	1	Iccrea Banca SpA	100.0	100.0
119	Banca Sviluppo SpA	Rome	1	Iccrea Banca SpA	100.0	100.0
120	BCC Financing SpA	Udine	1	Iccrea Banca SpA	100.0	100.0
121	BCC Gestione Crediti SpA	Rome	1	Iccrea Banca SpA	100.0	100.0
122	BCC Sinergia SpA	Rome	1	Iccrea Banca SpA	100.0	100.0
123	BCC Beni Immobili S.r.l.	Rome	1	Iccrea Banca SpA	100.0	100.0
124	BCC Rent&Lease SpA	Rome	1	Iccrea Banca SpA	100.0	100.0
125	BCC CreditoConsumo SpA	Rome	1	Iccrea Banca SpA	100.0	100.0
126	BCC Sistemi Informatici SpA	Milan	1	Iccrea Banca SpA	90.0	90.0
127	BCC Servizi Assicurativi S.r.l.	Milan	1	Iccrea Banca SpA	100.0	100.0
128	BCC POS SpA	Rome	1	Iccrea Banca SpA	100.0	100.0
129	Fondo Securis Real Estate	Rome	4	Iccrea Banca SpA	78.0	78.0
				BCC Brianza e Laghi S.C.	1.2	1.2
130	Fondo Securis Real Estate II	Rome	4	Iccrea Banca SpA	84.8	84.8
131	Fondo Securis Real Estate III	Rome	4	Iccrea Banca SpA	79.5	79.5
132	Fondo Sistema BCC	Rome	4	BCC di Milano S.C.	44.4	44.4
				Credito Cooperativo Di Caravaggio Adda e Cremasco - Cassa Rurale S.C.	8.9	8.9
				BCC del Garda - BCC Colli Morenici Del Garda S.C.	29.4	29.4
				BCC di San Marco Dei Cavoti e Del Sannio - Calvi S.C.	10.6	10.6
133	Asset Bancari V	Rome	4	BCC di Milano S.C.	16.0	16.0
				Banca di Anghiari e Stia - Credito Cooperativo S.C.	16.0	16.0

	Headquarters	Type of relationship (A)	Equity investment		% share of votes (B)
			Investor	% holding	
			BCC del Garda - BCC Colli Morenici Del Garda S.C.	19.3	19.3
			Cassa Rurale e Artigiana di Binasco - Credito Cooperativo S.C.	4.0	4.0
			Credito Padano Banca di Credito Cooperativo S.C.	11.3	11.3
			Banca Cremasca e Mantovana - Credito Cooperativo S.C.	26.0	26.0

Key:

A) Type of relationship: 1 = majority of voting rights in ordinary shareholders' meeting; 4 = other forms of control.

B) Votes available in ordinary shareholders' meeting.

2. ASSESSMENTS AND SIGNIFICANT ASSUMPTIONS IN DETERMINING THE SCOPE OF CONSOLIDATION

Introduction

The concept of cooperative banking group was introduced into Italian law with Decree Law 18 of February 14, 2016, ratified with amendments with Law 49 of April 8, 2016, which amended Legislative Decree 385/1993 (the Consolidated Banking Act) with the introduction of Article 37-bis establishing, among other things, that the Parent Company shall exercise management and coordination activities "on the basis of a Cohesion Contract that ensures the existence of control as defined by the international accounting standards adopted by the European Union."

From the point of view of the associated regulation, the provisions of the Bank of Italy Circular 285 containing supervisory provisions for banks implement articles 37-bis and 37-ter of the Consolidated Banking Act concerning the cooperative banking group. They govern the prudential and supervisory requirements to be met by the parent company, the minimum content of the Cohesion Contract, the characteristics of the joint and several guarantee system and the requirements of membership in the group. The cooperative banking group is based on the management and coordination powers of the parent company, defined in the Cohesion Contract agreed between the latter and the affiliated mutual banks, which are intended to ensure the unity of strategic direction and the control system as well as compliance with the prudential provisions applicable to the Group and its members, including by way of measures issued by the Parent Company that are binding on the affiliated banks".

A cooperative banking group, as defined in Bank of Italy Circular 285 is a group of entities affiliated to a central body pursuant to Article 10 of Regulation (EU) no. 575/2013 (the CRR), with the simultaneous presence of a mutual guarantee system. In particular, the definition of Central Body, defined in Article 2, paragraph 4, letter a) of Directive 77/780/EEC, establishes that:

- the commitments of the central body and the affiliated institutions are joint and several liabilities;
- the solvency and liquidity of all the affiliated institutions are monitored as a whole on the basis of consolidated accounts.

From the point of view of financial reporting regulations, Law 145 of December 30, 2018 concerning the "State budget for the 2019 fiscal year and the multi-year budget for the 2019-2021 period" (the 2019 Budget Act) amended Legislative Decree 136/2015 "Implementation of Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings", with the introduction of Article 2, paragraph 2, letter b) of Directive 86/635/EEC, which governs the consolidated accounts of central bodies.

In particular, Article 1072 of Law 145 of December 30, 2018 amended Article 38 of Legislative Decree 136/2015 with the following paragraph 2-bis: "In the case of cooperative banking groups pursuant to Article 37-bis of Legislative Decree 385 of September 1, 1993, the parent company and the mutual banks affiliated to it by virtue of the Cohesion Contract shall constitute a single consolidating entity".

The single consolidating entity represents the community of interests created by the system of cross-guarantees in the context of the Cohesion Contract, aimed at ensuring the financial and governance unity of the Group as a whole.

The explanatory report to the 2019 Budget Act summarizes the effects of the aforementioned regulatory change as follows:

- "for the purposes of preparing the consolidated financial statements, the parent company and the banks belonging to the cooperative banking group shall constitute a single consolidating entity";
- "in the preparation of the consolidated financial statements, the accounting items pertaining to the Parent Company and the affiliated banks shall be recognized on a consistent basis".

The regulatory changes introduced in the Italian legal system are consistent with the position expressed by the European Commission in 2006 regarding the adoption of international accounting standards, according to which the obligation to draw up the consolidated financial statements must be determined in accordance with the provisions of the national legislation transposing European directives notwithstanding the provisions of those accounting standards.

An authoritative option has been issued on the consolidation of the financial statements of cooperative banking groups in application of the regulatory and financial reporting provisions described above.

Taking account of the foregoing, in particular:

- the provisions introduced with the 2019 Budget Act that specify the procedures for complying with consolidation requirements in the case of groups of banks affiliated to a central body;
- the provisions of the Consolidated Banking Act, which are important in defining the governance powers of the central body over the affiliated mutual banks, defined in the Cohesion Contract;
- that the 2019 Budget Act, in introducing paragraph 2-bis of Article 38 of Legislative Decree 136/2015 (in implementation of Directive 86/635) as a special rule, prevails and specifies the generic reference of Article 37 bis, paragraph 1 of the Consolidated Banking Act to control for the purposes of the accounting standards;

the consolidated financial statements of the Iccrea Cooperative Banking Group have been prepared on the basis of the following procedures:

- the entity required to draw up the consolidated financial statements is represented by the aggregation of the central body and the affiliated mutual banks (hereinafter the "consolidating entity");
- in the consolidated financial statements, the accounting entries of the Parent Company and the affiliated mutual banks are recorded at the same values;
- in the consolidated financial statements, the accounting entries of the Parent Company and the affiliated mutual banks are recorded at the existing value reported in the individual financial statements;
- the provisions of IFRS 10 are applied for the purpose of identifying the scope of consolidation of the consolidating entity (subsidiaries of the Parent Company and the affiliated mutual banks);
- IFRS 3 is applicable only for any business combinations between the single consolidating entity and third parties;
- balance sheet and income statement positions between companies included in the scope of consolidation are eliminated in full;
- Parent Company shares held by the affiliated mutual banks are eliminated in full and accounted for as treasury shares of the consolidating entity.

Scope and methods of consolidation

In view of the foregoing, the scope of consolidation of the Iccrea Cooperative Banking Group includes:

- the financial statements of Iccrea Banca SpA in its capacity as Parent Company and Central Body;
- the financial statements of the 116 affiliated mutual banks, which together with Iccrea Banca SpA comprise the Consolidating Entity;
- the financial statements of the companies over which, in application of IFRS 10, IFRS 11 and IAS 28, Iccrea Banca and the affiliated mutual banks exercise control, joint control or significant influence.

Subsidiaries

Subsidiaries are those entities over which the Consolidating Entity has the power to direct the relevant activities as a result of a legal right or a mere situation of fact and is exposed to the variable returns resulting from that power.

More specifically, pursuant to IFRS 10 the control requirement is met when an investor simultaneously has:

- the power to direct the relevant activities of the entity;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to use its power over the investee to affect the amount of its returns (link between power and returns).

The carrying amount of equity interests in companies either consolidated on a line-by-line basis, held by the

Consolidating Entity or other companies within the Group, is eliminated – as the subsidiaries' assets and liabilities are absorbed into those of the Group – offsetting the corresponding percentage of the subsidiaries' equity pertaining to the Group.

Asset and liability items, off-balance sheet transactions, expenses and income, as well as profits and losses which occur between companies falling within the scope of consolidation are eliminated.

Costs and revenues of a subsidiary are included in consolidation from the date on which control is acquired. Costs and revenues from a subsidiary disposed of are included in the consolidated income statement up to the date of disposal, which is to say up to the point at which control over the subsidiary is lost. The difference between the payment received on disposal of the subsidiary and the carrying amount of its net assets at the same date is recognized in profit or loss under item 280 "Gain/(loss) from the disposal of investments". Any residual interest held must be measured at fair value as of the date control is lost.

The share pertaining to non-controlling interests is presented on the balance sheet under item 190. "Non-controlling interests", separately from the liabilities and shareholders' equity pertaining to the shareholders of the Parent Company. The portion pertaining to non-controlling interests is also presented separately in the income statement, under item 340 "Profit/(loss) pertaining to non-controlling interests".

For companies that are included in the scope of consolidation for the first time, the fair value of the costs incurred in order to obtain control of that equity interest, inclusive of ancillary costs, is measured as at the acquisition date.

Changes in interests in a subsidiary that do not entail loss of control are recognized in equity.

Controlling equity investments held for sale are consolidated on a line-by-line basis and reported separately in the financial statements as a disposal group valued as of the reporting date at the lower of carrying amount or fair value less costs to sell.

Non-material subsidiaries are not consolidated.[101] Their exclusion from the scope of consolidation does not have a material impact on Group equity.

Associates

Associates are companies in which the Consolidating entity directly or indirectly holds at least 20% of the voting rights or over which, even with a smaller share of the voting rights, it exercises a significant influence, which is defined as the power to participate in determining the financial and operational policies of the associate without having control or joint control.

More specifically, Significant influence is assumed to exist when the parent company:

- directly or indirectly holds at least 20% of the voting rights of another company;
- is able, including through shareholders' agreements, to exercise significant influence through:
  - representation on the company's management body;
  - participation in the process of setting policies, including participation in the decision-making process concerning dividends;
  - the existence of significant transactions;
  - the exchange of management personnel.

Associates are accounted for using the equity method. Equity in the associated company includes goodwill (net of any impairment loss) paid for the acquisition. The carrying amount of the interest is increased or decreased to reflect the share of the post-acquisition profits or losses of the associate and is recognized in the income statement under item 250. "Profit/(loss) from equity investments". Any distribution of dividends is indicated as a decrease in the carrying amount of the equity investment. The goodwill associated with an associate or joint venture is included in the carrying amount of the investment and does not undergo separate impairment testing.

Any change in the other comprehensive income relating to these investee companies is presented as part of the

[101] The scope of consolidation does not include subsidiaries with total assets of less than €10 million, subject to the condition that the total assets of all unconsolidated subsidiaries do not exceed €50 million.

comprehensive income of the Group. In addition, if an associated company recognizes a change allocated directly to equity, the Group recognizes its share, where applicable, in the statement of changes in equity.

If the portion of the losses pertaining to the Group equals or exceeds the carrying amount of the investment in the associate, further losses are not recognized unless. there is contractual obligation to cover such losses or in the presence of payments made on behalf of the associate.

Unrealized profits on transactions between the Group and its associated companies are eliminated at the same percentage of the Group's interest in the profits of the associates. Unrealized losses are also eliminated, unless the transactions carried out show evidence of an impairment loss on the assets involved. Valuation reserves for associated companies are recognized separately in the statement of comprehensive income.

A number of interests of more than 20%, albeit of limited amount, over which the Parent Company does not have the direct or indirect ability to participate in setting management policies are excluded from the scope of consolidation and classified in accordance with the provisions of IFRS 9. Non-material associates are also excluded from the scope of consolidation. Their exclusion from the scope of consolidation does not have a material impact on Group equity.

Joint arrangements

Entities held under joint arrangements are those over which control is shared under a contractual agreement with other investors. More specifically, a joint arrangement is a contractual arrangement whereby two or more parties exercise joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Under IFRS 11 joint arrangements are classified as either joint operations or joint ventures based upon the contractual rights and obligations held by the Group. A joint operation is a joint arrangement whereby the parties have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement. Investments in joint arrangements are accounted for using the equity method.

Structured entities

Subsidiaries may also include any "structured entities" in which the voting rights are not deemed significant in assessing control and include special purpose entities and investment funds.

Structured entities are treated as subsidiaries where:

- the Group has the power through contractual rights to direct the relevant activities;
- the Group is exposed to the variable returns arising from such activities.

The structured entities for which the Group has the power to govern the relevant activities of the entity as a result of the financial instruments it has subscribed include:

- real estate investment funds;
- special purpose securitization vehicles.

Structured entities – Real estate investment funds

In the real estate investment funds, the control relationship takes account of the purpose/scope of the operation and has been deemed to exist in the following cases:

- the involvement of the investor/sponsor in structuring the operation;
- the participation of the Group companies on the committees provided for in the fund's rules (participants' advisory committee), which have the power to direct/govern the relevant activities of the fund and/or control the activities of the fund manager;
- the presence of contractual relationships that tie the fund to the Group for the subscription/placement/sale of its units.

The consolidated real estate investment funds are Fondo Securis Real Estate, Fondo Securis Real Estate II, Fondo Securis Real Estate III, Fondo Sistema BCC, Fondo Asset Bancari V.

In view of their business model (real estate) and the composition of their assets, essentially composed of properties measured at market value, these funds have been consolidated, recognizing their assets under property, plant and equipment in the consolidated financial statements, recognizing any increases/decreases under "*Net gain/loss from valuation at fair value of property, plant and equipment*" in the income statement.

Structured entities –securitizations

In securitizations, the indicators that a control relationship exists include:

- the involvement of the Group companies in structuring of the operation (originator/investor/servicer/facility provider);
- the subscription of substantially all of the ABSs issued by the SPV by Group companies;
- the purpose/scope of the operation.

The segregated assets of the operations originated by banks of the Group that did not give rise to the derecognition of the assigned loans have been consolidated through consolidation of the originating banks.

3. INVESTMENTS IN SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

3.1 NON-CONTROLLING INTERESTS, VOTING RIGHTS OF NON-CONTROLLING INTERESTS AND DIVIDENDS DISTRIBUTED TO NON-CONTROLLING INTERESTS

	%	Non-controlling interest percentage of votes[1]	Dividends distributed to non-controlling interests
BCC Sistemi Informatici SpA	10.00%	10.00%	-

(1) Percentage of votes in ordinary shareholders' meeting

3.2 INVESTMENTS WITH SIGNIFICANT NON-CONTROLLING INTERESTS: ACCOUNTING DATA

	Total assets	Cash and cash equivalents	Financial assets	Property, plant and equipment and intangible assets	Financial liabilities	Shareholders' equity	Net interest income	Gross income	Operating expenses	Profit (loss) from continuing operations before tax	Profit (loss) from continuing operations after tax	Profit (loss) of disposal groups held for sale after tax	Profit (loss) for the period (1)	Other income after tax (2)	Comprehensive income (3) = (1) + (2)
BCC Sistemi Informatici SpA	345,863	524	8	183,496	90,930	118,366	395	(2)	76,462	76,781	57,674	(62,097)	(4,423)	10	(4,413)

4. SIGNIFICANT RESTRICTIONS

There are no significant restrictions as envisaged under IFRS 12, paragraph 13, applicable to the banks and companies that form the area of consolidation of the Iccrea Cooperative Banking Group.

5. OTHER INFORMATION

Data used for consolidation

The accounting data used for line-by-line consolidation are those at December 31, 2024, as approved by the competent bodies of the companies included in the scope of consolidation, adjusted where necessary to adapt them to the uniform Group accounting policies.

Subsidiaries whose annual financial statements have not been drawn up on the basis of the international accounting standards (IAS-IFRS) prepare a specific reporting package using such standards to permit the Parent Company to perform the consolidation. This reporting package is approved by the boards of directors of the companies.

SECTION 4 – EVENTS SUBSEQUENT TO THE REPORTING DATE

In the period between the reporting date of the financial statements and their approval by the Board of Directors on March 26, 2025 no events occurred that would entail a modification of the financial data approved at that meeting.

SECTION 5 – OTHER MATTERS

Risks and uncertainties associated with the use of estimates

In conformity with the IAS/IFRS, management is required to formulate accounting estimates that can impact the values of the assets, liabilities, costs and revenues recognized in the financial statements. The formulation of these estimates is based on prior experience, available information, the adoption of assumptions and subjective judgements.

Estimation processes were used to support the carrying amount of some of the largest items recognized in the consolidated financial statements, such as:

- the verification of compliance with the requirements for classifying financial assets in the accounting portfolios that adopt the amortized cost criterion (SPPI test), with particular regard to the performance of the benchmark test;
- the quantification of impairment losses on loans and, more generally, other financial assets;
- the assessment of the appropriateness of the value of equity investments and other non-financial assets (e.g. goodwill);
- the use of valuation techniques in the recognition of the fair value of financial assets not listed on active markets;
- the use of valuation techniques in the recognition of the fair value of tax credits under the "Cure Italy" and "Save Italy" Decrees";
- the estimation and assumptions concerning the recoverability of deferred tax assets;
- ·the determination of discount rates for lease liabilities;
- the quantification of provisions for legal and tax risks and charges.

The description of the accounting policies applied to the main financial statement aggregates provides the information necessary to identify the main assumptions and subjective assessments used in the preparation of the financial statements. In particular:

- for allocation to the three stages of credit risk provided for under IFRS 9 of loans and debt securities classified under financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income and the associated calculation of expected losses, the main estimates regard the determination of the parameters representing a significant increase in credit risk, the inclusion of forward-looking factors in determining PD, EAD and LGD and the determination of future cash flows from impaired loans;
- for the quantification of provisions for risks and charges, the estimation of the amount of outlays necessary to discharge liabilities, taking account of the effective probability of having to employ resources to do so.

For further information concerning the composition and associated carrying amounts of the items affected by these estimates, please see the specific sections in the notes to the financial statements.

By their nature, estimates may vary from year to year and, therefore, it cannot be ruled out that in subsequent years the current values recorded in the financial statements may differ significantly as a result of changes in the circumstances on which they were based, the availability of new information or greater experience (e.g. ongoing inflationary dynamics, evolution of the Russian-Ukrainian conflict).

The following summarizes the Group's operational choices concerning the primary circumstances in which subjective judgment is required.

Calculating the ECL for performing credit exposures

At the closure of the financial statements at December 31, 2024, the calculation of the IFRS 9 ECL of the Group's performing credit exposures included implementation of the following:

- the amendments produced as part of the 2024 planning of the Credit Risk Models Evolution (CRME) program), with particular reference to the new Private Rating model and the revision of the PD satellite models;

- the amendments to strengthen the framework for the identification of significant increases in credit risk (SICR) following the recommendations formulated by the Supervisory Authority in the OSI-CRE and OSI-IFRS 9 context;
- the updates of the overlay component applied to the calculation of ECL, in order to add an additional degree of prudence in the light of the uncertainty of the macroeconomic environment as well as to the integration of C&E expectations on credit risk.

In conjunction with the above-mentioned interventions, and in line with the provisions of IFRS 9, adjustments have been implemented regarding the ordinary process of updating the PD Point in Time (PiT) parameter with the latest available risk data.

In line with the ongoing update and evaluation of the overlay measure in place in the Group, at the closure of the 2024 financial statements, the scope of application was reviewed with reference to both the results of backtesting carried out by the Validation unit and the most recent developments in the macroeconomic context. Backtesting detected for all overlay components a default rate over the last year lower than the conditional PD even considering only the extreme worst case scenario (overlay reference). However, the results of these analyses have been integrated with appropriate assessments of the macroeconomic context and with prudential assumptions..

The “climate” component was assessed through parameter adjustments (in-model adjustments) using the models estimated to address the Supervisory Authority’s expectations in the C&E area. In particular, a broad range of model development activities was envisaged for physical risk, with reference to the LGD component of mortgages, and for transition risk (climate-related/environmental) with impacts on the PD (business segment) and LGD (mortgage loans on all segments) parameters.

Finally, as part of the conditioning of the IFRS 9 risk parameters, the ordinary updating of the macroeconomic scenarios was applied in accordance with the most update of those scenarios (September 2024).

For more information, see Part E of the notes – section 1 – Credit risk.

Exposures in senior securities from securitizations under the GACS mechanism

At the closure of the financial statements at December 31, 2024, specific assessments were carried out for the classification of senior securities resulting from securitizations under the GACS mechanism, included in financial assets measured at amortized cost. In particular, based on these assessments, the senior securities subscribed under the GACS I and GACS II securitizations were allocated to stage 2 and subject to lifetime value loss quantification metrics. These assessments were carried out mainly on the basis of the business plans updated by the relevant servicers during the financial year as well as the consolidation of negative performance indicators relating to the aforementioned transactions.

Impairment testing of equity investments and goodwill

In compliance with IAS 36, at each reporting date, the Group companies shall verify that there is no objective evidence that the carrying amounts of equity investments and goodwill is not recoverable on the basis of the common guidelines, criteria and methodological models developed by the Parent Company.

With particular regard to the goodwill recognized by the Group banks, the so-called dividend discount model (DDM) in the excess capital variant (which estimates the value of a company on the basis of future dividends attributable to shareholders) was used for the full company CGU, while the discounted cash flow (DCF) in the “levered variant” (which estimates the value of the economic capital of a company as the sum of the present value of cash flows to the shareholders that it will be able to generate over a specific explicit planning period for prospective performance/financial data and the residual value at the end of that period, discounted at a rate equal to the cost of equity) was used for the branches acquired CGU.

At December 31, 2024 the above approaches, which are discussed in greater detail in Part B of the notes to the financial statements, have been applied on the basis of 2025-2027 forecasts of each Group company.

Probability testing of DTAs

The probability testing conducted to verify the conditions for continuing to recognize existing and new deferred tax assets in the financial statements was conducted on the basis of the common criteria and methods adopted by the Group, estimating the profit or tax loss (IRES/IRAP) over a forecast period deemed reasonable and verifying that this would be sufficient to ensure recovery of the total amount of DTAs requiring testing.

The estimates and assumptions concerning the recoverability of tax assets in respect of prepaid taxes, which are discussed in more detail in part B of the notes to the financial statements, have been applied on the basis of 2025-2027 forecasts of each Group company.

Purchase of tax credits

Among the urgent measures deployed in response to the COVID 19 pandemic and to support the real economy, Decree Law 18/2020 (the “Cure Italy Decree”) and Decree Law 34/2020 (the “Revival Decree”) introduced specific tax incentives into Italian law in the form of tax credits.

In view of the economic substance of these transactions, their accounting treatment is based - by analogy and where applicable - on the provisions of IFRS 9 on financial instruments.

More specifically, at the time of initial recognition, the tax credit is recognized at the purchase price - comparable to a Level 3 fair value, given that there are no official markets or comparable transactions - satisfying the condition established under IFRS 9 according to which financial assets and liabilities must be initially recognized at fair value.

As regards subsequent measurement of these assets, during the acceptance of the tax credit in the “tax box”, the Bank determines which business model it intends to use to classify the individual tax credit purchased:

- HTC, i.e. credits acquired for the purpose of holding them to offset against tax liabilities;
- HTCS, i.e. credits acquired for the purpose of holding them either to offset against tax liabilities or to sell them;
- Other, i.e. credits purchased for the purpose of re-transferring them.

For credits designated as being held under an HTC business model, based on the rules in IFRS 9 governing financial assets at amortized cost and considering: (i) the time value of money; (ii) the use of an effective interest rate and (iii) the use of the tax credit through offsets, effective interest rate is originally determined so that the discounted cash flows associated with the expected future offsets estimated over the expected term of the tax credit - taking account of the fact that the tax credit not used in each period cannot be recovered – shall equal the purchase price of the tax credits. With regard to the use of the amortized cost method, IFRS 9 requires a periodic review of the estimated cash flows, adjusting the gross carrying amount of the financial asset to reflect the actual and revised cash flows. In making these adjustments, in accordance with paragraph B5.4.6 of IFRS 9, the new cash flows shall be discounted at the original effective interest rate. Therefore, if during the period in which the credits are being offset it is necessary to revise the initial estimates concerning the offsetting of the tax credit or if the actual offsets differ from the estimates, the gross carrying amount of the tax credit (revised on the basis of the present value of the reformulated estimates/actual uses of the tax credit, discounted at the original effective interest rate) is adjusted to correctly reflect the use of the tax credit.

Tax credits classified under the HTCS business model are measured at fair value. In any case, the IRR (and, consequently, the amortized cost) is calculated for these credits in order to obtain the correct amount of interest at each reporting date with which to offset the fair value delta in equity through profit or loss. The interest income is recognized in profit or loss in the same manner as receivables at amortized cost. Changes in fair value are initially recognized in OCI. When the tax credit is derecognized, the changes in fair value previously recognized in OCI and accumulated in equity are reclassified to profit or loss.

Tax credits acquired for the purpose of re-transfer are classified under the Other business model. Tax credits classified under the Other business model are measured at fair value.

With regard to the portfolio component measured at fair value (both through OCE and profit or loss), the measurement approach used is based on the construction of discount factor vectors determined on the basis of the credits traded in the reference quarter by the Group mutual banks through *bootstrapping*.

Receivables subject to fair value measurement for which at the reporting date a transfer contract has already been signed and is being finalized are measured at the corresponding value defined in the contract itself.

In terms of presentation in the financial statements, the tax credits shall be classified under “Other assets”, given that under the applicable international accounting standards they do not represent tax assets, government grants, intangible assets or financial assets and therefore cannot be classified under more specific aggregates of bank balance sheet.

2025 Budget Law: new legislative measures for the deferral of 2025 and 206 reversals of DTAs

The Law 207 of December 30, 2024 (2025 Budget Law) defers the deductions for IRAP and IRES purposes of the following income items:

- impairments and credit losses not deducted within the tax return at December 31, 2015. The deductions for the tax periods in progress as of December 2025 and 2026 are deferred in equal instalments in the 2026-2029 and 2027-2029 tax periods, respectively;
- goodwill and other intangible assets not deducted within the tax return at December 31, 2017. The deductions for the tax periods in progress as of December 2025 and 2026 are deferred in equal instalments in the 2026-2029 and 2027-2029 tax periods, respectively;
- the negative components emerged at first-time adoption of IFRS 9. The deductions for the tax periods in progress as of December 2025 and 2026 are deferred in equal instalments in the 2026-2029 and 2027-2029 tax periods, respectively.

In order to ensure the expected increase in tax revenue, the Budget Law provides that, only for the 2025 tax period, the higher taxable incomes resulting from the application of the deferral of deductions can be offset with losses carryforward and ACE tax credits only within the limit of 54% of the higher taxable amount.

The 2025 Budget Law includes specific provisions also for the redeterminations of tax advance prepayments for the 2025-2029 tax periods. More specifically, for all tax periods from 2025 to 2029 the advance prepayment is determined based on the previous period tax without taking into account the above deductions (credit impairment losses, amortization of goodwill and other intangible assets, negative components of IFRS 9 FTA). Moreover, the 54% limit of the higher taxable amount is also applied to the calculation of the 2025 advance prepayment.

Finally, neither the horizontal nor the vertical compensation measure (pursuant to article 17 of Legislative Decree 241/1997 and art. 4(3) of Decree Law 69/89, respectively) can be applied on the amounts of the higher tax advance prepayments due to the commented measure for the tax periods 2025 and 2026.

The regulatory changes introduced by the 2025 Budget Law only impact the 2025 and 2026 financial years; taking into account that advance tax payment for the 2025 tax period does not affect the 2024 financial year as the related taxable amount/loss only serves as a calculation basis, no impact has been detected on the 2024 financial statements.

Conversion into Law of Decree Law 39 of March 29, 2024 – Prohibition of offsetting social security debts with tax credits

The conversion into Law of the Decree Law introduced and modified several provisions regarding the use of tax credits. In particular, it introduced the prohibition for banks, financial intermediaries, companies belonging to a banking group and insurance companies, starting from 2025, to offset social security and welfare debts with tax credits deriving from building bonuses.

Following this innovation, each entity of the Group reviewed the estimates of tax credits exceeding the new off-settable limits starting from 2025 and certified any situation of not off-settable amounts. In this scenario, Iccrea Banca and other Group entities could:

- transfer all the excess tax credits through a non-recourse assignment with derecognition of the assigned credits by December 31, 2024;
- exercise the right to defer tax credits over ten years.

Based on the result of the review, the Group companies proceeded to assign all excess tax credits outside the Group, thus returning to operating within the limits of the tax credit plafond net of social security and welfare debts. The option of deferring tax credits over ten years was residual within the Group.

Securities obtained against assets transferred in non-cash transactions

In compliance with applicable accounting standards and the guidelines set out in Document no. 8 of the Bank of Italy, CONSOB and IVASS coordination group, investment fund units acquired in return for the transfer of impaired loans (bad loans or unlikely-to-pay positions), having verified the absence of any obligation to consolidate the fund and the possibility of derecognizing the transferred loans (given failure to pass the SPPI test) are classified as instruments measured at FVTPL.

Use of valuation models in the determination of the fair value of units held in unlisted investment funds

For the purposes of determining the fair value of units held in unlisted investment funds, both at initial recognition and in subsequent measurement, the analysis of cash flows, the discount rates applied and the other assumptions adopted are consistent with the characteristics of the fund assets.

In respect of this types of investments, a liquidity discount ("*liquidity adjustment*") is determined to be applied to the net asset value (NAV) of the fund. In this regard, the methodological approach adopted provides for consideration, in line with market best practice, of the following main elements:

- the average holding period of the individual unlisted funds, before they can be realized;
- the characteristics of the individual assets held by the fund and their volatility in the holding period (degree of uncertainty);
- the level of risk aversion specified with a prudent threshold, which for a distribution of the possible returns/final value of the asset/portfolio considered makes it possible to measure any deviation from their expected value.

The consideration of this information in the methodological approach used made it possible to estimate a discount with respect to the NAV, calculated as a percentage adjustment of the risk premium linked to the uncertainty concerning potential unfavorable changes in value before realization, taking due account of the management costs of funds not incorporated in the NAVs of the individual unlisted funds.

Global minimum tax

With the publication in the *Gazzetta Ufficiale* of Legislative Decree 209 of December 27, 2023,[102] Italy formally implemented the provisions of Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (the so-called global minimum tax or GMT), in compliance with the common approach agreed with the OECD/G20 Inclusive Framework in the document "OECD (2021), *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS*" (the "GloBE Model Rules"). The OECD reform "Global antibase erosion model rules" introduced a two-pillar approach to addressing tax issues arising from the digitalization of the economy. The approach seeks to limit tax competition by introducing a global minimum rate of 15% in each jurisdiction in which large multinationals operate.

The provisions contained in Title II of the above legislative decree introduce the GMT into the Italian tax system, which, taking account of the option exercised by Italy for the introduction of a national minimum tax (i.e. a Qualified Domestic Minimum Top-Up Tax or QDMTT in OECD jargon), is broken down into three distinct forms of levy having a specifically regulated hierarchical order of application: the national minimum tax, the minimum supplementary tax and the minimum additional tax with deferred start date. The national minimum tax and the minimum supplementary tax shall apply from financial years starting from December 31, 2023. The minimum additional tax will be applied, subject to certain conditions, from financial years starting from December 31, 2024.

As highlighted in financial statements at December 31, 2023, the implementing provisions of the national minimum tax raised some interpretative and operational doubts regarding the correct definition of the companies falling within the scope of application, also taking into account the specific features of cooperative banking groups.

In this regard, on February 17, 2025, the Ministry for the Economy and Finance published the guidelines on global minimum taxation specifically for cooperative banking groups. According to these guidelines, a cooperative banking group resulting from a cohesion contract, although preparing single consolidated financial statements,

[102] *Published in Gazzetta Ufficiale Serie Generale n. 301* of December 28, 2023 (delegated decree) and entering force on December 29, 2023.

does not fall within the scope of the Global Minimum Tax as it cannot be considered a single entity for the purposes of the aforementioned regulation.

The conclusions of the document state that the Parent Company and each individual mutual bank must be classified separately and can indiscriminately assume the role of Parent Company with respect to its own distinct group and set of subsidiaries. Therefore, in light of the innovations set out in the aforementioned MEF guideline, the legislation on Global Minimum Tax is applicable only to Iccrea Banca and its direct subsidiaries and not to the mutual banks.

Clarification of the Revenue Agency concerning the correct determination of the ACE

On February 8, 2024, the Revenue Agency published Response no. 38/2024 which clarifies that, in order to avoid any duplication of the ACE benefit, the irrelevance of the IFRS 9 FTA reserve recognized at the transition to the new standard must be offset by an adjustment (sterilization) of the profits of subsequent financial years when the situation giving rise to the reserve occurred.

To simplify the calculation of the sterilization to be carried out for years after 2018, the Agency identified a flat-rate system assuming that the facts relevant for ACE purposes emerged with the initial profits provisioned (which by increasing equity also increased the ACE base) until the amount of the FTA reserve is achieved.

Based on this clarification, the individual Group entities have, where necessary, recognized in profit or loss the amount of the higher tax due, including penalties and interest.

Covered bonds

In 2021, the Group initiated a covered bond issue program, under which a number of Group banks sold high credit quality assets to a vehicle in a multi-originator transaction. The assets were of a quality such as to serve as collateral for the guarantee issued by the vehicle to the subscribers of the covered bonds issued under the program. At the same time, the banks granted the vehicle a subordinated loan (the CB Loan) to fund the purchase of those assets, the repayment of which is linked to the performance of the asset portfolio transferred to the vehicle. Following the sale, the Parent Company issued the covered bonds backed by the aforementioned guarantee. Subsequently, the Parent Company granted a loan with conditions and characteristics consistent with those of the covered bonds issued to the affiliated banks that contributed the assets to be sold.

Under the transaction structure, the Vehicle, making use of a non-Group custodian, receives from the Originator the cash flows represented by the loan payments it collects, the principal amount of which it retains, returning the interest portion to the Originator as remuneration of the loan received. Periodically, the cumulative loan principal collections on the assets forming the cover pool are used to purchase other high credit quality assets from the Originator. The Originator banks undertake to maintain the credit quality of the cover pool over the course of the transaction. In the event of a deterioration in credit quality, they will repurchase the loans involved from the Vehicle and transfer new high credit quality assets in an amount suitable to replenish the original guarantee.

Very briefly, in addition to the multi-originator profile of the parties transferring the assets that form the cover pool, the transaction is characterized by the identity of the originator bank and the bank granting the vehicle the subordinated loan to purchase the assets. The subordinated loan from the Originator to the Vehicle to finance the purchase of receivables qualifies as a limited-recourse loan, as the repayment and return are conditional on developments in the cover pool. From a substantive point of view, the assignor/lending banks therefore remain exposed to the risk of the assets pledged as collateral as if the transfer had not taken place. They are also required to replenish the guarantee if the quality of the assets deteriorates and their value falls below the thresholds specified in the contractual arrangements.

Taking account of the role played in the transaction and the corresponding risk profiles, as a result of the sale the banks lose legal title to the assets making up the cover pool. However, those assets continue to be recognized for accounting and financial reporting purposes (as well as for supervisory reporting and prudential purposes) since they do not pass the derecognition test because the assignors retain exposure to the risks and rewards of the assets through the grant of the subordinated limited-recourse loan to the vehicle (in compliance with the provisions of paragraphs 3.2.15 and B3.2.1 of IFRS 9). Accordingly, the banks continue to apply the ordinary accounting treatment adopted prior to the sale to the transferred assets and recognize a receivable due from the vehicle for the principal amounts collected from the transferred borrower and consequently retroceded to the vehicle.

Consolidated tax mechanism option

Iccrea Banca SpA and the Group subsidiaries belonging to the so-called “direct scope” have adopted the “consolidated tax mechanism”, governed by Articles 117-129 of the Uniform Income Tax Code (“TUIR”), introduced with Legislative Decree 344/2003. It consists of an optional tax regime under which total net income or the tax losses of each subsidiary taking part in the tax consolidation –along with withholdings, deductions and tax credits – are transferred to the parent company. Only one taxable income or tax loss that can be carried forward (the algebraic sum of the parent company’s and its participating subsidiaries’ income/losses resulting in a single tax payable/receivable) is calculated and attributed to the parent company. Under this option, the Group companies that participate in the consolidated tax mechanism calculate their tax liabilities and the corresponding taxable income, which is transferred to the parent company. If one or more subsidiaries reports negative taxable income, the tax losses are transferred to the parent company when there is consolidated income for the period or a high probability of future taxable income.

Audit

The consolidated financial statements have been audited by Forvis Mazars SpA which has also been engaged to monitor the keeping of the accounts pursuant to Article 14 of Legislative Decree 39/2010; the engagement for the period 2021-2029 was conferred in execution of the shareholders’ resolution of May 28, 2021.

Financial reporting officer

On May 16, 2024 the Shareholders' Meeting of Iccrea Banca approved the amendment to the Articles of Association required under the Consolidated Law on Financial Intermediation (TUF) to establish the position of officer responsible for preparing corporate financial reporting documents (Financial Reporting Officer). The Bank's Board of Directors subsequently appointed Marianna Di Prinzio, previously Head of Administration and Financial Reporting, to this position.

In light of this appointment, the certification issued by the Financial Reporting Officer in accordance with the provisions of paragraph 5 of Art. 154-bis of the TUF is attached to these consolidated financial statements.

A.2 - THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

This section sets out the accounting policies adopted in preparing the consolidated financial statements. The presentation of these accounting policies is broken down into stages – classification, recognition, measurement and derecognition - for the various asset and liability items. A description of the impact on profit or loss, where material, is provided for each stage.

Classification of financial assets

Financial assets are classified in the categories envisaged by IFRS 9 on the basis of both of the following elements:

- the business model used to manage the financial assets;
- the characteristics of the contractual financial flows of the financial asset (the "SPPI Test" - Solely Payments of Principal and Interest Test).

If the business model is identified as hold to collect and the asset passes the SPPI test, the asset is recognized at amortized cost (AC).

If the business model is identified as hold to collect and sell and the asset passes the SPPI test, the asset is recognized at fair value through other comprehensive income (FVTOCI).

Finally, if the business model differs from those specified above or the asset does not pass the SPPI test in both of the two previous cases, the asset is recognized at fair value through profit or loss (FVTPL).

The business model

IFRS 9 identifies three different business models, which in turn reflect the ways in which financial assets are managed:

- "Hold to collect": this includes financial assets held with the objective of collecting contractual cash flows, retaining the financial instrument to maturity, with the exception of sales permitted under Group policies in line with IFRS 9;
- "Hold to collect and sell": this includes financial assets held with the aim of both collecting contractual cash flows over the life of the assets and the proceeds from the sale of those assets;
- "Other": this is a residual business model that includes financial instruments that cannot be classified in the previous categories, mainly represented by financial assets held for the purpose of generating cash flows through sale (including trading).

The business model does not depend on management's intentions for each individual instrument, but is determined at a higher level of aggregation. It is therefore possible for an entity to adopt more than one business model in managing financial instruments, including in respect of the same financial asset. For example, a tranche of a security could be purchased as part of a hold to collect business model, while a second tranche of the same instrument could be acquired both to collect the contractual cash flows and to sell it (HTCS). The assessment of which business model has been adopted is based on reasonably possible scenarios and not on scenarios that unlikely to occur (such as "worst case" or "stress case" scenarios), taking account, among other things, of the way in which:

- the performance of the business model and the assets at initial recognition are evaluated by key management personnel;
- risks that impact the performance of the business model and the assets involved in initial recognition are managed;
- the managers of the business are remunerated.

From an operational point of view, the Iccrea Group identifies the business models used to manage financial assets in accordance with its own judgment, as governed by internal rules. The assessment is not determined by a single factor or activity, but rather by considering all the relevant information available at the assessment date, ensuring ongoing consistency with strategic and operational planning. In this sense, the business models of the Iccrea Group are identified on the basis of the granularity of the portfolio and the level of definition of the business, identifying key managers in accordance with the provisions of IAS 24, the nature of the products and type of underlying asset, the methods for evaluating performance and how these are reported to key management, the risks that impact the business accounting model and how these risks are managed, manager remuneration arrangements and the volume of sales.

With specific reference to the "hold to collect" model, according to IFRS 9, the sale of a debt instrument or a loan does not itself determine the business model. In fact, an HTC business model does not necessarily imply that an instrument will be held to maturity and the standard itself offers examples of sales deemed admissible within this model. Accordingly, the Group's policies govern the types of sale considered consistent with this model, as in the case of sales made in response to an increase in the credit risk of the counterparty.

Specifically, sales that have occurred as a result of the following circumstances are considered consistent with this business model:

- in the case of an increase in credit risk and, more specifically:
  - on the basis of developments in CDS spreads with regard to the securities portfolio, taking due account of all reasonable and supportable information concerning forecasts, approved/authorized as appropriate;
  - on the basis of the staging indicator for the loan portfolio;
- in the case of sales that occur near the maturity date, i.e. when they approximate the cash flows that would be generated obtained by not selling the security;
- to manage structural liquidity in order to respond to extreme liquidity situations;
- when the sales are frequent but not material in value terms or are occasional even if material in value terms. Frequency and materiality thresholds have been specified to determine those aggregates:
  - frequency is defined as the number of trading days considered in the period considered;
  - materiality is defined as the percentage ratio between the nominal value of sales and the total nominal value of the instruments held in the portfolio during the period considered.

In cases where both frequency and materiality thresholds are exceeded, an assessment must be conducted to determine compliance with the requirements of the business model identified.

The SPPI test

In order to determine whether a financial asset can be measured at amortized cost or at fair value through other comprehensive income, it is important to determine whether the contractual cash flows of the asset are represented by solely payments of principal and interest on the principal amount outstanding. Such contractual flows are compatible with a basic lending arrangement, where the consideration for the time value of money and credit risk are typically the most significant elements of interest. However, interest may also include consideration for other risks, such as liquidity risk, and the costs associated with holding the financial asset. Furthermore, interest may also include a profit margin that is compatible with a basic lending arrangement. The principal amount is represented by the fair value of the financial asset at recognition. Contractual terms introducing exposure to risks or volatility in contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to inverse changes in interest rates, in equity prices or in commodity prices, do not give rise to contractual cash flows that are solely payments principal and interest on the principal amount outstanding. As determined by analysis conducted by the Group, such types of instrument cannot be considered SPPI-compliant and must therefore be measured at fair value through profit or loss.

In some cases, the time value of money element may be modified. That would be the case if a financial asset's interest rate is periodically reset but the frequency of that reset does not match the tenor of the interest rate (for example, the interest rate resets every month to a one-year rate). When assessing a modified time value of money element, the objective is to determine how different the contractual cash flows could be from the cash flows that would arise if the time value of money element was not modified In these cases, IFRS 9 requires the performance of a "benchmark test", an exercise that involves comparing the interest on the actual instrument, calculated at the contractually specified interest rate, and the interest on the benchmark instrument, calculated using the interest rate that does not contain the change in the time value of money, all other contractual clauses being equal. The benchmark test therefore consists of a comparison between the sum of the undiscounted expected cash flows of the actual instrument and the sum of those for the benchmark instrument. In doing so, we consider only reasonably possible scenarios, therefore excluding stress test scenarios.

Furthermore, for the purposes of the SPPI test, any contractual term that could change the timing or amount of the contractual cash flows (for example, the case of a prepayment option, subordinated instruments or an option to extend the term for payment of principal and/or interest) shall also be considered.

Finally, a contractual cash flow characteristic does not affect the classification of the financial asset if it could only have a de minimis effect on the cash flows. At the same time, if a contractual cash flow characteristic is "not genuine", it does not affect the classification of the financial asset. A cash flow characteristic is not genuine if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur. To make a determination of the de minimis effect, an entity must consider the possible effect of the contractual cash flow characteristic in each reporting period and cumulatively over the life of the financial instrument.

From an operational standpoint, the Group has established guidelines for conducting the SPPI test, which represent the methodology adopted by the Group and reflected in its internal rules, so as to be able to represent the benchmark instrument for the performance of the testing by all the functions involved. In this context, with specific reference to the loan portfolio, these guidelines have been implemented in a tool within the Group's application systems that enables the benchmark test to be performed. With specific reference to the securities portfolio, on the other hand, the outcome of the test is provided by a leading sector info-provider, based on the guidelines and methods defined by the Group.

1 - Financial assets measured at fair value through profit or loss

Classification

This category includes financial assets, regardless of their technical form, which are not recognized under financial assets measured at fair value through other comprehensive income or financial assets measured at amortized cost. More specifically, the category comprises:

- financial assets held for trading, mainly represented by debt securities, equity instruments and the positive value of derivatives held for trading;
- financial assets designated as at fair value, i.e. financial assets so designated at the time of initial recognition and where the appropriate conditions are met. In particular, financial assets are designated as irrevocably measured at fair value through profit or loss if, and only if, doing so eliminates or significantly reduces an accounting mismatch;
- financial assets mandatorily measured at fair value, represented by financial assets that do not meet the requirements for measurement at amortized cost or at fair value through other comprehensive income. These comprise financial assets whose contractual terms do not provide for solely payments of principal and interest on the principal amount outstanding (i.e. that do not pass the SPPI test) or which are not held within the framework of a business model whose objective is the hold assets in order to collecting their contractual cash flows (the hold to collect business model) or to both collect the contractual cash flows and sell the financial assets (the hold to collect and sell business model).

The category therefore includes:

- debt securities and loans that are held as part of an "other" business model or that do not pass the SPPI test;
- equity instruments - that do not represent an interest in subsidiaries, associates or joint arrangements - held for trading or for which the option at the time of initial recognition to designate them as held at fair value through other comprehensive income was not exercised;
- units in collective investment undertakings and derivative instruments.

With regard to derivatives, this item also includes derivatives embedded in a financial liability or in a non-financial contract (the "host contract"). The combination of a host contract and the embedded derivative is a hybrid instrument. In this case the embedded derivative is separated from the host contract and recognized as a derivative if:

- the economic characteristics and risks of the embedded derivative are not closely related to the characteristics of the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;

- the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss.

In accordance with the provisions of IFRS 9, reclassifications are allowed only following a modification of the business model. Such changes are expected to be very infrequent and are determined by the entity's senior management (as identified pursuant to IAS 24) as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties. This occurs, for example, when the entity has acquired, disposed of or terminated a business line.

The transfer value is represented by the fair value at the time of the reclassification, which takes place prospectively starting from that date. In this case, the effective interest rate is redetermined based on the fair value of the reclassified financial asset at the time of the change and that moment is considered to be the initial recognition date for the purpose of verifying a significant increase in credit risk.

Recognition

Debt and equity securities are initially recognized at the settlement date, while derivative contracts are recognized at the trade date. Financial assets are initially recognized at fair value, which is usually the amount paid or received. Where the price is different from the fair value, the financial asset is recognized at its fair value and the difference between the two amounts is recognized through profit or loss.

Measurement

Financial assets measured at fair value through profit or loss are measured at fair value following initial recognition. The effects of the application of this treatment are recognized through profit or loss.

For financial instruments listed on active markets, the fair value of financial assets or liabilities is determined on the basis of the official prices at the reporting date. For financial instruments that are not listed on active markets, including equity instruments, fair value is determined using valuation techniques and observable market data, such as: the price of listed instruments with similar features, calculation of discounted cash flows, option pricing models and prices registered in recent similar transactions.

With specific regard to equity instruments not listed on an active market, cost is used as an estimate for fair value only in rare cases in a limited number of circumstances, i.e. where cost represents the best estimate of fair value among a wide range of fair values, making cost the most significant value, or in cases in which the valuation techniques referred to above are not applicable.

For more information on the determination of fair value, please see section A.4 "Fair value disclosures" of Part A of the notes to the financial statements.

Derecognition

Financial assets measured at fair value through profit or loss are derecognized when the contractual rights to the cash flows expire, are extinguished or a disposal transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the asset continues to be recognized even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the instrument has been retained. Conversely, if the Bank retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, financial assets sold are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to third parties.

Recognition of income components

The results of the measurement of financial assets held for trading are recognized through profit or loss under "Net gain (loss) on trading activities". The results of the measurement of financial assets designated as at fair value and of those mandatorily measured at fair value are instead recognized under " Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss", respectively under sub-items "a) financial assets and liabilities designated as at fair value" and "b) other financial assets mandatorily measured at fair value. Dividends from equity instruments held for trading are recognized through profit or loss under "Dividends and similar income" when the right to receive payment is established.

2 - Financial assets measured at fair value through other comprehensive income

Classification

This category includes financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the HTCS business model) and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. they pass the SPPI test).

The category also includes capital instruments not held for trading for which the option envisaged under IFRS 9 was exercised at the time of initial recognition to designate them as held at fair value through other comprehensive income with no recycling to profit or loss of any gains or losses on disposal.

Specifically, the item includes:

- loans and debt securities held with a "hold to collect and sell" business model that pass the SPPI test;
- equity interests - that do not represent an interest in subsidiaries, associates or joint arrangements – not held for trading for which the option was exercised at the time of initial recognition to designate them as held at fair value through other comprehensive income. This includes equity investments intended to strengthen the Group's commercial presence and extend its reach into business areas in which it is not present. Similarly, this option is exercised for equity instruments that have been acquired for strategic and institutional purposes and are therefore held with no intention of selling them in the short term, representing instead a medium/long-term investment.

In accordance with the provisions of IFRS 9, reclassifications are only allowed following a modification of the business model. Such changes are expected to be very infrequent and are determined by the entity's senior management (as identified pursuant to IAS 24) as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties. This occurs, for example, when the entity has acquired, disposed of or terminated a business line.

The transfer value is represented by the fair value at the time of the reclassification, which takes place prospectively starting from that date. In this case, the effective interest rate is redetermined based on the fair value of the reclassified financial asset at the time of the change and that moment is considered to be the initial recognition date for the purpose of verifying a significant increase in credit risk. In the event of the reclassification of financial assets measured at fair value through other comprehensive income to the category of financial assets measured at amortized cost, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. In the event of reclassification to financial assets measured at fair value through profit or loss, the cumulative gain or loss previously recognized in other comprehensive income is recognized though profit or loss.

Recognition

Financial assets measured at fair value through other comprehensive income are initially recognized at the settlement date for debt or equity securities and at the disbursement date for loans.

Financial assets are initially recognized at fair value, which is generally the amount paid or received. Where the price is different from the fair value, the financial asset is recognized at its fair value and the difference between the two amounts is recognized through profit or loss. The initial recognition value includes direct transaction costs or revenue determinable at the recognition date, even if settled at a later time.

Measurement

Following initial recognition, financial assets measured at fair value through other comprehensive income, other than equity instruments, are measured at fair value, with the value corresponding to the amortized cost recognized in the income statement. Gains and losses from changes in the fair value are recognized in a special equity reserve until the asset is derecognized or they incur an impairment loss. Upon disposal or the recognition of an impairment loss, the cumulative gain or loss recognized in the equity reserve is reversed to profit or loss.

Equity instruments classified in this category under the option provided for by IFRS 9 are measured at fair value through other comprehensive income. Unlike other instruments classified here, however, those amounts are not subsequently transferred to profit or loss, even if the instruments are sold (no recycling). Accordingly, the only element associated with the equity instruments recognized through profit or loss is any associated dividends.

Fair value is determined using the criteria adopted for financial assets measured at fair value through profit or loss.

Financial assets measured at fair value through other comprehensive income represented by debt securities are assessed for any significant increase in credit risk (impairment) like assets measured at amortized cost, with the consequent recognition through profit or loss of a provision to cover expected loss. More specifically, if at the measurement date no significant increase in credit risk is found compared with the date of initial recognition (stage 1), the 12-month expected loss is recognized. Conversely, the lifetime expected loss is recognized for instruments whose credit risk has increased significantly since initial recognition (stage 2) and for impaired exposures (stage 3). Equity instruments do not undergo lifetime impairment testing, i.e. calculated over the entire residual life of the financial asset. Equity securities do not undergo impairment testing.

Derecognition

Financial assets measured at fair value through other comprehensive income are derecognized when the contractual rights to the cash flows expire/are extinguished or a disposal transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the asset continues to be recognized even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the instrument has been retained. Conversely, if the Bank retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Financial assets sold are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

Recognition of income components

Gains and losses from changes in fair value are recognized in a specific equity reserve until the asset is derecognized. The equity reserve representing the cumulative changes in the fair value of equity instruments for which the option to irrevocably designate the instrument as at fair value through other comprehensive income was exercised is not reversed through profit or loss even when the asset is derecognized, while dividends in respect of such instruments are recognized through profit or loss.

Interest calculated on debt instruments using the effective interest method, which takes account of both the amortization of transaction costs and the differential between the initial value and the repayment value, are recognized under “Interest and similar income”.

Writedowns and writebacks for credit risk and the recognition of an impairment loss are recognized under the item “Net losses/recoveries for credit risk in respect of financial assets measured at fair value through other comprehensive income”, with a corresponding adjustment of the relevant valuation reserve in equity.

Cumulative gains and losses recognized in other comprehensive income are recognized through profit or loss under the item “Gain (loss) on disposal of financial assets measured at fair value through other comprehensive income” on the disposal of the asset.

Dividends on an equity instrument are recognized through profit or loss when the right to receive payment is established.

3 - Financial assets measured at amortized cost

Classification

This category comprises financial assets such as loans and debt securities held within a business model whose objective is achieved by collecting contractual cash flows on a financial asset ("hold to collect" business model) that are solely payments of principal and interest on the principal amount outstanding (i.e. they pass the SPPI test).

Specifically, this category includes credit exposures to banks (including the central bank) and to customers that, regardless of technical form (bonds, loans, credit lines and deposits), meet the requirements indicated above.

In accordance with the provisions of IFRS 9, reclassifications are allowed only following a modification of the business model. Such changes are expected to be very infrequent and are determined by the entity's senior management (as identified pursuant to IAS 24) as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties. This occurs, for example, when a relevant activity is begun or terminated after the entity has acquired, disposed of or terminated a business line.

The transfer value is represented by the fair value at the time of the reclassification, which takes place prospectively starting from that date. In this case, the effective interest rate is redetermined based on the fair value of the reclassified financial asset at the time of the change and that moment is considered to be the initial recognition date for the purpose of verifying a significant increase in credit risk. In the event of the reclassification of financial assets measured at amortized cost to the category of financial assets measured at fair value through other comprehensive income, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income. In the event of reclassification to financial assets measured at fair value through profit or loss, the gain or loss is recognized though profit or loss.

Recognition

Financial assets are initially recognized at the settlement date for debt securities and at the disbursement date for loans. The initial amount recognized is equal to the amount disbursed or subscription price, including costs and revenue directly attributable to the transaction and determinable from the inception of the transaction, even if settled at a later time. The initially recognized amount does not include costs to be reimbursed by the debtor or that can be characterized as normal administrative overhead costs.

The initial recognition amount of loans disbursed at non-market conditions is equal to the fair value of the loans, determined using valuation techniques. The difference between the fair value and the amount disbursed or the subscription price is recognized through profit or loss.

Securities repurchase transactions are recognized as funding or lending transactions. Transactions involving a spot sale and a forward repurchase are recognized as payables in the amount received spot, while those involving a spot purchase and a forward sale are recognized as receivables in the amount paid spot.

Transactions with banks through correspondent accounts are recognized at the time of settlement and, therefore, these accounts are adjusted for all non-liquid items regarding bills and documents received or sent registered as 'subject to collection' or after actual collection.

Where, in the event of unusual circumstances, the assets are recognized in this category following reclassification form financial assets available for sale or from financial assets held for trading, the fair value of the assets at the date of reclassification shall be deemed to be the new amortized cost of the assets.

Measurement

Subsequent to initial recognition, financial assets are measured at amortized cost, using the effective interest rate method. The amortized cost equals the amount at which a financial asset is measured at initial recognition decreased by principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, minus any reduction (directly or through the use of a provision) due to impairment or non-recoverability.

In certain cases, a financial asset may be considered impaired at initial recognition because its credit risk is very high and, in the case of a purchase, is acquired at a large discount to its value at initial issue.

Amortized cost is not used for very-short-term loans, loans without a specified maturity or revocable loans, for which the impact of this method can be considered not material. These positions are measured at cost.

The measurement effects strictly consider the three different credit risk stages provided for in IFRS 9. The stages can be summarized as follows:

- stage 1 and 2 including performing financial assets;
- stage 3 including impaired financial assets.

With regard to the presentation of measurement effects in the accounts, value adjustments of this type of asset are recognized through profit or loss:

- at the time of initial recognition in an amount equal to 12-month expected credit losses;
- at the time of subsequent measurement of the asset where credit risk has not increased significantly since initial recognition in an amount equal to the change in the loss allowance for 12-month expected credit losses (stage 1);
- at the time of subsequent measurement of the asset where credit risk has increased significantly since initial recognition in an amount equal to the loss allowance for lifetime expected credit losses (stage 2);
- at the time of subsequent measurement of the asset where credit risk has increased significantly since initial recognition but the increase is no longer “significant” in an amount equal to the adjustment of the cumulative loss allowances to take account of the transition from lifetime expected credit losses to 12-month expected credit losses (return to stage 1).

Financial assets recognized in this category are tested for impairment periodically and in any event at the close of each reporting period in order to determine any value adjustments to be recognized at the level of individual loans (or tranches of a security) as a function of the risk parameters represented by Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD), appropriately modeled to take account of the provisions of IFRS 9. The amount of the value adjustment recognized through profit or loss therefore takes into consideration so-called forward-looking information and possible alternative recovery scenarios. If, in addition to a significant increase in credit risk, financial assets show objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the assets (classified as “impaired”) and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial assets. The assessment of the impairment loss and the consequent amount to be recognized in profit or loss is conducted on an individual basis or determined by creating groups of positions with a uniform risk profile.

Non-performing loans, unlikely-to-pay positions, restructured exposures and past-due or over-limit exposures are considered impaired in accordance with the applicable rules of the Bank of Italy, consistent with the IAS/IFRS and European supervisory regulations (stage 3).

Measurement of the financial assets takes account of the best estimate of expected future cash flows in respect of principal and interest payments. Also taken into consideration is the realizable value of any guarantees excluding recovery costs, recovery times estimated based on contractual maturities, if any, and on reasonable estimates in the absence of contractual provisions, and the discount rate, which is the original effective interest rate. For impaired positions at the transition date, where determining this figure would be excessively burdensome, the Bank has adopted reasonable estimates, such as the average rate of loans for the year in which the loan was first classified as a bad debt, or the restructuring rate.

If the reasons for the impairment should cease to obtain following an event that occurred subsequent to the recognition of the impairment loss, a writeback is taken to profit or loss. The value of the financial asset after the writeback shall not exceed the amortized cost that the instrument would have had in the absence of the prior writedown. See the section on procedures for determining impairment for more information.

Where these financial assets are classified as measured at amortized cost or at fair value through other comprehensive income, they are classified as “purchased or originated credit impaired” (“POCI”) and receive special treatment in terms of impairment, with the recognition of lifetime expected credit losses. In addition, the credit-adjusted effective interest rate is calculated for financial assets identified as POCIs at initial recognition. This rate reflects initial expected losses in estimating cash flows. In using amortized cost method, and the consequent calculation of interest, therefore, this credit-adjusted effective interest rate is therefore used.

Derecognition

Financial assets measured at fair value through other comprehensive income are derecognized when the contractual rights to the cash flows expire/are extinguished or a disposal transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the asset continues to be recognized even if legal title has been transferred.

Where it is not possible to determine whether substantially all the risks and rewards have been transferred, the financial assets are derecognized if no form of control over it is retained. Conversely, where even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement in the asset, measured by the exposure to changes in value of the transferred assets and changes in their cash flows.

Transferred financial assets are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

In certain cases, during the course of the life of financial assets, in particular loans, the terms of the contract may be modified from those in force at the time of initial recognition. In these circumstances, the modified terms must be analyzed to determine whether the original assets can continue to be recognized or must instead be derecognized, with the consequent recognition of new modified financial assets. In general, modifications of contractual terms lead to the derecognition of the financial asset and the recognition of a new asset when they are considered to be "substantial", with the recognition in profit or loss of any difference in carrying amounts.

In conducting this assessment, qualitative judgments are called for. To this end, the assessment shall consider:

- the reasons for the modifications, distinguishing, for example, between renegotiations carried out for commercial reasons or in response to the counterparty's financial difficulties:
  - transactions carried out with performing counterparties for reasons other than debtor's financial difficulties, and therefore not related to a change in the creditworthiness of the borrower, are considered commercial renegotiations, which have the main objective of adjusting the cost of credit to market conditions. These cases include all renegotiations aimed at maintaining the commercial relationship with the client, and are therefore carried out with the aim of retaining the counterparty, who might otherwise turn to another bank. In this case, these modifications are considered substantial because if they did not occur, the customer could turn to another financial institution, thus causing the bank to lose future revenue;
  - transactions whose objective is to maximize the recoverable amount of the loan are considered renegotiations due to financial difficulties of the counterparty, with the creditor therefore willing to accept a restructuring of the debt on terms potentially favorable to the debtor. In these circumstances, it is generally assumed that there has essentially been no extinguishment of the original cash flows that would therefore require derecognition of the original loan. Consequently, these types of renegotiation represent the majority of cases presented in the financial statements through "modification accounting", in which the difference between the carrying amount and the recalculated value of the financial asset is recognized in profit or loss by discounting the renegotiated or modified cash flows at the original effective interest rate;
- the presence of specific objective elements that substantially modify the characteristics and/or cash flows of the financial instrument, such that they would entail the derecognition of the instrument and the consequent recognition of a new financial asset. This includes, for example, the introduction of new contractual terms that would cause the asset to fail the SPPI test or a change in the denomination of the currency of the instrument, as the entity would be exposed to a new risk.

Recognition of income components

Interest on financial assets measured at amortized cost is recognized under "Interest and similar income" in the income statement using the effective interest criterion, which takes account of both the amortization of transaction costs and the differential between the initial value and the repayment value.

Gains or losses on the financial assets in question are recognized in profit or loss when the assets are derecognized or have incurred an impairment loss.

More specifically, gains or losses deriving from the sale of an asset are, as previously noted, recognized in the income statement under the item "Gain (loss) on the disposal or repurchase of: a) financial assets measured at amortized cost" on the disposal of the asset.

Writedowns and writebacks for credit risk are recognized under "Net losses/recoveries for credit risk in respect of: a) financial assets measured at amortized cost", with a corresponding adjustment of the relevant provision.

4 - Hedging

The Iccrea Cooperative Banking Group has elected to exercise the option to continue to apply the rules provided for in IAS 39 governing hedge accounting for each type of hedge (the "opt-out" option).

Classification

Risk hedging transactions are intended to neutralize the potential losses recognized on a given element or group of elements attributable to a given risk in the event that risk should actually be realized.

The types of hedges permitted under IAS 39 are as follows:

- fair value hedges, which are intended to hedge the exposure to the risk of changes in the fair value (due to the various types of risk) of assets and liabilities or portions of assets and liabilities, groups of assets and liabilities, irrevocable commitments and portfolios of financial assets and liabilities as permitted under IAS 39 as endorsed by the European Commission;
- cash flow hedges are intended to hedge the exposure to the risk of changes in the future cash flows on recognized assets or liabilities or on highly probable forecast transactions. This type of hedge is essentially used to stabilize interest flows on variable-rate funding to the degree that the latter finances fixed-rate lending. In some circumstances, analogous transactions are carried out for certain types of variable-rate lending.

Only instruments that involve a non-Group counterparty can be designated as hedging instruments.

The items "hedging derivatives" among assets and liabilities include the positive and negative values of derivatives that establish effective hedging relationships.

Recognition

Hedging derivatives and the hedged financial assets and liabilities are reported in accordance with hedge accounting rules. In particular, derivative instruments with a positive fair value are recognized under "Hedging derivatives" on the asset side of the balance sheet, while derivatives with a negative fair value at the reporting date are recognized under "Hedging derivatives" on the liability side of the balance sheet.

Measurement and recognition of income components

Hedging derivatives are measured at fair value. More specifically:

- in the case of fair value hedges, the change in the fair value due to the risk on the hedged item has a corresponding impact on the income statement, where the change in the fair value of the hedging instrument is recognized. Any difference between the two changes, which represents the partial ineffectiveness of the hedge, represents the net impact in profit or loss;
- in the case of cash flow hedges, changes in the fair value of the derivative are recognized in a specific equity reserve in the amount of the effective portion of the hedge and in profit or loss in the amount of the ineffective or overhedging portion. The reserve is reclassified to profit or loss only when the cash flows on the hedged item whose variability is being hedged manifest themselves or in the event the hedging relationship is discontinued in the manner specified for the circumstance that prompted the interruption of the hedge.

The derivative is designated as a hedging instrument where there is formal documentation of the relationship between the hedged item and the hedging instrument and if it the hedge is effective at the moment of inception and throughout its life.

The effectiveness of a hedge depends on the extent to which changes in the fair value of the hedged item or the associated cash flows are offset by those of the hedging instrument. Accordingly, effectiveness is quantified on the basis of the comparison of those changes, taking account of the intentions of the entity at the time the hedge is established.

A hedge is deemed effective when the changes in fair value (or in cash flows) of the hedging instrument nearly entirely offset (i.e. within a range of 80-125%) changes in the hedged instrument for the risk factor being hedged.

Effectiveness is measured at every reporting date through:

- prospective tests, which justify the use of hedging accounting, as they demonstrate the hedge's expected effectiveness;
- retrospective tests, which indicate the level of effectiveness of the hedge achieved in the period under review, measuring the difference between actual results and theoretical results (perfect hedges).

If the tests do not confirm the effectiveness of the hedge, hedge accounting is discontinued in accordance with the above criteria, the hedging derivative is reclassified as a trading instrument or extinguished early and the hedged financial instrument is measured using the criteria normally adopted for instruments of its category. Subsequent changes in the fair value of the derivative are recognized through profit or loss. For cash flow hedges, when it becomes certain that the hedged transaction will no longer be carried out, the cumulative gain or loss recognized in the equity reserve is reversed through profit or loss.

The changes in the fair value of the hedged instruments and those used to hedge a fair value hedge transaction are recognized in the income statement under "Net gain (loss) on hedging activities". The ineffective or overhedging portion of the cash flow hedging derivative measured with respect to the hypothetical derivative (hedge ineffectiveness) is also recognized under this item.

5 – Equity investments

Classification

The item includes equity investments in subsidiaries, associates and joint ventures. Immaterial entities[103] are not consolidated. Their exclusion from the scope of consolidation does not have a significant impact on Group equity.

Subsidiaries are those entities over which the investor has the power to direct the relevant activities as a result of a legal right or a mere situation of fact and is exposed to the variable returns resulting from that power.

Pursuant to IFRS 10 the control requirement is met when an investor simultaneously has:

- the power to direct the relevant activities of the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to use its power over the investee to affect the amount of its returns (link between power and returns).

Joint control is the contractually agreed sharing of control of an arrangement.

Associated companies comprise companies in which the Group holds, either directly or indirectly, at least 20% of the voting rights or, independently of the proportion of voting rights, companies over which the Group exercises a significant influence, which is defined as the power to participate in determining financial and operating policies, but without exercising either control or joint control.

Equity interests in subsidiaries, joint ventures and associates held for sale are reported separately in the financial statements as a disposal group and are measured at the lower of the carrying amount and the fair value excluding disposal costs.

Recognition

Equity investments are initially recognized at cost at the settlement date including costs and revenue that are directly attributable to the transaction.

[103] The scope of consolidation does not include subsidiaries with total assets of less than €10 million, subject to the condition that the total assets of all unconsolidated subsidiaries do not exceed €50 million.

Measurement

Investments in subsidiaries are measured at cost, while investments in associates or joint ventures are measured using the equity method (for more details, see Section 3 – Scope and methods of consolidation in Part A Accounting policies: A.1 – General information). Where there is evidence that the value of an equity investment may be impaired, its recoverable amount is determined, taking account of both its market value and the present value of future cash flows. If this value is lower than the carrying amount, the difference is recognized through profit or loss as an impairment loss.

Impairment testing of equity investments

As required by the accounting standards referred to earlier and by IAS 36, if there is evidence (triggers) of possible impairment, equity investments undergo impairment testing to determine whether there is objective evidence that the carrying amount of such assets is not fully recoverable and to determine the amount of any writedown.

Impairment indicators are essentially divided into two categories:

- qualitative indicators, such as the posting of losses or in any case a significant divergence with respect to budget targets or the objectives set out in the long-term plans announced to investors, the announcement/start of composition with creditors or restructuring plans, and the downgrading of the rating issued by a specialist agency;
- quantitative indicators consisting of a reduction in fair value below the carrying amount of over 30%, or for a eriod of more than 24 months, or a carrying amount for the equity investment in the separate financial statements greater than the carrying amount in the consolidated financial statements of the company's net assets and goodwill, or the distribution by the latter of a dividend greater than its comprehensive income.

In the presence of evidence of impairment, the size of any writedown is determined on the basis of the difference between the carrying amount and the recoverable amount, which is equal to the greater of fair value less costs to sell and the value in use.

Derecognition

Control, joint control and significant influence cease in cases in which the power to determine financial and operating policies of the company is removed from the governance bodies of the company and transferred to a governmental body, a court and in similar cases. The equity investment in these cases is subject to the treatment of IFRS 9, as provided for financial instruments.

Equity investments are derecognized when the contractual rights to the cash flows from the assets expire or when substantially all the risks and rewards connected with ownership of the equity investment are transferred.

Recognition of income components

Dividends received from equity investments are recognized in the income statement under "Dividends and similar income" when the right to receive payment is established.

Impairment losses on equity investments are recognized in the income statement under the item "Profit (loss) from equity investments". If the reasons for the impairment loss should be removed following an event occurring after the recognition of the impairment loss, the consequent writebacks are recognized in the income statement (in an amount not exceeding the previous writedowns) under the same item.

The recognition of the income effects in respect of equity investments accounted for using the equity method is discussed in Section 3 – Scope and methods of consolidation in Part A Accounting policies: A.1 – General information.

6 - Property, plant and equipment

Classification

Property, plant and equipment includes land and buildings used in operations and those held for investment purposes, plant, vehicles, furniture, furnishings and equipment of any kind.

According to IAS 16, buildings used in operations are those held for use in the supply of services or for administrative purposes. Pursuant to IAS 40, investment property includes property held to earn rentals or for capital appreciation or both.

The item also includes assets in accordance with IAS 2 - Inventories, which mainly include assets deriving from the enforcement of guarantees or purchase at auction that the Group intends to sell in the near future without carrying out significant restructuring works and which do not meet the conditions for classification in the previous categories ("for use in operations" or "for investment"). This therefore includes assets acquired following the closure of an impaired credit exposure (for example from acceptance of the asset in lieu of the original performance ("datio in solutum"), from the consolidation of companies acquired as a result of loan restructuring/recovery agreements, the non-exercise of the purchase option in a finance lease or the termination of an impaired lease, etc.).

Where the requirements for the application of IFRS 5 to these assets are not met, the Group normally initially classifies the assets as inventories, subsequent measuring them in accordance with the criteria set out in IAS 2, except in rare cases in which the conditions are met for classification as:

- assets held for use in operations (see IAS 16);
- assets held for investment purposes (see IAS 40), insofar as they are held for the purpose of generating income through the receipt of lease payments or for capital appreciation.

Finally, property, plant and equipment also includes the rights of use for assets held under leases (whether finance or operating leases) pursuant to IFRS 16, even though the lessor retains legal ownership of the assets.

Recognition

Property, plant and equipment is recognized at cost, which in includes all incidental expenses directly attributable to purchasing and placing the asset in service.

Expenses subsequently incurred (e.g. extraordinary maintenance costs) increase the carrying amount of the asset or are recognized as separate assets if it is likely that the future economic benefits will exceed initial estimates and the costs can be reliability calculated.

All other subsequent expenses (e.g. ordinary maintenance costs) are recognized in the income statement in the year incurred.

Property, plant and equipment originally held as collateral for credit and acquired in recovery activities carried out on the basis of specific contracts or legal proceedings is recognized when both of the following conditions are met:

- recovery activities have been completed;
- the Group has acquired ownership of the property.

Normally these exchange transactions lack commercial substance as defined in paragraph 24 of IAS 16 and, consequently, the asset is initially recognized at the carrying amount of the asset given up.

In the rare cases where, in an exception to the general principle mentioned above, the enforcement operation has commercial substance, the asset acquired is initially recognized at fair value.

In the case of recognition of rights of use in respect of leased assets pursuant to IFRS 16, the cost of the right-of-use asset is determined as follows:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee;

- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Measurement

Property, plant and equipment used in operations is measured at cost less depreciation and impairment. Depreciation is determined systematically over the remaining useful life of the asset.

For assets purchased and placed in service during the year, the period of depreciation is calculated on the basis of the actual number of days the assets contributes to the production cycle. For assets transferred and/or disposed of during the year, depreciation is calculated on a daily basis up to the date of transfer or disposal.

The depreciable value is represented by the cost of the assets since the residual value at the end of the depreciation process is considered negligible. Buildings are depreciated at a rate of 3% per year, deemed to appropriately represent the deterioration of the assets over time from their use, taking into account extraordinary maintenance costs, which increase the value of the asset. Land, whether purchased individually or incorporated into the value of a building, is not depreciated.

In accordance with the provisions of paragraph 32 a) of IAS 40, investment property as defined in IAS 40 is valued using the cost model and is depreciated, with the exception of properties deriving from the consolidation of real estate investment funds, which are measured at fair value since they are connected with liabilities that produce a return directly linked to the fair value of the investment property.

Assets classified as inventory are measured at the lower of recognition cost and net realizable value and are not depreciated. The net realizable value is equal to the estimated price for sale in the normal course of business, net of the estimated completion costs and those necessary for the sale of the asset.

Following initial recognition, assets acquired through recovery or enforcement of guarantees in debt collection activities carried out by the Group for impaired loans are measured in accordance with the criteria established for the classification adopted (for use in operations, for investment purposes, inventories).

Right-of-use assets determined in compliance with IFRS 16 are subsequently measured using a cost model, less depreciation and impairment losses, in accordance with IAS 16.

Derecognition

Property, plant and equipment is derecognized when disposed of or when permanently withdrawn from use and no future benefits are expected from its disposal.

Recognition of income components

Depreciation of property, plant and equipment measured at cost, with the exception of inventories, is recognized through profit or loss under “Net adjustments of property, plant and equipment”.

In the first year, depreciation is recognized in proportion to the period the asset is effectively available for use. For assets sold or otherwise disposed of during the year, depreciation is calculated on a daily basis up to the date of transfer and/or disposal.

If there is evidence of possible impairment of the asset, the asset’s carrying amount is compared against its recoverable amount, which is equal to the greater of the value in use of the asset, meaning the present value of future cash flows originated by the asset and its fair value, net of any disposal costs. Any negative difference between the carrying amount and the recoverable amount is recognized in the income statement. If the reasons for the impairment should cease to obtain, a writeback is recognized in the income statement. The carrying amount following the writeback shall not exceed the value that the asset would have had, net of depreciation, in the absence of the prior writedowns.

Gains (losses) deriving from changes in the fair value of investments deriving from the consolidation of real estate investment funds are recognized in the income statement under “Net gain (loss) from valuation at fair value of property, plant and equipment and intangible assets”.

Gains and losses deriving from the disposal or decommissioning of property, plant and equipment are determined as the difference between the net sale price and the carrying amount of the asset. They are recognized in profit and loss at the same date on which the assets are derecognized, under the item "Profit (loss) from the disposal of investments".

7 - Intangible assets

Classification

Intangible assets are recognized as such if they are identifiable and are based on legal or contractual rights. They include application software.

Right-of-use assets have not been recognized in respect of leases involving intangible assets as such recognition is optional under IFRS 16.

Recognition

Intangible assets are recognized at cost, adjusted for any incidental expenses, only if it is probable that the future economic benefits attributable to the asset will be realized and if the cost of the asset can be reliably determined. Otherwise, the cost of the intangible asset is recognized in profit or loss in the period in which it is incurred.

Recognition of intangible assets generated internally, and software in particular, is subject to verification of the above conditions and distinguishing between the research activities and development activities carried out to produce the asset. Costs associated with research cannot be capitalized, as the generation of probable future economic benefits cannot be demonstrated.

Intangible assets can be recognized in respect of goodwill arising from business combinations (purchases of business units). This goodwill is recognized in an amount equal to the positive difference between the purchase price of the business combination (the consideration transferred) and the fair value of the assets and liabilities acquired if that positive difference represents future economic benefits. Goodwill in respect of business combinations carried out prior to the date of transition to the IFRS are measured on a cost basis and represent the same value as that given using Italian GAAP.

Measurement

After initial recognition, intangible assets with a finite useful life are recognized at cost, net of total amortization and accumulated impairment losses. Amortization begins when the asset becomes available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended and ceases when the asset is derecognized. Intangible assets are amortized on a straight-line basis, so as to reflect the long-term use of the asset over its estimated useful life, which for application software does not exceed 5 years.

Goodwill is not amortized and is tested for impairment at the reporting date.

Derecognition

Intangible assets are derecognized upon disposal or when no future economic benefits are expected to be generated by the use or disposal of the asset.

Recognition of income components

Amortization is recognized through profit or loss under "Net adjustments of intangible assets", as are impairment losses. If the reasons for the impairment of intangible assets other than goodwill should cease to obtain, a writeback is recognized in profit or loss. The value of the asset after the writeback shall not exceed the value that the asset would have had, net of amortization, in the absence of the prior writedowns for impairment.

Writedowns of goodwill are recognized in the income statement under "Writedowns of goodwill". Goodwill previously written down may not be written back.

Gains and losses from the disposal or other transfer of an intangible asset are determined as the difference between the net sale price and the carrying amount of the asset and recognized in the income statement under the item "Profit (Loss) from disposal of investments.

8 - Non-current assets and liabilities and disposal groups held for sale

Classification

Non-current assets and disposal groups, including associated liabilities, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when their sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Group must be committed to the sale, which must be expected to be completed within one year of classification as held for sale.

Properties obtained through the enforcement of guarantees are classified under this item when the following conditions are met:

- the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets;
- the sale is highly probable. In particular, the appropriate level of management must be committed to a plan to sell the asset, and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Finally, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by IFRS 5, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Recognition

Non-current assets and disposal groups held for sale are valued at the lower of their carrying amount and their fair value less costs to sell, with the exception of assets for which IFRS 5 requires measurement in accordance with the applicable IFRSs (e.g. financial assets within the scope of IFRS 9).

Measurement and recognition of income components

Following initial recognition in this category, the assets are measured at the lower of their carrying amount and their fair value less costs to sell, with the exception of assets that IFRS 5 requires be measured using the provisions of the relevant accounting standard (for example, financial assets within the scope of IFRS 9). If the assets held for sale can be depreciated, any such depreciation ceases upon classification to non-current assets held for sale. Non-current assets and disposal groups held for sale, as well as "discontinued operations", and the associated liabilities are reported under specific items of assets ("Non-current assets and disposal groups held for sale") and liabilities ("Liabilities associated with disposal groups held for sale").

The results of the measurement, income, expenses and gains/losses upon disposal (net of any tax effect), of "discontinued operations" are recognized in the income statement under "Profit (loss) after tax of discontinued operations". Gains and losses associated with individual assets held for sale are recognized under the most appropriate item of the income statement.

Derecognition

Non-current assets and disposal groups held for sale are derecognized upon disposal.

9 - Current and deferred taxation

Classification

Income taxes, which are calculated on the basis of national tax law, are accounted for as a cost on an accruals basis, in line with the recognition of the costs and revenue that gave rise to the tax liability. They therefore represent the balance of current taxes and deferred taxes in respect of income for the year. Current tax assets and liabilities report the net tax positions of the Group companies in respect of Italian and foreign tax authorities. More specifically, they report the net balance between current tax liabilities for the year, calculated on the basis of a prudent estimate of the tax liability for the period, as determined on the basis of applicable tax law, and current tax assets represented by payments on account and other tax receivables for withholding tax incurred or other tax credits for previous years which the Group companies opted to offset against taxes for subsequent years. Current tax assets also report tax receivables for which the Group companies have requested reimbursement from the competent tax authorities.

While taking account of the adoption of the national consolidated taxation mechanism by the companies forming part of the "direct scope" of the Group (the former Iccrea Banking Group), the tax positions of each Group company are managed separately for administrative purposes.

Deferred taxation is determined using the balance sheet liability method, taking account of the tax effect of temporary differences between the carrying amount of assets and liabilities and their value for tax purposes, which will give rise to taxable or deductible amounts in future periods. To that end, "taxable temporary differences" are those that in future periods will give rise to taxable amounts and "deductible temporary differences" are those that in future periods will give rise to deductible amounts. Deferred taxes are recognized on all taxable temporary differences, with the following exceptions: i) deferred tax liabilities arising from the initial recognition of goodwill or ii) an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect either the balance sheet or the tax situation.

Deferred tax assets are recognized against all deductible temporary differences, tax receivables and unused tax losses that can be carried forward, insofar as it is probable that sufficient future taxable income will be available to allow the use of the deductible temporary differences and the tax receivables and losses carried forward, except for cases in which the deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect either the balance sheet or the tax situation.

Deferred tax is calculated by applying the tax rates established in applicable tax law, laws already issued or substantially in force at the reporting date that are expected to be applied during the year in which those assets are realized or those assets are extinguished to taxable temporary differences for which it is likely that a tax charge will be incurred and to deductible temporary differences for which it is reasonable certain there were be future taxable income at the time they become deductible (the probability test).

Current tax assets and liabilities and deferred tax assets and liabilities are offset in the financial statements if, and only if, they relate to income taxes applied by the same taxation authority and there is a legally enforceable right to set off tax assets.

Recognition and measurement

Where the deferred tax assets and liabilities regard items that impact profit or loss, that effect is recognized under income taxes.

In cases where the deferred tax assets and liabilities regard transactions that directly impact equity with no effect on profit or loss (such as adjustments on first-time adoption of the IAS/IFRS, measurement of financial instruments measured at fair value through other comprehensive income or cash flow hedge derivatives), they are recognized in equity, under specific reserves where required (i.e. the valuation reserves).

The potential taxation in respect of items on which taxation has been suspended that will be "taxed in the event of any use" is recognized as a reduction in equity. Deferred taxes in respect of revaluations prompted by conversion of amounts to the euro that were directly allocated to a specific reserve under Article 21 of Legislative Decree 213/98 on a tax-suspended basis are recognized as a reduction of that reserve. The potential taxation in respect of items that will be taxed “only in the event of distribution” is not recognized as the amount of available reserves that have already been taxes is sufficient to conclude that no transactions will be carried out that would involve their taxation.

Deferred taxation in respect of companies participating in the consolidated taxation mechanism is recognized in their financial statements on an accruals basis in view of the fact that the consolidated taxation mechanism is limited to settlement of current tax positions.

The potential taxation of components of the equity of the consolidated companies is not recognized where the circumstances that would give rise to their taxation are not considered likely to arise, taking due consideration of the lasting nature of the investment.

The value of deferred tax assets and liabilities is reviewed periodically to take account of any changes in legislation or in tax rates.

Recognition of income components

Income taxes are recognized through profit or loss, with the exception of those debited or credited directly to equity. Current income taxes are calculated based on taxable income for the period.

In determining income taxes, any uncertainties over tax treatments are taken into account, in accordance with the provisions of IFRIC 23.

Current tax payables and receivables are recognized at the value that payment to or recovery from the tax authorities is expected by applying current tax rates and regulations. Deferred income tax assets and liabilities are calculated, using expected tax rates, on the basis of temporary differences between the value attributed to the assets and liabilities in the financial statements and the corresponding values recognized for tax purposes.

Derecognition

Deferred tax assets and deferred tax liabilities are derecognized in the period in which:

- the temporary difference that originated them becomes taxable for deferred tax liabilities or deductible for deferred tax assets;
- the temporary difference that originated them is no longer relevant for tax purposes;
- for deferred tax assets only, the probability test envisaged by IAS 12 indicates that sufficient future taxable income will not be available.

10 - Provisions for risks and charges

Provisions for commitments and guarantees issued

This sub-item reports provisions estimated in respect of the credit risk on commitments to disburse funds and guarantees issued, which fall within the scope of application of the rules for calculating expected losses in accordance with IFRS 9. In principle, these cases use the same methods for allocation to the three risk stages and the calculation of expected losses that are adopted for financial assets measured at amortized cost or at fair value through other comprehensive income.

This sub-item also includes are provisions for other types of commitments and guarantees issued that, on the basis of their characteristics, do not fall within the scope of application of impairment in accordance with IFRS 9.

Other provisions for risks and charges

The other provisions for risks and charges include provisions for legal obligations or related to employment relationships or disputes originating from a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The item also includes long-term employee benefits.

Recognition

A provision shall be recognized if and only if:

- the company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Measurement and recognition of income components

The amount recognized is the best estimate of the expenditure required to settle the obligation or to transfer it to third parties at the end of the reporting period and reflects the risks and uncertainties that inevitably surround many events and circumstances.

Where the time value of money is material and the payment dates of the obligation can be estimated reliably, the provision shall be discounted at market rates as of the reporting date.

Provisions are reviewed at every reporting date and are adjusted to reflect the best estimate of the charge required to settle the obligations existing at the close of the period. The impact of the time value of money and that of changes in interest rates are reported in profit or loss under net provisions for the period.

Actuarial gains and losses are recognized immediately in profit or loss.

Derecognition

Provisions are only used when the charges for which they were originally established are incurred. When the use of resources to fulfil the obligation is no longer deemed to be probable, the provision is reversed through profit or loss.

11 - Financial liabilities measured at amortized cost

Classification

Financial liabilities measured at amortized cost include amounts due to banks, amounts due to customers and securities issued, comprising all technical forms of interbank and customer funding, repurchase agreements and funding through certificates of deposit, bonds and other funding instruments in circulation, net of any amounts repurchased.

The item also includes liabilities recognized by the lessee in respect of leases (finance or operating) pursuant to IFRS 16.

Recognition

The liabilities are initially recognized at fair value, which is normally equal to the amounts received or the issue price, plus or minus any additional costs or revenue directly attributable to the transaction that are not reimbursed by the creditor. Internal administrative costs are excluded.

Financial liabilities issued on non-market terms are recognized at estimated fair value and the difference with respect to the amount paid or the issue price is taken to the income statement.

Measurement and recognition of income components

Following initial recognition, these liabilities are measured at amortized cost using the effective interest rate method, excluding short-term liabilities, which are recognized in the amount received in keeping with the general principles of materiality and significance. See to the section on assets measured at amortized cost for information on the criteria for determining amortized cost.

Interest expense recognized on financial liabilities is reported under "Interest and similar expense" in the income statement.

In addition to cases of extinguishment and expiration, financial liabilities reported in these items are also derecognized when previously issued securities are repurchased. In this case, the difference between the carrying amount of the liability and the amount paid to repurchase it is recognized in the income statement under "Gain (loss) on the disposal or repurchase of: c) financial liabilities". If the repurchased security is subsequently placed again on the market, this is treated as a new issue and is recognized at the new placement price, with no impact on the income statement.

Derecognition

Financial liabilities are derecognized when the obligation underlying the liability is extinguished, waived or discharged. Where a financial liability is replaced with another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability accompanied by the recognition of a new liability, with the recognition of any difference in their carrying amounts through profit or loss.

12 – Financial liabilities held for trading

Classification

The item reports the negative value of trading derivatives that are not part of hedging relationships as well as the negative value of embedded derivatives to be separated from hybrid instruments representing financial liabilities. Liabilities deriving from short positions in by securities trading activities are recognized under "Financial liabilities held for trading".

Recognition

Debt and equity securities representing financial liabilities are initially recognized at the settlement date, while derivative contracts are recognized at the date they are signed. The financial liabilities are initially recognized at fair value, which generally equals the amount received.

In cases in which the amount paid differs from the fair value, the financial liability is recognized at fair value, and the difference between the amount paid and the fair value is recognized through profit or loss.

Derivative contracts embedded in financial liabilities or other contractual forms and which have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified themselves as derivative contracts, are recognized separately among financial liabilities held for trading if their value is negative, with the exception of cases in which the compound instrument containing the derivative is entirely measured at fair value through profit or loss.

Measurement

Subsequent to initial recognition, the financial liabilities are recognized at fair value through profit or loss. Please see Part 4 "Fair value disclosures" of these notes to the financial statements for information on determining fair value.

Derecognition

Financial liabilities are derecognized when the obligation underlying the liability is extinguished, waived or discharged. Where a financial liability is replaced with another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability accompanied by the recognition of a new liability, with the recognition of any difference in their carrying amounts through profit or loss.

Recognition of income components

Gains and losses from the measurement of and transactions in financial liabilities held for trading are recognized through profit or loss.

13 - Financial liabilities designated as at fair value

Classification

This item reports financial liabilities designated as at fair value through profit or loss under the option permitted to entities in IFRS 9 (the "fair value option"). More specifically, financial liabilities may be irrevocably designated as at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch due to a measurement inconsistency or where they contain one or more embedded derivatives.

Recognition

Financial liabilities at fair value through profit or loss are initially recognized at the issue date at their fair value, which normally corresponds to the price paid. If the price is different from the fair value, the financial liability is recognized at its fair value and the difference between the price and the fair value is recognized in the income statement.

Measurement and recognition of income components

After initial recognition, financial liabilities reported under this item are measured at fair value in accordance with the following rules:

- if the change in fair value is attributable to a change in the credit risk of the liability, it shall be recognized in other comprehensive income (equity) and is not subsequently recycled through profit or loss ("no recycling");
- all other changes in fair value shall be recognized through profit or loss under "Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss: a) financial assets and liabilities designated as at fair value".

Pursuant to IFRS 9, this accounting method shall not be applied if would create or enlarge an accounting mismatch in the income statement. In this case, the gains or losses related to the liability falling under this item shall be recognized through profit or loss.

Derecognition

Financial liabilities are derecognized when the obligation underlying the liability is extinguished, waived or discharged. Where a financial liability is replaced with another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability accompanied by the recognition of a new liability, with the recognition of any difference in their carrying amounts through profit or loss.

14 - Foreign currency transactions

Classification

In addition to those explicitly denominated in a currency other than the euro, foreign currency assets and liabilities also include those that have indexing clauses linked to the exchange rate of the euro with a specific currency or with a certain basket of currencies.

Recognition

Transactions in a foreign currency are initially recognized in the functional currency by translating the amount in the foreign currency into the functional currency at the exchange rate prevailing on the date of the transaction.

For the purposes of translation, foreign currency assets and liabilities are divided into monetary items (classified under current items) and non-monetary items (classified under non-current items). Monetary items comprise cash and assets and liabilities to be received or paid in fixed or determinable amounts of money. Non-monetary items are characterized by the absence of a right to receive, or an obligation to deliver, a fixed or determinable amount of money.

Measurement

At the reporting date, foreign currency items are measured as follows:

- monetary items are translated at the exchange rate prevailing at the reporting date;
- non-monetary items measured at historic cost are translated at the exchange rate prevailing at the transaction date;
- non-monetary items measured at fair value are translated using the exchange rate prevailing at the reporting date.

Recognition of income components

Exchange rate differences relating to financial assets/liabilities other than those designated as at fair value and those mandatorily measured at fair value through profit or loss are recognized in the income statement under the item “Net gain (loss) on trading activities”. Exchange rate differences relating to the two categories referred to above are recognized in under the item “Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss”. In addition, if the financial asset is measured at fair value through other comprehensive income, exchange rate differences are allocated to the relevant valuation reserve.

Exchange rate differences resulting from the settlement of monetary items or from the translation of monetary items at exchange rates other than the initial translation rate, or translation of the previous financial statements, are recognized through profit or loss in the period in which they emerge.

When gains or losses relating to a non-monetary item are recognized in equity, the exchange rate difference for the item is also recognized in equity. Likewise, when a gain or less is recognized through profit or loss, the corresponding exchange rate difference is also recognized through profit or loss.

15 – Insurance assets and liabilities

There are no insurance undertakings in the scope of consolidation.

16 – Other information

Employee termination benefits

Following the reform of supplementary pension schemes introduced by Legislative Decree 252 of December 5, 2005, changes were made to the way in which employee termination benefits are recognized. The portion of termination benefits accrued through December 31, 2006 is treated as a defined-benefit plan, since the company is required under law to pay the employee an amount determined pursuant to Article 2120 of the Italian Civil Code.

The portion of termination benefits accrued from January 1, 2007 allocated to a supplementary pension scheme or to the treasury fund managed by INPS (Italy’s National Social Security Institute) are treated as a defined-contribution plan since the company’s obligation towards the employee ceases upon transfer of the amounts to the fund.

Therefore, starting January 1, 2007, the Group:

- continues to recognize the obligation accrued at December 31, 2006 in accordance with the rules for defined-benefit plans, i.e. using the projected unit credit method. This means that it measures the obligation for benefits accrued by employees using actuarial techniques, projecting into the future the amount to pay at the time the employment relationship is termination and discounting the accrued portion. To this end, the projected unit credit method considers each individual service period as the originator of an additional unit of termination benefits to be used in constructing the final obligation by projecting future outflows on the basis of statistical analysis of historical developments and the demographic curve, discounting those flows using a market interest rate. Total actuarial gains and losses are recognized, in line with the provisions of IAS 19, in equity, while the interest cost component of the change in the defined benefit obligation is recognized in profit or loss;

- recognizes the obligation for portions accrued starting January 1, 2007, payable to a supplementary pension scheme or to the treasury fund managed by INPS, on the basis of the contributions owed in each period, as a defined contribution plan for employee service, in profit or loss. More specifically, in the case of termination benefits payable to a supplementary pension scheme that treatment begins at the time of the choice or, if the employee does not exercise any option, as from July 1, 2007.

Recognition of revenue

Revenue is recognized when realized or, in the case of the sale of goods or services, in relation to the extent to which the performance obligation has been satisfied, as specified below.

Specifically:

- interest is recognized on an accruals basis using the contractual interest rate or the effective interest rate where the amortized cost method is applied;
- default interest, if any, is recognized through profit or loss only upon receipt;
- dividends are recognized in the income statement when their distribution is authorized;
- commissions for revenue from services are recognized in relation to the effective provision of the services to a customer, as discussed in greater detail below;
- revenue from the placement of funding instruments, calculated on the basis of the difference between transaction price and the fair value of the financial instrument, are recognized in the income statement when the transaction is recognized if the fair value can be determined with reference to parameters or transactions recently observed in the same market in which the instrument is traded. If these amounts cannot be easily determined or the instrument is not highly liquid, the financial instrument is recognized in an amount equal to the transaction price, excluding the commercial margin. The difference between this amount and the fair value is taken to profit or loss over the duration of the transaction through the gradual reduction in the valuation model of the corrective factor reflecting the reduced liquidity of the instrument;
- revenue from the sale of non-financial assets are recognized at the time the performance obligation is satisfied with the transfer of the asset, i.e. when the customer obtains control of the asset.

In application of IFRS 15, the following steps are followed in recognizing revenue from contracts with customers:

- identification and analysis of the contract signed with the customer to identify the type of revenue. In some specific cases, multiple contracts may have to be combined and accounted for as a single contract;
- identification of the specific performance obligations in the contract. If the goods/services to be transferred are distinct, they qualify as performance obligations and are accounted for separately;
- determination of the transaction price, considering all the performance obligations in the contract. This price may be a fixed amount, but may sometimes include variable or non-monetary consideration;
- allocation of the transaction price to the performance obligations. The transaction price is allocated to the various performance obligations on the basis of the selling prices of each distinct good or service provided contractually. If it is impossible to determine the standalone selling price, it is necessary to estimate it. The assessment must be carried out as from the start date of the contract (the inception date);
- recognition of revenue when the performance obligation is satisfied. Revenue is recognized following the satisfaction of the performance obligation to the customer, i.e. when the latter obtains control of the good or service. Some revenue is recognized at a point in time, while other is accrued over time. It is therefore necessary to identify the moment in which the performance obligation is satisfied. In the case of performance obligations satisfied over time, revenue is recognized over the reference period, selecting an appropriate method to measure the progress made towards complete satisfaction of the performance obligation.

Accruals and deferrals

Accruals and deferrals reporting costs and revenue accruing in the period on assets and liabilities are recognized as adjustments to the assets and liabilities to which they refer. In the absence of such assets or liabilities, they are recognized under “Other assets” or “Other liabilities”.

Expenditure for leasehold improvements

Expenses for refurbishments of buildings belonging to third parties that do not have an independent function or use are conventionally classified under “Other assets”. Amortization is performed over the useful life of the right of use in respect of the buildings and amortization charges are reported under other operating expenses.

Determination of amortized cost

Amortized cost is applied to financial assets and liabilities measured at amortized cost and to the income components of financial assets measured at fair value through other comprehensive income.

The amortized cost of a financial asset or financial liability is the value at which it is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that discounts the contractual flow of future or received payments until the maturity date or the next repricing date to the present value of a financial asset or financial liability.

For instruments bearing a fixed rate or a fixed rate for periods of time, future cash flows are determined on the basis of the specified interest rate over the life of the instrument. For variable-rate financial assets or liabilities, future cash flows are determined on the basis of the last known rate. At each repricing date, the residual amortization and the effective yield over the residual useful life (i.e. until maturity) of the financial instrument are recalculated.

For purchased or originated credit-impaired financial assets (“POCI”), the effective interest rate corrected for credit risk is calculated, discounting estimated future cash flows over the expected life of the financial asset, taking of account all the contractual terms of the asset (e.g. prepayment options, call options, etc.) as well as expected credit losses.

Financial assets and liabilities transacted on market terms are initially recognized at their fair value, which normally corresponds to the amount paid or received including directly attributable transaction costs and fees: internal marginal costs and income not recoverable from customers are considered transaction costs attributable at the time of initial recognition of the instrument.

These ancillary components, which must be attributable to the individual asset or liability, affect the effective return and cause the effective interest rate to differ from the contractual interest rate: therefore, costs and income referable indiscriminately to multiple transactions and related components that they may be recognized during the life of the financial instrument are not included. Furthermore, costs that the Group incurs independently of the transaction, such as administrative, office supplies and communication costs, are not considered in the calculation of the amortized cost.

With particular regard to inflation-linked BTPs - the overall performance of which does not depend solely on its real components but also on the developments in inflation, to which these bonds are indexed[104] - the measurement method adopted provides for the sterilization of the inflation effect in the calculation of the IRR and its inclusion in amortized cost, so as to generate a perfect adjustment of the value of holdings to changes in inflation. Accordingly, the value of the holding increases (or decreases) in proportion to the inflation coefficient, so that at the maturity of the security its value is equal to the redemption value.

More specifically, the methodology applied makes it possible to adjust the average carrying price of the security to the presumable redemption value by varying the associated value of the holdings in a manner consistent with the indexing parameter. In this way, the effect of inflation is accounted for in the year in which it occurs, in line with the accrual principle, and is summed with the real yield on the securities.

[104] The overall performance of inflation-linked BTPs depends on two components: an a priori element, i.e. the real yield, and another linked to inflation, which determines the revaluation of coupons and principal. The value of the security is therefore made to evolve as a function of both effects.

Net interest income reflects the contribution linked to both the real yield of the security (coupons and accrued interest) and the inflation component, the latter through the recognition of the portion at amortized cost deriving from the periodic revaluation of the value of the holdings of the securities.

Determination of impairment

Financial assets

At each reporting date, the Group determines whether there is objective evidence that a financial asset or group of financial assets has incurred a significant increase in the related credit risk since initial recognition and requires the definition of a methodology for calculating the expected loss (ECL) and the related risk parameters necessary to calculate it, namely: Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

The staging methodology provides for the allocation each exposure/tranche (loans and securities) to the three distinct stages on the basis of the following:

- stage 1: this includes newly issued instruments/tranches and exposures to counterparties classified as performing that, as at the reporting date, have a PD lower than or equal to a given threshold (qualifying for the low credit risk exemption) or have not experienced a significant increase in credit risk with respect to that measured the date of disbursement/purchase. The 12-month expected loss is measured for these positions;
- stage 2: this includes all performing instruments/tranches that, as at the reporting date, simultaneously:
  - have a higher PD than that specified for the low credit risk exemption;
  - have experienced a significant increase in credit risk with respect to the date of disbursement;

  In general, in the absence of a rating/PD at the reporting date the exposure is allocated in stage 2 (without prejudice to the use of additional criteria specifically adopted for the management of particular types of portfolios/positions not covered by the use of an internal rating model). In this case, the lifetime expected loss is measured;
- stage 3: this includes all instruments/tranches associated with loans/securities in default, for which the loss is calculated as the difference between the contractual cash flows and expected cash flows, discounted at the effective interest rate of the instrument (lifetime expected loss), which is essentially unchanged compared with the previous accounting standard.

A so-called grace period is also granted, under which newly disbursed exposures are conventionally classified in stage 1 for the first 3 months of the relationship, unless they derive from forbearance measures.

Furthermore, in order to reduce the volatility of allocations of exposures to the various stages, the mechanisms for transferring exposures between stages envisage a so-called 3-month probation period (the minimum period for which positions are allocated to a given stage), defined as follows:

- an exposure allocated to stage 2 can be transferred to stage 1 if at the reporting date the conditions for allocation to stage 1 are met and at least 6 continuous months have elapsed since the factors that prompted allocation to stage 2 no longer exist;
- the reclassification as performing of an exposure previously allocated to stage 3 involves direct allocation to stage 2 for at least 3 months following the return to performing status, unless events requiring reallocation to stage 3 should occur.

If at least one of the criteria for classification in stage 2 is activated for a position within the probation period, the probation period recommences from the month in which the criteria that determined the allocation to stage 2 are no longer active.

Performing forborne exposures for which the regulatory probation period of 24 months is already activated and positions that are classified in stage 2 because of the activation of the cluster rule (unrated exposures) are excluded from the application of this criterion.

With regard to the securities portfolio, the methodology for staging performing exposures is based solely on quantitative information consisting in:

- the application of the low credit risk exemption, under which quantitative staging criteria are applied only to positions that, at the measurement date, have a credit risk that exceeds a specific threshold;
- the use of criteria based on a comparison between the 12-month PD conditioned on the origination date and the 12-month PD conditioned on the observation date (current PD). In this case, the criteria are defined on the basis of which the increases in PD represent a significant increase in credit risk such as to give rise to the allocation of the exposure to stage 2;
- a comparison at the observation date between the conditioned PD measure and a specified threshold value such as to give rise to the allocation of the exposure to stage 2 when this threshold is exceeded;
- the verification of the PD/rating measurement at the observation date and at the origination date such as to give rise the allocation to Stage 2 if one of the two pieces of information is missing[105] even if a rating system for evaluating the counterparty is available.

Exposures associated with securities in default are classified in stage 3.

With regard to expected credit loss, the risk parameters necessary for calculating that value have been distinguished by differentiating between the securities portfolio and the loan portfolio.

With regard to the securities portfolio:

- Probability of Default (PD): the PD at 12 months and multi-period PDs used underwent forward-looking conditioning;
- Loss Given Default (LGD): the unconditioned LGD measures used are the same for both stage 1 and stage 2 exposures. More specifically, and unconditioned LGD metric of 45% is used, which subsequently undergoes forward-looking conditioning;
- Exposure At Default (EAD): for the purposes of quantifying the EAD associated with each securities issue, the gross value of the exposure at the reporting dates is generally used.

With regard to the loan portfolio:

- Probability of Default (PD): the approach defined by the Group envisages:
  - the use of internal rating models to determine the transition matrix based on rating classes, conditioned to incorporate forward-looking macroeconomic scenarios and used to obtain lifetime PDs;
  - where an internal rating model is absent, calculating default rates on an annual basis, conditioned to include forward-looking macroeconomic scenarios and used to obtain cumulative lifetime PDs;
- Loss Given Default (LGD): the approach for estimating LGD developed by the Group provides for the determination of historical loss rates on closed impaired positions and the application of the so-called danger rate, conditioned by macroeconomic scenarios;
- Exposure At Default (EAD): the estimation approach for EAD differs by type of portfolio, product and stage to which the exposure has been assigned.

In order to condition the PD and LGD risk parameters for future macroeconomic scenarios, the Group uses an approach consisting in:

- the estimation of internal “satellite models”, which explain the relationship linking the reference variables, proxies of the risk parameters, to a set of explanatory macroeconomic variables;
- the adoption of macroeconomic scenarios, which describe the possible evolution of the explanatory variables identified in the estimation of the models. The use of at least two different scenarios is envisaged, typically distinguishing them based on the “severity” of the forecasts and associating each of them with a probability of occurrence.

Non-performing loans, unlikely-to-pay positions, restructured exposures and past-due or over-limit exposures are considered impaired in accordance with the applicable rules of the Bank of Italy, consistent with the IAS/IFRS and

[105] Unless the low credit risk exemption applies.

European supervisory regulations (stage 3).

Measurement of the financial assets takes account of the best estimate of expected future cash flows in respect of principal and interest payments. Also taken into consideration is the realizable value of any guarantees excluding recovery costs, recovery times estimated based on contractual maturities, if any, and on reasonable estimates in the absence of contractual provisions, and the discount rate, which is the original effective interest rate. For impaired positions at the transition date, where determining this figure would be excessively burdensome, the Bank has adopted reasonable estimates, such as the average rate of loans for the year in which the loan was first classified as a bad debt, or the restructuring rate.

The measurement of the impaired financial asset using these criteria is conducted on a specific basis under two possible alternative scenarios that assume operational continuity (the “going concern” scenario) or the cessation of operations (“gone concern”) or on a generic basis, using specific defaulted asset LGD models.

Equity securities and units of collective investment undertakings

Equity securities and units of collective investment undertakings, regardless of the accounting portfolio to which they are allocated, do not undergo impairment testing as they are measured at fair value.

Other non-financial assets

Property, plant and equipment and intangible assets with a finite useful life undergo impairment testing if there is evidence that the carrying amount of the asset cannot be recovered. The recoverable amount is determined as the greater of the fair value of the item of property, plant and equipment or the intangible asset net of costs of disposal and the value in use.

As regards real estate, fair value is mainly determined on the basis of an appraisal prepared by an independent expert.

Intangible assets recognized following acquisitions and in application of IFRS 3 at each reporting date undergo impairment testing to determine whether there is objective evidence that the asset may have incurred an impairment loss.

If there is evidence of impairment, intangible assets with a finite life undergo a new valuation to determine the recoverability of the carrying amount. Recoverable amount is determined on the basis of value in use, i.e. present value, as estimated using a rate representing the time value of money, the specific risks of the asset and the margin generated by relationships in place at the valuation date over a time horizon equal to the residual term of those relationships.

Since intangible assets with an indefinite life, represented by goodwill, do not generate autonomous cash flows, they undergo annual testing of their carrying amount for the cash generating unit (CGU) to which the values were allocated in the related business combinations. The amount of any impairment is determined on the basis of the difference between the carrying amount of the CGU and the recoverable amount of the unit, represented by the greater of its fair value, net of costs of disposal, and its value in use.

The carrying amount of the CGU must be determined in a manner consistent with the criteria used to determine its recoverable amount. From the standpoint of a banking enterprise, it is not possible to determine the cash flows of a CGU without considering the flows generated by financial assets and liabilities, given that the latter represent the core business of the company. In other words, the recoverable amount of the CGUs is impacted by those cash flows and, accordingly, the carrying amount of the CGUs must be determined using the same scope of estimation used for the recoverable amount and, therefore, must include the financial assets/liabilities. To that end, these assets and liabilities must be allocated to the CGUs.

Following this approach, the carrying amount of the CGUs can be determined in terms of their contribution to consolidated shareholders’ equity, including non-controlling interests.

The value in use of a CGU is calculated by estimating the present value of the future cash flows that are expected to be generated by the CGU. Those cash flows are determined using the most recent public business plan or, in the absence of such a plan, an internal forecasting plan developed by management.

Normally, the specific forecasting period covers a maximum time horizon of three years. The flow in the final year of the forecasting period is projected forward in perpetuity, using an appropriate growth rate “g” for the purposes of the terminal value.

In calculating value in use, the cash flows must be discounted using a rate that reflects the current time value of money and the specific risks to which the asset is exposed. More specifically, the discount rates adopted incorporate current market values for the risk-free rate and equity premiums observed over a sufficiently long period of time to reflect different market conditions and business cycles.

With specific reference to the rights of use recognized in accordance with IFRS 16, evidence that an asset may have suffered an impairment loss may be associated both with internal factors (deterioration, obsolescence, etc.) and external factors (market value, technological changes, etc.). Failure to exercise a right of use or the subletting of the underlying asset are considered potential indicators of impairment of the right of use.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability between willing and knowledgeable market participants in an orderly transaction. In the definition of fair value, a key assumption is that an entity is fully operational (the assumption that an entity is a going concern) and does not have the intention or the need to liquidate, significantly reduce its operations or undertake transactions on unfavorable terms. In other words, fair value is not the amount an entity would receive or would pay in a forced transaction, an involuntary liquidation or a distress sale. Nevertheless, the fair value reflects the credit quality of the instrument as it incorporates counterparty risk.

Financial instruments

Please see section A.4 Fair value disclosures for more information on the methods used to determine the fair value of financial instruments.

Non-financial assets

Investment property is primarily valued using external appraisals, considering transactions at current prices in an active market for similar properties, in the same location and condition and subject to similar conditions for rentals and other contracts.

Financial guarantees

As part of its ordinary banking operations, the Bank grants financial guarantees in the form of letters of credit, acceptances and other guarantees. Commission income earned on guarantees, net of the portion representing the recovery of costs incurred in issuing the guarantee, are recognized on an accruals basis under item 40 “Fee and commission income”, taking account of the term and residual value of the guarantees.

Following initial recognition, the financial guarantees are measured as the greater of the amount of the provision covering the losses determined in accordance with the rules governing impairment and the initial recognition amount (fair value) less (where appropriate) the cumulative amount of the income that the Bank has recognized in accordance with IFRS 15 (deferred income).

Any losses and value adjustments on such guarantees are reported under item 170 “Net provisions for risks and charges: a) commitments and guarantees issued” in the income statement. Writedowns due to the impairment of guarantees issued are reported under “Provisions for risk and charges: a) commitments and guarantees issued” in liabilities in the balance sheet.

Guarantees are off-balance-sheet transactions and are reported under “Other information” in Part B of the notes to the financial statements.

Business combinations

The transfer of control of an entity (or a group of integrated activities and assets, conducted and managed together) is a business combination.

IFRS 3 requires that an acquirer be identified for all business combinations. The acquirer is the entity that obtains control over another entity or group of activities. If it is not possible to identify a controlling entity using the definition of control described earlier, such as for example in the case of an exchange of equity interests, the acquirer must be identified using other factors such as: the entity whose fair value is significantly greater, the entity that possibly pays cash or the entity that issues new equity instruments.

The acquisition (and therefore the first consolidation of the acquired entity) must be accounted for on the date on which the acquirer actually obtains control over the entity or the assets acquired. When the business combination is achieved in a single exchange transaction, the date of exchange normally coincides with the acquisition date. However, it is always necessary to check for any agreements between the parties that may involve a transfer of control before the exchange date.

The consideration transferred as part of a business combination is determined as the sum of the fair value, at the exchange date, of the assets transferred, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control.

In transactions involving payment in cash (or when payment is made using financial instruments comparable to cash) the consideration is the agreed price, possibly discounted if payment will be made in installments over a period longer than short term. If payment is made using an instrument other than cash, such as through the issue of equity instruments, the price is equal to the fair value of the means of payment net of costs directly attributable to the equity issue.

The consideration in a business combination at the acquisition date includes adjustments subordinated to future events if envisaged in the transfer agreements and only if they are probable, reliably determinable and made within the twelve months following the date of acquisition of control, while indemnities for a reduction in the value of the assets used are not included as they are already considered in the fair value of the equity instruments or as a reduction in the premium or increase in the discount on the initial issue of debt instruments, where applicable.

The costs related to the acquisition are charges that the acquirer incurs to carry out the business combination. By way of example, these include professional fees paid to auditors, experts, legal consultants, fees for appraisals and the auditing of accounts, preparation of information documents required by regulations, as well as consulting costs incurred to identify potential targets for acquisition if it is contractually established that payment is made only in the event of a successful combination, as well as the costs of registration and the issue of debt or equity securities.

The acquirer must account for the costs related to the acquisition as charges in the periods in which these costs are incurred and the services are received, with the exception of the costs of issuing equity or debt securities, which must be recognized in accordance with the provisions of IAS 32.

Business combinations are accounted for using the acquisition method, under which the identifiable assets acquired (including any intangible assets previously not recognized by the acquiree) and the identifiable liabilities assumed (including contingent liabilities) must be recognized at their respective fair values on the acquisition date. Furthermore, for each business combination, any non-controlling interests in the acquiree can be recognized at fair value (with a consequent increase in the consideration transferred) or as a proportion of the share of the non-controlling interests in the identifiable net assets of the acquiree.

If control is obtained in stages, the acquirer shall recalculate the interest previously held in the acquiree at its respective fair value on the acquisition date and record any difference with respect to the previous carrying amount through profit or loss. The excess of the consideration transferred (represented by the fair value of the assets transferred, the liabilities incurred or the equity instruments issued by the acquirer), increased by the value of any non-controlling interest (determined as indicated above), and the fair value of the interest previously held by the acquirer, over the fair value of the assets and liabilities acquired must be recognized as goodwill. However, if the latter exceed the sum of the consideration, non-controlling interest and the fair value of the interest previously held, the difference is recognized in profit or loss.

Following initial recognition, goodwill is measured at cost net of accumulated impairment losses. For the purpose of impairment testing, the goodwill acquired in a business combination is allocated, from the acquisition date, to each cash generating unit of the Group that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of the unit, the goodwill associated with the transferred asset is included in the carrying amount of the asset when determining the gain or loss on disposal. The goodwill associated with the transferred asset is determined on the basis of the relative values of the transferred asset and the part retained by the cash-generating unit.

Business combinations can be accounted for provisionally by the end of the reporting period in which the combination occurs, with the accounting to be completed within twelve months of the acquisition date.

Mergers are the form of business combination that represents the most complete form of combination, as they involve both the legal and economic unification of the participating parties.

Mergers, whether they are mergers of equals, i.e. with the establishment of a new legal entity following the combination, or the combination of one entity into another surviving entity, are treated in accordance with the criteria illustrated previously, and in particular:

- if the transaction involves the transfer of control of an entity, it is treated as a business combination within the scope of IFRS 3;
- if the transaction does not involve the transfer of control, it is accounted for by preserving the values in the financial statements of the merged entity in the surviving entity.
- If the business combination is carried out for reorganizational purposes, i.e. between two or more entities or businesses that already belong to the same group and the combination does not involve a change in control regardless of the extent of non-controlling interests before and after the business combination (business combinations of entities under common control), the transaction is considered to be without economic substance. Accordingly, in the absence of specific instructions in the IASs/IFRSs and in compliance with the presumptions of IAS 8 which require that - in the absence of a specific standard – an entity shall use of its judgment in applying an accounting policy that provides relevant, reliable, prudent information that reflects the economic substance of the transaction, such combinations are accounted for preserving the values in the financial statements of the acquiree in those of the acquirer.

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

In execution of shareholders' resolutions passed in December 2018 and following the establishment and launch of the Iccrea Cooperative Banking Group , at the beginning of 2019 71 mutual banks reconfigured the business model of their financial portfolio, reclassifying about €3.7 billion of securities held under the hold to collect and sell (HTCS) business model to the hold to collect (HTC) business model and reclassifying about €0.3 billion of securities held under the hold to collect (HTC) business model to the hold to collect and sell (HTCS) business model.

No financial assets were reclassified in the years after 2019.

The following table reports the reclassified carrying amount at January 1, 2019 of the reclassified assets as at that date and still recognized at the reporting date as they were not sold or otherwise derecognized during the year.

A.3.1 RECLASSIFIED FINANCIAL ASSETS: CHANGE IN BUSINESS MODEL, CARRYING AMOUNT AND INTEREST INCOME

Type of financial instrument	Original portfolio	New portfolio	Reclassification date	Reclassified carrying amount	Interest income recognized in the period (before taxes)
Debt securities	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost	31/12/2019	411,414	-

A.3.2 RECLASSIFIED FINANCIAL ASSETS: CHANGE IN BUSINESS MODEL, FAIR VALUE AND IMPACT ON COMPREHENSIVE INCOME

No financial assets were reclassified in 2024.

A.3.3 RECLASSIFIED FINANCIAL ASSETS: CHANGE IN BUSINESS MODEL AND EFFECTIVE INTEREST RATE

The disclosures required by IFRS 7 12C do not apply.

A.4 – FAIR VALUE DISCLOSURE

QUALITATIVE DISCLOSURES

This section provides the disclosures on the fair value of financial instruments as requested under IFRS 13, in particular paragraphs 91 and 92.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the "exit price") on the principal (or most advantageous) market, regardless of whether that price is directly observable or is estimated using a valuation technique.

Prices on an active market are the best indication of the fair value of financial instruments (Level 1 in the fair value hierarchy). In the absence of an active market or where prices are affected by forced transactions, fair value is determined on the basis of the prices of financial instruments with similar characteristics (Level 2 inputs – the comparable approach) or, in the absence of such prices as well, with the use of valuation techniques that use market inputs to the greatest extent possible (Level 2 inputs – model valuation - mark to model). Where market data is not available, inputs not drawn from the market and estimates and model forecasts may be used (Level 3 inputs – model valuation - mark to model). Where market data is not available, inputs not drawn from the market and estimates and model forecasts may be used (Level 3 inputs – model valuation - mark to model).

For financial instruments measured at fair value, the Group assigns maximum priority to prices quoted on active markets and lower priority to the use of unobservable inputs, as the latter are more discretionary, in line with the fair value hierarchy noted above and discussed in greater detail in section A.4.3 below. The policy establishes the order of priority, the criteria and general conditions used to determine the choice of one of the following valuation techniques:

- mark to market: a valuation approach using inputs classified as Level 1 in the fair value hierarchy;
- the comparable approach: a valuation approach based on the use of the prices of instruments similar to the one undergoing valuation, which are classified as Level 2 in the fair value hierarchy;
- mark to model: a valuation approach based on the use of pricing models whose inputs are classified as Level 2 (in the case of the exclusive use of market observable inputs) or Level 3 (in the case of the use of at least one significant unobservable input) in the fair value hierarchy.

Mark to market

Classification in Level 1 of the fair value hierarchy represents the mark-to-market approach. For an instrument to be classified in Level 1 of the fair value hierarchy, its value must be based solely on quoted prices in an active market to which the Bank has access at the time of valuation (Level 1 inputs).

A quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value.

The concept of active market is a key concept in allocating a financial instrument to Level 1. An active market is a market (or dealer, broker, industrial group, pricing service or regulatory agency) in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Thus, the definition implies that the concept of active market is associated with the individual financial instrument and not the market itself, and it is therefore necessary to conduct materiality tests.

The definition of "active market" is broader than that of "regulated market": regulated markets are defined as the markets included in the list provided for by Article 63, paragraph 2, of the Consolidated Finance Act (TUF) and in the special section of the same list (see Article 67, paragraph 1, of the TUF). These markets are managed by companies authorized by CONSOB that operate in accordance with the provisions of the TUF and under the supervision of CONSOB itself.

Other markets in addition to regulated markets include organized trading systems (Multilateral Trading Systems and Systematic Internalizers) defined, pursuant to Legislative Decree 58/98, as a "set of rules and structures, including automated structures, which make exchange possible, on an ongoing or periodic basis, in order to collect and transmit orders for transactions in financial instruments and to settle these orders, for the purpose of concluding contracts": although normally the financial instruments listed on these markets fall within the definition of instruments listed on active markets, there may be situations in which officially listed instruments are not liquid due to low trading volumes. In such cases, quoted prices cannot be considered representative of the fair value of an instrument. Generally speaking, multilateral trading facilities (MTF) can be considered active markets if they are characterized by continuous and significant trading and/or by the presence of binding prices provided by the market maker, such as to ensure the formation of prices that actually represent the fair value of the instrument.

Financial instruments are also listed on regulated markets in other countries, and therefore not regulated by CONSOB, whose prices are available daily. These prices are considered representative of the fair value of the financial instruments insofar as they represent the result of a regular transaction and not only of offers to buy or sell. Finally, other markets, while not regulated, can also be considered active markets (e.g. platforms such as Bloomberg or Markit). Electronic over-the-counter (OTC) trading circuits are considered active markets to the extent that the quotations provided actually represent the price at which a normal transaction would occur. Similarly, the quotes published by brokers are representative of fair value if they reflect the actual price level of the instrument in a liquid market (that is, they are not indicative prices, but rather binding offers).

Ultimately, in order to consider a market active, the significance of the price observed on the market itself is of particular importance and, for this reason, the following factors are considered:

- bid-ask spreads: the difference between the price at which an intermediary undertakes to sell the securities (ask) and the price at which it undertakes to buy them (bid). The larger the spread, the lower the liquidity of the market and therefore the significance of the price;
- breadth and depth of the trading book: the first concept refers to the presence of offers of large dimensions, while the depth of the book means the existence of both purchase and sell orders for numerous price levels;
- number of contributors: number of market participants providing purchase or sell offers for a specific instrument. The larger the number of active market participants, the greater the significance of the price;
- availability of information on the terms and conditions of transactions;
- price volatility: presence of daily prices of the instrument outside a certain range. The lower the volatility of the prices, the greater the significance of the price.

Comparable approach

As already noted, the fair value of financial instruments classified in Level 2 can be determined using two different approaches: the so-called comparable approach, which presupposes the use of prices quoted on active markets for similar assets or liabilities or the prices of identical assets or liabilities on inactive markets, and the model valuation approach (or mark to model), which uses valuation techniques based on observable inputs concerning the instrument itself or similar instruments.

In the case of the comparable approach, measurement is based on the prices of substantively comparable instruments in terms of risk-return, maturity and other trading conditions. The following Level 2 inputs are necessary for use of the comparable approach:

- quoted prices on active markets for similar assets or liabilities;
- quoted prices for the instrument involved or for similar instruments on inactive markets, i.e. markets in which transactions are infrequent, prices are not current, change significantly over time or among the various market makers or on which little information is made public.

If there are quoted instruments that meet all of the comparability criteria indicated here, the value of the Level 2 instrument is considered to correspond to the quoted price of the comparable instrument, adjusted if necessary for factors observable on the market.

However, if the conditions for using the comparable approach directly do not apply, the approach may still be used as an input in Level 2 mark-to-model valuations.

Mark to model approach

In the absence of quoted prices for the instrument or for comparable instruments, valuation models are adopted. Valuation models must always maximize the use of market inputs. Accordingly, they must make priority use of observable market inputs (e.g. interest rates and yield curves observable at commonly quoted intervals, volatilities, credit spreads, etc.).

In the absence of directly or indirectly observable inputs or where they are insufficient to determine the fair value of an instrument, inputs that are not observable on the market be used (discretionary estimates and assumptions). With the consequent allocation of the estimate obtained to Level 3 of the fair value hierarchy.

The mark-to-model technique therefore does not give rise to a single classification within the fair value hierarchy. Depending on the observability and materiality of the inputs used in the valuation model, an instrument could be assigned to Level 2 or Level 3.

A.4.1 FAIR VALUE LEVELS 2 AND 3: VALUATION TECHNIQUES AND INPUTS USED

The Group uses mark-to-model approaches in line with methods that are generally accepted and used in the industry. The valuation models comprise techniques based on the discounting of future cash flows and the estimation of volatility. They are reviewed both during their development and periodically thereafter in order to ensure their full consistency with the valuation objectives.

In the absence of quoted prices on active markets, financial instruments are measured as follows:

- bonds are measured using a discounted cash flow model adjusted for the credit risk of the issuer. The inputs used are yield curves and credit spreads for the issuer. The discount rule based on the guarantor's yield curve is applied to these securities, failing which the sectoral curve corresponding to the rating of the security (or of the guarantor in case of unavailability) and the guarantor's product sector is used. The inputs used include yield curves and any illiquidity spread;
- structured bonds are measured using a discounted cash flow model that incorporates valuations from option pricing models, adjusted for the credit risk of the issuer. The discount rule based on the guarantor's yield curve is applied to these securities, failing which the sectoral curve corresponding to the rating of the security (or of the guarantor in case of unavailability) and the guarantor's product sector is used. The inputs used include yield curves and any illiquidity spread, as well volatility surfaces and the correlation matrix for the underlyings;
- asset backed securities (ABS) are measured using the discounted sum of expected future cash flows. The cash flow model estimates future developments in the underlying asset portfolio, taking account of payment reports, market data and model input parameters, applying the priority of payments to obtain the expected future cash flows for the notes (interest and principal). Once the expected cash flows have been obtained, the PV of each individual note is obtained by discounting these flows using the discount margin method for variable-rate securities, or the discount yield for fixed-rate securities. The inputs used include, in addition to the government securities yield curve, the illiquidity spread and yield curves;
- derivatives on interest rates are measured using discounted cash flow models, within the multi-curve framework based on OIS discounting;
- derivatives involving options on rates, such as caps/floors and European swaptions, are measured using the Bachelier model, which uses the volatility matrix for these instruments and interest rates as market input parameters, in accordance with the multi-curve measurement framework based on OIS discounting;
- equity and CIU derivatives are valued using the Black&Scholes models (or models based on it, such as the Rubinstein model for forward starts and the Nengju Ju model for Asian options), which includes an estimate of volatility through interpolation by maturity and strike prices on a volatility matrix, as well as the inclusion of dividends. The inputs used are the price of the underlying equity, the volatility surface and the interest rate dividend curve. The estimate of the value uses the OIS/BC discounting approach;
- derivatives on exchange rates are valued using a discounted cash flow approach for plain-vanilla contracts or a Garman and Kohlhagen model for European options on exchange rates. The inputs are spot exchange rates and the forward points curve and volatility surfaces for plain-vanilla options. The estimate of the value uses the OIS/BC discounting approach;
- inflation derivatives, such as zero-coupon indexed inflation swaps and CPI swaps, are measured using a discounted cash flow approach, which in turn are measured on the basis of the term structure of inflation and seasonal factors (CPI Cash Flow Model), a in accordance with the multi-curve measurement framework based on OIS discounting;

- equity securities are measured at fair value estimated using models applied in valuation practice or using balance sheet, income or mixed methods or with reference to direct transactions in the same security or similar securities observed over an appropriate span of time with respect to the valuation date. They are measured at cost if their carrying amount is below the materiality thresholds set by the Group both at individual and consolidated level and in cases where the cost represents a reliable estimate of fair value (e.g. because the most recent information to evaluate fair value is not available);
- investments in CIUs other than open-end harmonized funds are generally valued on the basis of the NAVs (adjusted where necessary with a specific liquidity adjustment if not fully representative of the fair value) made available by the asset management companies. These investments include private equity funds, real estate investment funds, bond funds and loan-based funds (impaired and performing)
- medium/long-term loans to customers are measured on the basis of a mark-to-model process using the discounted cash flow approach for the positions and other models for estimating option components where applicable;
- for medium/long-term liabilities, represented by securities for which the fair value option was chosen, the fair value is determined alternatively by either discounting the residual contractual cash flows using the zero-coupon yield curve, by applying the asset swap method or by using other yield curves deemed representative of the Bank's credit standing;
- for tax credits pursuant to the Cure Italy and Revival Decrees, the fair value is estimated by constructing two discount factor vectors applicable to, respectively, tax credits held by the Parent Company and by the mutual banks. The fair value of each credit designated as held under the Other or HTCS business models is obtained by multiplying the nominal value of the portion of the credit applicable to future portions of each year by the appropriate discount factor.

Significant unobservable inputs used in valuing instruments in Level 3 mainly include:

- estimates and assumptions underlying the models used to measure investments in equity securities and units in CIUs;
- Probability of Default (PD) and Loss Given Default (LGD): the parameters are derived from the impairment model. They are used to measure financial instruments for disclosure purposes only;
- credit spreads: the figure is extrapolated to create sector CDS curves using regression algorithms on the basis of a panel of single-name CDS curves. The figure is used to value financial instruments for disclosure purposes only;
- the liquidity spreads used in the mark-to-model measurement of ABS.

The Group also provides for the possibility of applying valuation adjustments to the prices of financial instruments when the valuation technique used does not capture factors that market participants would use in estimating fair value, for example when it is necessary to ensure that the fair value reflects the value of a transaction that could actually be carried out in a market.

The factors impacting the need for an adjustment include the complexity of the financial instrument; the credit standing of the counterparty; and the presence of any collateral agreements. In particular, the Group uses a method for calculating the CVA/DVA (Credit Value Adjustments/Debt Value Adjustments) in order to adjust the calculation of the fair value of uncollateralized derivatives in order to take account of counterparty risk (non-performance risk). The CVA/DVA is not calculated when collateral agreements have been formalized and are operational for derivatives positions.

With particular regard to units held in unlisted alternative investment funds (so-called AIFs),a liquidity adjustment is determined to be applied to the Net Asset Value (NAV) of the unlisted funds held.

The methodological approach adopted provides for the consideration, in line with market best practice, of the following main elements:

- the average holding period of the individual unlisted funds before they can be sold;
- the characteristics of the individual assets held by the fund and their level of volatility in the holding period considered (degree of uncertainty);

- the level of risk aversion reflected in a prudent threshold which, with reference to the distribution of the possible returns/final value of the asset/portfolio considered, makes it possible to measure any divergence from their expected value.

The use of these elements made it possible to estimate a discount with respect to the NAV, calculated as a percentage adjustment of the risk premium linked to the uncertainty concerning potential unfavorable changes in value before their realization while also taking account of the management costs of the funds not incorporated in the NAVs of the individual unlisted funds.

For 2024, the percentage adjustment applied was respectively 4.9% for real estate funds, 15.1% for private debt – bad loan funds, 5% for private debt –NPL UTP funds, 3.7% for private debt –Performing loan funds, 2.4% for private debt – bond funds and 9.95% for private equity funds.

A.4.2 VALUATION PROCESSES AND SENSITIVITY

The Group conducted an analysis of the potential sensitivity of the valuations of instruments classified in Level 3 and measured at fair value on a recurring basis to changes in the unobservable market parameters.

Level 3 exposures to financial instruments are mainly represented by units in CIUs, property, plant and equipment and equity securities.

The sensitivity analysis of unobservable inputs is conducted through a stress test of all significant unobservable inputs for the different types of assets. The tests are used to determine the potential changes in the fair value by category of asset attributable to changes in the determination of unobservable inputs (such as the volatility and the correlation of the recovery rates of the clusters for the NPL component of funds and the distribution haircut for the real estate component.

This analysis demonstrated that the sensitivity impacts were not material.

A.4.3 FAIR VALUE HIERARCHY

Under the provisions of IFRS 13, all fair value valuations must be classified within the three levels that delineate the valuation process on the basis of the characteristics and significance of the inputs used:

- Level 1: unadjusted quoted prices on an active market. Fair value is drawn directly from quoted prices observed on active markets. A financial instrument is considered to be quoted on an active market if prices are readily and regularly available and represent actual market transactions carried out on normal terms on a regulated market or MTF;
- Level 2: inputs other than the quoted prices noted above that are observable on the market either directly (prices) or indirectly (derivatives on prices). Fair value is determined using valuation techniques that provide for: a) the use of market inputs indirectly connected with the instrument being valued and derived from instruments with similar risk characteristics or quoted on inactive markets (the comparable approach); or b) that use observable inputs;
- Level 3: inputs that are not observable on the market. Fair value is determined using valuation techniques that use significant unobservable inputs, such as non-binding quotes provided by infoproviders (Mark to Model approach).

The following are normally considered Level 1:

- shares, debt securities and units of CIUs listed on regulated markets. Units of CIUs include mutual investment funds (UCITS, AIFs and restricted FIAs), SICAVs/SICAFs and ETPs (Exchange Traded Products);
- debt securities listed on Multilateral Trading Facilities (MTF) which meet the “specific requirements for multilateral trading systems” set out in MiFID II;
- debt securities whose fair value is equal to the unadjusted prices provided by brokers/market makers from an active market for an identical instrument and executable at the declared level;
- Units of CIUs whose value (NAV) is provided directly by the market operator;
- listed derivative financial instruments and issued financial liabilities whose fair value at the valuation date corresponds to the price quoted on an active market.

The following are normally considered Level 2:

- debt securities issued by national and international issuers that are not listed on an active market and are measured using approaches that mainly employ observable market inputs;
- debt securities whose fair value is equal to the prices provided by brokers/market makers determined with a valuation model based on observable market inputs;
- OTC financial derivatives entered into with institutional counterparties for which the main inputs are observable market data;
- units of CIUs whose prices are provided by the issuing entity (the so-called "soft NAV") or whose fair value is adjusted using pricing models based on observable market inputs;
- insurance policies and interest-bearing postal bonds whose fair value is approximated, respectively, by the surrender and redemption value, which under applicable regulations represent the exit prices for those instruments.

Finally, the following are normally considered Level 3:

- debt securities not listed on an active market and measured using approaches that mainly employ unobservable inputs;
- debt securities whose fair value is equal to the prices provided by brokers/market makers determined with a valuation model based on unobservable inputs;
- equity securities and issued financial liabilities for which there are no prices quoted on active markets at the valuation date and which are mainly valued using techniques based on unobservable market data;
- OTC financial derivatives entered into with institutional counterparties and measured using pricing models similar to those used for Level 2 valuations but from which they differ in the degree of observability of the inputs used in the pricing techniques;
- financial derivatives entered into with customers for which the fair value adjustment taking account of default risk is significant with respect to the total value of the financial instrument;
- units of CIUs whose prices are provided by the issuing entity (the so-called "soft NAV") or whose fair value is adjusted using pricing models not based entirely on observable market inputs.

The fair value of tax credits under the "Cure Italy" and "Revival" Decrees is treated as Level 3.

In general, transfers of financial instruments between Level 1 and Level 2 in the fair value hierarchy only occur in the event of changes in the market in the period considered. For example, if a market previously considered active no longer meets the minimum requirements for being considered active, the instrument will be reclassified to a lower level; in the opposite case, it will be raised to a higher level.

A.4.4 OTHER INFORMATION

The circumstances referred to in paragraphs 48, 93 letter (i) and 96 of IFRS 13 do not apply to the Group's financial statements as the Group is not managing groups of financial assets and liabilities on the basis of its net exposure to a specific market risk (or risks) or to the credit risk of a specific counterparty and the highest and best use of a non-financial asset does not differ from its current use.

QUANTITATIVE DISCLOSURES

A.4.5 FAIR VALUE HIERARCHY

A.4.5.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS: BREAKDOWN BY FAIR VALUE INPUT LEVEL

	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	402,821	742,899	347,803	504,674	639,833	349,727
a) financial assets held for trading	45,531	41,687	200	92,514	134,522	264
b) financial assets designated as at fair value	323,647	-	1,047	315,788	-	1,289
c) other financial assets mandatorily measured at fair value	33,643	701,212	346,557	96,372	505,311	348,175
2. Financial assets measured at fair value through comprehensive income	6,398,793	461,226	54,442	7,192,758	446,739	53,914
3. Hedging derivatives	502	724,975	-	443	950,814	-
4. Property, plant and equipment	-	-	309,538	-	-	360,826
5. Intangible assets	-	-	-	-	-	-
Total	**6,802,115**	**1,929,101**	**711,784**	**7,697,876**	**2,037,386**	**764,467**
1. Financial liabilities held for trading	8,858	55,062	-	9,559	102,029	-
2. Financial liabilities designated as at fair value	-	-	-	-	-	-
3. Hedging derivatives	535	244,254	-	176	220,301	-
Total	**9,393**	**299,317**	**-**	**9,735**	**322,330**	**-**

A.4.5.2 CHANGE FOR THE PERIOD IN FINANCIAL ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS (LEVEL 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**349,727**	**264**	**1,289**	**348,175**	**53,914**	**-**	**360,826**	**-**
2. Increases	**58,650**	**-**	**34**	**58,616**	**4,380**	**-**	**-**	**-**
2.1 Purchases	26,818	-	-	26,818	2,798	-	-	-
2.2 Profits recognized in:	4,426	-	34	4,392	277	-	-	-
2.2.1 Income statement	4,426	-	34	4,392	84	-	-	-
- of which: capital gains	2,844	-	34	2,811	84	-	-	-
2.2.2 Shareholders' equity	-	X	X	X	193	-	-	-
2.3 Transfers from other levels	23,454	-	-	23,454	-	-	-	-
2.4 Other increases	3,953	-	-	3,953	1,305	-	-	-
3. Decreases	**60,574**	**64**	**276**	**60,234**	**3,850**	**-**	**51,288**	**-**
3.1 Sales	3,989	-	-	3,989	1,206	-	16,335	-
3.2 Repayments	11,509	3	244	11,262	10	-	13,270	-
3.3 Losses recognized in:	17,186	7	31	17,147	239	-	21,449	-
3.3.1 Income statement	17,186	7	31	17,147	127	-	21,449	-
- of which: capital losses	14,739	-	31	14,708	-	-	21,449	-
3.3.2 Shareholders' equity	-	X	X	X	112	-	-	-
3.4 Transfers to other levels	46	-	-	46	-	-	-	-
3.5 Other decreases	**27,844**	53	1	27,790	2,394	-	234	-
4. Closing balance	**347,803**	**200**	**1,047**	**346,557**	**54,444**	**-**	**309,538**	**-**

A.4.5.3 CHANGE FOR THE PERIOD IN FINANCIAL LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS (LEVEL 3)

The table has not been completed because there were no such positions as of the reporting date.

A.4.5.4 FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS: BREAKDOWN BY FAIR VALUE INPUT LEVEL

	31/12/2024				31/12/2023			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortized cost	143,283,468	44,564,032	2,479,011	98,171,508	145,480,601	48,205,386	1,248,077	97,751,549
2. Investment property	140,125	-	22,532	146,077	154,127	-	890	167,719
3. Non-current assets and disposal groups held for sale	109,553	-	4,813	790	4,593,316	-	1,624	-
Total	**143,533,146**	**44,564,032**	**2,506,356**	**98,318,375**	**150,228,044**	**48,205,386**	**1,250,591**	**97,919,268**
1. Financial liabilities measured at amortized cost	143,756,450	6,595,961	21,483,588	118,568,349	152,795,976	4,918,795	35,430,561	111,356,020
2. Liabilities associated with assets held for sale	30,922	-	-	-	4,320,959	-	-	-
Total	**143,787,372**	**6,595,961**	**21,483,588**	**118,568,349**	**157,116,935**	**4,918,795**	**35,430,561**	**111,356,020**

Key:

CA=Carrying amount

L1= Level 1

L2= Level 2

L3= Level 3

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

During the period under review, differences emerged between the fair values posted at the time of initial recognition and the values recalculated at the same date using valuation techniques in accordance with IFRS 9 (paragraphs B.5.1.2 A letter b), with a net negative impact of about €1,592 thousand in respect of cash flow hedges.

PART B – INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS – ITEM 10

1.1 CASH AND CASH EQUIVALENTS: COMPOSITION

	Total	Total
	31/12/2024	31/12/2023
a) Cash	827,302	733,523
b) Current accounts and demand deposits with central banks	2,337,289	3,956,181
c) Current accounts and demand deposits with banks	152,230	266,718
Total	**3,316,821**	**4,956,422**

The item “Current accounts and demand deposits with central banks” includes deposits with the Bank of Italy, of which €2.2 billion in overnight deposits, €4.3 million attributable to the Guarantee Scheme operated by Parent Company and €183 million connected with the instant payments service.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS – ITEM 20

2.1 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY TYPE

	Total 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities	**44,811**	**274**	**-**	**80,356**	**6,325**	**13**
1.1 structured securities	5,789	70	-	6,212	5	10
1.2 other debt securities	39,022	204	-	74,144	6,320	3
2. Equity securities	**297**	**-**	**-**	**1,758**	**-**	**-**
3. Units in collective investment undertakings	**65**	**14**	**98**	**10,080**	**14**	**105**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 repurchase agreements	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
Total (A)	**45,173**	**288**	**98**	**92,194**	**6,340**	**118**
B. Derivatives						
1. Financial derivatives	**358**	**41,399**	**102**	**320**	**128,182**	**145**
1.1 trading	358	41,399	102	320	128,182	145
1.2 associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
2.1 trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**358**	**41,399**	**102**	**320**	**128,182**	**145**
Total (A+B)	**45,531**	**41,687**	**200**	**92,514**	**134,522**	**263**

The sub-item A.1 – 1.2 “other debt securities” mainly includes government securities held for trading in the amount of about €15.5 million, a decrease of about €47 million compared with the end of 2023.

The sub-item B.1 – 1.1 reports the market value of the derivatives originated by Group operations.

2.2 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY DEBTOR/ISSUER/COUNTERPARTY

		Total	Total
		31/12/2024	31/12/2023
A. On-balance-sheet assets			
1. Debt securities		**45,085**	**86,694**
a) Central banks		-	-
b) Government entities		15,498	62,324
c) Banks		23,590	19,241
d) Other financial companies		4,892	4,116
of which: insurance undertakings		-	-
e) Non-financial companies		1,105	1,013
2. Equity securities		**297**	**1,758**
a) Banks		34	91
b) Other financial companies		18	272
of which: insurance undertakings		3	2
c) Non-financial companies		245	1,395
d) Other issuers		-	-
3. Units in collective investment undertakings		**177**	**10,200**
4. Loans		**-**	**-**
a) Central banks		-	-
b) Government entities		-	-
c) Banks		-	-
d) Other financial companies		-	-
of which: insurance undertakings		-	-
e) Non-financial companies		-	-
f) Households		-	-
	Total (A)	**45,559**	**98,652**
B. Derivatives			
a) Central counterparties		12,443	57,766
b) Other		29,416	70,881
	Total (B)	**41,859**	**128,647**
	Total (A+B)	**87,418**	**227,299**

2.3 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE: COMPOSITION BY TYPE

	Total 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1.Debt securities	**323,646**	**-**	**-**	**315,788**	**-**	**-**
1.1 structured securities	-	-	-	-	-	-
1.2 other debt securities	323,646	-	-	315,788	-	-
2. Loans	**-**	**-**	**1,047**	**-**	**-**	**1,289**
2.1 structured	-	-	-	-	-	-
2.2 other	-	-	1,047	-	-	1,289
Total	**323,646**	**-**	**1,047**	**315,788**	**-**	**1,289**

The item 1.2 “other debt securities” includes the balance for securities in which the liquidity from the Guarantee Scheme operated by Parent Company is invested.

2.4 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE: COMPOSITION BY DEBTOR/ISSUER

	Total 31/12/2024	Total 31/12/2023
1. Debt securities	**323,646**	**315,788**
a) Central banks	-	-
b) Government entities	323,646	315,788
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) Non-financial companies	-	-
2. Loans	**1,047**	**1,289**
a) Central banks	-	-
b) Government entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) Non-financial companies	138	196
f) Households	909	1,093
Total	**324,693**	**317,077**

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: COMPOSITION BY TYPE

	Total 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**7,090**	**11,568**	**3,155**	**20,463**	**20,067**	**4,790**
1.1 structured securities	6,069	5,432	-	2,981	500	-
1.2 other debt securities	1,021	6,136	3,155	17,482	19,567	4,790
2. Equity securities	**22,453**	**36,420**	**2**	**32,949**	**28,110**	**9,843**
3. Units in collective investment undertakings	**4,101**	**76,449**	**327,618**	**33,120**	**66,672**	**310,972**
4. Loans	**-**	**576,775**	**15,780**	**-**	**390,462**	**32,410**
4.1 repurchase agreements	-	-	-	-	-	-
4.2 other	-	576,775	15,780	-	390,462	32,410
Total	**33,644**	**701,212**	**346,555**	**86,532**	**505,311**	**358,015**

The item includes financial instruments that under IFRS 9 do not meet the requirements for measurement at amortized cost or at fair value through other comprehensive income (unit in CIUs, insurance policies, postal savings bonds, debt securities and loans failing to pass the SPPI test).

The largest components of loans reported under 4.2 “Other” include insurance policies underwritten by the banks of the Group in the amount of about €504 million (up by €172 million compared with the end of 2023) and interest-bearing postal bonds in the amount of about €41 million.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: COMPOSITION BY DEBTOR/ISSUER

	Total 31/12/2024	Total 31/12/2023
1.Equity securities	**58,875**	**70,902**
of which: banks	5,020	25,742
of which: other financial companies	47,049	40,119
of which: non-financial companies	6,806	5,041
2. Debt securities	**21,813**	**45,320**
a) Central banks	-	-
b) Government entities	-	16,074
c) Banks	1,967	15,579
d) Other financial companies	16,035	13,022
of which: insurance companies	639	631
e) Non-financial companies	3,811	645
3. Units in collective investment undertakings	**408,168**	**410,764**
4. Loans	**592,555**	**422,872**
a) Central banks	-	-
b) Government entities	12,929	11,352
c) Banks	-	-
d) Other financial companies	579,342	408,839
of which: insurance companies	509,662	331,750
e) Non-financial companies	284	2,675
f) Households	-	6
Total	**1,081,411**	**949,858**

The item “Units in collective investment undertakings” mainly includes loan funds in the amount of €154 million, real estate funds in the amount of €136 million, bond funds in the amount of €56 million and equity funds in the amount of €15 million.

SECTION 3 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – ITEM 30

3.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: COMPOSITION BY TYPE

	Total 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**6,372,756**	**40,250**	**-**	**7,166,410**	**22,633**	**18**
1.1 structured securities	517,027	29,087	-	346,087	-	-
1.2 other debt securities	5,855,730	11,163	-	6,820,322	22,633	18
2. Equity securities	**26,037**	**420,976**	**54,442**	**26,349**	**424,106**	**53,896**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**6,398,793**	**461,226**	**54,442**	**7,192,759**	**446,739**	**53,914**

The item “Debt securities “, came to €6.4 billion, downs €0.8 billion on the previous year, includes €5.4 billion of government securities.

“Equity securities - Level 2” includes the equity investment in the Bank of Italy in the amount of €375 million, unchanged over the previous year. The remainder of equity securities mainly includes non-controlling interests.

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: COMPOSITION BY DEBTOR/ISSUER

	Total 31/12/2024	Total 31/12/2023
1. Debt securities	**6,413,006**	**7,189,061**
a) Central banks	-	-
b) Government entities	5,391,877	6,507,692
c) Banks	759,612	485,995
d) Other financial companies	121,056	125,729
of which: insurance undertakings	10,755	1,119
e) Non-financial companies	140,461	69,645
2. Equity securities	**501,455**	**504,351**
a) Banks	385,902	386,748
b) Other issuers:	115,553	117,603
- other financial companies	64,736	66,104
of which: insurance undertakings	10,019	11,188
- non-financial companies	50,804	51,496
- other	13	3
3. Loans	**-**	**-**
a) Central banks	-	-
b) Government entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**6,914,461**	**7,693,412**

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND TOTAL WRITEOFFS

	Gross amount					Total writeoffs				
	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total partial writeoffs*
Debt securities	6,351,590	5,967,199	67,126	113	-	(2,847)	(2,934)	(42)	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**6,351,590**	**5,967,199**	**67,126**	**113**	**-**	**(2,847)**	**(2,934)**	**(42)**	**-**	**-**
Total 31/12/2023	**7,109,883**	**6,871,800**	**86,762**	**18**	**-**	**(2,692)**	**(4,910)**	**-**	**-**	**-**

** Value to be reported for information purposes*

SECTION 4 - FINANCIAL ASSETS MEASURED AT AMORTIZED COST - ITEM 40

4.1 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN OF LOANS AND RECEIVABLES WITH BANKS

	Total 31/12/2024						Total 31/12/2023					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
A. Claims on central banks	**1,625,061**	**-**	**-**	**-**	**-**	**1,625,061**	**1,947,030**	**-**	**-**	**-**	**-**	**1,947,030**
1. Fixed-term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Reserve requirements	1,625,051	-	-	X	X	X	1,947,020	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	10	-	-	X	X	X	10	-	-	X	X	X
B. Due from banks	**1,765,570**	**-**	**-**	**1,247,655**	**260,248**	**269,920**	**2,228,913**	**-**	**-**	**1,453,271**	**93,965**	**655,558**
1. Financing	286,656	-	-	8,626	78,482	197,262	709,190	-	-	-	52,354	655,558
1.1 Current accounts and demand deposits	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Fixed-term deposits	61,383	-	-	X	X	X	32,525	-	-	X	X	X
1.3. Other financing:	225,273	-	-	X	X	X	676,665	-	-	X	X	X
- Repurchase agreements	10,445	-	-	X	X	X	-	-	-	X	X	X
- Finance leases	229	-	-	X	X	X	240	-	-	X	X	X
- Other	214,599	-	-	X	X	X	676,425	-	-	X	X	X
2. Debts securities	1,478,914	-	-	1,239,029	181,766	72,659	1,519,723	-	-	1,453,271	41,611	-
2.1 Structured securities	684,603	-	-	630,471	64,276	-	553,588	-	-	550,734	49	-
2.2 Other debt securities	794,311	-	-	608,558	117,490	72,659	966,135	-	-	902,537	41,562	-
Total	**3,390,631**	**-**	**-**	**1,247,655**	**260,248**	**1,894,981**	**4,175,943**	**-**	**-**	**1,453,271**	**93,965**	**2,602,588**

"Claims on central banks" total €1.6 billion and include the balance of the Group banks' reserve requirement managed on behalf of the mutual banks by the Parent Company, down €322 million over the end of 2023.

The sub-item "debt securities" comes to €1.5 billion, essentially in line with the end of the previous year, and is attributable to bank bonds held by the Group.

4.2 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY PRODUCT OF LOANS AND RECEIVABLES WITH CUSTOMERS

	Total 31/12/2024						Total 31/12/2023					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
1. Loans	**92,777,810**	**759,950**	**3,551**	**-**	**894,368**	**95,128,209**	**89,870,160**	**1,011,479**	**4,619**	**-**	**380,675**	**93,998,698**
1.1. Current accounts	6,506,946	73,184	17	X	X	X	6,289,793	93,912	43	X	X	X
1.2. Repurchase agreements	1,230,915	-	-	X	X	X	874,600	-	-	X	X	X
1.3. Medium/long term loans	69,638,217	604,407	2,432	X	X	X	68,644,743	810,902	3,266	X	X	X
1.4. Credit cards, personal loans and loans repaid by automatic deductions from wage	2,783,168	13,965	-	X	X	X	2,375,829	13,456	-	X	X	X
1.5. Finance leases	3,396,668	44,608	-	X	X	X	3,556,259	61,957	-	X	X	X
1.6. Factoring	899,204	8,076	-	X	X	X	807,002	7,584	-	X	X	X
1.7. Other loans	8,322,692	15,710	1,102	X	X	X	7,321,934	23,668	1,309	X	X	X
2. Debt securities	**46,351,450**	**76**	**-**	**43,316,377**	**1,324,395**	**1,148,317**	**50,418,240**	**160**	**-**	**46,752,115**	**773,437**	**1,150,262**
2.1. Structured securities	657,970	-	-	352,035	174,227	124,155	564,858	43	-	494,568	48,794	8,820
2.2. Other debt securities	45,693,480	76	-	42,964,342	1,150,168	1,024,162	49,853,382	118	-	46,257,547	724,643	1,141,442
Total	**139,129,260**	**760,026**	**3,551**	**43,316,377**	**2,218,763**	**96,276,526**	**140,288,400**	**1,011,639**	**4,619**	**46,752,115**	**1,154,112**	**95,148,961**

Loans to customers classified here came to a total €139.9 billion, down by €1.4 billion on the end of 2023.

The balance of “Loans” increased by a total €2.7 billion on the end of the previous year.

“Repurchase agreements” came to €1.2 billion, and mainly reports amounts connected with transactions with the Clearing & Guarantee Fund, an increase of €0.4 billion on the end of 2023.

Medium/long-term loans, amounting to €70.2 billion, are mainly granted to households and non-financial companies and increase by €0.8 billion on the end of 2023.

The item “Current accounts” also increased on the end of 2023, by about €0.2 billion.

Loans to customers include approximately €266 million in loans disbursed with funds made available by public entities, mainly local governments, with the Group to a prevalent extent assuming the total risk. The operations are mainly aimed at supporting the business sector (mainly small and medium-sized enterprises) and agriculture with credit.

“Debt securities” classified here came to €46.4 billion, down by €4 billion over the end of the previous year, and mainly includes €44.4 billion of government securities, mainly Italian government securities.

The above items include senior notes issued in securitization transactions totaling about €1.2 billion, attributable to own securitization transactions.

4.3 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY DEBTOR/ISSUER OF LOANS TO CUSTOMERS

	Total 31/12/2024			Total 31/12/2023		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired
1. Debt securities	**46,351,450**	**76**	**-**	**50,418,240**	**160**	**-**
a) Government entities	44,425,880	-	-	48,458,892	16	-
b) Other financial companies	1,570,753	-	-	1,764,417	-	-
of which: insurance undertakings	16,617	-	-	17,746	-	-
c) Non-financial companies	354,817	76	-	194,931	144	-
2. Loans to:	**92,777,810**	**759,950**	**3,551**	**89,870,160**	**1,011,479**	**4,619**
a) Government entities	1,228,965	725	-	1,083,585	768	-
b) Other financial companies	4,661,239	2,612	-	3,256,505	4,655	-
of which: insurance undertakings	455,485	-	-	6,110	-	-
c) Non-financial companies	41,581,442	435,643	3,441	41,434,638	563,333	4,476
d) Households	45,306,164	320,970	110	44,095,432	442,723	143
Total	**139,129,260**	**760,026**	**3,551**	**140,288,400**	**1,011,640**	**4,619**

4.4 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: GROSS AMOUNT AND TOTAL WRITEOFFS

	Gross amount					Total writeoffs				
	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total partial Writeoffs *
Debt securities	47,150,272	45,577,305	788,413	1,093	-	(9,736)	(98,583)	(1,017)	-	-
Loans	86,303,488	26,555,036	9,137,423	2,901,114	10,441	(261,071)	(490,314)	(2,141,164)	(6,891)	(437,983)
Total 31/12/2024	**133,453,760**	**72,132,341**	**9,925,836**	**2,902,207**	**10,441**	**(270,807)**	**(588,897)**	**(2,142,181)**	**(6,891)**	**(437,983)**
Total 31/12/2023	**135,973,495**	**50,722,686**	**9,461,791**	**3,641,064**	**12,785**	**(364,244)**	**(606,699)**	**(2,629,424)**	**(8,167)**	**(487,052)**

** Value to be reported for information purposes*

Loans outstanding at the reporting date which represent new liquidity granted through public guarantee mechanisms established in response to the COVID-19 emergency are reported in the table below, showing the gross value and total writeoffs, broken down by risk stages and "purchased or originated credit impaired" status. These include, among other, financial assets recognized in respect of forbearance measures involving a refinancing with derecognition of the original asset and recognition of a new loan, or a restructuring of multiple liabilities with recognition of a new loan.

LOANS MEASURED AT AMORTIZED COST INVOLVED IN COVID-19 SUPPORT MEASURES: GROSS AMOUNT AND TOTAL WRITEOFFS

	Gross amount					Total writeoffs				
	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total partial Writeoffs *
New loans	4,692,417	905,099	776,548	193,156	-	(8,036)	(18,735)	(117,595)	-	(4,620)
Total 31/12/2024	**4,692,417**	**905,099**	**776,548**	**193,156**	**-**	**(8,036)**	**(18,735)**	**(117,595)**	**-**	**(4,620)**

** Value to be reported for information purposes*

SECTION 5 – HEDGING DERIVATIVES - ITEM 50

5.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF CONTRACT AND LEVEL OF INPUT

	FV 31/12/2024			NV	FV 31/12/2023			NV
	Level 1	Level 2	Level 3	31/12/2024	Level 1	Level 2	Level 3	31/12/2023
A. Financial derivatives								
1. Fair value	502	701,948	-	12,284,963	443	947,589	-	11,995,796
2. Cash flows	-	23,028	-	2,193,879	-	3,226	-	317,000
3. Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**502**	**724,976**	**-**	**14,478,842**	**443**	**950,815**	**-**	**12,312,796**

Key

NV=notional value

The decrease in the balances compared with 2023 is mainly attributable to a decline in swap rates observed during the year, reflecting the nature of the items hedged, mainly represented by fixed-rate long-term loans and fixed-rate securities.

5.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND TYPE OF HEDGE

	Fair value							Cash flow		Investments in foreign operations
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equity securities and equity indices	currencies and gold	loans	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	2,950	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	239,629	X	502	-	X	X	X	23,028	X	X
3. Portfolio	X	X	X	X	X	X	456,797	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**242,579**	**-**	**502**	**-**	**-**	**-**	**456,797**	**23,028**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	2,572	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**2,572**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

SECTION 6 - VALUE ADJUSTMENTS OF FINANCIAL ASSETS HEDGED GENERICALLY – ITEM 60

6.1 VALUE ADJUSTMENTS OF HEDGED ASSETS: COMPOSITION OF HEDGED PORTFOLIOS

	Total 31/12/2024	Total 31/12/2023
1. Positive adjustments	**45,550**	**19,962**
1.1 of specific portfolios:	45,550	19,962
a) financial assets measured at amortized cost	45,550	19,962
b) financial assets measured at fair value through comprehensive income	-	-
1.2 comprehensive	-	-
2. Negative adjustments	**(573,593)**	**(657,789)**
2.1 of specific portfolios:	(573,593)	(657,789)
a) financial assets measured at amortized cost	(572,797)	(656,898)
b) financial assets measured at fair value through comprehensive income	(796)	(891)
2.2 comprehensive	-	-
Total	**(528,043)**	**(637,827)**

The item refers to the negative value adjustment of macro-hedged assets and is correlated with the positive fair value of macro-hedging derivatives shown in Table 5.1 - Hedging derivatives.

SECTION 7 – EQUITY INVESTMENTS – ITEM 70

7.1 EQUITY INVESTMENTS: INFORMATION ON INVESTMENTS

	Registered office	Operational headquarters	Type of relationship	Investment		% of votes
				Investor	% holding	
A. Joint ventures						
Federazione BCC Friuli Venezia Giulia Srl	Udine	Udine	Joint control	Iccrea Banca SpA	50.0%	50.0%
B. Companies subject to significant influence						
Numia Group SpA	Milan	Milan	Significant influence	Iccrea Banca SpA	40.0%	40.0%
BCC Vita SpA	Milan	Milan	Significant influence	Iccrea Banca SpA	49.0%	49.0%
BCC Assicurazioni SpA	Milan	Milan	Significant influence	Iccrea Banca SpA	49.0%	49.0%
Pitagora SpA	Turin	Turin	Significant influence	Iccrea Banca SpA	20.0%	20.0%
Sigest Srl	Calcinaia	Calcinaia	Significant influence	Iccrea Banca SpA	49.0%	49.0%
Vorvel SIM SpA	Milan	Milan	Significant influence	Iccrea Banca SpA	20.0%	20.0%
Polo Verde Srl.	Cremona	Cremona	Significant influence	Credito Padano Banca di Credito Cooperativo S.C.	25.0%	25.0%
Solaria Srl	Grosseto	Grosseto	Significant influence	Banca TEMA - Terre Etrusche e di Maremma S.C.	40.0%	40.0%
Hbenchmark Srl.	Altavilla Vicentina	Altavilla Vicentina	Significant influence	Iccrea Banca SpA	10.0%	10.0%

7.2 SIGNIFICANT EQUITY INVESTMENTS: CARRYING AMOUNT, FAIR VALUE AND DIVIDENDS RECEIVED

	Carrying amount	Fair value	Dividends received
A. Joint ventures			
B. Companies subject to significant influence			
Numia Group SpA	147,597		6,306
BCC Vita SpA	85,418		
BCC Assicurazioni SpA	11,066		
Pitagora SpA	17,422		377
Sigest Srl	13,626		
Total	**275,129**		**6,683**

7.3 SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenues	Net interest income	Net adjustments of property, plant and equipment	Profit (loss) from continuing operations before tax	Profit (loss) from continuing operations after tax	Profit (loss) of disposal groups held for sale after tax	Profit (loss) for the period (1)	Other income after tax (2)	Comprehensive income (3) = (1) + (2)
A. Joint ventures														
B. Companies subject to significant influence														
Numia Group SpA	X	560,512	1,117,239	-	1,034,600	731,898	X	X	6,080	(5,014)	-	(5,014)	-	(5,014)
BCC Vita SpA	X	5,349,251	104,818	5,192,490	76,424	327,184	X	X	(3,456)	(4,504)	-	(4,504)	-	(4,504)
BCC Assicurazioni SpA	X	96,823	48,863	6,008	139,678	57,335	X	X	(9,919)	(6,862)	-	429	-	(6,433)
Pitagora SpA	X	536,757	49,375	414,738	84,282	186,768	X	X	15,489	9,512	-	9,512	-	9,512
Sigest S.r.l.	X	-	41,480	12,076	1,595	1,021	X	X	(181)	(202)	-	(202)	-	(202)

7.4 NON-SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

	Carrying amount of investment	Total assets	Total liabilities	Total revenues	Profit (loss) from continuing operations after tax	Profit (loss) for the period (1)	Other income after tax (2)	Comprehensive income (3) = (1) + (2)
A. Joint ventures	2,260	6,572	695	87	87	87	-	87
B. Companies subject to significant influence	2,503	17,939	9,869	4,754	(685)	(685)	-	(685)

7.5 EQUITY INVESTMENTS: CHANGE FOR THE PERIOD

	Total 31/12/2024	**Total 31/12/2023**
A. Opening balance	**239,807**	**220,460**
B. Increases	**124,358**	**29,420**
B.1 Purchases	51	
B.2 Writebacks		
B.3 Revaluations		29,166
B.4 Other increases	124,307	254
C. Decreases	**63,801**	**10,073**
C.1 Sales		
C.2 Impairment losses		
C.3 Writedowns		
C.4 Other decreases	63,801	10,073
D. Closing balance	**300,364**	**239,807**
E. Total revaluations	**61,054**	**61,054**
F. Total impairment losses	**11,336**	**11,336**

7.6 ASSESSMENTS AND SIGNIFICANT ASSUMPTIONS FOR ESTABLISHING THE EXISTENCE OF JOINT CONTROL OR SIGNIFICANT INFLUENCE

"Part A – Accounting Policies, "Section 3 – Scope and methods of consolidation" of the notes to the financial statements sets out the general criteria for the assessment and significant assumptions made in establishing whether or not we exercise joint control or significant influence over an investee company or another entity.

7.7 COMMITMENTS IN RESPECT OF INVESTMENTS IN JOINT VENTURES

The table has not been completed because there were no such positions as of the reporting date.

7.8 COMMITMENTS IN RESPECT OF INVESTMENTS IN COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

The table has not been completed because there were no such positions as of the reporting date.

7.9 SIGNIFICANT RESTRICTIONS

The table has not been completed because there were no such positions as of the reporting date.

7.10 OTHER INFORMATION

The table has not been completed because there were no such positions as of the reporting date.

SECTION 8 – INSURANCE ASSETS - ITEM 80

The section has not been completed because there were no such positions as of the reporting date.

SECTION 9 - PROPERTY, PLANT AND EQUIPMENT – ITEM 90

9.1 OPERATING PROPERTY, PLANT AND EQUIPMENT: COMPOSITION OF ASSETS CARRIED AT COST

	Total 31/12/2024	Total 31/12/2023
1. Owned assets	**1,579,173**	**1,644,937**
a) land	294,690	300,398
b) buildings	1,090,237	1,124,112
c) movables	61,826	57,903
d) electronic systems	43,269	75,980
e) other	89,151	86,544
2. Assets acquired under finance leases	**231,395**	**235,851**
a) land	1,815	1,830
b) buildings	201,357	216,977
c) movables	56	116
d) electronic systems	16,335	10,957
e) other	11,832	5,971
Total	**1,810,568**	**1,880,788**
of which: obtained through enforcement of guarantees received	1,378	1,180

The rights of use acquired under leases for buildings are attributable almost entirely to the leases of properties used as branches and spaces used to host ATMs or offices.

9.2 INVESTMENT PROPERTY: COMPOSITION OF ASSETS CARRIED AT COST

	Total 31/12/2024				Total 31/12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Owned assets	**140,125**	**-**	**22,532**	**146,077**	**146,803**	**-**	**890**	**160,393**
a) land	26,429	-	267	27,474	29,618	-	267	29,582
b) buildings	113,696	-	22,265	118,603	117,185	-	623	130,811
2. Right-of-use assets acquired under leases	**-**	**-**	**-**	**-**	**7,324**	**-**	**-**	**7,326**
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	7,324	-	-	7,326
Total	**140,125**	**-**	**22,532**	**146,077**	**154,127**	**-**	**890**	**167,719**
of which: obtained through enforcement of guarantees received	29,150	-	-	31,925	32,236	-	6	32,469

At December 31, 2024 the Group had granted operating leases to others for investment property, mainly buildings, in the amount of about €49 million. The leased properties are mainly for commercial and residential use.

9.3 OPERATING PROPERTY, PLANT AND EQUIPMENT: COMPOSITION OF REVALUED ASSETS

The Group does not have revalued property, plant and equipment used in operations.

9.4 INVESTMENT PROPERTY: COMPOSITION OF ASSETS AT FAIR VALUE

	Total 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Owned assets	**-**	**-**	**309,538**	**-**	**-**	**360,826**
a) land	-	-	575	-	-	645
b) buildings	-	-	308,963	-	-	360,181
2. Right-of-use assets acquired under leases	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	**-**	**-**	**309,538**	**-**	**-**	**360,826**
of which: obtained through enforcement of guarantees received	-	-	-	-	-	-

9.5 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT WITHIN THE SCOPE OF IAS 2: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
1. Inventories of property, plant and equipment obtained through enforcement of guarantees received	**26,786**	**29,862**
a) land	12,769	13,758
b) buildings	6,576	10,019
c) movables	-	-
d) electronic systems	-	-
e) other	7,441	6,085
2. Other inventories of property, plant and equipment	**5,168**	**16,224**
Total	**31,954**	**46,086**
of which: measured at fair value net of selling costs	1,567	1,550

9.6 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGE FOR THE PERIOD

	Land	Buildings	Movables	Electronic plant	Other	Total
A. Opening gross balance	**302,397**	**2,442,016**	**456,631**	**450,062**	**597,015**	**4,248,121**
A.1 Total net writedowns	169	1,100,927	398,612	363,125	504,500	2,367,333
A.2 Opening net balance	**302,228**	**1,341,089**	**58,019**	**86,937**	**92,515**	**1,880,788**
B. Increases:	**6,376**	**92,454**	**17,306**	**39,861**	**48,612**	**204,609**
B.1 Purchases	4,005	51,904	11,772	35,377	42,596	145,654
B.2 Capitalized improvement costs	-	15,328	213	305	574	16,420
B.3 Writebacks	-	-	-	-	-	-
B.4 Fair value gains recognized in	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfers from investment property	176	50	X	X	X	226
B.7 Other changes	2,195	25,172	5,321	4,179	5,442	42,309
C. Decreases:	**12,099**	**141,949**	**13,443**	**67,194**	**40,144**	**274,829**
C.1 Sales	186	5,719	586	1,070	845	8,406
C.2 Depreciation	7	101,783	10,862	28,039	27,998	168,689
C.3 Writedowns for impairment recognized in	117	211	1,162	991	-	2,481
a) equity	-	-	-	-	-	-
b) income statement	117	211	1,162	991	-	2,481
C.4 Fair value losses recognized in	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfers to:	436	4,241	-	21,866	-	26,543
a) investment property	334	3,977	X	X	X	4,311
b) non-current assets and disposal groups held for sale	102	264	-	21,866	-	22,232
C.7 Other changes	11,353	29,995	833	15,228	11,301	68,710
D. Closing net balance	**296,505**	**1,291,594**	**61,882**	**59,604**	**100,983**	**1,810,568**
D.1 Total net writedowns	170	1,199,978	409,530	356,618	543,088	2,509,384
D.2 Closing gross balance	**296,675**	**2,491,572**	**471,412**	**416,222**	**644,071**	**4,319,952**
E. Measurement at cost	-	-	-	-	-	-

9.7 INVESTMENT PROPERTY: CHANGE FOR THE PERIOD

	Total	
	Land	Buildings
A. Opening balance	**30,263**	**484,690**
B. Increases	**425**	**8,051**
B.1 Purchases	-	755
B.2 Capitalized improvement costs	2	1,935
B.3 Fair value gains	-	-
B.4 Writebacks	-	-
B.5 Positive exchange rate differences	-	-
B.6 Transfers from operating property	333	3,843
B.7 Other changes	90	1,518
C. Decreases	**3,684**	**70,082**
C.1 Sales	355	34,603
C.2 Depreciation	-	3,561
C.3 Fair value losses	-	21,448
C.4 Writedowns for impairment	2,470	8,341
C.5 Negative exchange rate differences	-	-
C.6 Transfers to:	708	701
a) operating property	42	50
b) non-current assets and disposal groups held for sale	666	651
C.7 Other changes	151	1,428
D. Closing balance	**27,004**	**422,659**
E. Measurement at fair value	27,741	140,868

9.8 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT WITHIN THE SCOPE OF IAS 2: CHANGE FOR THE PERIOD

	Inventories of property, plant and equipment obtained through enforcement of guarantees received					Other inventory of property, plant and equipment	Total
	Land	Buildings	Movables	Electronic plants	Other		
A. Opening balance	**13,758**	**10,019**	**-**	**-**	**6,085**	**16,224**	**46,086**
B. Increases	**449**	**503**	**-**	**-**	**1,711**	**801**	**3,464**
B.1 Purchases	-	381	-	-	1,422	408	2,211
- of which business combinations	-	-	-	-	1,211	-	1,211
B.2 Writebacks	-	52	-	-	289	-	341
B.3 Positive exchange rate differences	-	-	-	-	-	-	-
B.4 Other increases	449	70	-	-	-	393	912
C. Decreases	**1,438**	**3,946**	**-**	**-**	**355**	**11,857**	**17,596**
C.1 Sales	1,005	1,338	-	-	109	254	2,706
- of which business combinations	-	-	-	-	-	-	-
C.2 Writedowns for impairment	433	293	-	-	246	327	1,299
C.3 Negative exchange rate differences	-	-	-	-	-	-	-
C.4 Other decreases	-	2,315	-	-	-	11,276	13,591
D. Closing balance	**12,769**	**6,576**	**-**	**-**	**7,441**	**5,168**	**31,954**

9.9 COMMITMENTS TO ACQUIRE PROPERTY, PLANT AND EQUIPMENT

The table has not been completed because there were no such positions as of the reporting date.

SECTION 10 – INTANGIBLE ASSETS – ITEM 100

10.1 INTANGIBLE ASSETS: COMPOSITION BY CATEGORY

	Total 31/12/2024		Total 31/12/2023	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**18,407**	**X**	**39,011**
A.1.1 pertaining to the Group	X	18,407	X	39,011
A.1.2 pertaining to non-controlling interests	X	-	X	-
A.2 Other intangible assets	**181,871**	**5**	**135,576**	**5**
of which software	170,567	-	120,896	-
A.2.1 Assets carried at cost	181,871	5	135,575	5
a) internally generated intangible assets	5,342	-	5,574	-
b) other assets	176,529	5	130,001	5
A.2.2 Assets designated at fair value	-	-	-	-
a) internally generated intangible assets	-	-	-	-
b) other assets	-	-	-	-
Total	**181,871**	**18,412**	**135,575**	**39,016**

Item A.1.1 includes goodwill paid in the acquisition of bank branches by the Group banks (€2.8 million) and goodwill recognized upon first-time consolidation of certain controlling interests (€15.6 million) prior to the formation of the Mutual Banking Group. The change in the item compared with the previous year is attributable to the goodwill recognized at the end of 2023 following the purchase of a majority of the shares of BCC Vita (€20.3 million), derecognized during the first half of 2024 following the sale of 51% of the Company.

Intangible assets mainly comprise software and licenses.

10.2 INTANGIBLE ASSETS: CHANGE FOR THE PERIOD

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		finite life	indefinite life	finite life	indefinite life	
A. Opening balance	**47,112**	**33,604**	**5**	**465,260**	**5**	**545,986**
A.1 Total net writedown	8,101	28,030	5	335,259	-	371,390
A.2 Opening net balance	39,011	5,574	-	130,001	5	174,586
B. Increases	**-**	**1,572**	**-**	**99,406**	**-**	**100,978**
B.1 Purchases	-	-	-	98,930	-	98,930
B.2 Increases in internally generated intangible assets	X	1,542	-	-	-	1,542
B.3 Writebacks	X	-	-	-	-	-
B.4 Fair value gains recognized in	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Other changes	-	30	-	476	-	506
C. Decreases	**20,604**	**1,804**	**-**	**52,878**	**-**	**75,286**
C.1 Sales	-	-	-	1	-	1
C.2 Writedowns	310	1,804	-	43,613	-	45,727
- Amortization	X	1,800	-	42,939	-	44,739
- Impairment	310	4	-	674	-	988
+ equity	X	-	-	-	-	-
+ income statement	310	4	-	674	-	988
C.3 Fair value losses recognized in:	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	4,893	-	4,893
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other changes	20,294	-	-	4,371	-	24,665
D. Closing net balance	**18,407**	**5,342**	**-**	**176,529**	**-**	**200,283**
D.1 Total net writedowns	2,375	29,810	-	383,772	-	415,957
E. Closing gross balance	**20,782**	**35,152**	**-**	**560,301**	**-**	**616,240**
F. Measurement at cost	-	-	-	-	-	-

10.3 OTHER INFORMATION

Goodwill impairment testing

Under the provisions of IAS 36, at each reporting date, goodwill must be tested for impairment in order to verify the asset's carrying amount. The test must also be performed following the occurrence of a trigger event during the year.

An asset is written down after impairment testing if its carrying amount is greater than that deemed recoverable, the latter defined as the greater of value in use (i.e. the present value of future cash flows cash expected from the cash generating unit – CGU - involved) and the fair value less of costs to sell, i.e. the price that would be received to sell an asset in an orderly transaction between informed and independent counterparties, net of any transaction costs..

The goodwill of the affiliated banks

In order to perform impairment tests for the goodwill recognized by the affiliated banks, the Group has adopted common criteria and methodological models, in line with best market and theoretical practice, for performing impairment testing of the goodwill recognized by the banks. More specifically, they calculate value in use instead of fair value less costs to sell, mainly due to the fact that the mutual banks are not listed on an active market and their nature, size and operations make it difficult and excessively arbitrary to identify comparable listed companies in the Italian market that would enable the use of the most common methods for estimating fair value net of costs to sell (e.g. "comparable transactions" or "comparable companies" methods).

Consistent with the provisions of IAS 36 and taking account of the general principles of reasonableness and demonstrability of the estimates to be used, two distinct approaches have been adopted within the Group (based on the use of a CGU represented, respectively, by the entire company or the branches that originally led to the recognition of goodwill) in order to ensure any necessary continuity in the analytical methods.

In the case of the "entire company CGU", the dividend discount model (DDM) - excess capital variant – has been applied. It estimates the value of a company (in this case, the affiliated mutual bank) on the basis of future dividends distributable to shareholders. This method is widely used in accepted valuation practice and supported by the literature on corporate valuation techniques, with particular regard to companies operating in the financial sector.

Affiliates that adopt the "branches acquired CGU" use the discounted cash flow ("DCF") – levered variant. It estimates the value of the economic capital of a company ("equity value") as the sum of the present value of the cash flows distributable to shareholders that it will generate over a specified explicit period for planning projected economic/financial data and of the residual value at the end of the that period ("TV"), discounted at a rate equal to the cost of equity ("Ke").

The assumptions underlying the valuation models used are shown below:

- the value in use of the CGUs is determined by estimating the present value of future cash flows that are expected to be generated by the CGUs themselves;
- the CGUs were assessed on a stand-alone and going-concern basis;
- the allocated capital was calculated by applying a minimum prudential CET1 requirement to the target TCR including the P2G of the Parent Company, equal to 15.35%;
- the data for BTP, Beta and MRP were acquired from market infoproviders or from publicly available information.

The discount rate was set equal to the average rate of return on capital, determined on the basis of the capital asset pricing model ("CAPM") and using:

- as the risk-free rate, the yield on risk-free investments, estimated at 3.64% equal to the average yields observed in the last 12 months on the Italian 10-year BTP:
- to calculate beta, a sample of comparable companies (in terms of business) on the basis of which the average or median beta was drawn from weekly observations over a two-year horizon;
- a market risk premium of 4.24%, in line with commonly adopted valuation practice.

On the basis of these assumptions, the discount rate (Ke) used by the Bank was calculated at 8.62%.

Finally, in accordance with the provisions of paragraph 134, letter f) of IAS 36, as part of the assessment of the recoverable amount of goodwill and where the estimate of this value is the result of valuation procedures based on specific assumptions defined by company management, it is also necessary perform a sensitivity analysis to identify any reasonably possible changes in those assumptions that could cause the carrying amount of the CGU to exceed its recoverable amount.

In this regard, as described above, the basic assumptions adopted by the Bank's management and used in the valuation procedure are represented:

- the rate for discounting the income referred to in the previous line, set equal to the average cost of capital for shareholders, estimated using the CAPM;
- by the measure of the prospective income derived from the Bank's business plan, corrected appropriately on the basis of the valuation methodology applied and, therefore, by the average growth rate implicit for that income.

In the sensitivity analysis, the "Ke" and "g" parameters modified with the reasonably possible range of +/- 0.50% and +/- 0.25%. respectively. The outcome of the sensitivity analysis out confirms the value of the goodwill recognized.

Net of impairment adjustments for the year of €1 million, at December 31, 2024 the recognized goodwill of the affiliated banks totaled €2.8 million.

The goodwill of investee companies

In the measurement of the goodwill recognized in the consolidated financial statements following the acquisition of control over the investee, the CGU is represented by each of these investees.

With regard to the goodwill recognized at the first-time consolidation of BCC Risparmio & Previdenza SGRpA (€10.5 million), the market multiples method was used to measure the company.

The market multiples method is based on the assumption that the value of a company can be determined by drawing information from the stock exchange market for companies operating in the same sector of the company being valued ("comparable companies"). Specifically, the method involves calculating multipliers ("stock market multiples") resulting from the relationship between the value that the market attributes to comparable companies and their performance and financial indicators. The value of the company being valued is obtained by applying the identified multiples to the indicators of the company involved.

In particular, an international panel of companies operating in the asset management sector was considered, representing the business of BCC Risparmio & Previdenza SGRpA, using P/BV (Price/Book Value) as the multiple.

The outcome of the impairment test confirms the value of the goodwill recognized in the financial statements.

In order to assess the goodwill recognized at first-time consolidation of BCC Sistemi Informatici (€4.9 million), for the purposes of the impairment test, the economic value of the company's capital was estimated using the market multiples method. In particular, an international panel of companies operating in the IT sector and in the development of software was considered, as these represent the main activities of BCC Sistemi Informatici, using P/BV (Price/Book Value) as the multiple.

The outcome of the impairment test confirms the value of the goodwill recognized in the financial statements.

SECTION 11 - TAX ASSETS AND LIABILITIES – – ITEM 110 OF ASSETS AND ITEM 60 OF LIABILITIES

11.1 DEFERRED TAX ASSETS: COMPOSITION

	31/12/2024		Total	31/12/2023		Total
	IRES	IRAP		IRES	IRAP	
1) Recognized in income statement:	**625,242**	**66,415**	**691,656**	**873,671**	**94,863**	**968,534**
a) DTAs pursuant to Law 214/2011	**357,952**	**33,514**	**391,466**	**607,344**	**60,942**	**668,287**
Writedowns of loans to customers	282,049	32,497	314,546	523,328	60,240	583,568
Goodwill and other intangible assets at December 31, 2014	212	38	251	265	50	315
Tax losses/negative value of production pursuant to Law 214/2011	75,690	979	76,669	83,751	652	84,404
b) Other	**267,290**	**32,900**	**300,191**	**266,327**	**33,921**	**300,247**
Writedowns of amounts due from banks	2,475	-	2,475	2,190	-	2,190
Writedowns of loans to customers	20,055	7,602	27,657	27,712	10,058	37,769
Goodwill and other intangible assets	3,496	626	4,123	3,977	713	4,691
Tax losses	18,973	-	18,973	21,354	-	21,354
Writedowns of financial instruments	298	252	550	395	136	531
Writedowns from impairment of guarantees issued recognized under liabilities	52,135	-	52,135	62,216	148	62,364
Provisions for risks and charges	103,272	13,725	116,997	87,462	11,554	99,016
Costs of predominantly administrative nature	1,116	-	1,116	2,460	2	2,462
Difference between value for tax purposes and carrying amount of property, plant and equipment and intangible assets	37,108	5,383	42,491	32,703	5,541	38,244
Other	28,362	5,312	33,674	25,858	5,769	31,628
2) Recognized in shareholders' equity:	**40,665**	**7,981**	**48,647**	**72,773**	**14,314**	**87,087**
a) Valuation reserves	**37,620**	**7,451**	**45,071**	**64,091**	**12,655**	**76,745**
Capital losses on financial assets measured through OCI	37,620	7,451	45,071	64,091	12,655	76,745
b) Other:	**3,046**	**530**	**3,576**	**8,682**	**1,659**	**10,341**
Actuarial gains/losses on provisions for employees	33	-	33	30	-	30
Other	3,013	530	3,543	8,652	1,659	10,311
A. Total deferred tax assets	**665,907**	**74,396**	**740,303**	**946,444**	**109,177**	**1,055,621**
B. Offsetting with deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**
C. Net deferred tax assets - Total item 110 b)	**665,907**	**74,396**	**740,303**	**946,444**	**109,177**	**1,055,621**

The DTAs referred to in Law 214/2011, equal to a total of almost €391.5 million, are mainly represented by prepaid taxes attributable to writedowns of loans to customers accounted for up to 2015 and not yet deducted, which can be converted into tax credits in the event of a net loss for the year and/or a tax loss.

DTAs recognized in the income statement other than those referred to in Law 214/2011 amount to a total €300.2 million. Among these, the sub-item "Provisions for risks and charges", which amounts to €117 million, represents the prepaid taxes recognized in respect of provisions for risks and charges that are expected to be deducted in future years. The sub-item "Writedowns of loans to customers", equal to €27.7 million, includes the deferred tax assets that can be recognized in respect of the nine-tenths of writedowns on loans to customers recognized at first-time adoption of IFRS 9, which under Law 145 of December 30, 2018 were deducted in tenths.

The decrease in deferred tax assets recognized in equity is attributable to the decrease in the negative reserve for securities measured at fair value through other comprehensive income recognized during the period.

11.2 DEFERRED TAX LIABILITIES: COMPOSITION

	31/12/2024		Total	31/12/2023		Total
	IRES	IRAP		IRES	IRAP	
1) Deferred tax liabilities recognized in income statement	**5,141**	**291**	**5,432**	**5,425**	**321**	**5,746**
Writedowns of loans to customers deducted in tax return	-	-	-	-	-	-
Difference between value for tax purposes and carrying amount of property, plant and equipment and intangible assets	1,019	182	1,201	1,341	248	1,589
Other	4,122	109	4,231	4,084	73	4,157
2) Deferred tax liabilities recognized in shareholders' equity	**26,700**	**5,290**	**31,990**	**18,994**	**3,735**	**22,729**
Valuation reserves						
Capital gains on financial assets measured through OCI	17,507	3,457	20,964	17,282	3,430	20,712
Revaluation of property	500	83	583	500	86	586
Other	8,693	1,750	10,443	1,212	219	1,431
A. Total deferred tax liabilities	**31,841**	**5,581**	**37,422**	**24,419**	**4,056**	**28,475**
B. Offsetting with deferred tax assets	**-**	**-**	**-**	**-**	**-**	**-**
C. Net deferred tax liabilities	**31,841**	**5,581**	**37,422**	**24,419**	**4,056**	**28,475**

Deferred tax liabilities include deferred tax liabilities recognized through equity on capital gains on financial assets at FVOCI in the amount of about €21 million

The increase in deferred tax liabilities over the end of 2023 is mainly attributable to the increase in deferred tax liabilities recognized through equity on cash flow hedge reserves.

11.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN INCOME STATEMENT)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**968,534**	**1,187,780**
2. Increases	**168,115**	**198,858**
2.1 Deferred tax assets recognized during the period	151,824	190,503
a) in respect of previous period	959	4,674
b) due to change in accounting policies	-	-
c) writebacks	-	-
d) other	150,865	185,829
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	16,291	8,355
3. Decreases	**444,993**	**418,104**
3.1 Deferred tax assets derecognized during the period	354,916	364,089
a) reversals	352,024	358,929
b) writedowns for supervening non-recoverability	615	3,913
c) due to changes in accounting policies	-	-
d) other	2,277	1,247
3.2 Reduction in tax rates	-	-
3.3 Other decreases	90,077	54,015
a) transformation in tax credits pursuant to Law 214/2011	83,766	14,455
b) other	6,311	39,560
4. Closing balance	**691,656**	**968,534**

11.4 CHANGES IN DEFERRED TAX ASSETS PURSUANT TO LAW 214/2011

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**668,287**	**873,302**
2. Increases	**76,704**	**88,812**
3. Decreases	**353,525**	**293,828**
3.1 Reversals	269,726	278,496
3.2 Conversion into tax credits	83,766	14,456
a) arising from losses for the year	72,680	13,112
b) arising from tax losses	11,086	1,344
3.3 Other decreases	33	876
4. Closing balance	**391,466**	**668,286**

11.5 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN INCOME STATEMENT)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**5,746**	**11,837**
2. Increases	**1,016**	**1,462**
2.1 Deferred tax liabilities recognized during the period	1,016	1,406
a) in respect of previous period	69	113
b) due to change in accounting policies	-	-
c) other	947	1,293
2.2 New taxes or increases in tax rates	-	13
2.3 Other increases	-	43
3. Decreases	**1,330**	**7,553**
3.1 Deferred tax liabilities derecognized during the period	1,330	7,514
a) reversals	1,172	7,462
b) due to changes in accounting policies	-	-
c) other	158	52
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	39
4. Closing balance	**5,432**	**5,746**

11.6 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN EQUITY)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**87,086**	**179,384**
2. Increases	**3,703**	**9,691**
2.1 Deferred tax assets recognized during the period	3,457	8,312
a) in respect of previous periods	-	41
b) due to change in accounting policies	-	-
c) other	3,457	8,271
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	246	1,379
3. Decreases	**42,142**	**101,988**
3.1 Deferred tax assets derecognized during the period	41,495	99,862
a) reversals	3,201	8,083
b) writedowns for supervening non-recoverability	1	114
c) due to changes in accounting policies	-	-
d) other	38,293	91,665
3.2 Reduction in tax rates	-	-
3.3 Other decreases	647	2,126
4. Closing balance	**48,647**	**87,087**

11.7 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN EQUITY)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**22,729**	**11,361**
2. Increases	**16,763**	**15,500**
2.1 Deferred tax liabilities recognized during the period	16,538	15,493
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) other	16,538	15,493
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	225	7
3. Decreases	**7,502**	**4,131**
3.1 Deferred tax liabilities derecognized during the period	7,296	4,106
a) reversals	212	636
b) due to change in accounting policies	-	-
c) other	7,084	3,470
3.2 Reduction in tax rates	-	15
3.3 Other decreases	206	11
4. Closing balance	**31,990**	**22,729**

11.8 OTHER INFORMATION

The recovery of the DTAs pursuant to Law 214/2011 is certain under the provisions of the law and does not take account of the profit generating capacity of the companies that recognized them.

DTAs other than those referred to in Law 214/2011 are recognized to the extent that their recovery is probable. This probability was assessed using the probability test on the basis of the ability of the companies recognizing them (affiliated banks) or, as a result of the exercise of the option to participate in the tax consolidation mechanism, of the group of companies participating in that mechanism (the companies in the direct scope of consolidation) to generate positive taxable income.

With regard to the probability test conducted by the affiliated banks, the tax income or loss (IRES/IRAP) was estimated over a five-year forecast period (from 2025 to 2027), and the sufficiency of the estimated taxable income to absorb the temporary deductible differences that gave rise to the recognition of DTAs that will be reversed in the reference period was verified. In addition, with regard to DTAs reversing subsequent to the aforementioned time horizon, a further assessment was carried out that demonstrated their recoverability within a limited and reasonable period of years.

The estimations and assumptions concerning the recoverability of deferred tax assets were made on the basis of the 2023-2025 forecasts of each Group company.

The test used the IRES and IRAP rates in force at the reporting date (27.50% for IRES, including the surtax of 3.50%).

As regards the recoverability test for prepaid IRES of the Parent Company and the other companies participating in the tax consolidation mechanism, the projections for expected profitability prepared by the competent units of the Parent Company indicate the tax consolidation mechanism will be able to absorb all recognized DTAs by 2030.

The following table shows the composition of current tax assets at the reporting date.

	31/12/2024				31/12/2023			
	IRES	**IRAP**	**Other**	**Total**	**IRES**	**IRAP**	**Other**	**Total**
Current tax liabilities (-)	(98,912)	(99,118)	(3,620)	(201,650)	(70,519)	(87,812)	927	159,258
Payments on account (+)	47,581	82,470	1,045	131,096	73,857	79,081	539	153,477
Other tax receivables (+)	118,422	16,887	10,373	145,682	80,337	14,294	15,743	110,374
Tax credit pursuant to Law 214/2011 (+)	127,537	1,175	-	128,712	123,425	917	-	124,342
Withholding tax (+)	9,571	5	59	9,635	6,540	-	1,581	8,121
Debtor balance of item 60 a) of liabilities	**(23,257)**	**(19,037)**	**(3,477)**	**(45,771)**	**(21,678)**	**(20,223)**	**(927)**	**(42,828)**
Creditor balance	**227,456**	**20,456**	**11,334**	**259,246**	**235,318**	**26,703**	**17,862**	**279,884**
Balance of non-offsettable tax receivables	**11,241**	**1,708**	-	**12,949**	**9,632**	**1,101**	**-**	**10,734**
Creditor balance of item 110 a) of assets	**238,697**	**22,164**	**11,334**	**272,195**	**244,951**	**27,805**	**17,862**	**290,618**

SECTION 12 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND ASSOCIATED LIABILITIES - ITEM 120 OF ASSETS AND ITEM 70 OF LIABILITIES

12.1 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE: COMPOSITION BY TYPE

	31/12/2024	31/12/2023
A. Assets held for sale		
A.1 Financial assets	30,729	-
A.2 Equity investments	-	-
A.3 Property, plant and equipment	33,115	13,300
of which obtained through enforcement of guarantees received	7,498	7,039
A.4 Intangible assets	4,384	-
A.5 Other non-current assets	8,567	-
Total A	**76,795**	**13,300**
of which carried at cost	71,192	11,676
of which measured at fair value level 1	-	-
of which measured at fair value level 2	4,813	1,624
of which measured at fair value level 3	790	-
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated as at fair value	-	-
- Other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortized cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	21,566	71
of which: obtained through enforcement of guarantees received	-	-
B.6 Intangible assets	509	467
B.7 Other assets	10,683	4,579,478
Total B	**32,758**	**4,580,016**
of which carried at cost	32,758	4,580,016
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
C. Liabilities associated with assets held for sale		
C.1 Debt	-	-
C.2 Securities	-	-
C.3 Other liabilities	21,573	-
Total C	**21,573**	**-**
of which carried at cost	21,573	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortized cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated as at fair value	-	-
D.4 Provisions	-	36
D.5 Other liabilities	9,349	4,320,923
Total D	**9,349**	**4,320,959**
of which carried at cost	9,349	4,320,959
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

At December 31, 2024, assets and liabilities held for sale essentially consist of:

- a loan portfolio of BCC Leasing in the amount of €30.7 million;
- the assets and liabilities of BCC POS, amounting to €32.8 and €9.3 million, respectively, control of which is scheduled to be sold to a non-Group purchaser and end of operations;

- the assets and liabilities of essentially the infrastructure segment of BCC Sistemi Informatici, amounting to €34.8 and €21.6 million, respectively;
- other assets in the amount of €11.3 million.

At December 31, 2023 discontinued operations reported the assets and liabilities of BCC Vita and BCC Assicurazioni, which were consolidated from September 2023 (in accordance with IFRS 5) and deconsolidated in the first half of 2024 following the sale of 51% of the interests.

12.2 OTHER INFORMATION

No other information necessary.

SECTION 13 - OTHER ASSETS – ITEM 130

13.1 OTHER ASSETS: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
- Shortfalls, embezzlement and robberies	1,555	1,266
- Trade receivables	78,796	99,476
- Stamp duty and other valuables	918	921
- Gold, silver and other precious metals	1,811	1,858
- Receivables for future premiums on derivatives	8,406	9,798
- Fees and commissions and interest to be received	36,351	30,449
- Tax receivables due from central govt. tax authorities and other tax agencies	470,878	380,303
- Receivables from social security institutions	691	1,110
- Tax receivables	3,605,603	3,897,519
- Receivables from employees	780	1,692
- Non-recurring transactions (acquisitions)	6,971	7,001
- Items in transit between branches and items being processed	435,931	510,911
- Accrued income not attributable to separate line item	8,265	8,436
- Prepaid expenses not attributable to separate line item	73,881	43,009
- Leasehold improvements	47,081	46,004
- Other (security deposits, assets not attributable to other items)	241,703	222,009
- Balance of illiquid portfolio items	471,700	516,769
Total	**5,491,321**	**5,778,531**

“Tax receivables” reports tax credits connected with the Revival Decree acquired by Group banks following assignment by the direct beneficiaries (the so-called Superbonus 110% program) in the amount of €3.6 billion, down €292 million on 2023.

The item “Balance of illiquid portfolio items” includes differences between the value dates applied in the various accounts, which are generated during the accounting elimination of the items in respect of the crediting and debiting of portfolios under reserve and after collection, whose settlement date is after the reporting date.

“Items in transit between branches and items being processed” reports assets that for technical/procedural reasons will be allocated definitively in the early days of the subsequent period, such as checks, incoming bank transfers pending or items in transit between banks.

“Tax receivables due from central government tax authorities and other tax agencies” includes taxes managed by Group companies as withholding agent and their own indirect taxes (stamp duty, substitute tax, local taxes, etc.).

LIABILITIES

SECTION 1 - FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST – ITEM 10

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST – DUE TO BANKS: COMPOSITION BY TYPE

	Total 31/12/2024				Total 31/12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to central banks	4,701,855	X	X	X	16,204,661	X	X	X
2. Due to banks	1,852,161	X	X	X	1,718,019	X	X	X
2.1 Current accounts and demand deposits	869,637	X	X	X	998,151	X	X	X
2.2 Fixed term deposits	13,188	X	X	X	40,235	X	X	X
2.3 Loans	965,502	X	X	X	602,559	X	X	X
2.3.1 Repurchase agreements	882,370	X	X	X	504,451	X	X	X
2.3.2 Other	83,132	X	X	X	98,108	X	X	X
2.4 Liabilities in respect of commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	2,518	X	X	X	2,781	X	X	X
2.6 Other payables	1,316	X	X	X	74,293	X	X	X
Total	**6,554,016**	**-**	**900,645**	**5,644,639**	**17,922,680**	**-**	**18,708,219**	**1,172,155**

“Due to central banks” represents financing from the Bank of Italy within ordinary monetary policy operations maturing in the first months of 2025. The decrease of €11.5 billion compared with the end of 2023 is attributable to the repayments of TLTRO funding during the year.

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST – DUE TO CUSTOMERS: COMPOSITION BY TYPE

	Total 31/12/2024				Total 31/12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and demand deposits	103,294,029	X	X	X	101,641,888	X	X	X
2. Fixed-term deposits	6,135,365	X	X	X	5,202,421	X	X	X
3. Loans	12,757,465	X	X	X	14,577,463	X	X	X
3.1 Repurchase agreements	10,647,133	X	X	X	12,079,638	X	X	X
3.2 Other	2,110,332	X	X	X	2,497,824	X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	232,319	X	X	X	238,783	X	X	X
6. Other payables	815,042	X	X	X	862,364	X	X	X
Total	**123,234,220**	**-**	**10,740,443**	**112,540,752**	**122,522,919**	**-**	**10,166,148**	**109,395,608**

Amounts due to customers increased by €0.7 billion compared with December 2023, mainly reflecting the increase in current accounts and demand deposits in the amount of about € 2.6 billion, partly offset by the net decrease in loans (-€1.8 billion including the decrease of €1.4 billion of repurchase transactions with the essentially Clearing and Guarantee Fund).

The sub-item “Loans-other” comprises about €0.7 billion in respect of a loan from Cassa Depositi e Prestiti.

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST - SECURITIES ISSUED: COMPOSITION BY TYPE

	Total 31/12/2024				Total 31/12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	7,316,465	6,595,961	786,056	-	6,543,286	4,918,795	1,561,411	-
1.1 structured	4,840	-	208	-	4,488	-	216	-
1.2 other	7,311,625	6,595,961	785,848	-	6,538,799	4,918,795	1,561,195	-
2. Other securities	6,651,749	-	6,384,076	302,950	5,807,091	-	4,994,783	788,257
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	6,651,749	-	6,384,076	302,950	5,807,091	-	4,994,783	788,257
Total	**13,968,214**	**6,595,961**	**7,170,132**	**302,950**	**12,350,377**	**4,918,795**	**6,556,194**	**788,257**

Bonds issued came to €7.3 billion, an increase of €0.8 billion on the end of 2023 mainly reflecting new issues carried out by the Parent Company in the period.

The sub-item 2.2 “Other securities– other” include certificates of deposit issued by Group banks in the amount of €6.7 billion, an increase of €0.8 billion on the end of 2023.

1.4 BREAKDOWN OF SUBORDINATED DEBT/SECURITIES

		31/12/2024	31/12/2023
A.1 Subordinated debt		**-**	**-**
- banks		-	-
- customers		-	-
B.1 Subordinated securities		**330,938**	**737,505**
- banks		317,419	723,018
- customers		13,519	14,487
	Total	**330,938**	**737,505**

The sub-item B.1 “Subordinated securities– banks” includes €312 million in respect of subordinated bonds issued by Iccrea Banca SpA and subscribed by non-Group banks, while the remainder is represented by bonds issued by the group mutual banks.

1.5 BREAKDOWN OF STRUCTURED DEBT

The table has not been completed because there were no such positions as of the reporting date.

1.6 LEASE LIABILITIES

Right-of-use	Falling due within 5 years	Falling due after 5 years
Land	-	392
Buildings	141,811	67,219
Movables	655	-
Electronic systems	13,225	50
Other	11,239	246

The table provides a breakdown by maturity of lease liabilities, as required under IFRS 16.

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: COMPOSITION BY TYPE

	Total 31/12/2024					Total 31/12/2023				
	NV	Fair value			Fair value *	NV	Fair value			Fair value *
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. On-balance-sheet liabilities										
1. Due to banks	2,436	2,506	-	-	2,506	550	549	-	-	549
2. Due to customers	6,220	6,329	-	-	6,329	8,297	8,530	100	-	8,630
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3. Other	-	-	-	-	X	-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**8,655**	**8,835**	**-**	**-**	**8,835**	**8,847**	**9,079**	**100**	**-**	**9,178**
B. Derivatives										
1. Financial derivatives	X	23	55,062	-	X	X	480	101,929	-	X
1.1 Trading	X	23	55,062	-	X	X	480	101,929	-	X
1.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	X	-	-	-	X	X	-	-	-	X
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**23**	**55,062**	**-**	**X**	**X**	**480**	**101,929**	**-**	**X**
Total (A+B)	**X**	**8,858**	**55,062**	**-**	**X**	**X**	**9,559**	**102,028**	**-**	**X**

Legenda:

NV=nominal or notional value

Fair value*= Fair value calculated excluding changes in the amount attributable to changes in the creditworthiness of the issuer since the issue date

The sub-item B.1.1 “Financial derivatives – trading” includes the negative value of trading derivatives entered into almost entirely by the Parent Company.

2.2 BREAKDOWN OF “FINANCIAL LIABILITIES HELD FOR TRADING”: SUBORDINATED LIABILITIES

The table has not been completed because there were no such positions as of the reporting date.

2.3 BREAKDOWN OF “FINANCIAL LIABILITIES HELD FOR TRADING”: STRUCTURED LIABILITIES

The table has not been completed because there were no such positions as of the reporting date.

SECTION 3 - FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE - ITEM 30

3.1 FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE: COMPOSITION BY TYPE

The table has not been completed because there were no such positions as of the reporting date.

3.2 BREAKDOWN OF “FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE”: SUBORDINATED LIABILITIES

The table has not been completed because there were no such positions as of the reporting date.

SECTION 4 - HEDGING DERIVATIVES – ITEM 40

4.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE AND LEVEL OF INPUTS

	Fair value 31/12/2024			NV	Fair value 31/12/2023			NV
	Level 1	Level 2	Level 3	31/12/2024	Level 1	Level 2	Level 3	31/12/2023
A) Financial derivatives	**535**	**244,254**	**-**	**6,173,308**	**176**	**220,301**	**-**	**5,849,130**
1) Fair value	535	233,070	-	5,274,308	176	172,339	-	3,931,383
2) Cash flows	-	11,184	-	899,000	-	47,962	-	1,917,747
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**535**	**244,254**	**-**	**6,173,308**	**176**	**220,301**	**-**	**5,849,130**

Key:

NV=notional value

Item A. 1) includes the negative fair value of derivatives hedging securities against inflation.

The decline in the negative fair value of CFH derivatives presented in line A.2) compared with the previous year is attributable to the decrease in swap rates observed during the year.

4.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND TYPE OF HEDGE

	Fair value							Cash flows		
	Specific									
	Debt securities and interest rates	Equity securities and stock indices	Foreign currencies and gold	Credit	Commodities	Other	Generic	Specific	Generic	Foreign investments
1. Financial assets measured at fair value through other comprehensive income	64,607	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	161,392	X	598	-	X	X	X	11,184	X	X
3. Portfolio	X	X	X	X	X	X	6,867	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**225,999**	**-**	**598**	**-**	**-**	**-**	**6,867**	**11,184**	**-**	**-**
1. Financial liabilities	140	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**140**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

The table reports the negative fair values of hedging derivatives, broken down by hedged asset or liability and type of hedge.

As indicated in Part A "Accounting policies" of these notes to the financial statements, the Group has exercised the option provided for in paragraph 7.2.21 of IFRS 9 to continue applying the provisions on hedge accounting envisaged by IAS 39.

SECTION 5 - VALUE ADJUSTMENTS OF GENERICALLY HEDGED LIABILITIES - ITEM 50

5.1 VALUE ADJUSTMENTS OF HEDGED FINANCIAL LIABILITIES

		Total 31/12/2024	Total 31/12/2023
1. Positive adjustment of financial liabilities		-	-
2. Negative adjustment of financial liabilities		-	560
	Total	**-**	**560**

SECTION 6 – TAX LIABILITIES – ITEM 60

See section 11 under assets.

SECTION 7 – LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE – ITEM 70

Please see table 12.1 “Non-current assets and disposal groups held for sale: composition by type” in section 12 under assets.

SECTION 8 - OTHER LIABILITIES – ITEM 80

8.1 OTHER LIABILITIES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
Amounts due to social security institutions and State	93,582	88,503
Trade payables	244,594	192,805
Amounts available to customers	92,416	107,270
Fees and commissions to be settled	24,486	22,340
Liabilities for future premiums on derivatives	10,928	12,462
Tax payables due to tax authorities	635,911	620,018
Payables due to employees	346,017	283,324
Accrued expenses not attributable to separate line item	3,590	21,490
Deferred income not attributable to separate line item	27,886	18,233
Items in transit and items being processed	1,470,300	264,680
Other (failed purchase transactions, trade payables, insurance liabilities, security deposits, items not attributable to separate line item)	395,873	362,411
Consolidation adjustments	231,553	321,535
Balance of illiquid portfolio items	121,956	228
Dividends to be paid	169	43
Tax consolidation mechanism	230	-
Total	**3,699,492**	**2,315,342**

The item “Items in transit and items being processed” includes liabilities that for technical or procedural reasons will be settled in the subsequent period, such as pending outward credit transfers or items in transit between banks.

The item “Tax payables due to tax authorities” reports amounts owed by the Group to these entities other than income taxes. This includes, in addition to amounts in respect of tax returns paid by mutual bank customers and withholdings made by the banks on customer transactions, tax payables accrued by the Group companies in respect of their indirect taxes, such as, for example, stamp duty, tax in lieu, tax on stock exchange contracts, VAT, local taxes, etc.

The item “Balance of illiquid portfolio items” includes differences the value dates applied in the various accounts, which are generated during the accounting elimination of the items in respect of the crediting and debiting of portfolios under reserve and after collection, whose settlement date is after the reporting date.

SECTION 9 - EMPLOYEE TERMINATION BENEFITS – ITEM 90

9.1 EMPLOYEE TERMINATION BENEFITS: CHANGE FOR THE PERIOD

	Total 31/12/2024	Total 31/12/2023
A. Opening balance	**215,977**	**225,719**
B. Increases	**9,133**	**15,821**
B.1 Provisions for the period	7,764	9,211
B.2 Other increases	1,369	6,610
C. Decreases	**27,831**	**25,563**
C.1 Benefit payments	16,733	15,946
C.2 Other decreases	11,098	9,617
D. Closing balance	**197,279**	**215,977**
Total	**197,279**	**215,977**

The table reports changes in the provision for termination benefits under the Italian severance pay mechanism (*trattamento di fine rapporto*, TFR). It does not report payments to external pension funds and the INPS treasury fund, which are presented in Section 8 “Other liabilities”.

The sub-item C.1 “Decreases – Benefit payments” reports uses of the termination benefit provision associated with advances granted in accordance with applicable regulations and national collective bargaining agreements and with terminations of the employment relationship.

9.2 OTHER INFORMATION

With regard to the provision for TFR benefits, service cost totaled €1.9 million, while interest cost came to €6.1 million. Net actuarial gains amounted to €20 thousand.

The following are the main actuarial and demographic assumptions adopted in measuring the provision at the reporting date:

- discount rate: Euro Composite AA yield curve at December 31, 2024
- expected rate of increase in remuneration: between 0.50% and 3.5%
- turnover: 2.07% average
- mortality tables published by State Accountant General’s Office and INPS disability tables.

The following reports the findings of the sensitivity analysis of the present value of the defined benefit obligation (DBO) at the end of the period using a discount rate adjusted by +0.25% and -0.25% compared with that actually used::

- in the case of an increase of 0.25%, the TFR provision would amount to €195.7 million;
- in the case of a decrease of 0.25% the TFR provision would amount to €202 million.

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES – ITEM 100

10.1 PROVISIONS FOR RISKS AND CHARGES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
1. Provisions for credit risk in respect of commitments and financial guarantees issued	268,203	307,960
2. Provisions for other commitments and guarantees issued	-	-
3. Company pension plans	-	-
4. Other provisions for risks and charges	389,921	264,499
4.1 legal disputes	97,639	89,407
4.2 personnel expense	158,816	73,786
4.3 other	133,466	101,307
Total	**658,124**	**572,459**

Item 1. “Provisions for credit risk in respect of commitments and financial guarantees issued” includes provisions for credit risk in respect of commitments to disburse funds and financial guarantees issued that are subject to the impairment rules of IFRS 9.

The sub-item 4.1 “legal disputes” mainly includes provisions for disputes over interest, compound interest, contract terms and banking and investment services, as well as provisions for labor disputes and legal costs for debt collection.

The main provisions recognized under sub-item 4.2 “personnel expenses” include that for termination incentives in the amount of about €110 million and for employee loyalty bonus, in the amount of about €38 million.

The sub-item 4.3 “Other” includes, among other things, allocations to charity funds from profit for the previous year, in the amount of about €81 million.

10.2 PROVISIONS FOR RISKS AND CHARGES: CHANGE FOR THE PERIOD

	Provisions in respect of commitments and other guarantees issued	Retirement provisions	Other provisions	Total
A. Opening balance	**-**	**-**	**264,499**	**264,499**
B. Increases	**-**	**-**	**249,811**	**249,811**
B.1 Provisions for the year	-	-	215,930	215,930
B.2 Changes due to passage of time	-	-	242	242
B.3 Changes due to changes in the discount rate	-	-	45	45
B.4 Other increases	-	-	33,594	33,594
C. Decreases	**-**	**-**	**124,389**	**124,389**
C.1 Use during the period	-	-	86,990	86,990
C.2 Changes due changes in the discount rate	-	-	91	91
C.3 Other decreases	-	-	37,308	37,308
D. Closing balance	**-**	**-**	**389,921**	**389,921**

10.3 PROVISIONS FOR CREDIT RISK IN RESPECT OF COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
Commitments to disburse funds	40,821	20,889	45,346	-	107,056
Financial guarantees issued	86,633	27,226	47,288	-	161,147
Total	**127,454**	**48,115**	**92,634**	**-**	**268,203**

10.4 PROVISIONS IN RESPECT OF OTHER COMMITMENTS AND GUARANTEES ISSUED

The table has not been completed because there were no such positions as of the reporting date.

10.5 DEFINED-BENEFIT COMPANY PENSION PLANS

The table has not been completed because there were no such positions as of the reporting date.

10.6 PROVISIONS - OTHER

Please see the comments to table 10.1 “Provisions for risks and charges: composition”.

SECTION 11 - INSURANCE LIABILITIES - ITEM 110

The section has not been completed because there were no such positions as of the reporting date.

SECTION 12 - REDEEMABLE SHARES - ITEM 130

The section has not been completed because there were no such positions as of the reporting date.

SECTION 13 - SHAREHOLDERS' EQUITY - ITEMS 120, 130, 140, 150, 160, 170 AND 180

13.1 "SHARE CAPITAL" AND "TREASURY SHARES": COMPOSITION

As described in Part A Accounting Policies, Section 3 – Scope and methods of consolidation, pursuant to Law 145 of December 30, 2018 ("2019 Budget Act") the Parent Company, Iccrea Banca SpA, and the affiliated mutual banks under the Cohesion Contract represent a single consolidating entity. In the Group's shareholders' equity, share capital is therefore represented by the share capital of the Parent Company and that of the mutual banks. The intercompany portion, represented by shares of the Parent Company held by the mutual banks belonging to the Group under the provisions of the Cohesion Contract, is reported under treasury shares, as the shares were issued and subscribed by the single consolidating entity.

Share capital is represented by 27,125,759 ordinary shares with a par value of €51.65 each, for a total of €1,401,045,452.

As at the reporting date, share capital of the mutual banks belonging to the Iccrea Cooperative Banking Group amounted to €1,004,949,828 (€891,399,972 net of shares issued pursuant to Article 150-ter by six mutual banks and subscribed by the Parent Company). In accordance with the bylaws of the mutual banks, their share capital is variable as it is composed of shares that in principle can be issued without limit.

13.2 SHARE CAPITAL – NUMBER OF SHARES OF THE PARENT COMPANY: CHANGE FOR THE PERIOD

	Ordinary	Other
A. Shares at the start of the year	**27,125,759**	-
- fully paid	27,125,759	-
- partially paid	-	-
A.1 Treasury shares (-)	(26,439,705)	-
A.2 Shares in circulation: opening balance	**686,054**	-
B. Increases	-	-
B.1 new issues	-	-
- for consideration:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- bonus issues:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sales of own shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of own shares	-	-
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Shares in circulation: closing balance	**686,054**	-
D.1 Treasury shares (+)	26,439,705	-
D.2 Shares at the end of the year	27,125,759	-
- fully paid	27,125,759	-
- partially paid	-	-

13.3 SHARE CAPITAL– OTHER INFORMATION

The Group share capital of €2,292,445,398 is represented only by ordinary shares (subscribed share capital, fully paid up).

13.4 EARNINGS RESERVES: OTHER INFORMATION

Group reserves amount to a total €12.5 billion.

In particular, earning reserves amount to €12.6 billion and include, among the largest, the legal reserve in the amount of €13.3 billion as well as a negative IFRS 9 reserve of €1.6 billion.

13.5 EQUITY INSTRUMENTS: COMPOSITION AND CHANGE FOR THE PERIOD

The item amounts to €30 million and is represented by six Additional Tier 1 bonds issued by mutual banks between 2016 and 2018.

13.6 OTHER INFORMATION

Additional disclosure is not necessary.

SECTION 14 - NON-CONTROLLING INTERESTS – ITEM 190

14.1 BREAKDOWN OF ITEM 190 “NON-CONTROLLING INTERESTS”

	Total 31/12/2024	Total 31/12/2023
Equity investments in consolidated companies with significant non-controlling interests		
BCC Sistemi Informatici SpA	11,837	-
Total	**11,837**	**-**

14.2 EQUITY INSTRUMENTS: COMPOSITION AND CHANGE FOR THE PERIOD

The consolidated capital of the Iccrea Cooperative Banking Group does not include equity instruments issued by group companies that are not wholly owned.

OTHER INFORMATION

1. GUARANTEES ISSUED AND COMMITMENTS

	Nominal value of financial guarantees issued and commitments				Total 31/12/2024	Total 31/12/2023
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
Commitments to disburse funds	**22,123,696**	**1,730,743**	**158,469**	**-**	**24,012,908**	**23,792,042**
a) Central banks	-	-	-	-	-	-
b) Government entities	1,140,386	17,941	1,251	-	1,159,578	1,076,389
c) Banks	21,273	88,938	-	-	110,211	104,187
d) Other financial companies	1,365,731	204,212	3,644	-	1,573,587	1,673,544
e) Non-financial companies	17,100,469	1,291,800	138,167	-	18,530,436	18,092,294
f) Households	2,495,837	127,851	15,407	-	2,639,095	2,845,628
Financial guarantees issued	**2,969,028**	**565,198**	**68,242**	**-**	**3,602,468**	**3,464,587**
a) Central banks	-	-	-	-	-	-
b) Government entities	57,191	1,152	240	-	58,583	37,792
c) Banks	442,106	19,892	-	-	461,997	489,368
d) Other financial companies	168,376	59,103	240	-	227,719	220,363
e) Non-financial companies	1,944,699	435,186	61,455	-	2,441,340	2,290,285
f) Households	356,656	49,865	6,307	-	412,829	426,779

2. OTHER COMMITMENTS AND GUARANTEES ISSUED

	Nominal value	
	Total 31/12/2024	Total 31/12/2023
Other guarantees issued		
of which: impaired credit exposures	-	-
a) Central banks	-	-
b) Government entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Other commitments		
of which: impaired credit exposures	-	-
a) Central banks	-	-
b) Government entities	-	-
c) Banks	-	-
d) Other financial companies	-	170
e) Non-financial companies	-	-
f) Households	-	-

3. ASSETS PLEDGED AS COLLATERAL FOR OWN DEBTS AND COMMITMENTS

	Amount 31/12/2024	Amount 31/12/2023
1. Financial assets measured at fair value through profit or loss	358,328	329,496
2. Financial assets measured at fair value through other comprehensive income	1,293,861	1,865,139
3. Financial assets measured at amortized cost	29,349,120	37,800,474
4. Property, plant and equipment	-	1
of which: property, plant and equipment classified as inventories	-	-

4. COMPOSITION OF INVESTMENTS ASSOCIATED WITH UNIT-LINKED AND INDEX-LINKED POLICIES

The table has not been completed because there were no such positions as of the reporting date.

5. MANAGEMENT AND INTERMEDIATION SERVICES

	Amount 31/12/2024
1. Order execution on behalf of customers	**37,689,349**
a) Purchases	24,726,274
1. settled	24,717,574
2. not settled	8,700
b) Sales	12,963,075
1. settled	12,950,433
2. not settles	12,642
2. Asset management	**15,155,463**
a) Individual	9,339,910
b) Collective	5,815,553
3. Securities custody and administration	**86,846,077**
a) Third-party securities held as part of custodian bank services (excluding asset management)	-
1. Securities issued by consolidated companies	-
2. other securities	-
b) Other third-party securities on deposit (excluding asset management): other	32,752,809
1. Securities issued by consolidated companies	2,006,255
2. other securities	30,746,554
c) Third-party securities deposited with third parties	28,436,992
d) Securities owned by bank deposited with third parties	54,093,268
4. Other transactions	**25,613,466**

6. FINANCIAL ASSETS OFFSET IN THE FINANCIAL STATEMENTS OR GOVERNED BY MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS

	Gross amount of financial asset (a)	Financial liabilities offset (b)	Net amount of financial assets reported (c=a-b)	Related amounts not offset		Net amount (f=c-d-e) 31/12/2024	Net amount 31/12/2023
				Financial instruments (d)	Cash collateral received (e)		
1. Derivatives	924,128	168,221	755,907	102,733	648,543	4,631	91,513
2, Repurchase agreements	-	-	-	-	-	-	-
3, Securities lending	-	-	-	-	-	-	-
4, Other	-	-	-	-	-	-	-
Total 31/12/2024	**924,128**	**168,221**	**755,907**	**102,733**	**648,543**	**4,631**	**X**
Total 31/12/2023	**2,974,207**	**99,046**	**2,875,161**	**1,922,594**	**861,054**	**X**	**91,513**

7. FINANCIAL LIABILITIES OFFSET IN THE FINANCIAL STATEMENTS OR GOVERNED BY MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS

	Gross amount of financial liabilities (a)	Financial assets offset (b)	Net amount of financial liabilities reported (c=a-b)	Related amounts not offset		Net amount (f=c-d-e) 31/12/2024	Net amount 31/12/2023
				Financial instruments (d)	Cash collateral received (e)		
1, Derivatives	465,652	168,221	297,431	151,447	142,645	3,339	(204,278)
2, Repurchase agreements	-	-	-	-	-	-	-
3, Securities lending	-	-	-	-	-	-	-
4, Other	-	-	-	-	-	-	-
Total 31/12/2024	**465,652**	**168,221**	**297,431**	**151,447**	**142,645**	**3,339**	**X**
Total 31/12/2023	**2,169,824**	**99,046**	**2,070,778**	**2,154,775**	**120,282**	**X**	**(204,278)**

8. SECURITIES LENDING TRANSACTIONS

No information to report.

9. DISCLOSURES ON JOINT ARRANGEMENTS

Please see information in section 7 of assets.

PART C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

SECTION 1 - INTEREST -ITEMS 10 AND 20

1.1 INTEREST AND SIMILAR INCOME: COMPOSITION

	Debt securities	Loans	Other transactions	Total 31/12/2024	Total 31/12/2023
1. Financial assets measured at fair value through profit or loss	**17,927**	**2,503**	**-**	**20,430**	**23,948**
1.1 Financial assets held for trading	3,567	-	-	3,567	3,654
1.2 Financial assets designated at fair value	8,967	42	-	9,009	5,516
1.3 Other financial assets mandatorily at fair value	5,393	2,460	-	7,853	14,777
2. Financial assets measured at fair value through other comprehensive income	**181,900**	**-**	**X**	**181,900**	**176,878**
3. Financial assets measured at amortized cost	**1,361,449**	**4,669,136**	**-**	**6,030,586**	**5,647,667**
3.1 Due from banks	62,240	112,639	X	174,879	182,721
3.2 Loans to customers	1,299,209	4,556,497	X	5,855,707	5,464,946
4. Hedging derivatives	**X**	**X**	**300,648**	**300,648**	**71,139**
5. Other assets	**X**	**X**	**230,999**	**230,999**	**190,142**
6. Financial liabilities	**X**	**X**	**X**	**1,616**	**2,802**
Total	**1,561,276**	**4,671,639**	**531,648**	**6,766,179**	**6,112,576**
of which: interest income on impaired financial assets	196	132,032	-	132,228	155,910
of which: interest income on finance leases	X	207,667	X	207,667	211,183

Interest on loans to customers include interest income in respect of loans to customers of €4.6 billion, up by €397 million compared with the endo of the previous year mainly reflecting the increase in rate during the period, mainly on loans to households.

Interest income on debt securities came to €1.6 billion, and mainly includes interest on securities issued by government entities, an increase of €15 million on December 31, 2023 also reflecting an increase in the stock of securities.

“Hedging derivatives” include differences on hedging derivatives adjusting interest income on the hedged financial instruments, securities and loans, the increase of which is associated with the increase in variable rates on hedges of fixed-rate assets.

The amount reported under “Other assets” regards interest income on tax credits associated with government tax incentive programs established since 2020 (the “ecobonus”) building renovation program, up compared with 2023 partly reflecting an increase in volumes.

1.2 INTEREST AND SIMILAR INCOME: OTHER INFORMATION

1.2.1 INTEREST INCOME ON FOREIGN-CURRENCY FINANCIAL ASSETS

Interest received on financial assets in foreign currency totals €16.8 million and mainly regards current accounts and deposits (€5.6 million) and other financing (€8.3 million).

1.3 INTEREST AND SIMILAR EXPENSE: COMPOSITION

	Debt	Securities	Other transactions	Total 31/12/2024	Total 31/12/2023
1. Financial liabilities measured at amortized cost	**(1,936,758)**	**(430,576)**	**X**	**(2,367,333)**	**(2,003,738)**
1.1 Due to central banks	(370,600)	X	X	(370,600)	(677,083)
1.2 Due to banks	(70,631)	X	X	(70,631)	(71,520)
1.3 Due to customers	(1,495,527)	X	X	(1,495,527)	(987,089)
1.4 Securities issued	X	(430,576)	X	(430,576)	(268,047)
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities and provisions	**X**	**X**	**(2,181)**	**(2,181)**	**(2,829)**
5. Hedging derivatives	**X**	**X**	**(18,716)**	**(18,716)**	**(1,227)**
6. Financial assets	**X**	**X**	**X**	**(14,417)**	**(9,849)**
Total	**(1,936,758)**	**(430,576)**	**(20,897)**	**(2,402,647)**	**(2,017,643)**
of which: interest expense on finance leases	(8,918)	X	X	(8,918)	(9,332)

The item 1.1 "Due to central banks" includes interest on the TLTRO loan from the European Central Bank. The decrease compared with 2023, equal to €306 million, reflects the significant decrease in that loan due to repayments during the year.

The increase in item 1.3 "Due to customers" mainly reflects the increase in interest rates on funding from customers in the period.

The item 1.4 "Securities issued" regards interest expense accrued in the period on bonds and certificates of deposit measured at amortized cost. The increase on 2023 is connected with issues carried out by the Group in the final part of the year..

1.4 INTEREST AND SIMILAR EXPENSE: OTHER INFORMATION

1.4.1 INTEREST EXPENSE ON FOREIGN-CURRENCY LIABILITIES

Interest expense incurred by the Group on foreign-currency liabilities amounted to €3.1 million and is essentially accounted for by current accounts and deposits.

1.5 DIFFERENCES ON HEDGING TRANSACTIONS

	Total 31/12/2024	Total 31/12/2023
A. Positive differences on hedging transactions:	308,626	159,266
B. Negative differences on hedging transactions:	(26,694)	(89,354)
C. Balance (A-B)	**281,932**	**69,912**

SECTION 2 - FEES AND COMMISSIONS – ITEMS 40 AND 50

2.1 FEE AND COMMISSION INCOME: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
a) Financial instruments	85,134	99,678
1. Securities placement	13,513	25,638
1.1 With underwriting and/or with irrevocable commitment	-	-
1.2 Without irrevocable commitment	13,513	25,638
2. Order receipt and transmission and order execution for customers	29,136	32,470
2.1 Order receipt and transmission for one or more financial instruments	26,478	29,278
2.2 Order execution for customers	2,657	3,193
3. Other fees and commissions connected with financial instruments	42,485	41,569
of which: trading on own account	642	703
of which: individual portfolio management	41,842	40,890
b) Corporate finance	-	11
1. Merger and acquisition advisory services	-	-
2. Treasury services	-	-
3. Other fees and commissions connected with corporate finance services	-	11
c) Investment advisory services	1,059	3,047
d) Clearing and settlement	-	-
e) Collective portfolio management	74,914	54,452
f) Custody and administration	8,786	8,245
1. Depository bank	-	-
2. Other fees and commissions connected with custody and administration services	8,786	8,245
g) Central administrative services for collective portfolio management	-	-
h) Trustee services	-	-
i) Payment services	1,107,475	1,064,646
1. Current accounts	562,856	559,643
2. Credit cards	42,748	43,092
3. Debit cards and other payment cards	75,786	74,709
4. Credit transfers and other payment orders	189,893	176,214
5. Other fees and commissions connected with payment services	236,191	210,989
j) Distribution of third-party services	295,903	268,920
1. Collective portfolio management	1,176	125
2. Insurance products	112,739	108,995
3. Other products	181,988	159,799
of which: individual portfolio management	6,243	6,249
k) Structured finance	73	-
l) Securitization servicing	1,156	1,384
m) Commitments to disburse funds	-	-
n) Financial guarantees issued	25,978	25,131
of which: credit derivatives	-	-
o) Lending transactions	16,122	14,841
of which: for factoring transactions	6,368	5,855
p) Currency trading	5,462	5,841
q) Goods	-	-
r) Other fee and commission income	67,336	70,566
of which: for management of multilateral trading facilities	-	-
of which: for management of organized trading facilities	-	-
Total	**1,689,398**	**1,616,762**

The composition of fee and commission income, totaling €1.7 billion, a slight increase compared with December 31, 2023, reflects the operations of the Group's mutual banks, which are typically composed of customer current accounts (€562.9 million), other payment services (€544.6 million) and distribution of third-party products and services (€295.9 million, including insurance products for €112.7 million).

Fees and commissions concerning item e) collective portfolio management came to €74.9 million and regard asset management activities, which are exclusively performed by the Group asset management company. These were accompanied by management fees on individual portfolios of €41.8 million.

The following table provides disclosures on the breakdown by business segment of revenues from contracts with customers, as required under IFRS 15, paragraphs 114 and 115.

€/thousands	CORPORATE	INSTITUTIONAL	RETAIL	MUTUAL BANKS	INTER-SEGMENT TRANSACTIONS	TOTAL
Guarantees issued	31	2,843	-	25,272	(2,168)	25,978
Management, intermediation and advisory services	-	22,369	106,285	111,822	(70,584)	169,892
Holding and management of current accounts	-	567	9	562,473	(193)	562,856
Collection and payment services	14	608,549	16	531,436	(595,396)	544,619
Distribution of third-party products	5,327	5,623	170,699	297,579	(185,272)	293,956
Other services	9,303	34,052	2,692	83,653	(37,601)	92,097
Fee and commission income	**14,675**	**674,003**	**279,700**	**1,612,234**	**(891,214)**	**1,689,398**

As regards the other disclosures required under IFRS 15, the main types of revenues from contracts with customers are recognized as follows:

- fees and commissions from the management of individual and collective portfolios are mainly recognized “over time”;
- fees and commissions from securities placement are recognized “at a point in time”;
- fees and commissions from order collections and transmission are mainly recognized “at a point in time”;
- fees from the distribution of third-party products are typically recognized “at a point in time”;
- fees and commissions from collection and payment services are recognized “at a point in time”;
- fees and commissions from holding and managing current accounts and other services are recognized “at a point in time” or “over time”, depending on the specific nature of the fees and commissions.

2.2 FEE AND COMMISSION EXPENSE: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
a) Financial instruments	(4,820)	(6,373)
of which: trading in financial instruments	(1,369)	(3,148)
of which: placement of financial instruments	(108)	(111)
of which: individual portfolio management	(3,343)	(3,113)
- Own	(3,178)	(2,904)
- Delegated to third parties	(165)	(209)
b) Clearing and settlement	(1,973)	(1,964)
c) Collection portfolio management	-	-
1. Own	-	-
2. Delegated to third parties	-	-
d) Custody and administration	(5,808)	(3,931)
e) Collection and payment services	(252,381)	(226,066)
of which: credit cards, debit cards and other payment cards	(241,493)	(216,672)
f) Securitization servicing	(258)	(1,835)
g) Commitments to receive funds	-	-
h) Financial guarantees received	(2,584)	(2,865)
of which: credit derivatives	-	-
i) Off-premises marketing of financial instruments, products and services	(3,444)	(3,718)
j) Currency trading	(225)	(546)
k) Other fee and commission expense	(13,386)	(21,275)
Total	**(284,879)**	**(268,573)**

SECTION 3 - DIVIDENDS AND SIMILAR REVENUES – ITEM 70

3.1 DIVIDENDS AND SIMILAR REVENUES: COMPOSITION

	Total 31/12/2024		Total 31/12/2023	
	Dividends	Similar revenues	Dividends	Similar revenues
A. Financial assets held for trading	10	10	15	1
B. Other financial assets mandatorily measured at fair value	1,779	3,087	2,744	1,040
C. Financial assets measured at fair value through other comprehensive income	19,683	180	19,349	300
D. Equity investments	256	-	608	-
Total	**21,728**	**3,277**	**22,716**	**1,341**

The main components of this item include dividends received on the interest held in the Bank of Italy in the amount of €17 million, classified under financial assets measured at fair value through other comprehensive income.

SECTION 4 - NET GAIN (LOSS) ON TRADING ACTIVITIES – ITEM 80

4.1 NET GAIN (LOSS) ON TRADING ACTIVITIES: COMPOSITION

	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses	Net gain (loss) (A+B) – (C+D)
1. Financial assets held for trading	**3,632**	**40,119**	**(605)**	**(10,406)**	**32,740**
1.1 Debt securities	224	10,814	(285)	(1,318)	9,435
1.2 Equity securities	23	285	(58)	(486)	(235)
1.3 Units in collective investment undertakings	-	318	(12)	(134)	172
1.4 Loans	-	-	-	-	-
1.5 Other	3,385	28,702	(250)	(8,468)	23,369
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**31,564**
4. Derivatives	**127,518**	**198,518**	**(156,856)**	**(165,930)**	**(23,998)**
4.1 Financial derivatives:	127,518	198,518	(156,856)	(165,930)	(23,998)
- on debt securities and interest rates	126,801	198,518	(156,856)	(164,516)	3,948
- on equity securities and equity indices	717	-	-	(1,414)	(698)
- on foreign currencies and gold	X	X	X	X	(27,248)
- other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges connected with fair value option	X	X	X	X	-
Total	**131,150**	**238,638**	**(157,462)**	**(176,336)**	**40,306**

The net gain/(loss) on “Financial assets and liabilities: foreign exchange differences” reports the balance of changes in the value of financial assets and liabilities denominated in foreign currencies, regardless of the accounting portfolio in which they are recognized, which correlate with the amount reported under “Financial derivatives on foreign currencies and gold”.

SECTION 5 - NET GAIN (LOSS) ON HEDGING ACTIVITIES – ITEM 90

5.1 NET GAIN (LOSS) ON HEDGING ACTIVITIES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
A. Gain on:		
A.1 Fair value hedges	122,522	301,077
A.2 Hedged financial assets (fair value)	201,247	598,424
A.3 Hedged financial liabilities (fair value)	623	61
A.4 Cash flow hedges	276	28
A.5 Assets and liabilities in foreign currencies	-	-
Total income on hedging activities (A)	**324,668**	**899,590**
B. Loss on:		
B.1 Fair value hedges	(265,226)	(813,203)
B.2 Hedged financial assets (fair value)	(35,245)	(63,478)
B.3 Hedged financial liabilities (fair value)	(24,307)	(7,611)
B.4 Cash flow hedges	(1,577)	(229)
B.5 Assets and liabilities in foreign currencies	-	-
Total expense on hedging activities (B)	**(326,355)**	**(884,521)**
C. Net gain (loss) on hedging activities (A - B)	**(1,687)**	**15,069**
of which: net gain (loss) of hedges of net positions	21	-

As indicated in Part A "Accounting policies" of these notes to the financial statements, for the purposes of accounting for the results of hedging, the Group has exercised the option provided for in paragraph 7.2.21 of IFRS 9 to continue applying the provisions on hedge accounting envisaged by IAS 39.

SECTION 6 - GAIN (LOSS) ON DISPOSAL OR REPURCHASE – ITEM 100

6.1 GAIN (LOSS) ON DISPOSAL OR REPURCHASE: COMPOSITION

	Total 31/12/2024			Total 31/12/2023		
	Gains	Losses	Net gain (loss)	Gains	Losses	Net gain (loss)
Financial assets						
1. Financial assets measured at amortized cost	216,634	(126,964)	89,671	226,450	(134,221)	92,229
1.1 Due from banks	3,927	(3,852)	76	1,860	(835)	1,024
1.2 Loans to customers	212,707	(123,112)	89,595	224,591	(133,386)	91,205
2. Financial assets measured at fair value through other comprehensive income	58,115	(55,985)	2,130	46,291	(77,754)	(31,463)
2.1 Debt securities	58,115	(55,985)	2,130	46,291	(77,754)	(31,463)
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**274,749**	**(182,948)**	**91,801**	**272,741**	**(211,975)**	**60,766**
Financial liabilities measured at amortized cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	100	-	100
3. Securities issued	817	(593)	224	980	(5)	975
Total liabilities (B)	**817**	**(593)**	**224**	**1,080**	**(5)**	**1,075**

This reports the positive or negative balances between the gains and losses realized with the sale of financial assets or repurchase of financial liabilities other than those held for trading or designated as at fair value.

The gain (loss) on disposal amounts to about €92 million and is mainly attributable to gains on the disposal of loans by banks of the Group (€101 million) and losses on the disposal of debt securities measured at amortized cost and assets measured at FV through other comprehensive income (€8.9 million).

SECTION 7 - NET ADJUSTMENTS OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS – ITEM 110

7.1 NET ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS: COMPOSITION OF FINANCIAL ASSETS AND LIABILITIES DESIGNATED AS AT FAIR VALUE

	Capital gains (A)	Profits on realization (B)	Capital losses (C)	Losses on realization (D)	Net gain (loss) [(A+B) - (C+D)]
1. Financial assets	**298**	**1,984**	**(31)**	**(67)**	**2,184**
1.1 Debt securities	264	1,984	-	(67)	2,181
1.2 Loans	34	-	(31)	-	3
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Securities issued	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities: foreign exchange rate differences	**X**	**X**	**X**	**X**	**-**
Total	**298**	**1,984**	**(31)**	**(67)**	**2,184**

The net gain for the item essentially regards securities in which the liquidity of the Guarantee Scheme is invested.

7.2 NET ADJUSTMENTS OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: COMPOSITION OF OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE

	Capital gains (A)	Profits on realization (B)	Capital losses (C)	Losses on realization (D)	Net gain (loss) [(A+B) - (C+D)]
1. Financial assets	**41,305**	**8,495**	**(50,753)**	**(7,478)**	**(8,431)**
1.1 Debt securities	2,116	627	(1,775)	(57)	911
1.2 Equity securities	16,803	4,468	(5,986)	(6,418)	8,867
1.3 Units in collective investment undertakings	16,454	2,984	(28,323)	(1,002)	(9,887)
1.4 Loans	5,933	416	(14,670)	(1)	(8,322)
2. Financial assets: foreign exchange rate differences	**X**	**X**	**X**	**X**	**72**
Total	**41,305**	**8,495**	**(50,753)**	**(7,478)**	**(8,359)**

SECTION 8 - NET LOSSES/RECOVERIES FOR CREDIT RISK – ITEM 130

8.1 NET LOSSES/RECOVERIES FOR CREDIT RISK IN RESPECT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST: COMPOSITION

	Losses (1)						Recoveries (2)					
	Stage 1	Stage 2	Stage 3		Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total 31/12/2024	Total 31/12/2023
			Writeoffs	Other	Writeoffs	Other						
A. Due from banks	**(3,745)**	**(1,797)**	**-**	**-**	**-**	**-**	**1,470**	**442**	**-**	**-**	**(3,630)**	**(4,109)**
- loans	(2,256)	(1,309)	-	-	-	-	563	203	-	-	(2,799)	(4,657)
- debt securities	(1,489)	(488)	-	-	-	-	907	239	-	-	(831)	548
B. Loans to customers	**(254,113)**	**(161,659)**	**(136,040)**	**(1,054,203)**	**-**	**(25)**	**292,684**	**230,473**	**749,869**	**320**	**(332,694)**	**(397,636)**
- loans	(251,687)	(148,568)	(136,037)	(1,054,187)	-	(25)	291,113	226,005	749,672	320	(323,394)	(388,779)
- debt securities	(2,426)	(13,091)	(3)	(16)	-	-	1,571	4,468	196	-	(9,300)	(8,857)
Total	**(257,859)**	**(163,456)**	**(136,040)**	**(1,054,203)**	**-**	**(25)**	**294,154**	**230,915**	**749,869**	**320**	**(336,324)**	**(401,745)**

The value adjustments reported in the “Stage 1” and “Stage 2” columns regard collective writedowns on performing loans.

The value adjustments in the “Stage 3 - Other” column regard analytical writedowns of impaired past-due loans and those classified as unlikely to pay and bad loans, while those reported in the “Stage 3 - Writeoffs” column reflect extinguishing events, with the losses recognized following the definitive derecognition of the financial instruments.

At December 31, 2024, net losses for credit risk in respect of loans to customers came to €323.4 million, slightly down compared with 2023 also in relation to the robust monitoring of non-performing positions implemented by the Group since its establishment, with a coverage ratio for those positions of 73.8%.

8.2 NET LOSSES FOR CREDIT RISK IN RESPECT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: COMPOSITION

	Losses (1)						Recoveries (2)				Total	Total
	Stage 1	Stage 2	Stage 3		Purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total 31/12/2024	Total 31/12/2023
			Writeoffs	Other	Writeoffs	Other						
A. Debt securities	**(1,882)**	**(1,196)**	**-**	**-**	**-**	**-**	**1,510**	**979**	**-**	**-**	**(589)**	**(192)**
B. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(1,882)**	**(1,196)**	**-**	**-**	**-**	**-**	**1,510**	**979**	**-**	**-**	**(589)**	**(192)**

SECTION 9 - GAINS (LOSSES) FROM CONTRACT MODIFICATIONS WITHOUT DERECOGNITION – ITEM 140

9.1 GAINS (LOSSES) FROM CONTRACT MODIFICATIONS: COMPOSITION

The item, a negative €7.4 million, includes the impact of modifications of medium/long-term loan contracts with customers that, in compliance with IFRS 9, do not produce the derecognition of the assets but rather involve the recognition in profit or loss of the changes in the contractual cash flows.

The amounts do not include the impact of contract modifications on expected losses, which is recognized under item 130 – Net losses/recoveries for credit risk.

SECTION 10 - PROFIT (LOSS) FROM INSURANCE SERVICES - ITEM 160

The section has not been completed because there were no such positions as of the reporting date.

SECTION 11 - NET FINANCIAL INCOME (EXPENSE) FROM INSURANCE ACTIVITIES - ITEM 170

The section has not been completed because there were no such positions as of the reporting date.

SECTION 12 - ADMINISTRATIVE EXPENSES – ITEM 190

12.1 PERSONNEL EXPENSES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
1) Employees	(2,028,653)	(1,827,621)
a) wages and salaries	(1,338,436)	(1,244,465)
b) social security contributions	(326,966)	(306,658)
c) termination benefits	(11,055)	(18,983)
d) pension expenditure	(5)	(4)
e) allocation to employee termination benefit provision	(22,884)	(16,541)
f) allocation to provision for post-employment benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds:	(123,318)	(111,510)
- defined contribution	(123,207)	(111,299)
- defined benefit	(111)	(211)
h) costs from share-based payment plans	-	-
i) other employee benefits	(205,989)	(129,460)
2) Other personnel	(22,112)	(19,393)
3) Board of Directors and members of Board of Auditors	(53,274)	(51,906)
4) Retired personnel	-	(1)
Total	**(2,104,039)**	**(1,898,920)**

Group personnel expenses totaled €2.1 billion, up from the end of the previous year mainly in relation to the renewal of the national collective bargaining agreement for professional areas and managers, in the first half of the year, and the increase in the number of employees.

Item 1) g) “payments to external pension funds: - defined contribution” includes the employee TFR fund provisioned and transferred to the national pension fund for the industry.

12.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

	Total 31/12/2024	Total 31/12/2023
Employees:	**21,555**	**21,417**
a) senior management	386	369
b) middle management	6,765	6,537
c) other employees	14,404	14,511
Other personnel	**349**	**326**
Total	**21,904**	**21,743**

12.3 DEFINED-BENEFIT COMPANY PENSION PLANS: TOTAL COSTS AND REVENUES

At the reporting date, the company had no defined-benefit pension plans, with no associated costs or revenues.

12.4 OTHER EMPLOYEE BENEFITS

	Total 31/12/2024	Total 31/12/2023
Early termination incentives and income support fund	(110,061)	(37,295)
Lunch vouchers	(33,053)	(29,496)
Insurance policies	(8,405)	(7,897)
Medical checkups	(423)	(462)
Training	(6,713)	(6,966)
Long-service bonuses	(4,461)	(3,421)
Other benefits	(42,873)	(43,923)
Total	**(205,989)**	**(129,460)**

The item includes, among others, charges for early termination incentives in the amount of €110.1 million, lunch vouchers in the amount of €33.1 million and insurance policies for employees in the amount of €8.4 million.

12.5 OTHER ADMINISTRATIVE EXPENSES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
Information technology	(177,809)	(208,805)
Property and movables	(89,236)	(81,190)
Rental and fees	(10,884)	(10,685)
Ordinary maintenance	(66,664)	(62,193)
Other (security, reception etc.)	(11,687)	(8,311)
Goods and services	(157,441)	(175,584)
Telephone, data transmission, infoprovider	(39,612)	(56,798)
Postal	(23,681)	(23,360)
Asset transport and counting	(18,176)	(19,263)
Electricity, heating and water	(40,204)	(42,771)
Transportation and travel	(22,427)	(19,215)
Office supply and printed materials	(10,545)	(11,563)
Subscriptions, magazines and newspapers	(2,797)	(2,615)
Professional services	(198,023)	(178,551)
Professional fees (other than audit fees)	(102,456)	(96,912)
Audit fees	(7,548)	(7,726)
Legal and notary costs	(42,007)	(36,972)
Court costs, information and title searches	(46,012)	(36,941)
Administrative services	(37,545)	(51,918)
Insurance	(23,555)	(23,480)
Promotional, advertising and entertainment expenses	(63,075)	(61,289)
Association dues	(35,132)	(34,131)
Donations	(4,888)	(8,986)
Other	(28,756)	(30,647)
Indirect taxes and duties	(332,636)	(397,508)
Total	**(1,148,096)**	**(1,252,090)**

Other administrative expenses totaled €1.1 billion, a decrease of about €104 million compared with 2023, mainly reflecting:

- the reclassification under non-current assets held for sale of other administrative expenses relating to the Infrastructure segment of BCC Sistemi Informatici, for a total €61 million;
- the decrease in contribution to the Single Resolution Fund (BRRD), the contribution to the National Resolution Fund for bank crises and the contribution to the Deposit Guarantee Fund, included under indirect tax and duties, mainly attributable to info provider the achievement of the funding ceilings for contributions to these funds.

Pursuant to Article 2427, paragraph 16-bis of the Italian Civil Code, we set out below the fees paid in 2024 by the Iccrea Group to the audit firm Forvis Mazars SpA and to the audit firm EY SpA (and other entities belonging to its network):

- statutory audit of the annual accounts (including the auditing of the interim financial statements) for about €4.3 million;
- other audit-related services (certifications , signing of tax returns, MIFID II/MIFIR, Comfort Letter) for €1.5 million;
- other services for €1.4 million.

These amounts are reported net of VAT, CONSOB fees and expenses.

SECTION 13 - NET PROVISIONS FOR RISKS AND CHARGES – ITEM 200

This section provides details of the provisions and write-backs relating to the following categories of provisions for risks and charges:

- provisions for credit risk in respect of commitments to disburse funds and financial guarantees issued falling within the scope of IFRS 9;
- other provisions for risks and charges.

13.1 PROVISIONS FOR CREDIT RISK IN RESPECT OF COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED: COMPOSITION

	31/12/2024		
	Provisions	Reallocations of excesses	Total
Commitments to disburse funds Stage 1	(21,526)	33,832	12,306
Commitments to disburse funds Stage 2	(14,652)	9,124	(5,528)
Commitments to disburse funds Stage 3	(32,747)	46,053	13,306
Financial guarantees issued Stage 1	(11,214)	21,522	10,309
Financial guarantees issued Stage 2	(12,429)	9,995	(2,434)
Financial guarantees issued Stage 3	(15,866)	28,785	12,919
Total	**(108,435)**	**149,312**	**40,877**

13.2 NET PROVISIONS IN RESPECT OF OTHER COMMITMENTS TO DISBURSE FUNDS AND GUARANTEES ISSUED: COMPOSITION

L The table has not been completed because there were no such positions as of the reporting date.

13.3 NET PROVISIONS FOR OTHER RISKS AND CHARGES: COMPOSITION

	31/12/2024		
	Provisions	Reallocations of excesses	Total
Legal disputes	(31,327)	9,795	(21,532)
Other	(12,786)	7,340	(5,446)
Total	**(44,113)**	**17,135**	**(26,978)**

SECTION 14 - NET ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT - ITEM 210

14.1 NET ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT: COMPOSITION

	Depreciation (a)	Writedowns for impairment (b)	Writebacks (c)	Net adjustments (a + b - c)
A. Property, plant and equipment				
1 Operating assets	(168,689)	(2,481)	-	(171,170)
- Owned	(106,898)	(2,481)	-	(109,379)
- Right-of-use assets in respect of leases	(61,791)	-	-	(61,791)
2 Investment property	(3,561)	(10,812)	-	(14,373)
- Owned	(3,561)	(10,812)	-	(14,373)
- Right-of-use assets in respect of leases	-	-	-	-
3 Inventories	X	(1,299)	341	(958)
Total	**(172,250)**	**(14,592)**	**341**	**(186,501)**

SECTION 15 - NET ADJUSTMENTS OF INTANGIBLE ASSETS - ITEM 220

15.1 NET ADJUSTMENTS OF INTANGIBLE ASSETS: COMPOSITION

	Amortization (a)	Writedowns for impairment (b)	Writebacks (c)	Net adjustments (a + b - c)
A. Intangible assets				
of which: software	(36,617)	(677)	-	(37,294)
1 Owned	(44,740)	(677)	-	(45,417)
- generated internally by the Bank	(1,800)	(4)	-	(1,804)
- other	(42,940)	(674)	-	(43,613)
2 Acquired under finance leases	-	-	-	-
Total	**(44,740)**	**(677)**	**-**	**(45,417)**

SECTION 16 - OTHER OPERATING EXPENSES/INCOME - ITEM 230

16.1 OTHER OPERATING EXPENSES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
Charges connected with lease services (consultants, insurance, taxes and duties, capital losses)	(25,005)	(26,694)
Reductions in assets and prior-year expenses not attributable to separate line item	(13,129)	(16,310)
Costs of outsourced services	(65)	(80)
Settlement of disputes and claims	(461)	(1,063)
Amortization of expenditure for leasehold improvements	(10,077)	(9,603)
Other charges for corporate finance operations	-	-
Other charges	(9,486)	(19,160)
Consolidation adjustments	-	-
Total	**(58,225)**	**(72,911)**

16.2 OTHER OPERATING INCOME: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
A) Cost recovery	**317,592**	**286,884**
Recovery of taxes	255,468	227,854
Recovery of sundry charges	35,738	30,492
Insurance premiums	3,315	2,520
Property rental expense	7	3
Recovery of costs from customers	9,667	10,545
Recovery of costs on bad loans	13,397	15,471
B) Other income	**119,319**	**139,532**
Insourcing revenues	19,231	17,789
Property rental income	4,337	4,219
Reductions in liabilities and prior-year income not attributable to separate line item	28,651	30,418
Other income from finance leases	14,979	15,552
Other income	40,816	59,614
Accelerated processing fees	9,506	10,359
Consolidation adjustments	1,800	1,581
Total	**436,911**	**426,416**

The recovery of taxes and duties (stamp duty and tax in lieu), totaling €255.5 million, mainly regard current accounts, credit cards, savings passbooks and certificates of deposit.

SECTION 17 - PROFIT (LOSS) FROM EQUITY INVESTMENTS - ITEM 250

17.1 PROFIT (LOSS) FROM EQUITY INVESTMENTS: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
1) Joint ventures		
A. Gains	-	-
1. Revaluations	-	-
2. Gains on disposals	-	-
3. Writebacks	-	-
4. Other income	-	-
B. Losses	-	-
1. Writedowns	-	-
2. Impairment	-	-
3. Losses on disposal	-	-
4. Other expenses	-	-
Net profit (loss)	**-**	**-**
2) Entities under significant influence		
A. Gains	16,902	30,238
1. Revaluations	1,902	13,025
2. Gains on disposals	-	-
3. Writebacks	-	-
4. Other income	15,000	17,213
B. Losses	(7,101)	(597)
1. Writedowns	(7,101)	-
2. Impairment	-	-
3. Losses on disposal	-	-
4. Other expenses	-	(597)
Net profit (loss)	**9,801**	**29,641**
Total	**9,801**	**29,641**

The item reports the financial impact of the equity measurement of investments in associates and the recognition of the earn-out of €15 million, connected with the sale to FSI of the investment in BCC Pay (now Numia SpA) during 2022.

SECTION 18 - NET ADJUSTMENT TO FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS - ITEM 260

18.1 NET ADJUSTMENT TO FAIR VALUE (OR REVALUED AMOUNT) OR ESTIMATED REALIZABLE VALUE OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS: COMPOSITION

	Revaluations0	Writedowns	Exchange rate differences		Net result
			Positive	Negative	
	(a)	(b)	(c)	(d)	(a-b+c-d)
A. Property, plant and equipment	**-**	**(21,448)**	**-**	**-**	**(21,448)**
A.1 Operating assets:	-	-	-	-	-
- Owned	-	-	-	-	-
- Acquired under finance leases	-	-	-	-	-
A.2 Investment property:	-	(21,448)	-	-	(21,448)
- Owned	-	(21,448)	-	-	(21,448)
- Acquired under finance leases	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned:	-	-	-	-	-
- Internally generated	-	-	-	-	-
- Other	-	-	-	-	-
B.2 Acquired under finance leases	-	-	-	-	-
Total	**-**	**(21,448)**	**-**	**-**	**(21,448)**

The item reports gains/losses on the measurement of the properties contributed to consolidated real estate funds.

SECTION 19 - GOODWILL IMPAIRMENT - ITEM 270

19.1 GOODWILL IMPAIRMENT: COMPOSITION

The item includes the impairment of goodwill recorded by the Group mutual banks before the establishment of the Group on the occasion of business combinations (mergers/acquisitions of branches). In 2024, impairment losses totaled €310 thousand.

For further information on the assessment of the recoverability of goodwill, please see Part B - Section 10.3 - Other information of these notes to the financial statements.

SECTION 20 - GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS - ITEM 280

20.1 GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
A. Property	(364)	(534)
- Gains on disposal	1,104	1,062
- Losses on disposal	(1,467)	(1,595)
B. Other assets	112	(602)
- Gains on disposal	566	501
- Losses on disposal	(454)	(1,104)
Net gain (loss)	**(252)**	**(1,136)**

SECTION 21 - INCOME TAX EXPENSE FROM CONTINUING OPERATIONS – ITEM 300

21.1 INCOME TAX EXPENSE FROM CONTINUING OPERATIONS: COMPOSITION

	Total	Total
	31/12/2024	31/12/2023
1. Current taxes (-)	(216,271)	(138,915)
2. Change in current taxes from previous period (+/-)	(9,978)	(584)
3. Reduction of current taxes for the period (+)	19	3,205
3.bis Reduction of current taxes for the period for tax credits under Law 214/2011 (+)	83,766	14,448
4. Change in deferred tax assets (+/-)	(276,283)	(218,892)
5. Change in deferred tax liabilities (+/-)	337	6,225
6. Income taxes for the period (-) (-1+/-2+3+3bis+/-4+/-5)	**(418,411)**	**(334,514)**

21.2 RECONCILIATION OF THEORETICAL TAX LIABILITY AND ACTUAL TAX LIABILITY RECOGNIZED

IRES	31/12/2024	
	Taxable income	**Tax**
Profit (loss) before tax on continuing operations (item 290 IS)	2,469,502	-
Current rate	-	24%
Theoretical tax liability (24%)	-	(592,680)
Greater tax liability due to increases (taxable income)/ Greater tax liability due to increases (tax)	**335,130**	**(80,431)**
Temporary	-	-
- Changes during the year	264,328	-
Definitive	-	-
- Reversal of temporary differences of previous years	4,281	-
- Changes during the year	66,520	-
Lower tax liability due to decreases	**2,703,544**	**648,850**
Temporary	-	-
- Changes during the year	26,312	-
Definitive	-	-
- Reversal of temporary differences of previous years	1,173,036	-
- Changes during the year	1,045,772	-
- Deductions up to limit of taxable income	458,424	-
Net increase in entities with tax losses	286,827	(68,838)
Taxable income (loss)	387,915	-
Current gross tax (effective tax charge)	**-**	**(93,100)**
IRES surtax	-	(11,051)
IRES income from consolidated taxation mechanism	-	1,371
Tax credits	-	3
Current net tax in income statement	**-**	**(102,776)**
Changes in current tax/deferred tax assets/deferred tax liabilities (+/-)	-	(173,738)
Tax liability for the year (a)	**-**	**(276,514)**
IRAP	**31/12/2024**	
	Taxable income	**Tax**
Profit (loss) before tax on continuing operations (item 290 IS)	2,469,502	-
Current rate	-	4.65%
Theoretical tax liability (ordinary rate 4.65%)	-	(114,832)
Items not included in determination of income	(681,970)	31,712
- Revenue and income (-)	(1,836,005)	-
- Costs and charges (+)	1,154,035	-
Greater tax liability due to increases (taxable income)/ Greater tax liability due to increases (tax)	**884,512**	**(41,130)**
Temporary	-	-
- Changes during the year	9,911	-
Definitive	-	-
- Reversal of temporary differences of previous years	258	-
- Changes during the year	874,343	-
Lower tax liability due to decreases	**631,636**	**29,228**
Temporary	-	-
- Changes during the year	5,223	-
Definitive	-	-
- Reversal of temporary differences of previous years	593,689	-
- Changes during the year	29,649	-
Net increase in entities with tax losses	20,061	(933)
Value of production	2,063,545	-
Current tax	**-**	**(95,955)**
Effect of regional surtaxes/tax relief (+/-)	-	(17,540)
Current tax in income statement	**-**	**(113,495)**
Changes in current tax/deferred tax assets/deferred tax liabilities (+/-)	-	(28,402)
Tax liability for the year	**-**	**(141,898)**
Total income tax expense (item 300 IS)		**(418,411)**

22 - PROFIT (LOSS) AFTER TAXES ON DISCONTINUED OPERATIONS - ITEM 320

22.1 PROFIT (LOSS) AFTER TAXES ON DISCONTINUED OPERATIONS: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
1. Revenue	29,152	133,817
2. Expense	(103,816)	(97,456)
3. Result of measurement of groups of assets and associated liabilities	-	-
4. Gain (loss) on realization	49,379	100,000
5. Taxes and duties	4,339	(38,695)
Profit (loss)	**(20,946)**	**97,666**

At December 31, 2024, the item mainly reports: (i) the net loss (-€62.1 million) of the Infrastructure segment of BCC Sistemi Informatici the sale of which is expected for 2025; (ii) the net profit from the disposal of (+€31.6 million), during the 1st Half, of 51% of the insurance companies BCC Vita and BCC Assicurazioni whose assets and liabilities at December 31, 2023 were classified as held for sale in accordance with IFRS 5; (iii) the net profit of BCC Sinergia and BCC Pos, to be sold to net loss Numia SpA (€ 6.3 and €3.2 million, respectively).

22.2 BREAKDOWN OF INCOME TAXES OF DISCONTINUED OPERATIONS

	Amount 31/12/2024	Amount 31/12/2023
1. Current taxes (-)	4,776	(38,695)
2. Change in deferred tax assets (+/-)	(437)	-
3. Change in deferred tax liabilities (-/+)	-	-
4. Income taxes for the period (-1+/-2+/-3)	**4,339**	**(38,695)**

SECTION 23 - PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS – ITEM 340

23.1 BREAKDOWN OF ITEM 340 “PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS”

	Total 31/12/2024	Total 31/12/2023
Consolidated equity investments with significant non-controlling interests		
BCC Sistemi Informatici SpA	(442)	-
Coopersystem Società Cooperativa	-	1,237
Total	**(442)**	**1,237**

SECTION 24 - OTHER INFORMATION

Pursuant to Article 1, paragraphs 125-129 of Law 124/2017 ("Annual market and competition law") companies must comply with some measures aimed at ensuring transparency in the system of government grants and provide information on "subsidies, contributions, paid assignments and in any case economic advantages of any kind" received from public agencies and bodies, as detailed in paragraph 125, in the notes to the financial statements.

Following the simplification measures introduced with Article 8 of Law 160/2023, Article 125-*quinques* of Law 124/2017 provides an exemption for grants that are already subject to publication in the National Register of State Aid referred to Article 52 of Law 234/2012. For individual grants received by Group Companies, please refer to the Transparency section of the Register.

As regards public grants received, please refer to the document “Informativa al pubblico Stato per Stato”.

SECTION 25 - EARNINGS PER SHARE

The ordinary shares of the Parent Company, Iccrea Banca, are not traded on a public market and the company does not file its financial statements with CONSOB in order to issue ordinary shares on a public market. Accordingly, IAS 33 does not apply.

25.1 AVERAGE NUMBER OF ORDINARY SHARES IN DILUTED SHARE CAPITAL

The table has not been completed because there were no such positions as of the reporting date.

25.2 OTHER INFORMATION

No further information to report.

PART D - CONSOLIDATED COMPREHENSIVE INCOME

BREAKDOWN OF COMPREHENSIVE INCOME

	Voci	31/12/2024	31/12/2023
10.	**Net profit (loss) for the period**	**2,030,145**	**1,857,606**
	Other comprehensive income not recyclable to profit or loss	**(8,289)**	**6,482**
20.	Equity securities designated as at fair value through other comprehensive income:	(13,728)	13,520
	a) fair value changes	2,407	13,483
	b) transfers to other elements of shareholders' equity	(16,135)	37
30.	Financial liabilities measured at fair value through profit or loss (change in credit risk):	-	-
	a) fair value changes	-	-
	b) transfers to other elements of shareholders' equity	-	-
40.	Hedges of equity securities designated as at fair value through other comprehensive income:	-	-
	a) fair value changes (hedged instrument)	-	-
	b) fair value changes (hedging instrument)	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	282	(3,907)
80	Non-current assets held for sale	-	-
90.	Valuation reserves of equity investments accounted for with equity method	-	-
100.	Financial income or expense in respect of insurance contracts issued	-	-
110.	Income taxes on other comprehensive income not recyclable to profit or loss	5,156	(3,131)
	Other comprehensive income recyclable to profit or loss	**115,383**	**224,910**
120.	Hedging of investments in foreign operations:	-	-
	a) fair value changes	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
130.	Foreign exchange differences:	-	-
	a) value changes	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
140.	Cash flow hedges:	46,162	81,986
	a) fair value changes	41,495	77,228
	b) reversal to income statement	47	(2,720)
	c) other changes	4,621	7,478
	of which: result on net positions	-	-
150.	Hedging instruments (undesignated elements):	-	-
	a) fair value changes	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
160.	Financial assets (other than equity securities) measured at fair value through other comprehensive income:	113,955	228,135
	a) fair value changes	74,185	161,880
	b) reversal to income statement	39,751	64,689
	1. adjustments for credit risk	306	20
	2. gain/loss on realization	39,445	64,670
	c) other changes	20	1,566
170.	Non-current assets and disposal groups held for sale:	-	13,270
	a) fair value changes	-	13,270
	b) reversal to income statement	-	-
	c) other changes	-	-
180.	Valuation reserves of equity investments accounted for with equity method:	7,537	(26)
	a) fair value changes	7,537	(26)
	b) reversal to income statement	-	-
	1. impairment adjustments	-	-
	2. gain/loss on realization	-	-
	c) other changes	-	-
190.	Financial income or expense in respect of insurance contracts issued:	-	-
	a) fair value changes	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
200.	Financial income or expense in respect of cessions in reinsurance	-	-
	a) fair value changes	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
210.	Income taxes on other comprehensive income recyclable to profit or loss	(52,270)	(98,455)
220.	**Total other comprehensive income**	**107,094**	**231,392**
230.	**Comprehensive income (item 10+220)**	**2,137,238**	**2,088,998**
240.	Consolidated comprehensive income pertaining to non-controlling interests	(442)	1,237
250.	**Consolidated comprehensive income pertaining to shareholders of the Parent Company**	**2,137,680**	**2,087,761**

PART E - RISK AND RISK MANAGEMENT POLICIES

INTRODUCTION

The Iccrea Cooperative Banking Group conducts its business in accordance with the principles of prudence and risk containment, based on the need for stability associated with banking activity and the main characteristics of the mutual banks and their customers. Consistent with these principles, the Group pursues its growth objectives in accordance with the needs of the mutual banking system, ensuring, through balanced risk management, reliable and sustainable generation of value over time.

The risk governance policies represent the reference model in organizational and process development and in the systematic execution of all the operational and business activities performed by Group companies and are an integral part of a sound and prudent management, supporting sustainable implementation of the overall risk strategy. The internal control system (ICS) must, in general, ensure the completeness, appropriateness, functionality (in terms of effectiveness and efficiency) and reliability of the policies in a context of strict consistency with the risk appetite framework defined at Group level.

The Risk Management function operates within the internal control system.

THE RISK MANAGEMENT FUNCTION

The Chief Risk Officer area is responsible at the Group level for the key elements of the overall Risk Management Framework: identification, measurement, monitoring and mitigation of corporate risks. It is responsible for the governance and execution of second-level controls connected with risk management, consistent with the internal control system adopted by the Group. It is the contact for the corporate bodies of the Parent Company for matters within its scope of responsibility, providing an integrated and composite vision of both the first and second pillar risks assumed and managed by the individual entities and by the Group as a whole.

In 2024, the organizational structure of Risk Management function of the Parent Company underwent further fine-tuning, both in terms of the evolution of the overall structure (in order to strengthen specific risk management arrangements for climate and environmental risks and to consolidate management of the Group's "non-financial risks" within a single unit – i.e. ICT, information security, operational and reputational risks), and the refinement of existing arrangements. The current organizational arrangements provide for:

- a *"Risk Governance" unit*, that (i) oversees all risk governance issues for the Group in respect of the affiliated banks, the companies within the direct scope and the Parent Company, including the management of the EWS and stress testing framework for the purposes of the Guarantee Scheme (ii) performs activities connected with the preparation of the area's annual activity plan and the institutional reporting document submitted to the corporate bodies and the supervisory authorities; (iii) coordinates and monitors reputational risks, as well as coordinating and overseeing activities pertaining to the CRO area. This unit is sub-divided into the following organizational units:
    - "the "Mutual banks Risk Management units" (Northern Area, Central Area, Southern Area), which have organizational responsibility for the overall execution of the Risk Management activities outsourced for the macro-area; represent the top management structure for the Risk Management controls of the area, which is responsible for the execution the outsourced second-level control activities for risk management; ensuring the coordination of the managers in charge of the Risk Management functions of the affiliated banks;
    - "BCC Risk Governance", which ensures the applicability of the methodological framework for risk governance processes and the specific risks on the individual level of the affiliated banks, supporting the Group Risk Governance and Group Risk Management units in the definition and maintenance of the processes in order to facilitate their operational implementation with the mutual banks. With regard to the individual profile of the affiliated banks, the unit is responsible for the development, updating and periodic implementation of the methodological and operational systems underlying the EWS and Stress Test framework for Guarantee Scheme purposes, developing appropriate tools for their operations;
    - "Group Risk Governance", which defines and maintains the methodological framework of the Group's Risk Governance processes (RAF/RAS, ICAAP, Recovery Plan, stress testing, OMR, contribution of the Risk Management function to remuneration policies and the incentive system). In addition, operating through a specific sub-unit, the unit acts as the internal

reference unit within the Risk management function for climate and environmental risks and ESG issues;

- a "Group Risk Management" unit, which (i) supervises and coordinates the organizational units dedicated to the individual risk categories, which within their areas of responsibility are involved in the development and maintenance of the methodological framework for the assumption and management of specific risks and their respective control arrangements, as well as the assessment and monitoring of those risks, the identification of any risk mitigation measures. It also ensures oversight of the activities under the responsibility of the CRO Area in terms of ESG risks and issues; (ii) acting through the Validation function, the unit validates models developed internally to quantify risks; (iii) establishes the operational guidelines for the specialized units of the Risk Management function in their interactions with the Risk Management units of the affiliated banks and direct scope companies. This unit is sub-divided into the following organizational units:
  - Credit Risk Management;
  - Financial Risk Management;
  - Climate & Environmental Risk Management;
  - Validation.
- A "Non-Financial Risk Management" unit, which is responsible for the management and oversight of ICT and Security risks, operational risks and reputational risks at the Group level ("non-financial risks"). It ensures that such risks are identified, measured, assessed, managed, monitored, as well as maintained within or returned to a level consistent with the specified risk propensity framework. In this context, the function operates as a transversal competence center for the definition and evolutionary maintenance of Non-financial risks at Group level. This unit is sub-divided into the following organizational units:
  - Non-Financial Risk Integration
  - Information Security Risk Management
  - Operational & ICT Risk Management

The main duties performed by the Group Risk Management function are the following:

- defining and developing the framework for the assumption and management of risks pertaining to the Group, which is composed of (i) organizational structures and corporate processes (operating, administrative and business), including line controls; (ii) risk governance policies (policies, limits, responsibilities); (iii) methodologies and risk measurement and assessment criteria, (iv) support tool applications. In this area, the Risk Management function ensures that the framework for the assumption and management of risks is compliant with applicable regulations, in line with market best practice, functional in respect of internal operational conditions and consistent with the business plan, the budget and the Risk Appetite Framework (RAF), the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) of the Group;
- developing the Risk Appetite Framework and its operational implementation (the Risk Appetite Statement) at the consolidated level and, with the support of the affiliated banks and Group companies, at the individual level, consistent with capital adequacy objectives (ICAAP) and the adequacy of the liquidity profile (ILAAP) of the Group;
- acting as a control center for monitoring the risk profile of the individual affiliated banks and the companies in the direct scope for which risk management activities are performed on a centralized basis under an outsourcing arrangement governed by specific service agreements. This control center operates through the dedicated risk management units within the central organizational arrangements and, for the affiliated banks only, uses the mechanisms of the Early Warning System and the Guarantee Scheme. In this area, the Risk Management function:
  - handles the development and updating of the methodological framework and develops tools for managing the Guarantee Mechanism, as well as analyzing, controlling, assessing and monitoring the affiliated banks within the scope of EWS management processes and proposes their risk classification;

  - is responsible, through the action of its local units as well, for the determination and adoption by each affiliated bank of strategies, policies and principles for the assessment and measurement of the risks identified at the Group level.
- monitoring developments in the risk profile and the various types of risk to which the Group as a whole and its individual members are exposed, verifying the ongoing consistency between the actual risk assumed and the specified risk objectives. In this context, the Risk Management function:
  - develops methodologies and models for measuring and assessing risks, validating those models, periodically checking their operation, predictive capacity and performance, and their consistency over time with operational practices and regulatory requirements;
  - performs second-level controls of the appropriateness, effectiveness and resilience of the framework for the assumption and management of the risks for which it is responsible, identifying any needs for fine tuning/corrective or evolutionary maintenance and providing support – within the scope of its duties – in implementing the associated actions;
  - identifies any risk developments exceeding the limits set out in the Risk Appetite Statement, in the Risk Governance Policies or in external regulations and, in general, potentially harmful or unfavorable situations in order to assess possible mitigation initiatives to implement;
  - within the RAF/RAS and EWS frameworks, examines the results of the process of determining the capital requirements, analyzing the dynamics involved to verify the overall consistency with the risk profile in the different analytical dimensions considered;
  - analyzes major transactions, expressing a prior opinion on their consistency with the Risk Appetite Statement;
  - assesses, within the scope of its duties, the capital structure in relation to the risks assumed/assumable (ICAAP) and the appropriateness of the Group's liquidity profile (ILAAP);
  - assesses the impact of especially serious events on the Group's exposure to risk and participates in developing strategies to be implemented for the resolution;
  - reports to top management on risk developments in the various operating segments and business areas, providing support to management bodies in defining strategic policy and risk policy and the associated implementation of those policies;
- performing, within the scope of its duties, tasks required for the purpose of supervisory reporting, inspections and regulations.

THE RISK CULTURE

The Group devotes special attention to managing, assessing and understanding risk. All personnel are asked to identify, assess and manage risk within their area of responsibilities. Each employee is expected to perform their duties seriously and with awareness.

The risk culture is inspired by the principles of the risk management model of the Parent Company. It is disseminated to all business units and personnel and is founded on the following pillars:

- the independence of risk functions from business units;
- the establishment and constant updating of risk handbooks and policies, updating risk measurement and estimation approaches to ensure consistency with sector best practices;
- the specification of risk limits;
- the periodic monitoring of (aggregate and non-aggregate) exposures and compliance of approved limits and implementation of appropriate corrective measures where necessary;
- the presence of other support tools to help develop the culture of risk (training courses, remuneration policies and incentives linked to the quality of risk and the results of the Group companies in the long term, systematic and independent Internal Auditing units, etc.).

THE GROUP RISK GOVERNANCE FRAMEWORK

The overall Risk Governance framework developed and adopted by the Group reflects the specific features of the ICBG as a Group, whose participatory mechanisms are based on a Cohesion Contract, signed by the banks and participating companies, that provides for internal stability mechanisms characterized by intercompany mutual support agreements regulated specifically by applicable external legislation.

On the basis of the provisions of the Cohesion Contract between the affiliated banks and the Parent Company, the latter constantly monitors the organization and the operating conditions, financial position and performance of the affiliated banks through the Early Warning System (EWS), which is designed to promptly identify any signs of management difficulty and/or failure to comply with the obligations assumed under the Cohesion Contract, recommending or arranging, depending on the specific features of any given case and on the basis of the principle of proportionality, the appropriate intervention measures. The overall framework of the Group's risk governance system is completed by the Risk Appetite Framework (RAF), which is implemented operationally through policies addressing the individual risks to which the Group is exposed and transversal systems involved in the internal assessment the capital adequacy and liquidity profile (ICAAP/ILAAP) and the overall assessment of the recovery capacity in particularly adverse conditions (the Recovery Framework).

The RAF defines - in line with the maximum assumable risk (Risk Capacity), the business model and the Group strategy, the Operational Plan and the company incentive system - the risk objectives or risk appetite (Risk Appetite) and Risk Tolerance thresholds, taking due account of possible adverse scenarios. Starting on the basis of the RAF, consistent operating limits are defined within the overall risk governance policies. The latter in turn represent the internal regulatory expression of the "rules" for the assumption and management of risks and are an integral part of the Risk Management Process (RMP of the Group.

The overall architecture of the Risk Appetite Framework, defined in terms of key elements, scope of coverage/application and underlying operating models, is closely interconnected with ICBG's key risk governance process, i.e. the Early Warning System. The RAF is implemented individually with regard to the affiliated banks and shares qualitative and quantitative indicators with the EWS, ensuring consistency between the different calibration approaches and the purposes of the two frameworks.

In other words, the RAF is intended to explicate the medium/long-term vision of the desired risk profile for the Group as a whole and for each Group company, defining the risk area within which the management functions must operate in pursuit of corporate strategies. Compared with the RAF, the capital adequacy and liquidity assessment (ICAAP and ILAAP) represents an occasion to verify the stability of the risk appetite choices in terms of their consistency with the capital and liquidity resources available, guiding any subsequent modification of the choices and the resulting overall strategy decisions.

SECTION 1 – RISKS WITHIN SCOPE OF ACCOUNTING CONSOLIDATION

QUANTITATIVE DISCLOSURES

A. CREDIT QUALITY

A.1 IMPAIRED AND PERFORMING CREDIT EXPOSURES: STOCKS, WRITEDOWNS, CHANGES AND DISTRIBUTION BY SECTOR

A.1.1 DISTRIBUTION OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (CARRYING AMOUNT)

	Bad loans	Unlikely to pay	Impaired past due exposures	Performing past due positions	Other performing positions	Total
1. Financial assets measured at amortized cost	97,708	496,370	166,746	1,151,807	141,370,837	143,283,468
2. Financial assets measured at fair value through other comprehensive income	11	60	-	-	6,412,935	6,413,006
3. Financial assets designated as at fair value	-	-	-	-	324,693	324,693
4. Other financial assets mandatorily measured at fair value	-	-	-	113	614,255	614,368
5. Financial assets held for sale	6,169	24,530	-	-	-	30,699
Total 31/12/2024	**103,888**	**520,960**	**166,746**	**1,151,920**	**148,722,720**	**150,666,234**
Total 31/12/2023	**137,888**	**680,650**	**194,503**	**1,359,182**	**151,082,707**	**153,454,931**

A.1.2 DISTRIBUTION OF CREDIT EXPOSURES BY PORTFOLIO AND CREDIT QUALITY (GROSS AND NET VALUES)

	Impaired assets				Performing assets			
	Gross exposure	Total adjustments	Net exposure	Total partial writeoffs	Gross exposure	Total adjustments	Net exposure	Total (net exposure)
1. Financial assets measured at amortized cost	2,909,754	2,148,930	760,823	437,627	143,382,384	859,739	142,522,645	143,283,468
2. Financial assets measured at fair value through other comprehensive income	113	42	71	-	6,418,716	5,781	6,412,935	6,413,006
3. Financial assets designated as at fair value	-	-	-	-	X	X	324,693	324,693
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	614,368	614,368
5. Financial assets held for sale	59,788	29,090	30,699	5,753	-	-	-	30,699
Total 31/12/2024	**2,969,655**	**2,178,062**	**791,593**	**443,380**	**149,801,100**	**865,520**	**149,874,641**	**150,666,234**
Total 31/12/2023	**3,650,630**	**2,637,588**	**1,013,041**	**486,655**	**152,635,168**	**978,547**	**152,441,890**	**153,454,931**

	Assets with evidently poor credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	-	10	86,934
2. Hedging derivatives	-	-	725,478
Total 31/12/2024	**-**	**10**	**812,412**
Total 31/12/2023	**-**	**32**	**1,166,567**

*Value to be reported for information purposes

B. DISCLOSURES ON STRUCTURED ENTITIES (OTHER THAN SECURITIZATION VEHICLES)

Consistent with IFRS 12, the Group defines structured entities as entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well-defined objective, such as to provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support;
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

The Group has exposures to structured entities that mainly operate as special purpose vehicles for securitizations and closed- or open-end securities/real estate investment funds in which the Group has subscribed units or to which it has lent funds.

For the purpose of this section, transactions carried out with special purpose securitization vehicles are not considered. For more on that type of structured entity, please see section C. Securitization and section E. Disposals in Part E of the notes to the consolidated financial statements.

B.1 CONSOLIDATED STRUCTURED ENTITIES

In the Group, consolidated structured entities are represented by closed-end real estate investment funds over which the Group exercises control in accordance with international accounting standards as a result of the subscription of a number of units sufficient to expose the Group to variable returns from the involvement and give it the ability to manage the underlying portfolio directly or indirectly.

The following table summarizes the on-and off-balance-sheet exposures held by Group companies in respect of those entities.

Type of structured entity	Total Assets	Off-balance-sheet exposures
Investment funds	309,538	-

B.2 STRUCTURED ENTITIES NOT CONSOLIDATED FOR ACCOUNTING PURPOSES

B.2.1 STRUCTURED ENTITIES CONSOLIDATED FOR SUPERVISORY PURPOSES

The Group does not have exposures to structured entities that are unconsolidated for accounting purposes but consolidated for supervisory purposes.

B.2.2 OTHER STRUCTURED ENTITIES

QUALITATIVE DISCLOSURES

The Group has exposures to unconsolidated structured entities, mainly regarding units subscribed and loans granted to securities/real estate investment funds (collective investment undertakings - CIUs).

These entities are not consolidated since the Group only holds minority interests, is not the fund manager and is not able to influence its returns.

During the period under review, the Group did not provide and does not intend to provide financial or other support to unconsolidated structured entities and has not acted as a sponsor of these entities.

QUANTITATIVE DISCLOSURES

	Asset portfolios (*)	Total assets (A)	Liability portfolios	Total liabilities (B)	Net carrying amount (C=A-B)	Maximum exposure to loss risk (E)	Difference between exposure to loss risk and carrying amount (E=D-C)
1. Vehicles	-	-	-	-	-	-	-
2. CIUs							
	HFT	177			177	177	
	MFV	408,168			408,168	408,168	

(*) MFV = financial assets mandatorily measured at fair value; HFT= financial assets held for trading

SECTION 2 – RISKS WITHIN SCOPE OF PRUDENTIAL CONSOLIDATION

1.1 CREDIT RISK

QUALITATIVE DISCLOSURES

1. GENERAL ASPECTS

In accordance with the organizational model established at the Iccrea Banking Group level to govern and manage risks, credit risk is managed with an integrated series of processes and associated responsibilities defined within company units and regulated with a comprehensive set of internal rules for credit risk.

As Parent Company, Iccrea Banca determines credit risk management policies at the Group level. More specifically:

- the lines of development for the Group activities are defined in the Strategic Plan and then incorporated in the annual budgets of the subsidiaries, in agreement with the Parent Company;
- the Risk Management function supports the risk assumption phase (policy, assessment and pricing models, quality control, strategic policy analysis) and management (identification, measurement/assessment, monitoring/reporting, mitigation) of the credit risk exposure of the Parent Company and all the Group companies.

With regard to the management and coordination role of the Parent Company, on the basis of the Cohesion Contract – Iccrea Banca assumes responsibility for the following areas: lending rules (principles, policies and processes), credit strategies and credit risk limits, management of large exposures, guidelines for the main credit product categories by customer segment, the monitoring and reporting of portfolio credit risk.

In line with these credit governance rules, the Chief Lending Officer area is responsible for overseeing all lending processes for the Parent Company and the direct-scope companies, from origination to the management of non-performing loans (with the exception of resolved impaired loans) and to exercise management and coordination activities for the affiliated banks.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 ORGANIZATIONAL ASPECTS

Credit risk represents the preponderant component of the overall risks to which the Group is exposed, considering that credit exposures account for a dominant share of assets.

In light of this circumstance and in compliance with the applicable provisions concerning the internal control system (see Bank of Italy Circular No. 285/2013, Part One, Title IV, Chapter 3), the Group has adopted a governance structure and operational arrangements to ensure the adequate monitoring of credit risk in the various phases of the process.

In this respect, the CLO area:

- performs guidance and coordination activities for all phases of the credit process (origination, management, governance of guarantees, monitoring, classification, evaluation and credit recovery);
- ensures the constant updating of the guidelines on credit issues;
- oversees and directs projects related to innovations or upgrading of existing credit processes;
- coordinates any remedial actions requested by the supervisory authorities, top management or the corporate control functions;
- supports the competent Group units in the definition and development of credit products;
- contributes to the definition of the Strategic Plan for the lending area, including the NPE sector;
- defines the NPE Operating Plan, in line with the Group’s strategic guidelines in this area;

- issues, in compliance with the provisions and amount limits specified in the Group Lending Policies and in compliance with the powers attributed in internal rules, credit opinions on performing credit transactions from companies in the direct scope and the affiliated banks;
- approves the bank's performing loan transactions, in compliance with the powers attributed in internal rules, submitting them to the higher decision-making bodies of Iccrea Banca where they do not fall within its powers;
- supports the integration of counterparty climate-related and environmental risk assessments into the broader lending process.

From a regulatory perspective, the Group's lending policies uniformly govern all phases of the lending process, leaving the individual affiliated banks independence in implementing the principles and rules set out in the policies issued by the Parent Company on the basis of the specific features of the territory in which operate, their organizational structure and their business model.

In accordance with supervisory regulations (Bank of Italy Circular No. 285/2013), the Risk Management function performs - at both the consolidated and individual legal entity levels - credit risk control activities designed to ascertain that the activities performed in all phases of the lending process ensure the effective monitoring and adequate representation of credit risk, identifying any hidden risks and guiding correct/adequate risk management, classification and evaluation. More generally, the Risk Management function oversees the risk management of the individual entities from a consolidated and individual perspective:

- overseeing the measurement of credit risk from a current and forward-looking perspective, considering both conditions of normal operations and stress scenarios;
- monitoring the capacity of the risk limits, including those defined within the RAF/RAS with regard to the associated credit risk metrics;
- defining and updating the methods and measurement models for credit risk, including those used in the performance of credit stress tests, ensuring their ongoing compliance with regulatory developments and market best practice.

2.2 NEW CREDIT STRATEGIES

As part of its strategies on performing loans, Iccrea Banca has introduced a methodology for evaluating the attractiveness of economic sectors which, together with the evaluation of the counterparty's creditworthiness, has the objective of defining strategic guidelines for new loans, allowing for the improvement of the quality of the loans portfolio and the Expected Loss objectives.

The methodology for evaluating sector attractiveness is based on the following:

- Credit Risk, defined on the basis of year-end analysis and on the prospective portfolio and macroeconomic expectations with a view to identifying both the less risky sectors and those for which a more prudent selection of customers is desirable, also evaluating the possible use of risk mitigation measures;
- Market Size identifies the economic sectors in which it is potentially possible to channel new loans (commercial potential), both in terms of development on existing customers and new customers on the market;
- ESG Climate Transition Risks measure the impacts of climate-related transition risks on economic sectors, including assessments on Waste and Pollution, Water Stress and Biodiversity;
- Sector Concentration Analyses measure the incidence of significant exposures and the level of the average ticket of a Bank in the individual sectors, representing a further element for directing credit strategies.

The assessment of sector attractiveness and of the risk characteristics of individual customers is used for allocating new loans, within a strategic and commercial planning processes. In this context, the Parent Company supports the banks in defining the commercial budget by providing guidelines for the distribution of growth volumes of loans, defining the strategy for individual customers in the lending process; it also supports the CBO Area in defining commercial targets relating to credit campaigns.

2.3 MEASUREMENT, MANAGEMENT AND CONTROL SYSTEMS

IDENTIFICATION OF RISKS

As noted in the previous section, in compliance with the provisions of Circular no. 285/2013 of the Bank of Italy as updated, the Parent Company determines the strategies, policies and principles for assessing and measuring risks for the Group and ensures the consistency of the internal control systems of the affiliated banks with the strategies, policies and principles established at the Group level, thus exercising the powers of strategic management and coordination aimed at ensuring the unity of the Group's strategic management and control system, as governed by the Cohesion Contract.

With regard to the lending process, Group regulations establish specific principles and guidelines for the analysis of the needs and requirements of clients as well as accurately assessing the credit risk profile. This activity, based on qualitative and quantitative disclosures, focuses on several aspects, including:

- the counterparty as well as the economic context in which it operates (also in respect of "groups of connected clients", when there are any legal or economic connections between with other counterparties);
- the purpose and characteristics of the transaction to be financed;
- the guarantees available;
- other forms of credit risk mitigation.

The Group adopts a counterparty approach in assigning ratings except in specific cases in which the counterparty assessment is supplemented by a product-perspective evaluation, in consideration of any special features of a business. Using rating/scoring models, the Group assigns the counterparty a representative credit rating, adopting an on-line processing procedure, which is typically accessed through the electronic application processing system but also in batch mode, with the latter being adopted for periodic updating of ratings for all Bank customers (the loan position performance rating).

The monitoring process seeks to mitigate risk and limit new expected defaults using specific operational tools. This process breaks down into a number of management phases, which provide for:

- the detection of the exposure: timely detection of exposures affected by an appreciable increase in credit risk (compared with the initial assumption) in order to monitor and analyze their development, initiating, if necessary, the relevant management strategies and interventions;
- portfolio clustering: following interception, exposures that generate credit risk for the bank (direct risk on customers) or that could indirectly impact the risk profile (indirect risk on guarantors), are allocated to specific management portfolios;
- exposure analysis: in this phase further information on the exposure is collected and the management strategy to be adopted is identified;
- execution and monitoring of the identified strategy: the activities carried out in this phase, aimed at assessing the creditworthiness and debt sustainability[106] of the counterparty, are aimed at executing the identified strategy of risk mitigation and containment of new flows at risk of default.

RISK MEASUREMENT AND ASSESSMENT

For the purpose of calculating prudential requirements for credit risk, the Group uses the standardized approach envisaged under prudential regulations (Regulation (EU) No. 575/2013 of the European Parliament and the Council of June 26, 2013 - CRR).

The adoption of the standardized approach to determine the capital requirement against credit risk involves the subdivision of exposures into portfolios and the application of differentiated prudential treatments to each, possibly using assessments of creditworthiness (external ratings) issued by external agencies (ECAI) or by export credit agencies (ECA) recognized for prudential purposes on the basis of the provisions of Regulation (EU) No. 575/2013.

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[106] Sustainability means the customer's ability to fulfill its obligations in compliance with the timeframe set out in the repayment plans and/or contractual provisions.

Depending on the type of counterparty and the sector in which it operates, the Group's operations also open it to the risk of being excessively exposed to an individual counterparty (single name) or a specific sector/geographical area (geo-sectoral).

For the purposes of determining internal capital for concentration risk for individual counterparties or groups of connected clients, the Group uses the regulatory granularity adjustment (GA) algorithm, based on the Herfindahl index. In accordance with regulatory provisions, the reference portfolio consists of on-balance-sheet and off-balance sheet exposures (the latter considered at their credit equivalent amount) falling within the regulatory portfolios "corporates and other borrowers", "short-term exposures to corporates" and exposures to corporates included in the asset classes "in default", "secured by real estate", "equity exposures" and "other exposures".

Furthermore, for the purpose of quantifying geo-sectorial concentration risk, the Group adopts the methodology developed by the "Geo-Sectoral Concentration Risk Laboratory" of the Italian Banking Association (ABI), which sets geographical and product categories against a national asset allocation benchmark.

The Group periodically performs stress tests for credit and concentration risks in order to assess - in terms of potential losses - the impact of expected risk developments on the financial profile of the Group and the individual entities under both normal and adverse operating conditions.

The stress test methods are based on regulatory practices and are applied in various management and risk governance processes, starting with the capital adequacy assessment process (ICAAP), as well as in the performance of supervisory exercises.

The methodological and calculation structure of credit stress tests is based on the use of internal risk models and parameters and incorporates a credit risk projection approach (transitions between stages/risk states) and determination of related losses over the scenario years (12-month or lifetime expected credit loss) based on the measurement of IFRS 9 impairment.

The projections of the estimates for the scenario years are performed considering the macroeconomic scenario assumptions in the adopted scenarios (in baseline or adverse conditions), using internally developed models ("satellite" models), which estimate the relationship between risk factors and developments in macroeconomic variables.

RISK MONITORING AND CONTROL

In accordance with supervisory regulations (Bank of Italy Circular no. 285/2013), the Risk Management function performs - at both the consolidated and individual legal entity levels - credit risk control activities designed to ascertain that the activities performed in all phases of the lending process ensure the effective monitoring and adequate representation of credit risk, identifying any hidden risks and guiding correct/adequate risk management, classification and evaluation. These activities are accompanied by the ongoing controls of the Risk Management function through analysis of developments in the exposure to credit risk of the Group as a whole and of the individual entities.

The Internal Audit unit performs third-level controls, verifying the adequacy and comprehensiveness of the processes and activities performed by the relevant units, the consistency and validity of the analyses performed and the associated findings.

The locus of the strategic and operational management of credit risk is the Group's Risk Appetite Statement, through a comprehensive system of risk objectives and limits (appetite, tolerance and capacity) at both the consolidated and individual entity levels, with compliance ensured by the monitoring and control activities of the function.

Monitoring and reporting on the credit risk profile is characterized by activities that involve both the business functions and the control functions, in accordance with their respective responsibilities. In particular, monitoring is ensured both by aggregate portfolio performance analyzes and by analyzes carried out on individual positions.

The Risk Management function monitors the credit risk profile – at both the consolidated and individual affiliated bank and Group company level, using an analytical framework and related reporting based on a system of key risk indicators. It is designed to monitor the loan portfolio, at both the time exposures are taken on and during their lifetime, the outcomes of which are reported regularly to top management. In this context, the analytical methods and the related reporting undergo constant fine-tuning in order to represent the drivers underlying developments in credit risks in an ever more effective manner, reflecting changes in the regulatory environment as well as management requirements and to support decision-making.

Risk Management has also centrally defined the “Credit Risk Control 285” framework. This is intended to govern, based on the set of governance, management and control mechanisms adopted by the Group for credit risk, the analysis, identification and control activities performed by the Risk Management function pursuant to Circular 285.

The performance of this activity involved, over two annual cycles, the preliminary definition of an operational policy qualifying the functional elements for calibrating and targeting risk control activities. Following the definition of this operational policy and in compliance with the provisions of other internal regulations, mass controls were conducted for the Group’s credit portfolios, as well as sample checks (single file) of individual credit exposures. The completion of the activities also included reporting to the corporate bodies.

2.4 METHODS FOR MEASURING EXPECTED CREDIT LOSSES

The Group has adopted a framework for determining impairment based on risk assessment models and the corresponding parameters used in operational and management practices by the Parent Company and individual Group entities. In accordance with the provisions of IFRS 9, the methods for measuring expected losses on impaired exposures are based on the following elements:

- a 3-stage (stage allocation) approach, based on changes in credit quality, defined on a model of 12-month expected loss or lifetime expected loss if a significant increase in credit risk is detected. The standard provides for three different categories that reflect the deterioration in credit quality since initial recognition:
    - stage 1: financial assets originated and/or purchased that do not exhibit objective evidence of impairment at the date of initial recognition or that have not experienced a significant deterioration in their credit quality since the date of initial recognition (significant increase in credit risk) or which have low credit risk (low credit risk exemption);
    - stage 2: financial assets whose credit quality has deteriorated significantly since the date of initial recognition;
    - stage 3: financial assets that exhibit objective evidence of loss at the reporting date. The population of these exposures is consistent with those considered “impaired” under IAS 39.
- application of “point-in-time” formulations of the parameters for measuring credit risk for the purpose of calculating impairment;
- calculation of lifetime expected credit loss for exposures not classified in stage 1, using lifetime parameters;
- inclusion of forward-looking conditioning in the calculation of ECL, considering the average loss from each scenario and the associated probability-weighted likelihood of each outcome;
- staging and transfers of financial assets between the stages.

In accordance with the standard, the Iccrea Group allocates each asset/tranche to one of the following three stages:

- stage 1, which includes all performing positions/tranches that at the reporting date meet the condition for the low credit risk exemption, or that do not show a significant increase in credit risk with respect to the level measured at the date of disbursement or purchase;
- stage 2, which includes all performing positions/tranches that at the time of assessment simultaneously meet the following two conditions: (i) they have a PD greater than the threshold, (ii) they have experienced a significant increase in credit risk with respect to the level measured at the origination date. In the absence of a rating/PD at the reporting date, exposures are generally allocated to stage 2 (without prejudice to the additional considerations and practices addressed below);
- stage 3, which includes all exposures that, as at the evaluation date, are classified as non-performing under the default definition adopted and governed by specific internal rules in conformity with supervisory regulations.

The staging method of the Group was developed on the basis of the following drivers.

The method developed for the loan portfolio envisages:

- the use of the low credit risk (LCR) criterion, under which credit risk is deemed to have not increased significantly if the exposure shows a low level of credit risk at the reporting date, essentially defined as a PD threshold at the reporting date equal to the investment grade threshold;

- the use of quantitative criteria based on rating/scoring systems, involving the analysis and comparison of the PD/rating at origination with the PD/rating at the reporting date. This identifies, on the basis of thresholds of significance defined in terms of the number of notches that a rating has changed, any significant increase in credit risk on the position.
- the use of qualitative staging criteria to identify the riskiest positions in the performing portfolio. These criteria have been defined independently of the use (or not) of the quantitative criteria referred to in the previous point and are based on the identification of objective evidence of impairment, such as the presence of forbearance measures, positions more than 30 days past due.

The staging methodology developed for the securities portfolio is applicable to the entire portfolio of debt securities outstanding at the reporting date for the various Group entities. Not included in the calculation of impairment, and therefore not subject to the staging mechanism, are shares, equity investments, units of collective investment undertakings, securities classified as held-for-trading and debt securities that do not pass the benchmark test and the SPPI test.

The approach adopted for the securities portfolio provides for the use of the principle of the low credit risk exemption, which allocates exposures with a conditional 12-month PD below the investment grade threshold to stage 1. Positions with a conditional 12-month PD above that threshold are subject to comparison of the PD at origination and the PD at the reporting date.

Group entities with a securities portfolio use the external ratings of an ECAI at the tranche level. For the purpose of assigning a rating to securities exposures at the reporting date, only ECAIs with which a valid information-use agreement is in place are used.

Starting from the allocation of exposures in the different stages, the calculation of expected losses (ECL) is carried out, at the level of each position, on the basis of the estimated risk parameters (EAD, PD, LGD) using internal management models, performed in compliance with the requirements of the applicable accounting standard.

In particular, for the purposes of determining the probability of default (PD), the approach adopted for both the loan portfolio and the securities portfolio envisages:

- the transformation of the “through-the-cycle” PD into (or calculation of) the “point-in-time” (PIT) PD on the time horizon for the most recent historical observations;
- the inclusion of forward-looking scenarios through the application of multipliers representing macroeconomic forecasts to the PIT PD and the definition of a series of possible scenarios and the associated probability of occurrence that incorporate future macroeconomic conditions in the estimates;
- the transformation of the 12-month PD into a lifetime PD in order to estimate the PD term structure over the entire residual life of the loans.

Loss given default (LGD) is determined using the following approaches: i) a “block” approach, determined by the combination of parameters relating respectively to the pre-litigation phase (probability of reclassification as bad loans, exposure delta, performing LGD closure) and litigation (loss given bad loan); ii) a "single-span" approach based on the recovery process over the entire duration of the default cycle with specific reference to the technical forms of "consumer loans" and "leases".

With regard to the securities portfolio, the unconditioned LGD measures are the same for both stage 1 and stage 2 exposures. In particular, an unconditioned LGD measure of 45% is used, subsequently subjected to forward-looking conditioning, consistent with the scenarios and probabilities of occurrence used to condition the PD, as discussed below.

Exposure at Default (EAD) is calculated on the basis of the amortized cost schedules of the individual relationships for both loans and debt securities. For exposures relating to margins, EAD is determined by applying the internal EAD (Exposure at Default) model which allows for the estimation, for some identified customer segments (companies, producer households and private individuals), of a specific Credit Conversion Factor (CCF) instead of using the regulatory coefficients (which are however applied for other counterparty segments).

For the purposes of calculating ECL under IFRS 9, the risk parameters are estimated from a forward-looking perspective through conditioning to macroeconomic scenarios. The approach adopted consists in the use of forecast values for the exogenous macroeconomic variables in the satellite models estimated internally and the associated conditioning approach for each forecast year. In order to reflect the different forward-looking riskiness of the positions assessed in the ECL estimates, those satellite models are differentiated, in particular the PD, by type of counterparty, sector of economic activity and geographical area (if relevant); for the LGD parameter, by segment, presence/absence of guarantee and bad debt vintage through the use of a panel data approach. To determine the macroeconomic conditioning measures to be applied in the calculation, three types of scenarios are used.

In particular, the following scenarios are considered with probabilities of occurrence defined in accordance with the indications provided by the reference provider (Prometeia):

- best case with a probability of occurrence equal to 20%,
- baseline cast with a probability of occurrence equal to 50%,
- plausible worst case with probability of occurrence equal to 30%.

At the closure of the financial statements at December 31, 2024, the calculation of the IFRS 9 ECL of the Group's performing credit exposures included implementation of the following:

- the amendments produced as part of the 2024 planning of the Credit Risk Models Evolution (CRME) program), with particular reference to the new Private Rating model and the revision of the PD satellite models;
- the amendments to strengthen the framework for the identification of significant increases in credit risk (SICR) following the recommendations formulated by the Supervisory Authority in the OSI-CRE and OSI-IFRS 9 context;
- the updates of the overlay component applied to the calculation of ECL, in order to add an additional degree of prudence in the light of the uncertainty of the macroeconomic environment as well as to the integration of C&E expectations on credit risk.

Together with the interventions mentioned above, and in line with the provisions of IFRS 9, adjustments of the ordinary process of updating the risk parameters (PD Point in Time (PiT)) were implemented, updated with the latest risk data available.

Starting from the close of December 2022, in addition to the ECL (Expected Credit Loss), the Group has also planned the introduction of post-model adjustments (overlays) in order to incorporate even greater prudence for specific sub-portfolios that could be made more fragile from the point of view of creditworthiness by the occurrence of other unexpected events impacting the likely macroeconomic environment. For this reason, with effect from the close of December 2023, the overall management of the portfolio for which overlays are used has been strengthened in order to monitor the manifestation of credit risk and review its composition on a cluster basis. In line with the ongoing update and evaluation of the overlay measure in place in the Group, at the closure of the 2024 financial statements, the scope of application was reviewed with reference to both the results of backtesting carried out by the Validation unit and the most recent developments in the macroeconomic context. Backtesting detected for all overlay components a default rate over the last year lower than the conditional PD even considering only the extreme worst case scenario (overlay reference). However, the results of these analyses have been integrated with appropriate assessments of the macroeconomic context and with prudential assumptions:

- with reference to "private mortgages at variable rate without cap" cluster, given the results set out above and together with the progressive reduction in interest rate levels, it was assessed that this portfolio could be progressively removed from the overlay scope, maintaining it at the end of the year limited to counterparties with a rating higher than class 4. Therefore, counterparties with an average PD lower than 0.30% (low credit risk) are excluded;
- for the Construction and Real Estate sectors, it was assessed to keep the level of attention active given the uncertainty linked to the reduction of bonuses in the 2025 Budget Law and the contraction in demand for real estate;
- a particular focus was set on the Automotive sector assuming deteriorating impacts following a sharp drop in demand and a high level of uncertainty regarding future developments at both national and European level, due to the high prices of cars and the inefficiency of the electrical sector.

The "climate" component was assessed through parameter adjustments (in-model adjustments) using the models estimated to address the Supervisory Authority's expectations in the C&E area. In particular, a broad range of model development activities was envisaged for physical risk, with reference to the LGD component of mortgages, and for transition risk (climate-related/environmental) with impacts on the PD (business segment) and LGD (mortgage loans on all segments) parameters), more detailed below.

With the aim of incorporating transition risk in the PD parameter, the prospective balance sheet method has been implemented for the corporate segment. This approach considers:

- econometric models aimed at establishing a relationship between the items of the balance sheet and a set of macroeconomic variables in order to project the balance sheets;
- definition of a climate/environmental cost component, that companies could bear to adapt to a more sustainable economy, taking into account the economic macrosector of the companies.

Once the most relevant balance sheet items have been projected, they are subjected to conditioning through the climate/environmental cost, defined as a summary of: i) green investments, ii) cost of CO2 (GHG emissions estimated internally), iii) cost of energy and iv) expenditure for biodiversity. It should be noted that the explicit inclusion of this last factor extends the proposed modelling to the environmental risks sector. Through appropriate statistical integration, the climate/environmental shock quantified on the Balance Sheet Score is propagated to the other scores that make up the Corporate Rating Model in order to define a prospective PD parameter that includes transition risk.

With reference to the C&E component on the LGD parameter, the scope of the estimate of acute physical risks concerns: floods, landslides and fires. The transmission channel of these risks on the LGD component is constituted by the possible impact on the value of the property used as collateral for a mortgage loan. The methodology allows to jointly evaluate the probability that an acute physical event occurs (Hazard) and the potential damage that the property may suffer from the occurrence of such event (Vulnerability), thus defining a haircut value to be applied to the value of the property to determine a value adjustment with an increase in the LTV (Loan to Value) parameter and consequently of the LGD. The methodological approach, common to the three adverse events mentioned above, has the geolocation of the property as its main driver.

Also as regards the calculation of the transition risk impact on the LGD parameter, the methodology is implemented on loans secured by real estate collateral. In particular, it considers only properties with an EPC (energy performance contract), assuming a depreciation rate of the asset deriving from an energy class lower than the target class for 2050 as foreseen by the Paris Agreement. This methodology, consistent with the physical risks framework, defines the haircut to be applied to determine the value adjustment of the property based on the derivation of an opportunity cost, obtained as a comparison between the cost to maintain a property in its energy class and the cost to comply with energy transition requirements.

Finally, as part of the conditioning of the IFRS 9 risk parameters, the ordinary updating of the macroeconomic scenarios was applied in accordance with the most update of those scenarios (September 2024).

2.5 CREDIT RISK MITIGATION TECHNIQUES

As required by Regulation (EU) no. 575/2013 on prudential requirements for credit institutions and investment firms (CRR), the Group is strongly committed to compliance with all the requirements for the appropriate application of credit risk mitigation (CRM) techniques in accordance with the standardized approach for the calculation of capital requirements both for internal management and regulatory purposes.

The Parent Company has developed specific Group guidelines to support the appropriate use of guarantees and credit risk mitigation techniques for Credit Risk Mitigation (CRM) purposes. Specifically, at Group level the following categories of guarantees eligible for CRM purposes have been identified:

- secured financial guarantees;
- real estate mortgages and property lease transactions involving properties that have the characteristics required by law;
- unsecured guarantees.

Unsecured guarantees eligible for CRM purposes consist of all forms of credit protection provided by the entities (providers) specified in Article 201 of the CRR (central governments, central banks, international organizations, public sector entities, regional governments and local authorities, multilateral development banks, supervised intermediaries). Accordingly, guarantees issued by natural persons or legal entities not included in the list indicated in the legislation do not fall within the risk mitigation techniques for calculating capital requirements, but are not excluded from the Group's catalog of guarantees, which comprises not only the guarantees eligible for CRM purposes, but also guarantees not eligible for CRM purposes, as mentioned above.

Credit risk mitigation techniques may include guarantees provided by collective loan guarantee consortia in accordance with applicable regulations in the presence of suitable counter-guarantees (for example the Central Guarantee Fund for SMEs) for the portion they secure.

The Group has adopted procedures to ensure adequate compliance over time with the general and specific requirements required for CRM techniques. The general requirements, adopted by the Group, which are intended to ensure legal certainty and the effectiveness of the guarantees, mainly concern:

- the binding nature of the legal commitment between the parties and its enforceability in court;
- the effectiveness of credit protection arrangements which must be legally effective and enforceable in all relevant jurisdictions;
- the effectiveness of the credit protection arrangement also in addressing all the risks related to that arrangement;
- the timeliness with which the guarantee may be liquidated in the event of default;

These procedures must be valid and applied by all Group companies in order to avoid possible inconsistencies in the assessment. Checks shall be carried out in relation to the current legal value of the documentation submitted, the impact of any changes in the regulatory framework and the consequent initiatives to be taken. Risks related to the ineffectiveness, reduction or termination of the protection ("residual risks") as well as valuation and potential concentration risks in respect of specific counterparties.

The Group has defined specific internal policies and procedures to ensure that the acquired collateral can be classified as CRM eligible. In particular, the following conditions must be met:

- the real estate that guarantees the exposure satisfies any of the following conditions:
  - the asset has been fully completed;
  - the real estate is a forest or agricultural land;
  - the loan is in favor of a natural person and the property is a residential property under construction or land on which the construction of a residential property is planned, and such project has been lawfully approved by all the relevant authorities, as the case may be, and if any of the following conditions are met: (i) the property has no more than four dwelling units and will be the primary residence of the borrower and the loan to that natural person does not indirectly finance ADC exposures; (ii) a central government, regional government or local authority or public sector body is involved and/or has the legal power and capacity to ensure that the property under construction will be completed within a reasonable timeframe and is required or has made a legally binding commitment to complete it where construction would not otherwise be completed within a reasonable timeframe.
- the exposure is secured by a first-ranking mortgage on the property or the bank holds the first-ranking mortgage and any other sequentially lower-ranking mortgages on that property;
- the value of the property does not depend significantly on the debtor's creditworthiness;
- all information required at the time of assuming the exposure and for monitoring purposes is adequately documented, including that concerning the debtor's repayment capacity and the valuation of the property.

3. IMPAIRED CREDIT EXPOSURES

3.1 MANAGEMENT STRATEGIES AND POLICIES

According to the EBA definition, non-performing exposures satisfy either or both of the following criteria:

- material exposures which are more than 90 days past due;
- the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past-due amount or of the number of days past due.

Impaired exposures are classified by increasing degree of severity in the following three categories:

- impaired past due and or overlimit exposures: exposures continuously past due or overlimit by more than 90 days in an amount exceeding the materiality thresholds (a relative materiality threshold equal to 1% of the entire exposure and an absolute materiality threshold of €100 or €500 for retail or corporate counterparties respectively;

- unlikely to pay (UTP) exposures: on- and off-balance sheet exposures for which the institution considers that the obligor is unlikely, without recourse to actions such as realizing security, to pay its credit obligations (principal and/or interest);
- default: on- and off-balance sheet exposures to an obligor in a state of insolvency (even if not declared by a court) or a substantially comparable situation, regardless of any expected loss.

Credit exposures that have been granted a forbearance measure[107] by the Bank in the event that the customer is in or close to a situation of financial difficulty in meeting its payment obligations ("troubled debt") are defined such as "forbearance exposures".

In identifying forborne exposures, the regulations require a transaction-by-transaction approach, regardless of their classification (impaired past due and/or overlimit exposures, unlikely to pay exposures or defaults): although the state of financial difficulty must be ascertained at level of the debtor, only the exposures referred to the latter that have actually been granted forbearance measures must be classified as forborne.

These classification rules are further supplemented by that established in IFRS 9, according to which credit exposures must be allocated to three stages (for more details, see the previous discussion). Among impaired exposures, allocation to stage "3" is underscored, which occurs when the customer's status changes to "non-performing".

For the purposes of identifying non-performing exposures, the Group:

- has operational arrangements under which, depending on the intervention to be undertaken, positions can be managed using a centralized approach by the competent Parent Company functions, a decentralized approach by the individual Group companies or a collaborative approach between the Parent Company and Group companies;
- applies a unified and harmonized definition of NPLs in all Group companies, consistent with the applicable regulatory provisions;
- considers legal and financial connections between counterparties and adopts a group perspective in identifying the exposure of a debtor as impaired (default propagation).

Within this approach, the individual Group companies transpose into their own rules the principles and rules established in Group policies for the management and recovery of troubled exposures and NPEs in line with the specific features of the territory in which they operate, their size, their business model and the related organizational structure.

The strategy for managing non-performing exposures is set by the Parent Company and is subject to approval and monitoring by its Board of Directors. Specifically, the Parent Company:

- defines the objectives in terms of reducing expected NPE levels at Group level;
- establishes, with the support of the Group companies, the objectives for the individual companies and the related management strategies.

The implementation of the strategy is supported by the Parent Company through the delivery of specialized support services, the provision of tools to facilitate the uniform management of impaired positions and a Group operational plan, which is also approved by the Parent Company's Board of Directors.

In order to ensure the quality of the management of non-performing exposures by the specified personnel, all Group companies have developed a system for measuring the performance of senior management and the organizational structures dedicated to management of non-performing exposures. In particular, In accordance with the principle of proportionality, the individual Group companies define their own performance evaluation and monitoring systems in line with Group policy, based on a number of quantitative and qualitative factors, of which the following list provides a few examples:

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[107] In general, a forbearance measure means an operation by which the creditor, applying principles of economic rationality, grants forbearance to the borrower in consideration of the borrower's financial difficulties. This concession takes the form of the creditor's waiver of certain contractually defined rights which translates into an immediate or deferred benefit - of a financial or economic nature - for the debtor.

- developments in the stock of gross and net non-performing exposures, in line with the Group's Strategic Plan;
- methods for applying forbearance measures;
- the total amount recovered on the loan portfolio with a focus on collections, liquidations and asset sales;
- the aging of positions by recovery management phases;
- the regular performance of agreed restructuring plans;
- the application of writeoffs;
- the reduction of arrears and the improvement of portfolio quality.

The management of NPEs envisages the following categories of management strategies:

- short- or long-term management actions to support business continuity with the objective of returning positions to performing status or amicable recovery of the exposure
- legal action, to be adopted for severely impaired positions for which litigation are undertaken to recover the credit, as the state of crisis appears to be deep-rooted and irreversible;
- active portfolio reduction, to be applied to impaired positions that are considered unrecoverable.

Extraordinary NPE portfolio management strategies include the transfer of individual files or selected portions of the portfolio.

3.2 WRITEOFFS

The Group writes off impaired positions, meaning the derecognition from the financial statements of a loan, or part of a loan, and the consequent recognition of a loss, when it is ascertained that the exposure cannot be collected or it is uneconomic to continue any associated recovery activities under way. It may occur before the legal action to recover the financial assets are completed and does not necessarily entail waiver of the bank's right to the asset. A writeoff may be total, and therefore regard the entire amount of a financial, or partial (in all those cases in which the claim recognized is smaller than the carrying amount, for example in insolvency proceedings). The amount of the writeoff must always take account of any expenses, including legal costs, accrued and not yet invoiced at the time of analysis.

A writeoff involves:

- the reversal of total writedowns against the gross value of the financial asset;
- for any part exceeding total writedowns, the impairment loss on the financial asset is recognized directly in profit or loss.

Any recoveries from collection after the recognition of the writeoff are recognized in profit or loss as writebacks.

Writeoffs recognized for unrecoverability refer to cases in which the Bank is in possession of documentation certifying the significant probability that the loan may not be recovered, in whole or in part. Specifically, the irrecoverable status of the loan must be attested to by certain and specific circumstances, such as:

- the obligor, co-obligors and/or connected guarantors are untraceable or destitute;
- there has been no recovery from enforcement of guarantees or collateral and seizures;
- the period of limitations has passed;
- insolvency proceedings have been closed with incomplete restitution for the bank, in the absence of further guarantees that could be enforced;
- it is impossible to take further action in consideration of the overall financial position and income situation of the obligors and co-obligors (guarantors included);
- all legal or out-of-court actions have, following a careful examination of updated documentation (by way of partial example, commercial information, title searches, searches, etc.), already been carried out or are deemed inappropriate;

- bad loans with a residual balance after partial repayment in settlement performed in accordance with the procedures and time limits provided for by the resolution approved by the competent bodies;
- amounts from the redetermination of the credit claim.

Writeoffs recognized because further action would be uneconomic occur when it is recognized, and can be demonstrated, that the costs related to the continuation of loan recovery actions (for example: legal, administrative and other costs) would exceed the value of the financial asset that is expected to be recovered.

3.3 FINANCIAL ASSETS PURCHASED OR ORIGINATED CREDIT-IMPAIRED

Financial assets purchased or originated credit impaired ("POCI") are credit exposures that are impaired upon initial recognition.

Such exposures may arise both from the purchase of impaired credit exposures from third parties or from the restructuring of impaired exposures that involved the grant of new financing that is significant in absolute or relative terms in proportion to the amount of the original exposure.

These exposures are subject to management, measurement and control in accordance with the principles discussed in the previous section of the consolidated notes to the financial statements. In particular, the expected credit losses recorded at initial recognition in the carrying amount of the instrument are reviewed periodically based on the processes described in the preceding sections.

The expected loss for these exposures is always calculated over their lifetime and the exposures are conventionally reported under stage 3, or stage 2 if, following an improvement in the credit quality of the counterparty since initial recognition, the assets are performing.

Such assets are never classified under stage 1 since the expected credit loss must be calculated on a lifetime basis.

4. FINANCIAL ASSETS SUBJECT TO COMMERCIAL RENEGOTIATIONS AND EXPOSURES GRANTED FORBEARANCE MEASURES

The classification of exposures into "impaired past due and/or overlimit" exposures, "unlikely-to-pay" exposures or "bad loans" also provides for the identification – for both performing and non-performing portfolios - of "forborne" exposures. These credit exposures are subject to a forbearance measure granted to a customer who is already facing a situation of financial difficulty in meeting their payment commitments ("troubled debt"), or is about to do so, and which would not have been granted if that customer had not found themselves in such a situation. This classification holds regardless of whether the counterparty is past due, overlimit or classified as in default. To identify an exposure as forborne, both of the following conditions must be verified:

- the existence of the financial difficulties that the obligor is facing or is about to face. The assessment of financial difficulty is based on the obligor, which comprises all natural and legal persons belonging to their group (group of connected customers): the assessment therefore also extends to these latter persons in order to verify whether situations of difficulty at the group level may compromise the obligor's ability to meet their obligations. The assessment of financial difficulty is performed without taking account of the guarantees issued by the obligor or third parties. The Group's IT applications report the presence or absence of financial difficulty faced by the counterparty with specific disclosures on the company IT systems used in the classification process;
- the exposure is the subject of a forbearance measure (renegotiation of the contractual conditions and/or of a repayment or refinancing plan, etc.) granted with the prime objective of enabling non-performing borrowers to return to performing status or to prevent performing borrowers from entering non-performing status. Forbearance measures should always seek to return the exposure to a situation of sustainable repayment.

The Group defines forbearance measures as:

- contract modifications granted in favor of a debtor solely in consideration of the debtor's financial difficulties and not solely on the basis of commercial grounds/practice;

- the grant of total or partial refinancing to a debtor in financial difficulties in order to enable the debtor to repay an existing obligation to the bank; this case also includes additional finance operations aimed at the completion-optimization of an existing obligation to the bank;
- contract modifications that can be requested by a debtor under the terms of a contract already agreed in the knowledge that the debtor is experiencing financial difficulties (embedded forbearance clauses).

The attribution of “forborne” to a credit exposure does not represent an additional classification status to those currently provided for in supervisory regulations and the internal rules of the Group to which reference is made for those purposes. Forborne status must be associated with the individual exposure. Accordingly, a forborne exposure can be classified as performing forborne or non-performing forborne depending on the status of the counterparty to which these exposures are attributable.

Exposures that meet both of the following conditions are considered forborne performing:

- the debtor is classified as performing before the formalization of the forbearance measures;
- the debtor is not reclassified under impaired exposures as a result of the grant of the forbearance measures.

Exposures that meet at least one of the following conditions are considered forborne non-performing:

- the debtor is classified under impaired exposures before the formalization of forbearance measures;
- the debtor is reclassified under impaired exposures as a result of the grant of the forbearance measures.

Forbearance measures cannot be granted to customers with credit exposures classified as bad loans or bank counterparties.

QUANTITATIVE DISCLOSURES

A. CREDIT QUALITY

A.1 - IMPAIRED AND PERFORMING CREDIT EXPOSURES: STOCKS, WRITEDOWNS, CHANGES AND DISTRIBUTION BY SECTOR

A.1.1 - PRUDENTIAL CONSOLIDATION - DISTRIBUTION OF FINANCIAL ASSETS BY TIME PAST DUE (CARRYING AMOUNT)

	Stage 1			Stage 2			Stage 3			Purchased or originated credit-impaired		
	Up to 30 days	From 30 to 90 days	More than 90 days	Up to 30 days	From 30 to 90 days	More than 90 days	Up to 30 days	From 30 to 90 days	More than 90 days	Up to 30 days	From 30 to 90 days	More than 90 days
1. Financial assets measured at amortized cost	478,981	4,691	6,462	438,532	198,007	25,136	58,076	72,853	369,360	-	-	725
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	61	-	10	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	1,259	1,205	28,234	-	-	-
Total 31/12/2024	**478,981**	**4,691**	**6,462**	**438,532**	**198,007**	**25,136**	**59,396**	**74,059**	**397,604**	**-**	**-**	**725**
Total 31/12/2023	**554,129**	**9,443**	**7,080**	**440,497**	**310,929**	**37,104**	**76,599**	**116,201**	**464,509**	**-**	**28**	**808**

A.1.2 - PRUDENTIAL CONSOLIDATION - FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND GUARANTEES ISSUED: DEVELOPMENTS IN TOTAL WRITEDOWNS AND TOTAL PROVISIONS

	Total writedowns																	
	Stage 1						Stage 2						Stage 3					
	Demand claims on banks and central banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Demand claims on banks and central banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Demand claims on banks and central banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns
Opening balance	**684**	**364,244**	**2,692**	**-**	**5,058**	**362,560**	**433**	**606,699**	**4,910**	**677**	**11,208**	**601,506**	**-**	**2,629,424**	**-**	**857**	**2,535,059**	**95,223**
Increases in financial assets purchased or originated	-	39,570	1,256	-	651	40,176	8	40,976	614	-	539	41,006	-	76,099	-	-	74,018	2,082
Derecognition other than write-offs	(11)	(81,291)	(1,609)	-	(384)	(82,526)	-	(78,961)	(983)	-	(266)	(79,678)	-	(634,343)	-	-	(603,894)	(30,449)
Net writedowns/writebacks for credit risk	(453)	(46,602)	508	-	810	(47,358)	1,140	19,140	(1,606)	-	(20)	18,749	-	312,417	42	29,090	311,424	30,125
Contractual modifications without derecognition	-	1,888	-	-	-	1,888	8	5	-	-	-	13	-	24	-	-	24	-
Change in estimation method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Writeoffs not recognized directly through profit or loss	-	(8)	-	-	-	(8)	-	-	-	-	-	-	-	(236,308)	-	-	(232,375)	(3,933)
Other changes	(2)	(7,148)	1	-	(1,704)	(5,446)	(3)	1,191	-	-	93	1,097	-	(5,132)	-	-	(5,130)	(3)
Closing balance	**219**	**270,653**	**2,847**	**-**	**4,431**	**269,286**	**1,586**	**589,050**	**2,934**	**677**	**11,554**	**582,693**	**-**	**2,142,182**	**42**	**29,947**	**2,079,126**	**93,045**
Recoveries from collection on written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	15,193	-	-	15,143	50
Writeoffs recognized directly through profit or loss	-	(25)	-	-	(6)	(19)	-	(170)	-	-	(8)	(162)	-	(22,476)	-	-	(21,714)	(762)

	Total writedowns					Total provisions for commitments to disburse funds and financial guarantees issued				
	Financial assets purchased or originated credit impaired									
	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees purchased or originated credit impaired	Total
Opening balance	**8,167**	**-**	**-**	**8,165**	**2**	**144,946**	**48,008**	**115,006**	**-**	**3,926,745**
Increases in financial assets purchased or originated	X	X	X	X	X	26,170	10,841	20,082	-	**215,617**
Derecognition other than write-offs	(219)	-	-	(219)	-	-	-	-	-	**(797,417)**
Net writedowns/writebacks for credit risk	(203)	-	-	(225)	22	(40,816)	(11,582)	(43,157)	-	**217,917**
Contractual modifications without derecognition	-	-	-	-	-	-	-	-	-	**1,926**
Change in estimation method	-	-	-	-	-	-	-	-	-	**-**
Writeoffs not recognized directly through profit or loss	(12)	-	-	(12)	-	-	-	-	-	**(236,328)**
Other changes	(841)	-	-	(842)	-	(2,845)	847	704	-	**(13,229)**
Closing balance	**6,892**	**-**	**-**	**6,868**	**24**	**127,454**	**48,115**	**92,634**	**-**	**3,315,231**
Recoveries from collection on written-off financial assets	18	-	-	18	-	-	-	-	-	**15,211**
Writeoffs recognized directly through profit or loss	-	-	-	-	-	-	-	-	-	**(22,671)**

A.1.3 - PRUDENTIAL CONSOLIDATION - FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED: TRANSFERS BETWEEN CREDIT RISK STAGES (GROSS AND NOMINAL VALUES)

	Gross exposure/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortized cost	4,680,743	2,947,647	541,687	206,940	390,889	27,351
2. Financial assets measured at fair value through other comprehensive income	10,072	17,326	102	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees issued	994,079	633,781	22,705	11,792	42,860	3,931
Total 31/12/2024	**5,684,894**	**3,598,755**	**564,494**	**218,732**	**433,749**	**31,282**
Total 31/12/2023	**5,809,852**	**3,132,451**	**600,352**	**274,529**	**615,567**	**51,132**

The following table reports loans outstanding at the reporting date that were granted within the scope of public guarantee mechanisms established in response to the COVID-19 emergency. The table reports changes in risk staging during the year. The new lending includes, inter alia, financial assets recognized following the grant of forbearance measures that involved a refinancing with derecognition of the original assets and recognition of a new loan, or a restructuring of multiple liabilities with the recognition of a new loan.

LOANS INVOLVED IN COVID-19 SUPPORT MEASURES: TRANSFERS BETWEEN CREDIT RISK STAGES (GROSS VALUES)

	Gross exposures					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
Loans measured at amortized cost	324,278	223,423	61,937	8,417	39,433	4,417
Total 31/12/2024	**324,278**	**223,423**	**61,937**	**8,417**	**39,433**	**4,417**

A.1.4 - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO BANKS: GROSS AND NET VALUES

	Gross exposures					Total writedowns and total provisions					Net exposures	Total partial writeoffs*
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. On-balance-sheet exposures												
A.1 Demand	**2,491,180**	**2,428,233**	**62,947**	**-**	**-**	**1,661**	**75**	**1,586**	**-**	**-**	**2,489,519**	**-**
a) Impaired	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	2,491,180	2,428,233	62,947	X	-	1,661	75	1,586	X	-	2,489,519	-
A.2 Other	**4,189,499**	**3,995,496**	**168,446**	**-**	**-**	**13,699**	**7,718**	**5,981**	**-**	**-**	**4,175,800**	**-**
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to be repaid	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Impaired past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing assets	4,189,499	3,995,496	168,446	X	-	13,699	7,718	5,981	X	-	4,175,800	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	**6,680,679**	**6,423,729**	**231,393**	**-**	**-**	**15,360**	**7,794**	**7,567**	**-**	**-**	**6,665,319**	**-**
B. Off-balance-sheet exposures												
a) Impaired	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	1,632,393	455,076	108,889	X	-	71,525	67,665	3,860	X	-	1,560,868	-
Total (B)	**1,632,393**	**455,076**	**108,889**	**-**	**-**	**71,525**	**67,665**	**3,860**	**-**	**-**	**1,560,868**	**-**
Total (A+B)	**8,313,072**	**6,878,805**	**340,282**	**-**	**-**	**86,885**	**75,458**	**11,427**	**-**	**-**	**8,226,187**	**-**

** Value to be reported for information purposes*

A.1.5 - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS: GROSS AND NET VALUES

	Gross exposure					Total writedowns and total provisions					Net exposure	Total partial writeoffs *
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. On-balance-sheet exposures												
a) Bad loans	863,951	X	-	860,444	3,507	760,063	X	-	757,206	2,857	103,888	433,414
- of which: forborne exposures	194,885	X	-	194,885	-	172,822	X	-	172,822	-	22,062	78,901
b) Unlikely to be repaid	1,783,153	X	-	1,778,994	4,159	1,262,194	X	-	1,258,183	4,011	520,960	9,922
- of which: forborne exposures	756,098	X	-	752,280	3,818	538,603	X	-	534,845	3,758	217,495	8,863
c) Impaired past due exposures	322,670	X	-	322,670	-	155,924	X	-	155,924	-	166,746	44
- of which: forborne exposures	14,472	X	-	14,472	-	6,858	X	-	6,858	-	7,614	-
d) Performing past due exposures	1,228,994	494,434	734,437	X	-	77,063	4,295	72,768	X	-	1,151,931	1
- of which: forborne exposures	77,633	474	77,159	X	-	8,144	32	8,112	X	-	69,489	-
e) Other performing assets	145,366,753	135,319,729	9,085,778	X	2,775	774,758	261,872	512,856	X	23	144,591,995	356
- of which: forborne exposures	959,094	24,475	933,842	X	777	64,227	781	63,423	X	23	894,866	41
Total (A)	**149,565,521**	**135,814,162**	**9,820,215**	**2,962,108**	**10,441**	**3,030,002**	**266,167**	**585,624**	**2,171,313**	**6,891**	**146,535,519**	**443,737**
B. Off-balance sheet exposures												
a) Impaired	226,711	X	-	226,711	-	92,634	X	-	92,634	-	134,078	-
b) Performing	27,146,074	24,603,054	2,198,084	X	-	104,045	59,207	44,658	X	-	27,042,029	-
Total (B)	**27,372,785**	**24,603,054**	**2,198,084**	**226,711**	**-**	**196,678**	**59,207**	**44,658**	**92,634**	**-**	**27,176,107**	**-**
Total (A+B)	**176,938,306**	**160,417,217**	**12,018,299**	**3,188,819**	**10,441**	**3,226,680**	**325,374**	**630,282**	**2,263,947**	**6,891**	**173,711,626**	**443,737**

** Value to be reported for information purposes*

The following table reports loans outstanding at the reporting date that were granted within the scope of public guarantee mechanisms established in response to the COVID-19 emergency. The table reports changes in risk staging during the year. The new lending includes, inter alia, financial assets recognized following the grant of forbearance measures that involved a refinancing with derecognition of the original assets and recognition of a new loan, or a restructuring of multiple liabilities with the recognition of a new loan.

LOANS INVOLVED IN COVID-19 SUPPORT MEASURES: GROSS AND NET VALUES

	Gross exposure					Total writedowns and total provisions					Net exposure	Total partial writeoff*
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
Bad loans	13,747	-	-	13,747	-	12,117	-	-	12,117	-	1,630	1,911
Unlikely to pay	148,283	-	-	148,283	-	91,263	-	-	91,263	-	57,020	-
Impaired past due exposures	31,173	-	-	31,126	-	14,193	-	-	14,193	-	16,981	-
Performing past-due exposures	70,264	21,545	48,623	-	-	2,004	77	1,927	-	-	68,260	-
Other performing assets	5,555,869	4,684,592	714,204	-	-	25,316	8,095	16,695	-	-	5,530,553	-
Total	**5,819,336**	**4,706,138**	**762,828**	**193,156**	**-**	**144,892**	**8,172**	**18,622**	**117,572**	**-**	**5,674,444**	**1,911**

A.1.6 - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET CREDIT EXPOSURES TO BANKS: CHANGES IN GROSS IMPAIRED POSITIONS

The table has not been completed because there were no such positions at the reporting date.

A.1.6 BIS - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET CREDIT EXPOSURES TO BANKS: CHANGES IN GROSS FORBORNE EXPOSURES BY CREDIT QUALITY

The table has not been completed because there were no such positions at the reporting date.

A.1.7 - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN GROSS IMPAIRED POSITIONS

	Bad loans	Unlikely to pay	Impaired past-due
A. Opening gross exposure	**1,081,530**	**2,242,214**	**326,886**
- of which: exposures assigned but not derecognized	-	116	90
B. Increases	**548,042**	**963,657**	**272,031**
B.1 from performing exposures	115,113	668,776	247,678
B.2 from purchased or originated impaired financial assets	29	-	-
B.3 from other categories of impaired exposures	286,852	91,104	896
B.4 contractual modifications without derecognition	-	1	-
B.5 other increases	146,048	203,776	23,457
C. Decreases	**765,621**	**1,422,718**	**276,248**
C.1 to performing exposures	17	189,840	64,508
C.2 writeoffs	247,996	48,422	527
C.3 collections	275,602	571,044	85,622
C.4 realization from disposal	73,931	137,169	601
C.5 losses on disposals	7,433	69,776	159
C.6 to other categories of impaired exposures	9	255,468	123,376
C.7 contractual modifications without derecognition	-	37	-
C.8 other decreases	160,633	150,961	1,453
D. Closing gross exposure	**863,951**	**1,783,153**	**322,670**
- of which: exposures assigned but not derecognized	-	-	-

A.1.7 BIS - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN GROSS FORBORNE EXPOSURES BY CREDIT QUALITY

	Impaired forborne exposures	Performing forborne exposures
A. Opening gross exposure	**1,350,897**	**1,263,152**
- of which: exposures assigned but not derecognized	8,254	8,564
B. Increases	**382,170**	**531,007**
B.1 from non-forborne performing exposures	105,360	330,181
B.2 from forborne performing exposures	100,891	X
B.3 from forborne exposures non-performing	X	126,030
B.4 from non-forborne non-performing exposures	54,122	1,520
B.5 other increases	121,797	73,277
C. Decreases	**767,612**	**757,432**
C.1 to non-forborne performing exposures	X	425,493
C.2 to forborne performing exposures	126,030	X
C.3 to forborne exposures non-performing	X	100,891
C.4 writeoffs	67,438	261
C.5 collections	344,452	198,973
C.6 realization from disposal	67,256	-
C.7 losses on disposals	34,330	-
C.8 other decreases	128,106	31,814
D. Closing gross exposure	**965,454**	**1,036,727**
- of which: exposures assigned but not derecognized	14,481	8,299

A.1.8 - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET IMPAIRED CREDIT EXPOSURES TO BANKS: CHANGE IN TOTAL ADJUSTMENTS

The table has not been completed because there were no such positions at the reporting date.

A.1.9 - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET IMPAIRED CREDIT EXPOSURES TO CUSTOMERS: CHANGE IN TOTAL ADJUSTMENTS

	Bad loans		Unlikely to pay		Impaired past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Total opening adjustments	**943,642**	**203,126**	**1,561,564**	**758,498**	**132,383**	**12,010**
- of which: exposures assigned but not derecognized	-	-	22	-	-	-
B. Increases	**482,995**	**117,546**	**664,555**	**221,222**	**130,887**	**5,506**
B.1 writedowns of purchased or originated credit-impaired assets	-	X	-	X	-	X
B.2 other writedowns	235,693	53,544	576,422	184,898	124,652	4,639
B.3 losses on disposal	9,481	1,190	17,142	5,699	159	2
B.4 from other categories of impaired positions	191,059	53,731	36,899	3,895	900	461
B.5 contractual modifications without derecognition	-	-	1	-	-	-
B.6 other increases	46,761	9,081	34,090	26,730	5,175	404
C. Decreases	**666,574**	**147,850**	**963,925**	**441,117**	**107,346**	**10,659**
C.1 writebacks from valuations	111,742	23,861	100,937	48,517	17,108	1,431
C.2 writebacks from collections	152,419	28,930	306,025	161,780	20,922	1,269
C.3 gains on disposal	42,819	9,924	67,092	33,296	100	17
C.4 writeoffs	247,996	55,566	48,422	11,845	527	28
C.5 to other categories of impaired positions	1,876	1,098	177,135	52,827	49,847	4,161
C.6 contractual modifications without derecognition	-	-	16	-	-	-
C.7 other decreases	109,722	28,470	264,298	132,853	18,842	3,752
D. Total closing adjustments	**760,063**	**172,822**	**1,262,194**	**538,603**	**155,924**	**6,858**
- of which: exposures assigned but not derecognized	-	-	-	-	-	-

A.2 - CLASSIFICATION OF EXPOSURES ON THE BASIS OF EXTERNAL AND INTERNAL RATINGS

A.2.1 - CONSOLIDATO PRUDENTIAL CONSOLIDATION - DISTRIBUTION OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED BY EXTERNAL RATING GRADES (GROSS VALUES)

	External rating grades						Not rated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortized cost	**2,339,142**	**324,727**	**48,661,662**	**237,973**	**23,457**	**433,533**	**94,271,755**	**146,292,249**
- Stage 1	2,315,183	285,503	47,751,983	183,261	21,946	5,582	82,897,008	133,460,466
- Stage 2	22,733	38,752	848,127	54,713	1,511	427,951	8,527,891	9,921,677
- Stage 3	1,226	471	61,553	-	-	-	2,840,836	2,904,086
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	6,020	6,020
B. Financial assets measured at fair value through other comprehensive income	**648,370**	**166,056**	**5,305,044**	**93,366**	**2,995**	**1,472**	**201,526**	**6,418,829**
- Stage 1	648,370	166,056	5,273,578	78,096	1,774	771	182,944	6,351,590
- Stage 2	-	-	31,466	15,270	1,220	702	18,469	67,126
- Stage 3	-	-	-	-	-	-	113	113
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**59,788**	**59,788**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	59,788	59,788
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
Total (A+B+C)	**2,987,512**	**490,783**	**53,966,707**	**331,339**	**26,452**	**435,005**	**94,533,070**	**152,770,867**
D. Commitments to disburse funds and financial guarantees issued	**681**	**24,156**	**248,365**	**15,926**	**-**	**152**	**27,326,096**	**27,615,376**
- Stage 1	665	22,996	190,089	11,414	-	60	24,867,499	25,092,724
- Stage 2	16	1,160	58,276	4,512	-	92	2,231,886	2,295,942
- Stage 3	-	-	-	-	-	-	226,711	226,711
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
Total (D)	**681**	**24,156**	**248,365**	**15,926**	**-**	**152**	**27,326,096**	**27,615,376**
Total (A+B+C+D)	**2,988,193**	**514,939**	**54,215,072**	**347,265**	**26,452**	**435,157**	**121,859,166**	**180,386,244**

A.2.2 - PRUDENTIAL CONSOLIDATION - DISTRIBUTION OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED BY INTERNAL RATING GRADES (GROSS VALUES)

	Internal rating grades							
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	Class 8
A. Financial assets measured at amortized cost	**1,206,097**	**4,232,504**	**18,156,154**	**22,700,335**	**11,362,025**	**8,693,609**	**11,674,765**	**1,277,114**
- Stage 1	1,198,862	4,200,678	17,897,008	22,181,519	10,615,675	7,917,030	8,941,786	493,209
- Stage 2	7,235	31,356	257,237	518,235	746,027	776,249	2,725,622	778,996
- Stage 3	-	469	1,909	581	322	331	7,358	4,909
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**103,724**	**31,802**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	102,715	31,802	-	-	-	-	-
- Stage 2	-	1,009	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
Total (A+B+C)	**1,206,097**	**4,336,228**	**18,187,957**	**22,700,335**	**11,362,025**	**8,693,609**	**11,674,765**	**1,277,114**
D. Commitments to disburse funds and financial guarantees issued	**325,435**	**472,813**	**1,068,871**	**8,957,569**	**4,265,044**	**3,168,968**	**2,945,413**	**149,333**
- Stage 1	325,265	467,798	1,044,157	8,782,282	4,085,787	2,944,687	2,381,138	78,441
- Stage 2	169	5,015	24,710	175,212	179,256	223,745	563,614	70,884
- Stage 3	-	-	5	74	-	536	661	9
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
Total (D)	**325,435**	**472,813**	**1,068,871**	**8,957,569**	**4,265,044**	**3,168,968**	**2,945,413**	**149,333**
Total (A+B+C+D)	**1,531,531**	**4,809,041**	**19,256,828**	**31,657,903**	**15,627,068**	**11,862,577**	**14,620,178**	**1,426,447**

	Internal rating grades						Not rated	Total
	Class 9	Class 10	Class 11	Class 12	Class 13	Class 14		(A+B+C+D)
A. Financial assets measured at amortized cost	**688,524**	**458,712**	**228,843**	**161,082**	**-**	**-**	**65,452,480**	**146,292,243**
- Stage 1	64,150	14,680	3,514	10,633	-	-	59,921,721	133,460,466
- Stage 2	623,676	438,159	225,188	145,847	-	-	2,647,848	9,921,677
- Stage 3	516	5,873	140	4,601	-	-	2,877,072	2,904,080
- Purchased or originated credit-impaired assets	182	-	-	-	-	-	5,839	6,020
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**6,283,303**	**6,418,829**
- Stage 1	-	-	-	-	-	-	6,217,073	6,351,590
- Stage 2	-	-	-	-	-	-	66,117	67,126
- Stage 3	-	-	-	-	-	-	113	113
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**59,788**	**59,788**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	59,788	59,788
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
Total (A+B+C)	**688,524**	**458,712**	**228,843**	**161,082**	**-**	**-**	**71,795,572**	**152,770,861**
D. Commitments to disburse funds and financial guarantees issued	**95,168**	**32,895**	**21,426**	**9,130**	**-**	**-**	**6,103,312**	**27,615,376**
- Stage 1	19,340	2,192	116	1,191	-	-	4,960,329	25,092,724
- Stage 2	75,807	30,287	21,310	7,934	-	-	917,998	2,295,942
- Stage 3	21	415	-	5	-	-	224,985	226,711
- Purchased or originated credit-impaired assets	-	-	-	-	-	-	-	-
Total (D)	**95,168**	**32,895**	**21,426**	**9,130**	**-**	**-**	**6,103,312**	**27,615,376**
Total (A+B+C+D)	**783,692**	**491,607**	**250,269**	**170,212**	**-**	**-**	**77,898,884**	**180,386,238**

A.3 - DISTR DISTRIBUTION OF SECURED CREDIT EXPOSURES BY TYPE OF GUARANTEE

A.3.1 - PRUDENTIAL CONSOLIDATION – ON- AND OFF-BALANCE SHEET SECURED CREDIT EXPOSURES TO BANKS

			Collateral (1)				Unsecured guarantees (2)									Total
							Credit derivatives					Guarantees				
								Other derivatives								(1)+(2)
	Gross exposure	Net exposure	Property - Mortgages	Property – Finance leases	Securities	Other collateral	CLN	Central counterparties	Banks	Other financial companies	Other	Government entities	Banks	Other financial companies	Other	
1. Secured on-balance-sheet credit exposures:	**41,994**	**36,810**	**-**	**-**	**29,501**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11**	**-**	**7,160**	**36,672**
1.1 fully secured	35,540	33,112	-	-	29,501	-	-	-	-	-	-	-	11	-	3,582	33,094
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 partially secured	6,454	3,698	-	-	-	-	-	-	-	-	-	-	-	-	3,578	3,578
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Secured off-balance-sheet credit exposures:	**99,296**	**99,255**	**-**	**-**	**90,393**	**-**	**-**	**-**	**-**	**-**	**-**	**3,066**	**175**	**4,546**	**-**	**98,180**
2.1 fully secured	94,400	94,195	-	-	89,393	-	-	-	-	-	-	257	-	4,546	-	94,195
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially secured	4,896	5,060	-	-	1,000	-	-	-	-	-	-	2,809	175	-	-	3,985
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.3.2 - CONSOLIDATO PRUDENZIALE - ESPOSIZIONI CREDITIZIE PER CASSA E FUORI BILANCIO VERSO CLIENTELA GARANTITE

			Collateral (1)				Unsecured guarantees (2)									
							Credi derivatives					Guarantees				Total (1)+(2)
								Other derivatives								
	Gross exposure	Net exposure	Property-Mortgages	Property – Finance leases	Securities	Other collateral	CLN	Central counterparties	Banks	Other financial companies	Other	Government entities	Banke	Other financial companies	Other	
1. Secured on-balance-sheet credit exposures:	**81,346,428**	**78,814,443**	**49,681,667**	**1,810,922**	**1,814,884**	**2,260,092**	**117,181**	**-**	**-**	**-**	**-**	**12,345,690**	**134,807**	**435,183**	**8,076,635**	**76,677,061**
1.1 fully secured	73,832,832	71,567,895	49,228,710	1,762,757	1,570,700	2,098,665	117,181	-	-	-	-	8,357,275	89,704	331,817	7,607,366	71,164,175
- of which: impaired	2,297,568	635,848	387,983	61,692	2,248	12,650	48	-	-	-	-	129,451	556	6,201	34,605	635,434
1.2 partially secured	7,513,597	7,246,548	452,958	48,166	244,184	161,427	-	-	-	-	-	3,988,414	45,102	103,366	469,269	5,512,886
- of which: impaired	315,543	95,959	6,763	-	99	1,333	-	-	-	-	-	63,545	488	2,120	17,067	91,415
2. Secured off-balance-sheet credit exposures:	**11,444,212**	**11,346,194**	**787,058**	**-**	**856,249**	**456,945**	**-**	**-**	**-**	**-**	**-**	**899,153**	**203,881**	**68,959**	**7,219,948**	**10,492,194**
2.1 fully secured	8,601,800	8,527,581	574,801	-	822,060	379,996	-	-	-	-	-	490,145	4,248	48,491	6,195,786	8,515,527
- of which: impaired	78,190	42,123	3,370	-	323	4,481	-	-	-	-	-	4,467	68	403	28,858	41,970
2.2 partially secured	2,842,413	2,818,612	212,257	-	34,189	76,948	-	-	-	-	-	409,008	199,633	20,469	1,024,161	1,976,667
- of which: impaired	29,519	19,508	925	-	15	561	-	-	-	-	-	4,861	-	736	11,201	18,299

A.4 - PRUDENTIAL CONSOLIDATION - FINANCIAL AND NON-FINANCIAL ASSETS OBTAINED THROUGH ENFORCEMENT OF GUARANTEES RECEIVED

	Derecognized credit exposure	Gross value	Total writedowns	Carrying amount	of which obtained during the year
A. Property, plant and equipment	**77,521**	**81,967**	**24,653**	**57,314**	**1,516**
A.1. Used in operations	517	1,602	224	1,378	-
A.2. Investment property	37,221	39,656	10,506	29,150	2
A.3. Inventories	39,784	40,709	13,924	26,785	1,515
B. Equity and debt securities	**-**	**-**	**-**	**-**	**-**
C. Other assets	**-**	**-**	**-**	**-**	**-**
D. Non-current assets and disposal groups held for sale	**7,812**	**9,132**	**1,634**	**7,498**	**-**
D.1. Property, plant and equipment	7,812	9,132	1,634	7,498	-
D.2. Other assets	-	-	-	-	-
Total 31/12/2024	**85,334**	**91,099**	**26,287**	**64,812**	**1,516**
Total 31/12/2023	**90,234**	**95,789**	**25,473**	**70,316**	**2,520**

B. DISTRIBUTION AND CONCENTRATION OF CREDIT EXPOSURES

B.1 - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS BY SECTOR

	Government entities		Financial companies		Financial companies (of which: insurance undertakings)	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance sheet						
A.1 Bad loans	-	-	656	2,537	-	-
- of which: forborne exposures	-	-	72	882	-	-
A.2 Unlikely to pay	640	337	2,234	8,963	-	-
- of which: forborne exposures	-	-	1,573	1,531	-	-
A.3 Impaired past due exposures	86	88	306	349	-	-
- of which: forborne exposures	-	-	-	-	-	-
A.4 Performing exposures	51,397,602	11,297	6,951,347	123,171	905,074	2,070
- of which: forborne exposures	4,234		2,616	707	-	-
Total (A)	**51,398,327**	**11,722**	**6,954,543**	**135,020**	**905,074**	**2,070**
B. Off-balance sheet						
B.1 Impaired exposures	1,282	209	3,415	469	-	-
B.2 Performing exposures	1,534,597	1,555	1,794,253	6,074	382,013	345
Total (B)	**1,535,879**	**1,764**	**1,797,668**	**6,544**	**382,013**	**345**
Total (A+B) 31/12/2024	**52,934,206**	**13,486**	**8,752,212**	**141,564**	**1,287,087**	**2,414**
Total (A+B) 31/12/2023	**57,569,168**	**14,650**	**7,441,746**	**120,153**	**163,569**	**-**

	Non -financial companies		Households	
	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance sheet				
A.1 Bad loans	73,760	531,098	29,472	226,428
- of which: forborne exposures	14,020	113,836	7,971	58,105
A.2 Unlikely to pay	319,195	802,736	198,891	450,158
- of which: forborne exposures	119,064	330,749	96,858	206,322
A.3 Impaired past due exposures	71,926	63,995	94,428	91,486
- of which: forborne exposures	3,095	3,703	4,519	3,155
A.4 Performing exposures	42,083,436	430,589	45,311,542	286,764
- of which: forborne exposures	537,534	45,811	419,972	25,745
Total (A)	**42,548,317**	**1,828,418**	**45,634,333**	**1,054,836**
B. Off-balance sheet				
B.1 Impaired exposures	115,165	84,476	14,216	7,479
B.2 Performing exposures	20,709,900	75,569	3,003,396	20,846
Total (B)	**20,825,065**	**160,045**	**3,017,612**	**28,325**
Total (A+B) 31/12/2024	**63,373,382**	**1,988,463**	**48,651,945**	**1,083,161**
Total (A+B) 31/12/2023	**62,493,272**	**2,439,845**	**47,801,519**	**1,254,728**

B.2 - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS BY GEOGRAPHICAL AREA

		Italy		Other European countries		America	
		Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet							
A.1 Bad loans		103,080	759,053	732	728	72	234
A.2 Unlikely to pay		520,438	1,257,673	474	1,883	-	275
A.3 Impaired past due exposures		163,937	154,389	1,333	1,472	139	56
A.4 Performing exposures		141,072,150	845,604	3,295,881	4,607	131,800	1,273
	Total A	**141,859,604**	**3,016,719**	**3,298,420**	**8,690**	**132,010**	**1,839**
B. Off-balance sheet							
B.1 Impaired exposures		131,667	92,633	-	-	-	-
B.2 Performing exposures		26,858,359	100,670	125,155	3,121	5,672	39
	Total (B)	**26,990,026**	**193,304**	**125,155**	**3,121**	**5,672**	**39**
Total (A+B)	**31/12/2024**	**168,849,631**	**3,210,023**	**3,423,576**	**11,811**	**137,682**	**1,877**
Total (A+B)	**31/12/2023**	**172,260,980**	**3,811,363**	**2,657,869**	**13,437**	**162,248**	**1,663**

		Asia		Rest of the world	
		Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet					
A.1 Bad loans		4	47	-	-
A.2 Unlikely to pay		48	2,362	-	1
A.3 Impaired past due exposures		-	1	1,336	2
A.4 Performing exposures		15,358	73	1,228,738	263
	Total A	**15,410**	**2,483**	**1,230,074**	**266**
B. Off-balance sheet					
B.1 Impaired exposures		2,410	-	-	-
B.2 Performing exposures		798	-	52,163	214
	Total (B)	**3,208**	**-**	**52,163**	**214**
Total (A+B)	**31/12/2024**	**18,618**	**2,483**	**1,282,238**	**480**
Total (A+B)	**31/12/2023**	**22,269**	**2,495**	**202,338**	**418**

B.3 - PRUDENTIAL CONSOLIDATION - ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO BANKS BY GEOGRAPHICAL AREA

	Italy		Other European countries		America	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet						
A.1 Bad loans	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-
A.3 Impaired past due exposures	-	-	-	-	-	-
A.4 Performing exposures	6,107,494	7,934	402,508	735	28,745	6,630
Total (A)	**6,107,494**	**7,934**	**402,508**	**735**	**28,745**	**6,630**
B. Off-balance sheet						
B.1 Impaired exposures	-	-	-	-	-	-
B.2 Performing exposures	1,106,872	71,218	119,863	39	346	15
Total (B)	**1,106,872**	**71,218**	**119,863**	**39**	**346**	**15**
Total (A+B) 31/12/2024	**7,214,366**	**79,152**	**522,371**	**774**	**29,091**	**6,645**
Total (A+B) 31/12/2023	**9,889,096**	**88,485**	**442,508**	**412**	**28,008**	**6,328**

	Asia		Rest of the world	
	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet				
A.1 Bad loans	-	-	-	-
A.2 Unlikely to pay	-	-	-	-
A.3 Impaired past due exposures	-	-	-	-
A.4 Performing exposures	574	-	125,997	61
Total (A)	**574**	**-**	**125,997**	**61**
B. Off-balance sheet				
B.1 Impaired exposures	-	-	-	-
B.2 Performing exposures	4,670	20	4,526	233
Total (B)	**4,670**	**20**	**4,526**	**233**
Total (A+B) 31/12/2024	**5,244**	**21**	**130,523**	**294**
Total (A+B) 31/12/2023	**8,742**	**2**	**111,946**	**36**

B.4 LARGE EXPOSURES

The rules governing the concentration of exposures define a large exposure as one to a customer or group of connected customers that (regardless of the weighted position) is equal to or greater than 10% of the eligible capital of the reporting entity. In addition, at the consolidated level, reporting entities must report:

- the ten largest exposures to exposures to government agencies and the ten largest exposures to unregulated entities operating in the financial sector;
- exposures equal to or greater than €300 million but less than 10% of the entity's Tier 1 capital.

The following reports exposures associated with individual positions or groups of connected customers included in the report of large exposures.

The following represents the situation at December 31, 2024:

- value of exposure: €120,464 million;
- weighted value: €4,923 million;
- number of positions: 34.

C. SECURITIZATIONS

QUALITATIVE DISCLOSURES

In accordance with the definitions provided for in prudential regulations, the Group operates in the securitization market as both an originator, through the assignment of loans to special purpose vehicles (SPVs) for the issue of notes in its own securitizations, and an investor, subscribing the notes issued by third parties in their securitizations.

Own securitizations can be broken down as follows:

- securitization transactions whose notes are placed in whole or in part on the market and originated in order to generate economic benefits from the optimization of the loan portfolio, the diversification of funding sources, the reduction of their cost and the alignment the natural maturities of assets with those of liabilities (securitizations in the strict sense);
- securitization transactions whose notes are retained entirely by the originator and are intended to diversify and leverage available funding tools, through the transformation of the assigned loans into refinanceable securities (self-securitizations). Self-securitization transactions are part of the more general policy of strengthening the Group's liquidity position and do not form part of securitizations in the strict sense since they do not transfer risks outside the Group. For this reason, qualitative information and numerical data on these operations are not included in this section, in accordance with the Bank of Italy instructions contained in Circular 262/2005.

OWN SECURITIZATIONS

The following provides disclosures on own securitizations carried out by the Group and still outstanding at the reporting date, distinguishing between operations carried out during the year and those carried out in previous years.

OWN SECURITIZATIONS CARRIED OUT DURING THE YEAR

No securitizations were carried out during the year.

OWN SECURITIZATIONS CARRIED OUT IN PREVIOUS YEARS

"GACS I" SECURITIZATION

In June 2018, the Group undertook the first securitization involving non-performing loans that qualified for the State guarantee mechanism for the liabilities issued (the so-called "GACS" mechanism) pursuant to Decree Law 18 of February 14, 2016, with a view to reducing Bank's the stock of bad loans and, consequently, improve the company risk profile.

The transaction saw Iccrea Banca participate as promoter and joint arranger (together with JP Morgan Securities Limited) and 23 other banks (including 21 mutual banks, BCC Leasing and Banca Sviluppo) as assignors of the same number of portfolios of non-performing unsecured and mortgage loans, mainly secured by first mortgages, with a total carrying amount of €1,046 billion.

The exposures were assigned to a special purpose securitization vehicle denominated "BCC NPLs 2018 Srl", with the simultaneous grant of a servicing contract by the latter to a third-party servicer independent of the assignors.

As part of the transaction, the special purpose vehicle acquired the portfolio from the assignor banks, financing the purchase by issuing (on July 10, 2018) asset-backed securities not listed on any regulated market with a total nominal value of about €323.86 million, divided into the following classes:

- €282 million of senior notes, corresponding to 26.95% of the value of the assigned loans, which have been assigned at the issue an investment grade rating of Baa3 by Moody's and BBB- by Scope Rating, subscribed by the assignors in proportion to the exposures assigned;

- €31.4 million of mezzanine notes, corresponding to 3% of the value of the assigned loans, which have been assigned at the issue a rating of Caa2 by Moody's and B+ by Scope Rating, which were sold, together with the junior notes and with the exception of highlighted below, to qualified investors without any connection, interest or participation with the assignors;
- €10.46 million of junior notes, corresponding to 1% of the value of the assigned loans, not rated.

In order to meet the requirement to retain a net economic interest of 5% in the transaction, the assignors have undertaken to retain a holding of at least 5% of the nominal value of each tranche of notes issued as part of the securitization (the "vertical slice" approach): in this regard, on July 10, 2018 the assignor banks sold approximately 95% of the mezzanine and junior noes to Good Hill Partners, which subscribed:

- 94.96% of the principal amount of the mezzanine notes at the issue date, equal to €29.8 million at a price equal to 33.063% of the relative principal amount, i.e. €9.8 million; and
- 95% of the principal amount of the junior notes at the issue date, equal to €9.9 million at a price equal to 1.006% of the relative principal amount, i.e. €99.9 thousand.

The following table shows the positions held by the Group in respect of the securitization at the reporting date net of refunds.

Class	Nominal amount (€/million)	Carrying amount (€/million)
Class A	147.9	140.5
Class B	1.5	-
Class C	0.5	-
Limited recourse loan	7.5	2.5

As noted previously, the securitization was structured to possess the characteristics envisaged by the regulations mentioned earlier so that the senior notes would be eligible for the State guarantee, in view of the deconsolidation by the assignors of the transferred loan portfolio, in accordance with IAS/IFRS. The State guarantee was issued with a measure dated September 7, 2018.

"GACS II" SECURITIZATION

In December 2018, the Group undertook the second securitization involving non-performing loans that qualified for the State guarantee mechanism for the liabilities issued (the so-called "GACS" mechanism) pursuant to Decree Law 18 of February 14, 2016, with a view to reducing Bank's the stock of bad loans and, consequently, ensure that the company's exposure to risk was contained within sustainable limits.

The transaction involved multiple portfolios of unsecured and mortgage loans to debtors classified as defaulted, with an average expected life of 5 years and an estimated maturity of July 2032 (on the basis of the business plan prepared by Italfondiario SpA). As part of the operation, on December 27, 2018 the assignor banks submitted a preliminary application to the Ministry for the Economy and Finance (MEF) for admission to the State guarantee mechanism for the liabilities issued (the so-called "GACS" mechanism) pursuant to Decree Law 18 of February 14, 2016.

The assigned portfolio consists of loans classified as bad loans at the assignment date (December 7, 2018), originated by 73 banks (71 mutual banks, Banca Sviluppo and BCC Leasing), with a total value of over €2 billion in terms of gross carrying amount, with the establishment of a securitization involving:

- the issue of notes by the SPV with the simultaneous subscription of the senior notes and approximately 5% of the mezzanine and junior notes by the assignors and the subscription of about 95% of the mezzanine and junior notes by an institutional investor independent of the assignors and Iccrea Banca, JP Morgan Securities Plc, with the simultaneous payment of the purchase price. The senior notes were assigned an external rating on December 20, 2018 by two rating agencies;
- the derecognition of the assigned loans on December 20, 2018. The assignment of the non-performing loans produced financial effects as from March 31, 2018. Collections between April 1, 2018, inclusive, and the assignment date of the portfolio, inclusive (December 7, 2018) were transferred to the SPV.

More specifically, a securitization vehicle specifically set up pursuant to Law 130 of April 30, 1999 denominated "BCC NPLs 2018-2 Srl" purchased the portfolio from the banks on December 7, 2018 financing its purchase by issuing asset-backed securities not listed on any regulated market with a total nominal value of about €558.17 million, as indicated below:

- €478 million of senior Class A Asset Backed Floating Rate Notes due July 2042, granted at the issue an investment grade rating of BBB (low) by DBRS Ratings Limited and BBB by Scope Rating, subscribed by the assignors in proportion to the exposures assigned;
- €60.13 million of mezzanine Class B Asset Backed Floating Rate Notes due July 2042, with a CCC rating at the issue by DBRS Ratings Limited and B + by Scope Rating;
- €20.04 million of junior Class J Asset Backed Floating Rate and Variable Return Notes securities, unrated.

In order to meet the requirement to retain a net economic interest of 5% in the transaction, the assignors have undertaken to retain a holding of at least 5% of the nominal value of each tranche of notes issued as part of the securitization (the "vertical slice" approach).

In this regard, on December 20, 2018 the mezzanine and junior tranches were sold to J.P. Morgan Securities Plc, which subscribed:

- 94.52% of the principal amount of the mezzanine notes at the issue date, equal to €56.8 million at a price equal to 11.309% of the relative principal amount (corresponding to a subscription price of €6.4 million); and
- 94.58% of the principal amount of the junior notes at the issue date, equal to €18.9 million at a price equal to 0.998% of the relative principal amount (corresponding to a subscription price of €189 thousand).

The following table shows the positions held by the Group in respect of the securitization at the reporting date net of refunds.

Class	Nominal amount (€/million)	Carrying amount (€/million)
Class A	293.5	285.1
Class B	3.3	0.2
Class C	1.0	-
Limited recourse loan	9	7.8

As noted previously, the securitization was structured to possess the characteristics so that the senior notes would be eligible for the State guarantee, in view of the deconsolidation by the assignors of the transferred loan portfolio, in accordance with IAS/IFRS. The State guarantee was issued with a measure dated March 5, 2019.

"GACS III" SECURITIZATION

In December 2019, a securitization was completed (the third of its kind for the Group) involving multiple portfolios of receivables in respect of mortgage loans or unsecured loans to debtors classified as defaulted. As part of the operation, on January 10, 2020, the assignor banks submitted to the Ministry for the Economy and Finance (MEF) a preliminary application for admission to the State Guarantee Scheme on the liabilities issued (so-called "GACS" – Guarantee of Securitization of Bad loans) pursuant to Decree Law 18 of February 14, 2016, ratified with Law 49 of April 8, 2016, subsequently implemented with the MEF Decree of August 3, 2016, the MEF Decree of November 21, 2017 and the MEF Decree of October 10, 2018.

The transaction was carried out with the aim of reducing the stock of bad loans, partly in response to the need to achieve the objectives set by the ECB for the Mutual Banking Group, thereby decreasing their impact on total assets and, consequently, improving the company risk profile. The securitization mechanism and the State guarantee on the senior class of notes made it possible to obtain a higher sale value than in an ordinary market operation and contained the impacts of the disposal.

More specifically, the transaction involved the disposal of a portfolio of loans identified "en bloc" classified as bad loans at the date of sale, originated by Iccrea Banca, BCC Leasing, Banca Sviluppo and 65 mutual banks belonging to the Group with total value of over €1.3 billion in terms of gross carrying amount, through a securitization carried out in the following phases:

- the assignment without recourse, on December 2, 2019, of the portfolio to the securitization vehicle BCC NPLS 2019 (hereinafter the "SPV") established pursuant to Law 130 of April 30, 1999 as amended;
- the payment of the consideration for the assignment by the SPV, financed through the issue of asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, in the total nominal value of about €421.2 million, divided into the classes indicated below:

- €355 million of senior Class A Asset Backed Floating Rate Notes, maturing in January 2044, rated at the issue Baa2, BBB + and BBB respectively by Moody's Investor Services, Scope Rating AG and DBRS Ratings Limited;
- €53 million of mezzanine Class B Asset Backed Floating Rate Notes, maturing in January 2044, rated at the issue B3, B- and CCC respectively by Moody's Investor Services, Scope Rating AG and DBRS Ratings Limited;
- €13.2 million of junior Class J Asset Backed Floating Rate and Variable Return Notes, maturing in January 2044 and not rated.

In order to meet the requirement to retain a net economic interest of 5% in the transaction, as referred to in Article 6 of Regulation (EU) No. 2017/2402 of the European Parliament and of the Council of December 12, 2017, laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitizations, the assignor banks have subscribed - and will undertake to retain for the entire duration of the securitization - at least 5% of the nominal value of each tranche of notes issued in the transaction (the "vertical slice" approach). The remainder of the mezzanine and junior notes were subscribed by a third-party investor independent of the assignors and the Parent Company, Iccrea Banca, with the simultaneous payment of the purchase price.

The non-performing loans were derecognized by each of the assignors following the sale of the mezzanine and junior tranches to Bracebridge Capital LLC, which took place on December 19, 2019 for both tranches. More specifically, Bracebridge Capital LLC subscribed (i) 94.57% of the principal of the mezzanine notes, equal on the issue date to €50.1 million at a price equal to 51.26% of the principal amount and (ii) 94.57% of the principal of the junior notes, equal on the issue date to €12.5 million at a price equal to 0.008% of the principal amount.

The following table summarizes the amount and annual rates of the notes issued net of refunds.

Class	Nominal amount (€/million)	Carrying amount (€/million)
Class A	212.3	210.9
Class B	2.9	0.2
Class C	0.7	-
Limited recourse loan	6.8	6.8

As noted previously, the securitization was structured to possess the characteristics envisaged by the regulations mentioned earlier so that the senior notes would be eligible for the State guarantee, in view of the deconsolidation by the assignors of the transferred loan portfolio, in accordance with IAS/IFRS. The State guarantee was issued with a measure dated March 25, 2020.

GACS IV" SECURITIZATION

In November 2020 a securitization was completed (the fourth of its kind for the Group) involving multiple portfolios of receivables in respect of mortgage loans or unsecured loans to debtors classified as defaulted. As part of the operation, on December 22, 2020, the assignor banks submitted to the Ministry for the Economy and Finance (MEF) a preliminary application for admission to the State Guarantee Scheme on the liabilities issued (so-called "GACS" – Guarantee of Securitizations of Bad Loans) pursuant to Decree Law 18 of February 14, 2016, ratified with Law 49 of April 8, 2016, subsequently implemented with the MEF Decree of August 3, 2016, the MEF Decree of November 21, 2017 and the MEF Decree of October 10, 2018 and subsequently amended by Law 41 of May 20, 2019 ratifying Decree Law 22 of March 25, 2019 with amendments.

The transaction was carried out with the aim of reducing the stock of bad loans, thereby decreasing their impact on total assets and, consequently, improving the company risk profile. The securitization mechanism and the State guarantee on the senior class of notes made it possible to obtain a higher sale value than in an ordinary market operation and contained the impacts of the disposal.

More specifically, the transaction involved the disposal of a portfolio of loans identified "en bloc" classified as bad loans at the date of sale, originated by Iccrea Banca, Banca Sviluppo, BCC Leasing, BCC Financing, and 84 mutual banks belonging to the Group as well as 2 banks not belonging to the ICBG (Banca Ifis and Banca Popolare Valconca) with total value of over €2.3 billion in terms of gross carrying amount, through a securitization carried out in the following phases:

- the assignment without recourse, on November 18, 2020, of the portfolio to the securitization vehicle BCC NPLS 2020 (hereinafter the “SPV”) established pursuant to Law 130 of April 30, 1999 as amended;
- the payment of the consideration for the assignment by the SPV, financed through the issue of asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, in the total nominal value of about €585 million, divided into the classes indicated below:
  - €520 million of Senior Notes, maturing in January 2045, at the issue rated Baa2 and BBB respectively by Moody’s Italia Srl and Scope Rating AG;
  - €41 million of Mezzanine Notes, maturing in January 2045, at the issue rated Caa2 and CC respectively by Moody’s Italia Srl and Scope Rating AG;
  - €24 million of Junior Notes, maturing in January 2045, and not rated.

In order to meet the requirement to retain a net economic interest of 5% in the transaction, as referred to in Article 6 of Regulation (EU) No. 2017/2402 of the European Parliament and of the Council of December 12, 2017, laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitizations and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) no. 1060/2009 and (EU) no. 648/2012, the assignor banks have subscribed - and will undertake to retain for the entire duration of the securitization - at least 5% of the nominal value of each tranche of notes issued in the transaction (the “vertical slice” approach). The remainder of the mezzanine and junior notes were subscribed by a third-party investor independent of the assignors on November 30.

The non-performing loans were derecognized by each of the assignors following the sale of the mezzanine and junior tranches to Bracebridge Capital LLC, which took place on November 30, 2020 for both tranches. More specifically, Bracebridge Capital LLC subscribed (i) 94,40% of the principal of the mezzanine notes, equal on the issue date to €38.7 million at a price equal to 44.51% of the principal amount and (ii) 94.40% of the principal of the junior notes, equal on the issue date to over €22.6 million at a price equal to 0.042% of the principal amount.

The following table shows the positions held by the Group in respect of the securitization at the reporting date net of refunds.

Class	Nominal amount (€/million)	Carrying amount (€/million)
Class A	259.9	254.2
Class B	2.0	1.2
Class C	1.2	-
Limited recourse loan	8.4	8.4

As noted previously, the securitization was structured to possess the characteristics so that the senior notes would be eligible for the State guarantee, in view of the deconsolidation by the assignors of the transferred loan portfolio, in accordance with IAS/IFRS. The State guarantee was issued with a measure dated April 21, 2021.

“GACS V” SECURITIZATION

In November 2021 a multi-originator securitization was completed (the fifth of its kind for the Group) with the presentation to the Ministry for the Economy and Finance (MEF) of a preliminary application for admission to the State Guarantee Scheme on the liabilities issued (so-called “GACS” – Guarantee of Securitizations of Bad Loans) pursuant to Decree Law 18 of February 14, 2016, ratified with Law 49 of April 8, 2016, subsequently implemented with the MEF Decree of August 3, 2016, the MEF Decree of November 21, 2017 and the MEF Decree of October 10, 2018 and subsequently amended by Law 41 of May 20, 2019 ratifying Decree Law 22 of March 25, 2019 with amendments and the extension decree of the MEF of July 15, 2021.

The operation involved Iccrea Banca (participating as assignor, promotor and joint arranger), BCC Leasing, BCC Financing and 71 other mutual banks belonging to the ICBG and three banks not belonging to the Group (Banca Ifis, Cassa di Risparmio di Asti and Guber Banca) in the sale pursuant to Law 130 of April 30, 1999 of the same number of portfolios of unsecured loans and mortgage loans, mainly backed by first mortgages, classified as bad loans at the date of sale, and receivables in respect of finance leases due to debtors classified as bad loans for a total of about €1.3 billion at the date of the transaction took financial effect, to a specifically established securitization vehicle company called “BCC NPLs 2021 Srl”, which simultaneously granted a management engagement to a third-party servicer independent of the ICBG.

The transaction was carried out with the aim of reducing the stock of bad loans, thereby decreasing their impact on total assets and, consequently, improving the company risk profile.

On November 16, 2021, the SPV purchased the il portfolio from the assignor banks, financed through the issue of asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, in the total nominal value of €336.5 million, divided into the classes indicated below:

- €284 million of Senior Notes, maturing in January 2046, at the issue rated Baa2, BBB and BBB respectively by Moody's Italia Srl, Scope Ratings and ARC Ratings;
- €39.5 million of Mezzanine Notes, maturing in January 2046, at the issue rated Caa2, CCC and CCC+ respectively by Moody's Italia Srl e Scope Ratings e ARC Ratings;
- €13 million of Junior Notes, maturing in January 2046 and not rated.

The securities are not listed on a regulated market.

In order to meet the requirement to retain a net economic interest of 5% in the transaction, as referred to in Article 6 of Regulation (EU) No. 2017/2402 of the European Parliament and of the Council of December 12, 2017, laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitizations and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) no. 1060/2009 and (EU) no. 648/2012, the assignor banks have subscribed - and will undertake to retain for the entire duration of the securitization - at least 5% of the nominal value of each tranche of notes issued in the transaction (the "vertical slice" approach). The remainder of the mezzanine and junior notes were subscribed by a third-party investor independent of the assignors on November 29.

The derecognition of the bad loans took place following the sale of the mezzanine and junior tranches to a third-party non-ICBG investor, which, as noted, took place for both tranches on November 29, 2021. The investor subscribed (i) 94.38% of the principal of the mezzanine notes on the issue date at a price equal to 27.85% of the relative principal amount and (ii) 94.38% of the principal of the junior notes on the issue date at a price equal to 0.08% of the relative principal amount

The following table shows the positions held by the Group in respect of the securitization at the reporting date net of refunds.

Class	Nominal amount (€/million)	Carrying amount (€/million)
Class A	141,1	136.7
Class B	1.8	0.8
Class C	0.5	-
Limited recourse loan	8.2	8.2

The transaction is structured in such a way so that the senior notes can benefit from the State guarantee referred to earlier, pending the deconsolidation by the assignor banks of the loans involved in the transaction in accordance with the IAS/IFRS. In order to obtain admission to the state guarantee scheme, Iccrea Banca – under a specific delegation from the assignor banks – submitted an application to the MEF on December 24, 2021.

"GACS VI" SECURITIZATION

In May 2022 a multi-originator securitization of bad loans was completed with the presentation to the Ministry for the Economy and Finance (MEF) a preliminary application for admission to the State Guarantee Scheme on the liabilities issued (so-called "GACS" – Guarantee of Securitizations of Bad Loans) pursuant to Decree Law 18 of February 14, 2016, ratified with Law 49 of April 8, 2016, subsequently implemented with the MEF Decree of August 3, 2016, the MEF Decree of November 21, 2017 and the MEF Decree of October 10, 2018 and subsequently amended by Law 41 of May 20, 2019 ratifying Decree Law 22 of March 25, 2019 with amendments and the extension decree of the MEF of July 15, 2021.

The operation involved Iccrea Banca (participating as assignor, promotor and joint arranger), BCC Leasing, Banca Sviluppo, BCC Financing and 63 other mutual banks belonging to the ICBG and three banks not belonging to the Group (Banca Valsabbina, Banca di Credito Popolare and Cassa di Risparmio di Asti) in the sale pursuant to Law 130 of April 30, 1999 of the same number of portfolios of unsecured loans and mortgage loans, mainly backed by first mortgages, classified as bad loans at the date of sale, and receivables in respect of finance leases due to debtors classified as bad loans for a total of about €644.5 million at the date of the transaction took financial effect, to a specifically established securitization vehicle company called “BCC NPLs 2022 Srl”, which simultaneously granted a management engagement to a third-party servicer independent of the ICBG.

The transaction was carried out with the aim of reducing the stock of bad loans, thereby decreasing their impact on total assets and, consequently, improving the company risk profile. The securitization mechanism and the State guarantee on the senior class of notes made it possible to obtain a higher sale value than in an ordinary market operation and contained the impacts of the disposal.

On May 2, 2022, the SPV purchased the il portfolio from the assignor banks, financed through the issue of asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, in the total nominal value of €168 million, divided into the classes indicated:

- €142 million of Senior Notes, maturing in January 2047, at the issue rated Baa1 (sf) and BBB (sf) respectively by Moody’s Italia Srl and ARC Ratings;
- €19.5 million of Mezzanine Notes, maturing in January 2047, not rated;
- €6.5 million of Junior Notes, maturing in January 2047, not rated.

The securities are not listed on a regulated market.

In order to meet the requirement to retain a net economic interest of 5% in the transaction, as referred to in Article 6 of Regulation (EU) No. 2017/2402 of the European Parliament and of the Council of December 12, 2017, laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitizations and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) no. 1060/2009 and (EU) no. 648/2012, the assignor banks have subscribed - and will undertake to retain for the entire duration of the securitization - at least 5% of the nominal value of each tranche of notes issued in the transaction (the “vertical slice” approach). The remainder of the mezzanine and junior notes were subscribed by a third-party investor independent of the assignors.

The following table shows the positions held by the Group in respect of the securitization at the reporting date net of refunds.

Class	Nominal amount (€/million)	Carrying amount (€/million)
Class A	100.7	101.7
Class B	1.0	0.4
Class C	0.3	-
Limited recourse loan	3.3	3.3

The transaction is structured in such a way so that the senior notes can benefit from the State guarantee referred to earlier, pending the deconsolidation by the assignor banks of the loans involved in the transaction in accordance with the IAS/IFRS. In order to obtain admission to the state guarantee scheme, Iccrea Banca – under a specific delegation from the assignor banks – submitted an application to the MEF on May 6, 2022. The guarantee was issued with a measure of June 10, 2022.

NEPAL SRL SECURITIZATION

In 2019 BCC di San Giorgio Quinto Valle Agno, now BCC Veneta, carried out a non-recourse assignment of non-performing loans, represented by mortgage and other loans to the securitization vehicle “Nepal Srl”, established pursuant to Law 130 of April 30, 1999 as amended.

The operation was carried out to reduce the stock of bad loans as a percentage of total assets, consequently improving the company risk profile.

The transaction involved the disposal of a portfolio of non-performing loans originated by BCC di San Giorgio Quinto Valle Agno and 18 other banks not belonging to the Group with a total value of about €734 million in terms of gross carrying amount, of which about €32.6 million were assigned by BCC di San Giorgio Quinto Valle Agno.

As part of the transaction, the SPV acquired the portfolio from the assignor banks, financing part of the purchase by issuing asset-backed securities not listed on any regulated market with a total nominal value of about €181.1

million, divided into the classes indicated below:

- €126.6 million of senior Class A Asset Backed Floating Rate Notes, maturing in 2037;
- €54.5 million of junior Class B Asset Backed Floating Rate and Variable Return Notes, maturing in 2037; and the remainder by paying about €75.7 million to the assignor banks, of which €51.8 million deriving from the subscription of 95% of the junior securities by third-party investors and €23.9 million from the liquid assets of the SPV connected with recovery activities performed by the securitization's servicer.

As part of the securitization:

- the assignor banks subscribed 100% of the Class A notes and 5% of the Class B notes;
- the SPV entered into a servicing agreement with Guber Banca SpA, which is responsible for: (i) the management, administration, recovery and collection of loans; and (ii) certain reporting activities relating to the loans;
- (i) an interest cash reserve was established to support payments to the subscribers of the Senior notes in the applicable order of priority until a trigger event occurs and (ii) a recovery expenses cash reserve was set up to pay all costs and expenses incurred in debt collection activities.

With regard to the accounting treatment of the transaction, the securitization meets the requirements for derecognition of the loans since following the sale of 95% of the junior tranche to Guber Banca SpA, Varde Partners, Inc and Barclays Bank Plc, substantially all the risks and rewards connected with the exposures have been transferred. Paragraph 3.2.12 of IFRS 9 states that on derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss for the year.

Consequently, at the conclusion of the operation, the bank:

- derecognized the loans involved in the assignment at the time the placement of the junior tranches on the market was settled;
- recognized in the income statement under the item "Gain (loss) on the disposal or repurchase of financial assets measured at amortized cost" the overall capital loss determined as the difference between the gross aggregate value at the date of assignment of the loans, less writedowns and inclusive of any collections on the loans attributable to the SPV at the assignment date (equal to about €32.6 million) and the consideration received (equal to about €9.3 million);
- recognized the notes subscribed in its balance sheet, for a value of more than €5.7 million in senior notes, €126 thousand in junior notes.

At the reporting date, the exposure of Banca di Verona e Vicenza to the securitization was represented by junior notes with a carrying amount of €40 thousand.

LEONE SPV SECURITIZATION

In December 2018, BCC di Milano carried out a non-recourse assignment of a portfolio of non-performing loans, of which €25.8 million in loans classified as bad loans and €1.9 million in loans classified as unlikely to pay as at the assignment date.

The operation was carried out with the aim of reducing the bank's stock of non-performing loans and improving its risk profile.

The exposures were assigned to a securitization vehicle specially created in accordance with Law 130 of April 30, 1999 denominated "Leone SPV Srl". BCC di Milano does not hold an interest in the vehicle nor do its employees hold positions as corporate officers.

The sale price of the loan portfolio was set at €20.9 million. The special purpose vehicle financed the purchase of the loans by issuing asset-backed securities divided into two classes:

- senior notes in the amount of €12.6 million, maturing July 2030 and paying interest half-yearly;
- junior notes in the amount of €8.4 million, maturing July 2030 and paying interest half-yearly.

With regard to the accounting treatment of the transaction, the securitization meets the requirements for derecognition of the loans since substantially all the risks and rewards connected with the exposures have been transferred.

The following table shows the positions held by BCC di Milano in respect of the securitization at the reporting date.

Class	Nominal amount (€/million)	Carrying amount (€/million)
Senior	12.6	2.7
Junior	0.4	0.2

MARMAROLE SPV SECURITIZATION

In 2018, a securitization transaction was completed pursuant to Law 130 of April 30, 1999, with the participation of three mutual banks (BCC Ravennate – Riviera Banca (formerly RiminiBanca) and BCC Agrobresciano) and 8 other banks not belonging to the ICBG as assignors of the same number of portfolios of unsecured and mortgage loans, with a total carrying amount of €568.3 million.

The portfolios were purchased by a special purpose vehicle set up pursuant to Law 130, denominated "Marmarole SPV Srl". The SPV financed the purchase of the loans by issuing the following classes of securities:

- €113.9 million of senior Class A Asset Backed Notes, maturing June 2031;
- €48.8 million of junior Class B Asset Backed Notes securities, maturing June 2031.

The securities have not been rated and are not listed on any regulated market.

On February 28, 2018, the senior notes and 5% of the junior notes were subscribed by the assignor banks in proportion to the price received by each for the sale of the related portfolio and the remaining junior notes were subscribed by an unrelated institutional investor.

With regard to the accounting treatment of the transaction, the securitization meets the requirements for derecognition of the loans since substantially all the risks and rewards connected with the exposures have been transferred.

The following table shows the positions held by BCC Ravennate, Riviera Banca and BCC Agrobresciano in respect of the securitization at the reporting date.

Class	Nominal amount (€/million)	Fair value (€/million)
Class A	26.2	7.3
Class B	0.6	0.6

SPV PROJECT 1714 SECURITIZATION

In December 2018, in line with its NPL reduction targets, Banca Alpi Marittime completed the securitization of a portfolio of loans classified as non-performing with a total gross value of €109.7 million.

The exposures were assigned to a securitization vehicle specially created in accordance with Law 130/99 denominated "SPV Project 1714" which financed the purchase by issuing asset-backed securities divided into two classes:

- €17.2 million of senior notes;
- €11.4 million of junior notes.

Both classes of securities are unrated. The senior notes were subscribed by the bank, while the junior notes were placed with institutional investors.

The bank retained a 5% share of the loans for retention purposes in order to maintain the required net economic interest in the securitization.

With regard to the accounting treatment of the transaction, the securitization meets the requirements for derecognition of the loans in view of the structure of the operation and the fact that substantially all the risks and rewards connected with the exposures have been transferred.

The following table shows the positions held by Banca Alpi Marittime in respect of the securitization at the reporting date.

Class	Nominal amount (€/million)	Carrying amount (€/million)
Senior	14.0	3.6
Junior	3.1	0.8

THIRD-PARTY SECURITIZATIONS

The Group holds securities in respect of securitizations carried out by third parties in the total amount of €32.9 million.

Financial instruments	Nominal amount (€/million)	Carrying amount (€/million)
Senior notes	219.4	20.9
Mezzanine notes	12.0	12.0
Total	**231.4**	**32.9**

The Group does not perform any servicer activities for third-party securitizations and does not hold any interest in the related special purpose vehicles.

The main exposures to third-party securitizations include, with a carrying amount of €13 million, senior unrated notes issued by the vehicle company Lucrezia Securitization Srl as part of the interventions of the Institutional Guarantee Fund for the resolution of crises at banks subjected to extraordinary administration procedures by the supervisory authorities (Bank of Italy). These notes are reported among the assets of the Group's balance sheet under "Financial assets measured at amortized cost".

The assets underlying these notes securities consist of impaired loans, largely secured in full by real estate.

With regard to the details of the transactions in which the Group operates as an investor, please see table "C.4 Prudential consolidation - Unconsolidated special purpose securitization vehicles", which among other things reports the Group's exposure to this type of vehicle.

QUANTITATIVE DISCLOSURES

C.1 - PRUDENTIAL CONSOLIDATION - EXPOSURES IN RESPECT OF MAIN OWN SECURITIZATIONS BY TYPE OF SECURITIZED ASSETS AND TYPE OF EXPOSURE

	On-balance-sheet exposures						Guarantees issued						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Writedowns/writebacks	Carrying amount	Writedowns/ritebacks	Carrying amount	Writedowns/writebacks	Net exposure	Writedowns/writebacks	Net exposure	Writedowns/writebacks	Net exposure	Writedowns/writebacks	Net exposure	Writedowns/writebacks	Net exposure	Writedowns/writebacks	Net exposure	Writedowns/writebacks
A. Fully derecognized																		
Non-performing receivables	1,142,837	(11,458)	3,798	1	804													
Loans	37,033	(4,241)																
B. Partly derecognized																		
C. Not derecognized																		

Securitization transactions with on-balance-sheet exposures, guarantees and other forms of credit enhancement as underlying assets are reported in the table.

In particular, the “Loans” sub-item includes the exposure for the limited-recourse loans granted by the Parent Company to the securitization vehicles of the GACS transactions. Writedowns/writebacks refer to 2024 only.

C.2 - PRUDENTIAL CONSOLIDATION - EXPOSURES IN RESPECT OF MAIN THIRD-PARTY SECURITIZATIONS BY TYPE OF SECURITIZED ASSETS AND TYPE OF EXPOSURE

	On-balance-sheet exposures						Guarantees issued						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Writedowns / writebacks	Carrying amount	Writedowns / writebacks	Carrying amount	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks
Non-performing receivables	20,089	1,367	300															
Performing receivables	12,538	12	-															

The table reports the exposures assumed by the Group in respect of third-party securitizations. Writedowns/writebacks refer to 2024 only.

C.3 - PRUDENTIAL CONSOLIDATION – INVOLVEMENT IN SPECIAL PURPOSE SECURITIZATION VEHICLES

The Group does not have an involvement in securitization vehicles. The following table reports information on the vehicle companies used by the Group to carry out its own securitizations.

	Registered office	Consolidation	Assets			Liabilities		
			Loans	Debt securities	Other	Senior	Mezzanine	Junior
1. BCC NPLS 2018 S.r.l.	Conegliano, Via V. Alfieri.1	no	53,248			147,908	17,202	3,465
2. BCC NPLS 2018-2 S.r.l.	Conegliano, Via V. Alfieri.1	no	120,101			293,572	28,466	8,262
3. BCC NPLS 2019 S.r.l.	Conegliano, Via V. Alfieri.1	no	103,963			212,304	32,564	2,758
4. BCC NPLS 2020 S.r.l.	Conegliano, Via V. Alfieri.1	no	182,161			293,544	22,098	4,067
5. BCC NPLS 2021 S.r.l.	Conegliano, Via V. Alfieri.1	no	169,214			167,640	13,442	1,123
6. BCC NPLS 2022 S.r.l.	Conegliano, Via V. Alfieri.1	no	84,583			111,275	4,137	-
7. Marmarole SPV S.r.l.	Conegliano, Via V. Alfieri.1	no	66,378			33,412		48,850
8.SPV Project 1714 S.r.l.	Milano, Via Pestalozza 12/14	no	13,924			4,467		11,440
9. Leone SPV S.r.l.	Milano, Via San Prospero.4	no	16,429			9,428		7,737
10. Nepal S.r.l.	Milano, Via San Prospero.4	no	1,415					54,525

C.4 - PRUDENTIAL CONSOLIDATION - UNCONSOLIDATED SPECIAL PURPOSE SECURITIZATION VEHICLES

	Accounting classification of assets	Total assets	Accounting classification of liabilities	Total liabilities	Net carrying amount	Maximum loss exposure	Difference between loss exposure and carrying amount
		(A)		(B)	(C=A-B)	(D)	(E=D-C)
A. Own securitizations with full derecognition of assigned assets							
BCC NPLS 2018 Srl	AC	143,041			143,041	143,041	
	MFV	-			-	-	
BCC NPLS 2018-2 Srl	AC	292,913			292,913	292,913	
	MFV	211			211	211	
BCC NPLS 2019 Srl	AC	217,801			217,801	217,801	
	MFV	241			241	241	
BCC NPLS 2020 Srl	AC	262,684			262,684	262,684	
	MFV	1,277			1,277	1,277	
BCC NPLS 2021 Srl	AC	144,910			144,910	144,910	
	MFV	888			888	888	
BCC NPLS 2022 Srl	AC	104,982			104,982	104,982	
	MFV	352			352	352	
Marmarole SPV Srl	AC	7,264			7,264	7,264	
	MFV	563			563	563	
SPV Project 1714 Srl	AC	3,612			3,612	3,612	
Leone SPV Srl	AC	2,665			2,665	2,665	
	MFV	187			187	187	
Nepal Srl	MFV	40			40	40	
B. Own securitizations with no derecognition of assigned assets							
C. Third-party securitizations							
Lucrezia Securitisation Srl – Padovana/Irpinia	AC	5,993			5,993	5,993	
Lucrezia Securitisation Srl - Crediveneto	AC	5,342			5,342	5,342	
Lucrezia Securitisation Srl - Teramo	AC	1,641			1,641	1,641	
Eridano II SPV Srl	AC	12,000			12,000	12,000	
Borghese Uno Srl	AC	5,834			5,834	5,834	
Viveracqua Hydrobond Srl	MFV	539			539	539	
Belvedere SPV Srl	AC	3,260			3,260	3,260	

(*) AC= financial assets measured at amortized cost; MFV = financial assets mandatorily measured at fair value; PFAC = financial liabilities measured at amortized cost

C.5 - PRUDENTIAL CONSOLIDATION – SERVICER ACTIVITIES - COLLECTIONS ON SECURITIZED ASSETS AND REDEMPTION OF SECURITIES ISSUED BY SECURITIZATION VEHICLE

At December 31, 2024 the Group did not perform servicer activities for own securitizations in which the assigned assets had been derecognized pursuant to IFRS 9.

C.6 - PRUDENTIAL CONSOLIDATION - CONSOLIDATED SPECIAL PURPOSE SECURITIZATION VEHICLES

There were no consolidated special purpose securitization vehicles at the reporting date.

D. DISPOSALS

A. FINANCIAL ASSETS ASSIGNED BUT NOT FULLY DERECOGNIZED

QUALITATIVE DISCLOSURES

The operations mainly regard the use of government securities holdings for short- and medium-term repurchase transactions and receivables from customers assigned in the Group's securitization of its own assets.

QUANTITATIVE DISCLOSURES

D.1 - PRUDENTIAL CONSOLIDATION - FINANCIAL ASSETS ASSIGNED BUT FULLY RECOGNIZED AND ASSOCIATED FINANCIAL LIABILITIES: CARRYING AMOUNTS

	Financial assets assigned but fully recognized				Associated financial liabilities		
	Carrying amount	of which: securitized	of which: with sale and repurchase agreement	of which impaired	Carrying amount	of which: securitized	of which: with sale and repurchase agreement
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated as at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**127,858**	**-**	**127,858**	**-**	**128,531**	**-**	**128,531**
1. Debt securities	127,858	-	127,858	-	128,531	-	128,531
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortized cost	**10,603,673**	**-**	**10,602,625**	**-**	**10,623,027**	**166**	**10,621,991**
1. Debt securities	10,602,625	-	10,602,625	-	10,621,991	-	10,621,991
2. Loans	1,048	-	-	-	1,035	166	-
Total 31/12/2024	**10,731,531**	**-**	**10,730,483**	**-**	**10,751,558**	**166**	**10,750,522**
Total 31/12/2023	**12,385,389**	**2,094**	**12,381,027**	**-**	**12,131,785**	**933**	**12,127,395**

D.2 - PRUDENTIAL CONSOLIDATION - FINANCIAL ASSETS ASSIGNED AND PARTIALLY RECOGNIZED AND ASSOCIATED FINANCIAL LIABILITIES: CARRYING AMOUNTS

The table has not been completed because there were no such positions at the reporting date.

D.3 - PRUDENTIAL CONSOLIDATION - DISPOSALS INVOLVING LIABILITIES WITH RECOURSE ONLY ON ASSIGNED ASSETS NOT FULLY DERECOGNIZED: FAIR VALUE

	Fully recognized	Partially recognized	Total 31/12/2024	Total 31/12/2023
A. Financial assets held for trading	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
4. Derivatives	-	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**
1. Debts securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity securities	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets measured at amortized cost (fair value)	**166**	**-**	**166**	**185**
1. Debts securities	-	-	-	-
2. Loans	166	-	166	185
Total financial assets	**166**	**-**	**166**	**185**
Total associated liabilities	**-**	**-**	**X**	**X**
Net value 31/12/2024	**166**	**-**	**166**	**X**
Net value 31/12/2023	**185**	**-**	**X**	**185**

B. FINANCIAL ASSETS ASSIGNED AND FULLY DERECOGNIZED WITH RECOGNITION OF CONTINUING INVOLVEMENT

At the reporting date, there are no transactions for the assignment of fully derecognized financial assets with the recognition of continuing involvement.

C. FINANCIAL ASSETS ASSIGNED AND FULLY DERECOGNIZED

QUALITATIVE AND QUANTITATIVE DISCLOSURES

As at December 31, 2024, the Group held shares in investment funds acquired as part of multi-originator assignments of loan portfolios.

Information on the transactions carried out by certain Group banks following the establishment of the ICBG is reported below.

ALBA 2 FUND DISPOSAL

In December 2019, Banca CRAS, now Banca Centro Toscana-Umbria, completed the assignment of a portfolio of impaired loans secured by first mortgages to a restricted Italian alternative closed-end real estate investment fund called ALBA 2 and managed by Blue SGR SpA.

At the assignment date the net value of the loans came to more than €1.5 million, with a total gross carrying amount of €1.8 million.

The purpose of the Fund is the collective investment of capital primarily in real property, property rights and/or equity interests in real-estate companies, in addition to the professional management and development of the Fund's assets. More specifically, the Fund Rules provide for investment real property, property rights and/or equity interests in real-estate companies, units of real estate CIUs, including foreign CIUs, as well as other real estate assets provided for by applicable legislation, in an amount of not less than two-third of the total value of the assets held. The Fund may reduce the typical investment share to a minimum of 51% where no less than 20% of its assets are invested in financial instruments representing securitizations involving real property, property rights or loans secured by mortgages. No more than one third of the Fund's assets may be invested in financial instruments listed and unlisted on regulated markets other than those already referred to above, units of Italian and/or foreign CIUs and bank deposits, financial instruments representing securitizations involving real property, property rights or loans secured by mortgages as well as loans and securities representing loans, including those connected with the disinvestment of listed or unlisted non-performing mortgage loans, asset-backed securities and other assets for which a market exists and which have a value that can be determined with certainty at least every six months. As regards investment in loans in particular, the Fund may invest in loans or portfolios of impaired loans sold by banks or financial companies primarily originating in respect of medium and long-term exposures secured by mortgages on real property as well as other loans connected with and/or accessory to the above loans, even if not secured by mortgages. In compliance with the provisions of current legislation, investment in loans is permitted provided that such loans have a term not exceeding the duration of the Fund.

At the end of 2020, BCC di Caravaggio completed another assignment of impaired loans secured by first mortgages to ALBA 2. The gross carrying amount of the loans came to more than €5.1 million.

Against the assignment of the assets, each bank subscribed units of the fund. At December 31, 2024 the value of the units subscribed by the Group, including assignments carried out by another three mutual banks prior to the establishment of the Group, came to a total €17.8 million.

CLESSIDRA RESTRUCTURING FUND DISPOSAL

At the end of September 2019, BCC Credito Padano and Banca Cremasca e Mantovana completed the assignment of a portfolio of impaired loans to a restricted Italian alternative closed-end real estate investment fund called Clessidra Restructuring Fund and managed by Clessidra SGR SpA

At the assignment date the net value of the loans came to about €3.7 million, with a total gross carrying amount of €6.7 million.

The purpose of the Fund is to increase the value of its assets, through investment and capital appreciation transactions primarily at medium and long term mainly involving the purchase and/or subscription and/or assignment and/or or the sale, directly or indirectly, of loans, financing and, under certain conditions, other instruments. As regards investment in loans, the Fund Rules establish that the Fund may invest in impaired loans or portfolios of loans with a term not exceeding the duration of the Fund, originating mainly in respect of medium/long-term exposures secured by mortgages, as well as other loans connected with and/or accessory to the above loans, even if not listed.

Following the assignment of the loans, the Bank subscribed units of the Fund, recognizing through profit or loss the difference between the aggregate gross value at the date of assignment of the loans, net of writedowns at the same date and including any collections on the loans pertaining to the Fund, and the fair value of the units received.

At the reporting date, the value of the units of Fondo Clessidra subscribed by the Group came to a total €2.5 million.

ARES 1 FUND DISPOSAL

In March 2019, BCC di Pisa e Fornacette completed the assignment of a portfolio of impaired loans secured by first mortgages and unsecured loans to a restricted Italian alternative closed-end investment fund called ARES 1 and managed by Namira SGR p.a.

At the assignment date the net value of the loans came to €4.6 million, with a total gross carrying amount of about €23 million.

The main purpose of the Fund is the investment and management of loans acquired through contributions and other assets acquired following collection actions on loans or through purchases from subscribers or third parties, including on an ancillary and residual basis, pursuant to the provisions indicated below . On an ancillary and residual basis, in addition investing in the loans the Fund can help diversify its assets and/or to meet treasury and liquidity needs by investing its own resources up to a limit of one-third of the total Fund assets in: (i) financial instruments traded on a regulated market; (ii) financial instruments not traded on a regulated market; (iii) shares or units of collective investment undertakings, including foreign entities, traded or not traded on a regulated market, including those promoted or managed by the SGR or by other entities belonging to the SGR's group. Following recovery procedures involving the acquisition of real property assets, the SGR, in implementing the purpose of the Fund, may invest up to one-third of the total Fund assets (i) real property of various types and uses, (ii) equity interests, both direct and indirect, in real estate companies and holding companies of real estate companies, listed and unlisted; and (iii) real property rights.

Following the assignment of the assets indicated above, BCC di Pisa e Fornacette subscribed units in the Fund, recognizing through profit or loss the difference between the aggregate gross value at the date of assignment of the loans, net of writedowns at the same date and including any collections on the loans pertaining to the Fund, and the fair value of the units received, as determined in accordance with IFRS 13.

At the reporting date the value of the units of Fondo ARES 1 subscribed by the bank came to €3.2 million.

P&G CREDIT MANAGEMENT UNO FUND DISPOSAL

In November 2019, BCC di Pisa e Fornacette completed the assignment of a portfolio of impaired loans secured by first mortgages and unsecured loans to a restricted Italian alternative closed-end real estate investment fund called P&G Credit Management Uno managed by P&G SGR SpA.

At the assignment date the net value of the loans came to €2.7 million, with a total gross carrying amount of about €13.3 million.

The main purpose of the Fund is the investment and management of loans acquired through contributions and other assets acquired following collection actions on loans or through purchases from subscribers or third parties, including on an ancillary and residual basis, pursuant to the provisions indicated below. On an ancillary and residual basis, in addition investing in the loans the Fund can help diversify its assets and/or to meet treasury and liquidity needs by investing its own resources up to a limit of one-third of the total Fund assets in: (i) financial instruments traded on a regulated market; (ii) financial instruments not traded on a regulated market; (iii) shares or units of collective investment undertakings, including foreign entities, traded or not traded on a regulated market, including those promoted or managed by the SGR or by other entities belonging to the SGR's group. Following recovery procedures involving the acquisition of real property assets, the SGR, in implementing the purpose of the Fund, may invest up to one-third of the total Fund assets (i) real property of various types and uses, (ii) equity interests, both direct and indirect, in real estate companies and holding companies of real estate companies, listed and unlisted; and (iii) real property rights.

Following the assignment of the assets, BCC di Pisa e Fornacette subscribed units of the fund.

At the reporting date the value of the units of Fondo P&G Credit Management Uno subscribed by the bank came to €2.4 million.

CLESSIDRA CREDIT RECOVERY FUND DISPOSAL (FORMERLY VALUE ITALY CREDIT 1 AND VALUE ITALY CREDIT 2)

In January 2020, BCC di Pisa e Fornacette completed the assignment a portfolio of impaired loans secured in part by first mortgages and in part unsecured to two restricted Italian alternative closed-end real estate investment funds called Value of Italy Credit 1 and Value of Italy Credit 2 managed by Clessidra Capital Credit SGR SpA. The assignment to the Value Italy Credit 1 Fund involved loans classified as unlikely to pay with a gross value at the assignment date of €3.8 million and a net value of over €2 million. In exchange for the assignment of the assets, the Bank subscribed units in the Fund in the total amount of €2.4 million, recognizing a gain of €303 thousand through profit or loss, corresponding to the difference between the aggregate gross value at the date of assignment of the loans, net of writedowns at the same date and including any collections on the loans pertaining to the Fund at the assignment date, and the fair value of the units received, as determined in accordance with IFRS 13.

The gross value of the loans assigned to Value Italy Credit 2 Fund came to €11.8 million, with a net value of €4.2 million net of value adjustments. In exchange for the assignment of the assets indicated above, the Bank subscribed units in the Fund, recognizing the difference between the aggregate gross value at the date of assignment of the loans, net of writedowns at the same date and including any collections on the loans pertaining to the Fund at the assignment date, and the fair value of the units received, as determined in accordance with IFRS 13.

In 2024, following the completion of the merger of the alternative closed-end investment funds “Fondo Value Italy Credit 1”, “Fondo Value Italy Credit 2” and four other funds managed by Clessidra Capital Credit SGR into the restricted alternative closed-end investment fund “Clessidra Credit Recovery Fund”, the bank subscribed 4,047,263,715 shares of the fund resulting from the merger.

At the reporting date the value of the Clessidra Credit Recovery Fund subscribed by the bank came to €2.7 million.

KEYSTONE FUND DISPOSAL

During 2022, BCC di Fano, BCC Magna Grecia (formerly Banca 2021), Banca Centro, Banca Cremasca e Mantovana and BCC Romagnolo completed the assignment of impaired exposures in respect of loans secured by mortgages or unsecured classified primarily as unlikely to pay or bad loans, to Keystone, a restricted Italian alternative closed-end investment fund reserved to professional investors established for this purpose by Krialos SGR SpA. At the assignment date, the gross carrying amount of the assigned loans came to €31.45 million.

The purpose of the Fund is the collective investment of the capital raised in order to generate income, through the professional management of the Fund, from investment operations and the allocation and distribution of the net management gains, including following the disinvestment from the investments made.

The disposal is part of a broader operation involving eight other Italian leading banking groups.

As part of “Project Libra”, in 2024 the Group carried out three other assignments operations, by BCC Roma, Cassa Rurale e Artigiana di Binasco and BCC di Busto Garolfo e Buguggiate. The completion of the “seventh wave” of investment in the fund, concluded in November 2024, involved the transfer of three single name positions. The gross book value of the assigned portfolio is €14.5 million, with a net book value of approximately €11.1 million.

The transfer of the credits to the Fund was carried out through non-recourse “en bloc” assignments with the concomitant subscription by the assignors of the Fund units, issued in amounts corresponding to the consideration for the assignment of the loans and the payment of the units by offsetting the Fund’s liability to the relevant assignor. The loans were assigned by each participating bank in different percentages with respect to the total value of the Fund and with respect to the type of guarantee present. The sale of the loans is unconditional and there are no repurchase options or guarantees issued that could limit the losses of the Fund.

At the reporting date, the carrying amount of the units of the Keystone Fund subscribed by the Group came to a total of €21.5 million.

ILLIMITY CREDIT & CORPORATE TURNAROUND DISPOSAL

On April 1, 2021, Iccrea Banca, BCC Ravennate Forlivese e Imolese, Chiantibanca and Iccrea BancaImpresa completed the assignment of unlikely-to-pay (UTP) loans to the Illimity Credit & Corporate Turnaround fund, a restricted Italian alternative closed-end investment fund, receiving units of the fund, which is managed by Illimity SGR, in exchange. Subsequently, the Group participated in a second closing on October 21, 2021, with the assignment of loans by Iccrea BancaImpresa, Riviera Banca and Credito Padano.

A third assignment was completed in April 2022 by Chiantibanca for €1.55 million.

In March 2023, Banca di Credito Cooperativo di Alba, Langhe, Roero e del Canavese completed a further assignment of unlikely-to-pay (UTP) loans to the Illimity Credit & Corporate Turnaround fund. At the assignment date, the gross carrying amount and net carrying amount of the loans assigned by the bank came to €7.2 million and €2 million, respectively.

In 2024, another assignment operation of UTP positions to the Illimity *Credit & Corporate Tournaround* fund was finalized, within the Flowers project, involving Iccrea Banca, BCC Cantù, BCC Cremasca e Credito Padano. The assignment regarded non-performing loans for a gross book value of €14.5 million against units of a fund managed by Illimity Sgr. The net book value is €10.6 million.

The disposals are part of a broader operation involving Italy's leading banking groups. The structure of the transaction provided for the non-recourse assignment to the fund of a portfolio of UTP loans due from companies. The positions were sold directly to the fund, with the exception of the establishment of a securitization structure without tranching for the lease receivables sold by BCC Leasing in order to enable the transfer of ownership of the leased assets. Against the assignment of the loans, each bank subscribed class A units of the fund in proportion to the value of the loans assigned by the bank.

At the reporting date, the value of the units of Fondo Illimity Credit & Corporate Turnaround subscribed by the Group against the assignments came to a total €34.5 million.

BACK2BONIS DISPOSAL

On December 3, 2021, Iccrea Banca and the Cassa Rurale ed Artigiana di Binasco, with their participation in Wave 4 of the Cuvée Project, completed the sale of unlikely-to-pay (UTP) loans with the subscription of the units of a restricted Italian alternative closed-end securities investment fund called Back2Bonis, managed by Prelios SGR SpA. The fund, established in 2019 by the Prelios Group and AMCO, works to create a multi-originator platform to manage UTP positions, consisting of loans and credit lines granted to companies operating in the real estate sector or to real estate funds.

The operation took the form of i) the sale without recourse of a portfolio of UTP loans owed to companies operating in the real estate sector or to real estate funds to a securitization vehicle pursuant to Law 130/99 called Ampre Srl (ii) the subscription of the securities issued by the securitization vehicle by the Back2Bonis fund and (iii) subscription of the Fund units against the loans being assigned.

As part of the transaction, which saw the participation of leading Italian banking groups:

- Iccrea Banca assigned a portfolio consisting of 3 positions with a gross carrying amount of €8.5 million and subscribed 9.1 units with a nominal value of €4.3 million (€467 thousand per unit),
- CRA Binasco assigned a portfolio of 11 positions with a gross carrying amount of €39.2 million and subscribed 42.7 units with a nominal value of €19.9 million.

Within the broader scope of the overall derisking operation denominated Quantum, in December 2023 a second assignment for consideration and without recourse was completed of loan portfolios mainly classified as unlikely to pay to the SPV 130 securitization vehicle established pursuant to Law 130 of April 30, 1999. The loans were assigned in full by the vehicle to the Back2Bonis Fund.

In exchange for the assignment of loans to the vehicle, the assignor banks subscribed units of the fund, which in turn subscribed the Notes issued by SPV 130 to offset the Fund's receivable due from the latter as a result of the assignments. On the date of assignment, the gross book value of the assigned loans came to €11.7 million.

At the reporting date, the value of the units of Fondo Back2Bonis subscribed by the Group in respect of the two assignments came to a total €28.4 million.

ILLIMITY REAL ESTATE CREDIT FUND DISPOSAL

On August 8, 2022 Iccrea Banca and BCC Leasing completed the assignment of unlikely to pay (UTP) and bad loans to the Illimity Real Estate Credit Fund, a restricted Italian alternative closed-end securities investment fund, receiving units of the Fund, which is managed by Illimity SGR, in exchange. The Fund focuses on high-risk UTP and NPL exposures and in general receivables in respect of companies active in the real estate and energy sectors. The assignment took place through a securitization structure, with the participation of a lease company for lease assets and leases assigned by BCC Leasing. In 2022 the Group assigned receivables and lease assets with a total gross book value of €42.6 million.

On December 21, 2023, Cassa Rurale e Artigiana di Cantù undertook a securitization involving the non-recourse assignment of a portfolio of UTP loans to iREC SPV Srl, a securitization vehicle established pursuant to Law 130 of April 30, 1999. The receivable claimed by the Bank from the SPV following this assignment was fully transferred to the Illimity Real Estate Credit Fund in exchange for units in the same issued in an amount equal to the carrying amount of the assigned loans. The transfer of the loans to the Fund was then finalized with the subscription by the assignor bank of the Fund units and settlement of the same by offsetting the Fund's receivable against the receivable of the relevant assignor. At the date of assignment, the gross and net book value of the loans assigned by Cassa Rurale e Artigiana di Cantù came to €2.1 million and €0.1 million respectively.

In 2024 two further assignment operations were finalized: the disposal on September 30, 2024 by Iccrea Banca, Cassa Rurale e Artigiana di Cantù, Banca TEMA and Banca delle Terre Venete of fours loans classified as unlikely-to-pay positions within the *"Flowers project",* with a total *gross book value* of about €15.6 million and a net book value of about €6.3 million; the disposal of two positions by Cassa Rurale e Artigiana di Cantù, within the "*Olympia project*" finalized in December 2024. The loans were classified as UTP and fully written off, and had a total gross book value of about €2 million.

At December 31, 2024, the units of the Illimity Real Estate Credit Fund subscribed by the Group came to a total €13.3 million.

ELEUTERIA FUND DISPOSAL

On October 31, 2023, Cassa Rurale e Artigiana di Binasco undertook a securitization involving the non-recourse assignment of a portfolio of mainly UTP loans to Eudaimonia SPV Srl. a securitization vehicle pursuant to Law 130/99. The Bank's claim on the SPV for the assignment was transferred in full to the Eleuteria Fund in exchange for units issued by the latter in an amount equal to the claim. At the date of assignment, the gross and net book value of the assigned loans came to €4.5 million and €2.1 million respectively.

As part of the "Olympia" project, finalized during December 2024, the disposal of 2 UTP positions by transfer to the Eleuteria Fund was carried out by BCC Cagliari, with a gross book value of approximately €2 million and a net book value of €1.2 million.

Fondo Eleuteria, established and managed by Prelios SGR SpA, is a restricted Italian alternative closed-end securities investment fund reserved for professional investors. The purpose of the Fund is the collective investment of the capital raised in order to generate income, through the professional management of the Fund, from investment operations and the allocation and distribution of the net management gains among the participants, including following the disinvestment from the investments made. The Fund provides for the issue a single class of unit bearing the same administrative and property rights for all unitholders.

The assignment of loans to the Fund took place in concomitance with the subscription by the assignor bank of Fund units with settlement of the same through the offsetting of the respective claims.

At December 31, 2024, the value of the units subscribed in the Eleuteria Fund came to €4.1 million.

UTP ITALIA FUND - COMPARTO CREDITI DISPOSAL

As part of the broader "MIBLE" derisking operation, the transfer of impaired loans represented by bad loans and UTPs was completed in the first quarter of 2023, largely relating to households and small economic operators, mainly mortgages backed by residential and commercial guarantees to the "UTP Italia – Comparto Crediti" Fund, a restricted Italian alternative closed-end investment fund for professional investors. The manager of the fund, which already includes leading national banking groups and which is inspired by the principles of ethical management with a back to performing recovery approach, is Sagitta SGR, while Intrum plays the role of servicer and Zenith Service acts as master servicer.

The transaction consisted of two assignments:

- in February 2023, the first assignment was completed with a portfolio of individual loans amounting to about 102.8 million, involving 39 mutual banks and the Parent Company Iccrea Banca;
- in September 2023, the second assignment was completed by the Parent Company Iccrea Banca and 26 mutual banks in the total amount of €33.5 million.

The Fund has two segments: (a) "Fondo UTP ITALIA - Comparto Crediti" and (b) "Fondo UTP ITALIA – Comparto Nuova Finanza". Each segment issues a single class of unit, namely the "Comparto Crediti" units and the "Comparto Nuova Finanza" units.

Against the assignment of the loans, each participating bank subscribed units of the Fund. At December 31, 2023, the units in Fondo UTP ITALIA - Comparto Crediti subscribed by the Group came to a total €60.3 million.

The above assignments led to the full derecognition of the assigned loans by the assignor banks, as the assignment transferred substantially all the risks and rewards connected with ownership of the assets transferred to the assignee. Similarly, the requirements for the application of IFRS 10 and for the consequent consolidation of the funds do not obtain, despite being exposed to the variable returns deriving from the activities of the fund, since the banks do not have the power or the ability to determine or affect the investment strategies of the fund, a power that the governance arrangements established with the fund rules attribute solely to the asset management company.

The fund units are classified under "Financial assets mandatorily measured at fair value through profit or loss", since their nature and contractual characteristics mean they do not pass the SPPI test. In compliance with the applicable accounting standards and the policies, criteria and methods defined by the Group, the value of the units was modified at December 31, 2023 to take account of the liquidity adjustment. For further information, please see Part A "Accounting Policies" of these notes to the consolidated financial statements.

The investment in the funds presents a level of risk related to the intrinsic characteristics of the underlying real estate product. The risk profile of the funds is determined using a scoring assessment method, which considers the qualitative and quantitative elements of the risk factors described below:

- market risk, represented by the risk that the value of the fund units will decrease as a result of fluctuations in the value of the assets in which the Fund's resources are invested (for example, due to the effect of price developments over time in relation to the type of properties and the geographical area in which they are located);
- liquidity risk, consisting in the risk that the fund will be unable (due in part to the low liquidity and the variable valuations of the real estate assets) to meet its commitments in respect of its creditors and investors due to the insufficiency of its funds with respect to liabilities or to the less than optimal balance between readily liquidable assets and enforceable liabilities;
- concentration risk, deriving from an excessive exposure to individual real estate initiatives, individual counterparties, entities belonging to the same economic sector or located in the same geographical area;
- counterparty risk, represented by the risk that the counterparty in one of the transactions will default before final settlement of the cash flows of the transaction, thus affecting the performance of the assets in which the funds invest;
- interest rate risk, represented by the risk of changes in interest rates that could impact loan agreements and any derivative contracts, in particular with regard to interest expense and the differences that the funds are required to pay to credit institutions;
- other risks, such as, but not limited to: changes in the legislative framework, failure to obtain the necessary authorizations, delays or interruptions in the execution of the contracted works, unexpected environmental charges, exceptional events not covered by insurance policies, legal or tax disputes, other operational risks related to the management of the assets or risks related to the use of leverage as governed by the fund rules.

As regards procedures for monitoring these risks, the Group uses the management tools they use for other investments in their portfolio and verifies that the operations as a whole are managed in accordance with the law and the fund rules, based on the reports that the asset management company periodically submits to subscribers.

D. TRANSACTIONS IN COVERED BONDS

COVERED BOND 1 PROGRAM

With regard to covered bonds, in 2024 two additional assignments of the covered bond program, started in 2021, were completed, giving the Group an additional medium-long term funding channel. The program, the first in the cooperative banking industry in Italy, involves Iccrea Banca as the issuer of covered bonds and a number of affiliated banks as assignors and servicers of a portfolio of primary credit quality mortgages pledged to secure the bonds issued.

The Program aims at providing investors with a secured product that can be used to improve their medium/long-term financial profile. Given the evolution of the financial markets, it is part of a broader strategy aimed at: (i) contain funding costs, thanks to considerable attractiveness of covered bonds as instruments issued directly by a bank whose repayment is also secured by a segregated asset pool (in this case, residential mortgage loans). Thanks to their ability, in the event of bankruptcy of the issuing bank, to recover their position against specially segregated high quality assets, the holders of covered bonds are willing to accept a lower return than that they would demand for similar unsecured bonds;(ii) diversify funding sources on the international market as well and (iii) lengthen the average maturity of debt.

The Program, allowing the Group to enter a new market characterized by particular complexity, both operational and legal, was based on a governance and control process entrusted to the responsibility of Iccrea Banca (which also plays a management role and coordination, centralizing the management and control activities of the cover pool, the role of master servicer and test calculation agent) and is based on offer documentation submitted to the approval of the Commission de Surveillance du Secteur Financier (CSSF) of the Grand Duchy of Luxembourg. With the approval of the Program, Iccrea Banca can issue Covered Bonds in the amount of up to €10 billion over a period of 10 years.

The structuring of the Group's covered bond program involved the implementation of the following activities:

- an assignment by a number of mutual banks, including the Bank to a specially formed SPV called Iccrea Covered Bond Srl of a portfolio of loans held by the assignor banks, which will represent the segregated assets pursuant to and for the purposes of the provisions of Law 130 on securitizations. The program permits additional assignments of loans, which will form part of the segregated assets, both by the initial assignor banks and by any additional affiliated banks;
- the grant to the SPV by the assignor banks of a subordinated loan to provide the SPV with the resources to purchase the loans being assigned;
- the issue by the SPV of an autonomous, irrevocable and unconditional first demand guarantee (the covered bond guarantee) to the exclusive benefit of the investors holding the covered bonds and senior creditors of the program (the guarantee provides for limited recourse against the assets in the cover pool held by the SPV, which performs the role of Guarantor);
- the issue by Iccrea of the covered bonds and the proportional transfer of the liquidity raised to the assignor banks.

At the reporting date, a total of six assignments were carried out. More specifically:

- on June 28, 2021, the first portfolio was sold to Iccrea Covered Bond Srl, for a total nominal amount of €674 million by eight initial assignor banks;
- on June 7, 2022, the second portfolio was sold, for a total nominal amount of €697 million by eight assignor banks, of which three already participating in the Program;
- on January 26, 2023, the third portfolio was sold, for a total nominal amount of €498.3 million by eight assignor banks, of which six already participating in the Program;
- on August 10, 2023, the fourth portfolio was sold, for a total nominal amount of €877.5 million by 14 assignor banks, of which nine already participating in the Program;

- on February 20, 2024, the fifth portfolio was sold, for a total nominal amount of €832 million by 11 assignor banks, of which nine already participating in the Program;
- on May 15, 2024, the sixth portfolio was sold, for a total nominal amount of €987.8 million by 16 assignor banks, of which twelve already participating in the Program.

During the year, four new issues were made plus a TAP operation on the issue made in November 2023. The characteristics of all the issues made under the program are reported below..

	Nominal amount €/million	Maturity	Issue date	Maturity date	Rating	Rate
Issue I	500	7 years	23/09/2021	23/09/2028	Aa3 Moody's	0.01% gross
Issue II	650	5.5 years	12/07/2023	12/01/2029	Aa3 Moody's	3.88% gross
Issue III	700	4 years	08/11/2023	08/11/2027	Aa3 Moody's	4.00 % gross
Issue IV	500	8 years	04/03/2024	04/03/2032	Aa3 Moody's	3.50% gross
Issue V	200	7 years	07/03/2024	07/03/2031	Aa3 Moody's	3.43% gross
Issue VI	750	10 years	05/06/2024	05/06/2034	Aa3 Moody's	3.50% gross
Issue VII	150	7 years	12/12/2024	12/12/2031	Aa3 Moody's	2.85% gross

The table below details the participation of the individual assignor banks in the Program at December 31, 2024.

Bank name	€/million
Credito Cooperativo Romagnolo - BCC di Cesena E Gatteo - S.C.	39.2
Emil Banca - Credito Cooperativo - S.C.	435.6
Banca Centro-Credito Cooperativo Toscana-Umbria S. C.	153.4
Banca Della Marca Credito Cooperativo - S.C.	177.2
Credito Cooperativo Friuli (Abbreviato Credifriuli) - S.C.	259.3
Banca di Credito Cooperativo Della Calabria Ulteriore - S.C.	26.2
Banca Centropadana Credito Cooperativo - S.C.	65.5
Banco Fiorentino - Mugello Impruneta Signa - Credito Cooperativo - S.C.	59.3
Banca di Credito Cooperativo di Roma S.C.	917.1
Banca di Pescia e Cascina - Credito Cooperativo - S.C.	24.9
Banca di Credito Cooperativo di Bellegra S.C.	26.2
Cassa Rurale ed Artigiana di Binasco - Credito Cooperativo S.C.	78.3
Banca di Credito Cooperativo di Busto Garolfo E Buguggiate -S.C.	196.5
Credito Cooperativo di Caravaggio Adda E Cremasco - Cassa Rurale - S.C.	52.5
Banca Alpi Marittime Credito Cooperativo Carrù - S.C. Per Azioni	163.8
Banca di Credito Cooperativo di Milano - S.C.	235.5
Credito Padano Banca di Credito Cooperativo - S.C.	98.3
Banca Del Piceno Credito Cooperativo - S.C.	39.3
Credito Cooperativo Ravennate, Forlivese e Imolese S.C.	392.1
ChiantiBanca - Credito Cooperativo S.C.	118.0
Centromarca Banca - Credito Cooperativo di Treviso E Venezia - S.C.	58.9
BCC Veneta - Credito Cooperativo – S.C.	127.0
Terre Etrusche di Valdichiana e di Maremma - Credito Cooperativo - S.C.	176.2
Banca di Credito Cooperativo Venezia Giulia S.C.	145.5
Banca di Credito Cooperativo Dei Colli Albani - S.C.	39.5
Banca di Credito Cooperativo Terra di Lavoro - S. Vincenzo De' Paoli - S.C.	19.7
RivieraBanca - Credito Cooperativo di Rimini E Gradara - S.C.	65.5
Total Cover Pool	**4,190.4**

COVERED BOND 2 - RETAINED

In 2024 a second multi-originator program of covered bonds was carried out, not intended for institutional investors, but to be subscribed by Iccrea Banca and used in refinancing operations, thus supporting the improvement of the Group's counterbalancing capacity. The cover pool can be made up of both mortgage loans and commercia loans.

The Program is based on a governance and control process entrusted to the responsibility of Iccrea Banca (which also plays a management role and coordination, centralizing the management and control activities of the cover pool, the role of master servicer and test calculation agent). The issue was authorized by Consob and listed on the “Mercato Obbligazionario Telematico”. With the approval of the Program, Iccrea Banca can issue Covered Bonds in the amount of up to €5 billion.

The structuring of the Group’s *retained* covered bond program involved:

- the assignment by a number of mutual banks to a specially formed SPV called Iccrea Covered Bond 2 Srl of a portfolio of loans held by the assignor banks, which will represent the segregated assets pursuant to and for the purposes of the provisions of Law 130 on securitizations. The program permits additional assignments of loans, which will form part of the segregated assets, both by the initial assignor banks and by any additional affiliated banks;
- the grant to the SPV by the assignor banks of a subordinated loan to provide the SPV with the resources to purchase the loans being assigned;
- the issue by the SPV of an autonomous, irrevocable and unconditional first demand guarantee (the covered bond guarantee) to the exclusive benefit of the investors holding the covered bonds and senior creditors of the program (the guarantee provides for limited recourse against the assets in the cover pool held by the SPV, which performs the role of Guarantor);
- the issue by Iccrea of the covered bonds and the opening of a dedicated credit line, through which the mutual banks can access funding.

On November 20, 2024 the first portfolio was sold to Iccrea Covered Bond 2 Srl, for a total nominal amount of €1.2 billion by 17 initial assignor banks.

Following the sale, on November 26, 2024, Iccrea Banca initiated the first issue, with the following characteristics.

	Nominal amount €/million	Maturity	Issue date	Maturity date	Rating	Rate
Issue I	750	5 years	26/11/2024	26/11/2029	Aa3 Moody's	2.75% gross

The table below details the participation of the individual assignor banks in the Program at December 31, 2024.

Bank name	€/million
Credito Cooperativo Romagnolo - BCC di Cesena E Gatteo - S.C.	46.9
Emil Banca - Credito Cooperativo - S.C.	66.2
Banca della Marca Credito Cooperativo - S.C.	110.6
Credito Cooperativo Friuli (Abbreviato Credifriuli) - S.C.	58.1
Banca Centropadana Credito Cooperativo - S.C.	58.3
Banca di Credito Cooperativo di Roma S.C.	133.2
Banca di Credito Cooperativo di Bellegra S.C.	14.0
Cassa Rurale ed Artigiana di Binasco - Credito Cooperativo S.C.	14.0
Banca di Credito Cooperativo di Busto Garolfo E Buguggiate -S.C.	14.1
Banca Alpi Marittime Credito Cooperativo Carrù - S.C.	75.1
Banca di Credito Cooperativo di Milano - S.C.	50.0
Credito Padano Banca di Credito Cooperativo - S.C.	63.6
Credito Cooperativo Ravennate, Forlivese e Imolese S.C.	308.0
BCC Veneta - Credito Cooperativo - S.C.	71.0
Terre Etrusche di Valdichiana e di Maremma - Credito Cooperativo- S.C.	51.8
Banca di Credito Cooperativo Venezia Giulia S.C.	13.6
RivieraBanca - Credito Cooperativo di Rimini e Gradara - S.C.	60.4
Total Cover Pool	**1,209.0**

As regards the accounting treatment of the operation:

- the assigned loans continue to be recognized by the assignor banks under item 40 b) “Financial assets measured at amortized cost: loans to customers”, under the sub-item “medium/long-term loans”, as the assignors retain the risks and rewards associated with the ownership of the assigned loans. The amount granted by the transferors to the SPV is not recognized as a separate item, as it is offset by the debt to the vehicle connected with the initial transfer price. This loan is therefore not subject to assessment for credit risk purposes, as the risk is entirely reflected in the valuation of the assigned loans, which continue to be recognized in the financial statements of the assignors;
- the value of the loans changes on the basis of events affecting them (account movements and valuations). Loan payments collected by assignors (who also act as servicers) are paid daily to the vehicle on the “collection account” and accounted for by the assignors as follows: *(i)* the collection of the principal amount from the borrower is recognized against a decrease in the receivable from the same borrower; *(ii)* the payment of the principal amount to the vehicle is recognized against the recognition of a receivable from the vehicle which is closed at the time of repayment of the subordinated loan;
- the interest collected from the borrower is recognized under item 10 of the income statement “Interest income: loans to customers” (interest on loans continues to be recognized on an accruals basis through the allocation of amounts accruing);
- the payment of interest to the vehicle is recognized against the recognition of a receivable from the vehicle which is closed at the time of collection of interest on the subordinated loan;
- Iccrea Covered Bond Srl and Iccrea Covered Bond 2, owned by Iccrea Banca, are recognized under item 70 “Equity investments”;
- the covered bonds issued are recognized in liabilities under item 10c) “Financial liabilities measured at amortized cost: securities issued” and the related interest expense is recognized on an accruals basis.

In order to enable the assignee company to fulfill the obligations of the guarantee granted, Iccrea Banca uses appropriate asset and liability management techniques to ensure the overall balance between the cash flows generated by the assigned assets and the payments due in respect of the covered bonds issued and other transaction costs.

The program has been structured in accordance with applicable laws and regulations, which permit the issue of covered bonds on the condition of compliance with certain capital requirements for the assignor and issuing banks.

The structure of the Iccrea Banca program is subject to stringent regulatory constraints and provides for continuous oversight by the CFO and CRO areas, as well as monitoring by the Internal Audit function and an external auditor (Deloitte & Touche) in the role of Asset Monitor. In particular, the measures concern:

- audits of the quality and integrity of the assigned assets, in particular the estimated value of the properties to which the mortgages are attached. Action may consist of instructions to the assignor banks to carry out repurchases, make additions or conduct new sales of supplementary assets;
- audits of the maintenance of the correct relationship between the covered bonds issued and the assets transferred as collateral (cover pool);
- audits of compliance with the transfer limits and portfolio supplementation procedures consistent with risk objectives and tolerance thresholds specified in the RAF.

Information on the nature of the risks associated with maintaining the Covered Bond Programs is provided below:

- portfolio supplementation risks: the contractual documentation provides for an obligation to supplement the portfolio in order to comply with the tests required by applicable legislation. Failure to comply with these tests would represent an issuer event of default, with the consequent activation of the guarantee issued by the SPV. This risk is mitigated by the control mechanisms described above;
- risks relating to cross-collateralization: the participation of the mutual banks - as assignor banks within the program - means that they compete, pari passu with each other as subordinated creditors of the vehicle and, above all, assume the obligation for compliance with regulatory tests and maintaining the quality and integrity of the assets pledged as collateral for the covered bonds. This implies that the limitation of the liability of each assignor bank to the portion of the portfolio transferred to the SPV and the connection of the

portfolio supplementation obligations of each assignor bank if the quality of its portfolio should deteriorate only has contractual force between the assignor banks, but is not in any way enforceable against the vehicle and the investors. In order to minimize these consequences, the contractual documentation envisages a coordinating role in the management of the portfolio aimed at limiting the possible impact of a sudden deterioration in the quality of the cover pool;

- liability under the Framework Servicing Agreement: under the provisions of this agreement, the SPV grants (i) the role of Master Servicer to Iccrea Banca and (ii) the role of Servicer to the banks, which thus act as the entities responsible for collections on the loans each has assigned to the SPV. The liability risk of Iccrea Banca as Master Servicer is therefore limited to the fulfillment of the obligations undertaken by the latter pursuant to the Framework Servicing Agreement and does not extend to the actions of the servicers, who are in turn directly liable to the SPV on an individual basis. Iccrea Banca also assumes the role of entity responsible for verifying the compliance of operations with the law and the prospectus pursuant to Law 130. The Program also provides that each assignor bank shall undertake to handle, on behalf of the SPV, the administration, collection and enforcement of the loans in its portion of the portfolio.

E. PRUDENTIAL CONSOLIDATION – MODELS FOR MEASURING CREDIT RISK

The section has not been completed because the Bank does not use internal portfolio models for measuring its exposure to credit risk.

1.2 MARKET RISKS

1.2.1 INTEREST RATE RISK AND PRICE RISK – SUPERVISORY TRADING BOOK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS

The term trading book refers to the portfolio consisting of positions intentionally held for subsequent short-term disposal and/or taken on to benefit from short-term differences between purchase and sales prices, or other changes in prices or interest rates. In general, the supervisory trading book is represented by the positions held under an "other" business model, namely "held for sale", i.e. the portfolio including debt and equity securities, units in collective investment undertakings and derivatives held for trading purposes.

B. MANAGEMENT AND MEASUREMENT OF INTEREST RATE RISK AND PRICE RISK

GOVERNANCE AND ORGANIZATIONAL MODEL

The Parent Company is responsible for the management, coordination and control of market risk management within the entire Iccrea Mutual Banking Group in compliance with the principles of sound and prudent management.

As provided for under the Cohesion Contract, the Parent Company defines market risk management policies, in accordance with the strategic planning and definition of the RAF.

This role is performed through the issue of specific policies and directives and the definition and application of specific governance mechanisms that govern the various stages (definition, approval, monitoring and reporting) that characterize the management of market risks.

RISK MANAGEMENT PROCESSES

Identification of risks

Operations in financial market, especially positions in the trading book, expose the Bank to market risks and other subcategories of risk. The identification of risks is mainly carried out in the process of specifying and updating risk models and metrics for market risks, and involves the following activities:

- the specification and updating of risk metrics, i.e. the evolution by the Risk Management department of measurement and monitoring methods on the basis of developments in markets, regulations and best practice;
- the approval process, conducted before the start of operations in a new financial instrument and the associated definition of the procedures for measuring fair value and risks.

Risk measurement and assessment

Risk Management is the main actor in the processes for development and using measurement models and metrics for market risk.

Updates of the models and metrics are identified by Risk Management in the performance of its duties, including analysis of regulatory requirements, market best practices and input from the business units involved (Finance in particular).

For the purpose of calculating capital requirements for market risks, the Parent Company uses the standardized approach, in compliance with the relevant supervisory measures.

At the operational level, internal models are used for measurement purposes. The measurement metrics used for operational purposes to measure market risk can be classified as follows:

- probabilistic metrics:
  - Value at Risk (VaR) approach, which represents the main metric owing to its uniformity, consistency and transparency in relation to finance operations;
- deterministic metrics:
  - level metrics (such as, for example, notional amounts and mark to market values), which represent an immediately applicable solution;
  - analysis of sensitivity and Greeks, which are an essential complement to VaR indicators owing to their capacity to capture sensitivity and the direction of financial positions in response to changes in the identified risk factors;
  - stress testing and scenario analysis, which complete the analysis of the overall risk profile, capturing changes due to specified developments in the underlying risk factors (worst case scenarios);
  - loss, which represents the negative financial performance in a specified period of time of both closed and open positions.

Probabilistic metrics

Value at Risk (VaR)

An approach based on historical simulations is used to calculate VaR, (with a sample period of 3 years, confidence level of 99% and holding period of 1 day). The model currently covers the following risk factors:

- interest rates;
- inflation rates;
- exchange rates;
- stocks and stock indices;
- interest rate volatility;
- stock price volatility.
- The current model can calculate VaR both for more detailed portfolios and for larger aggregates, permitting considerable granularity in the analysis, control and management of risk profiles and the effects of diversification. The possibility for calculating VaR at multiple levels of synthesis (consistent with the operating strategies of the portfolios and the organizational hierarchy of Finance) and the ability of the model to decompose VaR into different risk determinants make it possible to create an effective system of comparable cross-risk and cross-business limits.

Deterministic metrics

Sensitivity and Greeks of options

- Sensitivity measures the risk associated with changes in the theoretical value of a financial position in response to changes in a defined amount of the associated risk factors. It captures the breadth and direction of the change in the form of multiples or monetary changes in the theoretical value without explicit assumptions about the holding period or correlations between risk factors. The main sensitivity indicators currently used are:
- PV01: the change in market value in response to a change of 1 basis point in the zero-coupon yield curve;
- Vega01: a change of 1 percentage point in implied volatilities on interest rates;

- IL01 (sensitivity to inflation): the change in market value in response to a change of 1 basis point in the forward inflation rate curve;
- Vega sensitivity to inflation: a change of 1 percentage point in implied volatilities on forward inflation rates;
- CS01: a change of 1 basis point in credit spreads;
- Delta: the ratio between the expected change in the price of options and a small change in the prices of the underlying financial assets;
- Delta1%: the change in market value in response to a change of 1% in equity prices;
- Delta Cash Equivalent: the product of the value of the underlying financial asset and the delta;
- Vega1%: the change in market value in response to a change of 1% in the implied volatility of equity prices/indices;
- Correlation sensitivity: the change in the market value in response to a 10% change in implied correlations.

Level metrics

The nominal position (or equivalent) is a risk indicator based on the assumption that there is a direct relationship between the size of a financial position and the risk profile.

The nominal position (or equivalent) is determined through the identification of:

- the notional value;
- the market value;
- the conversion of the position in one or more instruments into a benchmark position (the equivalent position);
- the FX open position.

The approach is characterized by extensive use of ceilings in terms of notional/mark-to-market amounts as they represent the value of the assets recognized in the financial statements. These metrics are used to monitor exposures to issuer/sector/country risk for the purposes of analyzing the concentration of exposures.

Stress test and scenarios

Stress tests measure the change in the value of instruments or portfolios in response to unexpected (i.e. extreme) changes in the intensity or correlation of risk factors. Scenario analyses measure the change in the value of instruments or portfolios in response to changes in risk factors in circumstances that reflect actual past situations or expectations of future developments in market variables.

Stress tests and scenario analysis are carried out by measuring the change in the theoretical value of positions in response to changes in the risk factors. The change can be calculated both through the use of linear sensitivity relationships (e.g. deltas) and through the revaluation of positions by applying the specified variations to the risk factors.

Loss

Loss is a risk metric representing the negative financial performance achieved on closed and open positions over a specified period of time.

Loss is determined by identifying, with the specified time interval:

- the component of realized profits and losses;

- the component of latent (unrealized) profits and losses calculated using the mark-to-market/mark-to-model value of open positions.

Loss is equal to the algebraic sum of the two components indicated above, if negative.

In determining loss, foreign currency positions still open are measured at the ECB end-of-day exchange rate.

The metric makes it possible to measure losses connected with the general risk profile of outstanding positions and the management of the portfolio, identifying any deterioration in the profitability of financial operations.

It is helpful in monitoring the performance of the portfolio, given the risk profile assumed, when:

- more sophisticated measurement systems are not present;
- it is impossible to capture all risk factors;
- timely control and management of limits is required.

RISK PREVENTION AND ATTENUATION

Risk Management conducts backtesting of operational measurement models on an ongoing basis. The effectiveness of the calculation model is monitored daily through backtesting, which by comparing the forecast VaR with the corresponding profit or loss shines light on the capacity of the model to accurately capture the variability of the revaluation of the trading positions statistically. This approach makes it possible to:

- strengthen the effectiveness of the dialogue between Risk Management and the front office;
- enhance awareness of the actual performance dynamics of the portfolios;
- break down and interpret the sources and causes of daily changes in P&L;
- identify and monitor any risk factors that are not fully captured by the calculation models adopted.

In addition to the backtesting noted earlier, the effective management of market risks is ensured using a comprehensive system of limits, which is a key tool for the management, control and attenuation of risks. The development of this system, which is a key element of the Risk Management Framework, took account of the nature, objectives and operational complexity of the Group.

The overall system of market risk indicators comprises indicators included in and governed by the RAS and more strictly operational indicators set out in the risk governance policies.

The controls established to manage market risks break down into:

- Level I controls, which are intended to ensure the correct registration and maintenance of transactions over time;
- Level II controls, which are intended to measure, monitor and report the market risk profile and ensure the correct activation of escalation mechanisms;
- Level III controls (Internal Audit), which are intended to verify compliance with rules and procedures as well as internal and external regulations.

Risk management and mitigation activities are governed by a set of codified and formalized rules that envisage:

- the activities and actions that must be performed in each operating and business segment in order to manage developments in risks;
- the adoption of measures to manage any irregularities;
- the actions to be taken in the event the risk objectives, tolerances or limits specified in the Risk Appetite Statement are breached;
- the actions to be taken in the event the limits specified in the risk policies are breached.

MONITORING AND REPORTING

The controls performed by Risk Management seek to monitor the Bank's exposure to market risks on a daily basis, in order to prepare reporting to be sent to the competent units and to monitor/verify the implementation of escalation mechanisms by the trading desks involved if the specified limits are breached. Control activities are based on the assessment and measurement of the risk profile compared with the risk indicators and represents a key control element that regards both the monitoring of specific indicators and verifying and analyzing any breaches of risk appetite and/or risk limit thresholds.

These activities therefore perform an "ex post" control function in relation to the continuous monitoring of all indicators that signal breaches of assigned risk levels, but they also serve an "ex ante" function in signaling the approach of risk profiles towards the threshold/limit/risk propensity levels. Therefore, the effectiveness of monitoring compliance with limits is an instrumental part of:

- the timely identification of risk profile developments that might compromise achievement of the risk targets/tolerances established in determining the RAS/risk limits;
- the prompt activation of recovery plans in response to specified conditions on the basis of the "magnitude" of the over-limit position.

The market risk control and monitoring activities are governed within a set of internal regulations defining the roles and responsibilities of the various actors involved in the process.

At the operational level, communication between operational units and Risk Management occurs on a daily basis through extensive discussion of risk developments, increasing awareness of the risks assumed (in line with defined profit targets) and thereby facilitating the definition of appropriate management decisions.

An additional level of communication is embodied in the reporting system, which represents a decision support tool to provide the various organizational units involved with adequate and timely information on both the strategic and operational levels. The content, level of detail and frequency of the reporting are determined in accordance with the goals and roles assigned to the different recipients so as to ensure easy consultation, immediate perception of the situation and a comprehensive understanding of developments.

In particular, Risk Management performs codified and formalized monitoring and reporting activities within the Risk Appetite Framework and the Risk Policies, with the preparation of periodic reporting to provide appropriate disclosure to the management functions, senior management and the Board of Directors.

QUANTITATIVE DISCLOSURES

1. SUPERVISORY TRADING BOOK: DISTRIBUTION BY RESIDUAL MATURITY (REPRICING DATE) OF ON-BALANCE-SHEET FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL DERIVATIVES

This table has not been completed since an analysis of interest rate and price risk sensitivity has been provided.

2. SUPERVISORY TRADING BOOK: DISTRIBUTION OF EXPOSURES IN EQUITY SECURITIES AND EQUITY INDICES BY MAIN COUNTRIES OF LISTING

This table has not been completed since an analysis of interest rate and price risk sensitivity has been provided.

3. SUPERVISORY TRADING BOOK: INTERNAL MODELS AND OTHER SENSITIVITY ANALYSIS METHODOLOGIES

With regard to market risks on the trading book, which are managed at the Group level by Iccrea Banca, a risk tolerance of €14 million in 1-day VaR with a 99% confidence level has been established. In the second half of 2024 the indicator never breached the limits at the full book level.

The average VaR of the trading book was equal to €0.40 million, with a minimum of €0.24 million and a maximum of €2.09 million (on May 23, 2024).

At December 31, 2024 the VaR was equal to €0.40 million.

Daily VaR Trading Book	Notional (in €/million) At 31/12/2024	VaR	
		Limit	Risk Profile
GBCI	5,677	14	0.40

The table below shows the sensitivity values per risk factor at December 31, 2023, which correspond to the change in the market value of the trading book as the risk factors change (see the section "Deterministic metrics, Sensitivity and Greeks of options").

	Sensitivity Value (in €)	Note
Interest rates	17,819	Sensitivity for 1 bp change
Inflation rates	14,170	
Credit spread	14,894	
Equity	2,366	Sensitivity calculated on a 1% change in the stock/stock index

1.2.2 INTEREST RATE RISK AND PRICE RISK – BANKING BOOK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF INTEREST RATE RISK AND PRICE RISK

GOVERNANCE AND ORGANIZATIONAL MODEL

The Parent Company is responsible for the management, coordination and control of interest rate risk management for the banking book within the entire Iccrea Cooperative Banking Group in compliance with the principles of sound and prudent management.

As provided for under the Cohesion Contract, the Parent Company defines interest rate risk management policies, in accordance with the strategic planning and definition of the RAF.

This role is performed through the issue of specific policies and directives and the definition and application of specific governance mechanisms that govern the various stages (definition, approval, monitoring and reporting) that characterize the management of interest rate risk on the banking book.

RISK MANAGEMENT PROCESSES

Identification of risks

The interest rate risk on the banking book is the risk originated by differences in the maturities and in the timing of the repricing of interest rates on the assets and liabilities in the banking book. In the presence of these differences, fluctuations in interest rates giver rise to both a short-term change in expected profit, through the impact on net interest income, and a long-term impact on the economic value of shareholders' equity, through the change in the market value of assets and liabilities.

Based on the composition of the current banking book and expected developments envisaged in strategic and operational planning, the Group identifies sources of interest rate risk to which it is exposed, classifying them in the following risk sub-categories: the risk deriving from mismatches in maturities (for fixed-rate positions) and repricing dates (for variable-rate positions), or changes in the slope or shape of the yield curve (yield curve risk), basis risk, option risk and credit spread risk on banking book (CSRBB).

Risk measurement and assessment

The measurement of interest rate risk on the banking book is based on the current earnings approach and the economic value approach and is carried out for the purpose of:

- continuous monitoring of the risk profile by controlling the overall system of indicators that characterize the IRRBB Framework and the various "additional metrics" that have been defined;
- performing stress testing, which provides for the estimation of the impact of severe but plausible adverse market scenarios on the banking book.

The risk exposure is measured using a static or dynamic approach depending on the assessment approach adopted:

- economic value approach: this seeks to assess the impact of possible adverse changes in interest rates on the economic value of the banking book (economic value of equity), construed as the present value of the expected cash flows of assets, liabilities and off-balance sheet positions within the scope of analysis. Under this perspective, the analysis is conducted using a static "gone concern" approach, in which we assume the run-off of positions at maturity, without any replacement or renewal, or using a dynamic approach, developing projections for new operations that are consistent with the assumptions defined during strategic planning.

- earnings approach: this seeks to assess the potential effects of adverse interest rate variations on the profitability of the banking book, i.e. net interest income, and on fair value changes recognized through profit or loss or OCI. In this perspective, the analysis is conducted using a dynamic "going-concern" approach, with a "constant balance sheet" view, assuming that positions are rolled over at maturity so as to leave the size and composition of the balance sheet unchanged, or a "dynamic balance sheet" view, developing projections for new business that are consistent with the hypotheses defined in strategic planning.

Specific models are adopted in both cases that ensure adequate quantification of the risk associated with positions that exhibit repricing behavior that differs from the contractual profile.

The metrics used in the current earnings approach are based on a full evaluation approach:

- NII sensitivity: metric aimed at measuring interest margin sensitivities; the potential impact on net interest income of potential changes in risk-free rates and/or credit spreads is calculated using a method that provides for the comparison, for a selected time horizon, between expected net interest income in the case of a change in interest rates and expected net interest income in a baseline scenario with no such changes;
- Earnings at Risk: a metric aimed at measuring the loss of profitability due to changes in interest rates and/or credit spreads, considering, in addition to the impact on net interest income, the effects on changes in the fair value of the instruments recognized (depending on their accounting treatment) in profit or loss or directly in equity. The measurement scenarios applied to interest rates are intended to monitor the risk categories to which the Bank may be exposed. Each can be associated with internally developed or regulatory scenarios;

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- gap risk: in order to monitor this category of risk, parallel and non-parallel shocks of the risk-free yield curves are used in order to assess the impact on economic value and net interest income. In addition to the scenarios envisaged for regulatory purposes, in the standard outlier test, internally defined scenarios are used based on prudential assessments and historical analyses of observed changes in rates;
- basis risk: the analysis provides for the segmentation of the banking book based on the market parameters to which the items involved are indexed and the analysis of the time series of basis spreads with respect to the pivot rate (€STR) for the purpose of determining the size of the shocks to be applied to each;
- option risk: the analysis includes a preliminary identification of the automatic/behavioral option components in the assets and liabilities of the Bank's banking book and the subsequent:
- historical analysis of the observed changes in volatility, to determine the magnitude of the shocks to be applied for the purpose of quantifying the automatic option risk;
- verification of the impact of interest rate shocks on the behavioral model parameters, for the purpose of quantifying the behavioral option risk.
- CSRBB: internally defined scenarios are used based on prudential assessments and historical analyses of the observed changes in credit spreads.

In order to monitor risk limits, parallel and non-parallel shock scenarios are adopted. To monitor the additional metrics subject to reporting requirements, scenarios involving shocks to the yield curves are also envisaged in addition to those adopted as a reference for the determination of risk limits. As part of stress testing, further scenarios are used on periodic basis to signal potential areas of weakness in the presence of particular market conditions.

Risk prevention and attenuation

Interest rate risk is managed using a comprehensive system of limits, which is a key tool in the management, control and attenuation of risks within the IRRBB Framework, taking account of the nature, objectives and complexity of Group operations.

The system of limits (EWS, RAS and Risk Limits) is defined by the Parent Company in accordance with its management and coordination role and implemented through a cascading process with the subsidiaries (where applicable), in line with the risk management model adopted.

In addition to the above system of limits, a comprehensive system of arrangements and controls contributes to defining the overall control model set out and formalized in the associated policy.

The controls established to manage interest rate risk on the banking book break down as follows:

- Level I controls, which are intended to ensure the correct registration and maintenance of transactions over time;
- Level II controls, which are intended to measure, monitor and report the interest rate risk profile and activate escalation mechanisms;
- Level III controls (Internal Audit), which are intended to verify compliance with rules and procedures as well as internal and external regulations.

Monitoring and reporting

The second-level controls, carried out by Risk Management, are aimed at monitoring the Bank's exposure to interest rate risk in order to prepare reporting to be sent to the competent units and to trigger escalation mechanisms with the collaboration of the operating units involved if the specified limits are breached. Control activities are based on the assessment and measurement of the risk profile compared with the risk indicators provided for by the risk governance framework. The effectiveness of monitoring compliance with limits is an instrumental part of:

- the timely identification of risk profile developments that might compromise achievement of the risk limits established;
- the prompt activation of recovery plans in response to specified conditions on the basis of the "magnitude" of the over-limit position.

The interest rate risk control and monitoring activities are performed within the framework of a set of internal regulations. At the operational level, communication between operational units and Risk Management occurs on a daily basis through extensive discussion of risk developments, increasing awareness of the risks assumed (in line with defined profit targets) and thereby facilitating the definition of appropriate management decisions.

An additional level of communication is embodied in the reporting system, which represents a decision support tool to provide the various organizational units involved with adequate and timely information on both the strategic and operational levels. The contents, level of detail and frequency of the reporting are determined in accordance with the goals and roles assigned to the different recipients so as to ensure easy consultation, immediate perception of the situation and a comprehensive understanding of developments.

More specifically, the Risk Management function performs monitoring and reporting activities that are codified and formalized within the Risk Appetite Framework and the risk policies, preparing periodic reports and providing appropriate disclosure to the operating units, top management and the Board of Directors.

Stress test framework

In order to assess the potential impact of market tensions on the profitability and economic value of the banking book, stress test simulations are also conducted in addition to specific measurements of the exposure to risk.

The stress tests are intended to measure the extent to which the exposure to interest rate risk on the banking book could worsen in especially adverse market conditions.

The scenarios used in measuring the exposure to the different sources of risk and in analyzing stress tests are based on both regulatory shocks and, where the regulatory scenarios are not considered fully representative of especially averse conditions, shocks defined internally.

In accordance with regulatory provisions, the Group develops scenarios characterized by larger movements in yield curves than the shocks applied for the continuous monitoring of the IRRBB in order to test the vulnerabilities of the banking book in the presence of stress conditions.

In line with the applicable regulatory guidelines, the Group has adopted various types of mutually complementary analyses where appropriate:

- sensitivity analysis: analysis of the exposure to the IRRBB and the CSRBB with respect to the marginal impact of different types of shocks, considered separately or jointly, relating to one or more risk factors;
- reverse stress testing: analysis consisting in identifying one or more stress scenarios whose impact leads to a pre-established result identified ex-ante. The reverse stress testing makes it possible to investigate, using a recursive analysis process, the size and probability of occurrence of the events that lead to this result;
- scenario analysis: analysis consisting in the assessment of the Group's ability to cope with a potential increase in its exposure to IRRBB and CSRBB based on a combination of shocks associated with one or more risk factors in accordance with specific evolutionary stress dynamics.

Depending on the purpose of the analysis, the time horizon of the stress exercise, the speed of propagation of shocks and the approach to be adopted for the projection of operations (static/dynamic) are defined.

For each of the risk categories identified it is possible to define the associated risk factor(s), understood as an exogenous variable whose shock can have a negative impact on the economic value of the banking book and/or on the associated net interest income, in terms of smaller-than-expected loss or profit. In this perspective, the identification of risk factors is a preliminary phase in the definition of the shocks associated with stress scenarios.

All the stress scenarios adopted are generally calibrated using the historical simulation approach, based on prudential percentiles of the empirical distributions associated with the various risk parameters, using expert-based adjustments where appropriate in order to integrate forward-looking elements that are not present in the available historical data. To these scenarios, we add "purely" historical scenarios (i.e. without calculating a percentile of the historical empirical distribution), scenarios defined on a judgmental basis and scenarios provided by external sources (e.g. EBA Stress Test scenario).

QUANTITATIVE DISCLOSURES

1. BANKING BOOK: DISTRIBUTION OF FINANCIAL ASSETS AND LIABILITIES BY RESIDUAL MATURITY (REPRICING DATE)

This table has not been completed since an analysis of interest rate and price risk sensitivity has been provided.

2. BANKING BOOK: INTERNAL MODELS AND OTHER SENSITIVITY ANALYSIS METHODOLOGIES

The interest rate risk on the banking book used for management purposes with regard to sensitivity indicators for economic value and net interest income at December 31, 2024 is reported below.

€/million	Scenario	
	-100 bp	+100 bp
Impact on economic value	+479	-256
Impact on net interest income	-272	+381

1.2.3 EXCHANGE RATE RISK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF EXCHANGE RATE RISK

The exchange rate risk management strategy (the FX risk factor) is based on the analysis of market developments and the different currencies in which operations are denominated.

The strategy is differentiated in accordance with the type of operations:

- for major currencies (hard currencies), operators, based on the analysis of economic, macroeconomic and money management data, manage operations both to optimize existing positions and generate a profit;
- for minor currencies (local currencies), exchange rate risk is managed with a view to the total minimization of risks, except in unusual macroeconomic situations, by reducing exposures exceeding the thresholds defined with market operations of the opposite sign.

Trading is carried out on the foreign exchange and foreign exchange derivatives markets both through spot trading and through the management of short/medium-term forward positions (outright operations). The strategy of the desk is therefore aimed at intraday/multiday transactions in order to generate profit from movements in the spot foreign exchange market. Forex swaps are used to engage in forward operations, based on expectations for interest rates and exchange rates, so as to generate a profit from maintaining open short/medium-term positions in foreign currency. Based on its own analyzes, the desk also seeks to improve its profitability by taking positions in options on exchange rates.

All operations are based on techniques and methods defined and agreed at the desk level, based on operating limits assigned to the managers and operational staff that are consistent with the provisions of the risk policies.

B. HEDGING EXCHANGE RATE RISK

Operations are mainly concentrated in major currencies. The Bank adopts a system of daily operating limits on the overall foreign exchange exposure, as well as the net foreign exchange positions in respect of individual currencies. The overall limit is segmented into partial ceilings on the basis of the importance of the various currencies.

QUANTITATIVE DISCLOSURES

1. DISTRIBUTION BY CURRENCY OF ASSETS, LIABILITIES AND DERIVATIVES

	Currency					
	US dollars	Pounds sterling	Yen	Canadian dollars	Swiss francs	OTHER CURRENCIES
A. Financial assets	**130,601**	**9,945**	**1,624**	**1,791**	**11,963**	**6,724**
A.1 Debt securities	13,326					1,239
A.2 Equity securities	34,609	6,380	-		-	
A.3 Loans to banks	30,700	2,559	588	1,662	960	5,485
A.4 Loans to customers	51,966	1,006	1,036	130	11,003	-
A.5 Other financial assets						
B. Other assets	**13,760**	**5,868**	**811**	**2,069**	**7,446**	**2,328**
C. Financial liabilities	**208,637**	**13,709**	**1,345**	**6,651**	**15,400**	**3,455**
C.1 Due to banks	31,623	105	7	4	11	1,145
C.2 Due to customers	177,013	13,604	1,338	6,648	15,389	2,309
C.3 Debt securities						
C.4 Other financial liabilities						
D. Other liabilities	**1,558**	**9**		**3**	**88**	**2**
E. Financial derivatives						
- Options						
+ Long position						
+ Short positions						
- Other derivatives						
+ Long positions	667,255	63,145	32,154	4,572	21,249	25,408
+ Short positions	614,281	63,667	33,005	1,256	30,450	29,140
Total assets	**811,615**	**78,958**	**34,590**	**8,432**	**40,659**	**34,460**
Total liabilities	**824,476**	**77,385**	**34,350**	**7,911**	**45,938**	**32,596**
Difference (+/-)	**(12,860)**	**1,573**	**239**	**521**	**(5,280)**	**1,864**

2. INTERNAL MODELS AND OTHER SENSITIVITY ANALYSIS METHODS

There is no information to report.

1.3 DERIVATIVES AND HEDGING POLICIES

1.3.1 FINANCIAL DERIVATIVES HELD FOR TRADING

A. FINANCIAL DERIVATIVES

A.1 FINANCIAL DERIVATIVES HELD FOR TRADING: END-PERIOD NOTIONAL VALUES

	Total 31/12/2024				Total 31/12/2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		Covered by netting arrangements	Not covered by netting arrangements			Covered by netting arrangements	Not covered by netting arrangements	
1. Debt securities and interest rates	**2,134,883**	**1,369,198**	**1,098,552**	**-**	**2,905,265**	**1,136,686**	**1,141,677**	**-**
a) Options	-	260,236	253,720	-	-	421,422	275,174	-
b) Swaps	1,684,883	1,068,762	844,832	-	2,905,265	659,964	866,497	-
c) Forwards	-	-	-	-	-	-	6	-
d) Futures	-	40,200	-	-	-	55,300	-	-
e) Other	450,000	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**1,050**	**-**	**-**	**-**	**2,284**	**570**	**-**
a) Options	-	1,050	-	-	-	2,237	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	570	-
d) Futures	-	-	-	-	-	47	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign currencies and gold	**-**	**507,425**	**1,023,419**	**-**	**-**	**1,143,539**	**112,162**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	507,425	1,023,419	-	-	1,143,539	112,162	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,134,883**	**1,877,673**	**2,121,971**	**-**	**2,905,265**	**2,282,509**	**1,254,409**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR TRADING: GROSS POSITIVE AND NEGATIVE FAIR VALUE – BREAKDOWN BY PRODUCT

	31/12/2024				31/12/2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		Covered by netting arrangements	Not covered by netting arrangements			Covered by netting arrangements	Not covered by netting arrangements	
1. Positive fair value								
a) Options	-	3,681	169	-	-	7,445	18	-
b) Interest rate swaps	48,523	12,961	6,088	-	105,444	21,132	3,372	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	1,991	4,483	-	-	33,169	5,517	-
f) Futures	-	354	-	-	-	229	-	-
g) Other	1,215	-	-	-	-	-	-	-
Total	**49,738**	**18,988**	**10,739**	**-**	**105,444**	**61,975**	**8,906**	**-**
2. Negative fair value								
a) Options	-	266	5,112	-	-	879	9,705	-
b) Interest rate swaps	36,914	20,947	24,574	-	101,248	30,700	42,458	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	2,714	1,881	-	-	18,149	35	-
f) Futures	-	11	-	-	-	462	-	-
g) Other	275	-	-	-	-	-	-	-
Total	**37,188**	**23,937**	**31,566**	**-**	**101,248**	**50,191**	**52,198**	**-**

A.3 OVER-THE-COUNTER FINANCIAL DERIVATIVES HELD FOR TRADING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUES BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting arrangements				
1) Debt securities and interest rates				
- notional value	X	626	35,907	1,062,019
- positive fair value	X	57	191	6,009
- negative fair value	X	-	236	29,449
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign currencies and gold				
- notional value	X	102,405	916,776	4,239
- positive fair value	X	239	4,212	32
- negative fair value	X	229	1,446	206
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other assets				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting arrangements				
1) Debt securities and interest rates				
- notional value	2,134,883	1,428,442	(59,243)	-
- positive fair value	49,738	4,256	12,737	-
- negative fair value	37,188	20,324	899	-
2) Equity securities and equity indices				
- notional value	-	1,050	-	-
- positive fair value	-	4	-	-
- negative fair value	-	-	-	-
3) Foreign currencies and gold				
- notional value	-	507,425	-	-
- positive fair value	-	1,991	-	-
- negative fair value	-	2,714	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other assets				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 RESIDUAL LIFE OF OVER-THE-COUNTER FINANCIAL DERIVATIVES: NOTIONAL VALUES

	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	2,013,621	129,941	2,459,072	4,602,633
A.2 Financial derivatives on equity securities and equity indices	1,050	-	-	1,050
A.3 Financial derivatives on exchange rates and gold	1,530,844	-	-	1,530,844
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	**3,545,514**	**129,941**	**2,459,072**	**6,134,527**
Total 31/12/2023	**2,974,752**	**1,671,377**	**1,796,053**	**6,442,182**

B. CREDIT DERIVATIVES

The section has not been completed because there were no such positions as of the reporting date.

1.3.2 HEDGE ACCOUNTING

QUALITATIVE DISCLOSURES

For the purposes of hedge accounting, the Group applies the provisions contained in IAS 39 since at the time of initial application of IFRS 9 it elected the option provided for in paragraph 7.2.21 of that standard to continue to apply in full the rules of IAS 39 for all types of hedging (micro and macro).

The hedge contracts are transacted on the basis of the provisions of specific company policies and mainly used to manage interest rate risk on the banking book arising from the normal business operations of the individual banks and the Parent Company, pursuing the objective of reducing the risk profile within the limits of the Risk Appetite Framework as defined and quantified by their respective competent bodies. These limits concern the exposure of the Group both in terms of net interest income sensitivity and economic value sensitivity.

In particular, all the hedges established by the affiliated banks with the Parent Company with respect to which the latter enters into an identical and opposite position in derivatives with the market are represented in the same way at the consolidated level: hedges originally established by the affiliated banks regard portfolios of loans to customers, securities holdings and, to a marginal extent, bonds in issue. On the other hand, transactions involving the hedging of loans to customers or securities of a minor nature (mainly by notional amount) between the affiliated banks and the Parent Company, provide for the latter to manage the consequent risk position on a "synthetic" basis, which is reported in the consolidated financial statements through the designation of generic fair value hedges established in respect of interest rate risk. The life cycle of a hedge accounting relationship starts with the so-called "designation" phase. With the designation of the hedging relationship, the company identifies the instruments through which it intends to implement the hedging strategy, as defined by the manager of the risk being hedged and in compliance with the principles established in the Group Hedging Policy, which defines the methods of measuring effectiveness by type of hedge.

Once a hedging relationship has been designated, it must be demonstrated that the hedge is highly effective in offsetting fair value changes attributable to the hedged risk or stabilizing the cash flows attributable to the hedged risk during the period for which the hedge is designated.

The effectiveness of the hedge is demonstrated at the inception date and measured at the periodic reporting dates (March 31, June 30, September 30 and December 31).

The effectiveness of the hedge is measured by conducting so-called effectiveness tests (prospective and retrospective) based on both qualitative and quantitative methods, complying with the criterion of continuity. A hedging relationship is considered effective if at each measurement date both tests (prospective and retrospective) are passed. The failure of the effectiveness test(s) should result in the discontinuance of the hedging relationship, i.e. the termination of hedge accounting.

With regard to the benchmark rate reform introduced with the Benchmarks Regulation (BMR - Regulation no. 2016/1011/EU), please note that:

- the Group's hedging derivatives are mainly indexed to Euribor, whose calculation methodology was revised in 2019 in order to permit its use even after the reform. More specifically, in order to ensure the rate is compliant with the BMR, the EMMI - European Money Markets Institute - has implemented the transition to a new "hybrid" calculation methodology for Euribor that continues to represent the actual cost of funding for the contributing European banks and is always available and accessible. Consequently, hedges linked to the Euribor are not considered to be impacted by the reform;
- as regards hedging derivatives indexed to the rates affected by the reform (Eonia, Libor), the Group completed the transition in the first half of 2023.

A. FAIR VALUE HEDGING

Fair value hedging is used to immunize changes in the fair value, attributable to the different risk factors, of financial assets and liabilities or portions of them, of groups of assets/liabilities, of irrevocable commitments and portfolios of financial assets and liabilities.

The Group adopts both specific hedges (micro fair value hedges) and generic hedges (macro fair value hedges). These hedges therefore apply both to well-identified financial instruments (government securities – both fixed rate and indexed to European and Italian inflation – bond issues, loans and other financing) and to portfolios of fixed-rate and variable-rate financial instruments (government securities, corporate debt securities, performing loans and bonds).

Within the scope of micro fair value hedging, hedges are mainly used for securities holdings and bonds issued, while macro hedging is applied to portfolios of fixed-rate loans, variable-rate loans and a single portfolio of debt securities classified as FVOCI under the HTCS business model.

The main types of derivatives used are represented by plain or structured interest rate swaps (IRS), and asset and yield swaps (ASW) entered into with third parties to ensure compliance with the requirement to externalize risk, which is necessary to qualify for hedge accounting at the consolidated level, in compliance with the provisions of paragraph 73 of IAS 39. These derivatives are not listed on regulated markets, but are traded on OTC markets.

The effects of designating the hedging relationship begin at the inception of the hedge with the identification of the portion and the type of hedged risk, the hedging strategy and the hedging instrument in accordance with the principles the Group has established concerning the methodology used to assess the effectiveness of the hedging relationship.

B. CASH FLOW HEDGING

Cash flow hedging seeks to hedge the exposure to the variability of future cash flows attributable to particular risks associated with balance sheet items or highly probable forecast transactions or to hedge exchange rate risk.

The Group adopts specific hedges of assets (micro cash flow hedge) represented by fixed-rate, variable rate (CCTs) and euro inflation-linked government securities.

C. HEDGING OF INVESTMENTS IN FOREIGN OPERATIONS

In 2024, the Group did not undertake hedging of exchange rate risk on foreign currency transactions.

C. HEDGING INSTRUMENTS

Designated hedging transactions, with formal documentation identifying the relationship between the hedged instrument and the hedging instrument, are considered effective if at inception and for the entire duration of the hedging relationship changes in the fair value or the cash flows of the hedged instrument are almost completely offset by changes in the fair value or cash flows of the hedging derivative. The effectiveness of the hedge depends on the extent to which the changes in the fair value of the hedged instrument or the related expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is quantified by comparing the aforementioned changes, taking account of the intent pursued by the company at the time the hedge was established.

A hedge is effective when the changes in the fair value (or cash flows) of the hedging instrument almost entirely, i.e. within the specified limits, offset the changes in the hedged instrument for the risk being hedged.

Effectiveness is assessed at each annual or interim reporting date using:

- prospective tests aimed at demonstrating that changes in the fair value or cash flows of the hedging instrument attributable to the hedged risk will be such as to offset changes in the fair value or cash flows of the hedged item. They are performed adopting both qualitative (Critical Term Match) and quantitative methods ("cumulative scenario method" or "linear regression method with curve simulation");
- retrospective tests aimed at measuring the actual effectiveness of the hedging relationship between the date of designation and the test date, determining the deviation of hedging relationships from the result that would be achieved with a perfect hedge. These tests are performed using quantitative methods, i.e. the dollar offset method and the volatility risk reduction method.

The main causes of ineffectiveness are attributable to the following:

- a misalignment between the notional of the derivative and the nominal of the hedged instrument at the time of the initial designation or generated subsequently, as in the case of partial repayments or full extinguishment of loans or the repurchase of bonds;
- the approach of the expiry of the transaction.

The ineffectiveness of the hedge is recognized promptly for the purposes of:

- determining the impact on profit or loss;
- assessing the possibility of continuing to apply hedge accounting rules.

If the assessments do not confirm the effectiveness of the hedge, the relationship considered terminated as of the last date from which the relationship was shown to be effective. This date coincides with the beginning of the period in which the effectiveness test was failed. However, if the event or the circumstances that led to the hedging relationship no longer meeting the criteria for effectiveness are identified and it is shown that the hedge was effective before the event or change in the circumstances occurred, hedge accounting is discontinued from the date of the event or change in those circumstances. The hedging derivative, if not extinguished, may be designated as a hedging instrument in another relationship that meets the relevant or be reclassified as a trading instrument.

The Group does not use dynamic hedges, as defined in IFRS 7, paragraph 23C.

D. HEDGED ITEMS

At the Group level, hedged items designated as being in a hedge accounting relationship using micro and macro hedges are mainly government securities, bond issues of the Parent Company and loans to customers in the form of residential mortgages and leases.

These hedges are both total and partial and the hedged risk is mainly interest rate risk.

Debt securities held

These are hedged using micro fair value hedge, macro fair value hedge and micro cash flow hedge, involving IRSs and ASWs. In fair value hedges, interest rate and inflation risk are hedged for the duration of the obligation, while in cash flow hedges, as discussed above, the risk of changes in the sale price of the underlying instrument is hedged. The effectiveness tests are carried out using the dollar offset method for retrospective assessment and the cumulative scenario method for prospective assessment.

Debt securities issued

The Group currently has active micro fair value hedging relationships for fixed-rate funding, using IRSs as hedging instruments. Interest rate risk is hedged for the life of the obligation.

Fixed-rate loans

The Group has designated micro fair value hedges and macro fair value hedges for interest-rate loans to customers, mainly using amortizing IRSs as hedging instruments. The interest rate risk is hedged for the entire term of the hedged item. For micro-type hedges, the effectiveness tests are carried out using the dollar-offset method for retrospective assessment and the cumulative scenario method for prospective assessment. For macro hedges of loans, the capacity of the portfolio subject to designation is verified with respect to the notional amount outstanding at the reporting date of the corresponding hedging derivative. Having passed this first test, effectiveness is quantified both retrospectively and prospectively by applying the dollar offset method. For macro hedges of leases, the criterion of the lower between the nominal value of the hedged item and the notional of the hedging derivative is adopted for the purpose of measuring the change in the fair value of the hedged item, performing the retrospective effectiveness test by applying volatility risk reduction method.

Variable-rate loans

The Group has designated micro fair value hedges, macro fair value hedges and macro cash flow hedges for variable-rate loans to customers, using caps, floors or collars or IRS with an amortizing notional as hedging instruments. The hedged risk is the risk of a rise (decrease) in rates above (below) the strike of the implicit caps (floors) as well as the probability that the benchmark rate is greater (lower) or approaches the strike rate itself. The hedged rate is the contractually determined strike rate for the individual loans granted by the Bank. The identity of the individual loans making up the hedged portfolio in terms of strike rate level compared with Euribor flat (net of the spread), indexing parameter, date of observation of the indexing parameter, frequency of the individual caplet (frequency of repayments of the amortization plan) is a necessary condition. As regards macro cash flow hedges, the hedged risk is the risk of variability arising from the redefinition of cash flows of variable rate mortgage portfolios, a risk managed by means of IRS with an amortizing notional. The risk of variation of cash flows is reduced by structuring the portfolios with hedged items and hedging instruments with uniform contractual characteristics, mainly in terms of indexation rate and frequency of payments. For micro hedges, the effectiveness tests are carried out using the dollar offsetting method for the retrospective profile and the cumulative scenario for the prospective profile. For macro hedges of loans, the capacity of the designated portfolio is checked first of all with respect to the notional value, at the reporting date, of the corresponding hedge derivative and therefore, after passing this first test, effectiveness is quantified retrospectively and prospectively by applying the dollar offsetting method.

QUANTITATIVE DISCLOSURES

A. FINANCIAL HEDGING DERIVATIVES

A.1 FINANCIAL HEDGING DERIVATIVES: END-PERIOD NOTIONAL VALUES

	Total 31/12/2024				Total 31/12/2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		Covered by netting arrangements	Not covered by netting arrangements			Covered by netting arrangements	Not covered by netting arrangements	
1. Debt securities and interest rates	**10,893,162**	**9,727,645**	**-**	**-**	**8,809,728**	**9,321,600**	**-**	**-**
a) Options	-	492,487	-	-	-	218,820	-	-
b) Swaps	10,893,162	9,235,158	-	-	8,809,728	9,102,780	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign currencies and gold	**-**	**-**	**31,343**	**-**	**-**	**92**	**30,505**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	31,343	-	-	92	30,505	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**10,893,162**	**9,727,645**	**31,343**	**-**	**8,809,728**	**9,321,692**	**30,505**	**-**

A.2 FINANCIAL HEDGING DERIVATIVES: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN BY PRODUCT

	Positive and negative fair value								Change in value used to calculate hedge effectiveness	
	Total 31/12/2024				Total 31/12/2023				Total 31/12/2024	Total 31/12/2023
	Over the counter			Organized markets	Over the counter			Organized markets		
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		Covered by netting arrangements	Not covered by netting arrangements			Covered by netting arrangements	Not covered by netting arrangements			
Positive fair value										
a) Options	-	4,842	-	-	-	215	-	-	-	-
b) Interest rate swaps	728,573	122,176	-	-	879,404	147,277	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	502	-	-	1	456	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**728,573**	**127,018**	**502**	**-**	**879,404**	**147,494**	**456**	**-**	**-**	**-**
Negative fair value										
a) Options	-	802	-	-	-	4,112	-	-	-	-
b) Interest rate swaps	131,033	242,971	-	-	76,577	215,703	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	598	-	-	-	182	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**131,033**	**243,773**	**598**	**-**	**76,577**	**219,815**	**182**	**-**	**-**	**-**

A.3 OVER-THE-COUNTER FINANCIAL HEDGING DERIVATIVES: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUES BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting arrangements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign currencies and gold				
- notional value	X	-	-	31,343
- positive fair value	X	-	-	502
- negative fair value	X	-	-	598
4) Other assets				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting arrangements				
1) Debt securities and interest rates				
- notional value	10,893,162	8,447,751	1,279,894	-
- positive fair value	728,573	125,727	1,291	-
- negative fair value	131,033	194,556	49,218	-
2) Equity securities and equity indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Other assets				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other	-	-	-	-
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 RESIDUAL LIFE OF OVER-THE-COUNTER FINANCIAL DERIVATIVES: NOTIONAL VALUES

	up to 1 year	more than 1 year and up to 5 years	more than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	4,916,486	6,611,070	9,093,252	20,620,807
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3 Financial derivatives on exchange rates and gold	28,074	3,270	-	31,343
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	**4,944,559**	**6,614,339**	**9,093,252**	**20,652,150**
Total 31/12/2023	**8,564,115**	**4,107,886**	**5,489,924**	**18,161,926**

B. CREDIT HEDGING DERIVATIVES

The section has not been completed because there are no such positions.

C. NON-DERIVATIVE HEDGING INSTRUMENTS

The section has not been completed because there are no such positions.

D. HEDGED ITEMS

Although the Group has made use of the exception envisaged by IFRS 9, consisting in the possibility of continuing to apply the provisions governing hedging of IAS 39, the information on the hedged instruments required in this section is provided below.

D.1 FAIR VALUE HEDGES

	Micro hedges: carrying amount	Micro hedges		Macro hedges: carrying amount
		Cumulative value of fair value changes of the hedged instruments	Vhange in value used to calculate hedge ineffectiveness	
A. ASSETS				
1. Financial assets measured a fair value through other comprehensive income – hedges of:	**535,968**	**7,786**	**-**	**2,246**
1.1 Debt securities and interest rates	535,968	7,786	-	-
1.2 Equity securities and equity indices	-	-	-	-
1.3 Foreign currencies and gold	-	-	-	-
1.4 Loans	-	-	-	-
1.5 Other assets	-	-	-	-
2. Financial assets measured at amortized cost – hedges of:	**8,573,549**	**638,180**	**-**	**5,941,383**
2.1 Debt securities and interest rates	8,573,549	638,180	-	-
2.2 Equity securities and equity indices	-	-	-	-
2.3 Foreign currencies and gold	-	-	-	-
2.4 Loans	-	-	-	-
2.5 Other assets	-	-	-	-
Total 31/12/2024	**9,109,516**	**645,966**	**-**	**5,943,629**
Total 31/12/2023	**9,237,033**	**775,923**	**-**	**5,575,768**
B. LIABILITIES				
1. Financial liabilities measured at amortized cost – hedges of:	**2,805,586**	**(27,267)**	**-**	**-**
1.1 Debt securities and interest rates	2,805,586	(27,267)	-	-
1.2 Foreign currencies and gold	-	-	-	-
1.3 Other assets	-	-	-	-
Total 31/12/2024	**2,805,586**	**(27,267)**	**-**	**-**
Total 31/12/2023	**1,106,213**	**17,755**	**-**	**12,498**

D.2 CASH FLOW HEDGES AND HEDGES OF INVESTMENTS IN FOREIGN OPERATIONS

	Change in value used to calculate hedge ineffectiveness	Hedge reserves
A. CASH FLOW HEDGES		
1. Assets	3,658	17,999
1.1 Debt securities and interest rates		17,999
1.2 Equity securities and equity indices		-
1.3 Foreign currencies and gold		-
1.4 Loans		-
1.5 Other		-
2. Liabilities		-
2.1 Debt securities and interest rates		-
2.2 Foreign currencies and gold		-
2.3 Other		-
Total A 31/12/2024	**3,658**	**17,999**
Total A 31/12/2023	**(52,537)**	**(13,759)**
B. HEDGES OF INVESTMENTS IN FOREIGN OPERATIONS	**X**	**-**
Total A+B 31/12/2024	**3,658**	**17,999**
Total A+B 31/12/2023	**(52,537)**	**(13,759)**

E. EFFECTS OF HEDGING TRANSACTIONS IN EQUITY

The section has not been completed because the Group has made use of the exception envisaged by IFRS 9, consisting in the possibility of continuing to apply the provisions governing hedging of IAS 39.

1.3.3 OTHER INFORMATION ON TRADING AND HEDGING DERIVATIVES

A. FINANCIAL AND CREDIT DERIVATIVES

A.1 OVER-THE-COUNTER FINANCIAL AND CREDIT DERIVATIVES: NET FAIR VALUE BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other
A. Financial derivatives				
1) Debt securities and interest rates				
- notional value	9,709,109	-	-	-
- positive fair value	610,089	-	-	-
- negative fair value	-	-	-	-
2) Equity securities and equity indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5)Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Purchases of protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Sales of protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

1.4 LIQUIDITY RISK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF LIQUIDITY RISK

GOVERNANCE AND ORGANIZATIONAL MODEL

The Parent Company is responsible for the management, coordination and control of liquidity risk management within the entire Iccrea Cooperative Banking Group in compliance with the principles of sound and prudent management.

In exercising this role, the Parent Company determines the governance model and mechanisms that govern the various stages involved in the management of liquidity and oversight of the associated risks, as well as interactions between business and control units in order to ensure an appropriate level of liquidity at the consolidated and individual levels at the intraday, short and medium/long-term time horizons.

As provided for by the Cohesion Contract, the Parent Company also defines liquidity risk management policies, in accordance with the strategic planning and definition of the RAF.

RISK MANAGEMENT PROCESSES

Liquidity risk is identified and monitored at the consolidated and individual levels using the operational and structural maturity ladder (in order to identify possible negative liquidity gaps in relation to specified maturity structure) and the overall liquidity indicator system (RAS, risk limits, contingencies and monitoring indicators), designed to quickly identify potential strains.

The process of revising the methodologies, the different assumptions underlying the measurements and the thresholds/limits set for liquidity indicators, carried out at least annually, enables the alignment of the overall Liquidity Risk Framework and the indicator system with specific developments in the Group and market conditions.

Identification of risks

The liquidity risk identification phase can be broken down by the length of the observation horizon:

- operational liquidity – divided into two complementary levels:
  - intraday and very short-term liquidity: monitored on a daily basis in order to identify sources of risk that impact the Bank's ability to promptly balance very short-term cash inflows and outflows and maintain a volume of liquidity sufficient to ensure compliance with the liquidity coverage ratio (LCR) requirement;
  - short-term liquidity: identification of sources of risk that impact the Bank's ability to meet its expected and unexpected payment obligations over a short-term horizon (up to 12 months);
- structural liquidity - identification of structural mismatches between assets and liabilities maturing at more than 1 year and integration with short-term liquidity management as well as planning of actions and preventing the future creation of short-term liquidity shortfalls.

The Group's liquidity profile, and therefore its exposure to liquidity risk, is closely related to the business model adopted, the composition of the balance sheet - in terms of assets, liabilities and off-balance sheet items - as well as the related maturity profile.

The process of identifying and classifying the risk factors connected with the operational and structural liquidity profiles seeks to define the elements that, in terms of risk exposure, could trigger a deterioration in the Group's liquidity position when endogenous and/or exogenous stress events occur.

Liquidity risk can be generated by various factors both internal and external to the Bank. The sources of liquidity risk can therefore be divided into the following macro-categories:

- endogenous: represented by adverse events specific to the Bank (e.g. a deterioration in the Bank's credit standing and loss of confidence by creditors);
- exogenous: when the origin of the risk is attributable to adverse events that cannot be directly controlled by the Bank (political crises, financial crises, catastrophic events, etc.) that give rise to liquidity tensions in the markets;
- combinations of the previous factors.

Measurement of risks

Measuring liquidity risk involves the activities performed to observe and quantify on a comprehensive, accurate and timely basis the exposure to such risk over the selected observation horizon.

Measuring the exposure to liquidity risk is based on an assessment of expected cash inflows and outflows – and the consequent deficits or surpluses – in the various residual maturity bands that make up the maturity ladder, in order to:

- monitor the risk profile in "business as usual" conditions, overseeing the overall system of indicators that characterize the Liquidity Risk Framework;
- execute stress testing, which involves the determination of the liquidity position in severe but plausible adverse scenarios, assessing the impact at the consolidated and individual levels.

The risk position is measured with the use of models, specific indicators and additional metrics developed either internally or established in regulations.

The analysis of the maturity profiles depends substantially on assumptions about the future cash flows associated with the various assets and liabilities, both on-balance-sheet and off-balance-sheet, which take account of the economic maturities of the balance sheet elements rather than contractual dates, without neglecting the application of reasonable prudence criteria.

The risk position is measured using static and dynamic approaches, in line with the provisions of the company budget/strategic plan concerning the assets, liabilities and equity items in the financial statements, as well as off-balance-sheet transactions.

On the basis of the desired time horizon, the Group develops two maturity curves: operational and structural.

The operational maturity ladder is used to monitor the short-term liquidity position and is determined both in a business-as-usual scenario and in a stress scenario by applying prudential run-offs to contractual cash flows generated by assets and liabilities and to the margins of credit lines.

The intraday liquidity position is measured with metrics aimed at monitoring the maximum use of liquidity on an intraday basis, the reserves available at the beginning of each business day to meet liquidity requirements, gross payments sent and received and "time-specific" obligations.

The treasury position is measured on a daily basis by quantifying the liquidity reserves (i.e. counterbalancing capacity, or CBC) and using them to cover any possible negative liquidity balance over the reference time horizon.

This system for monitoring Group operational liquidity makes it possible to monitor:

- management of access to the payments system (operational liquidity management);
- management of the liquidity outflow profile;
- the size and degree of use of liquidity reserves (analysis and active management of the maturity ladder);
- the active management of collateral (cash-collateral management, i.e. refinanceable securities and bank loans);
- the integration of short-term liquidity management actions with structural liquidity requirements.

The structural maturity ladder is used to monitor the overall liquidity position at the consolidated and individual levels at medium/long-term. It is determined by applying prudential run-offs to contractual cash flows generated by assets and liabilities and to the margins of credit lines. The projection of cash inflows and outflows at the various time bands in the ladder is carried out using two distinct approaches in relation to the purpose of the analysis:

- the first approach identifies cash flows based on the contractual maturities of the items considered;
- the second approach is based on the adoption of behavioral assumptions, with specific regard to the modeling of demand items and margins on the credit lines granted in both a business-as-usual scenario and in a stress scenario.

This tool is essential for obtaining a view of Group funding requirements and an understanding of the liquidity risk associated with execution of the funding plan, thereby preventing the emergence of future liquidity strains. In addition, the structural maturity ladder makes it possible to control:

- the management of maturity transformation in accordance with the guidelines established by management;
- support for the funding decisions in the funding plan.

Risk prevention and attenuation

Liquidity risk is managed using a comprehensive system of limits, which is a key tool in the management, control and attenuation of risks within the Liquidity Risk Framework. The definition of this system took account of the nature, objectives and complexity of operations.

The system of limits (EWS, RAS, risk limits and contingencies) is defined by the Parent Company consistent with its policy-setting and coordination role and subsequently deployed in accordance with a structured cascading process to the subsidiaries (where applicable) consistent with the liquidity risk management model adopted.

The system of limits is also accompanied by a comprehensive system of systems and controls that contribute to defining the overall control model set out and formalized in the associated policy.

The controls established to manage liquidity risk break down as follows:

- Level I controls, which are intended to ensure the correct registration and maintenance of transactions over time;
- Level II controls, which are intended to measure, monitor and report the liquidity profile and activate escalation mechanisms;
- Level III controls (Internal Audit), which are intended to verify compliance with rules and procedures as well as internal and external regulations.

Monitoring and reporting

Second-level controls, which are performed by Risk Management, are intended to monitor the exposure to liquidity risk in order to prepare reports for transmission to the competent units and to initiate the escalation mechanisms, in collaboration with the management functions, should the specified limits be exceeded. Control activities is based on the assessment and measurement of the positioning of the risk indicators established by the Risk Governance framework. The effectiveness of monitoring compliance with limits is an instrumental part of:

- the timely identification of risk profile developments that might compromise achievement of the established risk limits;
- the prompt activation of recovery plans in response to specified conditions on the basis of the “magnitude” of the over-limit position.

Liquidity risk control and monitoring activities are carried out within the internal self-regulatory framework. At an operational level, communication between the management functions and Risk Management takes place daily through in-depth discussions on risk developments that increase awareness of the profiles of the risks assumed (in accordance with the specified profitability objectives), thus facilitating the definition of appropriate management decisions.

An additional level of communication is embodied in the reporting system, which represents a decision support tool to provide the various organizational units involved with adequate and timely information on both the strategic and operational levels. The content, level of detail and frequency of the reporting are determined in accordance with the goals and roles assigned to the different recipients so as to ensure easy consultation, immediate perception of the situation and a comprehensive understanding of developments.

In particular, Risk Management performs codified and formalized monitoring and reporting activities within the

Risk Appetite Framework and the Risk Policies, with the preparation of periodic reporting to provide appropriate disclosure to the management functions, senior management and the Board of Directors.

Stress test framework

The Group's liquidity position is monitored in the normal course of business and under stress conditions. For the latter, a stress test framework has been defined on the basis of the indicators that characterize the Liquidity Risk Framework.

The stress test analyses are used to measure the degree to which the liquidity position can deteriorate in the event of especially adverse market conditions, thereby enabling verification of its robustness.

Accordingly, the objectives of the stress testing are:

- to verify the capacity to cope with unexpected liquidity crises in the first period in which they occur, before activating initiatives to modify the structure of assets or liabilities;
- to assess vulnerabilities in the liquidity profile, evaluating possible connections between the various risk categories as part of the periodic monitoring process;
- to calibrate the specific risk thresholds for the RAS and Risk Limit indicators for operational and structural liquidity, verifying whether the level of existing limits enables the maintenance of a level of liquidity that ensures that any coverage actions do not compromise the Group's business strategies;
- to identify, in preparing the recovery plan, scenarios that would compromise the survival of the Group if appropriate recovery actions were not taken;
- to test the effectiveness of mitigation actions taken within the Contingency Funding & Recovery Plan and recovery actions provided for in the "near-default" scenarios to be taken in adverse situations in order to limit the Group's exposure to liquidity risk;
- to verify the feasibility of the funding plan, taking due account of the findings of the stress analysis.

In accordance with regulatory provisions, the Group develops scenarios characterized by stress scenarios associated with the occurrence of systemic or idiosyncratic events in order to test potential liquidity vulnerabilities.

In line with the applicable regulatory guidelines, the Group has adopted various types of mutually complementary analyses:

- sensitivity analysis: analysis of liquidity position to the marginal impact of different types of shocks, considered separately or jointly, relating to one or more risk factors;
- scenario analysis: analysis consisting in the assessment of the Bank's ability to cope with a potential deterioration in its liquidity profile based on a combination of shocks associated with one or more risk factors in accordance with specific evolutionary stress dynamics;
- reverse stress testing: analysis consisting in identifying one or more stress scenarios whose impact leads to a pre-established result identified ex-ante. The reverse stress testing makes it possible to investigate, using a recursive analysis process, the size and probability of occurrence of the events that lead to this result.

Depending on the purpose of the analysis, the time horizon of the stress exercise, the speed of propagation of shocks and the approach to be adopted for the projection of operations (static/dynamic) are defined.

The types of stress test that characterize the framework provide for the occurrence of sever but plausible events (scenarios) that can be classified into three categories:

- stress scenarios caused by a systemic event, i.e. an event (or combination of events) reflecting specific macroeconomic variables whose occurrence generates/involves adverse consequences for the entire financial system and/or the real economy and therefore for the Iccrea Cooperative Banking Group;
- stress scenarios caused by specific events (idiosyncratic), i.e. an event (or combination of events) whose occurrence generates/involves highly adverse consequences for the Iccrea Cooperative Banking Group. In defining those events, a specific analysis was conducted, considering the specific organizational, operational and risk features that distinguish the Group;
- stress scenarios generated by a combination of specific and systemic events, i.e. the occurrence of combined events within the same scenario.

The underlying methodological approach for the construction of the systemic and idiosyncratic stress scenarios envisages the identification of the individual types of liquidity risk and the funding/lending items affected by those risks, so as to estimated inflows and outflows for the purpose of highlighting liquidity gaps and verifying the stability of the risk indicators and the ability of the Group to cope with any liquidity strains.

For each scenario, the Group has incorporated shocks generated by the main risk variables, which have been identified on the basis of a logic consistent with the overall stress test framework, enabling the association of specific levels of propagation and the related impact on the indicators.

For example, systemic events considered in constructing the scenarios include:

- a financial market shock that involves a significant change in the level of interest rates;
- a systemic shock that involves a drastic reduction in access to the money market;
- a liquidity squeeze on the interbank market;
- a recession;
- the default of systemically important counterparties.

Idiosyncratic events considered in constructing scenarios include:

- outflows of liquidity caused by substantial withdrawals of deposits by counterparties;
- the occurrence of reputational events that make it difficult to renew funding sources;
- adverse movements in the prices of asset to which the bank is most exposed;
- significant loan losses.

In determining and constructing combined stress scenarios, the framework provides for a targeted combination of systemic and idiosyncratic events in order to increase the severity of the stress exercises. For prudential purposes, the framework does not envisage offsetting effects deriving from the combination of the events considered.

QUANTITATIVE DISCLOSURES

1. DISTRIBUTION OF FINANCIAL ASSETS AND LIABILITIES BY RESIDUAL MATURITY

EURO

	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Unspecified maturity
A. On-balance-sheet assets	**9,073,016**	**1,412,745**	**1,107,433**	**2,042,865**	**6,310,557**	**7,789,922**	**11,135,487**	**48,250,720**	**66,999,869**	**1,625,705**
A.1 Government securities	1,336	-	673,117	143,170	1,310,458	3,375,623	3,232,021	17,009,777	24,133,593	-
A.2 Other debt securities	24,192	5,827	25,812	83,038	108,960	201,163	292,216	2,094,388	3,219,807	654
A.3 Units in collective investment undertakings	408,206	-	-	-	-	-	-	-	-	-
A.4 Loans	8,639,282	1,406,918	408,504	1,816,657	4,891,139	4,213,137	7,611,251	29,146,556	39,646,469	1,625,051
- banks	293,793	20,202	8,635	9,587	11,957	10,631	12,242	29,240	1,844	1,625,051
- customers	8,345,489	1,386,716	399,869	1,807,070	4,879,182	4,202,505	7,599,008	29,117,316	39,644,625	-
B. On-balance-sheet liabilities	**107,913,101**	**8,062,459**	**2,047,089**	**585,050**	**5,220,888**	**3,763,975**	**2,565,823**	**9,815,081**	**3,669,614**	**-**
B.1 Deposits and current accounts	107,324,756	61,911	125,214	255,418	454,025	554,961	727,544	628,378	3,585	-
- banks	867,734	12,956	-	-	-	-	-	-	-	-
- customers	106,457,022	48,955	125,214	255,418	454,025	554,961	727,544	628,378	3,585	-
B.2 Debt securities	63,789	57,922	129,732	310,671	651,832	826,226	1,584,991	7,956,660	2,419,086	-
B.3 Other liabilities	524,556	7,942,626	1,792,143	18,962	4,115,031	2,382,788	253,288	1,230,043	1,246,943	-
C. Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of principal										
- long positions	-	109,617	1,111,687	2,882	44,598	8,606	4,608	-	-	-
- short positions	-	4,054	719,860	46,433	54,978	8,168	9,051	6,161	473,414	-
C.2 Financial derivatives without exchange of principal										
- long positions	1,794,480	139	2,718	8,977	40,470	56,177	74,832	-	-	-
- short positions	1,313,221	-	258	3,460	8,764	33,943	26,691	-	-	-
C.3 Deposits and loans to receive										
- long positions	-	6,937,701	-	-	140,948	5,975,018	7,025,004	4,837,140	-	-
- short positions	-	-	-	93,322	588,384	8,627,858	8,167,590	7,438,719	-	-
C.4 Irrevocable commitments to disburse funds										
- long positions	233,580	696,886	6,099	12,468	411,621	48,902	80,928	493,498	1,755,671	-
- short positions	3,134,832	694,097	68	25	-	164	458	257	565	-
C.5 Financial guarantees issued	876,309	378	1,326	2,956	75,301	130,640	113,673	148,966	1,642,675	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

OTHER CURRENCIES

	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Unspecified maturity
A. On-balance-sheet assets	**39,662**	**1,292**	**1,891**	**5,144**	**37,457**	**9,690**	**8,820**	**22,100**	**4,479**	**-**
A.1 Government securities	13	-	-	15	8	40	57	4,007	819	-
A.2 Other debt securities	1	-	1	522	36	169	5,017	4,037	423	-
A.3 Units in collective investment undertakings	140	-	-	-	-	-	-	-	-	-
A.4 Loans	39,508	1,292	1,889	4,606	37,412	9,480	3,746	14,055	3,237	-
- banks	34,545	-	246	-	-	2,926	2,676	8,245	-	-
- customers	4,963	1,292	1,643	4,606	37,412	6,554	1,070	5,810	3,237	-
B. On-balance-sheet liabilities	**235,794**	**4**	**747**	**259**	**7,883**	**3,357**	**1,100**	**22**	**152**	**-**
B.1 Deposits and current accounts	209,153	4	747	259	6,003	1,128	1,064	-	-	-
- banks	1,903	-	232	-	-	-	-	-	-	-
- customers	207,250	4	515	259	6,003	1,128	1,064	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	26,641	-	-	-	1,880	2,230	36	22	152	-
C. Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of principal										
- long positions	-	4,183	725,413	48,367	15,059	8,431	9,260	3,270	-	-
- short positions	-	21,757	731,539	2,644	4,561	5,643	5,099	-	-	-
C.2 Financial derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to receive										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- long positions	-	-	-	-	-	144	-	-	-	-
- short positions	144	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

DISCLOSURES ON SELF-SECURITIZATIONS

The Group has implemented securitization transactions in which all the liabilities issued by the vehicle companies involved were underwritten by the Group's banks.

The following provides information on the self-securitization transactions carried out by the banks of the Group and still in place at the reference date of the financial year.

CREDICO FINANCE 16 SECURITIZION

In 2016, a self-securitization was completed through which 16 mutual banks (of which 11 are members of the ICBG) sold an initial portfolio of performing residential mortgage loans equal to €660.8 million without recourse to the vehicle company Credico Finance 16 Srl The transaction involved the participation of Iccrea Banca as co-arranger.

The purchase of the portfolio by the SPV was financed through the issue of two categories of asset backed notes, broken down as follows:

- senior Class A notes amounting to €561.7 million, maturing in December 2056, listed on the Irish Stock Exchange;
- junior Class B notes amounting to €99.1 million, maturing in December 2056, unlisted and fully subscribed by the originator banks.

More specifically, the junior securities were divided into 16 series, each of an amount proportional to the amount of the loans respectively assigned by the individual participating banks. Each of the latter subscribed only the series of notes pertaining to their share, with payment of the relative price at par.

The following table reports the main characteristics of the ABSs subscribed by the banks of the Group at the reporting date.

Type of security	Rating	Nominal value (€/million)
Class A - Senior	Moody's Aa3/DBRS AAA	39.3
Class B - Junior	no rating	78.7

CREDIPER CONSUMER SECURITIZATION

At the end of 2018, a self-securitization denominated "Crediper Consumo" was completed, in which BCC CreditoConsumo sold a portfolio of performing loans deriving from personal loan contracts with a total value of €650 million to the securitization vehicle Crediper Consumer Srl The transaction involved the participation of Iccrea Banca as arranger.

As part of the transaction, the SPV issued two classes of notes listed on the Irish Stock Exchange:

- €520 million of Class A notes, corresponding to 80% of the value of the loans sold, which have been assigned an investment grade rating of AA by DBRS Ratings Limited and AA- by Fitch;
- €140.5 million of Class B notes.

All the securities were subscribed by the originator and the Class A notes were used as underlying assets for refinancing operations with the European Central Bank.

SOVEREIGN EXPOSURE DISCLOSURES

The Group's exposure to sovereign entities as of December 31, 2024[108] has a total book value of €51,400 million, represented by €50,157 million in debt securities and €1,243 million in financing.

99.3% of debt exposures is concentrated in eight countries, including Italy, accounting for 92% of the total exposure with €46,041 million.

The remaining 0.7% of total sovereign exposure, equal to €347 million, includes debt securities from 20 other countries (including: Portugal for €31 million, Hungary for €26 million, Ireland for €10 million) as well as securities issued by supranational organizations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism for €213 million.

Sovereign debt exposures broken down by counterparty and portfolio

€/thousand

	31/12/2024		
	CARRYING AMOUNT	NOMINAL AMOUNT	FAIR VALUE
ITALY	**46,040,668**	**45,228,485**	**45,254,727**
Financial assets held for trading	5,782	5,762	5,782
Financial assets designated at fair value	93,426	94,000	93,426
Financial assets measured at fair value through comprehensive income	4,520,391	4,543,693	4,520,391
Financial assets measured at amortized cost	41,421,069	40,585,029	40,635,128
SPAGNA	**1,281,990**	**1,288,541**	**1,284,090**
Financial assets held for trading	101	100	101
Financial assets designated at fair value	93,559	94,000	93,559
Financial assets measured at fair value through comprehensive income	357,133	351,211	357,133
Financial assets measured at amortized cost	831,197	843,230	833,297
GERMANIA	**938,373**	**951,541**	**941,176**
Financial assets held for trading	783	700	783
Financial assets designated at fair value	25,143	25,500	25,143
Financial assets measured at fair value through comprehensive income	190,978	196,122	190,978
Financial assets measured at amortized cost	721,468	729,219	724,271
FRANCIA	**846,987**	**859,645**	**846,878**
Financial assets measured at fair value through comprehensive income	186,796	189,170	186,796
Financial assets measured at amortized cost	660,191	670,475	660,082
BELGIO	**392,303**	**403,330**	**392,687**
Financial assets held for trading	10	10	10
Financial assets designated at fair value	93,308	94,000	93,308
Financial assets measured at fair value through comprehensive income	37,630	38,615	37,630
Financial assets measured at amortized cost	261,355	270,705	261,739
AUSTRIA	**218,876**	**230,095**	**221,480**
Financial assets designated at fair value	18,211	18,500	18,211
Financial assets measured at fair value through comprehensive income	24,665	24,820	24,665
Financial assets measured at amortized cost	176,000	186,775	178,605
PAESI BASSI	**53,181**	**53,750**	**53,326**
Financial assets measured at fair value through comprehensive income	155	150	155
Financial assets measured at amortized cost	53,026	53,600	53,171
ROMANIA	**37,769**	**41,540**	**37,992**
Financial assets held for trading	94	140	94
Financial assets measured at fair value through comprehensive income	10,195	10,100	10,195
Financial assets measured at amortized cost	27,481	31,300	27,704
OTHER	**346,755**	**362,353**	**349,404**
Financial assets held for trading	8,728	10,798	8,728
Financial assets mandatorily measured at fair value	-	30	-
Financial assets measured at fair value through comprehensive income	63,934	65,956	63,934
Financial assets measured at amortized cost	274,093	285,568	276,742
TOTAL	**50,156,902**	**49,419,279**	**49,381,760**

The table below shows the classification of debt securities in the banking book and their incidence in the related class.

108 Sovereign exposures include bonds issued by central and local governments and government agencies as well as loans to them..

Exposures to sovereign debt securities broken down by financial asset portfolio (banking book))

€/thousands

	31/12/2024		
	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT AMORTIZED COST
Carrying amount	323,647	5,391,877	44,425,881
% in portfolio	99.7%	78.0%	31.0%

1.5 OPERATIONAL RISKS

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF OPERATIONAL RISKS

Operational risk means the risk of losses caused by the inadequacy or malfunction of procedures, human resources and internal systems or the occurrence of external events. For example, such losses include those caused by fraud, human error, operational interruptions, system unavailability, breach of contract and natural disasters..

In view of the operations that characterize the Iccrea Cooperative Banking Group, the various types of operational risk to which the Iccrea Group is structurally exposed include IT risk and reputational risk. This is associated with the banking activities carried out with the public and financial and institutional counterparties, as well as the numerous national and international regulations to which the Group is subject.

Within the regulatory framework, the deregulation and the globalization of financial and payment services, together with the progressive refinement of the financial technology supporting transactions, are making the activities of the entities belonging to the Group, and thus the associated operational risk engendered by ordinary operations, increasingly complex. The increased complexity of the Group with the arrival of the affiliated banks as well as the growing use of highly automated technology under way in the Group can, in the absence of modifications of the control system, transform the risk of manual errors and data processing errors into the risk of significant system malfunctions, given the increasing recourse to integrated IT infrastructure and applications.

In addition, the growing use of electronic money and electronic or on-line payments generates other potential risks (for example, internal and external fraud, system security, customer data processing and IT and cyber risks) whose comprehensive mastery and mitigation, both upstream and in terms of response and containment, represents a strategic and enabling factor in the development of the business and a prerequisite for ensuring compliance with regulatory and payment-circuit requirements.

In addition, the presence of banks and financial companies in the Group, delivering services on a mass scale (both within the Group and to firms and the public) makes it necessary to ensure an appropriate structure and constant evolution of the system of internal controls and constant attention to preventing the risk of rules violations, incurring administrative penalties, etc.

GOVERNANCE AND ORGANIZATIONAL MODEL

The organizational model of the Risk Management function, adopted since the launch of the Iccrea Cooperative Banking Group, has undergone development and progressive evolution since 2018. The organizational model has been progressively refined with a view – among other things – to optimizing the dissemination of risk management directives to the affiliated banks and overseeing the performance of their Risk Management function’s activities.

With specific reference to the management of operational risk and IT risk by the Parent Company, the evolution of the organizational structure of the CRO area begun in 2023 continued in the first half of 2024. In order to consolidate control of the Group’s non-financial risks within a unified organizational arrangement, the governance and management activities of such risks were incorporated within a single Non-Financial Risk Management, directly reporting to the CRO area.

Also in 2024, the organizational structure of the CRO Area underwent further fine-tuning regarding the Operational & Reputational Risk Management unit and the IT Risk unit. More specifically, in order to maximize operational effectiveness and enhance synergies between the different risk profiles, the monitoring and management of Operational and IT risks has been reallocated within the Operational & ICT Risk Management unit, within Non-Financial Risk Management, which is charged with the centralized responsibility for the direction and coordination of Operational and IT Risks of the Iccrea Cooperative Banking Group.

At the same time, the control of reputational risks, still being consolidated and in transition from planning to operational regime, has been transferred to the area that oversees the Group's risk governance processes, taking into account the significant transversality of this type of risk and its "directional" nature.

With regard to current Group governance arrangements for the internal control system, the Risk Committee of the

Board of Directors of the Parent Company provides support to that Board with regard to risks and the internal control system, including aspects concerning the frameworks for the management of operational and IT risks.

In particular, the Board Risk Committee:

- supports activities to verify the correct implementation of Group strategies, compliance with policies for the governance and management of operational and IT risk, requesting any appropriate technical analyses and acquiring the necessary documentation for the evaluation of management and mitigation actions for the risks involved;
- conducts a preliminary review of the annual activity programs and reports of the operational and IT Risk Management unit submitted to the Board of Directors;
- expresses its assessment, prior to approval by the Board of Directors, of Group policies on operational and IT risks.

OPERATIONAL RISK MANAGEMENT POLICIES

Consistent with the risk management process, the Operational, ICT & Security Risk Management frameworks are structured into the following phases:

- identification of risks (knowledge): a set of activities directed at identifying operational and IT risks by assessing the factors that drive their dynamics, taking account of the dual perspective of events that have already occurred (i.e. operational loss and incident data) and potential risk (assessed through the collection of business expert opinion).
- evaluation/measurement of identified risks (awareness): a set of activities for assessing/measuring Group operational and IT risks.
- risk prevention and attenuation (strategy): a set of activities for the ex-ante identification of the possible ways of preventing and mitigating unfavorable developments in the dynamics of operational and IT risks. Definition of actions to prevent the occurrence of unfavorable events and mitigate the effects of the manifestation of events connected with operational and IT, and the implementation of measures to ensure that possible risk scenarios underlying operations evolved within the tolerated risk appetite levels defined for specific operating or business segments.
- monitoring and reporting (tracking and control): a set of activities to monitor the Group's risk profile and deliver comprehensive reporting to provide timely, accurate and appropriate support to the decision-making process underlying “Risk Prevention and Mitigation” and “Risk Management and Mitigation”.
- risk management and mitigation (reaction and proactivity): a set of activities and actions to support the management of operational and IT risks, implement actions to prevent the occurrence of adverse events and to attenuate the effects of events related to risks, and to constantly monitor the results of the activities performed. This phase concerns the management of operational and IT risks subsequent to the preventive measures taken in the strategic assumption of risk, responding to developments (operating losses or changes in the risk profile) that impact the level of risk determined ex ante.

The operational assessment framework outlined above also includes legal risk and is integrated with that for assessing IT risk (IT Risk Management Framework), in line with the relevant regulations.

The monitoring and control of operational and IT risks is characterized by activities that involve both business functions and control functions in their respective areas of responsibility. The Risk Management function prepares the necessary reporting in this area, bringing it to the attention of the various internal users (Board bodies, senior management, operating units).

IDENTIFICATION, MEASUREMENT AND ASSESSMENT OF RISKS

For the purpose of calculating capital requirements for operational risk, the Iccrea Cooperative Banking Group mainly uses the Basic Indicator Approach (BIA),[109] which provides for the application of a fixed percentage (15%) to the average of the last three observations of the "relevant indicator" determined in accordance with the provisions of the CRR.

Following the creation of the Iccrea Cooperative Banking Group, and the consequent affiliation of the mutual banks, the components of the operational and IT risk management framework have been adopted by the companies in the direct scope of the Group and by the affiliated banks.

The methodological aspects underlying the management framework and the related procedures for application to the Group companies were formalized and first approved at the end of 2019, and updated in the following years, as part of specific Group Policies (Operational Risk Management Framework, IT Risk Management Framework, Loss Data Collection, Operational Risk Self-Assessment – OR-SA - and IT Risk Self-Assessment – IT-RA), which are currently adopted by all Group companies. In 2024, further activities leading up to the development of the application system to support operational and IT risk management activities continued.

The loss data collection process has currently been adopted by all the Group companies that contribute, with a specified frequency, to the collection of historical events and losses through the Group application solution, which is available to both the companies within the direct scope of the Group and the affiliated banks.

As regards the assessment processes for operational risks (OR-SA) and IT risk (IT-RA), the identification and assessment of prospective risks have been conducted on the basis of a specified work plan for certain companies within the direct scope and for the affiliated banks. As regards IT risk, the annual information IT risk profile and security assessment was completed in April 2024 which involved IT services and components managed by BCC Sistemi Informatici, BCC Sinergia and Iccrea Banca.

In addition, during the first half of 2024 e consistent with efforts the previous year and in step with the evolution of the management framework and the release of applications, the informational and training effort for the Operational and ICT & Security Risk Management framework continued, with specific attention being paid to operating approaches and support applications.

The Risk Management function also supported the collection of operational loss events at the Group level for QIS and COREP regulatory reporting purposes, and made a contribution in its areas of expertise to the stress testing provided for in the ICAAP.

RISK PREVENTION AND ATTENUATION

The units involved in operations perform first-level controls to assess and report any irregularities associated with operational and IT issues.

Second-level control units oversee the appropriateness and effectiveness of the organizational and management arrangements taken to address operational and IT risk within the Group's internal control systems. These include the Operational and IT Risks, Compliance and Anti-Money-Laundering units both of the Parent Company and the individual subsidiaries and affiliated banks. These units are active in planning the system and, above all, in verifying its ongoing operation, assessing its adequacy and effectiveness in managing internal and external risks.

Third-level controls are performed by Internal Audit, which identifies violations of procedures and regulations as well as periodically assesses the control system's overall completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability in relation to the nature and intensity of risks.

The locus of the strategic and operational management of credit risk is the Group's Risk Appetite Statement, through a system of monitoring thresholds and limits (tolerance and capacity), with compliance ensured by the monitoring and control activities of the competent units

The Group RAS sets out the main indicators of operational and IT risk at the level of the individual legal entities, (namely maximum operational loss, results of risk assessment activities), integrated with specific indicators relating to the ICT and security risk profile (for example, Vulnerability Management Ratio, Third Party Cloud Ratio).

[109] One affiliated bank adopts the Traditional Standardized Approach (TSA).

MONITORING AND REPORTING

The monitoring and control of operational and IT risks is characterized by activities that involve both business functions and control functions in their respective areas of responsibility. In particular, these activities are governed by the unified management framework described earlier and defined within the applicable policies.

In this area, the Risk Management function prepares the necessary periodic reporting, bringing it to the attention of the various internal structures involved (Board of Directors, senior management, operating units).

RISK MANAGEMENT AND MITIGATION

Operational and IT risk management and mitigation activities are governed by a set of codified and formalized rules that include:

- the activities and actions that must be performed in each operating and business segment in order to manage developments in the risks assumed;
- the adoption of a set of measures for managing the problems found as part of the risk assessment framework;
- the actions to be taken in the event of breaches of monitoring thresholds or risk tolerances and the risk limits set out in the Risk Appetite Statement;
- the actions to be taken in the event of breaches of the limits defined in risk policies.

QUANTITATIVE DISCLOSURES

As provided for in Circular 285/2013 of the Bank of Italy as updated, for reporting purposes the Group calculates operational risks using the Basic Indicator Approach.

Under the Basic Indicator Approach, the capital requirement is calculated by applying a regulatory coefficient to an indicator of the volume of business, which in the case of Iccrea is the relevant indicator.

In particular, the Group capital requirement, equal to 15% of the average of the last three observations of the relevant indicator at the end of the previous year, amounted to €882 million.

RELEVANT INDICATOR	VALUE
- at December 31, 2024	6,259,477
- at December 31, 2023	5,927,046
- at December 31, 2022	5,446,508
Relevant indicator average	**5,877,677**
Regulatory coefficient	**15%**
Capital requirement	**881,652**

SECTION 3 - RISKS OF INSURANCE UNDERTAKINGS

No information to report.

SECTION 4 - RISKS OF OTHER ENTITIES

The scale of the risks to which “Other entities” are exposed is not material. Accordingly, this section has not been prepared.

PART F - INFORMATION ON CONSOLIDATED CAPITAL

SECTION 1 - CONSOLIDATED CAPITAL

A. QUALITATIVE DISCLOSURES

The Group's strategic priorities include monitoring the amount and dynamics of its capital. Capital constitutes the first bulwark against the risks associated with operations and the main reference parameter for assessments of the Group's solvency by supervisory authorities and investors. It contributes positively to the formation of operating income, funds the Group's technical and financial fixed assets and supports dimensional growth, representing a decisive element in the development phases.

Managing capital adequacy at the consolidated and individual levels involves defining the scale and optimal combination of different capital instruments, in compliance with regulatory constraints and consistent with the risk profile assumed by the Group.

The notion of capital adopted by the Group in its assessments is the "own funds" aggregate as established with Regulation (EU) No. 575/2013 (CRR), broken down into the three components of Common Equity Tier 1 (CET 1), Tier 1 and Tier 2. The capital thus defined, the main resource for supporting corporate risks according to prudential supervisory regulations, is the best foundation for the effective management of risk, both from a strategic and operational standpoint, as it a financial resource capable of absorbing the possible losses produced by the Group's exposure to all the risks it has assumed.

Current and forward-looking capital adequacy is therefore monitored in two spheres:

- regulatory capital to cover Pillar I risks;
- total internal capital to cover Pillar II risks, for ICAAP purposes.

In the evolutionary sizing of the Group's own funds, the specific policies for allocating the net profit of the affiliated banks play an important role, seeking to support the constant strengthening of reserves. In compliance with the specific sector regulations, these banks allocate a large majority of their net profits to indivisible reserves. Capital adequacy compliance is pursued not only through careful policies for the distribution of the available component of profits but also through the prudent management of investments, in particular loans, in line with risk represented by counterparties and the related capital requirements, and with plans for strengthening capitalization based on the expansion of the shareholder base and the issue by the Parent Company of subordinated liabilities or additional equity instruments eligible for inclusion in the relevant own funds aggregates.

More specifically, in order to constant maintain its capital adequacy, the Group has deployed processes and tools to determine the level of internal capital adequate to face any type of risk assumed, as part of an assessment of the current, prospective and "stressed" exposure that takes account of corporate strategies, growth objectives and developments in the reference context.

A careful assessment of the compatibility of projections is carried out annually as part of the process of setting budget targets. Depending on the expected developments in balance sheet and income statement aggregates, any necessary initiatives are taken at this stage to ensure financial balance and the availability of financial resources consistent with the strategic and development objectives of the individual entity and the Group as a whole.

Compliance with supervisory requirements and the consequent adequacy of capital is verified on a quarterly basis. The aspects subject to verification are mainly the ratios connected with the Group's financial structure (loans, impaired exposures, non-current assets, total assets) and the degree of risk coverage.

Additional specific analyzes for the purpose of the preventive assessment of capital adequacy are carried out when necessary prior to extraordinary operations such as mergers and acquisitions, or the sale of assets.

The minimum capital requirements are those established by applicable supervisory regulations (Article 92 of the CRR), according to which the Common Equity Tier 1 ratio must be at least 4.5% of total risk weighted assets ("CET1 capital ratio"), Tier 1 capital must represent at least 6% of total risk weighted assets ("Tier 1 capital ratio") and total own funds must be at least 8% of total weighted assets ("Total capital ratio").

In addition, the competent supervisory authorities periodically issue a specific decision regarding the capital requirements that the Group must comply with following the prudential review and evaluation process ("SREP") conducted pursuant to Article 97 et seq. of Directive 2013/36/EU (CRD IV).

In particular, Article 97 of the CRD IV establishes that the competent authorities shall periodically review the arrangements, strategies, processes and mechanisms that groups and supervised banks implement to face the risks to which they are exposed. With the SREP, the competent authorities therefore review and evaluate the process of determining capital adequacy conducted internally by the Group, analyze its risk profile individually and from an aggregate perspective, including under stress conditions, and assess its contribution to systemic risk; assess the corporate governance system, the operation of corporate bodies, the organizational structure and the internal control system; and verifies compliance with all prudential rules.

With regard to the outcome of the Supervisory Review and Evaluation Process (SREP), on November 30, 2023, the supervisory authorities notified Iccrea Banca of results of the SREP decision, which establishes the prudential requirements to be respected at the consolidated level with effect from January 1, 2024 (broken down into own funds requirements and qualitative requirements). With this decision, the supervisory authorities established consolidated own funds requirements for 2024:

- an additional Pillar 2 requirement (P2R) of 2.53% (of which 3 bps for the NPE P2R which could be lowered by the end of the year subject to certain conditions) of which a minimum of 56.25% to be held in the form of Common Equity Tier 1, CET1) and 75% in the form of Tier 1 capital;
- a recommendation for Pillar 2 Guidance (P2G) of 1.25%, which should consist entirely of Common Equity Tier 1 capital and held in addition to the Overall Capital Requirement (OCR).

Additionally, on April 26, 2024, the Bank of Italy announced its decision to apply a systemic risk buffer (SyRB) of 1% of risk-weighted exposures for credit and counterparty risk towards residents in Italy to all authorized banks in Italy. This measure is in accordance with Article 133 of EU Directive 2019/878 (CRD5). This requirement, applicable at both the consolidated and individual levels, must be gradually met by building a reserve fully covered with Common Equity Tier 1 capital, amounting to 0.5% of the exposures (as previously mentioned) by December 31, 2024, and the remaining 0.5% by June 30, 2025.

Given the above, for 2024 the Iccrea Cooperative Banking Group is therefore required to meet:

- a Total SREP Capital Requirement (TSCR) of 10.53%;
- an OCR equal to 13.57%;
- a Target Requirement (including P2G) of 14.405%.

With regard to the Group's affiliated banks, the SREP decision did not impose own funds requirements to be met on an individual basis. Therefore, in order to comply with the aforementioned consolidated requirements, mechanisms have been provided for their allocation at individual level within the main risk governance processes (i.e. RAF, EWS), compatibly with the capital resources of each affiliated bank, thus ensuring that the Group's strategies and capital constraints are also reflected at the individual level.

For more information on the outcome of the SREP decision concerning prudential requirements at the consolidated level with effect from January 1, 2025, please see Report on Operations.

B. QUANTITATIVE DISCLOSURES

B.1 CONSOLIDATED EQUITY: BREAKDOWN BY TYPE OF ENTITY

The table reports the components of shareholders' equity at carrying amount, adding the Group's equity to that pertaining to non-controlling interests, broken down by the type of consolidated entity. More specifically:

- the column, "Prudential consolidation" reports the amount resulting from consolidation of the companies belonging to the banking group, gross of the financial effects of any transactions that may have been performed with other companies included within the scope of consolidation; fully-consolidated subsidiaries, other than those in the "Banking Group", are measured using the equity method here;
- the column "Other entities" reports the amounts resulting from consolidation, including financial effects deriving from transactions carried out with companies that are part of the banking group;
- the column "Consolidation eliminations and adjustments" shows the adjustments necessary to obtain the figures reported in the financial statements.

	Prudential consolidation	Insurance undertakings	Other entities	Consolidation eliminations and adjustments	Total
1. Share capital	2,300,590	-	-	-	2,300,590
2. Share premium reserve	156,000	-	-	-	156,000
3. Reserves	12,546,581	-	-	-	12,546,581
4. Equity instruments	30,139	-	-	-	30,139
5. (Treasury shares)	(1,387,018)	-	-	-	(1,387,018)
6. Valuation reserves:	201,308	-	-	-	201,308
- Equity securities designated as at fair value through other comprehensive income	8,565	-	-	-	8,565
- Hedges of equity securities designated as at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	(48,171)	-	-	-	(48,171)
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedging of investments in foreign operations	-	-	-	-	-
- Cash flow hedges	17,999	-	-	-	17,999
- Hedging instruments [undesignated elements]	-	-	-	-	-
- Foreign exchange differences	-	-	-	-	-
- Non-current assets held for sale	-	-	-	-	-
- Financial liabilities designated as at fair value through profit or loss (change in own credit rating)	-	-	-	-	-
- Actuarial gains (losses) on defined benefit plans	(38,863)	-	-	-	(38,863)
- Share of valuation reserves of equity investments accounted for using equity method	8,323	-	-	-	8,323
- Special revaluation laws	253,455	-	-	-	253,455
7. Net profit (loss) for the period (+/-)	2,030,145	-	-	-	2,030,145
Total	**15,877,745**	**-**	**-**	**-**	**15,877,745**

B.2 VALUATION RESERVES FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: COMPOSITION

	Prudential consolidation		Insurance undertakings		Other entities		Consolidation eliminations and adjustments		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	47,893	96,064	-	-	-	-	-	-	47,893	96,064
2. Equity securities	21,248	12,683	-	-	-	-	-	-	21,248	12,683
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**69,141**	**108,747**	**-**	**-**	**-**	**-**	**-**	**-**	**69,141**	**108,747**
Total 31/12/2023	**60,347**	**167,027**	**-**	**-**	**-**	**-**	**-**	**-**	**60,347**	**167,027**

B.3 VALUATION RESERVES FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: CHANGE FOR THE PERIOD

	Debt securities	Equity securities	Loans
1. Opening balance	**(125,072)**	**18,394**	**-**
2. Increases	**101,412**	**7,932**	**-**
2.1 Fair value gains	66,188	6,493	-
2.2 Writedowns for credit risk	994	X	-
2.3 Reversal to income statement of negative reserves: from realization	33,863	X	-
2.4 Transfers to other components of shareholders' equity (equity securities)	-	185	-
2.5 Other changes	367	1,254	-
3. Decreases	**24,511**	**17,761**	**-**
3.1 Fair value losses	16,030	4,172	-
3.2 Writebacks for credit risk	793	-	-
3.3 Reversal to income statement of positive reserves: from realization	7,396	X	-
3.4 Transfers to other components of shareholders' equity (equity securities)	-	11,071	-
3.5 Other changes	291	2,519	-
4. Closing balance	**(48,172)**	**8,565**	**-**

B.4 VALUATION RESERVES FOR DEFINED-BENEFIT PLANS: CHANGE FOR THE PERIOD

Valuation reserves for defined-benefit plans were a negative €38.9 million at the end of 2024. The following table reports changes in the period as a result of changes in financial assumptions and the time value effect.

	31/12/2024
1. Opening balance	**(39,149)**
2. Increases	**1,169**
2.1 Actuarial gains from changes in financial assumptions	344
2.2 Actuarial gains from changes in demographic assumptions	64
2.3 Actuarial gains from experience adjustments	577
2.4 Other increases	184
3. Decreases	**867**
3.1 Actuarial losses from changes in financial assumptions	481
3.2 Actuarial losses from changes in demographic assumptions	55
3.3 Actuarial losses from experience adjustments	222
3.4 Other decreases	109
4. Tax effect	(16)
5. Closing balance	**(38,863)**

SECTION 2 – OWN FUNDS AND CAPITAL RATIOS

See the disclosures on own funds and capital adequacy in the Third Pillar disclosures.

PART G - BUSINESS COMBINATIONS

SECTION 1 – TRANSACTIONS CARRIED OUT DURING THE YEAR

No business combinations involving the acquisition of control pursuant to IFRS 3 were carried out in 2024.

For corporate reorganization purposes, the following mergers of mutual banks were carried out that did not involve the acquisition of control pursuant to IFRS 3 and therefore had no impact on the consolidated financial statements. In compliance with the accounting practices for such transactions, these operations were accounted for on an unchanged values basis and regarded:

- the merger of Banca Patavina Credito Cooperativo di Sant'Elena e Piove di Sacco into BCC di Verona e Vicenza Credito Cooperativo – Società Cooperativa leading to the creation, with effect from January 1, 2024, of BCC Veneta S.C.
- the merger of Cassa Rurale ed Artigiana dell’Agro Pontino – Banca di Credito Cooperativo - Società Cooperativa into Banca di Credito Cooperativo di Roma – Società Cooperativa, with effect from July 1, 2024.

SECTION 2 – TRANSACTIONS AFTER THE CLOSE OF THE PERIOD

In September 2024 the ECB authorized the partial non proportional demerger of Banca di Pisa e Fornacette Credito Cooperativo providing for the merger:

- into Banco Fiorentino – Mugello Impruneta Signa – Credito Cooperativo of a pool of 10 branches, with legal effect as from February 17, 2025;
- into Banca di Pescia e Cascina Credito Cooperativo – Società Cooperativa of a pool of 4 branches, with legal effect as from February 24, 2025.

Moreover, on February 25, 2025 the ECB authorized the merger of Cassa Rurale - Banca di Credito Cooperativo di Treviglio into Banca di Credito Cooperativo di Carate Brianza - Società Cooperativa, which is expected to be completed in the second quarter of 2025.

These transactions will have no impact on the consolidated financial statements as they are carried out for mere corporate reorganization purposes and are accounted for on an unchanged values basis.

SECTION 3 – RETROSPECTIVE ADJUSTMENTS

The section has not been completed because there were no such positions as of the reporting date.

PART H - TRANSACTIONS WITH RELATED PARTIES

1. INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

The following table provides information on the remuneration paid in 2024 to key management personnel as required by IAS 24. Key management personnel are managers who have the power and responsibility, directly or indirectly, for the planning, management and control of the Group's activities, including the directors and members of the supervisory bodies.

	31/12/2024				
	Short term benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments
Key management personnel	11,754	470	-	-	-

2. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

For the purposes of the preparation of these disclosures, pursuant to IAS 24 a related party is a person or entity who is related to the entity preparing the financial statements.

In application of that standard, the related parties of the Group include:

- unconsolidated subsidiaries;
- associated companies and their subsidiaries;
- key management personnel of the Group;
- members of the immediate family of key management personnel and companies controlled, alone or jointly, by key management personnel or members of their immediate family;
- post-employment benefit plans for Group employees.

The Iccrea Cooperative Banking Group has adopted a document governing the principles and rules applicable to related party transactions in compliance with supervisory regulations contained in Circular no. 263/2006 of the Bank of Italy.

Transactions between the Group and corporate officers regard normal Group operations and were carried out, where applicable, applying the terms reserved for all employees. Transactions with subsidiaries not consolidated on a line-by-line basis and transactions with associated companies regarded ordinary operations within a multi-functional banking organization.

In compliance with supervisory regulations, all transactions carried out by Group companies with their related parties were carried out in compliance with the principles of substantive and procedural fairness, on terms analogous to those applied to transactions with independent non-Group counterparties. No unusual or atypical transactions were carried out by Group companies with related parties, nor were any such transactions carried out with other counterparties.

The following table summarizes transactions and their financial effects carried out in 2024 with the related parties of the Group other than fully consolidated intercompany transactions.

	31/12/2024			
	Unconsolidated subsidiaries	Associated companies	Key management personnel	Other related parties
Financial assets	517,058	897,695	948	4,472
Total other assets	43	44,679	1	36
Financial liabilities	35,464	167,126	3,302	8,509
Total other liabilities	127	25,388	-	671
Commitments and financial guarantees issued	557	90,799	93	619
Commitments and financial guarantees received	-	-	840	7,927
Provisions for doubtful accounts	-	-	-	-

	31/12/2024			
	Unconsolidated subsidiaries	Associated companies	Key management personnel	Other related parties
Interest income	3,727	10,586	55	516
Interest expense	(301)	(10,227)	(80)	(227)
Dividends	-	-	-	-
Fee and commission income	2,213	374,369	16	49
Fee and commission expense	(538)	(241,290)		(136)
Net gain (loss) on trading activities	-	-	-	-
Net gain (loss) on hedging activities	-	-	-	-
Other operating expenses/income	(744)	23,368	(192)	(3,359)
Writedowns/writebacks of impaired financial assets	(180)	1	-	2

During the period, the Group did not conduct any transactions classifiable as of “greater importance” on non-ordinary or non-market or standard terms and conditions.

Major transactions with unconsolidated subsidiaries and associated entities included: (i) loans to the vehicles Iccrea Covered Bond Srl and Iccrea Covered Bond 2 Srl attributable to the liquidity generated from collections on the loans underlying the securitization in the amount of €501.7 million and (ii) new loans to BCC Vita in the amount of €275.6 million and Numia Group SpA in the amount of €86 million.

PART I - SHARE-BASED PAYMENTS

The Iccrea Cooperative Banking Group has no payment agreements based on its own equity instruments in place.

PART L - OPERATING SEGMENTS

A. PRIMARY REPORTING BASIS

The companies within the Group mainly operate exclusively in the following segments:

- Institutional: business conducted with institutional counterparties (mutual banks, other banks and public institutions), such as payment services, financial intermediation (trading and capital markets), and foreign activities, as well as additional support services for affiliated banks. The segment includes the operations of the Parent Company Iccrea Banca, BCC Sistemi Informatici, BCC Gestione Crediti, BCC Sinergia, BCC Beni Immobili and BCC POS;
- Corporate: business focused mainly on financing small and medium-sized companies that are customers of the mutual banks. The segment includes the operations of BCC Leasing, BCC Rent&Lease, BCC Factoring and BCC Financing;
- Retail: mainly asset management activities on an individual and collective basis for retail customers (BCC Risparmio&Previdenza), consumer credit (BCC CreditoConsumo), the traditional banking activities of Banca Sviluppo and the bancassurance activities of BCC Servizi Assicurativi;
- Mutual banks: includes all of the mutual banks that have joined the Group and the associated Guarantee Scheme.

The following reports a summary income statement and key financial aggregates by business segment. The column reporting inter-segment transactions includes intercompany eliminations between the companies included in different segments.

A.1 DISTRIBUTION BY BUSINESS SEGMENT: INCOME STATEMENT

	CORPORATE	INSTITUTIONAL	RETAIL	MUTUAL BANKS	INTER-SEGMENT TRANSACTIONS	TOTAL
Net interest income	107,324	201,173	70,747	3,940,896	43,392	4,363,532
Net fee and commission income	9,474	82,529	85,964	1,287,124	(60,572)	1,404,519
Other financial expense and income	808	87,248	372	118,678	(57,632)	149,473
Gross income	**117,606**	**370,949**	**157,083**	**5,346,698**	**(74,812)**	**5,917,525**
Net value adjustments	37,242	(10,407)	(33)	(371,149)		(344,346)
Net gains (losses) on financial operations	**154,848**	**360,543**	**157,050**	**4,975,549**	**(74,812)**	**5,573,178**
Operating expenses	(68,330)	(210,156)	(64,228)	(2,727,108)	(21,645)	(3,091,468)
Other costs and revenues		(14,602)		(1,898)	4,291	(12,209)
Profit/(loss) from continuing operations before tax	**86,517**	**135,784**	**92,823**	**2,246,544**	**(92,166)**	**2,469,502**
Income tax for the period on continuing operations	(27,875)	(17,219)	(29,851)	(342,907)	(558)	(418,411)
Profit/(loss) for the period	**58,642**	**118,565**	**62,971**	**1,903,637**	**(92,724)**	**2,051,091**
Profit (loss) after tax on continuing operations		(20,946)				(20,946)
Profit (loss) after tax on discontinued operations	**58,642**	**97,618**	**62,971**	**1,903,637**	**(92,724)**	**2,030,145**
Profit/(loss) for the period pertaining to non-controlling interests		**(442)**				**(442)**
Profit/(loss) for the period pertaining to shareholders of the Parent Company	**58,642**	**98,060**	**62,971**	**1,903,637**	**(92,724)**	**2,030,587**

A.2 DISTRIBUTION BY BUSINESS SEGMENT: BALANCE SHEET

	CORPORATE	INSTITUTIONAL	RETAIL	MUTUAL BANKS	INTER-SEGMENT TRANSACTIONS	TOTAL
Financial assets	312,251	16,204,571	53,167	45,769,603	(5,375,689)	56,963,903
Due from banks	46,937	18,411,629	1,379	10,404,845	(26,953,073)	1,911,716
Loans to customers	4,773,860	8,839,942	1,958,753	81,101,895	(3,133,141)	93,541,310
Funding from banks	4,422,756	25,659,182	1,917,642	14,558,603	(40,004,167)	6,554,016
Funding from customers	305,178	12,975,020	532	110,096,122	(142,633)	123,234,220
Securities and other financial liabilities	41,176	7,794,037	2,603	10,382,567	(3,943,460)	14,276,923

B. SECONDARY REPORTING BASIS

As regards the secondary reporting basis, please note that the Group operates almost exclusively in Italy.

PART M – LEASE DISCLOSURES

SECTION 1 – LESSEE

QUALITATIVE DISCLOSURES

At the reporting date, the Group had 3,168 lease/rental contracts falling within the scope of IFRS 16 as they refer to operating leases involving property, plant and equipment in the following classes of assets:

- capital equipment (printers and other office equipment, personal computers, servers, smartphones/tablets, cars and company vehicles, advanced ATMs, etc.);
- real estate, in particular the premises in which the branches operate and spaces for ATMs.

These assets are mainly intended for use in the normal operations of the company and for this reason they are mainly classified under assets held for use in operations. For more details on the recognition and measurement criteria involved, please see Part A “Accounting Policies” of these notes to the financial statements.

The rental contracts entered into by the Group normally provide for fixed payments for a specified period of time and, with the exception of property leases, do not envisage an extension option. Based on the foregoing, the effective term of the individual leases is taken into account for the purpose of accounting for the rights of use, while in cases in which an extension option is envisaged and its exercise is considered highly probable, the Group considers the contractual term inclusive of the extension period, unless factors or specific situations envisaged within the contract suggest a different assessment. This is because the properties in question are functional to the performance of the activities of the Group companies and non-exercise of the extension option is only considered in cases where impediments have arisen independently on the intentions of the companies themselves, i.e. the decision not to extend the lease was prompted by initially unforeseeable circumstances (e.g. changes of location, increase in lease payments, etc.).

If provided for by the lease agreement, the Group also does not consider early termination options unless factors or specific circumstances make it highly probable that the option will be exercised before the expiry of the lease (such as, for example, the impediments or the specific needs mentioned above).

QUANTITATIVE DISCLOSURES

For further quantitative information concerning the assets acquired by the Group through leases, please see the disclosures provided in the tables in the sections of the notes to the financial statements indicated below:

- part B, assets, section 9, as regards rights of use in respect of leased assets held at the reporting date;
- part B, liabilities, section 1, as regards lease liabilities outstanding at the reporting date;
- part C, section 1, as regards interest expense on leasing liabilities accrued during the year;
- part C, section 14, as regards depreciation of rights of use recognized during the year.

Note that in determining the depreciation rates to be applied to the rights of use in respect of assets acquired under leases, reference has been made to the contractual term of the underlying leases, also taking account any extension/termination options where the probability that they will be exercised is considered high, depending on the nature of the transaction (finance/operating lease) and the type of asset.

The details of the depreciation charges recognized in through profit or loss for the year are shown below, broken down by category of leased assets.

Depreciation	31/12/2024	31/12/2023
a) buildings	52,857	49,953
b) electronic systems	6,885	6,576
c) cars	4,734	3,812
d) other	286	135
Total	**64,762**	**60,476**

SECTION 2 – LESSOR

QUALITATIVE DISCLOSURES

Lease transactions undertaken by Group mutual banks as a lessor are negligible.

The contracts mainly regard concern the lease of commercial and residential properties.

The Group mainly enters into finance leases with customers and is active in the real estate, residential, equipment, vehicle and marine lease sectors.

Lease payments for the year are recognized in profit or loss under operating income.

For more details on the recognition and measurement criteria involved, please see Part A "Accounting Policies" of these notes to the financial statements.

QUANTITATIVE DISCLOSURES

1. INFORMATION IN THE BALANCE SHEET AND INCOME STATEMENT

For additional quantitative information on lease transactions carried out by the Group, please see the tables in the following sections:

- part B, Assets, section 4, as regards lease financing granted by the Group in relation to finance leases;
- part C, section 1, as regards interest income on the above lease financing accrued during the year;
- part C, section 16, as regards other income connected with the lease operations undertaken the Group as a lessor.

2. FINANCE LEASE

2.1 CLASSIFICATION BY MATURITY OF PAYMENTS TO BE RECEIVED AND RECONCILIATION WITH LEASE FINANCING RECOGNIZED UNDER ASSETS

	Total 31/12/2024	Total 31/12/2023
	Payment to be received for leases	Payment to be received for leases
Up to 1 year	854,014	842,579
From more than 1 year up to 2 years	705,959	697,525
From more than 2 years up to 3 years	565,015	569,169
From more than 3 years up to 4 years	425,959	432,035
From more than 4 years up to 5 years	282,821	305,565
From more than 5 years	670,872	836,776
Total payments to be received for leases	**3,504,640**	**3,683,648**
Reconciliation with financing	**977,352**	**1,017,079**
Financial income not accrued (-)	427,649	435,441
Unguaranteed residual value (-)	549,703	581,637
Lease financing	**2,527,290**	**2,666,570**

The balance of lease financing does not include past due principal and interest, exposures to terminated leases or writedowns on outstanding financing at the reporting date.

2.2 OTHER INFORMATION

No other information to report.

3. OPERATING LEASES

3.1 CLASSIFICATION BY MATURITY OF PAYMENTS TO BE RECEIVED

	Total 31/12/2024	Total 31/12/2023
	Payment to be received for leases	Payment to be received for leases
Up to 1 year	3,507	3,723
From more than 1 year up to 2 years	3,145	2,872
From more than 2 years up to 3 years	2,475	2,478
From more than 3 years up to 4 years	1,733	1,915
From more than 4 years up to 5 years	1,187	1,098
From more than 5 years	1,236	1,476
Total	**13,283**	**13,562**

3.2 OTHER INFORMATION

No other information to report.

REPORT OF THE BOARD OF AUDITORS

BCC BANCA ICCREA

REPORT OF THE BOARD OF AUDITORS TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE CIVIL CODE

REPORT OF THE BOARD OF AUDITORS

TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE CIVIL CODE

Dear Shareholders,

In the year ended December 31, 2024, the Board of Auditors of Iccrea Banca S.p.A. performed its oversight duties in accordance with the Italian Civil Code, Legislative Decree 385/1993 (the Consolidated Banking Act) and Legislative Decree 39/2010 as amended, the Articles of Association, the regulations issued by the supervisory authorities, and the rules of conduct for the Boards of Auditors of unlisted companies issued by the National Council of the Italian accounting profession, as applicable.

Appointment and activity of the Board of Auditors

The current Board of Auditors was appointed by the Iccrea Banca S.p.A. Shareholders' Meeting on June 16, 2022 for a term ending on the date of the meeting called to approve the financial statements for the year ended December 31, 2024. The Bank's Board of Auditors is also charged with performing the role of Supervisory Body pursuant to the provisions of Legislative Decree 231 of June 8, 2001, on the basis of the instructions contained in Bank of Italy Circular no. 285 of December 17, 2013, as amended.

During 2024 the Board of Auditors (or at least one of its members) participated in 141 meetings, breaking down as follows:

- 18 meetings of the Board of Directors;
- 19 meetings of the Executive Committee;
- 34 meetings of the Risk Committee;
- 16 meetings of Remuneration Committee;
- 17 meetings of the Appointments Committee;
- 17 meetings of the CIBA Committee;
- 20 meetings of the ESG Committee.

During the year, the Board of Auditors met independently 52 times to perform the additional oversight duties pertaining to it and 17 times in its capacity as the 231/01 Supervisory Body.

The activities of the Bank and the Iccrea Cooperative Banking Group in 2024

The Report on Operations prepared by the directors provides extensive information on developments in the operations of the Parent Company and the Iccrea Cooperative Banking Group, on key operational events during 2024, on the structural and operational characteristics of the ICBG, on the internal control system, on the prudential regulatory framework and on the main processes performed in this area and on events subsequent to the reporting date.

On March 26, 2025 the Board of Directors approved the 2025 – 2027 Strategic Plan, which specifies the performance and financial objectives that the ICBG intends to attain over the planning period in order to continue to improve its positioning with respect to market benchmarks, setting more ambitious objectives for the main ratios.

The 2025 – 2027 Strategic Plan incorporates the various sector plans (individual plans of the affiliated banks – sustainability (ESG) – commercial – NPE strategy - funding - ICT - digital - data governance) built on the basis of methodological uniformity and integration with the other tools and processes that are also a constituent part of prudential supervision arrangements, such as the Recovery Plan, the Resolution Plan and MREL requirements, the RAS/RAF and the ICAAP/ILAAP.

As part of the progressive implementation of the "transformation" program involving the direct subsidiaries of Iccrea Banca S.p.A., which is intended to rationalize their structures and strengthen their commercial and income potential, the Report on Operations discusses a number of key events in 2024, including:

- the continuation of the strategic reorganization the **bancassurance** segment. In particular, during the first half of 2024, Iccrea Banca finalized the "Agreement on insurance distribution" with the affiliated banks providing, on the one hand, for (i) the centralization in Iccrea Banca and BCC Servizi Assicurativi of the overall management of bancassurance activities at Group level and, on the other, for (ii) the promotion and distribution of non-life and life insurance products indicated by the Parent Company.
  In the first half of 2024, the preparatory activities for the launch of the new insurance partnerships were completed. Specifically, after finalizing the preliminary agreements in September 2023 and obtaining the authorizations from the competent Authorities, on April 19, 2024 Assimoco SpA became the new non-life insurance partner by acquiring 51% of the capital of BCC Assicurazioni and signing a distribution agreement with the Group; the transaction resulted in a gross capital gain for Iccrea Banca of €35 million. Upon reaching certain targets, the duration of the partnership (initially expected to be 5 years) can be extended up to a total of 15 years, with as the transfer of a further 19% of BCC Assicurazioni capital to Assimoco. At the same time, after finalizing the preliminary agreements of November 2023 and obtaining the authorizations from the competent Authorities, on May 31, 2024 BNP Paribas Cardif SA became the new life insurance partner by acquiring 51% of BCC Vita capital and signing a distribution agreement, for a consideration of €140 million, with further price adjustment of €10.8 million in favor of Iccrea Banca. Also in this case, upon achieving certain targets, the duration of the partnership (initially 5 years) can be extended up to a total of 15 years, with the transfer of a further 19% of BCC Vita capital to BNP Paribas Cardif SA. The new insurance partnerships, together with the reorganization of the "Bancassurance" sector described above, will allow the insurance offer of the affiliated

banks to be standardized and to develop the full commercial potential, giving continuity to the commitment made by Iccrea Banca and BCC Servizi Assicurativi in promoting insurance products, as well as strengthening the synergies with the Group's "asset management" sector;

- as part of the **Operations Strategy project**, with the aim of creating a Single Back Office Hub within the Group and taking into account the economic benefits already obtained from previous operations, the virtuous process of centralizing the back office activities carried out by the affiliated banks in BCC Sinergia continued. More specifically, the business unit was transferred from Banca di Credito Cooperativo Mediocrati to BCC Sinergia in 2024, with effect from July 1. 2024. A similar and consistent transaction was also approved in 2024, involving Banca Centro – Credito Cooperativo Toscana – Umbria, with effect from February 1, 2025. Again, within the broader process of streamlining and rationalizing the activities carried out by the Parent Company and the other direct scope companies to support the mutual banks, the "Stipendi BCC" business unit was transferred from BCC Sinergia to Iccrea Banca with effect from September 1, 2024.
- in line with the strategic objective of streamlining the Group's scope, in December 2024, the merger incorporation of **Banca Sviluppo** into Iccrea Banca was approved. The transaction will be completed subject to obtaining the authorization of the Supervisory Authorities (the European Central Bank, the Bank of Italy and Consob);
- as regards the reorganization of the Group's **"Retail" – e-money**, effective from May 1, 2024, BCC Pay SpA and Pay Holding SpA have changed their corporate names to Numia SpA and Numia Group SpA, respectively. The agreements signed on July 14, 2023 between Iccrea Banca, Banco BPM SpA and FSI SGR SpA established a strategic partnership aimed, starting from Numia, at the development of a new Italian and independent company in the digital payments sector (issuing and acquiring), with significant synergies between the partners. During 2024, the preparatory activities for the partnership were completed and the authorizations were obtained from the competent Authorities, allowing the transaction to be completed on September 30, 2024. As a result, the new corporate structure Numia Group is owned for about 43% by FSI SGR SpA and for about 28.6% each by Iccrea Banca and Banco BPM SpA, while Numia is 100% owned by Numia Group;
- furthermore, within the scope of the partnership agreements between Iccrea Banca and FSI SGR SpA:
  - in May 2024, BCC Sinergia transferred to Numia the business unit for the production and customization of payment cards and management of POS terminals; these activities are closely connected to the commercial and operational proposition of Numia, which was the main customer of the business unit, but provide non specific synergies with the mutual banks. The transaction came to a total consideration of €10 million, equal to a gross capital gain of about €9.5 million for BCC Sinergia;
  - on June 11, 2024, FSI SGR SpA purchased a share in BANCOMAT SpA, through a reserved capital increase of €75 million, and signed a shareholders' agreement with Iccrea Banca, Intesa Sanpaolo SpA, Banco BPM SpA, BPER SpA, which may also be extended to other current and future shareholders of BANCOMAT SpA. Following the capital increase, FSI SGR SpA became the largest shareholder of BANCOMAT SpA with 42.9% of share capital which, together with the current banks signing the shareholders' agreement, totals 74.7%. This strategic partnership aims to support BANCOMAT SpA in its path to strengthen the key role of digital payments in Italy and was followed by the signing by the above banks of multi-year commercial agreements, in addition to an agreement with Nexi SpA for the supply of a supporting technological platform;
  - on August 6, 2024 Iccrea Banca accepted a binding offer for the purchase of the entire investment in BCC POS by Numia, to maximize commercial and offer synergies as well as operational ones that will be further strengthened by the described strategic partnership with Banco BPM SpA and FSI SGR SpA; the transaction was finalized on February 28, 2025;
- as part of the partnership agreements **between Pitagora S.p.A.** - an operator specializing in consumer credit to consumer households - and the Group, on November 14, 2024, Iccrea Banca completed the purchase of a further stake of 10.10% in Pitagora for a total €11.1 million. After the acquisition, the capital of Pitagora is held by Cassa di Risparmio di Asti (56.5%), Iccrea Banca (20%) and the company's management (23.5%). At the same time, the commercial and funding agreements between Pitagora and BCC Credito Consumo SpA, a Group company specializing in personalized financing for households, were extended until December 31, 2028;
- evolution of the Group's **Information and Communication Technology** (hereinafter ICT) sector: in line with the strategic evolution of the "ICT" sector defined in the Group's Business Plan 2024-2026 to support the achievement of the Group's full commercial potential, in first two four-month periods of 2024, preparatory activities were carried out for the evaluation of new possible Group sourcing models; specifically, joint in-depth analyses with leading European and international technology companies aimed at defining possible new partnerships in both applications and infrastructure led to choosing Accenture as industrial partner for some application developments and for infrastructure services. Specifically, in December 2024, the partnership agreement with Accenture was finalized and the latter acquired a minority stake (10%) in BCC Sistemi Informatici. This partnership focuses on digital application developments, core systems (including customer database and current accounts) and on the Group's data platform, while on the infrastructure side it will contribute to improving the service provided to affiliated banks and other customers, as well as developing a new service model designed to increase security and resilience levels.

Internal control and risk management system

The structure and main components of the ICBG internal control system are based on the structure envisaged in supervisory regulations calling for three levels of control:

- first-level controls, performed by the corporate units responsible for the business/operating activities;
- second-level controls, performed by the Compliance (including the DPO), AML (Anti-Money Laundering) and Risk Management units;
- third-level controls, performed by Internal Audit.

The Report on Operations provides a description of the organizational arrangements adopted by the second- and third-level corporate control functions (CCF), consistent with the specific characteristics of the ICBG and aimed at ensuring effective coverage of control activities both at the Parent Company and its direct subsidiaries and at the affiliated mutual banks. The organizational model of the control functions, which have been outsourced by the

ICBG companies to the Parent Company, gives the Parent Company responsibility for the definition of strategies, processes and control methodologies, tools, and planning and reporting standards.

The most significant events include:

- on May 16, 2024, the Shareholders' Meeting of Iccrea Banca approved the amendment to the Articles of Association to provide for the voluntary establishment of the Financial Reporting Officer (FRO) in charge of preparing the corporate accounting documents, a position introduced by Law 262/2005 and governed by the Consolidated Law on Financial intermediation. In accordance with the Articles of Association, on June 13, 2024, the Board of Directors of Iccrea Banca appointed, with the favorable opinion of the Supervisory Body, the Head of the Administration and Budget Area as the FRO. This figure is responsible for overseeing the reliability of the corporate accounting documents and the financial reporting process in compliance with the provisions of art. 154-bis of the Consolidated Law on Financial intermediation and related implementing provisions. The Officer also exercises governance, oversight and coordination functions over the entire accounting and corporate reporting process, for which he or she has control responsibilities, documentation of procedures and contributes to the supervisory activities on the independence conditions of the audit firm according to the specific Group Policy, in accordance with the provisions of the law. Furthermore, the Officer is charged with the supervision, oversight and monitoring of the audit engagement and other services conferred by the Parent Company structures and Group companies to audit firms, and the entities in their networks, and the task of regularly informing the Internal Control and Audit Committee in this regard;
- the Bank of Italy Provision of August 1, 2023, amending the "Provisions on organization, procedures and internal controls to prevent the use of intermediaries for the purposes of money laundering and terrorist financing" of March 26, 2019 – introduced the figure of the Officer in charge of AML matters. Therefore, the Board of Auditors updated the Group Policy for the Governance and Management of the risk of money laundering and terrorist financing; integrated the duties of the Board of Directors of the Parent Company and the Board of Directors of the Group companies; introduced a refresher course, aimed at Directors and Auditors, concerning the governance measures for the management of money laundering risk, the duties of the corporate bodies and the new figure of the Officer in charge of AML matters, in line with the amended regulations.

In exercising its supervisory duties on the adequacy of the Internal Control System (hereinafter ICS), the Board of Auditors regularly exchanged information with the CCF during the year, including through direct participation in the meetings of the Board Committees and the Board of Directors and through receipt of information flows generated by those units for the corporate bodies (and the Supervisory Body), governed by specific rules, as well as in specific meetings with those units.

The Board of Auditors has therefore ascertained the overall substantial qualitative and quantitative adequacy of each CCF for the fulfillment of its functions and for the purposes of completing the activities planned or emerged during the financial year.

In general terms, the Supervisory Body will continue to perform its task of supervising the adequacy of the Bank's organizational structure, paying particular attention to the role of the CCF, as well as their independence.

In this context, we underline the intention of the Parent Company's Board of Directors to launch a project for improving the ICS, to further focus on the risk detection and control processes, by adapting the operating model also by leveraging on progress in IT and control automation opportunities, using emerging technologies and at the same time preserving the overall effectiveness acquired over time by the Group's ICS. The Board of Statutory Auditors has followed the definition of this project and will examine its results as part of its supervisory activity on the adequacy of the internal control system.

The Parent Company, Iccrea Banca

With regard to the Parent Company, Iccrea Banca, the results of the monitoring and assessment activities of the control functions found, in brief:

a) for **Compliance**, an average “medium-low” exposure to residual compliance risk, as assessed on the basis of the potential risks and the existing control arrangements in relation to the individual regulations governing this area. The assessment of compliance of regulatory arrangements and processes under the 2023 audit plan, while exclusively positive, nevertheless found a number of specific regulatory areas requiring improvement;

- for **AML**, the self-assessment exercise – conducted on the basis of the method recommended in supervisory regulations and applied by the function – found a “non-significant” residual risk, in line with 2023 The activities conducted by the Anti-Money Laundering function over the course of the year produced a final overall assessment of “partially satisfactory” at December 31, 2024;
- for **Risk Management**, the continuous and structured management and reporting of the risks included within the function’s scope of responsibility, with periodic quantitative and qualitative reporting at a variety of frequencies, did not reveal any significant issues concerning the main risk exposures (credit, liquidity, market, interest rate, ICT);
- for **Internal Audit**, the 2024 Audit Plan envisaged numerous audits in the different areas of “governance”, “market” and “support” in which the taxonomy of Group processes is structured. The audit findings were largely favorable, although certain areas for improvement in all three macro-areas analyzed remain;
- for the **DPO** function, the residual risk after the audit was “Medium”, as assessed on the basis of the potential risks and the control measures currently in force in relation to the individual regulations within the scope of competence. The audit was conducted in accordance with the 2024 plan and, although expressing positive results, nevertheless highlighted the need for improvement interventions aimed at increasing the effectiveness and efficiency of the process being audited and the related controls. The results of the DPO Annual Report will be presented to the Board of Directors in May.

The Board of Auditors analyzed the findings of the assessments conducted for Iccrea Banca S.p.A. by the CCF, which had produced unsatisfactory judgments in the past concerning certain organizational aspects of control arrangements or compliance issues regarding procedural systems, such as regulatory compliance, and verified the resolution of the irregularities and monitored the implementation of the related intervention plans, encouraging the directors and management to perform the remedial actions requested where necessary.

The Cooperative Banking Group

With regard to the larger population of the mutual banks and the companies within the direct scope, the findings of the oversight activity of the corporate control functions in the various areas for which they are responsible were generally positive, with limited instances of non-compliance with external, regulatory or Group regulations. In these situations, it is the prerogative of the control functions to assess the need to activate the specific indicators of the early warning classification system (EWS) for the affiliated banks, leading to a change in their status, with a consequent reduction in the degree of management independence of the individual bank and the issue of binding instructions.

With regard to the **Compliance function**, the methods adopted and the results acquired from the individual affiliated banks and the companies within the direct scope, and the preliminary documentation for the 2024 Plan indicated that the Group's average exposure to compliance risk was "**medium**". The control measures adopted are, as a whole, adequate and effective in proportion to the different risk exposures of the regulatory areas applicable to the Group, while highlighting the need to make certain adjustments to the regulatory and IT system to ensure continued compliance with the changes in the applicable regulations and developments within the Group. The findings of the system and operational audits performed during the year were largely positive. The results of the Annual Report will be presented to the Board of Directors in May. That documentation indicates that the 100% of the Audit Plan was completed, with 611 audits equally distributed among the four quarters. Of these, only 6 audit actions of affiliated banks issued negative findings (medium-high risk).

In compliance with the Group's annual plan for 2024, the **Data Protection Officer** (DPO) function performed its planned advisory and support activities, as well as conducting a new cycle of system and operational audits for all the companies within the direct scope and the affiliated banks. The audit activities have found the situation to be positive while identifying certain areas for improvements, which were accompanied by a remedial action plan. Following the activities and audits performed, the ICBG DPO found that the organizational arrangements required by the regulations had been correctly implemented at the ICBG level. The results of the consolidated Annual Report will be presented to the Board of Directors in May.

With regard to the assessment of **AML arrangements** and the activity of the second-level function responsible for this area, in 2023 work continued on strengthening both the general and specific controls that can be activated in response to the different situations of the individual entities and applicable regulations. Work also continued on the planned evolution of IT applications to support AML processes and the training of members of the AML function and bank operators. On the basis of the audits performed during the year at each legal entity to ensure compliance with the applicable regulatory framework governing anti-money laundering operations, the final summary assessment (equal to the average of the summary assessments provided by each affiliated mutual bank and the companies within the direct scope) as at December 31, was "**partially satisfactory**", in line with the results of these past three years. In respect of four affiliated mutual banks, the Report of the AML function highlighted a number of critical areas in specific areas: violation of the provisions concerning ordinary obligations of adequate customer verification; failure to promptly identify suspicious transactions. At a consolidated level, the report assessed the level of residual risk to be "**low**" for 2024, with no changes compared to 2023.

The activity of the **Risk Management** function was especially intense. During 2024, the evolutionary activities concerning the Group's main Risk Governance frameworks were completed, both with regard to the methodological component and the supporting application platforms, while the process of integrating climate and environmental risks into the Risk Management framework continued even further. Furthermore, important ordinary activities were carried out for the Group planning process and activities connected with issuing the opinions for transactions of greater importance (TGI). The function was also engaged in the maintenance of the methodological framework for the Group's risk governance processes (RAF/RAS, ICAAP and ILAAP, EWS) and in managing those processes and producing final outputs, in agreement and collaboration with the company functions responsible for the risk areas examined.

The Report on Group Risk, at December 31, 2024, shows that the Group's positioning at the end of 2024 is in line with previous quarters and consistent with the Risk Strategy defined in the RAS 2024-2026. More specifically, as regards:

- **IT and security risks**, the Board of Auditors notes that, consistent with the path undertaken by the Group, measures for mitigating the risk profile have been identified, and are an integral part of the 2025 ICT and Security Risk Treatment Plan;
- **climate-related and environmental risks**, the Board of Auditors notes that, having finalized in 2024 the "Plan for Adaptation to ECB Expectations on climate and environmental risks", the Group has planned a gap analysis to identify the main measures for the alignment with the EBA Guidelines on the management of environmental, social and governance risks. These Guidelines, in fact, underline the need for greater integration of ESG risks (therefore including in the scope the risk factors linked to the social and governance component) in strategic processes, within internal regulatory frameworks, as well as within the systems for identifying, measuring, managing and monitoring corporate risks.

The Board of Auditors will monitor the progress of these projects.

The activity performed in 2024 by the Internal Audit function with all the legal entities saw the execution of 1.233 audits, with total coverage of the 2024 Audit Plan and the performance of a further 150 extraordinary audits (all related to the plans of the affiliated banks). As usual, the audits concerned governance, business and support processes (the latter area also including the ICT component) of the banks/companies and their distribution network. With regard to the composition of the process audits, the Plan dedicated a significant portion to meeting "mandatory" needs, which were accompanied by "consolidated" audits (with an identical "scope of work" for different ICBG entities) and mainly "risk-based" assessments. Unfavorable outcomes of the audit activity **were few**. With regard to the issues found, the associated corrective actions to resolve the problems identified were addressed. At present, the consolidated annual report of the Internal Audit Function is being formalized. It will be presented to the Board of Directors of the Parent Company in May.

In accordance with applicable supervisory regulation, the Internal Audit function produced the Unified Group Report on essential or important functions outsourced outside the Group for 2024. The Report confirmed the consolidation of the internal control arrangements put in place to monitor the risks associated with managing outsourcing at the Group level, identifying limited weaknesses/improvement areas. The Board of Auditors, as required by the Bank Supervisory Provisions (Bank of Italy Circular 285 of December 17, 2013 – 42nd update - Part Three – Other prudential supervisory provisions; Chapter 6 – Cooperative Banking Group; Section II – Composition of the cooperative banking group and requirements of the parent company) has examined the aforementioned document and formulated its remarks without highlighting any critical issues on the subject of the Joint Report on the controls carried out on Critical ICT Services and on the essential or important functions outsourced outside the Iccrea Cooperative Banking Group.

Oversight of the adequacy of the organizational structure

As part of the oversight of the organizational adequacy, the Board of Auditors - during the meetings of the Risk Committee and the Board of Directors – was able to ascertain the progressive updating and supplementation of the Risk Governance Policies, the Rules, the General Process Rules relating both to the internal processes of the Parent Company and the main operating processes of the affiliated banks and the companies within the direct scope of consolidation, in line with the ICBG objective to maintain the Group's rule set, with particular regard to the identification, measurement, management and control of risks. Other sources included operational communications and circulars addressing more specialized issues, which are transmitted on an ongoing basis to the affiliated banks and the ICBG companies.

As regards the performance of specific studies and assessments of the appropriateness of organizational structures, the Board of Auditors - in compliance with supervisory instructions – continued in 2024 to monitor the corporate control functions with regard to changes to organizational and methodological arrangements, the adequate staffing of the units, the update of methods, operating rules and control instruments, audit support systems and on the training of personnel and managers.

Activity planning for 2025 provides for the coverage of modest resource shortfalls where they should emerge in specific organizational analyses. As regards to the second and third-level corporate control functions in general, the Board of Auditors monitored the update and achievement of the specified targets following an analysis of associated staffing requirements, taking account of the structural complexity of the ICBG, and its gradual strengthening, its governance mechanisms, and the ever greater legislative and regulatory pressure, which make it necessary both to periodically reassess staffing requirements to ensure the complete and timely fulfillment of the institutional duties of the functions.

The Board of Auditors examined the action plans for 2025 submitted by the control functions for the ICBG and approved by the Board of Directors of the Parent Company. These plans – implemented using criteria that consider external regulatory constraints, risk-based logic and the need to cover business processes – will require a significant effort over and above ordinary levels of commitment, which will be audited in 2025.

With regard to the adequacy of the organizational structure of the Parent Company, Iccrea Banca S.p.A., the Board of Auditors - with the support of the Chief Operating Officer's unit - periodically conducts an analysis of the reorganization measures in progress in order to produce a general assessment of the adequacy of the solutions adopted or proposed, especially in relation to the demanding guidance and coordination duties of the Parent Company. In this respect, the provision of guidance and support to the numerous affiliated banks requires a constant effort on the part of the units of the Parent Company (whether operational or control functions), calling for periodic assessments and monitoring of adequacy and effectiveness. In 2024, targeted interventions to rationalize and strengthen the mains area of the Parent Company were implemented and additional actions were planned for 2025, in view of the role played in the direction and coordination of the affiliated banks and the companies within the direct consolidation scope.

Below are some considerations on specific areas of interest.

ESG factors in business processes

In recalling the comments in the section of this Report on the sustainability statement, the Board of Auditors underlines that, based on activities conducted and information flows received in 2024, it is possible to note the commitment of the Parent Company to a gradual integration of the ESG dimensions in corporate processes, in particular for the purposes of defining an adequate ICS for the management of risks related to reporting on the matter, as well as to support the pursuit of sustainable success, within the context of sound and prudent management of the Bank and the Group, according to the defined strategic objectives. In particular, we emphasize:

- the centrality of ESG issues for the Bank and the Group in the 2025-2027 Strategic Plan;
- the internal organizational development implemented by the Chief Compliance Officer Area and the completion of the definition of a the compliance control framework in relation to ESG regulatory issues;
- the review of the organizational structure of some units in the sustainability field, which led, among others, to the establishment of the new Sustainability Steering unit, replacing the Group Sustainability & ESG Strategy unit, which was moved to the all CFO Area.

The Board of Auditors considers sustainability an essential and crucial aspect in value creation and sustainable success in the long term, and has had the opportunity to note - also through active participation in the ESG Committee - the growing attention paid by the Parent Company to the topic. The Board of Auditors will monitor the implementation of compliance with the EBA Guidelines on the management of environmental, social and governance risks, which require further progress in the integration of ESG risks (including social and governance components) in strategic processes, within internal regulatory frameworks, as well as the systems for identifying, measuring, managing and monitoring corporate risks.

Digital Operational Resilience Act (DORA) and Information and Communication Technology

Also with a view to the in-depth analyses of the Risk Committee, the Board of Auditors notes that the activities envisaged by the Action Plan to adapt to the new DORA requirements and standards have been carried out in line with the envisaged time frames and that the interventions aimed at both updating the Group's regulatory framework (such as additions and amendments to regulations and procedures) and identifying the main technological and operational interventions required by the DORA Regulation have been carried out.

With respect to this framework, the Board of Auditors also notes that, in order to ensure the "grounding" of the identified technological and operational measures and to ensure ongoing compliance with the DORA requirements and standards, further initiatives for strengthening and mitigating risks have been identified which are an integral part of the Digital Operational Resilience Strategy.

In this context and in continuity with the past, the Board of Auditors has reserved specific attention to the Group's Information and Communication Technology system and its overall evolution, as an essential element in supporting business and control activities. In addition to examining periodic reporting and planning required by external and internal applicable regulations area (such as for example in the area of Business Continuity and Disaster Recovery), in 2024, also in consideration of the operating context already described, the Board of Auditors paid particular attention to the assessment of risks associated with IT security, in order to ascertain the adoption by the Bank of adequate and effective organizational and technical measures to mitigate such risks, also strengthening information flows by the competent functions, in line with the recommendations formulated by the Supervisory Authorities.

2025-2027 Data Governance Plan

On January 23, 2025, the Board of Directors approved the 2025 – 2027 Data Governance Plan, within the overall Data Governance Program including other projects approved or being approved. Considering the in-depth analyses carried out and the contents and documentation provided, the Board of Auditors notes that the 2025-2027 Data Governance Plan is in line with the structured evolution and consolidation of the Group's Data Governance framework - started in 2019 – with the adoption of a modern Data Governance approach to support corporate decision-making processes, also in line with the expectations of the Supervisory Authority and the evolution of the regulatory context (i.e. BCSB 239 Principles; ECB Guidelines Risk Data Aggregation and Risk Reporting – RDA&RR). Specifically, after the first Foundation phase (2019-2021) and the second Adoption and Testing phase (2022 – 2024), with the third Consolidation phase (2025 – 2027), the Group sets the objective, also based on the experience of the previous phases, of strengthening the Data Governance framework through intervention on the identified improvement areas, which was included in the 2025 – 2027 strategic plan approved by the Board of Directors and which will lead to the consolidation and conclusion of the evolutionary path of the framework, to be followed by an ordinary continuous improvement process.

The Board of Auditors positively notes the overall modular articulation of the Plan for the achievement of a significant evolution of the Framework, both in terms of Governance, and for the definition and identification of measures to resolve the identified improvement areas as well as for the quantification of the associated overall effort - in terms of human and economic resources. The Board of Auditors continuously monitors the implementation of the plan, without prejudice to the fact that certain measures have already been defined with the approval of the update of the "Group Policy on Data Governance" and with the appointment, on December 19, 2024, of a member of the Board of Directors as the person responsible for the implementation of the Data Governance Framework and the definition of the multi-year training program on RDARR topics.

Finally, with reference to the progress of the "Data Governance Action Plan" at Q4 2024, the Board of Auditors notes that all the projects envisaged by the 2022-2024 Data Governance Plan relating to the areas shared with the Regulator have been activated, while the monitoring and reporting of the projects currently underway have been incorporated into the new 2025-2027 Data Governance Plan.

Corporate Governance

The governance mechanisms of Iccrea Banca and the ICBG, as delineated by the Group's body of rules, contain significant special features and complexities deriving from the legal-formal structure of the ICBG, from the choices concerning the design of governance arrangements laid out in special legislation and supervisory regulations, from the special functions carried out by the Parent Company in performance of its mission of providing management and coordination guidance for the affiliated banks and from the sheer number of banks involved. The Board of Auditors participated closely in the activity of the corporate bodies of the Parent Company, consisting of the body with strategic supervision and management functions (the Board of Directors), the Executive Committee, and the five Board Committees providing advice, preliminary assessments and recommendations to the Board of Directors (the Appointments Committee, the Remuneration Committee, the Risk Committee, the Affiliated Bank Control and Intervention Committee and the ESG Committee).

In 2024, efficiency enhancement measures for governance processes were continued in order to render the governance "machine" more effective and improve the operating conditions of the strategic oversight and management body in view of the ever growing complexity of the issues it is called upon to analyze and decide upon.

Where necessary, the Board of Auditors reports to the Board of Directors on the main activities carried out and the consequent recommendations. Thanks to its participation in the meetings of the corporate bodies, the Board received the information flows provided for by the corporate rules.

Self-assessment and optimal composition of the Board of Auditors

In compliance with the provisions of the Bank of Italy Circular 285/2013 (Part One, Title IV, Chapter 1, Section VI) and the Policy on the Self-assessment of the Bodies of the Group's Banks and Asset Management Companies, the Board of Auditors of Iccrea Banca carried out its own assessment of the size, composition and functioning of the body, with reference to the 2024 financial year, the third year of its term. The self-assessment exercise was carried out, as recommended by the supervisors, with the assistance of a consulting firm, on February 4, 2025.

The Board of Auditors expressed an opinion of the substantial adequacy of its composition in terms of competence, experience and gender diversity, also identifying improvement areas for the organizational, operational and methodological profiles for carrying out its supervisory activities. This would require the implementation and development of a digital document flow management tool for streamlining the supervisory activities of the Board of Auditors improving the organization of meetings, activities to be carried out, follow-ups and the approval process of the minutes.

With regard to training, the Board of Auditors expressed appreciation for the continuous training meetings organized over the three-year period, which allowed for an ever greater understanding of the Bank and Group's business sectors, company dynamics and their evolution, as well as the relevant regulatory and self-regulatory framework. The auditors have however reserved the right to integrate, even individually, this path with targeted training on topics relevant to the performance of their control duties.

Furthermore, the Board of Auditors, in view of the end of their term with the approval of the financial statements at December 31, 2024, have drawn up the "Optimal qualitative and quantitative composition of the Board of Auditors of Iccrea Banca S.p.A.", pursuant to art. 12 of the MEF Decree (Decree of the Ministry for Economy and Finance no. 169 of November 23, 2020).

The Parent Company's Management and Coordination Activities

Given that the Parent Company performs management and coordination activities for the affiliated banks on the basis of a Cohesion Contract that ensures the existence of a situation of control, as defined by the international accounting standards adopted by the European Union, pursuant to Article 37-bis of Legislative Decree 385/1993, the Board of Auditors continued to monitor issues associated with the management and coordination activities of the Parent Company. In particular, the Board oversaw the various initiatives launched or implemented by the Board of Directors in this area.

In view of the fact that Group policies establish the principles, general rules and operating and functioning model governing a given matter, establishing the main roles and responsibilities of the corporate functions involved both within the Parent Company and the other Group companies, the Board of Auditors – undertaking specific oversight actions - found that the boards of directors of the Group companies involved have executed the resolutions necessary to implement the Group policies approved in 2024 by the Board of Directors of the Parent Company. These Group policies enable the unified and coordinated definition and application of the operating and functioning model in the interest of the Group.

In this respect, the project for the simplification and rationalization of the issuing of internal ICBG regulations is worth noting, the results of which are expected within the first half of 2025.

Relations with the supervisory authorities and prudential supervision

Supervisory review and evaluation process (SREP)

Following preliminary discussions in the second part of 2024, on December 10, 2024, the supervisory authorities notified Iccrea Banca of the results of the SREP decision, which establishes the prudential requirements to be respected at the consolidated level (broken down into own funds requirements and qualitative requirements), as from January 1, 2025. With this decision, replacing the previous SREP decision, the supervisory authorities established consolidated own funds requirements for 2025:

- an additional Pillar 2 requirement (P2R) of 2.52% (of which 2 bps for the NPE P2R buffer for the coverage deficit for NPEs, which could be lowered by the end of the year subject to certain conditions), of which a minimum of 56.25% to be held in the form of Common Equity Tier 1 (CET1) and 75% in the form of Tier 1 capital;
- a recommendation for Pillar 2 Guidance (P2G) of 1.25%, which should consist entirely of Common Equity Tier 1 capital and held in addition to the Overall Capital Requirement (OCR).

As in previous decisions, the SREP decision did not impose own funds requirements to be met on an individual basis the Group's affiliated banks.

On November 22, 2024, the Bank of Italy issued a decision confirming for 2025 the identification of the ICBG as an "Other Systemically Important Institution" ('O-SII') authorized in Italy. Following the analyses carried out for calibrating the O-SII buffer, the Bank of Italy assigned the Group the O-SII requirement of 0.25% for 2025.

Through participation in the meetings of the Board Committees and of the Board of Directors, as well as information exchanges with the control functions and the Supervisory Authority Relations unit, the Board of Auditors monitored the response to the issues highlighted in the SREP letter, constantly monitoring the resolution of those issues.

The state of progress of this process, as with all requests formulated by the supervisory authorities, was subject to periodic reporting.

ICAAP and ILAAP

As regards ICAAP and ILAAP, the Board of Auditors oversaw compliance with regulatory requirements, participating in the work of the Risk Committee, noting the structure and content of the related documents, the information provided on the state of progress of the processes, the results, and improvement measures implemented in compliance with the instructions of banking supervisors.

In the examination of the ICAAP conducted jointly with the Risk Committee, it took note of the outcome of the self-assessment process on the adequacy of the ICAAP/ILAAP framework and the risk management processes, which showed a condition of overall adequacy of the ICAAP and ILAAP system and the related underlying processes, with the identification of certain improvement areas which are consistent with the adaptation plans defined by the functions involved, also taking into account the indications and recommendations received from the ECB Joint Supervisory Team.

The Board of Auditors also noted that, in line with the previous year and with the implementation of the 2025 ICAAP & ILAAP framework, a specific audit was performed on the overall process, in conjunction with the activities whose positive outcomes were formalized in a specific Report of the Internal Audit Function that integrates the overall set of documents.

Therefore, the Board of Auditors was able to assess the ICBG's ICAAP/ILAAP process as adequate, and note that the corporate bodies, each according to their own competences, have a full understanding of the capital adequacy and the liquidity risk governance and management system, risk factors and vulnerabilities, data and parameters used, the results of the ICAAP/ILAAP processes and the consistency between these and the strategic plans of the Banking Group. The Board of Auditors also considered that the Report is complete and exhaustive, and that the Group's regulatory and control framework - in charge of the ICAAP/ILAAP risk management process - and the related governance system model, are adequate to mitigate the related (current and prospective) regulatory and operational risks.

The Board of Auditors will monitor the implementation of the improvement measures that emerged during the self-assessment and in the Internal Audit Function report.

Finally, the overall ICAAP/ILAAP Package was sent to the Supervisory Authority, also completed by a note from the Board of Auditors reporting the details and the outcome of the assessment it carried out.

Recovery Plan

The preparation and finalization of the Recovery Plan in December 2024 was as usual the outcome of discussions with the ECB Joint Supervisory Team.

The Board of Auditors found that both the indications regarding the areas of intervention highlighted by the ECB in the previous version of the Plan and the so-called "System Expectations" regarding Recovery Plans sent by the ECB to all Banking Groups in May 2024, have been taken into account.

In general, the Board of Auditors observed that, following the consistent suggestions for improvement and refinement coming from both the Supervisory Authorities and the Parent Company structures, the overall recovery system of the Group allows for the preparation of a robust and reliable recovery plan, outlining effective and timely strategies and actions to be undertaken in the event of particularly severe crisis scenarios that may impact the capital and liquidity profiles of the Group to restore situations of unbalance and ensure business continuity. In this respect, the Board of Auditors welcomes the results of the application of the third Dry Run exercise - conducted and completed in the second part of 2024 - which resulted in no elements of concern.

MREL

Directive 2014/59/EU on the recovery and resolution of banks (Banking Recovery Resolution Directive – BRRD) and its subsequent updates introduced the "MREL" (Minimum Requirement of Eligible Liabilities) requirement, which represents the minimum requirement of own funds and eligible liabilities with the aim of ensuring the proper functioning of the bail-in mechanism and guaranteeing the continuity of critical economic functions during and after a possible crisis.

In March 2025, Iccrea Banca, as the Parent Company, received the decision of the Single Resolution Board (SRB) on the determination of the minimum requirement of own funds and eligible liabilities (MREL) and the subordination requirement, defined in terms of the overall amount of risk exposure (so-called RWA) and the measure of overall leverage exposure (so-called LRE), to be complied with, on a consolidated basis, at the level of its Group subject to resolution.

The consolidated final target for MREL (which the Parent Company complies with), to be met by January 1, 2026, is 25.48% of RWA (including the combined capital buffer requirement of 3.04% of RWA as of December 31, 2024) and 6.33% of LRE. The consolidated intermediate target, starting from January 1, 2022, is equal to 21.11% of RWA (including the combined capital buffer requirement of 3.04% of RWA as of December 31, 2024) and 6.35% of LRE.

The consolidated target for the subordination requirement (which the Parent Company complies with), to be complied with by January 1, 2026, is equal to 17.97% of RWA (including the combined capital reserve requirement of 3.04% of RWA at December 31, 2024) and 6.33% of LRE. consolidated intermediate target for the subordination requirement, to be complied starting from January 1, 2022, is 16.54% of RWA (including the combined capital reserve requirement of 3.04% of RWA as of December 31, 2024) and 6.35% of LRE.

In order to comply with the above requirements, the general-hybrid approach adopted by the Single Resolution Board requires the following elements to be considered:

- Group Own Funds, calculated in accordance with the CRR (Capital Requirements Regulation - Regulation (EU) No. 575/2013 as amended);
- Eligible liabilities for the MREL requirement and the subordination requirement issued by the Parent Company (in its capacity as Group Resolution Entity) with residual maturity over one year.

At December 31, 2024, the Group complied with the consolidated intermediate target for:

- MREL, with a of about €4,337 million in terms of RWA (+6.52% of consolidated RWA) and of about €7,441 million in terms of LRE (+4.32% of consolidated LRE);
- the subordination requirement, with a surplus of about €4,874 million in terms of RWA (+ 7.33% of consolidated RWA) and about €4,939 million in terms of LRE (+2.87% consolidated LRE).

Investigations and inspections

The following provides an update on the main inspection activities conducted by the supervisory authorities in the years prior to 2024.

In 2022, an on-site inspection (OSI) was conducted by the European Central Bank (ECB) concerning credit and counterparty risk in the area of asset quality of commercial real estate (CRE), with the aim of assessing compliance with and implementation of IFRS 9, as well as performing a credit quality review of selected portfolios and assessing credit risk processes. The final version of the Follow-up Letter containing the expectations of the supervisory authorities regarding the corrective actions to be taken was received on November 14, 2023, in response to which Iccrea Banca sent an action plan, the implementation of which was declared completed by the Bank on January 27, 2025 and the documentary evidence provided is currently being verified by the ECB.

With regard to the so-called "deep-dive" on the issue of forbearance – begun in 2022 with a specific analysis of the adequacy of the policies, procedures and their implementation with forborne exposures, both in terms of risk management tools and accurate reporting and classification, on May 30, 2023 the Bank received a Follow-up Letter containing the recommendations formulated by the supervisory authorities. On July 3, 2023 Parent Company formally submitted the remedial initiatives, the implementation of which was declared completed by the Bank on June 18, 2024 and the documentary evidence provided is currently being verified by the ECB.

As regards the inspection conducted by Consob from October 20, 2022 to October 17, 2023 concerning procedural aspects relating to the provision of investment services, with particular regard to the "product governance" policy as well as the methods for performing regulatory compliance checks, on April 24, 2024 the Bank received a technical notice, in response to which Iccrea Banca sent an action plan, currently being completed, in compliance with the defined deadlines.

On March 10, 2023, the Bank of Italy completed its inspection to assess compliance with the legislation governing the transparency of transactions and fairness in customer relations pursuant to Articles 54, 68 and 128 of Legislative Decree 385/1993. The findings of the inspections were received on June 6, 2023, in response to which Iccrea Banca sent an action plan, currently being completed, in compliance with the defined deadlines.

On May 29, 2023, the European Central Bank completed an on-site inspection regarding IT risk in order to assess the management of IT operations, IT projects and IT security, including any complementary aspect relating to these issues. The final version of the Follow-up Letter containing the recommendations formulated by the supervisory authorities was received on November 10, 2023; the action plan of the Parent Company was submitted on December 8, 2023, the implementation of which was declared completed by the Bank on February 6, 2025 and the documentary evidence is currently being verified by the ECB.

In May 2023, the Bank of Italy concluded its inspection to assess the cyber resilience of the payment system managed by BCC Sistemi Informatici, with respect to the "Cyber Resilience Oversight Expectations" ('CROE'). The findings of the assessment were received on November 30, 2023, the action plan was submitted on March 19, 2024 and is currently being implemented.

An on-site inspection was carried out by the ECB from March 14, 2023 to June 9, 2023 regarding internal governance and risk management; the Follow-up letter was received on June 6, 2024, in response to which the consolidated Bank submitted an action plan, currently being implemented.

An inspection was carried out by the Bank of Italy from June 5, 2023 to September 29, 2023 regarding anti-money laundering. The results of the inspection were received on December 18, 2023, in response to which the consolidated Bank submitted an action plan, currently being implemented, in compliance with the defined deadlines.

An on-site inspection was conducted from June 6-8, 2023 by the Bank of Italy concerning the 'ABACO' system (acronym for "collateralized bank assets"), i.e. the procedures used to manage the bank loans pledged to guarantee the credit operations of the Eurosystem. The letter containing the results of the inspection was received on October 16, 2023. The specified remedial actions are currently being implemented.

An on-site inspection was conducted by the ECB regarding credit and counterparty risk between September 25, 2023 and December 15, 2023, to assess compliance with IFRS 9, carry out a credit quality review of certain portfolios, and evaluate the processes associated with credit risk. The Follow-up Letter was received on November 22, 2024, and the Bank submitted an action plan, currently being implemented.

The following inspections were begun in 2024 and 2025:

- an on-site inspection carried out by the ECB from October 7, 2024 and December 13, 2024, regarding the interest rate risk in the banking book ('IRRBB') and the credit spread risk in the banking book ('CSRBB'); a Draft Report was received on April 9, 2025 and the exit meeting was held on April 16, 2025;
- an on-site inspection started by the ECB on March 4, 2025 regarding internal governance and risk management, in order to verify compliance with BCBS 239 principles with regard to risk data aggregation and risk reporting, currently underway;
- a "deep-dive" conducted by the ECB between September and December 2024 on unlikely to pay loans (so-called 'UTP'); the "final follow-up letter" was received on March 27, 2025 with the submission of the action plan expected by April 24, 2025.

The Board of Auditors continuously monitors the implementation of the remediation plans submitted to the Supervisory Authority.

Oversight of statutory audit activities, the independence of the statutory audit firm and the financial reporting process

The individual and consolidated financial statements of Iccrea Banca S.p.A. at December 31, 2024 undergo statutory audit by the audit firm Forvis Mazars SpA, pursuant to Legislative Decree 39 of January 27, 2010 and in execution of the shareholders' resolution of May 28, 2021.

In its capacity as "Internal Control and Audit Committee", the Board of Auditors, pursuant to Legislative Decree no. 39/2010 and Regulation (EU) no. 537/2014, performed its oversight functions in this area, which primarily involved:

- monitoring the statutory audit of the separate and consolidated financial statements, implementing the usual exchange of information on the relevant issues and on the various aspects of its work;
- verifying and monitoring the independence of the audit firm Forvis Mazars SpA, in conjunction with the assessment of acceptability of proposals for non-audit engagements of Forvis Mazars SpA.

As regards the monitoring of the statutory audit of the separate and consolidated financial statements, the Board of Auditors met with the audit firm 9 times in 2024 and 6 times in the early months of 2025, to exchange information, acquiring other information concerning the approach and methods chosen with regard to:

- the interim financial statements at June 30, 2024, of both the Parent Company, Iccrea Banca, and the consolidation of the ICBG;
- both the separate financial statements of Iccrea Bank and the consolidated financial statements of the ICBG at December 31, 2024;
- the 2024 sustainability statement of the ICBG.

The Board of Auditors analyzed with the independent auditors the contents of the operational planning for the performance of the audit, the main components (timing, required resources and specialists), major accounting application issues, operating systems and processes (also with reference to the affiliated banks), materiality and significance thresholds. The Board of Auditors acquired information on the methodological system adopted by the audit firm, receiving updates on the progress of the audit engagement and on the main issues being examined by the audit firm.

The Board of Auditors provided summary reports on the main issues to the Board of Directors of Iccrea Banca, briefing the directors on the main themes addressed and any problems detected. We have no particular comments in this regard.

With regard to the activities concerning the pre-approval referred to in Regulation (EU) 537(2014, during 2024 the Board of Auditors oversaw proposals for non-audit engagements, requested by Iccrea Banca of the two audit firms of the ICBG (Forvis Mazars SpA and EY SpA) and entities of their networks, submitted by company units for specific needs originating in part with legislative and regulatory requirements. The requests - to be submitted for pre-approval by the "Internal Control and Audit Committee" of the individual public-interest entity (in Italian law Legislative Decree 39/2010 designates the board of auditors for this role) – underwent examination and analysis by the Board of Auditors, which, appropriate, issued its authorization. In this regard, note that the Board of Auditors issued its favorable opinion on the proposal to assign the task of providing services for certifying the conformity of the consolidated sustainability statement for the period 2024/2029 of Iccrea Banca to the audit firm Forvis Mazars SpA (pursuant to articles 13 and 16 of Legislative Decree 39/2010).

The notes to the consolidated financial statements report the fees for 2024 paid to the firms engaged to perform the statutory audit of the accounts of the Iccrea Cooperative Banking Group.

During the period under review, the Board, again in light of the duties established by Legislative Decree 39/2010 in its capacity as the Internal Control and Audit Committee, maintained constant contacts with the Chief Financial Officer area of the Parent Company in order to acquire information on the financial reporting process of Iccrea Banca S.p.A., on its main constituent elements (processes, systems, resources) and on its functionality and effectiveness.

From the information acquired, including that gained in discussions with the audit firm, no shortcomings in the administrative and accounting procedures of particular significance were reported with regard to the objective of providing an accurate representation of operational events in compliance with international accounting standards.

Transactions with related parties

The Board took note of the periodic examination by the Committee for Transactions with Related Parties - coinciding with the Affiliated Bank Interventions Committee – of transactions with related parties carried out by the Iccrea Cooperative Banking Group and related amounts at the end of the period. This examination did not reveal any issues that would require disclosure in this Report.

With regard to the ICBG, in compliance with the "Connected Persons" rules established under supervisory regulations, the Parent Company defined a specific policy governing this matter (last updated in November 2022), disseminating it with a specific directive to all Group companies. As detailed below, the Board organized an initiative in close coordination with the boards of auditors of the affiliated banks on the topic under examination in 2024.

During the period, there were no transactions with connected parties approved despite the negative opinion of the relevant Committee. With regard to Transactions with related parties, during the financial year, no positions or transactions deriving from atypical or unusual transactions were reported, nor were any transactions of an "atypical or unusual" nature implemented that, due to their significance and relevance, could have given rise to doubts regarding the protection of the Group's assets.

Compliance and Internal Audit carry out periodic audits of the compliance of the regulatory and process arrangements in this area and the application of the policy at all the companies of the Banking Group. These audits did not find any issues that would require mention in this Report.

The draft financial statements report the information relating to transactions with related parties (Part H - Transactions with related parties), in compliance with the provisions of IAS 24 – Related Party Disclosures.

ICBG remuneration and incentive policies

The Board of Directors of Iccrea Banca S.p.A. approved the “2025 ICBG Remuneration and Incentive Policies”, to be submitted to the Shareholders’ Meeting, together with the “Standard document of remuneration and incentive policies for the affiliated banks” and the “Material risk takers identification process for the Parent Company, companies in the direct scope and associated outcomes”.

The update of the policies presented to the Shareholders’ Meeting includes additional refinements regarding the revision of the limits on the amounts to be agreed in the event of early termination of employment or office of all personnel and the rules governing non-competition agreements.

The Board of Auditors monitored this revision implemented by Iccrea Banca, focusing on compliance with the regulatory constraints concerning the configuration of the incentive system dedicated to the corporate control functions, to safeguard their independence and autonomy, operating – in these areas - in close collaboration with the Remuneration Committee and the Risk Committee.

With regard to the 2024 Internal Audit Report on Remuneration and Incentive Policies and Practices of Iccrea Banca, the analyses found that remuneration and incentive practices were generally compliant with the policies approved by the Board of Directors and the Shareholders’ Meeting, as well as the applicable supervisory regulations.

Supervisory Body pursuant to Legislative Decree 231/2001

With specific regard to the functions of the Supervisory Body pursuant to Legislative Decree 231/2001, during the period under review the Board of Auditors monitored the functioning and observance of the Compliance Model pursuant to Legislative Decree 231/2001 (hereinafter, also “the Model”) by:

- receiving and analyzing the information flows envisaged by the Model;
- acquiring any relevant information from the verification activities of the control functions on the possible presence of cases falling within the criminal risk areas of Legislative Decree 231/01;
- requesting further information from Internal Audit on areas relevant for the purposes of Legislative Decree 231/01 (e.g.: workplace health and safety and subsidized lending);
- carrying out independent supervisory activities, including during meetings with the competent corporate units, with a specific focus on certain key aspects: whistleblowing, guidelines for the construction of affiliated bank Models, unauthorized access to IT systems, subsidized credit and AML compliance, activities of the financial reporting officer pursuant to Law 262/2005, activities deriving from EU Regulation 2022/2554 (DORA), sustainability statement pursuant to Legislative Decree 125/2024, Health and safety in the workplace, Processing of personal data, Anti-money laundering;
- monitoring, through the acquisition of information and data, of certain aspects deemed relevant, including compliance with the UNI INAIL Guidelines of the Health and Safety Management System pursuant to Legislative Decree 81/2008, the Policies/Directives issued by Iccrea Banca relevant under the provisions of Legislative Decree 231/2001 and information on the hiring of new personnel;
- monitoring the improvement initiatives undertaken by the Company, which are intended to completely address the critical issues highlighted in the gap analysis for updating the Model;
- monitoring the information/training initiatives for disseminating knowledge and understanding of the Decree and the Model adopted by the Company;
- liaising, where necessary, with the supervisory bodies of certain of the companies within the direct scope (so as to ensure the circulation of information necessary for the performance of out the oversight activities of the Group bodies);
- promptly analyzing the reports received in order to identify any issues concerning the operation of the Model;
- monitoring the legislative developments amending Legislative Decree 231/2001 in the period covered by this Report.

During the period covered by this Report, our oversight activities found no violations or reprehensible events connected with the conduct of top management and all other Company personnel in accordance with the provisions set out in the Compliance Model or the Code of Ethics, as presented in the Report of the Supervisory Body submitted to the Board of Directors of Iccrea Banca at its meeting of April 10, 2025.

As regards the adequacy and suitability of the Compliance Model, considering some changes introduced since the last update (October 6, 2023) – for example the regulatory changes introduced to Legislative Decree 231/2001 (including the DORA Regulation, the CSRD Directive, etc.), the introduction of the figure of the financial reporting officer pursuant to Law 262/2005, the organizational changes to the internal regulations of the Company and the Group (e.g. new Group Purchasing Rules, provision on gifts, etc.) – the Supervisory Body, as represented in the Report presented to the Board of Directors, has suggested the updating of the Company Model.

Opinions issued

During 2024 the Board of Auditors issued a favorable opinion:

- on the professional requirements and the appointment of an officer in charge of financial reporting;
- on the report regarding the management and coordination of the Parent Company towards the asset manager belonging to the Group;
- on the compliance of the transaction regarding the Covered Bond issuance program with the provisions of Law 130/1999 and circular 285; on the impact of the activity on the financial balance of the bank, as well as on the suitability of the risk management procedures adopted.

Further information on the oversight activity of the Board of Auditors

In the light of the oversight activity performed in the period covered by this Report, we report that:

- the Board of Auditors is not aware of transactions carried out during the period under review in this report that did not comply with the principles of correct administration, that were authorized and executed in violation of law or the articles of association or were not performed in the interest of Iccrea Banca S.p.A., in conflict with the resolutions of the Shareholders' Meeting, or were manifestly imprudent or risky, lacking the necessary information in the event of the existence of interests of the directors or were such as to compromise the integrity of corporate assets;
- there were no atypical and/or unusual transactions carried out with third parties, related parties or group companies;
- no complaints were received by the Board of Auditors pursuant to Article 2408 of the Civil Code;
- following the checks performed, no omissions, censurable facts or significant irregularities were found that would merit mention in this report.

In the exercise of its functions, the Board of Auditors received information from the boards of auditors of the most important companies within the direct scope and that information did not report circumstances that would require mention in this Report.

In addition to the information already provided in this Report, during the year the Board of Auditors provided the reports required of it under applicable legislation and supervisory regulations for banks.

The Board of Auditors also declares that:

a) it verified compliance with independence requirements on the part of the individual members of the Board of Auditors and that it both periodically and on a case-by-case basis took note of and assessed the notices received from its individual members regarding the number of other positions held/terminated and the related time commitment;

- it found that compliance with the integrity and experience requirements for corporate officers was appropriately assessed by the Board of Directors, as was the verification of other positions held for the purpose of the prohibition on interlocking officerships under Article 36 of Decree Law 201/2011 (ratified with amendments by Law 214/2011).

The close connection with the Boards of Auditors of the Group companies

The Supervisory Provisions of the Bank of Italy, also applicable to the ICBG, provide that the Board of Auditors of the Parent Company operates in "close coordination" with the control bodies of the Group companies. Since the establishment of the Group, the Board of Auditors of the Parent Company has undertaken some initiatives aimed at focusing attention on the topics considered most sensitive from an integrated control perspective at Group level, as in the case of the "statutory audit", "anti-money laundering", the issuance of "covered bonds" (only for the mutual banks participating in the Program) and, last January 23, 2024, possible "conflicts of interest".

In the meeting on the topic of "conflicts of interest", issues of common interest were discussed with the counterpart bodies of the mutual banks with a brief representation of the current external and internal regulations, the IT support systems made available by the Parent Company, the decision-making process in respect of operations of potential conflict of interest, training activities with a particular focus on the control activities carried out in this respect by the Compliance and Internal Audit functions of the Group, as well as on the related outcomes. The Board of Auditors of the Parent Company continued this "coordination" process in 2024 with a meeting on the topic of "Transparency of banking and financial operations and services - correctness of relationships between intermediaries and customers", of particular relevance, also in light of the inspection activity carried out by the Bank of Italy on the matter, the pilot "mystery shopping" exercise carried out in 2023 by the Bank of Italy at some bank branches, as well as the second and third level controls carried out in this area at the Group by the Compliance function and the Internal Audit function. The meeting was also dedicated to sharing some control methodologies and highlighting some aspects considered significant in respect of the supervisory activity of the Board of Auditors.

In addition, on March 5, 2025, a close coordination meeting was dedicated to discussing the topics of Anti-Money Laundering and innovation on sustainability reporting.

The above-mentioned topics are in fact of particular relevance, in light of, respectively:

- the changes introduced by the aforementioned provision of the Bank of Italy of August 1, 2023, regarding AML representatives;
- the entry into force of Legislative Decree 125/2024, which implemented the European CSRD Directive, regarding sustainability reporting.

Draft financial statements and Report on Operations

The Board of Auditors examined the company financial statements for the year ended December 31, 2024. As the Board is not charged with the statutory audit of the financial statements, we performed an overall summary check of the general layout of the financial statements and their general compliance with the law with regard to their formation and structure, and in this regard we have no particular observations to report. The Board of Auditors also monitored compliance with the procedural rules governing the preparation of the consolidated financial statements.

The Board of Auditors also declares it has examined the following reports prepared by Forvis Mazars SpA:

- the separate Audit Report issued on April 22, 2025, pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) 537/2014, from which the following emerges: "*In our opinion, the financial statements provide a true and fair view of the Company's financial position as of December 31, 2024, and of its performance and cash flows for the year then ended in accordance with the IFRS accounting* *principles issued by the International Accounting Standards Board and endorsed by the European Union and the measures issued in implementation of art. 43 of Legislative Decree 136/2015*";

- the consolidated Audit Report issued on April 22, 2025, pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) 537/2014 from which the following emerges: "*In our opinion, the consolidated financial statements provide a true and fair view of the Group's financial position as of December 31, 2024, and of its performance and cash flows for the year then ended in accordance with the IFRS accounting principles issued by the International Accounting Standards Board and endorsed by the European Union and the measures issued in implementation of art. 43 of Legislative Decree 136/2015*";
- the Additional Report issued on April 22, 2025, pursuant to art. 11 of the aforementioned Regulation, to the Board of Auditors in its capacity as Internal Control and Audit Committee. The report includes, among other information, the annual confirmation of independence, issued pursuant to art. 6 par. 2) letter a) of the Regulation. The Board of Auditors informed the management body of the audited entity of the outcome of the legal audit and sent the additional report referred to in article 11 of the European Regulation to that body.

Consolidated sustainability statement – Legislative Decree 125/2024

Legislative Decree 125/2024, which came into force on September 25, 2024, implemented Directive 2022/2464/EU (also known as the "Corporate Sustainability Reporting Directive" or "CSRD") into Italian law; thus starting from December 31, 2024, the consolidated Non-Financial Statement is replaced by the consolidated Sustainability Statement, which must be included in the consolidated Report on Operations. With amended Article 14-bis of Legislative Decree 39/2010, this new regulation provides that the audit firm on sustainability reporting specifically certifies the conformity of such statement.

acknowledging Legislative Decree 125/2024, the Board of Auditors oversaw the compliance with the provisions of that decree regarding the drafting of the consolidated sustainability statement, approved by the Board of Directors on March 26, 2025.

The Board held a number of meetings with the function responsible for drafting the sustainability statement and the representatives of the audit firm (Mazars) engaged pursuant to Legislative decree 39/2010 (Forvis Mazars SpA) and examined the documentation made available.

As regards the reporting scope, the consolidated sustainability statement at December 31, 2024, pursuant to art. 29-bis, paragraph. 7, of the CSRD, was prepared on a consolidated basis and presents the information relating to the ICBG for the period from January 1, 2024 to December 31, 2024. In accordance with the new regulatory framework, the composition of the Group and the accounting consolidation scope were taken into consideration in order to determine the scope of the consolidated sustainability statement and identify the companies that are relevant for understanding the Group's strategy and performance in relation to environmental, social and governance sustainability issues. Based on the analyses conducted on the affiliated banks and on the companies directly and indirectly owned by Iccrea Banca SpA, the reporting scope at December 31, 2024 is the same as the IAS/IFRS reporting scope used for the Group's consolidated financial statements.

As provided for by art. 7, paragraph 1a) of Decree 125/2024, the Group companies included in the consolidated sustainability statement have not prepared their own separate statement. There are no Group companies that are exempted from individual and consolidated reporting pursuant to other articles of the aforementioned decree.

The Report of the independent audit firm, Forvis Mazars SpA, issued on April 22, 2025 on the limited review of the consolidated sustainability statement pursuant to art. 14-bis of Legislative Decree 39/2010, reports that:

"On the basis of the information acquired, there is no evidence to suggest that:

- *the ICBG's consolidated sustainability statement for the year ended December 31, 2023 has not been prepared in all significant aspects in compliance with the sustainability reporting standards adopted by the European Commission pursuant to Directive (UE) 2013/34/UE (European Sustainability Reporting Standards, hereinafter also "ESRS");*
- *the information contained in the section "Disclosure pursuant to Article 8 of EU Regulation 2020/852 (EU Taxonomy Regulation)" of the consolidated sustainability statement has not been prepared in all significant aspects in compliance with art. 8 of Regulation (EU) 852 of June 18, 2020 (hereinafter also "Taxonomy Regulation").".*"

Conclusions

The above reports on the audit of the separate financial statements and the consolidated financial statements of the Group indicate that both documents provide a true and fair view of the financial position of Iccrea Banca S.p.A. and the ICBG at December 31, 2024, as well as the performance and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards endorsed by the European Union and the measures issued in implementation of Article 43 of Legislative Decree 136/2015.

Moreover, in the opinion of the auditor, the Report on Operations is consistent with the financial statements and the consolidated financial statements of the ICBG at December 31, 2024 and has been prepared in compliance with the law.

The statutory auditor, with whom we met periodically for the purpose of exchanging information, did not report any acts or facts deemed censurable or any irregularities to the Board of Auditors.

In view of all of the foregoing and the content of the reports drafted by the statutory auditor, the Board of Auditors, within the scope of its responsibilities, finds no impediment to the approval of the draft separate financial statements at December 31, 2024 of Iccrea Banca SpA and the allocation of the result for the year proposed by the Board of Directors.

With the end of our term, we wish to express our sincere appreciation for the trust placed in us and for the availability provided to us by the structures of Iccrea Banca during this three-year period and we invite you to deliberate pursuant to art. 2364, paragraph 1, 2) and 3) of the Civil Code.

Rome, April 28 2025

The Board of Auditors

Barbara Zanardi (Chair)

Riccardo Andriolo

Claudia Capuano

CERTIFICATIONS

Certification of the Consolidated financial statements as at 31 December 2024 pursuant to Art.81-ter of Consob Regulation No.11971/99 and subsequent additions and amendments

1) The undersigned Giuseppe Maino, as Chief Executive Officer of Iccrea Banca S.p.A., and Marianna Di Prinzio, as the Manager responsible for preparing the company's financial reports of Iccrea Banca S.p.A., hereby certify, also in compliance with Art.154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

   - the adequacy in relation to the features of Iccrea Cooperative Banking Group, and
   - the actual application of the administrative and accounting procedures employed to draw up the Consolidated financial statements as at 31 December 2024.

2) The assessment of the adequacy of the administrative and accounting procedures employed to draw up the Consolidated financial statements as at 31 December 2024 is based on a model developed by Iccrea Banca S.p.A., in accordance with the '"*Internal Control - Integrated Framework (CoSO)*", and the "*Control Objective for IT and Related Technologies (Cobit)*", which represent generally accepted international standards for internal control system and for financial reporting in particular.

3) The undersigned also certify that:

   - the Consolidated financial statements as at 31 December 2024:
     a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation (EC) No.1606/2002 of 19 July 2002;
     b) correspond to the results of the accounting books and records;
     c) are suitable to provide a fair and correct representation of the economic and financial situation of Iccrea Banca S.p.A. and of the group of companies included within the scope of consolidation;
   - the Report on operations includes a reliable analysis of the operating trend and results, as well as of the position of the Bank and of the group of companies included within the scope of consolidations, together with a description of the main risks and uncertainties they are exposed to.

Rome, 22 April 2025

Chief Executive Officer
Giuseppe Maino

Manager responsible for preparing the company's financial reports
Marianna Di Prinzio

Certification of the Consolidated Sustainability Statement pursuant to Art. 154-bis of Legislative Decree No. 58/1998

The undersigned Giuseppe Maino, as Chief Executive Officer and Marianna Di Prinzio as the Manager responsible for preparing the company's financial reports of Iccrea Banca S.p.A., hereby certify, pursuant to Art. 154-bis, paragraph 5-ter, of Italian Legislative Decree No. 58 of 24 February 1998, that the Consolidated Sustainability Statement included in the Report on operations has been prepared:

- in accordance with the reporting standards pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, and of Italian Legislative Decree No. 125 of 6 September 2024;
- with the specifications adopted in accordance with Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Rome, 22 April 2025

Chief Executive Officer
Giuseppe Maino

Manager responsibile for preparing the company's financial reports
Marianna Di Prinzio

REPORTS OF THE AUDIT FIRM

forvis mazars

Iccrea Banca S.p.A.

Independent auditor's report in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014.

(translation of the original report issued in Italian)*

Consolidated financial statements as of 31 December 2024

ORMB/NSDN/vbrb – R202500594

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Independent auditor’s report in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014.

To the Shareholders of Iccrea Banca S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Gruppo Bancario Cooperativo Iccrea (the “Group”), which comprise the consolidated statement of financial position as at December 31st, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flows statement for the year then ended and the notes, including a material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31st, 2024, and of the consolidated result of its operations and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and endorsed by the European Union, as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/15.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the section of this report titled *Auditor’s responsibilities for the audit of the consolidated financial statements*. We are independent of Iccrea Banca S.p.A. (the “Company”) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Classification and valuation of financial loans to customers measured at amortized cost

For further information, please refer to the Notes:
"Part A – Accounting policies" – Section A.2 paragraph 3. "Financial assets measured at amortized cost "
"Part B – Information on the balance sheet" - Section 4 "Financial assets measured at amortized cost"
"Part C – Information on the income statement": Section 8 "Net losses/recoveries for credit risk in respect of financial asset measured at amortized cost"
"Part E – Risk and risk management policies

Description of the key audit matter	Audit procedures
Loans to customers measured at amortized cost, which are reported in item 40 b) of the balance sheet assets, as of December 31st, 2024 amount to Euro 93.541 million, representing 57% of total assets. Their classification and evaluation provided by the directors is relevant for the audit in consideration of their significance, either with reference to the intrinsic complexity of the process of determining the expected losses and by the subjectivity in the formulation of the estimation processes, also in consideration of the uncertainty of the current macroeconomic context and the latest developments. Amongst the estimation factors, the following are of particular importance: • the criteria identified for significant increase in credit risk (SICR) for the allocation of credit portfolios to the homogeneous categories of risk (so-called "staging allocation"); • the determination of the parameters for the estimation of expected credit losses (ECL), including *forward-looking* factors for the determination of *Probability of Default* (PD), *Exposure at Default* (EAD) and *Loss Given Default (*LGD) classified in Stage 1 and Stage 2; • credit-impairment evidence leading to classification of loans as impaired in Stage 3; • the criteria and methods applied for estimating expected cash flows based on the assumptions regarding the recovery of non-performing loans. Also relevant are the derisking activities coordinated by the Parent Company through the disposal of impaired credit exposures.	In response to this key audit matter, the audit procedures performed included, among others: • updating the understanding of the internal control system, as well as internal procedures related to the monitoring of the quality of portfolio and the management of credit risk, as well as those related to the measurement of expected credit losses; • reviewing the proper implementation and operating effectiveness of the relevant controls for the purpose of credit classification and valuation process, including those related to IT application controls; • performing analytical procedures on the most significant changes in loans to customers compared to the prior year; • performing, on a sample basis, substantive procedures to validate the correct classification and measurement of credit exposures; • reviewing of the appropriate accounting treatment of disposals of non-performing loans carried out during the year; • verifying of the adequacy and compliance of the financial disclosure provided in the notes to the financial statements. The above procedures were also carried out with the support of our specialists in financial instrument valuation models and IT systems.

Responsibilities of the directors and board of statutory auditors for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and endorsed by the European Union, as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/15 and, according to the terms prescribed by law, for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriateness of the use of the going concern assumption in the preparation of the consolidated financial statements, and for appropriate disclosure thereof. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless directors either intend to liquidate the parent company Iccrea Banca S.p.A. or to cease operations or has no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, according to the terms prescribed by law, the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain a reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the audit in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures in response to those risks; we obtained sufficient and appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- we obtained an understanding of the internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Where a material uncertainty exists, we are required to draw attention, in our auditor's report, to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, subsequent events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in such a manner as to give a true and fair view;
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or

business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated to those charged with governance, identified at an appropriate level as required by ISA Italia, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated to them any circumstances that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, we identified those that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore representing the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) No. 537/2014

On May 24th, 2021, the shareholders of Iccrea Banca S.p.A. in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending December 31st, 2021 to December 31st, 2029.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter, of Legislative Decree No. 39/10

The directors of Iccrea Banca S.p.A. are responsible for preparing a report on operations of Gruppo Bancario Cooperativo Iccrea as at December 31st, 2024, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations with the consolidated financial statements;
- express an opinion on the compliance of the report on operations, excluding the section that includes the sustainability statement, with the law;
- issue a statement of any material misstatements in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of Gruppo Bancario Cooperativo Iccrea as at December 31st, 2024.

Furthermore, in our opinion, the report on operations, excluding the section that includes the sustainability statement is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-*ter*), of Legislative Decree no. 39/10, issued based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section relating to the sustainability statement. The conclusions on the compliance of that section with the standards governing its criteria of drafting and compliance of the disclosure requirements provided for in article 8 of Regulation (EU) 2020/852 are formulated by our in the report of attestation pursuant to article 14-*bis* of Legislative Decree 39/10.

Roma, April 22nd, 2025

Forvis Mazars S.p.A.

(signed on the original)

Olivier Rombaut
Partner – Registered auditor

(*) This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

forvis mazars

Iccrea Banca S.p.A.

Independent auditor's report on the consolidated sustainability report in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

(translation of the original report issued in Italian)*

Consolidated sustainability report as of 31 December 2024

ORMB/FBTZ/vbrb – R202500595

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Independent auditor's report on the consolidated sustainability report in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of Iccrea Banca S.p.A.

Conclusion

In accordance with articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the consolidated sustainability report of the Gruppo Bancario Cooperativo Iccrea (hereinafter also the "Group") for the year ended December 31st, 2024 prepared in accordance with article 4 of the Decree, presented in the specific section of the consolidated report on operations.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report of the Gruppo Bancario Cooperativo Iccrea for the year ended December 31st, 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (*European Sustainability Reporting Standards*, hereinafter also the "ESRS");
- the information set out in paragraph "Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)" of the consolidated sustainability report is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis of conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under the Standard are further described in the Auditor's Responsibilities for the Limited Assurance Conclusion on the consolidated sustainability report section of this report.

We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on consolidated sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The consolidated sustainability report for the year ended December 31st, 2024 contains, in the specific section "Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)", the comparative information of article 8 of Taxonomy Regulation related to the year ended December 31st, 2023, which has not been subjected to any assurance procedure.

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Responsibilities of the directors and the board of statutory auditors of Iccrea Banca S.p.A. for the consolidated sustainability report

The directors of Iccrea Banca S.p.A. are responsible for developing and implementing the procedures adopted to identify the information included in the consolidated sustainability report in accordance with the provisions of the ESRS (hereinafter the "materiality assessment process") and for describing those procedures in the paragraph "Double materiality" of the consolidated sustainability report.

The directors are also responsible for preparing the consolidated sustainability report, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 4 of the Decree, including:

- its compliance with the ESRS
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph "Disclosures pursuant to Article 8 of Regulation 2020/852".

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a consolidated sustainability report in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Inherent limitations in preparation of the consolidated sustainability report

For the purpose of reporting forward-looking information in accordance with ESRS, the directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability report, about future events and possible future actions by the Group. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

The disclosure provided by the Group about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the poor availability and relative accuracy of the information used to define both qualitative and quantitative information on Scope 3 emissions related to the value chain.

Auditor's responsibilities for the limited assurance conclusion on the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated sustainability report.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- directing, supervising and performing a limited assurance engagement on the consolidated sustainability report and assuming full responsibility for the conclusion on the consolidated sustainability report.

Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.

The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of the Group responsible for the preparation of the information presented in the consolidated sustainability report, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- understanding of the Group's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- understanding of the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability report;
- understanding of the process implemented by the Group to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- identifying the disclosures where a material misstatement is likely to arise;
- definition and performing procedures, based on our professional judgement, to address the risks of material misstatement identified;
- understanding of the process implemented by the Group to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the consolidated sustainability report;
- reconciliation of the information reported in the consolidated sustainability report with the information reported in the consolidated financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the consolidated financial statements, or with management accounting information;
- verification of the structure and presentation of disclosures included in the consolidated sustainability report in accordance with the ESRS;
- obtaining management's representation letter.

Roma, April 22nd, 2025

Forvis Mazars S.p.A.

(Signed on the original)

Olivier Rombaut	Francesca Bitozzi
Partner	Partner

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REPORT AND SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY ICCREA BANCA SPA

REPORT ON OPERATIONS OF THE PARENT COMPANY

1. DEVELOPMENTS IN PARENT COMPANY OPERATIONS AND THE MAIN ITEMS OF THE BALANCE SHEE AND INCOME STATEMENT

The following provides a summary description of the main items of the Parent Company's balance sheet and income statement at December 31, 2024. In order to permit a more immediate assessment of the items, the balance sheet and income statement schedules shown below are presented in a more summary format than those provided for by Circular 262/05 of the Bank of Italy.

BALACE SHEET

Assets

€/thousands	31/12/2024	31/12/2023	Change	Change %
Cash and cash equivalents	3,406,816	4,759,314	(1,352,498)	(28.4)
Financial assets measured at amortized cost – *Due from banks – Loans and securities*	21,355,847	30,806,297	(9,450,450)	(30.7)
Financial assets measured at amortized cost –*Due from customers – Loans*	8,968,108	7,558,420	1,409,688	18.7
Financial assets measured at amortized cost – *Due from customers – Securities*	10,590,506	10,138,191	452,315	4.5
Financial assets measured at fair value through profit or loss	1,644,108	1,977,687	(333,579)	(16.9)
Financial assets measured at fair value through other comprehensive income	1,220,887	1,224,308	(3,421)	(0.3)
Hedging derivatives	93,878	163,309	(69,431)	(42.5)
Equity investments	1,328,954	1,514,823	(185,869)	(12.3)
Other assets	632,144	835,607	(203,464)	(24.3)
Total interest-bearing assets	**49,241,247**	**58,977,956**	**(9,736,708)**	**(16.5)**
Other non-interest-bearing assets	129,151	141,263	(12,112)	(8.6)
Total assets	**49,370,398**	**59,119,218**	**(9,748,820)**	**(16.5)**

At December 31, 2024 total assets came to €49.4 billion, a decrease from €59.1 billion at the end of December 2023 mainly reflecting:

- a decrease in cash and cash equivalents of €1.4 billion mainly attributable to overnight deposits with the ECB;
- a decrease of €7.6 billion in loans measured at amortized cost compared with the end of 2023, resulting from:
  - a decrease in the amounts due from banks (-€9.5 billion) primarily reflecting the combined impact of: i) extinction of lending connected with TLTRO operations – which reached maturity – with the mutual banks (-€14.4 billion). A similar development is recorded for "Financial liabilities measured at amortized cost"; and ii) a decrease in reserve requirements (-€0.3 billion); *iii)* an increase in lending to mutual banks (+€5.3 billion) granted against collateral in the form of refinanceable securities (pool collateral and lending connected to the covered bond program; *iv)* increase in the debt securities held (+€0.4 billion) mainly issued by the mutual banks and subscribed by the Parent Company (to meet MREL requirements for the Group), with an analogous change in "Financial liabilities measured at amortized cost";
  - an increase in lending to customers (+€1.9 billion) essentially attributable to an increase in repurchase agreements with the Clearing and Guarantee Fund (+€0.4 billion); an increase in investments in debt securities (+€0.4 billion, almost exclusively Italian government securities) and for the remainder lending mainly to companies within the direct scope.

The following provides a breakdown of amounts due from banks, largely represented by loans to the mutual banks (€16.1 billion, down €8.4 billion compared with the endo of 2023). These loans, secured by securities eligible for refinancing (pool collateral), came to about €9.9 billion, while transactions connected with the covered bond program came to €3.4 billion.

€/thousands	31/12/2024	31/12/2023	Change	Change %
Mutual banks	16,097,897	24,490,718	(8,392,821)	(34.3)
Other credit institutions	5,257,950	6,315,579	(1,057,629)	(16.7)
Due from banks	**21,355,847**	**30,806,297**	**(9,450,450)**	**(30.7)**

Amounts due from other credit institutions include €3.1 billion in intercompany lending (of which about €2.8 billion to BCC Leasing) and deposits with third parties for the remainder.

The following table provides a breakdown of impaired positions.

€/thousands	31/12/2024			
	Gross exposure	Impairment losses	Net exposure	% coverage
Bad loans	11,159	10,008	1,151	89.7
Unlikely to pay	96,486	59,759	36,727	61.9
Impaired past-due	8,150	2,634	5,516	32.3
Total 31/12/2024	**115,795**	**72,401**	**43,394**	**62.5**
Total 31/12/2023	**178,531**	**125,795**	**52,736**	**70.5**
Change	**(62,736)**	**(53,394)**	**(9,342)**	**(7.9)**

- Financial assets measured at fair value through other comprehensive income, as detailed in the table below, amounted to about €1.6 billion, down €0.3 billion on the end of 2023 reflecting: *i)* a decrease in the value of trading derivatives and securities held at the reporting date (-€0.3 billion, with a similar development in trading derivatives in liabilities); *ii)* a decrease in other financial assets mandatorily measured at fair value (-€69.1 million), mainly due to redemptions in the period and a decrease in the value of units in CIUs (-€43.0 million); a decrease in debt securities (-€13.6 million) and equity securities (-€12.5 million) held at the reporting date;

€/thousands	31/12/2024			
	Financial assets held for trading	Financial assets designated as at FV	Other financial assets mandatorily measured at FV	Total
Debt securities	27,539	346,666	5,986	380,191
Equity securities	25	-	48,586	48,611
Units of CIUs	-	-	350,972	350,972
Derivative instruments	864,334	-	-	864,334
Total 31/12/2024	**891,898**	**346,666**	**405,545**	**1,644,108**
Total 31/12/2023	**1,164,658**	**338,401**	**474,629**	**1,977,687**
Change	**(272,760)**	**8,265**	**(69,084)**	**(333,579)**

- Financial assets measured at fair value through other comprehensive income, held under the HTCS business model, came to €1.2 billion, virtually unchanged compared with the end of 2023;
- Equity investments decreased by €185.9 million, mainly reflecting the combined effect of: (*i)* the disposal of the 51% interest in the insurance companies BCC Vita SpA and BCC Assicurazioni SpA (with carrying amounts of €132.3 million and €10.4 million, respectively), relating to the reorganization of the Group's bancassurance segment described in the section on significant events of the period; (*ii)* a decrease in the value of the equity investment held in Numia Group SpA (-€80.8 million) reflecting the distribution of reserves to shareholders; *(iii)* the recognition of impairment losses on interest in Banca Sviluppo SpA (-€5.2 million), BCC Beni Immobili Srl (-€4.8 million) and on shares pursuant to Art. 150-ter of BCC di Pisa e Fornacette (-€2.3 million); *(iv)* the repayment (authorized by the ECB) carried out by Banca TEMA (-€2.0 million). On the other hand increases include: *(i)* the subscription of a future capital increase in BCC Credito Consumo SpA (+€25.0 million) and BCC Assicurazioni SpA (+€2.5 million); *(ii)* an increase in the interest held in Pitagora SpA (+€11.1 million); *(iii)* the acquisition of 49% of the share capital of the real estate entity Sigest Srl (+€13.6 million).

Liabilities

€/thousands	31/12/2024	31/12/2023	Change	Change %
Financial liabilities measured at amortized cost – *Due to banks*	25,657,921	34,677,583	(9,019,662)	(26.0)
Financial liabilities measured at amortized cost – *Due to customers*	12,963,954	14,926,307	(1,962,353)	(13.1)
Financial liabilities measured at amortized cost – *Securities issued*	6,451,419	5,196,867	1,254,552	24.1
Financial liabilities held for trading	847,759	1,048,214	(200,455)	(19.1)
Financial liabilities designated as at fair value	385,075	387,148	(2,074)	(0.5)
Hedging derivatives	109,785	88,523	21,262	24.0
Other liabilities	460,163	377,668	82,495	21.8
Total interest-bearing liabilities	**46,876,074**	**56,702,309**	**(9,826,235)**	**(17.3)**
Other non-interest-bearing liabilities	167,558	187,810	(20,253)	(10.8)
Shareholders' equity	2,248,017	2,141,180	106,838	5.0
Profit for the period	78,749	87,920	(9,170)	(10.4)
Total liabilities	**49,370,398**	**59,119,218**	**(9,748,820)**	**(16.5)**

The decrease in liabilities compared with the end of 2023 is mainly attributable to the decrease of €9.8 billion in interest-bearing funding, which was the net effect of the following developments:

- a decrease in amounts due to banks (-€9.0 billion) to about €25.7 billion, due to the combined effect of the decrease in amounts due to central banks (-€11.5 billion) as a consequence of the already mentioned repayment of TLTRO financing, matured in 2024; partially offset by an increase in amounts due to banks mainly intercompany lending, in the form of current accounts and deposits (+€2.5 billion);
- a decrease in amounts due to customers (-€2.0 billion), to €13.0 billion, essentially reflecting a decrease in repurchase agreements with the Clearing & Guarantee Fund (-1.4 billion) and unsecured transactions with the Ministry for the Economy and Finance (-€0.5 billion);
- an increase in securities issued (+€1.3 billion) due to new issues (+€2.1 billion) in the period– mainly connected to the covered bond program – partly offset by the repayment of matured or repaid early securities (-€0.9 billion).

Amounts due to banks break down as follows:

- €19.1 billion in positions with the affiliated banks mainly in respect of demand and time deposits (€18.7 billion), of which €2.0 billion in mutual bank deposits to meet the reserve requirement, €3.6 billion in "tiered" deposits and €8.3 billion in amounts held on the daily settlement account;
- €6.6 billion in amounts due to other credit institutions, largely related to financing from the ECB under Group treasury operations (€4.7 billion).

€/thousands	31/12/2024	31/12/2023	Change	Change %
Mutual banks	19,068,145	16,920,694	2,147,451	12.7
Other credit institutions	6,589,776	17,756,888	(11,167,113)	(62.9)
Due to banks	**25,657,921**	**34,677,583**	**(9,019,662)**	**(26.0)**

Funding with customers amounted to €13.0 billion, a decrease (-€2.0 billion) on December 31, 2023, mainly attributable to a decrease in repurchase agreements with the Clearing & Guarantee Fund (-€1.4 billion) and unsecured transactions with the Ministry for the Economy and Finance (-€0.5 billion).

€/thousands	31/12/2024	31/12/2023	Change	Change %
Current accounts and deposits	1,006,972	932,178	74,794	8.0
Financing	11,654,596	13,618,668	(1,964,072)	(14.4)
Other payables	302,386	375,461	(73,075)	(19.5)
Due to customers	**12,963,954**	**14,926,307**	**(1,962,353)**	**(13.1)**

Equity

€/thousands	31/12/2024	31/12/2023	Change	Change %
1. Capital	1,401,045	1,401,045	-	-
2. Share premium reserve	6,081	6,081	-	-
3. Reserves	784,115	682,588	101,526	14.9
4. Equity instruments	-	-	-	-
5. (Treasury shares)	-	-	-	-
6. Valuation reserves	56,776	51,464	5,311	10.3
Total	**2,248,017**	**2,141,180**	**106,838**	**5.0**

At December 31, 2024, the share capital of Iccrea Banca, represented by 27,125,759 ordinary shares with a par value of €51.65 each, was equal to €1.4 billion, unchanged from 2023. Shareholders' equity, excluding profit for the period, amounted to €2.2 billion, an increase of €106.8 million on December 31, 2023. The main changes reflect the allocation of 2023 profit (€87.9 million; of which €8.8 million to the legal reserve and €79.1 million as retained earnings), to the earning reserve relating to equity securities measured at FVOCI sold in the period (+€13.6 million) and the increase in the valuation reserve (+€5.3 million).

Income statement

€/thousands	31/12/2024	31/12/2023	Change	Change %
Net interest income	**196,552**	**113,055**	**83,497**	**73.9**
Other gains/losses on financial transactions	12,286	55,827	(43,541)	(78.0)
Dividends	61,195	140,341	(79,146)	(56.4)
Net fee and commission income	**73,177**	**55,863**	**17,314**	**31.0**
Gross income	**343,211**	**365,086**	**(21,876)**	**(6.0)**
Personnel expenses	(256,736)	(214,065)	(42,671)	19.9
Other administrative expenses	(259,655)	(268,646)	8,991	(3.3)
Net adjustments of property, plant and equipment and intangible assets	(6,627)	(1,992)	(4,635)	232.7
Other operating expenses and income	250,865	217,594	33,271	15.3
Total operating expenses	**(272,153)**	**(267,109)**	**(5,044)**	**1.9**
Gross operating profit	**71,057**	**97,977**	**(26,920)**	**(27.5)**
Net provisions for risks and charges	(17,354)	(115,142)	97,789	(84.9)
Net losses/recoveries on impairment of loans and other financial transactions	(10,407)	(25,845)	15,439	(59.7)
Total provisions and adjustments	**(27,760)**	**(140,987)**	**113,227**	**(80.3)**
Profit/(loss) from equity investments	55,773	9,803	45,970	468.9
Profit/(loss) before tax	**99,070**	**(33,207)**	**132,277**	**(398.3)**
Income tax expense	(20,321)	42,027	(62,347)	(148.4)
Profit/(loss) after tax on discontinued operations	-	79,100	(79,100)	(100.0)
Profit/(loss) for the period	**78,749**	**87,920**	**(9,170)**	**(10.4)**

The year 2024 closed with a net profit of €78.7 million, compared with net profit of €87.9 million in 2023. The main factors that contributed to the result for the period are described below:

- a decrease – totaling €21.9 million – in gross income, to 343.2 million, reflecting the following:
    - an increase in net interest income (+€83.5 million) reflecting: (i) an increase in yields on securities net of the effect of associated hedging derivatives (+€173.7 million, almost all of which are Italian government securities indexed to inflation); (ii) higher returns on medium/long-term loans (+€133.3 million); (iii) increased margins from other technical forms of lending, such as loans to mutual banks using pool collateral mechanisms, auctions and TLTRO (+€30.2 million); ECB overnight deposits (+€21.1 million); repurchase transactions (+€163.3 million); (iv) other lending (+€8.2 million). These factors were countered by an increase in the cost of: (v) repo transactions (-€105.5 million); (vi) funding through bond issues (-€85.8 million); (vii) unsecured funding with MEF (-€53.2 million); (viii) balances on current accounts

and other technical forms of funding (-€178.9 million); (ix) minimum reserves, which are no longer remunerated (-€24.5 million);

- an increase in net commission income (+€17.3 million) mainly reflecting the absence in 2024 of e-money performance bonuses which in 2023 had a negative impact of €15 million;
- a decrease in other income/(loss) from financial operations – which amounted to €12.3 million (as detailed in the table below) – a decrease of €43.5 million on 2023, as a consequence of the decrease in gains on disposal of securities (-€22.3 million). The performance recorded by CIU's units in the FVTPL mandatory portfolio (-€20.5 million) was negative, as well as the performance of hedging activities (-€5.0 million) partly offset by trading activities mainly relating to the derivative segment (+€4.2 million);

€/thousands	31/12/2024	31/12/2023	Change	Change %
Net gain (loss) on trading activities	21,861	17,681	4,179	23.6
Net gain (loss) on hedging activities	2,299	7,274	(4,975)	(68.4)
Net gain (loss) on the disposal or repurchase of:	15,054	37,323	(22,269)	(59.7)
a) financial assets measured at amortized cost	*14,718*	*38,931*	*(24,214)*	*(62.2)*
b) financial assets measured at fair value through other comprehensive income	*695*	*(1,740)*	*2,435*	*(139.9)*
c) financial liabilities	*(358)*	*132*	*(490)*	*(371.2)*
Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss	(26,929)	(6,451)	(20,477)	317.4
a) financial assets and liabilities measured at fair value	*(5,546)*	*(4,916)*	*(630)*	*12.8*
b) other financial assets mandatorily measured at fair value	*(21,383)*	*(1,535)*	*(19,847)*	*1,292.6*
Total "Other income/(loss) from financial operations"	**12,286**	**55,827**	**(43,541)**	**(78.0)**

- a decrease in dividend income (-€79.1 million), which amounted to €61.2 million; of which €41.0 million from BCC Leasing, €10.6 million from interest held in the Bank of Italy, €6.3 million from Numia Group and €2.0 million from the IDeA Taste of Italy fund. In 2023 dividend from companies in the direct scope came to €128.8 million;
- the increase in operating expenses, to €272.2 million (+€5 million on 2023), reflecting:
  - an increase in personnel expenses (+€42.7 million), mainly reflecting the recognition of a provision (+€25.7 million) following the agreement on access to the extraordinary benefits of the Cooperative Banking Solidarity Fund for employees, and for the remainder an expansion of the workforce and recognition the renewal of the collective bargaining agreement;
  - an increase in other operating expenses/income (+€33.3 million);
  - the increase in value adjustments (+€4.6 million) relating to property plant and equipment following the spinoff and transfer of the Lucrezia Romana property from BCC Sinergia to Iccrea Banca in 2023;
  - a decrease in other administrative expenses (€259.7 million), due to the significant reduction in the BRRD contribution (-€19.9 million), partly offset by an increase in running expenses (+€17.5 million) mainly due to expense on the wealth management and real estate acceleration program;
- the decrease in net provisions for risks and charges (-€97.8 million). In 2023, total charges of €122.2 million were recognized in connection with the exclusive promotion and placement agreement of products of the bancassurance and e-money segments with the Group mutual banks;
- a decrease in the cost of risk (detailed below) with the recognition of writedowns on on-balance-sheet and off-balance-sheet exposures of about €16.8 million equal to the effect of provisions on stage 1 and 2 exposures (€2.3 million) and non-performing stage 3 exposures (€14.5 million);

€/thousands	31/12/2024	31/12/2023	Change	Change %
A. On-balance sheet exposures				
Stage 1 and 2	3,023	15,174	(12,151)	(80.1)
Stage 3	(13,429)	(41,018)	27,589	(67.3)
B. Off-balance sheet exposures				

Stage 1 and 2	(5,377)	7,996	(13,373)	(167.2)
Stage 3	(1,047)	(1,090)	43	(3.9)
Total	**(16,831)**	**(18,938)**	**2,107**	**(11.1)**

- an increase in gains/loss on equity investments (+€46.0 million) to €55.8 million, mainly reflecting the gains on the disposal of the 51% interest in BCC Vita and BCC Assicurazioni. The item also reflects the recognition of spies the earn-out of €15.0 million out connected with the sale of the e-money operations to Numia, partly offset by the value adjustments of a number of equity investments, including: Banca Sviluppo SpA (-€5.2 million), BCC Beni Immobili S.r.l. (-€4.8 million).

2. REFERRALS TO OTHER PARTS OF THE FINANCIAL STATEMENTS

This separate Report on Operations only includes comments on developments in Parent Company operations. For all other information required under the provisions of law and regulations, reference should be made - in the context of the discussion of the specific issues – to the notes to these individual financial statements or to the consolidated financial statements and the related Report on Operations.

In particular, please see to the notes to these separate financial statements with regard to:

- information on the Bank's transactions with related parties, which are reported in Part H;
- information on financial and operational risks, which are discussed in Part E;
- information on capital, which is reported in Part F.

Readers should instead consult the Report on Operations in the consolidated financial statements with regard to:

- information on the main risks and uncertainties;
- events subsequent to the balance sheet date and the outlook for operations.

Finally, please consult the Report on Operations in the consolidated financial statements for more information on the main characteristics of the risk management and internal control systems with regard to the financial reporting process (Article 123-bis, paragraph 2, letter b) of the Consolidated Law on Financial Intermediation.

3. PROPOSED ALLOCATION OF PROFIT

With regard to the profit for the year, which amounts to €78,749,197, we propose the following allocation to the shareholders:

- €7,874,920 to the legal reserve (in accordance with the provisions of the articles of association;
- €5,200,000 to the own shares reserve;
- €65,674,277 to retained earnings.

SEPARATE FINANCIAL STATEMENTS

BALANCE SHEET

	Assets	31/12/2024	31/12/2023
10.	Cash and cash equivalents	3,406,816,117	4,759,313,829
20.	Financial assets measured at fair value through profit or loss	1,644,108,018	1,977,687,454
	a) financial assets held for trading	891,897,621	1,164,657,782
	b) financial assets designated as at fair value	346,665,596	338,400,660
	c) other financial assets mandatorily measured at fair value	405,544,800	474,629,012
30.	Financial assets measured at fair value through other comprehensive income	1,220,886,601	1,224,307,583
40.	Financial assets measured at amortized cost	40,914,460,961	48,502,907,969
	a) due from banks	21,355,847,067	30,806,297,172
	b) loans to customers	19,558,613,894	17,696,610,797
50.	Hedging derivatives	93,877,912	163,308,767
60.	Value adjustments of financial assets hedged generically (+/-)	(795,590)	(890,672)
70.	Equity investments	1,326,954,327	1,372,144,791
80.	Property, plant and equipment	90,247,881	90,769,694
90.	Intangible assets	7,627	247,185
100.	Tax assets	39,690,644	51,136,301
	a) current	557,461	5,780,790
	b) deferred	39,133,183	45,355,511
110.	Non-current assets and disposal groups held for sale	2,000,000	142,678,299
120.	Other assets	632,143,547	835,607,179
	Total assets	**49,370,398,046**	**59,119,218,379**

Liabilities and shareholders' equity		31/12/2024	31/12/2023
10.	Financial liabilities measured at amortized cost	45,073,292,948	54,800,755,692
	a) due to banks	25,657,920,806	34,677,582,525
	b) due to customers	12,963,953,534	14,926,306,566
	c) securities issued	6,451,418,608	5,196,866,602
20.	Financial liabilities held for trading	847,758,907	1,048,213,774
30.	Financial liabilities designated as at fair value	385,074,577	387,148,183
40.	Hedging derivatives	109,784,659	88,522,993
60.	Tax liabilities	5,985,490	20,027,560
	a) current	1,258,411	13,552,614
	b) deferred	4,727,079	6,474,946
80.	Other liabilities	460,162,751	377,668,107
90.	Employee termination benefits	11,665,773	12,216,061
100.	Provisions for risks and charges:	149,906,498	155,566,741
	a) commitments and guarantees granted	32,581,668	23,893,567
	c) other provisions for risks and charges	117,324,830	131,673,174
110.	Valuation reserves	56,775,718	51,464,477
140.	Reserves	784,114,671	682,588,314
150.	Share premium reserve	6,081,405	6,081,405
160.	Share capital	1,401,045,452	1,401,045,452
180.	Net profit (loss) for the period (+/-)	78,749,197	87,919,619
	Total liabilities and shareholders' equity	**49,370,398,046**	**59,119,218,379**

INCOME STATEMENT

		31/12/2024	31/12/2023
10.	Interest and similar income	1,979,748,453	1,787,288,500
	of which: interest income calculated using effective interest rate method	1,827,606,034	1,722,440,039
20.	Interest and similar expense	(1,783,196,037)	(1,674,233,302)
30.	**Net interest income**	**196,552,416**	**113,055,198**
40.	Fee and commission income	664,970,349	614,344,653
50.	Fee and commission expense	(591,793,407)	(558,481,940)
60.	**Net fee and commission income (expense)**	**73,176,942**	**55,862,713**
70.	Dividends and similar income	61,195,143	140,341,370
80.	Net gain (loss) on trading activities	21,860,771	17,681,292
90.	Net gain (loss) on hedging activities	2,299,475	7,273,981
100.	Net gain (loss) on the disposal or repurchase of:	15,054,404	37,323,155
	a) financial assets measured at amortized cost	14,717,836	38,931,427
	b) financial assets measured at fair value through other comprehensive income	694,910	(1,740,404)
	c) financial liabilities	(358,342)	132,132
110.	Net gain (loss) on financial assets and liabilities measured at fair value through profit or loss	(26,928,637)	(6,451,267)
	a) financial assets and liabilities designated as at fair value	(5,545,995)	(4,915,789)
	b) other financial assets mandatorily measured at fair value	(21,382,642)	(1,535,478)
120.	**Gross income**	**343,210,513**	**365,086,443**
130.	Net losses/recoveries for credit risk in respect of:	(10,406,583)	(25,845,400)
	a) financial assets measured at amortized cost	(10,408,446)	(25,914,753)
	b) financial assets measured at fair value through other comprehensive income	1,862	69,353
150.	**Net income (loss) from financial operations**	**332,803,930**	**339,241,043**
160.	Administrative expenses:	(516,390,955)	(482,711,099)
	a) personnel expenses	(256,736,172)	(214,064,848)
	b) other administrative expenses	(259,654,783)	(268,646,251)
170.	Net provisions for risks and charges	(17,353,563)	(115,142,089)
	a) commitments and guarantees granted	(6,424,146)	6,905,912
	b) net provisions for other risk and charges	(10,929,417)	(122,048,001)
180.	Net adjustments of property plant and equipment	(6,387,538)	(1,703,318)
190.	Net adjustments of intangible assets	(239,558)	(288,332)
200.	Other operating expenses/income	250,864,763	217,593,630
210.	**Operating expenses**	**(289,506,851)**	**(382,251,208)**
220.	Profit (loss) from equity investments	55,772,689	9,803,180
260.	**Profit (loss) before tax on continuing operations**	**99,069,767**	**(33,206,984)**
270.	Income tax expense from continuing operations	(20,320,570)	42,026,913
280.	**Profit (loss) on continuing operations after tax**	**78,749,197**	**8,819,929**
290	Profit (loss) on discontinued operations after tax	-	79,099,689
300.	**Profit (loss) for the period**	**78,749,197**	**87,919,619**

STATEMENT OF COMPREHENSIVE INCOME

		31/12/2024	31/12/2023
10.	**Net profit (loss) for the period**	**78,749,197**	**87,919,619**
	Other comprehensive income net of taxes not recyclable to profit or loss	**(10,556,240)**	**7,451,381**
20.	Equity securities designated as at fair value through other comprehensive income	(10,579,177)	7,956,051
70.	Defined benefit plans	22,938	(504,670)
	Other comprehensive income net of taxes recyclable to profit or loss	**15,867,480**	**25,464,779**
120.	Cash flow hedges	10,641,343	17,470,213
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	5,226,137	7,994,566
170.	**Total other comprehensive income net of taxes**	**5,311,241**	**32,916,160**
180.	**Comprehensive income (item 10+170)**	**84,060,438**	**120,835,779**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT DECEMBER 31, 2024

				Allocation of net profit of previous year		Change in the period									
							Equity transactions								
	As at 31/12/2023	Change in opening balance	As at 1/1/2024	Reserves	Dividends and other destinations	Change in reserves	Issue of new shares	Purchase of treasury shares	Interim dividends	Extraordinary dividends	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income at 31/12/2024	Shareholders' equity at 31/12/2024
Share capital:															
a) ordinary shares	1,401,045,452	X	1,401,045,452	-	X	X	-	-	X	X	X	X	X	X	1,401,045,452
b) other shares	-	X	-	-	X	X	-	-	X	X	X	X	X	X	-
Share premium reserve	6,081,405	X	6,081,405	-	X	-	-	X	X	X	X	X	X	X	6,081,405
Reserves:															
a) earnings	682,588,314	-	682,588,314	87,919,619	X	13,606,738	-	-	X	-	X	X	X	X	784,114,671
b) other	-	-	-	-	X	-	-	X	X	-	X	-	-	X	-
Valuation reserves	51,464,477	-	51,464,477	-	X	-	X	X	X	X	X	X	X	5,311,241	56,775,718
Equity instruments	-	X	-	X	X	X	X	X	X	X	-	X	X	X	-
Treasury shares	-	X	-	X	X	X	-	-	X	X	X	X	X	X	-
Net profit (loss) for the period	87,919,619	-	87,919,619	(87,919,619)	-	X	X	X	X	X	X	X	X	78,749,197	78,749,197
Total shareholders' equity	**2,229,099,267**	**-**	**2,229,099,267**	**-**	**-**	**13,606,738**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**84,060,438**	**2,326,766,444**

STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY AT DECEMBER 31, 2023

				Allocation of net profit of previous year		Change in the period									
							Equity transactions								
	As at 31/12/2022	Change in opening balance	As at 1/1/2023	Reserves	Dividends and other destinations	Change in reserves	Issue of new shares	Purchase of treasury shares	Interim dividends	Extraordinary dividends	Change in equity instruments	Derivatives on own shares	Stock options	Comprehensive income at 31/1/2023	Shareholders’ equity at 31/12/2023
Share capital:															
a) ordinary shares	1,401,045,452	X	1,401,045,452	-	X	X	-	-	X	X	X	X	X	X	1,401,045,452
b) other shares	-	X	-	-	X	X	-	-	X	X	X	X	X	X	-
Share premium reserve	6,081,405	X	6,081,405	-	X	-	-	X	X	X	X	X	X	X	6,081,405
Reserves:															
a) earnings	236,491,035	-	236,491,035	439,293,433	X	6,803,846	-	-	X	-	X	X	X	X	682,588,314
b) other	-	-	-	-	X	-	-	X	X	-	X	-	-	X	-
Valuation reserves	18,548,317	-	18,548,317	-	X	-	X	X	X	X	X	X	X	32,916,160	51,464,477
Equity instruments	-	X	-	X	X	X	X	X	X	X	-	X	X	X	-
Treasury shares	-	X	-	X	X	X	-	-	X	X	X	X	X	X	-
Net profit (loss) for the period	439,793,433	-	439,793,433	(439,293,433)	(500,000)	X	X	X	X	X	X	X	X	87,919,619	87,919,619
Total shareholders’ equity	**2,101,959,642**	**-**	**2,101,959,642**	**-**	**(500,000)**	**6,803,846**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,835,779**	**2,229,099,267**

STATEMENT OF CASH FLOWS: INDIRECT METHOD

	31/12/2024	31/12/2023
A. OPERATING ACTIVITIES		
1. Operations	295,918,506	439,210,379
- net profit (loss) for the period (+/-)	78,749,197	87,919,619
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss (-/+)	37,968,903	(25,025,227)
- gains (losses) on hedging activities (-/+)	(2,299,476)	(7,273,981)
- net losses/recoveries on impairment (+/-)	10,406,584	25,845,400
- net adjustments of property plant and equipment and intangible assets (+/-)	6,627,096	1,991,650
- net provisions for risks and charges and other costs/revenues (+/-)	(11,807,185)	111,807,157
- taxes, duties and tax credits to be settled (+/-)	23,654,084	(41,056,262)
- other adjustments (+/-)	152,619,303	285,002,024
2. Net cash flows from/used in financial assets	8,038,348,820	3,388,892,574
- financial assets held for trading	261,805,046	614,442,689
- financial assets designated as at fair value	(7,029,169)	(64,515,757)
- other assets mandatorily measured at fair value	48,404,845	28,085,054
- financial assets measured at fair through other comprehensive income	602,271	(128,768,345)
- financial assets measured at amortized cost	7,671,896,297	2,805,619,625
- other assets	62,669,530	134,029,308
3. Net cash flows from/used in financial liabilities	(9,778,419,412)	(139,103,051)
- financial liabilities measured at amortized cost	(9,649,678,486)	654,741,697
- financial liabilities held for trading	(200,584,111)	(681,005,514)
- financial liabilities designated as at fair value	(10,772,861)	25,602,017
- other liabilities	82,616,046	(138,441,251)
Net cash flows from/used in operating activities (A)	(1,444,152,087)	3,688,999,903
B. INVESTING ACTIVITIES	-	-
1. Cash flows from	229,726,637	445,469,145
- sale of equity investments	182,012,194	316,672,153
- dividends on equity investments	47,707,738	128,796,993
- sales of property, plant and equipment	6,705	-
2. Cash flows used in	(138,072,262)	(335,572,497)
- purchases of equity investments	(136,821,730)	(247,034,528)
- purchases of property plant and equipment	(1,250,533)	(88,537,970)
Net cash flows from/used in investing activities (B)	91,654,374	109,896,648
C. FINANCING ACTIVITIES		
- distribution of dividends and other	-	500,000
Net cash flows from/used in financing activities C(+/-)	-	(500,000)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (D)=A+/-B+/-C	(1,352,497,712)	3,798,396,551

Key:
(+) generated
(-) used

RECONCILIATION

	31/12/2024	31/12/2023
Cash and cash equivalents at beginning of period (E)	4,759,313,829	960,917,278
Net increase/decrease in cash and cash equivalents (D)	(1,352,497,712)	3,798,396,551
Cash and cash equivalents at end of period (G)=E+/-D+/-F	3,406,816,117	4,759,313,829

NOTES TO THE FINANCIAL STATEMENTS

PART A - ACCOUNTING POLICIES

A.1 – GENERAL INFORMATION

SECTION 1 – DECLARATION OF CONFORMITY WITH INTERNATIONAL ACCOUNTING STANDARDS

In compliance with the provisions of Legislative Decree 38 of February 28, 2005, the financial statements of the Iccrea Cooperative Banking Group have been prepared in condensed form and in accordance with the recognition and measurement criteria of the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and the related interpretations of the International Financial Reporting Interpretations Committee (IFRS - IC), endorsed by the European Commission and in force as of the reporting date.

The IASs/IFRSs have also been applied in accordance with the "Conceptual Framework for Financial Reporting" (the Framework), with particular regard to the key principle of the prevalence of substance over form, as well as the concepts of relevance and materiality of information.

The IASs/IFRSs applied in preparing the financial statements were those endorsed and in force at December 31, 2024.

The following table sets out the new international accounting standards and amendments to existing accounting standards, with the related endorsement regulations of the European Commission, that took effect that took effect, either on a mandatory basis or with the option of early adoption, as from January 1, 2024:

ENDORSEMENT REGULATION	IAS/IFRS AND SHORT DESCRIPTION	ENTRY INTO FORCE
2822/2023	**Amendments to IAS 1 – Presentation of Financial Statements: classification of liabilities as current or non-current** The amendments seek to clarify one of the criteria of IAS 1 for the classification of a liability as non-current, i.e. the requirement that an entity must have the right to defer the settlement of the liability for at least 12 months after the end of the reporting period. The changes: • specify that the right to defer settlement must exist at the end of the reporting period; • clarify that the classification is unaffected by management's intentions or expectations regarding the possibility of exercising the right to defer settlement; • clarify how the terms of a liability impact its classification; and • clarify the requirements for the classification of liabilities that an entity intends to settle or could settle with the issue of equity instruments.	Annual reporting periods beginning on or after January 1, 2024.
2579/2023	**Amendments to IFRS 16 on sale and leaseback arrangements** The amendments are intended to clarify how to account for a sale and leaseback arrangement that provides for variable payments based on the performance or use of an underlying asset.	Annual reporting periods beginning on or after January 1, 2024.
1317/2024	**Amendments to IAS 7 Statement of cash flows and IFRS 7 Financial instruments: disclosures** The amendments require additional disclosures on reverse factoring arrangements that enable users of the financial statements to evaluate how supplier finance arrangements can affect the liabilities and cash flows of the entity and to understand the effect of such arrangements on the entity's exposure to liquidity risk.	Annual reporting periods beginning on or after January 1, 2024.

With regard to the amendments of IAS 1 – considering the nature of the amendment and the obligation for banks to adopt the tables provided for in Bank of Italy Circular no. 262/2005 – the limited amendments to IAS 1 were not material.

The amendments of IFRS 16 did not have a material impact in view of the characteristics of the outstanding sale and leaseback arrangements, as they do not provide for significant variable payments.

The amendments to IAS 7 and IFRS 7 essentially regard entities that enter into finance arrangements as purchasers. This situation is not material for the Group.

The following table reports new international accounting standards and amendments to existing standards issued by the IASB that have not yet entered force:

ENDORSEMENT REGULATION	IAS/IFRS AND SHORT DESCRIPTION	ENTRY INTO FORCE
2862/2024	**Amendments to IAS 21 Effects of changes in exchange rates** The amendments to IAS 21 require the provision of disclosures that enable users of financial statements to understand the impact of a non-exchangeable currency.	Annual reporting periods beginning on or after January 1, 2025.
To be determined	**Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments** The amendments primarily regard: • the derecognition of a financial liability settled through electronic transfer; • the classification of financial assets, with specific regard to those with variable returns linked to environmental, social and corporate governance (ESG) objectives and the criteria to adopt in the assessment of the SPPI test; the disclosure requirements for investments in equity instruments designated as at FVOCI.	Annual reporting periods beginning on or after January 1, 2026.
To be determined	**Annual improvements to IFRS – Volume 11** The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards. The amended principles are: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; • IAS 7 Statement of Cash Flows.	Annual reporting periods beginning on January 1, 2026. Early application is permitted.
To be determined	**IFRS 18 Presentation and Disclosure in Financial Statements** IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 sets out specific principles for aggregating and disaggregating financial statement information and which of these must be provided in the schedules or in the notes. In particular: • it requires assets, liabilities, equity, income, expenses or cash flows to be classified into items based on shared characteristics and, otherwise, to disaggregate financial statement items if the disclosure resulting from the disaggregation is material; • it allows an item to be labeled as “other” only if a more informative label is not available. In the case of the aggregation of several material items, the entity shall use a label that describes the aggregated item as precisely as possible, for example, ‘other operating expenses’ or ‘other finance expenses’; • it requires the presentation of “additional line items” and “additional subtotals” (for example, after operating profit) when such items are necessary to provide a “useful structured summary” in the income statement”.	Annual reporting periods beginning on or after January 1, 2027.
To be determined	**IFRS 19 Subsidiaries without Public Accountability: Disclosures** IFRS 19 permits entities that do not have public accountability and are subsidiaries of a parent company producing financial statements complying with the IFRS to apply IFRS with reduced disclosure requirements.	Annual reporting periods beginning on or after January 1, 2027.

At December 31, 2024, the possible impact on the financial position and performance of the Group of rules issued by the IASB that have not yet entered force is being assessed.

SECTION 2: GENERAL PREPARATION PRINCIPLES

The financial statements consist of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows, the notes to the financial statements an associated comparative information, along with the Report on Operations and the performance and financial position of the Bank.

The accounts presented in the financial statements correspond to those in the company accounts.

In compliance with Article 5 of Legislative Decree 38/2005, the financial statements use the euro as the reporting currency. More specifically, the schedules for the balance sheet and income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows are drawn up in euros, while the explanatory notes, unless otherwise indicated, are drawn up in thousands of euros. For comparative purposes, the financial statements and, where required, the tables in the explanatory notes also report data for the previous period.

The financial statements have been prepared in accordance with the general principles set out in IAS 1 "Presentation of Financial Statements" and the accounting standards endorsed by the European Commission and described in Part A.2 of these explanatory notes, as well as the general assumptions set out in the Conceptual Framework for Financial Reporting issued by the IASB. No exceptions have been made in applying the IASs/IFRSs.

The financial statements also comply with the following general principles of preparation:

- accrual basis accounting;
- understandability of information;
- materiality of information (relevance);
- reliability of information (faithful representation; prevalence of economic substance over legal form; neutrality of information; completeness of information; prudence in estimation to avoid overestimating revenues/assets or underestimating costs/liabilities);
- comparability over time.

These interim financial statements have been prepared in accordance with the format and rules for the preparation of bank financial statements set out in Circular no. 262 of December 22, 2005 – 8th update - issued by the Bank of Italy in the exercise of the powers established by Article 43 of Legislative Decree 136/2015, as well as with the Communication of the Bank of Italy of March 14, 2023 - Supplement to the provisions of Circular no. 262 "Bank financial statements: formats and rules of preparation" concerning the impact of COVID-19 and the measures to support the economy. [110]

The preparation of the financial statements also considered the documents issued by the European Securities and Markets Authority (ESMA) during 2023 and 2024, to the extent applicable.

In particular, in October 2024, ESMA published the document "European common enforcement priorities for 2024 corporate reporting", confirming the relevance of the supervisory priorities regarding climate issues, published from 2021, for the 2024 annual financial statements and underlining the importance of consistency and connection between the information relating to climate risks and opportunities provided in the financial statements and the information included in sustainability reporting.

Management is not aware of any significant uncertainties, events or conditions that could engender serious concerns about the Bank's ability to continue operating as a going concern in the foreseeable future, also taking account of the cross-guarantee scheme on which the Iccrea Cooperative Banking Group is based, a more detailed discussion of which is provided in the Report on Operations. The uncertainties surrounding the current economic environment, even if they have generated/are likely to generate impacts on the financial statements, do not undermine the going-concern assumption. In light of this information and these assessments, and with regard to the information provided in Document 2 of February 6, 2009 and Document 4 of March 3, 2010, issued jointly by the Bank of Italy, CONSOB and ISVAP, as updated, the Bank has a reasonable expectation of continuing to operate as a going concern in the foreseeable future and has therefore prepared the financial statements at December 31, 2024 on basis of the going-concern assumption.

[110] See the update of the amendments to Circular no. 262 - Bank financial statements: formats and rules of preparation concerning the impact of COVID-19 and the measures to support the economy.

Content of the financial statements and the explanatory notes

Balance sheet and income statement

The balance sheet and the income statement contain items, sub-items and further information (the "of which" for items and sub-items). Items without values for the reference period and the previous period are not included. In the income statement, revenues are shown without indicating their sign, while cost figures are shown within parentheses.

Statement of comprehensive income

The items concerning other comprehensive income after taxes in the statement of comprehensive income report changes in the value of assets recognized in the valuation reserves. Items without balances for the period and for the previous period are not reported. Negative amounts are presented within parentheses.

Statement of changes in equity

The statement of changes in equity shows the composition and movements of equity accounts during the reference period and the previous period, broken down by share capital (ordinary and savings shares), earnings reserves, capital reserves and valuation reserves for assets or liabilities, equity instruments and the net profit (loss) for the period. The value of any treasury shares is deducted from shareholders' equity.

Statement of cash flows

The statements of cash flows for the present period and the previous period were prepared using the indirect method, under which cash flows from operating activities are represented by the profit (loss) for the period, adjusted for the impact of non-monetary transactions. Cash flows are broken down into cash flows from/used in operating activities, investing activities and financing activities. Cash flows generated during the period are shown without a sign, while those used are shown within parentheses.

Content of the notes to the financial statements

The explanatory notes to the financial statements include the information required by international accounting standards, using the tables provided for in Bank of Italy Circular no. 262/2005, 8th update of November 17, 2022, as well as the Communication of the Bank of Italy of March 14, 2023 "Supplement to the provisions of Circular no. 262 "Bank financial statements: formats and rules of preparation" concerning the impact of COVID-19 and the measures to support the economy.[111]

SECTION 3 –EVENTS SUBSEQUENT TO THE REPORTING DATE

For significant events subsequent to the end of the financial year, see "Significant events during the period" of the consolidated Report on Operations.

SECTION 4 – OTHER MATTERS

Consolidated tax mechanism option

Iccrea Banca SpA and the Group subsidiaries belonging to the so-called "direct scope" have adopted the "consolidated tax mechanism", governed by Articles 117-129 of the Uniform Income Tax Code ("TUIR"), introduced with Legislative Decree 344/2003. It is an optional tax regime which consists in the determination, by the controlling company, of a single taxable base for the entire group of companies, in an amount equal to the

[111] See the update of the amendments to Circular no. 262 - Bank financial statements: formats and rules of preparation concerning the impact of COVID-19 and the measures to support the economy.

algebraic sum of the taxable amounts transferred by each participating company.

The tax consolidation option is valid for three years, is irrevocable and can be renewed without time limits in the consolidating company's tax return presented in the tax period from which the option is intended to start.

With respect to the tax authority, the payment obligations for balance and advance payments for IRES purposes fall exclusively on the consolidating company.

Risks and uncertainties associated with the use of estimates

In conformity with the IAS/IFRS, management is required to formulate accounting estimates that can impact the values of the assets, liabilities, costs and revenues recognized in the interim separate financial statements. The formulation of these estimates is based on prior experience, available information, the adoption of assumptions and subjective judgements.

Estimation processes were used to support the carrying amount of some of the largest items recognized in the consolidated financial statements, such as:

- the verification of compliance with the requirements for classifying financial assets in the accounting portfolios that adopt the amortized cost criterion (SPPI test), with particular regard to the performance of the benchmark test;
- the quantification of impairment losses on loans and, more generally, other financial assets;
- the assessment of the appropriateness of the value of equity investments and other non-financial assets (es: goodwill);
- the use of valuation techniques in the recognition of the fair value of financial assets not listed on active markets;
- the use of valuation techniques in the recognition of the fair value of tax credits under the “Cure Italy” and “Save Italy” Decrees;
- the estimation and assumptions concerning the recoverability of deferred tax assets;
- the determination of discount rates for lease liabilities;
- the quantification of provisions for personnel and provisions for legal and tax risks and charges.

In determining the recoverability of the carrying amount of the most significant items in the financial statements mentioned above, the Bank referred to the forecasts contained in the 2025-2027 strategic corporate plan, drawn up consistently with the guidelines established by the Parent Company as well as with the strategic ambitions set out in the 2025-2027 Group strategic corporate plan.

In this context, the estimate and assumptions on the recoverability of deferred tax assets were conducted on the basis of the 2024-2027 forecast estimates.

The description of the accounting policies applied to the main financial statement aggregates provides the information necessary to identify the main assumptions and subjective assessments used in the preparation of the financial statements.

In particular:

- for allocation to the three stages of credit risk provided for under IFRS 9 of loans and debt securities classified under financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income and the associated calculation of expected losses, the main estimates regard the determination of the parameters representing a significant increase in credit risk, the inclusion of forward-looking factors in determining PD, EAD and LGD and the determination of future cash flows from impaired loans;
- for the quantification of provisions for risks and charges, the estimation of the amount of outlays necessary to discharge liabilities, taking account of the effective probability of having to employ resources to do so.

For further information concerning the composition and associated carrying amounts of the items affected by these estimates, please see the specific sections in the notes to the financial statements.

By their nature, estimates may vary from year to year and it cannot be ruled out that in subsequent years the current values recorded in the financial statements may differ significantly as a result of changes in the circumstances on which they were based, the availability of new information or the acquisition of greater experience. In particular, taking account of the high uncertainty attributable to i) the evolution of the Russia-Ukraine conflict and ii) ongoing inflationary dynamics and the associated unpredictable consequences for macroeconomic developments, it is not possible to rule out the possibility of needing to review the estimates of financial statement items in 2024 in the light of any new information that will become available.

More detailed information on the main issues and variables in the market is contained in the Report on Operations.

The following summarizes management's operational choices concerning the primary circumstances in which subjective judgment is required.

Calculating the ECL for performing credit exposures

At the closure of the financial statements at December 31, 2024, the calculation of the IFRS 9 ECL of the Group's performing credit exposures included implementation of the following:

- the amendments produced as part of the 2024 planning of the Credit Risk Models Evolution (CRME) program), with particular reference to the new Private Rating model and the revision of the PD satellite models;
- the amendments to strengthen the framework for the identification of significant increases in credit risk (SICR) following the recommendations formulated by the Supervisory Authority in the OSI-CRE and OSI-IFRS 9 context;
- the updates of the overlay component applied to the calculation of ECL, in order to add an additional degree of prudence in the light of the uncertainty of the macroeconomic environment as well as to the integration of C&E expectations on credit risk.

In conjunction with the above-mentioned interventions, and in line with the provisions of IFRS 9, adjustments have been implemented regarding the ordinary process of updating the PD Point in Time (PiT) parameter with the latest available risk data.

In line with the ongoing update and evaluation of the overlay measure in place in the Group, at the closure of the 2024 financial statements, the scope of application was reviewed with reference to both the results of backtesting carried out by the Validation unit and the most recent developments in the macroeconomic context. Backtesting detected for all overlay components a default rate over the last year lower than the conditional PD even considering only the extreme worst case scenario (overlay reference). However, the results of these analyses have been integrated with appropriate assessments of the macroeconomic context and with prudential assumptions..

The "climate" component was assessed through parameter adjustments (in-model adjustments) using the models estimated to address the Supervisory Authority's expectations in the C&E area. In particular, a broad range of model development activities was envisaged for physical risk, with reference to the LGD component of mortgages, and for transition risk (climate-related/environmental) with impacts on the PD (business segment) and LGD (mortgage loans on all segments) parameters.

Finally, as part of the conditioning of the IFRS 9 risk parameters, the ordinary updating of the macroeconomic scenarios was applied in accordance with the most update of those scenarios (September 2024).

For more information, see Part E of the notes – section 1 – Credit risk.

Exposures in senior securities from securitizations under the GACS mechanism

At the closure of the financial statements at December 31, 2024, specific assessments were carried out for the classification of senior securities resulting from securitizations under the GACS mechanism, included in financial assets measured at amortized cost. In particular, based on these assessments, the senior securities subscribed under the GACS I and GACS II securitizations were allocated to stage 2 and subject to lifetime value loss quantification metrics. These assessments were carried out mainly on the basis of the business plans updated by the relevant servicers during the financial year as well as the consolidation of negative performance indicators relating to the aforementioned transactions.

Impairment testing of equity investments

In compliance with IAS 36, at each reporting date, the Bank verifies that there is no objective evidence that the carrying amounts of equity investments and goodwill is not recoverable on the basis of the common guidelines, criteria and methodological models developed by the Parent Company.

This assessment showed an impairment loss totaling €12.3 million.

Probability testing of DTAs

In accordance with the provisions of the IAS 12 accounting principle and the ESMA communication of July 15, 2019, the initial recognition of DTAs and their subsequent maintenance in the financial statements require a probability test regarding the recoverability of the recognized amounts (so-called probability test).).

The probability testing conducted to verify the conditions for continuing to recognize existing and new deferred tax assets in the financial statements was conducted on the basis of the common criteria and methods adopted by the Group, estimating the profit or tax loss (IRES/IRAP) over a forecast period deemed reasonable and verifying that this would be sufficient to ensure recovery of the total amount of DTAs requiring testing.

- For these purposes, we proceeded to:
- estimate the profit or tax or loss (IRES/IRAP) over a forecast period of 5 years.
- conduct the probability test, assessing the capacity of the estimated taxable income to ensure recovery with respect to the deductible temporary differences that will be cancelled out in the period and that gave rise to the recognition of deferred tax assets.

The testing did not take into consideration the DTAs referred to in Law 214/2011, as they can be transformed into tax credits and those that, reasonably, will be reversed in periods beyond the forecast period. Since the total estimated taxable income for the period was equal to or greater than the taxable income referable to the DTAs subject to the test, the test was deemed to be passed.

With reference to the DTAs to be reversed beyond the period considered in the test, a further assessment was carried out which demonstrates their recoverability within a reasonable time frame.

As anticipated, the assessment of the recoverability of the deferred tax assets was conducted on the basis of the forecast estimates contained in the 2025-2027 Strategic plan, drawn up in accordance with the guidelines of the Parent Company as well as with the strategic goals of the 2025-2027 Group Strategic plan.

Securities obtained against assets transferred in non-cash transactions

In compliance with applicable accounting standards and the guidelines set out in Document no. 8 of the Bank of Italy, CONSOB and IVASS coordination group, investment fund units acquired in return for the transfer of impaired loans (bad loans or unlikely-to-pay positions), having verified the absence of any obligation to consolidate the fund and the possibility of derecognizing the transferred loans (given failure to pass the SPPI test) are classified as instruments measured at FVTPL.

Use of valuation models in the determination of the fair value of units held in unlisted investment funds

For the purposes of determining the fair value of units held in unlisted investment funds, both at initial recognition and in subsequent measurement, the analysis of cash flows, the discount rates applied and the other assumptions adopted are consistent with the characteristics of the fund assets.

For this type of investment, a liquidity discount (“liquidity adjustment”) is determined for application to the net asset value (NAV) of the unlisted funds.

In this regard, the methodological approach adopted provides for consideration, in line with market best practice, of the following main elements:

- the average holding period of the individual unlisted funds, before they can be realized;
- the characteristics of the individual assets held by the fund and their volatility in the holding period (degree of uncertainty);

- the level of risk aversion specified with a prudent threshold, which for a distribution of the possible returns/final value of the asset/portfolio considered makes it possible to measure any deviation from their expected value.

The consideration of this information in the methodological approach used made it possible to estimate a discount with respect to the NAV, calculated as a percentage adjustment of the risk premium linked to the uncertainty concerning potential unfavorable changes in value before realization, taking due account of the management costs of funds not incorporated in the NAVs of the individual unlisted funds.

Global minimum tax

With the publication in the *Gazzetta Ufficiale* of Legislative Decree 209 of December 27, 2023,[112] Italy formally implemented the provisions of Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (the so-called global minimum tax or GMT), in compliance with the common approach agreed with the OECD/G20 Inclusive Framework in the document "OECD (2021), *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS*" (the "GloBE Model Rules"). The OECD reform "Global antibase erosion model rules" introduced a two-pillar approach to addressing tax issues arising from the digitalization of the economy. The approach seeks to limit tax competition by introducing a global minimum rate of 15% in each jurisdiction in which large multinationals operate.

The provisions contained in Title II of the above legislative decree introduce the GMT into the Italian tax system, which, taking account of the option exercised by Italy for the introduction of a national minimum tax (i.e. a Qualified Domestic Minimum Top-Up Tax or QDMTT in OECD jargon), is broken down into three distinct forms of levy having a specifically regulated hierarchical order of application: the national minimum tax, the minimum supplementary tax and the minimum additional tax with deferred start date. The national minimum tax and the minimum supplementary tax shall apply from financial years starting from December 31, 2023. The minimum additional tax will be applied, subject to certain conditions, from financial years starting from December 31, 2024.

As highlighted in financial statements at December 31, 2023, the implementing provisions of the national minimum tax raised some interpretative and operational doubts regarding the correct definition of the companies falling within the scope of application, also taking into account the specific features of cooperative banking groups.

In this regard, on February 17, 2025, the Ministry for the Economy and Finance published the guidelines on global minimum taxation specifically for cooperative banking groups. According to these guidelines, a cooperative banking group resulting from a cohesion contract, although preparing single consolidated financial statements, does not fall within the scope of the Global Minimum Tax as it cannot be considered a single entity for the purposes of the aforementioned regulation.

The conclusions of the document state that the Parent Company and each individual mutual bank must be classified separately and can indiscriminately assume the role of Parent Company with respect to its own distinct group and set of subsidiaries. Therefore, in light of the innovations set out in the aforementioned MEF guideline, the legislation on Global Minimum Tax is applicable only to Iccrea Banca and its direct subsidiaries and not to the mutual banks.

Clarification of the Revenue Agency concerning the correct determination of the ACE

On February 8, 2024, the Revenue Agency published Response no. 38/2024 which clarifies that, in order to avoid any duplication of the ACE benefit, the irrelevance of the IFRS 9 FTA reserve recognized at the transition to the new standard must be offset by an adjustment (sterilization) of the profits of subsequent financial years when the situation giving rise to the reserve occurred.

To simplify the calculation of the sterilization to be carried out for years after 2018, the Agency identified a flat-rate system assuming that the facts relevant for ACE purposes emerged with the initial profits provisioned (which by increasing equity also increased the ACE base) until the amount of the FTA reserve is achieved.

Based on this clarification, the individual Group entities have, where necessary, recognized in profit or loss the amount of the higher tax due, including penalties and interest.

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[112] Published in *Gazzetta Ufficiale Serie Generale n. 301* of December 28, 2023 (delegated decree) and entering force on December 29, 2023.

Purchase of tax credits

Among the urgent measures deployed in response to the COVID 19 pandemic and to support the real economy, Decree Law 18/2020 (the "Cure Italy Decree") and Decree Law 34/2020 (the "Revival Decree") introduced specific tax incentives into Italian law in the form of tax credits. In view of the economic substance of these transactions, their accounting treatment is based - by analogy and where applicable - on the provisions of IFRS 9 on financial instruments.

More specifically, at the time of initial recognition, the tax credit is recognized at the purchase price[113] – comparable to a Level 3 fair value, given that there are no official markets or comparable transactions - satisfying the condition established under IFRS 9 according to which financial assets and liabilities must be initially recognized at fair value. As regards subsequent measurement of these assets, during the acceptance of the tax credit in the "tax box", the Bank determines which business model it intends to use to classify the individual tax credit purchased:

- HTC, i.e. credits acquired for the purpose of holding them to offset against tax liabilities;
- HTCS, i.e. credits acquired for the purpose of holding them either to offset against tax liabilities or to sell them;
- Other, i.e. credits purchased for the purpose of re-transferring them.

For credit designated as being held under an HTC business model, based on the rules in IFRS 9 governing financial assets at amortized cost and considering: (i) the time value of money; (ii) the use of an effective interest rate and (iii) the use of the tax credit through offsets, effective interest rate is originally determined so that the discounted cash flows associated with the expected future offsets estimated over the expected term of the tax credit - taking account of the fact that the tax credit not used in each period cannot be recovered – shall equal the purchase price of the tax credits. With regard to the use of the amortized cost method, IFRS 9 requires a periodic review of the estimated cash flows, adjusting the gross carrying amount of the financial asset to reflect the actual and revised cash flows. In making these adjustments, in accordance with paragraph B5.4.6 of IFRS 9, the new cash flows shall be discounted at the original effective interest rate. Therefore, if during the period in which the credits are being offset it is necessary to revise the initial estimates concerning the offsetting of the tax credit or if the actual offsets differ from the estimates, the gross carrying amount of the tax credit (revised on the basis of the present value of the reformulated estimates/actual uses of the tax credit, discounted at the original effective interest rate) is adjusted to correctly reflect the use of the tax credit.

Tax credits classified under the HTCS business model are measured at fair value. In any case, the IRR (and, consequently, the amortized cost) is calculated for these credits in order to obtain the correct amount of interest at each reporting date with which to offset the fair value delta in equity through profit or loss**.** The interest income is recognized in profit or loss in the same manner as receivables at amortized cost. Changes in fair value are initially recognized in OCI. When the tax credit is derecognized, the changes in fair value previously recognized in OCI and accumulated in equity are reclassified to profit or loss.

Tax credits acquired for the purpose of re-transfer are classified under the Other business model**.** Tax credits classified under the Other business model are measured at fair value**.**

With regard to the portfolio component measured at fair value (both through OCE and profit or loss), the measurement approach used is based on the construction of discount factor vectors determined on the basis of the credits traded in the reference quarter by the Group mutual banks in order to obtain a discount curve and a corresponding zero coupon curve through bootstrapping.

Receivables subject to fair value measurement for which at the reporting date a transfer contract has already been signed and is being finalized are measured at the corresponding value defined in the contract itself.

In terms of representation in the financial statements, these tax credits are classified under "Other assets", given that pursuant to the current international accounting principles they are not tax assets, public grants, intangible assets, financial assets and cannot be classified in specific aggregates of the bank financial statements.

Conversion into Law of Decree Law 39 of March 29, 2024 – Prohibition of offsetting social security debts with tax credits

The conversion into Law of the Decree Law introduced and modified several provisions regarding the use of tax

[113] Adjusted, depending on the selected business model, by positive/negative capitalizable components.

credits. In particular, it introduced the prohibition for banks, financial intermediaries, companies belonging to a banking group and insurance companies, starting from 2025, to offset social security and welfare debts with tax credits deriving from building bonuses.

Following this innovation, each entity of the Group reviewed the estimates of tax credits exceeding the new offsettable limits starting from 2025 and certified any situation of not offsettable amounts. In this scenario, Iccrea Banca and other Group entities could:

- transfer all the excess tax credits through a non-recourse assignment with derecognition of the assigned credits by December 31, 2024;
- exercise the right through the Revenue Agency's Credit Transfer Platform to defer payment of Superbonus, Sismabonus and Elimination of Architectural Barriers tax credits over ten years, included in the tax return sent to the Revenue Agency from November 1, 2022 to March 31, 2023.

Based on the result of the review, the Group companies proceeded to assign all excess tax credits outside the Group, thus returning to operating within the limits of the tax credit plafond net of social security and welfare debts. The option of deferring tax credits over ten years was residual within the Group;

Given an initial excess of tax credit for the 2025, 2026, 2027 tax periods of a total nominal amount of €102.6 million, Iccrea Banca decided to transfer all the excess tax credits to a no-Group entity. This operation allowed Iccrea Banca to return to operating within the limits of the tax credit plafond net of social security and welfare debts. At aggregate level, the Group banks with tax credit amounts exceeding the offsettable limits participated in an assignment operation of the tax credits in favor of Iccrea Banca (which in turn assigned them to a third party) thus resolving the situation.

2025 Budget Law: new legislative measures for the deferral of 2025 and 206 reversals of DTAs

The Law 207 of December 30, 2024 (2025 Budget Law) defers the deductions for IRAP and IRES purposes of the following income items:

- impairments and credit losses not deducted within the tax return at December 31, 2015. The deductions for the tax periods in progress as of December 2025 and 2026 are deferred in equal instalments in the 2026-2029 and 2027-2029 tax periods, respectively;
- goodwill and other intangible assets not deducted within the tax return at December 31, 2017. The deductions for the tax periods in progress as of December 2025 and 2026 are deferred in equal instalments in the 2026-2029 and 2027-2029 tax periods, respectively;
- the negative components emerged at first-time adoption of IFRS 9. The deductions for the tax periods in progress as of December 2025 and 2026 are deferred in equal instalments in the 2026-2029 and 2027-2029 tax periods, respectively.

In order to ensure the expected increase in tax revenue, the Budget Law provides that, only for the 2025 tax period, the higher taxable incomes resulting from the application of the deferral of deductions can be offset with losses carryforward and ACE tax credits only within the limit of 54% of the higher taxable amount.

The 2025 Budget Law includes specific provisions also for the redeterminations of tax advance prepayments for the 2025-2029 tax periods. More specifically, for all tax periods from 2025 to 2029 the advance prepayment is determined based on the previous period tax without taking into account the above deductions (credit impairment losses, amortization of goodwill and other intangible assets, negative components of IFRS 9 FTA). Moreover, the 54% limit of the higher taxable amount is also applied to the calculation of the 2025 advance prepayment.

Finally, neither the horizontal nor the vertical compensation measure (pursuant to article 17 of Legislative Decree 241/1997 and art. 4(3) of Decree Law 69/89, respectively) can be applied on the amounts of the higher tax advance prepayments due to the commented measure for the tax periods 2025 and 2026.

The regulatory changes introduced by the 2025 Budget Law only impact the 2025 and 2026 financial years; taking into account that advance tax payment for the 2025 tax period does not affect the 2024 financial year as the related taxable amount/loss only serves as a calculation basis, no impact has been detected on the 2024 financial statements.

Covered bonds

The Group initiated a covered bond issue program in 2021. This Program, the first in the mutual bank industry in Italy, involves Iccrea Banca as the issuer of covered bonds and of a number of the Group's mutual banks as assignors and servicers of a portfolio of mortgages of primary credit quality pledged to secure the bonds issued.

As part of this multi-originator transaction, the participating mutual banks sold assets to a vehicle of a quality such as to serve as collateral for the guarantee issued by the vehicle to the subscribers of the covered bonds issued under the program. At the same time, the mutual banks granted the vehicle a subordinated loan (the CB Loan) to fund the purchase of those assets, the repayment of which is linked to the performance of the asset portfolio transferred to the vehicle. Following the sale, the Parent Company issued the covered bonds backed by the aforementioned guarantee. Subsequently, the Parent Company granted a loan with conditions and characteristics consistent with those of the covered bonds issued to the affiliated banks that contributed the assets to be sold.

Under the transaction structure, the Vehicle, making use of a non-Group custodian, receives from the Originator the cash flows represented by the loan payments it collects, the principal amount of which it retains, returning the interest portion to the Originator as remuneration of the loan received. Periodically, the cumulative loan principal collections on the assets forming the cover pool are used to purchase other high credit quality assets from the Originator. The Originator banks undertake to maintain the credit quality of the cover pool over the course of the transaction. In the event of a deterioration in credit quality, they will repurchase the loans involved from the Vehicle and transfer new high credit quality assets in an amount suitable to replenish the original guaranty.

The subordinated loan from the Originator to the Vehicle to finance the purchase of receivables qualifies as a limited-recourse loan, as the repayment and return are conditional on developments in the cover pool. From a substantive point of view, the assignor/lending banks therefore remain exposed to the risk of the assets pledged as collateral as if the transfer had not taken place. They are also required to replenish the guarantee if the quality of the assets deteriorates and their value falls below the thresholds specified in the contractual arrangements.

Taking account of the role played in the transaction and the corresponding risk profiles, as a result of the sale the guaranty mutual banks lose legal title to the assets making up the cover pool. However, those assets continue to be recognized for accounting and financial reporting purposes (as well as for supervisory reporting and prudential purposes) since they do not pass the derecognition test because the assignors retain exposure to the risks and rewards of the assets through the grant of the subordinated limited-recourse loan to the vehicle (in compliance with the provisions of paragraphs 3.2.15 and B3.2.1 of IFRS 9). Accordingly, the banks continues to apply the ordinary accounting treatment adopted prior to the sale to the transferred assets and recognize a receivable due from the vehicle for the principal amounts collected from the transferred borrower and consequently retroceded to the vehicle. The banks also recognizes a fictitious financial liability against the consideration received for the sale, disburse the subordinated limited-recourse loan to the Vehicle (which is offset against the fictitious liability for the purposes of presentation in the financial statements), perform the periodic measurement of the offsetting receivables through profit or loss, recognize the costs of the transaction through profit or loss and recognize under guarantees granted both the obligation to restore the assets transferred to the Vehicle in the event of impairment, and – given that these are "multi- originator" transactions – their exposure arising from the joint and several nature of the obligation to cover losses that may arise on the assets transferred.

Bancassurance

As illustrated in the financial statements at December 31, 2023, Iccrea Banca finalized in 2024 the sale of 51% of the insurance companies BCC Vita and BCC Assicurazioni, under Iccrea Banca control since September 2023, to BNP Paribas Cardif and Assimoco respectively. The transactions were settled on May 31, 2024 and April 19, 2024.

The sale of these equity investments resulted in the loss of control of both insurance companies and their deconsolidation.

The interest in BCC Vita and BCC Assicurazioni were sold for a consideration of €150.8 million and €45 million, respectively and resulted in the recognition of a net profit of €53.1 million in the income statement of Iccrea Banca, under item 220. Profit (loss) from equity investments.

Termination agreements

The second half of 2024 saw the completion of a generational turnover operation thanks to an agreement for access to the extraordinary benefits of the Cooperative Banking Solidarity Fund for employees of the Parent Company and direct scope companies. Exits from the workforce are expected to take place during 5 half-yearly windows starting from July 1, 2025.

As regards the mutual banks, in 2024 agreements were formalized for access to the extraordinary benefits of the Industry Solidarity Fund. In the first half of 2024 the agreement involved seven mutual banks. Further agreements were finalized in the second half further agreements were finalized involving a total potential group of 259 employees in 24 mutual banks. On the basis of the applicable accounting standards, the estimates of the overall inherent burden have been fully recognized in the provision for risk and charges and in the relevant personnel expense items.

Other issues

The financial statements have been audited by Forvis Mazars Italia SpA which has also been engaged to monitor the keeping of the accounts pursuant to Article 14 of Legislative Decree 39/2010; the engagement for the period 2021-2029 was conferred in execution of the shareholders' resolution of May 28, 2021.

A.2 – THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

This section sets out the accounting policies adopted in preparing the financial statements. The presentation of these accounting policies is broken down into stages – classification, recognition, measurement and derecognition - for the various asset and liability items. A description of the impact on profit or loss, where material, is provided for each stage.

Classification of financial assets

Financial assets are classified in the categories envisaged by IFRS 9 on the basis of both of the following elements:

- the business model used to manage the financial assets;
- the characteristics of the contractual financial flows of the financial asset (the "SPPI Test" - Solely Payments of Principal and Interest Test).

If the business model is identified as hold to collect and the asset passes the SPPI test, the asset is recognized at amortized cost (AC).

If the business model is identified as hold to collect and sell and the asset passes the SPPI test, the asset is recognized at fair value through other comprehensive income (FVTOCI).

Finally, if the business model differs from those specified above or the asset does not pass the SPPI test in both of the two previous cases, the asset is recognized at fair value through profit or loss (FVTPL).

The business model

IFRS 9 identifies three different business models, which in turn reflect the ways in which financial assets are managed:

- "Hold to collect": this includes financial assets held with the objective of collecting contractual cash flows, retaining the financial instrument to maturity, with the exception of sales permitted under Group policies in line with IFRS 9;
- "Hold to collect and sell": this includes financial assets held with the aim of both collecting contractual cash flows over the life of the assets and the proceeds from the sale of those assets;
- "Other": this is a residual business model that includes financial instruments that cannot be classified in the previous categories, mainly represented by financial assets held for the purpose of generating cash flows through sale (including trading).

The business model does not depend on management's intentions for each individual instrument, but is determined at a higher level of aggregation. It is therefore possible for an entity to adopt more than one business model in managing financial instruments, including in respect of the same financial asset. For example, a tranche of a security could be purchased as part of a hold to collect business model, while a second tranche of the same instrument could be acquired both to collect the contractual cash flows and to sell it (HTCS). The assessment of which business model has been adopted is based on reasonably possible scenarios and not on scenarios that unlikely to occur (such as "worst case" or "stress case" scenarios), taking account, among other things, of the way in which:

- the performance of the business model and the assets at initial recognition are evaluated by key management personnel;
- risks that impact the performance of the business model and the assets involved in initial recognition are managed;
- the managers of the business are remunerated.

From an operational point of view, the Bank identifies the business models used to manage financial assets in accordance with its own judgment, as governed by internal rules. The assessment is not determined by a single factor or activity, but rather by considering all the relevant information available at the assessment date, ensuring ongoing consistency with Strategic and Operational planning. In this sense, the business models of the Bank are identified on the basis of the granularity of the portfolio and the level of definition of the business, identifying key managers in accordance with the provisions of IAS 24, the nature of the products and type of underlying asset, the methods for evaluating performance and how these are reported to key management, the risks that impact the business accounting model and how these risks are managed, manager remuneration arrangements and the volume of sales.

With specific reference to the "hold to collect" model, according to IFRS 9, the sale of a debt instrument or a loan does not itself determine the business model. In fact, an HTC business model does not necessarily imply that an instrument will be held to maturity and the standard itself offers examples of sales deemed admissible within this model. Accordingly, the Bank adopts the policies of the Parent Company which govern the types of sale considered consistent with this model, as in the case of sales made in response to an increase in the credit risk of the counterparty.

Specifically, sales that have occurred as a result of the following circumstances are considered consistent with this business model:

- in the case of an increase in credit risk;
- in the case of sales that occur near the maturity date, i.e. when they approximate the cash flows that would be generated obtained by not selling the security;
- to manage structural liquidity in order to respond to extreme liquidity situations;
- when the sales are frequent but not material in value terms or are occasional even if material in value terms. Frequency and materiality thresholds have been specified to determine those aggregates:
  - frequency is defined as the number of trading days considered in the period considered;
  - materiality is defined as the percentage ratio between the nominal value of sales and the total nominal value of the instruments held in the portfolio during the period considered.

In cases where both frequency and materiality thresholds are exceeded, an assessment must be conducted to determine compliance with the requirements of the business model identified..

The SPPI test

In order to determine whether a financial asset can be measured at amortized cost or at fair value through other comprehensive income, it is important to determine whether the contractual cash flows of the asset are represented by solely payments of principal and interest on the principal amount outstanding. Such contractual flows are compatible with a basic lending arrangement, where the consideration for the time value of money and credit risk are typically the most significant elements of interest. However, interest may also include consideration for other risks, such as liquidity risk, and the costs associated with holding the financial asset. Furthermore, interest may also include a profit margin that is compatible with a basic lending arrangement. The principal amount is represented by the fair value of the financial asset at recognition. Contractual terms introducing exposure to risks or volatility in contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to inverse changes in interest rates, in equity prices or in commodity prices, do not give rise to contractual cash flows that are solely payments principal and interest on the principal amount outstanding. As determined by analysis conducted by the Group, such types of instrument cannot be considered SPPI-compliant and must therefore be measured at fair value through profit or loss.

In some cases, the time value of money element may be modified. That would be the case if a financial asset's interest rate is periodically reset but the frequency of that reset does not match the tenor of the interest rate (for example, the interest rate resets every month to a one-year rate). When assessing a modified time value of money element, the objective is to determine how different the contractual cash flows could be from the cash flows that would arise if the time value of money element was not modified In these cases, IFRS 9 requires the performance of a "benchmark test", an exercise that involves comparing the interest on the actual instrument, calculated at the contractually specified interest rate, and the interest on the benchmark instrument, calculated using the interest rate that does not contain the change in the time value of money, all other contractual clauses being equal. The benchmark test therefore consists of a comparison between the sum of the undiscounted expected cash flows of the actual instrument and the sum of those for the benchmark instrument. In doing so, we consider only reasonably possible scenarios, therefore excluding stress test scenarios.

Furthermore, for the purposes of the SPPI test, any contractual term that could change the timing or amount of the contractual cash flows (for example, the case of a prepayment option, subordinated instruments or an option to extend the term for payment of principal and/or interest) shall also be considered.

Finally, a contractual cash flow characteristic does not affect the classification of the financial asset if it could only have a de minimis effect on the cash flows. At the same time, if a contractual cash flow characteristic is "not genuine", it does not affect the classification of the financial asset. A cash flow characteristic is not genuine if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur. To make a determination of the de minimis effect, an entity must consider the possible effect of the contractual cash flow characteristic in each reporting period and cumulatively over the life of the financial instrument.

From an operational standpoint, the Group has established guidelines for conducting the SPPI test, which represent the methodology adopted by the Group and reflected in its internal rules, so as to be able to represent the benchmark instrument for the performance of the testing by all the functions involved. In this context, with specific reference to the loan portfolio, these guidelines have been implemented in a tool within the Group's application systems that enables the benchmark test to be performed. With specific reference to the securities portfolio, on the other hand, the outcome of the test is provided by a leading sector info-provider, based on the guidelines and methods defined by the Group.

1 – Financial assets measured at fair value through profit or loss

Classification

This category includes financial assets, regardless of their technical form, which are not recognized under financial assets measured at fair value through other comprehensive income or financial assets measured at amortized cost. More specifically, the category comprises:

- financial assets held for trading, mainly represented by debt securities, equity instruments and the positive value of derivatives held for trading;
- financial assets designated as at fair value, i.e. financial assets so designated at the time of initial recognition and where the appropriate conditions are met. In particular, financial assets are designated as irrevocably measured at fair value through profit or loss if, and only if, doing so eliminates or significantly reduces an accounting mismatch;
- financial assets mandatorily measured at fair value, represented by financial assets that do not meet the requirements for measurement at amortized cost or at fair value through other comprehensive income. These comprise financial assets whose contractual terms do not provide for solely payments of principal and interest on the principal amount outstanding (i.e. that do not pass the SPPI test) or which are not held within the framework of a business model whose objective is the hold assets in order to collecting their contractual cash flows (the hold to collect business model) or to both collect the contractual cash flows and sell the financial assets (the hold to collect and sell business model).

The category therefore includes:

- debt securities and loans that are held as part of an "other" business model or that do not pass the SPPI test;

- equity instruments - that do not represent an interest in subsidiaries, associates or joint arrangements - held for trading or for which the option at the time of initial recognition to designate them as held at fair value through other comprehensive income was not exercised;
- units in collective investment undertakings and derivative instruments.

With regard to derivatives, this item also includes derivatives embedded in a financial liability or in a non-financial contract (the "host contract"). The combination of a host contract and the embedded derivative is a hybrid instrument. In this case the embedded derivative is separated from the host contract and recognized as a derivative if:

- the economic characteristics and risks of the embedded derivative are not closely related to the characteristics of the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss.

In accordance with the provisions of IFRS 9, reclassifications are allowed only following a modification of the business model. Such changes are expected to be very infrequent and are determined by the entity's senior management (as identified pursuant to IAS 24) as a result of external or internal changes and must be significant to the Bank's operations and demonstrable to external parties. This occurs, for example, when the entity has acquired, disposed of or terminated a business line.

The transfer value is represented by the fair value at the time of the reclassification, which takes place prospectively starting from that date. In this case, the effective interest rate is redetermined based on the fair value of the reclassified financial asset at the time of the change and that moment is considered to be the initial recognition date for the purpose of verifying a significant increase in credit risk.

Recognition

Debt and equity securities are initially recognized at the settlement date, while derivative contracts are recognized at the trade date. Financial assets are initially recognized at fair value, which is usually the amount paid or received. Where the price is different from the fair value, the financial asset is recognized at its fair value and the difference between the two amounts is recognized through profit or loss.

Measurement

Financial assets measured at fair value through profit or loss are measured at fair value following initial recognition. The effects of the application of this treatment are recognized through profit or loss.

For financial instruments listed on active markets, the fair value of financial assets or liabilities is determined on the basis of the official prices at the reporting date. For financial instruments that are not listed on active markets, including equity instruments, fair value is determined using valuation techniques and observable market data, such as: the price of listed instruments with similar features, calculation of discounted cash flows, option pricing models and prices registered in recent similar transactions.

With specific regard to equity instruments not listed on an active market, cost is used as an estimate for fair value only in rare cases in a limited number of circumstances, i.e. where cost represents the best estimate of fair value among a wide range of fair values, making cost the most significant value, or in cases in which the valuation techniques referred to above are not applicable.

For more information on the determination of fair value, please see section A.4 "Fair value disclosures" of Part A of the notes to the financial statements.

Derecognition

Financial assets measured at fair value through profit or loss are derecognized when the contractual rights to the cash flows expire, are extinguished or a disposal transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the asset continues to be recognized even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the instrument has been retained. Conversely, if the Bank retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, financial assets sold are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to third parties.

Recognition of income components

The results of the measurement of financial assets held for trading are recognized through profit or loss under item 80. "Net gain (loss) on trading activities". The results of the measurement of financial assets designated as at fair value and of those mandatorily measured at fair value are instead recognized under 110. " Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss", respectively under sub-items "a) financial assets and liabilities designated as at fair value" and "b) other financial assets mandatorily measured at fair value. Dividends from equity instruments held for trading are recognized through profit or loss under 70. "Dividends and similar income" when the right to receive payment is established.

2 – Financial assets measured at fair value through other comprehensive income

Classification

This category includes financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the HTCS business model) and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. they pass the SPPI test).

The category also includes capital instruments not held for trading for which the option envisaged under IFRS 9 was exercised at the time of initial recognition to designate them as held at fair value through other comprehensive income with no recycling to profit or loss of any gains or losses on disposal.

Specifically, the item includes:

- loans and debt securities held with a "hold to collect and sell" business model that pass the SPPI test;
- equity interests - that do not represent an interest in subsidiaries, associates or joint arrangements – not held for trading for which the option was exercised at the time of initial recognition to designate them as held at fair value through other comprehensive income. This includes equity investments intended to strengthen the Bank's commercial presence and extend its reach into business areas in which it is not present. Similarly, this option is exercised for equity instruments that have been acquired for strategic and institutional purposes and are therefore held with no intention of selling them in the short term, representing instead a medium/long-term investment.

In accordance with the provisions of IFRS 9, reclassifications are only allowed following a modification of the business model. Such changes are expected to be very infrequent and are determined by the entity's senior management (as identified pursuant to IAS 24) as a result of external or internal changes and must be significant to the Bank's operations and demonstrable to external parties. This occurs, for example, when the entity has acquired, disposed of or terminated a business line.

The transfer value is represented by the fair value at the time of the reclassification, which takes place prospectively starting from that date. In this case, the effective interest rate is redetermined based on the fair value of the reclassified financial asset at the time of the change and that moment is considered to be the initial recognition date for the purpose of verifying a significant increase in credit risk. In the event of the reclassification of financial assets measured at fair value through other comprehensive income to the category of financial assets measured at amortized cost, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. In the event of reclassification to financial assets measured at fair value through profit or loss, the cumulative gain or loss previously recognized in other comprehensive income is recognized though profit or loss.

Recognition

Financial assets measured at fair value through other comprehensive income are initially recognized at the settlement date for debt or equity securities and at the disbursement date for loans.

Financial assets are initially recognized at fair value, which is generally the amount paid or received. Where the price is different from the fair value, the financial asset is recognized at its fair value and the difference between the two amounts is recognized through profit or loss. The initial recognition value includes direct transaction costs or revenue determinable at the recognition date, even if settled at a later time.

Measurement

Following initial recognition, financial assets measured at fair value through other comprehensive income, other than equity instruments, are measured at fair value, with the value corresponding to the amortized cost recognized in the income statement. Gains and losses from changes in the fair value are recognized in a special equity reserve until the asset is derecognized or they incur an impairment loss. Upon disposal or the recognition of an impairment loss, the cumulative gain or loss recognized in the equity reserve is reversed to profit or loss.

Equity instruments classified in this category under the option provided for by IFRS 9 are measured at fair value through other comprehensive income. Unlike other instruments classified here, however, those amounts are not subsequently transferred to profit or loss, even if the instruments are sold (no recycling). Accordingly, the only element associated with the equity instruments recognized through profit or loss is any associated dividends.

Fair value is determined using the criteria adopted for financial assets measured at fair value through profit or loss.

Financial assets measured at fair value through other comprehensive income represented by debt securities are assessed for any significant increase in credit risk (impairment) like assets measured at amortized cost, with the consequent recognition through profit or loss of a provision to cover expected loss. More specifically, if at the measurement date no significant increase in credit risk is found compared with the date of initial recognition (stage 1), the 12-month expected loss is recognized. Conversely, the lifetime expected loss is recognized for instruments whose credit risk has increased significantly since initial recognition (stage 2) and for impaired exposures (stage 3). Equity instruments do not undergo lifetime impairment testing, i.e. calculated over the entire residual life of the financial asset. Equity securities do not undergo impairment testing.

Derecognition

Financial assets measured at fair value through other comprehensive income are derecognized when the contractual rights to the cash flows expire/are extinguished or a disposal transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the asset continues to be recognized even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the instrument has been retained. Conversely, if the Bank retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Financial assets sold are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

Recognition of income components

Gains and losses from changes in fair value are recognized in a specific equity reserve until the asset is derecognized. The equity reserve representing the cumulative changes in the fair value of equity instruments for which the option to irrevocably designate the instrument as at fair value through other comprehensive income was exercised is not reversed through profit or loss even when the asset is derecognized, while dividends in respect of such instruments are recognized through profit or loss.

Interest calculated on debt instruments using the effective interest method, which takes account of both the amortization of transaction costs and the differential between the initial value and the repayment value, are recognized under 10. "Interest and similar income".

Writedowns and writebacks for credit risk and the recognition of an impairment loss are recognized under the item 130 " Net losses/recoveries for credit risk in respect of financial assets measured at fair value through other comprehensive income", with a corresponding adjustment of the relevant valuation reserve in equity.

Cumulative gains and losses recognized in other comprehensive income are recognized through profit or loss under item 100 "Gain (loss) on disposal of financial assets measured at fair value through other comprehensive income" on the disposal of the asset.

Dividends on an equity instrument are recognized through profit or loss under item 70. "Dividends and similar income" when the right to receive payment is established.

3 – Financial assets measured at amortized cost

Classification

This category comprises financial assets such as loans and debt securities held within a business model whose objective is achieved by collecting contractual cash flows on a financial asset ("hold to collect" business model) that are solely payments of principal and interest on the principal amount outstanding (i.e. they pass the SPPI test).

Specifically, this category includes credit exposures to banks (including the central bank) and to customers that, regardless of technical form (bonds, loans, credit lines and deposits), meet the requirements indicated above.

In accordance with the provisions of IFRS 9, reclassifications are allowed only following a modification of the business model. Such changes are expected to be very infrequent and are determined by the entity's senior management (as identified pursuant to IAS 24) as a result of external or internal changes and must be significant to the Bank's operations and demonstrable to external parties. This occurs, for example, when a relevant activity is begun or terminated after the entity has acquired, disposed of or terminated a business line.

The transfer value is represented by the fair value at the time of the reclassification, which takes place prospectively starting from that date. In this case, the effective interest rate is redetermined based on the fair value of the reclassified financial asset at the time of the change and that moment is considered to be the initial recognition date for the purpose of verifying a significant increase in credit risk. In the event of the reclassification of financial assets measured at amortized cost to the category of financial assets measured at fair value through other comprehensive income, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income. In the event of reclassification to financial assets measured at fair value through profit or loss, the gain or loss is recognized though profit or loss.

Recognition

Financial assets are initially recognized at the settlement date for debt securities and at the disbursement date for loans. The initial amount recognized is equal to the amount disbursed or subscription price, including costs and revenue directly attributable to the transaction and determinable from the inception of the transaction, even if settled at a later time. The initially recognized amount does not include costs to be reimbursed by the debtor or that can be characterized as normal administrative overhead costs.

The initial recognition amount of loans disbursed at non-market conditions is equal to the fair value of the loans, determined using valuation techniques. The difference between the fair value and the amount disbursed or the subscription price is recognized through profit or loss.

Securities repurchase transactions are recognized as funding or lending transactions. Transactions involving a spot sale and a forward repurchase are recognized as payables in the amount received spot, while those involving a spot purchase and a forward sale are recognized as receivables in the amount paid spot.

Transactions with banks through correspondent accounts are recognized at the time of settlement and, therefore, these accounts are adjusted for all non-liquid items regarding bills and documents received or sent registered as 'subject to collection' or after actual collection.

Where, in the event of unusual circumstances, the assets are recognized in this category following reclassification form financial assets available for sale or from financial assets held for trading, the fair value of the assets at the date of reclassification shall be deemed to be the new amortized cost of the assets.

Measurement

Subsequent to initial recognition, financial assets are measured at amortized cost, using the effective interest rate method. The amortized cost equals the amount at which a financial asset is measured at initial recognition decreased by principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, minus any reduction (directly or through the use of a provision) due to impairment or non-recoverability.

In certain cases, a financial asset may be considered impaired at initial recognition because its credit risk is very high and, in the case of a purchase, is acquired at a large discount to its value at initial issue.

Amortized cost is not used for very-short-term loans, loans without a specified maturity or revocable loans, for which the impact of this method can be considered not material. These positions are measured at cost.

The measurement effects strictly consider the three different credit risk stages provided for in IFRS 9. The stages can be summarized as follows:

- stage 1 and 2 including performing financial assets;
- stage 3 including impaired financial assets.

With regard to the presentation of measurement effects in the accounts, value adjustments of this type of asset are recognized through profit or loss:

- at the time of initial recognition in an amount equal to 12-month expected credit losses;
- at the time of subsequent measurement of the asset where credit risk has not increased significantly since initial recognition in an amount equal to the change in the loss allowance for 12-month expected credit losses (stage 1);
- at the time of subsequent measurement of the asset where credit risk has increased significantly since initial recognition in an amount equal to the loss allowance for lifetime expected credit losses (stage 2);
- at the time of subsequent measurement of the asset where credit risk has increased significantly since initial recognition but the increase is no longer "significant" in an amount equal to the adjustment of the cumulative loss allowances to take account of the transition from lifetime expected credit losses to 12-month expected credit losses (return to stage 1).

Financial assets recognized in this category are tested for impairment periodically and in any event at the close of each reporting period in order to determine any value adjustments to be recognized at the level of individual loans (or tranches of a security) as a function of the risk parameters represented by Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD), appropriately modeled to take account of the provisions of IFRS 9. The amount of the value adjustment recognized through profit or loss therefore takes into consideration so-called forward-looking information and possible alternative recovery scenarios. If, in addition to a significant increase in credit risk, financial assets show objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the assets (classified as "impaired") and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial assets. The assessment of the impairment loss and the consequent amount to be recognized in profit or loss is conducted on an individual basis or determined by creating groups of positions with a uniform risk profile.

Non-performing loans, unlikely-to-pay positions, restructured exposures and past-due or over-limit exposures are considered impaired in accordance with the applicable rules of the Bank of Italy, consistent with the IAS/IFRS and European supervisory regulations (stage 3).

Measurement of the financial assets takes account of the best estimate of expected future cash flows in respect of principal and interest payments. Also taken into consideration is the realizable value of any guarantees excluding recovery costs, recovery times estimated based on contractual maturities, if any, and on reasonable estimates in the absence of contractual provisions, and the discount rate, which is the original effective interest rate. For impaired positions at the transition date, where determining this figure would be excessively burdensome, the Bank has adopted reasonable estimates, such as the average rate of loans for the year in which the loan was first classified as a bad debt, or the restructuring rate.

If the reasons for the impairment should cease to obtain following an event that occurred subsequent to the recognition of the impairment loss, a writeback is taken to profit or loss. The value of the financial asset after the writeback shall not exceed the amortized cost that the instrument would have had in the absence of the prior writedown. See the section on procedures for determining impairment for more information.

Where these financial assets are classified as measured at amortized cost or at fair value through other comprehensive income, they are classified as “purchased or originated credit impaired” (“POCI”) and receive special treatment in terms of impairment, with the recognition of lifetime expected credit losses. In addition, the credit-adjusted effective interest rate is calculated for financial assets identified as POCIs at initial recognition. This rate reflects initial expected losses in estimating cash flows. In using amortized cost method, and the consequent calculation of interest, therefore, this credit-adjusted effective interest rate is therefore used.

Derecognition

Financial assets measured at fair value through other comprehensive income are derecognized when the contractual rights to the cash flows expire/are extinguished or a disposal transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial asset are retained, the asset continues to be recognized even if legal title has been transferred.

Where it is not possible to determine whether substantially all the risks and rewards have been transferred, the financial assets are derecognized if no form of control over it is retained. Conversely, where even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement in the asset, measured by the exposure to changes in value of the transferred assets and changes in their cash flows.

Transferred financial assets are derecognized in the event in which the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

In certain cases, during the course of the life of financial assets, in particular loans, the terms of the contract may be modified from those in force at the time of initial recognition. In these circumstances, the modified terms must be analyzed to determine whether the original assets can continue to be recognized or must instead be derecognized, with the consequent recognition of new modified financial assets. In general, modifications of contractual terms lead to the derecognition of the financial asset and the recognition of a new asset when they are considered to be “substantial”, with the recognition in profit or loss of any difference in carrying amounts.

In conducting this assessment, qualitative judgments are called for. To this end, the assessment shall consider:

- the reasons for the modifications, distinguishing, for example, between renegotiations carried out for commercial reasons or in response to the counterparty’s financial difficulties:
    - transactions carried out with performing counterparties for reasons other than debtor’s financial difficulties, and therefore not related to a change in the creditworthiness of the borrower, are considered commercial renegotiations, which have the main objective of adjusting the cost of credit to market conditions. These cases include all renegotiations aimed at maintaining the commercial relationship with the client, and are therefore carried out with the aim of retaining the counterparty, who might otherwise turn to another bank. In this case, these modifications are considered substantial because if they did not occur, the customer could turn to another financial institution, thus causing the bank to lose future revenue;
    - transactions whose objective is to maximize the recoverable amount of the loan are considered renegotiations due to financial difficulties of the counterparty, with the creditor therefore willing to

accept a restructuring of the debt on terms potentially favorable to the debtor. In these circumstances, it is generally assumed that there has essentially been no extinguishment of the original cash flows that would therefore require derecognition of the original loan. Consequently, these types of renegotiation represent the majority of cases presented in the financial statements through "modification accounting", in which the difference between the carrying amount and the recalculated value of the financial asset is recognized in profit or loss by discounting the renegotiated or modified cash flows at the original effective interest rate;

- the presence of specific objective elements that substantially modify the characteristics and/or cash flows of the financial instrument, such that they would entail the derecognition of the instrument and the consequent recognition of a new financial asset. This includes, for example, the introduction of new contractual terms that would cause the asset to fail the SPPI test or a change in the denomination of the currency of the instrument, as the entity would be exposed to a new risk.

Recognition of income components

Interest on financial assets measured at amortized cost is recognized under 10. "Interest and similar income" in the income statement using the effective interest criterion, which takes account of both the amortization of transaction costs and the differential between the initial value and the repayment value.

Gains or losses on the financial assets in question are recognized in profit or loss when the assets are derecognized or have incurred an impairment loss.

More specifically, gains or losses deriving from the sale of an asset are, as previously noted, recognized in the income statement under the item 100 "Gain (loss) on the disposal or repurchase of: a) financial assets measured at amortized cost" on the disposal of the asset.

Writedowns and writebacks for credit risk are recognized under "Net losses/recoveries for credit risk in respect of: a) financial assets measured at amortized cost", with a corresponding adjustment of the relevant provision.

4 - Hedging

The Bank has elected to exercise the option to continue to apply the rules provided for in IAS 39 governing hedge accounting for each type of hedge (the "opt-out" option)

Classification

Risk hedging transactions are intended to neutralize the potential losses recognized on a given element or group of elements attributable to a given risk in the event that risk should actually be realized.

The types of hedges permitted under IAS 39 are as follows:

- fair value hedges, which are intended to hedge the exposure to the risk of changes in the fair value (due to the various types of risk) of assets and liabilities or portions of assets and liabilities, groups of assets and liabilities, irrevocable commitments and portfolios of financial assets and liabilities as permitted under IAS 39 as endorsed by the European Commission;
- cash flow hedges are intended to hedge the exposure to the risk of changes in the future cash flows on recognized assets or liabilities or on highly probable forecast transactions. This type of hedge is essentially used to stabilize interest flows on variable-rate funding to the degree that the latter finances fixed-rate lending. In some circumstances, analogous transactions are carried out for certain types of variable-rate lending.

Only instruments that involve a non-Group counterparty can be designated as hedging instruments.

The items "hedging derivatives" among assets and liabilities include the positive and negative values of derivatives that establish effective hedging relationships.

Hedging of assets and liability portfolios

The hedging of asset and liability portfolios ("macrohedging") and the corresponding recognition of the transactions is possible subject to:

- identification of the portfolio subject to hedging and bucketing of the portfolio based on the frequency of payment of the installments and the expiry of the individual positions forming the portfolio;
- designation of the notional amount being hedged;
- identification of the level of the interest rate being hedged;
- definition and designation of the hedging instrument(s);
- measurement of the effectiveness of the hedging relationship.

The portfolio being hedged against interest rate risk may contain both financial assets and liabilities that share exposure to interest rate risk. Such a portfolio is analyzed through a bucketing process based on the contractually specified payment deadlines in order to determine the most appropriate hedging instrument for optimizing interest rate risk management and estimating pre-payment events.

The macrohedging transactions carried out exclusively involve portfolios of financial assets represented by fixed-rate loans or variable-rate loans with a minimum/maximum rate charged to customers.

Recognition

Hedging derivatives and the hedged financial assets and liabilities are reported in accordance with hedge accounting rules. In particular, derivative instruments with a positive fair value are recognized under "Hedging derivatives" on the asset side of the balance sheet, while derivatives with a negative fair value at the reporting date are recognized under "Hedging derivatives" on the liability side of the balance sheet.

Measurement and recognition of income components

Hedging derivatives are measured at fair value. More specifically:

- in the case of fair value hedges, the change in the fair value to the risk on the hedged item has a corresponding impact on the item 90 of the income statement "Net gain (loss) on hedging activities", where the change in the fair value of the hedging instrument is recognized. Any difference between the two changes, which represents the partial ineffectiveness of the hedge, represents the net impact in profit or loss;
- in the case of cash flow hedges, changes in the fair value of the derivative are recognized in a specific equity reserve in the amount of the effective portion of the hedge and in profit or loss in the amount of the ineffective or overhedging portion. The reserve is reclassified to profit or loss only when the cash flows on the hedged item whose variability is being hedged manifest themselves or in the event the hedging relationship is discontinued in the manner specified for the circumstance that prompted the interruption of the hedge.

The derivative is designated as a hedging instrument where there is formal documentation of the relationship between the hedged item and the hedging instrument and if it the hedge is effective at the moment of inception and throughout its life.

The effectiveness of a hedge depends on the extent to which changes in the fair value of the hedged item or the associated cash flows are offset by those of the hedging instrument. Accordingly, effectiveness is quantified on the basis of the comparison of those changes, taking account of the intentions of the entity at the time the hedge is established.

A hedge is deemed effective when the changes in fair value (or in cash flows) of the hedging instrument nearly entirely offset (i.e. within a range of 80-125%) changes in the hedged instrument for the risk factor being hedged.

Effectiveness is measured at every reporting date through:

- prospective tests, which justify the use of hedging accounting, as they demonstrate the hedge's expected effectiveness;

- retrospective tests, which indicate the level of effectiveness of the hedge achieved in the period under review, measuring the difference between actual results and theoretical results (perfect hedges).

If the tests do not confirm the effectiveness of the hedge, hedge accounting is discontinued in accordance with the above criteria, the hedging derivative is reclassified as a trading instrument or extinguished early and the hedged financial instrument is measured using the criteria normally adopted for instruments of its category. Subsequent changes in the fair value of the derivative are recognized through profit or loss. For cash flow hedges, when it becomes certain that the hedged transaction will no longer be carried out, the cumulative gain or loss recognized in the equity reserve is reversed through profit or loss.

Changes in the fair value of the hedged instruments and the hedging instruments in a fair value hedge transaction are accounted for under item 90 of the income statement “Net gain (loss) on hedging activities”. The same item also includes the ineffective portion or overhedging of cash flow hedging derivatives measured with respect to the hypothetical derivative (ineffective portion of the hedge).

In the case of macro fair value hedges, changes in fair value measured with respect to the interest rate risk of the hedged assets or liabilities are recognized in the balance sheet, respectively, under item 60. “Value adjustments of financial assets hedged generically” or 50. “ Value adjustments of financial liabilities hedged generically”, against an entry in item 90 of the income statement “Net gain (loss) on hedging activities”.

5 – Equity investments

Classification

The item includes equity investments in subsidiaries, associates and joint ventures. Immaterial entities[114] are not consolidated. Their exclusion from the scope of consolidation does not have a significant impact on Group equity.

Subsidiaries are those entities over which the investor has the power to direct the relevant activities as a result of a legal right or a mere situation of fact and is exposed to the variable returns resulting from that power.

Pursuant to IFRS 10 the control requirement is met when an investor simultaneously has:

- the power to direct the relevant activities of the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to use its power over the investee to affect the amount of its returns (link between power and returns).

Joint control is the contractually agreed sharing of control of an arrangement.

Associated companies comprise companies in which the Group holds, either directly or indirectly, at least 20% of the voting rights or, independently of the proportion of voting rights, companies over which the Group exercises a significant influence, which is defined as the power to participate in determining financial and operating policies, but without exercising either control or joint control.

Equity interests in subsidiaries, joint ventures and associates held for sale are reported separately in the financial statements as a disposal group and are measured at the lower of the carrying amount and the fair value excluding disposal costs.

Recognition

Equity investments are initially recognized at cost at the settlement date including costs and revenue that are directly attributable to the transaction.

Measurement

Investments in subsidiaries, associates or joint ventures are measured at cost. Where there is evidence that the value of an equity investment may be impaired, its recoverable amount is determined, taking account of both its

[114] The scope of consolidation does not include subsidiaries with total assets of less than €10 million, subject to the condition that the total assets of all unconsolidated subsidiaries do not exceed €50 million.

market value and the present value of future cash flows. If this value is lower than the carrying amount, the difference is recognized through profit or loss as an impairment loss.

Impairment testing of equity investments

As required by the accounting standards referred to earlier and by IAS 36, if there is evidence (triggers) of possible impairment, equity investments undergo impairment testing to determine whether there is objective evidence that the carrying amount of such assets is not fully recoverable and to determine the amount of any writedown.

Impairment indicators are essentially divided into two categories:

- qualitative indicators, such as the posting of losses or in any case a significant divergence with respect to budget targets or the objectives set out in the long-term plans announced to investors, the announcement/start of composition with creditors or restructuring plans, and the downgrading of the rating issued by a specialist agency;
- quantitative indicators consisting of a reduction in fair value below the carrying amount of over 30%, or for a period of more than 24 months, or a carrying amount for the equity investment in the separate financial statements greater than the carrying amount in the consolidated financial statements of the company's net assets and goodwill, or the distribution by the latter of a dividend greater than its comprehensive income. In the presence of evidence of impairment, the size of any writedown is determined on the basis of the difference between the carrying amount and the recoverable amount, which is equal to the greater of fair value less costs to sell and the value in use.

Derecognition

Control, joint control and significant influence cease in cases in which the power to determine financial and operating policies of the company is removed from the governance bodies of the company and transferred to a governmental body, a court and in similar cases. The equity investment in these cases is subject to the treatment of IFRS 9, as provided for financial instruments.

Equity investments are derecognized when the contractual rights to the cash flows from the assets expire or when substantially all the risks and rewards connected with ownership of the equity investment are transferred.

Recognition of income components

Dividends received from equity investments are recognized in the income statement under "Dividends and similar income" when the right to receive payment is established.

Impairment losses on equity investments in subsidiaries, joint ventures and associates are recognized in the income statement under the item 220 "Profit (loss) from equity investments". If the reasons for the impairment loss should be removed following an event occurring after the recognition of the impairment loss, the consequent writebacks are recognized in the income statement (in an amount not exceeding the previous writedowns) under the same item 220.

6 - Property, plant and equipment

Classification

Property, plant and equipment includes land and buildings used in operations and those held for investment purposes, plant, vehicles, furniture, furnishings and equipment of any kind.

According to IAS 16, buildings used in operations are those held for use in the supply of services or for administrative purposes. Pursuant to IAS 40, investment property includes property held to earn rentals or for capital appreciation or both.

The item also includes assets in accordance with IAS 2 - Inventories, which mainly include assets deriving from the enforcement of guarantees or purchase at auction that the Bank intends to sell in the near future without carrying out significant restructuring works and which do not meet the conditions for classification in the previous categories ("for use in operations" or "for investment"). This therefore includes assets acquired following the closure of an impaired credit exposure (for example from acceptance of the asset in lieu of the original performance ("datio in solutum"), from the consolidation of companies acquired as a result of loan restructuring/recovery agreements, the non-exercise of the purchase option in a finance lease or the termination of an impaired lease, etc.).

Where the requirements for the application of IFRS 5 to these assets are not met, the Group normally initially classifies the assets as inventories, subsequent measuring them in accordance with the criteria set out in IAS 2, except in rare cases in which the conditions are met for classification as:

- asset held for use in operations (see IAS 16);
- assets held for investment purposes (see IAS 40), insofar as they are held for the purpose of generating income through the receipt of lease payments or for capital appreciation.

Finally, property, plant and equipment also includes the rights of use for assets held under leases (whether finance or operating leases) pursuant to IFRS 16, even though the lessor retains legal ownership of the assets.

Recognition

Property, plant and equipment is recognized at cost, which in includes all incidental expenses directly attributable to purchasing and placing the asset in service.

Expenses subsequently incurred (e.g. extraordinary maintenance costs) increase the carrying amount of the asset or are recognized as separate assets if it is likely that the future economic benefits will exceed initial estimates and the costs can be reliability calculated.

All other subsequent expenses (e.g. ordinary maintenance costs) are recognized in the income statement in the year incurred.

Property, plant and equipment originally held as collateral for credit and acquired in recovery activities carried out on the basis of specific contracts or legal proceedings is recognized when both of the following conditions are met:

- recovery activities have been completed;
- the Bank has acquired ownership of the property.

Normally these exchange transactions lack commercial substance as defined in paragraph 24 of IAS 16 and, consequently, the asset is initially recognized at the carrying amount of the asset given up.

In the rare cases where, in an exception to the general principle mentioned above, the enforcement operation has commercial substance, the asset acquired is initially recognized at fair value.

In the case of recognition of rights of use in respect of leased assets pursuant to IFRS 16, the cost of the right-of-use asset is determined as follows:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right of use is recognized under assets when the asset involved in the lease is actually available for use.

Measurement

Property, plant and equipment used in operations is measured at cost less depreciation and impairment. Depreciation is determined systematically over the remaining useful life of the asset.

For assets purchased and placed in service during the year, the period of depreciation is calculated on the basis of the actual number of days the assets contributes to the production cycle. For assets transferred and/or disposed of during the year, depreciation is calculated on a daily basis up to the date of transfer or disposal.

The depreciable value is represented by the cost of the assets since the residual value at the end of the depreciation process is considered negligible. Buildings are depreciated at a rate of 3% per year, deemed to appropriately represent the deterioration of the assets over time from their use, taking into account extraordinary maintenance costs, which increase the value of the asset. Land, whether purchased individually or incorporated into the value of a building, is not depreciated.

In accordance with the provisions of paragraph 32a) of IAS 40, investment property as defined in IAS 40 is valued using the cost model and is depreciated.

Assets classified as inventory are measured at the lower of recognition cost and net realizable value and are not depreciated. The net realizable value is equal to the estimated price for sale in the normal course of business, net of the estimated completion costs and those necessary for the sale of the asset.

Following initial recognition, assets acquired through recovery or enforcement of guarantees in debt collection activities carried out by the Bank for impaired loans are measured in accordance with the criteria established for the classification adopted (for use in operations, for investment purposes, inventories).

Right-of-use assets determined in compliance with IFRS 16 are subsequently measured using a cost model, less depreciation and impairment losses, in accordance with IAS 16.

Derecognition

Property, plant and equipment is derecognized when disposed of or when permanently withdrawn from use and no future benefits are expected from its disposal.

Recognition of income components

Depreciation of property, plant and equipment measured at cost, with the exception of inventories, is recognized through profit or loss under 180. "Net adjustments of property, plant and equipment".

In the first year, depreciation is recognized in proportion to the period the asset is effectively available for use. For assets sold or otherwise disposed of during the year, depreciation is calculated on a daily basis up to the date of transfer and/or disposal.

If there is evidence of possible impairment of the asset, the asset's carrying amount is compared against its recoverable amount, which is equal to the greater of the value in use of the asset, meaning the present value of future cash flows originated by the asset and its fair value, net of any disposal costs. Any negative difference between the carrying amount and the recoverable amount is recognized in the income statement. If the reasons for the impairment should cease to obtain, a writeback is recognized in the income statement. The carrying amount following the writeback shall not exceed the value that the asset would have had, net of depreciation, in the absence of the prior writedowns.

Gains and losses deriving from the disposal or decommissioning of property, plant and equipment are determined as the difference between the net sale price and the carrying amount of the asset. They are recognized in profit and loss at the same date on which the assets are derecognized, under the item 250 "Profit (loss) from the disposal of investments".

7 – Intangible assets

Classification

Intangible assets are recognized as such if they are identifiable and are based on legal or contractual rights. They include application software.

Right-of-use assets have not been recognized in respect of leases involving intangible assets as such recognition is optional under IFRS 16.

Recognition

Intangible assets are recognized at cost, adjusted for any incidental expenses, only if it is probable that the future economic benefits attributable to the asset will be realized and if the cost of the asset can be reliably determined. Otherwise, the cost of the intangible asset is recognized in profit or loss in the period in which it is incurred.

Recognition of intangible assets generated internally, and software in particular, is subject to verification of the above conditions and distinguishing between the research activities and development activities carried out to produce the asset. Costs associated with research cannot be capitalized, as the generation of probable future economic benefits cannot be demonstrated.

Intangible assets can be recognized in respect of goodwill arising from business combinations. The goodwill is recognized in an amount equal to the positive difference between the purchase price of the business combination and the fair value of the assets and liabilities acquired if that positive difference represents future economic benefits. Goodwill in respect of business combinations carried out prior to the date of transition to the IFRS are measured on a cost basis and represent the same value as that given using Italian GAAP.

Measurement

After initial recognition, intangible assets with a finite useful life are recognized at cost, net of total amortization and accumulated impairment losses. Amortization begins when the asset becomes available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended and ceases when the asset is derecognized. Intangible assets are amortized on a straight-line basis, so as to reflect the long-term use of the asset over its estimated useful life, which for application software does not exceed 5 years.

Goodwill is not amortized and is tested for impairment at each reporting date.

Derecognition

Intangible assets are derecognized upon disposal or when no future economic benefits are expected to be generated by the use or disposal of the asset.

Recognition of income components

Amortization is recognized through profit or loss under 190. “Net adjustments of intangible assets”, as are impairment losses. If the reasons for the impairment of intangible assets other than goodwill should cease to obtain, a writeback is recognized in profit or loss. The value of the asset after the writeback shall not exceed the value that the asset would have had, net of amortization, in the absence of the prior writedowns for impairment.

Writedowns of goodwill are recognized in the income statement under 240. “Writedowns of goodwill”. Goodwill previously written down may not be written back.

Gains and losses from the disposal or other transfer of an intangible asset are determined as the difference between the net sale price and the carrying amount of the asset and recognized in the income statement under the item “Profit (Loss) from disposal of investments.

8 - Non-current assets and liabilities and disposal groups held for sale

Classification

Non-current assets and disposal groups, including associated liabilities, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when their sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Bank must be committed to the sale, which must be expected to be completed within one year of classification as held for sale.

Properties obtained through the enforcement of guarantees are classified under this item when the following conditions are met:

- the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets;

- the sale is highly probable. In particular, the appropriate level of management must be committed to a plan to sell the asset, and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Finally, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by IFRS 5, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Recognition

Non-current assets and disposal groups held for sale are valued at the lower of their carrying amount and their fair value less costs to sell, with the exception of assets for which IFRS 5 requires measurement in accordance with the applicable IFRSs (e.g. financial assets within the scope of IFRS 9).

Measurement and recognition of income components

Following initial recognition in this category, the assets are measured at the lower of their carrying amount and their fair value less costs to sell, with the exception of assets that IFRS 5 requires be measured using the provisions of the relevant accounting standard (for example, financial assets within the scope of IFRS 9). If the assets held for sale can be depreciated, any such depreciation ceases upon classification to non-current assets held for sale. Non-current assets and disposal groups held for sale, as well as “discontinued operations”, and the associated liabilities are reported under specific items of assets (item 110 “Non-current assets and disposal groups held for sale”) and liabilities (item 70 “Liabilities associated with disposal groups held for sale”).

The results of the measurement, income, expenses and gains/losses upon disposal (net of any tax effect), of “discontinued operations” are recognized in the income statement under item 290 “Profit (loss) after tax of discontinued operations”.

Derecognition

Non-current assets and disposal groups held for sale are derecognized upon disposal.

9 – Current and deferred taxation

Classification

Income taxes, which are calculated on the basis of national tax law, are accounted for as a cost on an accruals basis, in line with the recognition of the costs and revenue that gave rise to the tax liability. They therefore represent the balance of current taxes and deferred taxes in respect of income for the year. Current tax assets and liabilities report the net tax positions of the Group companies in respect of Italian and foreign tax authorities. More specifically, they report the net balance between current tax liabilities for the year, calculated on the basis of a prudent estimate of the tax liability for the period, as determined on the basis of applicable tax law, and current tax assets represented by payments on account and other tax receivables for withholding tax incurred or other tax credits for previous years which the Group companies opted to offset against taxes for subsequent years. Current tax assets also report tax receivables for which the Group companies have requested reimbursement from the competent tax authorities.

Deferred taxation is determined using the balance sheet liability method, taking account of the tax effect of temporary differences between the carrying amount of assets and liabilities and their value for tax purposes, which will give rise to taxable or deductible amounts in future periods. To that end, “taxable temporary differences” are those that in future periods will give rise to taxable amounts and “deductible temporary differences” are those that in future periods will give rise to deductible amounts. Deferred taxes are recognized on all taxable temporary differences, with the following exceptions: i) deferred tax liabilities arising from the initial recognition of goodwill or ii) an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect either the balance sheet or the tax situation.

Deferred tax assets are recognized against all deductible temporary differences, tax receivables and unused tax losses that can be carried forward, insofar as it is probable that sufficient future taxable income will be available to allow the use of the deductible temporary differences and the tax receivables and losses carried forward, except for cases in which the deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect either the balance sheet or the tax situation.

Deferred tax is calculated by applying the tax rates established in applicable tax law, laws already issued or substantially in force at the reporting date that are expected to be applied during the year in which those assets are realized or those assets are extinguished to taxable temporary differences for which it is likely that a tax charge will be incurred and to deductible temporary differences for which it is reasonable certain there were be future taxable income at the time they become deductible (the probability test).

Current tax assets and liabilities and deferred tax assets and liabilities are offset in the financial statements if, and only if, they relate to income taxes applied by the same taxation authority and there is a legally enforceable right to set off tax assets.

Recognition and measurement

Where the deferred tax assets and liabilities regard items that impact profit or loss, that effect is recognized under income taxes.

In cases where the deferred tax assets and liabilities regard transactions that directly impact equity with no effect on profit or loss (such as adjustments on first-time adoption of the IAS/IFRS, measurement of financial instruments measured at fair value through other comprehensive income or cash flow hedge derivatives), they are recognized in equity, under specific reserves where required (i.e. the valuation reserves).

The potential taxation in respect of items on which taxation has been suspended that will be “taxed in the event of any use” is recognized as a reduction in equity. Deferred taxes in respect of revaluations prompted by conversion of amounts to the euro that were directly allocated to a specific reserve under Article 21 of Legislative Decree 213/98 on a tax-suspended basis are recognized as a reduction of that reserve. The potential taxation in respect of items that will be taxed “only in the event of distribution” is not recognized as the amount of available reserves that have already been taxes is sufficient to conclude that no transactions will be carried out that would involve their taxation.

Deferred taxation in respect of companies participating in the consolidated taxation mechanism is recognized in their financial statements on an accruals basis in view of the fact that the consolidated taxation mechanism is limited to settlement of current tax positions.

The potential taxation of components of the equity of the consolidated companies is not recognized where the circumstances that would give rise to their taxation are not considered likely to arise, taking due consideration of the lasting nature of the investment.

The value of deferred tax assets and liabilities is reviewed periodically to take account of any changes in legislation or in tax rates.

Recognition of income components

Income taxes are recognized through profit or loss, with the exception of those debited or credited directly to equity. Current income taxes are calculated based on taxable income for the period.

In determining income taxes, any uncertainties over tax treatments are taken into account, in accordance with the provisions of IFRIC 23.

Current tax payables and receivables are recognized at the value that payment to or recovery from the tax authorities is expected by applying current tax rates and regulations. Deferred income tax assets and liabilities are calculated, using expected tax rates, on the basis of temporary differences between the value attributed to the assets and liabilities in the financial statements and the corresponding values recognized for tax purposes.

Derecognition

Deferred tax assets and deferred tax liabilities are derecognized in the period in which:

- the temporary difference that originated them becomes taxable for deferred tax liabilities or deductible for deferred tax assets;

- the temporary difference that originated them is no longer relevant for tax purposes;
- for deferred tax assets only, the probability test envisaged by IAS 12 indicates that sufficient future taxable income will not be available.

10 - Provisions for risks and charges

Provisions for commitments and guarantees issued

This sub-item reports provisions estimated in respect of the credit risk on commitments to disburse funds and guarantees issued, which fall within the scope of application of the rules for calculating expected losses in accordance with IFRS 9. In principle, these cases use the same methods for allocation to the three risk stages and the calculation of expected losses that are adopted for financial assets measured at amortized cost or at fair value through other comprehensive income.

This sub-item also includes are provisions for other types of commitments and guarantees issued that, on the basis of their characteristics, do not fall within the scope of application of impairment in accordance with IFRS 9.

Other provisions for risks and charges

The other provisions for risks and charges include provisions for legal obligations or related to employment relationships or disputes originating from a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The item also includes long-term employee benefits.

Recognition

A provision shall be recognized if and only if:

- the company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Measurement and recognition of income components

The amount recognized is the best estimate of the expenditure required to settle the obligation or to transfer it to third parties at the end of the reporting period and reflects the risks and uncertainties that inevitably surround many events and circumstances.

Where the time value of money is material and the payment dates of the obligation can be estimated reliably, the provision shall be discounted at market rates as of the reporting date.

Provisions are reviewed at every reporting date and are adjusted to reflect the best estimate of the charge required to settle the obligations existing at the close of the period. The impact of the time value of money and that of changes in interest rates are reported in profit or loss under net provisions for the period.

Actuarial gains and losses are recognized immediately in profit or loss.

Derecognition

Provisions are only used when the charges for which they were originally established are incurred. When the use of resources to fulfil the obligation is no longer deemed to be probable, the provision is reversed through profit or loss.

11 - Financial liabilities measured at amortized cost

Classification

Financial liabilities measured at amortized cost include amounts due to banks, amounts due to customers and securities issued, comprising all technical forms of interbank and customer funding, repurchase agreements and funding through certificates of deposit, bonds and other funding instruments in circulation, net of any amounts repurchased.

The item also includes liabilities recognized by the lessee in respect of leases (finance or operating) pursuant to IFRS 16.

Recognition

The liabilities are initially recognized at fair value, which is normally equal to the amounts received or the issue price, plus or minus any additional costs or revenue directly attributable to the transaction that are not reimbursed by the creditor. Internal administrative costs are excluded.

Financial liabilities issued on non-market terms are recognized at estimated fair value and the difference with respect to the amount paid or the issue price is taken to the income statement.

Measurement and recognition of income components

Following initial recognition, these liabilities are measured at amortized cost using the effective interest rate method, excluding short-term liabilities, which are recognized in the amount received in keeping with the general principles of materiality and significance. See to the section on assets measured at amortized cost for information on the criteria for determining amortized cost.

Interest expense recognized on financial liabilities is reported under “Interest and similar expense” in the income statement.

Lease liabilities are adjusted in the event of a lease modification (e.g. a change in the scope of the contract) that is not recognized/considered as a separate contract.

In addition to cases of extinguishment and expiration, financial liabilities reported in these items are also derecognized when previously issued securities are repurchased. In this case, the difference between the carrying amount of the liability and the amount paid to repurchase it is recognized in the income statement under 100. “Gain (loss) on the disposal or repurchase of: c) financial liabilities”. If the repurchased security is subsequently placed again on the market, this is treated as a new issue and is recognized at the new placement price, with no impact on the income statement.

Derecognition

Financial liabilities are derecognized when the obligation underlying the liability is extinguished, waived or discharged. Where a financial liability is replaced with another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability accompanied by the recognition of a new liability, with the recognition of any difference in their carrying amounts through profit or loss.

12 – Financial liabilities held for trading

Classification

The item reports the negative value of trading derivatives that are not part of hedging relationships as well as the negative value of embedded derivatives to be separated from hybrid instruments relating to a financial liability. Liabilities deriving from short positions in by securities trading activities are recognized under “Financial liabilities held for trading”.

Recognition

Financial liabilities are initially recognized at the settlement date, while derivative contracts are recognized at the date they are signed. The financial liabilities are initially recognized at fair value, which generally equals the amount received.

In cases in which the amount paid differs from the fair value, the financial liability is recognized at fair value, and the difference between the amount paid and the fair value is recognized through profit or loss.

Derivative contracts embedded in financial liabilities or other contractual forms and which have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified themselves as derivative contracts, are recognized separately among financial liabilities held for trading if their value is negative, with the exception of cases in which the compound instrument containing the derivative is entirely measured at fair value through profit or loss.

Measurement

Subsequent to initial recognition, the financial liabilities are recognized at fair value through profit or loss. Please see Part 4 “Fair value disclosures” of these notes to the financial statements for information on determining fair value.

Derecognition

Financial liabilities are derecognized when the obligation underlying the liability is extinguished, waived or discharged. Where a financial liability is replaced with another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability accompanied by the recognition of a new liability, with the recognition of any difference in their carrying amounts through profit or loss.

Recognition of income components

Gains and losses from the measurement of and transactions in financial liabilities held for trading are recognized through profit or loss under item 80. “Net gain (loss) on trading activities”.

13 - Financial liabilities designated as at fair value

Classification

This item reports financial liabilities designated as at fair value through profit or loss under the option permitted to entities in IFRS 9 (the “fair value option”). More specifically, financial liabilities may be irrevocably designated as at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch due to a measurement inconsistency or where they contain one or more embedded derivatives.

Recognition

Financial liabilities at fair value through profit or loss are initially recognized at the issue date at their fair value, which normally corresponds to the price paid. If the price is different from the fair value, the financial liability is recognized at its fair value and the difference between the price and the fair value is recognized in the income statement.

Measurement and recognition of income components

- After initial recognition, financial liabilities reported under this item are measured at fair value in accordance with the following rules:

- if the change in fair value is attributable to a change in the credit risk of the liability, it shall be recognized in other comprehensive income (equity) and is not subsequently recycled through profit or loss;
- all other changes in fair value shall be recognized through profit or loss under "Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss: a) financial assets and liabilities designated as at fair value".

Pursuant to IFRS 9, this accounting method shall not be applied if would create or enlarge an accounting mismatch in the income statement. In this case, the gains or losses related to the liability falling under this item shall be recognized through profit or loss. For more information on the criteria used for determining the fair value, please see section 15 "Other information" and Part A.4 "Fair value disclosure " of these notes to the financial statements.

Derecognition

Financial liabilities are derecognized when the obligation underlying the liability is extinguished, waived or discharged. Where a financial liability is replaced with another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability accompanied by the recognition of a new liability, with the recognition of any difference in their carrying amounts through profit or loss.

14 - Foreign currency transactions

Classification

In addition to those explicitly denominated in a currency other than the euro, foreign currency assets and liabilities also include those that have indexing clauses linked to the exchange rate of the euro with a specific currency or with a certain basket of currencies.

Recognition

Transactions in a foreign currency are initially recognized in the functional currency by translating the amount in the foreign currency into the functional currency at the exchange rate prevailing on the date of the transaction.

For the purposes of translation, foreign currency assets and liabilities are divided into monetary items (classified under current items) and non-monetary items (classified under non-current items). Monetary items comprise cash and assets and liabilities to be received or paid in fixed or determinable amounts of money. Non-monetary items are characterized by the absence of a right to receive, or an obligation to deliver, a fixed or determinable amount of money.

Measurement

At the reporting date, foreign currency items are measured as follows:

- monetary items are translated at the exchange rate prevailing at the reporting date;
- non-monetary items measured at historic cost are translated at the exchange rate prevailing at the transaction date;
- non-monetary items measured at fair value are translated using the exchange rate prevailing at the reporting date.

Recognition of income components

Exchange rate differences relating to financial assets/liabilities other than those designated as at fair value and those mandatorily measured at fair value through profit or loss are recognized in the income statement under the item 80. "Net gain (loss) on trading activities". Exchange rate differences relating to the two categories referred to above are recognized in under the item 110. "Net gain (loss) of other financial assets and liabilities measured at fair value through profit or loss". In addition, if the financial asset is measured at fair value through other comprehensive income, exchange rate differences are allocated to the relevant valuation reserve.

Exchange rate differences resulting from the settlement of monetary items or from the translation of monetary items at exchange rates other than the initial translation rate, or translation of the previous financial statements, are recognized through profit or loss in the period in which they emerge.

When gains or losses relating to a non-monetary item are recognized in equity, the exchange rate difference for the item is also recognized in equity. Likewise, when a gain or less is recognized through profit or loss, the corresponding exchange rate difference is also recognized through profit or loss.

15 – Other information

Employee termination benefits

Following the reform of supplementary pension schemes introduced by Legislative Decree 252 of December 5, 2005, changes were made to the way in which employee termination benefits are recognized. The portion of termination benefits accrued through December 31, 2006 is treated as a defined-benefit plan, since the company is required under law to pay the employee an amount determined pursuant to Article 2120 of the Italian Civil Code.

The portion of termination benefits accrued from January 1, 2007 allocated to a supplementary pension scheme or to the treasury fund managed by INPS (Italy's National Social Security Institute) are treated as a defined-contribution plan since the company's obligation towards the employee ceases upon transfer of the amounts to the fund.

Therefore, starting January 1, 2007, the Bank:

- continues to recognize the obligation accrued at December 31, 2006 in accordance with the rules for defined-benefit plans, i.e. using the projected unit credit method. This means that it measures the obligation for benefits accrued by employees using actuarial techniques, projecting into the future the amount to pay at the time the employment relationship is termination and discounting the accrued portion. To this end, the projected unit credit method considers each individual service period as the originator of an additional unit of termination benefits to be used in constructing the final obligation by projecting future outflows on the basis of statistical analysis of historical developments and the demographic curve, discounting those flows using a market interest rate. Total actuarial gains and losses are recognized, in line with the provisions of IAS 19, in equity, while the interest cost component of the change in the defined benefit obligation is recognized in profit or loss;
- recognizes the obligation for portions accrued starting January 1, 2007, payable to a supplementary pension scheme or to the treasury fund managed by INPS, on the basis of the contributions owed in each period, as a defined contribution plan for employee service, in profit or loss. More specifically, in the case of termination benefits payable to a supplementary pension scheme that treatment begins at the time of the choice or, if the employee does not exercise any option, as from July 1, 2007.

Recognition of revenue

Revenue is recognized when realized or, in the case of the sale of goods or services, in relation to the extent to which the performance obligation has been satisfied, as specified below.

Specifically:

- interest is recognized on an accruals basis using the contractual interest rate or the effective interest rate where the amortized cost method is applied;
- default interest, if any, is recognized through profit or loss only upon receipt;
- dividends are recognized in the income statement when their distribution is authorized;
- commissions for revenue from services are recognized in relation to the effective provision of the services to a customer, as discussed in greater detail below;
- revenue from the placement of funding instruments, calculated on the basis of the difference between transaction price and the fair value of the financial instrument, are recognized in the income statement when the transaction is recognized if the fair value can be determined with reference to parameters or

transactions recently observed in the same market in which the instrument is traded. If these amounts cannot be easily determined or the instrument is not highly liquid, the financial instrument is recognized in an amount equal to the transaction price, excluding the commercial margin. The difference between this amount and the fair value is taken to profit or loss over the duration of the transaction through the gradual reduction in the valuation model of the corrective factor reflecting the reduced liquidity of the instrument;

- revenue from the sale of non-financial assets are recognized at the time the performance obligation is satisfied with the transfer of the asset, i.e. when the customer obtains control of the asset.

In application of IFRS 15, the following steps are followed in recognizing revenue from contracts with customers:

- identification and analysis of the contract signed with the customer to identify the type of revenue. In some specific cases, multiple contracts may have to be combined and accounted for as a single contract;
- identification of the specific performance obligations in the contract. If the goods/services to be transferred are distinct, they qualify as performance obligations and are accounted for separately;
- determination of the transaction price, considering all the performance obligations in the contract. This price may be a fixed amount, but may sometimes include variable or non-monetary consideration;
- allocation of the transaction price to the performance obligations. The transaction price is allocated to the various performance obligations on the basis of the selling prices of each distinct good or service provided contractually. If it is impossible to determine the standalone selling price, it is necessary to estimate it. The assessment must be carried out as from the start date of the contract (the inception date);
- recognition of revenue when the performance obligation is satisfied. Revenue is recognized following the satisfaction of the performance obligation to the customer, i.e. when the latter obtains control of the good or service. Some revenue is recognized at a point in time, while other is accrued over time. It is therefore necessary to identify the moment in which the performance obligation is satisfied. In the case of performance obligations satisfied over time, revenue is recognized over the reference period, selecting an appropriate method to measure the progress made towards complete satisfaction of the performance obligation".

Accruals and deferrals

Accruals and deferrals reporting costs and revenue accruing in the period on assets and liabilities are recognized as adjustments to the assets and liabilities to which they refer. In the absence of such assets or liabilities, they are recognized under "Other assets" (item 120. under assets) or "Other liabilities" (item 80. under liabilities).

Expenditure for leasehold improvements

Expenses for refurbishments of buildings belonging to third parties that do not have an independent function or use are conventionally classified under "Other assets". The associated depreciation, performed over the useful life associated with the right to use the property, is reported under other operating expenses.

Determination of amortized cost

Amortized cost is applied to financial assets and liabilities measured at amortized cost and to the income components of financial assets measured at fair value through other comprehensive income.

The amortized cost of a financial asset or financial liability is the value at which it is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that discounts the contractual flow of future or received payments until the maturity date or the next repricing date to the present value of a financial asset or financial liability.

For instruments bearing a fixed rate or a fixed rate for periods of time, future cash flows are determined on the basis of the specified interest rate over the life of the instrument. For variable-rate financial assets or liabilities, future cash flows are determined on the basis of the last known rate. At each repricing date, the residual amortization and the effective yield over the residual useful life (i.e. until maturity) of the financial instrument are recalculated.

For purchased or originated credit-impaired financial assets ("POCI"), the effective interest rate corrected for credit risk is calculated, discounting estimated future cash flows over the expected life of the financial asset, taking of account all the contractual terms of the asset (e.g. prepayment options, call options, etc.) as well as expected credit losses.

Financial assets and liabilities transacted on market terms are initially recognized at their fair value, which normally corresponds to the amount paid or received including directly attributable transaction costs and fees: internal marginal costs and income not recoverable from customers are considered transaction costs attributable at the time of initial recognition of the instrument.

These ancillary components, which must be attributable to the individual asset or liability, affect the effective return and cause the effective interest rate to differ from the contractual interest rate: therefore, costs and income referable indiscriminately to multiple transactions and related components that they may be recognized during the life of the financial instrument are not included. Furthermore, costs that the Group incurs independently of the transaction, such as administrative, office supplies and communication costs, are not considered in the calculation of the amortized cost.

The measurement method adopted for inflation-linked BTPs - the overall performance of which does not depend solely on its real components but also on the developments in inflation, to which these bonds are indexed[115] - provides for the sterilization of the inflation effect in the calculation of the IRR and its inclusion in amortized cost, so as to generate a perfect adjustment of the value of holdings to changes in inflation. Accordingly, the value of the holding increases (or decreases) in proportion to the inflation coefficient, so that at the maturity of the security its value is equal to the redemption value.

More specifically, the methodology applied makes it possible to adjust the average carrying price of the security to the presumable redemption value by varying the associated value of the holdings in a manner consistent with the indexing parameter. In this way, the effect of inflation is accounted for in the year in which it occurs, in line with the accrual principle, and is summed with the real yield on the securities.

- Since the portfolio is revalued based on the current inflation coefficient, the weighted average price between existing holdings and any purchases subsequently is determined consistently, i.e. between comparable quantities.
- The fact that the effect of inflation is accounted for on an accrual basis means that:
- net interest income shows the contribution linked both to the real yield of the security (coupons and accrued interest) and the inflation component, the latter through the recognition of the portion at amortized cost deriving from the revaluation of the value of the securities held in the portfolio. This means that, for example, when a non-negligible inversion occurs in the inflation trend, the contribution of inflation-linked BTPs to net interest income could decline due to the amortized cost portion (given by the difference between the amortized cost value of holdings indexed to inflation recorded at time t compared with that recorded at time t-1), which at that point would become negative;

net interest income may exhibit a certain variability over the 12 months of the year, since the value of the inflation index is typically cyclical and can display substantial seasonal variations. This effect can be particularly marked for securities indexed to the European inflation index ("CPTFEMU"), involving sudden changes in the inflation coefficients, especially in the months of March (negative) and May (positive). The carrying price at amortized cost, as it is calculated - as envisaged under applicable regulation - on the basis of the presumable redemption value, displays the same seasonal variations. In any event, since seasonal variations offset a 12-month time horizon, they do not generate any distortion on an annual basis.

[115] The overall performance of inflation-linked BTPs depends on two components: an a priori element, i.e. the real yield, and another linked to inflation, which determines the revaluation of coupons and principal. The value of the security is therefore made to evolve as a function of both effects.

Determination of impairment

Financial assets

At each reporting date, the Bank determines whether there is objective evidence that a financial asset or group of financial assets has incurred a significant increase in the related credit risk since initial recognition and requires the definition of a methodology for calculating the expected loss (ECL) and the related risk parameters necessary to calculate it, namely: Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

The staging methodology provides for the allocation each exposure/tranche (loans and securities) to the three distinct stages on the basis of the following:

- stage 1: this includes newly issued instruments/tranches and exposures to counterparties classified as performing that, as at the reporting date, have a PD lower than or equal to a given threshold (qualifying for the low credit risk exemption) or have not experienced a significant increase in credit risk with respect to that measured the date of disbursement/purchase. The 12-month expected loss is measured for these positions;
- stage 2: this includes all performing instruments/tranches that, as at the reporting date, simultaneously:
  - have a higher PD than that specified for the low credit risk exemption;
  - have experienced a significant increase in credit risk with respect to the date of initial recognition;

  In general, in the absence of a rating/PD at the reporting date the exposure is allocated in stage 2 (without prejudice to the use of additional criteria specifically adopted for the management of particular types of portfolios/positions not covered by the use of an internal rating model). In this case, the lifetime expected loss is measured over a time horizon that covers the entire residual life of the financial instrument;
- stage 3: this includes all instruments/tranches associated with loans/securities in default, for which the loss is calculated as the difference between the contractual cash flows and expected cash flows, discounted at the effective interest rate of the instrument (lifetime expected loss), which is essentially unchanged compared with the previous accounting standard.

A so-called grace period is also granted, under which newly disbursed exposures are conventionally classified in stage 1 for the first 3 months of the relationship, unless they derive from forbearance measures.

Furthermore, in order to reduce the volatility of allocations of exposures to the various stages, the mechanisms for transferring exposures between stages envisage a so-called 3-month probation period (the minimum period for which positions are allocated to a given stage), defined as follows:

- an exposure allocated to stage 2 can be transferred to stage 1 if at the reporting date the conditions for allocation to stage 1 are met and at least 6 continuous months have elapsed since the factors that prompted allocation to stage 2 no longer exist;
- the reclassification as performing of an exposure previously allocated to stage 3 involves direct allocation to stage 2 for at least 3 months following the return to performing status, unless events requiring reallocation to stage 3 should occur.

If at least one of the criteria for classification in stage 2 is activated for a position within the probation period, the probation period recommences from the month in which the criteria that determined the allocation to stage 2 are no longer active.

Performing forborne exposures for which the regulatory probation period of 24 months is already activated are excluded from the application of this criterion.

With regard to the securities portfolio, the quantitative information consist in comparing the PD/rating class at the origination date and PD/rating class at the reporting date, the approach used makes extensive use of the low credit risk exemption for the purpose of staging exposures, even in the presence of information on credit risk measures at the date of origination. In particular, exposures with a PD less than or equal to a specified threshold at the reporting date are allocated to stage 1. Exposures associated with securities in default are classified in stage 3. With regard to expected credit loss, the risk parameters necessary for calculating that value have been distinguished by differentiating between the securities portfolio and the loan portfolio.

With regard to the securities portfolio:

- Probability of Default (PD): the PD at 12 months and multi-period PDs used underwent forward-looking conditioning;

- Loss Given Default (LGD): the unconditioned LGD measures used are the same for both stage 1 and stage 2 exposures. More specifically, and unconditioned LGD metric of 45% is used, which subsequently undergoes forward-looking conditioning;
- Exposure At Default (EAD): for the purposes of quantifying the EAD associated with each securities issue, the gross value of the exposure at the reporting dates is generally used.

With regard to the loan portfolio:

- Probability of Default (PD): the approach defined by the Group envisages:
  - the use of internal rating models to determine the transition matrix based on rating classes, conditioned to incorporate forward-looking macroeconomic scenarios and used to obtain lifetime PDs;
  - where an internal rating model is absent, calculating default rates on an annual basis, conditioned to include forward-looking macroeconomic scenarios and used to obtain cumulative lifetime PDs;
- Loss Given Default (LGD): the approach for estimating LGD developed by the Group provides for the determination of historical loss rates on closed impaired positions and the application of the so-called danger rate, conditioned by macroeconomic scenarios;
- Exposure At Default (EAD): the estimation approach for EAD differs by type of portfolio, product and stage to which the exposure has been assigned.

In order to condition the risk parameters for future macroeconomic scenarios, the Group uses multipliers (or macroeconomic conditioning factors) that, updated periodically, make it possible to obtain projections of changes in the riskiness of the portfolio (PD) and losses generated by default of the debtor counterparties (LGD), based on a defined time horizon and certain reference macroeconomic variables.

For the purpose of applying these multipliers, the Group associates the probability of occurrence on a judgmental basis to each scenario. The probability of occurrence of each scenario are used as weights in the calculation of the average multiplier associated with each calendar year.

With regard to exposures classified in stage 3 (credit-impaired assets), even if the definition of "impaired loans" in IAS 39 and IFRS 9 is substantially the same, the inclusion of forward-looking information, such as the consideration of alternative recovery scenarios, incorporated a number of methodological peculiarities. In particular, scenarios for the sale of credit exposures were considered in connection with possible sales of impaired positions, in line with the company's objectives for reducing non-performing assets, to which a probability of realization was attributed for consideration in the context of the overall assessments. It follows that, for transferrable non-performing loans, in order to determine the overall expected loss of exposures, the "ordinary" scenario assuming a recovery strategy based on the recovery of receivables through legal action, the enforcement of guarantees, etc., has been accompanied by scenarios that envisage the sale of the loan as a recovery strategy.

Equity securities and units of collective investment undertakings

Equity securities and units of collective investment undertakings, regardless of the accounting portfolio to which they are allocated, do not undergo impairment testing as they are measured at fair value.

Other non-financial assets

Property, plant and equipment and intangible assets with a finite useful life undergo impairment testing if there is evidence that the carrying amount of the asset cannot be recovered. The recoverable amount is determined as the greater of the fair value of the item of property, plant and equipment or the intangible asset net of costs of disposal and the value in use.

As regards real estate, fair value is mainly determined on the basis of an appraisal prepared by an independent expert.

Intangible assets recognized following acquisitions and in application of IFRS 3 at each reporting date undergo impairment testing to determine whether there is objective evidence that the asset may have incurred an impairment loss.

If there is evidence of impairment, intangible assets with a finite life undergo a new valuation to determine the recoverability of the carrying amount. Recoverable amount is determined on the basis of value in use, i.e. present value, as estimated using a rate representing the time value of money, the specific risks of the asset and the margin generated by relationships in place at the valuation date over a time horizon equal to the residual term of those relationships.

Since intangible assets with an indefinite life, represented by goodwill, do not generate autonomous cash flows, they undergo annual testing of their carrying amount for the cash generating unit (CGU) to which the values were allocated in the related business combinations. The amount of any impairment is determined on the basis of the difference between the carrying amount of the CGU and the recoverable amount of the unit, represented by the greater of its fair value, net of costs of disposal, and its value in use.

The carrying amount of the CGU must be determined in a manner consistent with the criteria used to determine its recoverable amount. From the standpoint of a banking enterprise, it is not possible to determine the cash flows of a CGU without considering the flows generated by financial assets and liabilities, given that the latter represent the core business of the company. In other words, the recoverable amount of the CGUs is impacted by those cash flows and, accordingly, the carrying amount of the CGUs must be determined using the same scope of estimation used for the recoverable amount and, therefore, must include the financial assets/liabilities. To that end, these assets and liabilities must be allocated to the CGUs.

Following this approach, the carrying amount of the CGUs can be determined in terms of their contribution to consolidated shareholders' equity, including non-controlling interests.

The value in use of a CGU is calculated by estimating the present value of the future cash flows that are expected to be generated by the CGU on the basis of criteria and methodological models defined by the Parent Company, in line with best market practices and doctrinal references. Those cash flows are determined using the most recent public business plan or, in the absence of such a plan, an internal forecasting plan developed by management.

Normally, the specific forecasting period covers a maximum time horizon of three years. The flow in the final year of the forecasting period is projected forward in perpetuity, using an appropriate growth rate "g" for the purposes of the terminal value.

In calculating value in use, the cash flows must be discounted using a rate that reflects the current time value of money and the specific risks to which the asset is exposed. More specifically, the discount rates adopted incorporate current market values for the risk-free rate and equity premiums observed over a sufficiently long period of time to reflect different market conditions and business cycles.

With specific reference to the rights of use recognized in accordance with IFRS 16, evidence that an asset may have suffered an impairment loss may be associated both with internal factors (deterioration, obsolescence, etc.) and external factors (market value, technological changes, etc.). Failure to exercise a right of use or the subletting of the underlying asset are considered potential indicators of impairment of the right of use.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability between willing and knowledgeable market participants in an orderly transaction. In the definition of fair value, a key assumption is that an entity is fully operational (the assumption that an entity is a going concern) and does not have the intention or the need to liquidate, significantly reduce its operations or undertake transactions on unfavorable terms. In other words, fair value is not the amount an entity would receive or would pay in a forced transaction, an involuntary liquidation or a distress sale. Nevertheless, the fair value reflects the credit quality of the instrument as it incorporates counterparty risk.

Financial instruments

Please see section A.4 Fair value disclosures for more information on the methods used to determine the fair value of financial instruments.

Non-financial assets

Investment property is primarily valued using external appraisals, considering transactions at current prices in an active market for similar properties, in the same location and condition and subject to similar conditions for rentals and other contracts.

Financial guarantees

As part of its ordinary banking operations, the Bank grants financial guarantees in the form of letters of credit, acceptances and other guarantees. Commission income earned on guarantees, net of the portion representing the recovery of costs incurred in issuing the guarantee, are recognized on an accruals basis under item 40 “Fee and commission income”, taking account of the term and residual value of the guarantees.

Following initial recognition, the financial guarantees are measured as the greater of the amount of the provision covering the losses determined in accordance with the rules governing impairment and the initial recognition amount (fair value) less (where appropriate) the cumulative amount of the income that the Bank has recognized in accordance with IFRS 15 (deferred income).

Any losses and value adjustments on such guarantees are reported under item 170 “Net provisions for risks and charges: a) commitments and guarantees issued” in the income statement. Writedowns due to the impairment of guarantees issued are reported under “Provisions for risk and charges: a) commitments and guarantees issued” in liabilities in the balance sheet.

Guarantees are off-balance-sheet transactions and are reported under “Other information” in Part B of the notes to the financial statements.

Business combinations

The transfer of control of an entity (or a group of integrated activities and assets, conducted and managed together) is a business combination.

IFRS 3 requires that an acquirer be identified for all business combinations. The acquirer is the entity that obtains control over another entity or group of activities. If it is not possible to identify a controlling entity using the definition of control described earlier, such as for example in the case of an exchange of equity interests, the acquirer must be identified using other factors such as: the entity whose fair value is significantly greater, the entity that possibly pays cash or the entity that issues new equity instruments.

The acquisition (and therefore the first consolidation of the acquired entity) must be accounted for on the date on which the acquirer actually obtains control over the entity or the assets acquired. When the business combination is achieved in a single exchange transaction, the date of exchange normally coincides with the acquisition date. However, it is always necessary to check for any agreements between the parties that may involve a transfer of control before the exchange date.

The consideration transferred as part of a business combination is determined as the sum of the fair value, at the exchange date, of the assets transferred, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control.

In transactions involving payment in cash (or when payment is made using financial instruments comparable to cash) the consideration is the agreed price, possibly discounted if payment will be made in installments over a period longer than short term. If payment is made using an instrument other than cash, such as through the issue of equity instruments, the price is equal to the fair value of the means of payment net of costs directly attributable to the equity issue.

The consideration in a business combination at the acquisition date includes adjustments subordinated to future events if envisaged in the transfer agreements and only if they are probable, reliably determinable and made within the twelve months following the date of acquisition of control, while indemnities for a reduction in the value of the assets used are not included as they are already considered in the fair value of the equity instruments or as a reduction in the premium or increase in the discount on the initial issue of debt instruments, where applicable.

The costs related to the acquisition are charges that the acquirer incurs to carry out the business combination. By way of example, these include professional fees paid to auditors, experts, legal consultants, fees for appraisals and the auditing of accounts, preparation of information documents required by regulations, as well as consulting costs incurred to identify potential targets for acquisition if it is contractually established that payment is made only in the event of a successful combination, as well as the costs of registration and the issue of debt or equity securities.

The acquirer must account for the costs related to the acquisition as charges in the periods in which these costs are incurred and the services are received, with the exception of the costs of issuing equity or debt securities, which must be recognized in accordance with the provisions of IAS 32.

Business combinations are accounted for using the acquisition method, under which the identifiable assets acquired (including any intangible assets previously not recognized by the acquiree) and the identifiable liabilities assumed (including contingent liabilities) must be recognized at their respective fair values on the acquisition date. Furthermore, for each business combination, any non-controlling interests in the acquiree can be recognized at fair value (with a consequent increase in the consideration transferred) or as a proportion of the share of the non-controlling interests in the identifiable net assets of the acquiree.

If control is obtained in stages, the acquirer shall recalculate the interest previously held in the acquiree at its respective fair value on the acquisition date and record any difference with respect to the previous carrying amount through profit or loss. The excess of the consideration transferred (represented by the fair value of the assets transferred, the liabilities incurred or the equity instruments issued by the acquirer), increased by the value of any non-controlling interest (determined as indicated above), and the fair value of the interest previously held by the acquirer, over the fair value of the assets and liabilities acquired must be recognized as goodwill. However, if the latter exceed the sum of the consideration, non-controlling interest and the fair value of the interest previously held, the difference is recognized in profit or loss.

Following initial recognition, goodwill is measured at cost net of accumulated impairment losses. For the purpose of impairment testing, the goodwill acquired in a business combination is allocated, from the acquisition date, to each cash generating unit of the Group that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of the unit, the goodwill associated with the transferred asset is included in the carrying amount of the asset when determining the gain or loss on disposal. The goodwill associated with the transferred asset is determined on the basis of the relative values of the transferred asset and the part retained by the cash-generating unit.

Business combinations can be accounted for provisionally by the end of the reporting period in which the combination occurs, with the accounting to be completed within twelve months of the acquisition date.

Mergers are the form of business combination that represents the most complete form of combination, as they involve both the legal and economic unification of the participating parties.

Mergers, whether they are mergers of equals, i.e. with the establishment of a new legal entity following the combination, or the combination of one entity into another surviving entity, are treated in accordance with the criteria illustrated previously, and in particular:

- if the transaction involves the transfer of control of an entity, it is treated as a business combination within the scope of IFRS 3;
- if the transaction does not involve the transfer of control, it is accounted for by preserving the values in the financial statements of the merged entity in the surviving entity.

If the business combination is carried out for reorganizational purposes, i.e. between two or more entities or businesses that already belong to the same group and the combination does not involve a change in control regardless of the extent of non-controlling interests before and after the business combination (business combinations of entities under common control), the transaction is considered to be without economic substance. Accordingly, in the absence of specific instructions in the IASs/IFRSs and in compliance with the presumptions of IAS 8 which require that - in the absence of a specific standard – an entity shall use of its judgment in applying an accounting policy that provides relevant, reliable, prudent information that reflects the economic substance of the transaction, such combinations are accounted for preserving the values in the financial statements of the acquiree in those of the acquirer.

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

Following adoption of IFRS 9, the Bank has not changed the business model it uses to manage its financial assets and, accordingly, no financial assets have been transferred between portfolios.

A.4 – FAIR VALUE DISCLOSURE

QUALITATIVE DISCLOSURES

This section provides the disclosures on the fair value of financial instruments as requested under IFRS 13, in particular paragraphs 91 and 92.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the "exit price") on the principal (or most advantageous) market, regardless of whether that price is directly observable or is estimated using a valuation technique.

Prices on an active market are the best indication of the fair value of financial instruments (Level 1 in the fair value hierarchy). In the absence of an active market or where prices are affected by forced transactions, fair value is determined on the basis of the prices of financial instruments with similar characteristics (Level 2 inputs – the comparable approach) or, in the absence of such prices as well, with the use of valuation techniques that use market inputs to the greatest extent possible (Level 2 inputs – model valuation - mark to model). Where market data is not available, inputs not drawn from the market and estimates and model forecasts may be used (Level 3 inputs – model valuation - mark to model). Where market data is not available, inputs not drawn from the market and estimates and model forecasts may be used (Level 3 inputs – model valuation - mark to model).

For financial instruments measured at fair value, the Bank assigns maximum priority to prices quoted on active markets and lower priority to the use of unobservable inputs, as the latter are more discretionary, in line with the fair value hierarchy noted above and discussed in greater detail in section A.4.3 below. It also establishes the order of priority, the criteria and general conditions used to determine the choice of one of the following valuation techniques:

- mark to market: a valuation approach using inputs classified as Level 1 in the fair value hierarchy;
- the comparable approach: a valuation approach based on the use of the prices of instruments similar to the one undergoing valuation, which are classified as Level 2 in the fair value hierarchy;
- mark to model: a valuation approach based on the use of pricing models whose inputs are classified as Level 2 (in the case of the exclusive use of market observable inputs) or Level 3 (in the case of the use of at least one significant unobservable input) in the fair value hierarchy.

Mark to market

Classification in Level 1 of the fair value hierarchy represents the mark-to-market approach. For an instrument to be classified in Level 1 of the fair value hierarchy, its value must be based solely on quoted prices in an active market to which the Bank has access at the time of valuation (Level 1 inputs).

A quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value.

The concept of active market is a key concept in allocating a financial instrument to Level 1. An active market is a market (or dealer, broker, industrial group, pricing service or regulatory agency) in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Thus, the definition implies that the concept of active market is associated with the individual financial instrument and not the market itself, and it is therefore necessary to conduct materiality tests.

The definition of "active market" is broader than that of "regulated market": regulated markets are defined as the markets included in the list provided for by Article 63, paragraph 2, of the Consolidated Finance Act (TUF) and in the special section of the same list (see Article 67, paragraph 1, of the TUF). These markets are managed by companies authorized by CONSOB that operate in accordance with the provisions of the TUF and under the supervision of CONSOB itself.

Other markets in addition to regulated markets include organized trading systems (Multilateral Trading Systems and Systematic Internalizers) defined, pursuant to Legislative Decree 58/98, as a "set of rules and structures, including automated structures, which make exchange possible, on an ongoing or periodic basis, in order to collect and transmit orders for transactions in financial instruments and to settle these orders, for the purpose of concluding contracts": although normally the financial instruments listed on these markets fall within the definition of instruments listed on active markets, there may be situations in which officially listed instruments are not liquid due to low trading volumes. In such cases, quoted prices cannot be considered representative of the fair value of an instrument. Generally speaking, multilateral trading facilities (MTF) can be considered active markets if they are characterized by continuous and significant trading and/or by the presence of binding prices provided by the market maker, such as to ensure the formation of prices that actually represent the fair value of the instrument.

Financial instruments are also listed on regulated markets in other countries, and therefore not regulated by CONSOB, whose prices are available daily. These prices are considered representative of the fair value of the financial instruments insofar as they represent the result of a regular transaction and not only of offers to buy or sell. Finally, other markets, while not regulated, can also be considered active markets (e.g. platforms such as Bloomberg or Markit). Electronic over-the-counter (OTC) trading circuits are considered active markets to the extent that the quotations provided actually represent the price at which a normal transaction would occur. Similarly, the quotes published by brokers are representative of fair value if they reflect the actual price level of the instrument in a liquid market (that is, they are not indicative prices, but rather binding offers).

Ultimately, in order to consider a market active, the significance of the price observed on the market itself is of particular importance and, for this reason, the following factors are considered:

- bid-ask spreads: the difference between the price at which an intermediary undertakes to sell the securities (ask) and the price at which it undertakes to buy them (bid). The larger the spread, the lower the liquidity of the market and therefore the significance of the price;
- breadth and depth of the trading book: the first concept refers to the presence of offers of large dimensions, while the depth of the book means the existence of both purchase and sell orders for numerous price levels;
- number of contributors: number of market participants providing purchase or sell offers for a specific instrument. The larger the number of active market participants, the greater the significance of the price;
- availability of information on the terms and conditions of transactions;
- price volatility: presence of daily prices of the instrument outside a certain range. The lower the volatility of the prices, the greater the significance of the price.

Comparable approach

As already noted, the fair value of financial instruments classified in Level 2 can be determined using two different approaches: the so-called comparable approach, which presupposes the use of prices quoted on active markets for similar assets or liabilities or the prices of identical assets or liabilities on inactive markets, and the model valuation approach (or mark to model), which uses valuation techniques based on observable inputs concerning the instrument itself or similar instruments.

In the case of the comparable approach, measurement is based on the prices of substantively comparable instruments in terms of risk-return, maturity and other trading conditions. The following Level 2 inputs are necessary for use of the comparable approach:

- quoted prices on active markets for similar assets or liabilities;
- quoted prices for the instrument involved or for similar instruments on inactive markets, i.e. markets in which transactions are infrequent, prices are not current, change significantly over time or among the various market makers or on which little information is made public.

If there are quoted instruments that meet all of the comparability criteria indicated here, the value of the Level 2 instrument is considered to correspond to the quoted price of the comparable instrument, adjusted if necessary for factors observable on the market.

However, if the conditions for using the comparable approach directly do not apply, the approach may still be used as an input in Level 2 mark-to-model valuations.

Mark to model approach

In the absence of quoted prices for the instrument or for comparable instruments, valuation models are adopted. Valuation models must always maximize the use of market inputs. Accordingly, they must make priority use of observable market inputs (e.g. interest rates and yield curves observable at commonly quoted intervals, volatilities, credit spreads, etc.).

In the absence of directly or indirectly observable inputs or where they are insufficient to determine the fair value of an instrument, inputs that are not observable on the market be used (discretionary estimates and assumptions). With the consequent allocation of the estimate obtained to Level 3 of the fair value hierarchy.

The mark-to-model technique therefore does not give rise to a single classification within the fair value hierarchy. Depending on the observability and materiality of the inputs used in the valuation model, an instrument could be assigned to Level 2 or Level 3.

A.4.1 FAIR VALUE LEVELS 2 AND 3: VALUATION TECHNIQUES AND INPUTS USED

The Bank uses mark-to-model approaches in line with methods present in primary scientific literature and generally accepted and used in the industry. The valuation models comprise techniques based on the discounting of future cash flows and the estimation of volatility. They are reviewed both during their development and periodically thereafter in order to ensure their full consistency with the valuation objectives. The definition of pricing models and their possible revision over time are subject to validation by an independent control function that did not participate in their preparation.

In the absence of quoted prices on active markets, financial instruments are measured as follows:

- plain vanilla bonds are measured using a discounted cash flow model, applying the discount rule based on the guarantor's yield curve, failing which the sectoral curve corresponding to the rating of the security (or of the guarantor in case of unavailability) and the guarantor's product sector is used. The inputs used include yield curves and any illiquidity spread to discount cash flows, as well as yield curves for determining future rates (so-called forwarding curves);
- structured bonds are measured using a discounted cash flow model that incorporates valuations from option pricing models. The discount rule based on the guarantor's yield curve is applied to these securities, failing which the sectoral curve corresponding to the rating of the security (or of the guarantor in case of unavailability) and the guarantor's product sector is used. The inputs used include yield curves and any illiquidity spread, as well volatility surfaces and the correlation matrix for the underlyings;
- asset backed securities (ABS) are measured using the discounted sum of expected future cash flows. The cash flow model estimates future developments in the underlying asset portfolio, taking account of payment reports, market data and model input parameters, applying the priority of payments to obtain the expected future cash flows for the notes (interest and principal). Once the expected cash flows have been obtained, the PV of each individual note is obtained by discounting these flows using the discount margin method for variable-rate securities, or the discount yield for fixed-rate securities. The inputs used include, in addition to specific risky yield curves, illiquidity spread and yield curves for the determination of future rates (so-called forwarding curves);
- derivatives on interest rates such as the various forms of IRS (IRS plain vanilla, forward starting, amortizing, etc.) are measured using discounted cash flow models, within the multi-curve framework based on sull'OIS/Benchmark Curve Discounting (Ester discounting);
- derivatives involving options on rates, such as caps/floors and European swaptions, are measured using the Bachelier model, which uses the volatility matrix for these instruments and interest rates as market input parameters, in accordance with the multi-curve measurement framework based on sull'OIS/Benchmark Curve Discounting;
- equity and CIU derivatives are valued using the Black&Scholes models (or models based on it, such as the Rubinstein model for forward starts and the Nengju Ju model for Asian options), which includes an estimate of volatility through interpolation by maturity and strike prices on a volatility matrix, as well as the inclusion of dividends. The inputs used are the price of the underlying equity, the volatility surface and the interest rate dividend curve. The estimate of the value uses the OIS/Benchmark Curve Discounting Approach;

- derivatives on exchange rates are valued using a discounted cash flow approach for plain-vanilla contracts or a Garman and Kohlhagen model for European options on exchange rates. The inputs are spot exchange rates and the forward points curve and volatility surfaces for plain-vanilla options. The estimate of the value uses the OIS/BC discounting approach;
- inflation derivatives, such as zero-coupon indexed inflation swaps and CPI swaps, are measured using a discounted cash flow approach, which in turn are measured on the basis of the term structure of inflation and seasonal factors (CPI Cash Flow Model), a in accordance with the multi-curve measurement framework based on OIS/Benchmark Curve Discounting;
- equity securities are measured at fair value estimated using models applied in valuation practice or using balance sheet, income or mixed methods, the market multiples method or with reference to direct transactions in the same security or similar securities observed over an appropriate span of time with respect to the valuation date. They are measured at cost if their carrying amount is below the materiality thresholds set by the Group both at individual and consolidated level and in cases where the cost represents a reliable estimate of fair value (e.g. because the most recent information to evaluate fair value is not available);
- investments in CIUs other than open-end harmonized funds are generally valued on the basis of the NAVs (adjusted where necessary with a specific liquidity adjustment if not fully representative of the fair value) made available by the asset management companies. These investments include private equity funds, real estate investment funds, bond funds and loan-based funds (impaired and performing)
- medium/long-term loans to customers are measured on the basis of a mark-to-model process using the discounted cash flow approach for the positions and other models for estimating option components where applicable;
- for medium/long-term liabilities, represented by securities for which the fair value option was chosen, the fair value is determined alternatively by either discounting the residual contractual cash flows using the zero-coupon yield curve, by applying the asset swap method or by using other yield curves deemed representative of the Bank's credit standing.

For tax credits pursuant to the Cure Italy and Revival Decrees, the fair value is estimated by constructing two discount factor vectors applicable to, respectively, tax credits held by the Parent Company and by the mutual banks. Specifically, on the basis of the prices for transactions in these tax credits effectively carried out in the most recent reference quarter, separating transactions involving the mutual banks from those involving Iccrea Banca, two zero-coupon curves are extracted using bootstrapping procedures. The fair value of each credit designated as held under the Other or HTCS business models is obtained by multiplying the nominal value of the portion of the credit applicable to future portions of each year by the appropriate discount factor.

It is also possible to apply valuation adjustments to the prices of financial instruments when the valuation technique used does not capture factors that market participants would use in estimating fair value, for example when it is necessary to ensure that the fair value reflects the value of a transaction that could actually be carried out in a market.

The factors impacting the need for an adjustment include the complexity of the financial instrument; the credit standing of the counterparty; and the presence of any collateral agreements. In particular, the Group uses a method for calculating the CVA/DVA (Credit Value Adjustments/Debt Value Adjustments) in order to adjust the calculation of the fair value of uncollateralized derivatives in order to take account of counterparty risk (non-performance risk). The CVA/DVA is not calculated when collateral agreements have been formalized and are operational for derivatives positions.

Significant unobservable inputs used in valuing instruments in Level 3 mainly include:

- estimates and assumptions underlying the models used to measure investments in equity securities and units in CIUs;
- Probability of Default (PD) and Loss Given Default (LGD): the parameters are derived from the impairment model. They are used to measure financial instruments for disclosure purposes only;
- credit spreads: the figure is extrapolated to create sector CDS curves using regression algorithms on the basis of a panel of single-name CDS curves. The figure is used to value financial instruments for disclosure purposes only;
- the liquidity spreads used in the mark-to-model measurement of ABS.

A.4.2 VALUATION PROCESSES AND SENSITIVITY

The Bank uses an analysis of the potential sensitivity of the valuations of instruments classified in Level 3 and measured at fair value on a recurring basis to changes in the unobservable market parameters. Level 3 exposures to financial instruments are mainly represented by units in CIUs, property, plant and equipment and equity securities. The sensitivity analysis of unobservable inputs is conducted through a stress test of all significant unobservable inputs for the different types of assets. The tests are used to determine the potential changes in the fair value by category of asset attributable to changes in the determination of unobservable inputs (such as the volatility and the correlation of the recovery rates of the clusters for the NPL component of funds and the distribution haircut for the real estate component. This analysis demonstrated that the sensitivity impacts were not material.

A.4.3 FAIR VALUE HIERARCHY

Under the provisions of IFRS 13, all fair value valuations must be classified within the three levels that delineate the valuation process on the basis of the characteristics and significance of the inputs used:

- Level 1: unadjusted quoted prices on an active market. Fair value is drawn directly from quoted prices observed on active markets. A financial instrument is considered to be quoted on an active market if prices are readily and regularly available and represent actual market transactions carried out on normal terms on a regulated market or MTF;
- Level 2: inputs other than the quoted prices noted above that are observable on the market either directly (prices) or indirectly (derivatives on prices). Fair value is determined using valuation techniques that provide for: a) the use of market inputs indirectly connected with the instrument being valued and derived from instruments with similar risk characteristics or quoted on inactive markets (the comparable approach); or b) that use observable inputs;
- Level 3: inputs that are not observable on the market. Fair value is determined using valuation techniques that use significant unobservable inputs, such as non-binding quotes provided by infoproviders (Mark to Model approach).

The following are normally considered Level 1:

- shares, debt securities and units of CIUs listed on regulated markets. Units of CIUs include mutual investment funds (UCITS, AIFs and restricted FIAs), SICAVs/SICAFs and ETPs (Exchange Traded Products);
- debt securities listed on Multilateral Trading Facilities (MTF) which meet the “specific requirements for multilateral trading systems” set out in MiFID II;
- debt securities whose fair value is equal to the unadjusted prices provided by brokers/market makers from an active market for an identical instrument and executable at the declared level;
- Units of CIUs whose value (NAV) is provided directly by the market operator;
- listed derivative financial instruments and issued financial liabilities whose fair value at the valuation date corresponds to the price quoted on an active market.

The following are normally considered Level 2:

- debt securities issued by national and international issuers that are not listed on an active market and are measured using approaches that mainly employ observable market inputs;
- debt securities whose fair value is equal to the prices provided by brokers/market makers determined with a valuation model based on observable market inputs;
- OTC financial derivatives entered into with institutional counterparties for which the main inputs are observable market data;
- units of CIUs whose prices are provided by the issuing entity (the so-called “soft NAV”) or whose fair value is adjusted using pricing models based on observable market inputs;
- insurance policies and interest-bearing postal bonds whose fair value is approximated, respectively, by the surrender and redemption value, which under applicable regulations represent the exit prices for those instruments.

Finally, the following are normally considered Level 3:

- debt securities not listed on an active market and measured using approaches that mainly employ unobservable inputs;
- debt securities whose fair value is equal to the prices provided by brokers/market makers determined with a valuation model based on unobservable inputs;
- equity securities and issued financial liabilities for which there are no prices quoted on active markets at the valuation date and which are mainly valued using techniques based on unobservable market data;
- OTC financial derivatives entered into with institutional counterparties and measured using pricing models similar to those used for Level 2 valuations but from which they differ in the degree of observability of the inputs used in the pricing techniques;
- financial derivatives entered into with customers for which the fair value adjustment taking account of default risk is significant with respect to the total value of the financial instrument;
- units of CIUs whose prices are provided by the issuing entity (the so-called "soft NAV") or whose fair value is adjusted using pricing models not based entirely on observable market inputs;

The fair value of tax credits under the "Cure Italy" and "Revival" Decrees is treated as Level 3.

In general, transfers of financial instruments between Level 1 and Level 2 in the fair value hierarchy only occur in the event of changes in the market in the period considered. For example, if a market previously considered active no longer meets the minimum requirements for being considered active, the instrument will be reclassified to a lower level; in the opposite case, it will be raised to a higher level.

A.4.4 OTHER INFORMATION

The circumstances referred to in paragraphs 48, 93 letter (i) and 96 of IFRS 13 do not apply to the Group's financial statements as the Group is not managing groups of financial assets and liabilities on the basis of its net exposure to a specific market risk (or risks) or to the credit risk of a specific counterparty and the highest and best use of a non-financial asset does not differ from its current use.

QUANTITATIVE DISCLOSURES

A.4.5 FAIR VALUE HIERARCHY

A.4.5.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS: BREAKDOWN BY FAIR VALUE INPUT LEVEL

	31/12/2024			31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss of which	364,637	946,952	332,519	430,722	1,170,605	376,361
a) financial assets held for trading	27,922	863,976	-	80,701	1,083,957	-
b) financial assets designated as at fair value	323,647	23,019	-	315,788	22,613	-
c) other financial assets mandatorily measured at fair value	13,068	59,958	332,519	34,233	64,035	376,361
2. Financial assets measured at fair value through comprehensive income	897,339	322,552	995	907,468	315,672	1,167
3. Hedging derivatives	-	93,878	-	-	163,309	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**1,261,976**	**1,363,383**	**333,514**	**1,338,189**	**1,649,586**	**377,528**
1. Financial liabilities held for trading	8,845	838,914	-	9,559	1,038,654	-
2. Financial liabilities designated as at fair value	-	385,075	-	-	387,148	-
3. Hedging derivatives	-	109,785	-	-	88,523	-
Total	**8,845**	**1,333,773**	**-**	**9,559**	**1,514,326**	**-**

Paragraph 93 letter c) of IFRS 13 requires that, in addition to reporting the fair value hierarchy, entities shall disclose information on significant transfers between Level 1 and Level 2 and the reasons for the transfer. Please note that there were no such transfers during the period.

In addition, with regard to the quantitative impact on the determination of the fair value of financial derivative instruments, the Credit Value Adjustment (for default risk of counterparties) and the Debt Value Adjustment (for default risk of the Bank) did not give rise to any significant changes.

A.4.5.2 CHANGE FOR THE PERIOD IN FINANCIAL ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS (LEVEL 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**376,361**	**-**	**-**	**376,361**	**1,167**	**-**	**-**	**-**
2. Increases	**7,058**	**-**	**-**	**7,058**	**-**	**-**	**-**	**-**
2.1 Purchases	7,009	-	-	7,009	-	-	-	-
2.2 Profits recognized in:	49	-	-	49	-	-	-	-
2.2.1 Income statement	49	-	-	49	-	-	-	-
- of which: capital gains	49	-	-	49	-	-	-	-
2.2.2 Shareholders' equity	-	X	X	X	-	-	-	-
2.3 Transfers from other levels	-	-	-	**-**	-	-	-	-
2.4 Other increases	-	-	-	**-**	-	-	-	-
3. Decreases	**60,740**	**-**	**-**	**50,900**	**172**	**-**	**-**	**-**
3.1 Sales	1,544	-	-	**1,544**	155	-	-	-
3.2 Repayments	26,484	-	-	**26,484**	-	-	-	-
3.3 Losses recognized in:	25,591	-	-	**22,873**	18	-	-	-
3.3.1 Income statement	25,591	-	-	0	-	-	-	-
- of which: capital losses	25,591	-	-	0	-	-	-	-
3.3.2 Shareholders' equity	-	X	X	X	18	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases		-	-		-	-	-	-
4. Closing balance	**332,519**	**-**	**-**	**332,519**	**995**	**-**	**-**	**-**

A.4.5.3 CHANGE FOR THE PERIOD IN FINANCIAL LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS (LEVEL 3)

The table has not been completed because there were no such positions as at the reporting date.

A.4.5.4 FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE A NON-RECURRING BASIS: BREAKDOWN BY FAIR VALUE INPUT LEVEL

	31/12/2024				31/12/2023			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1. Financial assets measured at amortized cost	40,914,461	10,278,610	23,262,047	7,641,930	48,502,908	9,885,508	31,662,340	7,054,115
2. Investment property								
3. Non-current assets and disposal groups held for sale	2,000				142,678			
Total	**40,916,461**	**10,278,610**	**23,262,047**	**7,641,930**	**48,645,586**	**9,885,508**	**31,662,340**	**7,054,115**
1. Financial liabilities measured at amortized cost	45,073,293	6,148,672	31,142,723	8,007,296	54,800,756	4,256,817	45,429,736	3,025,203
2. Liabilities associated with assets held for sale								
Total	**45,073,293**	**6,148,672**	**31,142,723**	**8,007,296**	**54,800,756**	**4,256,817**	**45,429,736**	**3,025,203**

A.5 – DISCLOSURE ON “DAY ONE PROFIT/LOSS”

During the period under review, no differences emerged between the fair values posted at the time of initial recognition and the values recalculated at the same date using valuation techniques in accordance with IFRS 9 (paragraphs B.5.1.2 A letter b).

PART B - INFORMATION ON THE BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS – ITEM 10

1.1 CASH AND CASH EQUIVALENTS: COMPOSITION

		Total 31/12/2024	Total 31/12/2023
a) Cash		133,911	94,475
b) Current accounts and demand deposits with central banks		2,337,289	3,956,181
c) Current accounts and demand deposits with banks		935,616	708,658
	Total	**3,406,816**	**4,759,314**

Sub-item b) includes overnight deposits with the ECB in the amount of €2,150 million, about €183.0 million in respect of instant payments; and about €4.3 million in amounts deposited with the Bank of Italy, to manage the liquidity of the Guarantee Scheme.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS – ITEM 20

2.1 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY TYPE

	Total 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities	**27,539**	**-**	**-**	**68,705**	**6,325**	**-**
1.1 structured securities	5,752	-	-	6,175	5	-
1.2 other debt securities	21,787	-	-	62,530	6,320	-
2. Equity securities	**25**	**-**	**-**	**1,605**	**-**	**-**
3. Units in collective investment undertakings	**-**	**-**	**-**	**10,080**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 repurchase agreements	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
Total (A)	**27,564**	**-**	**-**	**80,389**	**6,325**	**-**
B. Derivatives						
1. Financial derivatives	**358**	**863,976**	**-**	**311**	**1,077,632**	**-**
1.1 trading	358	863,976	-	311	1,077,632	-
1.2 associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
2.1 trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**358**	**863,976**	**-**	**311**	**1,077,632**	**-**
Total (A+B)	**27,922**	**863,976**	**-**	**80,701**	**1,083,957**	**-**

2.2 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY DEBTOR/ISSUER/COUNTERPARTY

		Total 31/12/2024	Total 31/12/2023
A. On-balance-sheet assets			
1. Debt securities		**27,539**	**75,030**
a) Central banks		-	-
b) Government entities		10,387	62,223
c) Banks		11,457	7,729
d) Other financial companies		4,794	4,103
of which: insurance undertakings		-	-
e) Non-financial companies		902	975
2. Equity securities		**25**	**1,605**
a) Banks		-	91
b) Other financial companies		-	250
of which: insurance undertakings		-	-
c) Non-financial companies		25	1,264
d) Other issuers		-	-
3. Units in collective investment undertakings		**-**	**10,080**
4. Loans		**-**	**-**
a) Central banks		-	-
b) Government entities		-	-
c) Banks		-	-
d) Other financial companies		-	-
of which: insurance undertakings		-	-
e) Non-financial companies		-	-
f) Households		-	-
	Total (A)	**27,564**	**86,715**
B. Derivatives		**-**	**-**
a) Central counterparties		526,907	721,621
b) Other		337,427	356,322
	Total (B)	**864,334**	**1,077,943**
	Total (A+B)	**891,898**	**1,164,658**

2.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE: COMPOSITION BY TYPE

	Total 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1.Debt securities	**323,647**	**23,019**	**-**	**315,788**	**22,613**	**-**
1.1 structured securities	-	-	-	-	-	-
1.2 other debt securities	323,647	23,019	-	315,788	22,613	-
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**
2.1 structured	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-
Total	**323,647**	**23,019**	**-**	**315,788**	**22,613**	**-**

The amount is entirely attributable to financial instruments subscribed by the Parent Company in accordance with the investment policy for the Ex Ante Quota of the Readily Available Funds connected with the Guarantee Scheme.

2.4 FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE: COMPOSITION BY DEBTOR/ISSUER

	Total 31/12/2024	Total 31/12/2023
1. Debt securities	**346,666**	**338,401**
a) Central banks	-	-
b) Government entities	323,647	315,788
c) Banks	23,019	22,613
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) Non-financial companies	-	-
2. Loans	**-**	**-**
a) Central banks	-	-
b) Government entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**346,666**	**338,401**

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: COMPOSITION BY TYPE

	Total 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**-**	**5,532**	**454**	**-**	**18,948**	**628**
1.1 structured securities	-	-	-	-	-	-
1.2 other debt securities	-	5,532	454	-	18,948	628
2. Equity securities	**13,068**	**35,510**	**4**	**34,233**	**26,873**	**3**
3. Units in collective investment undertakings	**-**	**18,916**	**332,057**	**-**	**18,214**	**375,724**
4. Loans	**-**	**-**	**5**	**-**	**-**	**5**
4.1 repurchase agreements	-	-	-	-	-	-
4.2 other	-	-	5	-	-	5
Total	**13,068**	**59,958**	**332,519**	**34,233**	**64,035**	**376,361**

Units in collective investment undertakings” includes, among others, the units of the closed-end investment funds “Securis Real Estate” managed by Investire SGR SpA:

- Securis Real Estate I Fund, in the amount of €151,777 thousand.
- Securis Real Estate II Fund, in the amount of €83,843 thousand;
- Securis Real Estate III Fund, in the amount of €73,888 thousand.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: COMPOSITION BY DEBTOR/ISSUER

	Total 31/12/2024	Total 31/12/2023
1. Equity securities	**48,581**	**61,109**
of which: banks	2,951	22,291
of which: other financial companies	45,627	38,815
of which: non-financial companies	4	4
2. Debt securities	**5,986**	**19,577**
a) Central banks	-	-
b) Government entities	-	-
c) Banks	-	13,365
d) Other financial companies	5,986	6,212
of which: insurance companies	-	-
e) Non-financial companies	-	-
3. Units in collective investment undertakings	**350,972**	**393,938**
4. Loans	**5**	**5**
a) Central banks	-	-
b) Government entities	-	-
c) Banks	-	-
d) Other financial companies	5	5
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**405,545**	**474,629**

SECTION 3 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – ITEM 30

3.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: COMPOSITION BY TYPE

	Total 31/12/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**897,339**	**29,057**	**-**	**907,468**	**20,827**	**-**
1.1 structured securities	199,194	29,057	-	194,770	-	-
1.2 other debt securities	698,145	-	-	712,698	20,827	-
2. Equity securities	**-**	**293,496**	**995**	**-**	**294,846**	**1,167**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**897,339**	**322,552**	**995**	**907,468**	**315,672**	**1,167**

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: COMPOSITION BY DEBTOR/ISSUER

	Total 31/12/2024	Total 31/12/2023
1. Debt securities	**926,396**	**928,294**
a) Central banks	-	-
b) Government entities	417,244	562,994
c) Banks	393,789	256,892
d) Other financial companies	62,624	83,878
of which: insurance undertakings	10,045	-
e) Non-financial companies	52,739	24,530
2. Equity securities	**294,491**	**296,013**
a) Banks	269,265	268,589
b) Other issuers:	25,226	27,424
- other financial companies	22,910	24,854
of which: insurance undertakings	8,043	9,337
- non-financial companies	2,316	2,570
- other	-	-
3. Loans	**-**	**-**
a) Central banks	-	-
b) Government entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**1,220,887**	**1,224,308**

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND TOTAL WRITEOFFS

	Gross amount					Total writeoffs				
	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total partial writeoffs*
Debt securities	899,884	767,050	28,057	-	-	(902)	(643)	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**899,884**	**767,050**	**28,057**	**-**	**-**	**(902)**	**(643)**	**-**	**-**	**-**
Total 31/12/2023	**903,963**	**809,728**	**25,878**	**-**	**-**	**(431)**	**(1,116)**	**-**	**-**	**-**

**Value to be reported for information purposes*

LOANS MEASURED AT FAIR VALE INVOLVED IN COVID-19 SUPPORT MEASURES: GROSS AMOUNT AND TOTAL WRITEOFFS

The table has not been completed because there were no such positions as of the reporting date.

SECTION 4 - FINANCIAL ASSETS MEASURED AT AMORTIZED COST - ITEM 40

4.1 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN OF LOANS AND RECEIVABLES WITH BANKS

	Total 31/12/2024						Total 31/12/2023					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
A. Claims on central banks	**1,625,051**	**-**	**-**	**-**	**-**	**1,625,051**	**1,947,020**	**-**	**-**	**-**	**-**	**1,947,020**
1. Fixed-term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Reserve requirements	1,625,051	-	-	X	X	X	1,947,020	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Due from banks	**19,730,797**	**-**	**-**	**182,806**	**19,291,929**	**266,678**	**28,859,277**	**-**	**-**	**337,559**	**27,988,849**	**612,575**
1. Financing	16,783,507	-	-	8,626	16,595,578	194,019	26,326,801	-	-	-	25,833,861	612,575
1.1 Current accounts and demand deposits	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Fixed-term deposits	165,662	-	-	X	X	X	2,060	-	-	X	X	X
1.3. Other financing:	16,617,845	-	-	X	X	X	26,324,741	-	-	X	X	X
- Repurchase agreements	10,445	-	-	X	X	X	-	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	16,607,400	-	-	X	X	X	26,324,741	-	-	X	X	X
2. Debts securities	2,947,289	-	-	174,180	2,696,351	72,659	2,532,475	-	-	360,768	2,131,779	-
2.1 Structured securities	1,991,168	-	-	124,597	1,863,776	-	218,347	-	-	175,565	39,661	-
2.2 Other debt securities	956,121	-	-	49,583	832,576	72,659	2,314,128	-	-	185,202	2,092,118	-
Total	**21,355,847**	**-**	**-**	**182,806**	**19,291,929**	**1,891,729**	**30,806,297**	**-**	**-**	**360,768**	**27,965,641**	**2,559,595**

Loans connected with pool collateral operations amount to €9,945 million and are included under letter “B”, item “Other financing– Other”. Securities pledged as collateral amount to €13,124 million net of the haircut applied to the various types of securities.

For more information, please see the Report on Operations.

4.2 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY PRODUCT OF LOANS AND RECEIVABLES WITH CUSTOMERS

	Total 31/12/2024						Total 31/12/2023					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
1. Loans	**8,924,714**	**43,394**	**-**	**-**	**3,330,864**	**5,604,861**	**7,505,684**	**52,736**	**-**	**-**	**2,979,924**	**4,481,478**
1.1. Current accounts	292,195	2,662	-	X	X	X	398,307	5,379	-	X	X	X
1.2. Repurchase agreements	1,149,016	-	-	X	X	X	793,621	-	-	X	X	X
1.3. Medium/long term loans	2,822,190	40,503	-	X	X	X	2,692,419	46,455	-	X	X	X
1.4. Credit cards, personal loans and loans repaid by automatic deductions from wage	-	-	-	X	X	X	-	-	-	X	X	X
1.5. Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
1.6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7. Other loans	4,661,313	229	-	X	X	X	3,621,336	902	-	X	X	X
2. Debt securities	**10,590,506**	**-**	**-**	**10,095,804**	**639,254**	**145,340**	**10,138,169**	**22**	**-**	**9,315,546**	**661,831**	**7,021**
2.1. Structured securities	341,680	-	-	95,034	120,817	124,155	270,386	-	-	232,403	31,735	6,021
2.2. Other debt securities	10,248,826	-	-	10,000,770	518,437	21,185	9,867,783	22	-	9,083,144	630,096	1,001
Total	**19,515,220**	**43,394**	**-**	**10,095,804**	**3,970,118**	**5,750,201**	**17,643,853**	**52,758**	**-**	**9,315,546**	**3,641,755**	**4,488,499**

4.3 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY DEBTOR/ISSUER OF LOANS TO CUSTOMERS

	Total 31/12/2024			Total 31/12/2023		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired
1. Debt securities	**10,590,506**	**-**	**-**	**10,138,169**	**22**	**-**
a) Government entities	10,238,317	-	-	9,890,008	-	-
b) Other financial companies	244,073	-	-	204,586	-	-
of which: insurance undertakings	7,235	-	-	7,187	-	-
c) Non-financial companies	108,117	-	-	43,575	22	-
2. Loans to:	**8,924,714**	**43,394**	**-**	**7,505,684**	**52,736**	**-**
a) Government entities	1,216	-	-	4,957	-	-
b) Other financial companies	6,141,522	993	-	4,577,317	1,105	-
of which: insurance undertakings	454,642	-	-	-	-	-
c) Non-financial companies	2,631,107	40,206	-	2,770,791	48,096	-
d) Households	150,869	2,195	-	152,618	3,535	-
Total	**19,515,220**	**43,394**	**-**	**17,643,853**	**52,758**	**-**

4.4 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: GROSS AMOUNT AND TOTAL WRITEOFFS

	Gross amount					Total writeoffs				
	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total partial writeoffs*
Debt securities	13,432,902	10,156,925	113,966	-	-	(1,880)	(7,192)	-	-	-
Loans	26,746,360	330,037	622,389	115,795	-	(10,033)	(25,445)	(72,401)	-	(39,199)
Total 31/12/2024	**40,179,261**	**10,486,962**	**736,355**	**115,795**	**-**	**(11,913)**	**(32,637)**	**(72,401)**	**-**	**(39,199)**
Total 31/12/2023	**47,834,465**	**10,217,992**	**663,157**	**178,966**	**-**	**(16,333)**	**(31,139)**	**(126,208)**	**-**	**(29,300)**

**Value to be reported for information purposes*

LOANS MEASURED AT AMORTIZED COST INVOLVED IN COVID-19 SUPPORT MEASURES: GROSS AMOUNT AND TOTAL WRITEOFFS

	Gross amount					Total writeoffs				
	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total partial writeoffs *
New loans	213,799	16,049	40,735	7,874	-	(195)	(248)	(3,318)	-	-
Total 31/12/2024	**213,799**	**16,049**	**40,735**	**7,874**	**-**	**(195)**	**(248)**	**(3,318)**	**-**	**-**

SECTION 5 – HEDGING DERIVATIVES - ITEM 50

5.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF CONTRACT AND LEVEL OF INPUT

	Fair value 31/12/2024			NV	FV 31/12/2023			NV
	Level 1	Level 2	Level 3	31/12/2024	Level 1	Level 2	Level 3	31/12/2023
A. Financial derivatives								
1. Fair value	-	87,365	-	4,462,384	-	163,309	-	4,204,477
2. Cash flows	-	6,513	-	479,000	-	-	-	-
3. Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**93,878**	**-**	**4,941,384**	**-**	**163,309**	**-**	**4,204,477**

Key

NV=notional value

5.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND TYPE OF HEDGE

	Fair value							Cash flows		Foreign investments
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equity securities and equity indices	currencies and gold	loans	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	87,365	X	-	-	X	X	X	6,513	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**87,365**	**-**	**-**	**-**	**-**	**-**	**-**	**6,513**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

SECTION 6 - VALUE ADJUSTMENTS OF FINANCIAL ASSETS HEDGED GENERICALLY – ITEM 60

6.1 VALUE ADJUSTMENTS OF HEDGED ASSETS: COMPOSITION OF HEDGED PORTFOLIOS

	Total 31/12/2024	Total 31/12/2023
1. Positive adjustments	**-**	**-**
1.1 of specific portfolios:	-	-
a) financial assets measured at amortized cost	-	-
b) financial assets measured at fair value through comprehensive income	-	-
1.2 comprehensive	-	-
2. Negative adjustments	**(796)**	**(891)**
2.1 of specific portfolios:	(796)	(891)
a) financial assets measured at amortized cost	-	-
b) financial assets measured at fair value through comprehensive income	(796)	(891)
2.2 comprehensive	-	-
Total	**(796)**	**(891)**

SECTION 7 – EQUITY INVESTMENTS – ITEM 70

7.1 EQUITY INVESTMENTS: INFORMATION ON INVESTMENTS

	Registered office	Operational headquarters	% holding	% of votes
A. Subsidiaries				
BCC Leasing SpA	Rome	Rome	100	100
BCC Beni Immobili S.r.l.	Milan	Rome	100	100
BCC Factoring SpA	Rome	Milan	100	100
BCC Sistemi Informatici SpA	Rome	Milan	100	100
BCC Risparmio e Previdenza SGrpA	Milan	Milan	100	100
BCC Gestione Crediti SpA	Rome	Rome	100	100
BCC CreditoConsumo SpA	Rome	Udine	100	100
BCC Sinergia SpA	Rome	Rome	100	100
BCC Servizi Assicurativi S.r.l.	Milan	Milan	100	100
Banca Sviluppo SpA	Rome	Rome	100	100
Iccrea Covered Bond	Rome	Rome	90	90
Iccrea Covered Bond 2 Srl	Rome	Rome	90	90
BCC Financing SpA	Udine	Udine	100	100
BCC Rent&Lease SpA	Rome	Milan	100	100
Bit - Servizi per L'Investimento sul Territorio	Parma	Parma	83	97
*Bcc della Calabria Ulteriore (Incorporante di Vibonese - Crotonese - Cittanova)	Crotone	Crotone	41	93
*Banca Centropadana	Lodi	Lodi	41	98
*Banca Terre Etrusche Di Valdichiana e di Maremma (Incorporante di Valdichiana)	Chiusi	Grosseto	57	99
*Banca Centro (Incorporante di Vival Banca)	Sovicille	Moiano	34	97
*BCC di Bari e Taranto (Incorporante di Massafra)	Bari	Taranto	6	77
*Banca Di Pisa e Fornacette	Pisa	Pisa	41	97
B. Joint ventures				
C. Companies subject to significant influence				
Hbenchmark Srl	Vicenza	Vicenza	10	10
Pitagora Finanziamenti Contro Cessione del Quinto SpA	Turin	Turin	20	20
Vorvel Società di Intermediazione Mobiliare SpA	MIlan	MIlan	20	20
Numia Group SpA	MIlan	MIlan	29	29
Sigest Srl	Pisa	Pisa	49	49
BCC Vita SpA	MIlan	MIlan	49	49
BCC Assicurazioni SpA	MIlan	MIlan	49	49

*The equity investments held in the mutual banks referred to above are attributable to the funding initiatives (Article 150-ter of the Consolidated Banking Act) subscribed pursuant to Article 6 of the Cohesion Contract concerning the Guarantee Scheme, which were subscribed in part by the Parent Company.

7.2 SIGNIFICANT EQUITY INVESTMENTS: CARRYING AMOUNT, FAIR VALUE AND DIVIDENDS RECEIVED

The table has not been completed because the Bank prepares consolidated financial statements pursuant to the provisions of Circular 262 of December 22, 2005 - 8th update of November 22, 2022.

7.3 SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

The table has not been completed because the Bank prepares consolidated financial statements pursuant to the provisions of Circular 262 of December 22, 2005 - 8th update of November 22, 2022.

7.4 NON-SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

The table has not been completed because there were no such positions as at the reporting date.

7.5 EQUITY INVESTMENTS: CHANGE FOR THE PERIOD

	Total 31/12/2024	Total 31/12/2023
A. Opening balance	**1,372,145**	**1,568,623**
B. Increases	**52,579**	**262,873**
B.1 Purchases	50,078	217,873
B.2 Writebacks	-	-
B.3 Revaluations	-	-
B.4 Other increases	2,501	45,000
C. Decreases	**97,770**	**459,350**
C.1 Sales	-	-
C.2 Impairment losses	12,310	-
C.3 Writedowns	-	-
C.4 Other decreases	85,460	459,350
D. Closing balance	**1,326,954**	**1,372,145**
E. Total revaluations	**-**	**-**
F. Total impairment losses	**212,615**	**200,305**

The sub-item “B.1 Purchases” refers to:

- the capital increase of BCC CreditoConsumo (+€25 million);
- the purchase of 49% of share in Sigest Srl previously held by BCC Pisa e Fornacette (+€13.6 million);
- the subscription of shares issued by Banca Centropadana pursuant to Art. 150-ter of the Consolidated Banking Act as the manager of the Guarantee Scheme (+€0.4 million);
- the subscription of shares in Pitagora SpA (+€11.1 million)

The sub-item “B.4 Other increases” is entirely attributable to the subscription of share (for a future capital increase) in BCC Assicurazioni (+€2.5 million);

The sub-item “C.3 Writedowns” mainly refers to the impairment of the equity interests in Banca Sviluppo SpA (-€5.2 million) and BCC Beni Immobili (-€4.8 million).

The sub-item “C.4 Other decreases” refers to:

- the reduction in the value of the equity interest in Numia Group SpA (-€80.8 million) following the distribution of the share premium reserves;
- the repayment of shares by Banca TEMA (-€2.0 million) and BCC di Bari e Taranto (-€0.7 million) pursuant to Art. 150-ter of the Consolidated Banking Act as the manager of the Guarantee Scheme (authorized by the ECB)

- the reclassification of BCC Pos (-€2 million) under item A110 "non-current assets and disposal groups held for sale and associated liabilities".

Impairment testing of equity investments

As required by the IFRS, in the presence of triggers that could indicate possible impairment, equity investments undergo impairment testing to assess whether there is objective evidence indicating that the carrying amount of such assets is not fully recoverable and determine the amount of any writedown.

Impairment indicators can essentially be divided into two categories:

- qualitative indicators such as the posting of losses or significant divergences in performance from budget objectives or targets in long-term plans, the announcement/initiation of insolvency proceedings or restructuring plans or a downgrading by a specialized agency;
- quantitative indicators, represented by a reduction in fair value below the carrying amount of more than 30% or for more than 24 months, a carrying amount of an equity investment in the separate financial statements that exceeds the carrying amount in the consolidated financial statements of the net assets and goodwill of the investee or the distribution by the latter of a dividend in excess of its comprehensive income. If there is evidence of impairment, the amount of any impairment loss is determined on the basis of the difference between the carrying amount and the recoverable value, with the latter represented by the greater between the fair value less any costs to sell and the value in use.

As regards the investments held by Iccrea Banca where there is a difference between the carrying amount recognized in the separate financial statements and the fraction of equity recognized in the financial statements of the subsidiary, the impairment tests have been updated.

More specifically, the recoverability of the carrying amount was assessed with various methods, including shareholders' equity, market multiples, the dividend discount model, equity with inclusion of funding and appraisal value.

For more information on impairment testing, please see Part A – Accounting Policies of the notes to the financial statements.

7.6 COMMITMENTS IN RESPECT OF INVESTMENTS IN JOINT VENTURES

The table has not been completed because there were no such positions as of the reporting date.

7.7 COMMITMENTS IN RESPECT OF INVESTMENTS IN COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

The table has not been completed because there were no such positions as of the reporting date.

7.8 SIGNIFICANT RESTRICTIONS

The table has not been completed because the Bank prepares consolidated financial statements pursuant to the provisions of Circular 262 of December 22, 2005 - 8th update of November 22, 2022.

7.9 OTHER INFORMATION

The table has not been completed because the Bank prepares consolidated financial statements pursuant to the provisions of Circular 262 of December 22, 2005 - 8th update of November 22, 2022.

SECTION 8 - PROPERTY, PLANT AND EQUIPMENT – ITEM 80

8.1 OPERATING PROPERTY, PLANT AND EQUIPMENT: COMPOSITION OF ASSETS CARRIED AT COST

	Total 31/12/2024	Total 31/12/2023
1. Owned assets	**85,389**	**88,674**
a) land	14,713	14,713
b) buildings	66,323	69,574
c) movables	184	185
d) electronic systems	4,169	4,202
e) other	-	-
2. Assets acquired under finance leases	**4,859**	**2,096**
a) land	-	-
b) buildings	698	745
c) movables	-	-
d) electronic systems	-	-
e) other	4,161	1,351
Total	**90,248**	**90,770**
of which: obtained through enforcement of guarantees received	-	-

8.2 INVESTMENT PROPERTY: COMPOSITION OF ASSETS CARRIED AT COST

The table has not been completed because there were no such positions as of the reporting date.

8.3 OPERATING PROPERTY, PLANT AND EQUIPMENT: COMPOSITION OF REVALUED ASSETS

The table has not been completed because there were no such positions as of the reporting date.

8.4 INVESTMENT PROPERTY: COMPOSITION OF ASSETS CARRIED AT FAIR VALUE

The table has not been completed because there were no such positions as of the reporting date.

8.5 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT WITHIN THE SCOPE OF IAS 2: COMPOSITION

The table has not been completed because there were no such positions as of the reporting date.

8.6 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGE FOR THE PERIOD

	Land	Buildings	Movables	Electronic plant	Other	Total
A. Opening gross balance	**14,713**	**114,215**	**2,917**	**25,580**	**7,846**	**165,271**
A.1 Total net writedown	-	43,896	2,732	21,378	6,496	74,501
A.2 Opening net balance	**14,713**	**70,319**	**185**	**4,202**	**1,351**	**90,770**
B. Increases:	**-**	**1,342**	**-**	**2,636**	**4,288**	**8,266**
B.1 Purchases	-	1,333	-	251	4,288	5,872
- of which business combinations	-	-	-	-	-	-
B.2 Capitalized improvement costs	-	-	-	-	-	-
B.3 Writebacks	-	-	-	-	-	-
B.4 Fair value gains recognized in	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other changes	-	9	-	2,385	-	2,394
C. Decreases:	**-**	**4,640**	**1**	**2,669**	**1,478**	**8,788**
C.1 Sales	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Depreciation	-	2,255	1	2,653	1,478	6,388
C.3 Writedowns for impairment recognized in	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Fair value losses recognized in	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) investment property	-	-	X	X	X	-
b) non-current assets and disposal groups held for sale	-	-	-	-	-	-
C.7 Other changes	-	2,385	-	15	-	2,400
D. Closing net balance	**14,713**	**67,021**	**184**	**4,169**	**4,161**	**90,248**
D.1 Total net writedowns	-	43,099	2,561	25,222	7,096	77,977
D.2 Closing gross balance	**14,713**	**110,120**	**2,745**	**29,391**	**11,257**	**168,225**
E. Measurement at cost	-	-	-	-	-	-

8.7 INVESTMENT PROPERTY: CHANGE FOR THE PERIOD

The table has not been completed because there were no such positions as of the reporting date.

8.8 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT WITHIN THE SCOPE OF IAS 2: CHANGE FOR THE PERIOD

The table has not been completed because there were no such positions as of the reporting date.

8.9 COMMITMENTS TO ACQUIRE PROPERTY, PLANT AND EQUIPMENT

The table has not been completed because there were no such positions as of the reporting date.

SECTION 9 – INTANGIBLE ASSETS – ITEM 90

9.1 INTANGIBLE ASSETS: COMPOSITION BY CATEGORY

	Total 31/12/2024		Total 31/12/2023	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**-**	**X**	**-**
A.2 Other intangible assets	**8**	**-**	**247**	**-**
Of which: Software	8	-	247	-
A.2.1 Assets carried at cost	8	-	247	-
a) internally generated intangible assets	-	-	-	-
b) other assets	8	-	247	-
A.2.2 Assets designated at fair value	-	-	-	-
a) internally generated intangible assets	-	-	-	-
b) other assets	-	-	-	-
Total	**8**	**-**	**247**	**-**

9.2 INTANGIBLE ASSETS: CHANGE FOR THE PERIOD

	Goodwill	Other intangible assets internally generated		Other intangible assets: other		Total
		Finite life	Indefinite life	Finite life	Indefinite life	
A. Opening balance	**-**	**-**	**-**	**1,798**	**-**	**1,798**
A.1 Total net writedown	-	-	-	1,551	-	1,551
A.2 Opening net balance	-	-	-	247	-	247
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Purchases	-	-	-	-	-	-
B.2 Increases in internally generated intangible assets	X	-	-	-	-	-
B.3 Writebacks	X	-	-	-	-	-
B.4 Fair value gains recognized in	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**240**	**-**	**240**
C.1 Sales	-	-	-	-	-	-
C.2 Writedowns	-	-	-	240	-	240
- Amortization	X	-	-	240	-	240
- Impairment	-	-	-	-	-	-
+ equity	X	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Fair value losses recognized in	-	-	-	-	-	-
- equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Closing net balance	**-**	**-**	**-**	**8**	**-**	**8**
D.1 Total net writedown	-	-	-	1,790	-	1,790
E. Closing gross balance	**-**	**-**	**-**	**1,798**	**-**	**1,798**
F. Measurement at cost	-	-	-	-	-	-

9.3 INTANGIBLE ASSETS: OTHER INFORMATION

Under the provisions of IAS 38, paragraphs 122 and 124, we report:

- there are no revalued intangible assets; consequently, there are no impediments to the distribution to shareholders of gains on revalued intangible assets (IAS 38, paragraph 124, letter b);
- there are no intangible assets acquired with government grants (IAS 38, paragraph 122, letter c);
- there are no intangible assets pledged as security for liabilities (IAS 38, paragraph 122, letter d);
- there are no intangible assets involved in lease transactions.

SECTION 10 - TAX ASSETS AND LIABILITIES – ITEM 100 OF ASSETS AND ITEM 60 OF LIABILITIES

10.1 DEFERRED TAX ASSETS: COMPOSITION

	31/12/2024		Total	31/12/2023		Total
	IRES	IRAP		IRES	IRAP	
- Recognized in income statement	**37,053**	**7**	**37,061**	**38,862**	**14**	**38,875**
a) DTA pursuant to Law 214/2011	**608**	**7**	**616**	**1,133**	**14**	**1,147**
Writedowns of loans to customers	608	7	616	1,133	14	1,147
Goodwill and other intangible assets recognized at 31.12.2014	-	-	-	-	-	-
Tax losses/negative value of production as per Law 214/2011	-	-	-	-	-	-
b) Other	**36,445**	**-**	**36,445**	**37,729**	**-**	**37,729**
Writedowns of amounts due from banks	569	-	569	490	-	490
Writedowns of loans to customers	55	-	55	68	-	68
Goodwill and other intangible assets	-	-	-	-	-	-
Tax losses	-	-	-	-	-	-
Writedowns of financial assets held for trading and financial assets measured at fair value	-	-	-	-	-	-
Writedowns of securities in circulation	-	-	-	-	-	-
Writedowns of financial liabilities held for trading and financial liabilities measured at fair value	-	-	-	-	-	-
Writedowns of impairment of guarantees issued recognized under liabilities	7,276	-	7,276	5,734	-	5,734
Provisions for risks and charges	28,512	-	28,512	31,401	-	31,401
Costs of predominantly administrative nature	-	-	-	-	-	-
Difference between tax value and carrying amount of property, plant and equipment and intangible assets	-	-	-	-	-	-
Other	33	-	33	35	-	35
2) Recognized in shareholders' equity	**1,724**	**349**	**2,073**	**5,389**	**1,091**	**6,480**
a) Valuation reserves:	**1,724**	**349**	**2,073**	**3,338**	**676**	**4,015**
Capital losses on financial assets measured through OCI	1,724	349	2,073	3,338	676	4,015
b) Other:	**-**	**-**	**-**	**2,050**	**415**	**2,465**
Actuarial gains/losses on provisions for employees	-	-	-	-	-	-
Other	-	-	-	2,050	415	2,465
A. Total deferred tax assets	**38,777**	**356**	**39,133**	**44,250**	**1,105**	**45,356**
B. Offsetting with deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**
C. Net deferred tax assets - Total 100 b)	**38,777**	**356**	**39,133**	**44,250**	**1,105**	**45,356**

10.2 DEFERRED TAX LIABILITIES: COMPOSITION

	31/12/2024		Total	31/12/2023		Total
	IRES	IRAP		IRES	IRAP	
1) Deferred tax liabilities recognized in income statement:	**-**	**-**	**-**	**-**	**-**	**-**
Writedowns of loans to customers deducted in separate section of tax return (not recognized in income statement)	-	-	-	-	-	-
Difference between value for tax purposes and carrying amount of property, plant and equipment and intangible assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
2) Deferred tax liabilities recognized in shareholders' equity:	**3,936**	**791**	**4,727**	**5,384**	**1,091**	**6,475**
Valuation reserves:						
Capital gains on financial assets measured through OCI	1,614	321	1,935	5,384	1,091	6,475
Revaluation of property	-	-	-	-	-	-
Other	2,322	470	2,792	-	-	-
A. Total deferred tax liabilities	**3,936**	**791**	**4,727**	**5,384**	**1,091**	**6,475**
B. Offsetting with deferred tax assets	**-**	**-**	**-**	**-**	**-**	**-**
C. Net deferred tax assets -Total sub-item 60 b)	**3,936**	**791**	**4,727**	**5,384**	**1,091**	**6,475**

10.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN INCOME STATEMENT)

	Total	Total
	31/12/2024	31/12/2023
1. Opening balance	**38,875**	**11,795**
2. Increases	**11,997**	**31,519**
2.1 Deferred tax assets recognized during the period	11,997	31,519
a) in respect of previous period	-	-
b) due to change in accounting policies	-	-
c) writebacks	-	-
d) other	11,997	31,519
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**13,812**	**4,438**
3.1 Deferred tax assets derecognized during the period	13,812	4,438
a) reversals	13,812	4,438
b) writedowns for supervening non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
a) transformation in tax credits pursuant to Law 214/2011	-	-
b) other	-	-
4. Closing balance	**37,061**	**38,875**

10.3 BIS CHANGES IN DEFERRED TAX ASSETS PURSUANT TO LAW 214/2011

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**1,147**	**1,709**
2. Increases	**-**	**-**
3. Decreases	**531**	**562**
3.1 Reversals	531	562
3.2 Conversion into tax credits	-	-
a) arising from losses for the year	-	-
b) arising from tax losses	-	-
3.3 Other decreases	-	-
4. Closing balance	**616**	**1,147**

10.4 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN INCOME STATEMENT)

The table has not been completed because there were no such positions as of the reporting date.

10.5 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN EQUITY)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**6,480**	**20,222**
2. Increases	**-**	**903**
2.1 Deferred tax assets recognized during the period	-	903
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) other	-	903
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**4,407**	**14,646**
3.1 Deferred tax assets derecognized during the period	4,407	14,646
a) reversals	-	-
b) writedowns for supervening non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	4,407	14,646
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**2,073**	**6,480**

10.6 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN EQUITY)

	Total 31/12/2024	Total 31/12/2023
1. Opening balance	**6,475**	**3,304**
2. Increases	**2,792**	**3,171**
2.1 Deferred tax liabilities recognized during the period	2,792	3,171
a) in respect of previous periods	-	-
b) due to change in accounting policies	-	-
c) other	2,792	3,171
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**4,540**	**-**
3.1 Deferred tax liabilities derecognized during the period	4,540	-
a) reversals	-	-
b) due to change in accounting policies	-	-
c) other	4,540	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**4,727**	**6,475**

10.7 OTHER INFORMATION

As regards the Bank's tax position:

- for the financial years 2018, 2019, 2020, 2021 and 2022 (for which the tax assessment time limit has not expired), no formal notice of assessment has yet been received;
- in November 2014, the Bank received a notice of liquidation from the Revenue Agency, Provincial Directorate of Brescia for the year 2013 concerning the registration fees of €104,770.00 for an order assigning amounts for seizure by third parties. Following adverse rulings in the first two levels of adjudication, the Bank has appealed to the Court of Cassation.

	31/12/2024				31/12/2023			
	IRES	IRAP	Other	Total	IRES	IRAP	Other	Total
Current tax liabilities (-)	(38,250)	(5,207)	-	(43,457)	(36,041)	(2,705)	-	(38,746)
Payments on account (+)	-	-	-	-	22,488	8,486	-	30,974
Other tax receivables (+)	36,991	5,765	-	42,756	-	-	-	-
Tax credit pursuant to Law 214/2011 (+)	-	-	-	-	-	-	-	-
Withholding tax (+)	-	-	-	-	-	-	-	-
Debtor balance of item 60 a) of liabilities	**(1,258)**	**-**	**-**	**(1,258)**	**(13,553)**	**-**	**-**	**(13,553)**
Creditor balance	**-**	**557**	**-**	**557**	**-**	**5,781**	**-**	**5,781**
Non-offsettable tax receivables: principal	-	-	-	-	-	-	-	-
Non-offsettable tax receivables: interest	-	-	-	-	-	-	-	-
Balance of non-offsettable tax receivables	**-**	**-**	-	**-**	**-**	**-**	**-**	**-**
Creditor balance of item 110 a) of assets	**-**	**557**	**-**	**557**	**-**	**5,781**	**-**	**5,781**

SECTION 11 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND ASSOCIATED LIABILITIES – ITEM 110 OF ASSETS AND ITEM 70 OF LIABILITIES

11.1 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE: COMPOSITION BY TYPE

	31/12/2024	31/12/2023
A. Assets held for sale		
A.1 Financial assets	-	-
A.2 Equity investments	2,000	142,678
A.3 Property, plant and equipment	-	-
of which: obtained through enforcement of guarantees received	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	**2,000**	**142,678**
of which carried at cost	2,000	142,678
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated as at fair value	-	-
- Other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortized cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: obtained through enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total B	**-**	**-**
of which carried at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
C. Liabilities associated with assets held for sale		
C.1 Debt	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	**-**	**-**
of which carried at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortized cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated as at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total D	**-**	**-**
of which carried at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

During the period, the Bank classified under “Non-current assets and disposal groups held for sale and associated liabilities” all the investments in BCC Pos SpA sold at February 28, 2025 to Numia Group, as part of the partnership agreements aimed at the overall reorganization of the Group's e-money sector.

11.2 OTHER INFORMATION

The table has not been completed because there were no such positions as at the reporting date.

SECTION 12 - OTHER ASSETS – ITEM 120

12.1 OTHER ASSETS: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
- Shortfalls, embezzlement and robberies	-	-
- Trade receivables	65,683	87,407
- Stamp duty and other valuables	-	-
- Gold, silver and other precious metals	-	-
- Receivables for future premiums on derivatives	9,048	10,640
- Fees and commissions and interest to be received	60,771	53,184
- Tax receivables due from central govt. tax authorities and other tax agencies (excl, VAT)	24,965	16,264
- Receivables from social security institutions	-	-
- Tax receivables	194,257	306,835
- Receivables from employees	-	-
- Non-recurring transactions (acquisitions)	-	-
- Items in transit between branches and items being processed	32,696	209,084
- Financial assets in respect of loans granted for a specific transaction	152,631	90,800
- Accrued income not attributable to separate line item	-	-
- Prepaid expenses not attributable to separate line item	3,644	3,833
- Leasehold improvements	-	-
- Subsidiaries, Group VAT	3,281	5,792
- Tax consolidation	28,570	26,537
- Other (security deposits, assets not attributable to other items)	56,597	25,231
Total	**632,144**	**835,607**

The item “Financial assets in respect of loans granted for a specific transaction” regards the Parent Company’s contribution to the Guarantee Scheme.

“Tax receivables” reports tax credits connected with the Superbonus 110% program, which were mainly assigned by the mutual banks in accordance with the provisions of Decree Law 18/2020 and Decree Law 34/2020.

Mirroring the recognition of amounts under “Other liabilities”, the item “Financial assets in respect of loans granted for a specific transaction” includes €58.6 million in respect of current account liquidity generated by the cash flows connected with targeted loans pursuant to Art. 2447 bis letter b) and 2447 decies of the Civil Code originally granted by the EIB as part of the following initiatives:

- JESSICA POR FESR 2007-2013 for urban development and energy efficiency projects located in the region of Sicily (original amount equal to €53.2 million) and the region of Campania (contractual amount of €31.7 million paid in two tranches of about €15.9 million each);
- StudioSì – an Intelligent Specialization Fund launched at the end of 2020 to promote broad participation in university specialist training, in particular for residents of the South, financed with resources from the 2014-2020 Research and Innovation NOP (contractual resources of €46.5 million co-managed with BCC CreditoConsumo SpA, which handles business development and credit management given its specialization in consumer credit);
- EFSI - Sicily Business Emergency Fund activated in 2022 to support the recovery of Sicilian SMEs affected by the COVID-19 emergency, especially in the tourism sector, drawing on resources from the POR FESR Sicilia 2014-2020 (contractual resources of €50 million.

As at 31 December 2024, in accordance with the provisions of Art. 2447 decies of the Civil Code and in compliance with the initial contractual agreements with the EIB, the cash and accounting flows connected with repayments of installments, interest payments as well as current account accruals on the loans granted are entirely segregated from the Bank's ordinary activities, being allocated to dedicated current accounts for each of the activities in question. The accounts are held with Banca Sviluppo, which acts as custodian bank. Following the termination of the contractual relationship between the EIB and the Region of Sicily on March 31, 2017, the latter took over (pursuant to Art. 1406 et seq. of the Civil Code) the relationship with Iccrea BCC Leasing first and Iccrea Banca later connected with the JESSICA program.

The 2023 comparative figure has been restated to ensure better comparability.

LIABILITIES

SECTION 1 - FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST – ITEM 10

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST- DUE TO BANKS: COMPOSITION BY TYPE

	Total 31/12/2024				Total 31/12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to central banks	4,701,855	X	X	X	16,204,661	X	X	X
2. Due to banks	20,956,066	X	X	X	18,472,921	X	X	X
2.1 Current accounts and demand deposits	9,413,862	X	X	X	8,921,360	X	X	X
2.2 Fixed term deposits	10,375,172	X	X	X	8,340,348	X	X	X
2.3 Loans	1,166,791	X	X	X	640,566	X	X	X
2.3.1 Repurchase agreements	782,477	X	X	X	311,801	X	X	X
2.3.2 Other	384,313	X	X	X	328,765	X	X	X
2.4 Liabilities in respect of commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	-	X	X	X	-	X	X	X
2.6 Other payables	242	X	X	X	570,647	X	X	X
Total	**25,657,921**	**-**	**20,096,476**	**5,603,669**	**34,677,583**	**-**	**306,848**	**34,355,707**

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST- DUE TO CUSTOMERS: COMPOSITION BY TYPE

	Total 31/12/2024				Total 31/12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and demand deposits	1,006,972	X	X	X	932,178	X	X	X
2. Fixed-term deposits	-	X	X	X	-	X	X	X
3. Loans	11,654,596	X	X	X	13,618,668	X	X	X
3.1 Repurchase agreements	10,487,180	X	X	X	11,908,544	X	X	X
3.2 Other	1,167,416	X	X	X	1,710,123	X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	4,857	X	X	X	2,110	X	X	X
6. Other liabilities	297,529	X	X	X	373,352	X	X	X
Total	**12,963,954**	**-**	**10,655,631**	**2,403,627**	**14,926,307**	**-**	**8,994,121**	**34,335,707**

The sub-item “Repurchase agreements” is composed entirely of transactions with the Clearing and Guarantee Fund.

The item “Other payables” mainly comprises bankers’ drafts issued but not yet presented for settlement.

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST - SECURITIES ISSUED: COMPOSITION BY TYPE

	Total 31/12/2024				Total 31/12/2023			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	6,451,419	6,148,672	390,617	-	5,196,867	4,256,817	924,049	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	6,451,419	6,148,672	390,617	-	5,196,867	4,256,817	924,049	-
2. Other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**6,451,419**	**6,148,672**	**390,617**	**-**	**5,196,867**	**4,256,817**	**924,049**	**-**

The item comprises bonds issued by the Bank and hedged against interest rate risk using derivatives, the amount of which is adjusted by changes in fair value attributable to the hedged risk accrued as of the reporting date, as well as unhedged bonds issued measured at amortized cost. The fair value of securities issued is calculated by discounting future cash flows using the swap yield curve as at the reporting date.

The sub-item “1.2 Bonds - other” includes subordinated securities amounting to €313 million.

1.4 BREAKDOWN OF SUBORDINATED DEBT/SECURITIES

	31/12/2024	31/12/2023
A.1 Subordinated debt	**-**	**-**
- banks	-	-
- customers	-	-
B.1 Subordinated securities	**312,629**	**712,635**
- banks	312,629	712,635
- customers	-	-
Total	**312,629**	**712,635**

At December 31, 2024, the item includes one subordinated loan with the following features:

- issue date October 18, 2021, maturity date January 18, 2032, residual nominal value at December 31, 2024: €299.08 million, interest rate 4.75%, interest paid six-monthly in arrears, repayment of 100% at maturity, except in the event of early redemption.

1.5 BREAKDOWN OF STRUCTURED DEBT

As at the reporting date the Bank did not hold structured securities.

1.6 LIABILITIES IN RESPECT OF LEASES

Right of use	Falling due within 5 years	Falling due after 5 years
Land	-	-
Buildings	710	-
Movables	-	-
Electrical plant	-	-
Other	4,147	-

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: COMPOSITION BY TYPE

i	Total 31/12/2024					Total 31/12/2023				
	NV	Fair value			Fair value *	NV	Fair value			Fair value *
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. On-balance-sheet liabilities										
1. Due to banks	2,436	2,506	-	-	2,506	550	549	-	-	549
2. Due to customers	6,220	6,329	-	-	6,329	8,297	8,530	100	-	8,630
3. Debt securities	-	-	-	-		-	-	-	-	X
3.1 Bonds	-	-	-	-		-	-	-	-	X
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3. Other	-	-	-	-		-	-	-	-	X
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**8,655**	**8,835**	**-**	**-**	**8,835**	**8,847**	**9,079**	**100**	**-**	**9,178**
B. Derivatives										
1. Financial derivatives		11	838,914	-		X	480	1,038,555	-	X
1.1 Trading	X	11	838,914	-	X	X	480	1,038,555	-	X
1.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives		-	-	-		X	-	-	-	X
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**11**	**838,914**	**-**	**X**	**X**	**480**	**1,038,555**	**-**	**X**
Total (A+B)	**X**	**8,845**	**838,914**	**-**	**X**	**X**	**9,559**	**1,038,654**	**-**	**X**

Key:
NV=Nominal or notional value
Fair value*= Fair value calculated excluding changes in the amount attributable to changes in the creditworthiness of the issuer since the issue date

2.2 BREAKDOWN OF “FINANCIAL LIABILITIES HELD FOR TRADING”: SUBORDINATED LIABILITIES

The table has not been completed because there were no such positions as of the reporting date.

2.3 BREAKDOWN OF “FINANCIAL LIABILITIES HELD FOR TRADING”: STRUCTURED LIABILITIES

The table has not been completed because there were no such positions as of the reporting date.

SECTION 3 - FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE - ITEM 30

3.1 FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE: COMPOSITION BY TYPE

	Total 31/12/2024					Total 31/12/2023				
	NV	Fair value			Fair value *	NV	Fair value			Fair value *
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
1. Due to banks	**376,375**	**-**	**385,075**	**-**	**385,075**	**378,086**	**-**	**387,148**	**-**	**387,148**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	376,375	-	385,075	-	X	378,086	-	387,148	-	X
of which:										
- commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees issued	-	X	X	X	X	X	X	X	X	X
2. Due to customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- commitments to disburse funds	-	X	X	X	X	X	X	X	X	X
- financial guarantees issued	-	X	X	X	X	X	X	X	X	X
3. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**376,375**	**-**	**385,075**	**-**	**385,075**	**378,086**	**-**	**387,148**	**-**	**387,148**

Key:

NV= Nominal or notional value

Fair value*= Fair value calculated excluding changes in the amount attributable to changes in the creditworthiness of the issuer since the issue date

The entire amount is represented by the affiliated banks' Ex Ante Quota of the contribution to the Guarantee Scheme, adjusted to take account of net interest and commissions on the loan.

3.2 BREAKDOWN OF "FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE": SUBORDINATED LIABILITIES

The table has not been completed because there were no such positions as of the reporting date.

SECTION 4 - HEDGING DERIVATIVES – ITEM 40

4.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE AND LEVEL OF INPUTS

	Fair value 31/12/2024			NV	Fair value 31/12/2023			NV
	Level 1	Level 2	Level 3	31/12/2024	Level 1	Level 2	Level 3	31/12/2023
A) Financial derivatives	**-**	**109,785**	**-**	**3,376,275**	**-**	**88,523**	**-**	**2,755,784**
1) Fair value	-	109,785	-	3,376,275	-	72,326	-	2,041,937
2) Cash flows	-	-	-	-	-	16,197	-	713,847
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**109,785**	**-**	**3,376,275**	**-**	**88,523**	**-**	**2,755,784**

Key:

NV=notional value

4.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND TYPE OF HEDGE

	Fair value							Cash flows		
	Specific									
	Debt securities and interest rates	Equity securities and stock indices	Foreign currencies and gold	Credit	Commodities	Other	Generic	Specific	Generic	Foreign investments
1. Financial assets measured at fair value through other comprehensive income	761	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	108,884	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**109,645**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	140	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**140**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

SECTION 5 ADJUSTMENTS OF GENERICALLY HEDGED LIABILITIES - ITEM 50

The section has not been completed because there were no such positions as of the reporting date.

SECTION 6 – TAX LIABILITIES– ITEM 60

See section 10 under assets.

SECTION 7 – LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE – ITEM 70

See section 11 under assets.

SECTION 8 - OTHER LIABILITIES – ITEM 80

8.1 OTHER LIABILITIES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
Amounts due to social security institutions and State	10,917	12,123
Trade payables	69,136	77,347
Amounts available to customers	6,524	10,197
Fees and commissions to be settled	57,665	50,269
Liabilities for future premiums on derivatives	2,241	2,347
Tax payables due to tax authorities	20,835	24,003
Payables due to employees	41,025	30,503
Financial liabilities in respect of loans granted for a specific transaction	152,631	90,800
Deferred income not attributable to separate line item	895	4,305
Items in transit and items being processed	59,967	53,782
Other (failed purchase transactions, trade payables, insurance liabilities, security deposits, items not attributable to separate line item)	8,576	9,726
Subsidiaries – Group VAT	2,044	370
Balance of illiquid portfolio items	1,856	-
Consolidated taxation mechanism	25,851	11,896
Total	**460,163**	**377,668**

The sub-item “Financial liabilities in respect of loans granted for a specific transaction” regards the Parent Company’s contribution to the Guarantee Scheme.

The item “Financial liabilities in respect of loans granted for a specific transaction”, related to loans originally granted by the EIB, see section 12 – item 120 of assets.

The 2023 figure has been restated to ensure better comparability.

SECTION 9 - EMPLOYEE TERMINATION BENEFITS – ITEM 90

9.1 EMPLOYEE TERMINATION BENEFITS: CHANGE FOR THE PERIOD

		Total 31/12/2024	Total 31/12/2023
A. Opening balance		**12,216**	**12,649**
B. Increases		**418**	**637**
B.1 Provisions for the period		350	430
B.2 Other increases		67	207
C. Decreases		**968**	**1,070**
C.1 Benefit payments		738	687
C.2 Other decreases		230	383
D. Closing balance		**11,666**	**12,216**
	Total	**11,666**	**12,216**

9.2 OTHER INFORMATION

	Total 31/12/2024	Total 31/12/2023
Opening amount (civil code rules)	12,659	13,518
Increases	-	-
Decreases	625	859
Closing amount (civil code rules)	**12,035**	**12,659**
Surplus / (Deficit)	(369)	(443)
Employee termination benefits provision IAS 19	**11,666**	**12,216**

Employee termination benefits cover the entire entitlement accrued as at the reporting date by employees, in conformity with applicable law, the collective bargaining agreement and supplementary company-level contract. The liability calculated pursuant to Art. 2120 of the Civil Code amounted to €12,035 thousand.

The actuarial assumptions used by an independent actuary to calculate the liability as at the reporting date are as follows:

- demographic parameters: drawn from ISTAT's 2004 mortality tables and the INPS disability tables. As regards the probability of leaving work for reasons other than death, the calculation used turnover rates consistent with past experience, with the annual rate of exit from work set at 1.50%;
- financial parameters: the valuations were calculated on the basis of the Euro Composite AA curve at 31/12/2024;
- economic parameters: the rate of inflation was assumed to be 2.0% while the rate of increase in salaries was 0.88% for all categories of employee and used only for seniority purposes.

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES – ITEM 100

10.1 PROVISIONS FOR RISKS AND CHARGES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
1. Provisions for credit risk in respect of commitments and financial guarantees issued	32,582	23,894
2. Provisions for other commitments and guarantees issued	-	-
3. Company pension plans	-	-
4. Other provisions for risks and charges	117,325	131,673
4.1 legal disputes	2,473	2,162
4.2 personnel expense	28,761	3,252
4.3 other	86,091	126,259
Total	**149,906**	**155,567**

10.2 PROVISIONS FOR RISKS AND CHARGES: CHANGE FOR THE PERIOD

	Provisions in respect of commitments and other guarantees issued	Retirement provisions	Other provisions	Total
A. Opening balance	**-**	**-**	**131,673**	**131,673**
B. Increases	**-**	**-**	**37,070**	**37,070**
B.1 Provisions for the year	-	-	37,070	37,070
B.2 Changes due to passage of time	-	-	-	-
B.3 Changes due to changes in the discount rate	-	-	-	-
B.4 Other increases	-	-	-	-
- of which: business combinations	-	-	-	-
C. Decreases	**-**	**-**	**51,418**	**51,418**
C.1 Use during the period	-	-	48,998	48,998
C.2 Changes due changes in the discount rate	-	-	6	6
C.3 Other decreases	-	-	2,414	2,414
- of which: business combinations	-	-	-	-
D. Closing balance	**-**	**-**	**117,325**	**117,325**

10.3 PROVISIONS FOR CREDIT RISK IN RESPECT OF COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
1. Commitments to disburse funds	1,919	-	831	-	2,750
2. Financial guarantees issued	11,395	6,254	12,182	-	29,831
Total	**13,315**	**6,254**	**13,013**	**-**	**32,582**

10.4 PROVISIONS IN RESPECT OF OTHER COMMITMENTS AND GUARANTEES ISSUED

The table has not been completed because there were no such positions as of the reporting date.

10.5 DEFINED-BENEFIT COMPANY PENSION PLANS

The table has not been completed because there were no such positions as of the reporting date.

10.6 PROVISIONS - OTHER

"Other" mainly regards the provision in the period for the bancassurance transaction (€39 million), the discounted value of e-money performance bonuses (€43 million), the provision for 2025 termination incentives (€26 million).

SECTION 11 – REDEEMABLE SHARES - ITEM 120

The section has not been completed because there were no such positions as of the reporting date.

SECTION 12 - SHAREHOLDERS' EQUITY - ITEMS 110, 130, 140, 150, 160, 170 AND 180

12.1 "SHARE CAPITAL" AND "TREASURY SHARES": COMPOSITION

	Total 31/12/2024	Total 31/12/2023
A. Share capital		
A.1 Ordinary shares	1,401,045	1,401,045
A.2 Savings shares	-	-
A.3 Preference shares	-	-
A.4 Other shares	-	-
B. Treasury shares		
B.1 Ordinary shares	-	-
B.2 Savings shares	-	-
B.3 Preference shares	-	-
B.4 Other shares	-	-

12.2 SHARE CAPITAL – NUMBER OF SHARES OF THE PARENT COMPANY: CHANGE FOR THE PERIOD

	Ordinary	Other
A. Shares at the start of the year	**27,125,759**	**-**
- fully paid	27,125,759	-
- partially paid	-	-
A.1 Treasury shares (-)	-	-
A.2 Shares in circulation: opening balance	**27,125,759**	**-**
B. Increases	**-**	**-**
B.1 new issues	-	-
- for consideration:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- bonus issues:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sales of own shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of own shares	-	-
C.3 Disposal of companies	-	-
C.4 Other changes	-	-
D. Shares in circulation: closing balance	**27,125,759**	**-**
D.1 Treasury shares(+)	-	-
D.2 Shares at the end of the year	27,125,759	-
- fully paid	27,125,759	-
- partially paid	-	-

12.3 SHARE CAPITAL: OTHER INFORMATION

Share capital is represented only by ordinary shares equal to subscribed share capital, fully paid up.

12.4 EARNINGS RESERVES: OTHER INFORMATION

Reserves amount to €784,114 thousand and include: the legal reserve (€108,874 thousand), the reserve established in the articles of association (€205 thousand), the extraordinary reserve (€155,315 thousand), a IAS FTA reserve (€15,378 thousand), a reserve from IFRS 9 FTA (€9,922 thousand), a reserve (€1,843 thousand) created following the transfer of the Corporate business unit to BCC Leasing in 2007, a negative reserve (€236 thousand) from the merger of BCC Multimedia, a positive reserve (€162 thousand) related to the transfer of properties to BCC Beni Immobili and a positive reserve (€234 thousand) related to the transfer of the "Branch Services" business unit to Banca Sviluppo; a positive earnings reserve on equity securities sold (€10,718 thousand); a positive reserve (€7,259 thousand) in respect of the property spinoff carried out in 2023. In implementation of a resolution of the shareholders' meeting, retained earnings were recognized in the amount of €474 million. Pursuant to the provisions of the articles of association, at least one-tenth of net profit for the period (€8,792 thousand) shall be allocated to the legal reserve until that reserve is equal to one-fifth of share capital. The remaining nine-tenths are available for allocation by the Shareholders' Meeting, which decides on the basis of a proposal of the Board of Directors.

AVAILABILITY AND FORMATION OF EQUITY RESERVES

Pursuant to Art. 2427, nos. 4 and 7 bis of the Civil Code, the following table reports the composition of the Bank's shareholders' equity, indicating the origin, availability and possible distribution of the various components

	Amount	Possible uses (*)	Available amount	Summary of uses in last three years	
				For loss coverage	Other uses
Share capital	1,401,045				
Share premium account	6,081				
Treasury shares					
Reserves:					
a) legal reserve	108,874	B	108,874		
b) reserve in articles of association	205	A – B – C	205		
c) extraordinary reserve	155,314	A – B – C	155,314		
d) other reserves	19,980	A – B – C	-		
e) FTA reserve	25,300	A – B – C	25,300		
Valuation reserves:					
a) Financial assets measured at fair value through other comprehensive income (FVOCI)	1,174		-		
b) Cash flow hedges	5,652		-		
c) Actuarial gains (losses) on defined-benefit plans	(2,111)		-		
Valuation reserves (Law 342 of 22/11/2000)	52,062	A – B – C	52,062		
Retained earnings (loss carryforward)	474,442		-		
Net profit (loss) for the period	78,748				
Total	**2,326,766**				

(*) a = capital increase; b = loss coverage; c = distribution to shareholders

12.5 EQUITY INSTRUMENTS: COMPOSITION AND CHANGE FOR THE PERIOD

There were no such positions as of the reporting date.

12.6 OTHER INFORMATION

Nothing to report.

OTHER INFORMATION

1. GUARANTEES ISSUED AND COMMITMENTS (OTHER THAN THOSE DESIGNATED AS AT FAIR VALUE)

	Nominal value of financial guarantees issued and commitments				Total 31/12/2024	Total 31/12/2023
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired		
Commitments to disburse funds	**12,296,072**	**189,596**	**7,379**	**-**	**12,493,047**	**10,039,661**
a) Central banks	-	-	-	-	-	-
b) Government entities	12,500	-	-	-	12,500	12,500
c) Banks	9,950,443	110,159	-	-	10,060,602	7,348,054
d) Other financial companies	1,981,272	79,437	2,645	-	2,063,354	2,258,489
e) Non-financial companies	345,950	-	4,678	-	350,628	415,114
f) Households	5,907	-	57	-	5,964	5,504
Financial guarantees issued	**639,171**	**272,459**	**15,165**	**-**	**926,794**	**746,890**
a) Central banks	-	-	-	-	-	-
b) Government entities	38,329	-	-	-	38,329	12,417
c) Banks	50,868	5,433	-	-	56,302	48,841
d) Other financial companies	575	11,190	-	-	11,765	22,211
e) Non-financial companies	544,556	254,335	15,165	-	814,056	659,401
f) Households	4,843	1,500	-	-	6,343	4,020

The nominal value of “commitments to disburse funds” represents the amount that the Bank could be called upon to disburse at the request of the counterparty net of amounts already disbursed and gross of total provisions.

The nominal value of “financial guarantees issued” represents the maximum about the Bank could be called upon to pay in event the guarantees are enforced. It reports the nominal value net of enforcements of unsecured financial guarantees issued by the Bank and repayments by the secured debtor and gross of total provisions.

2. OTHER COMMITMENTS AND GUARANTEES ISSUED

There were no such positions as of the reporting date.

3. ASSETS PLEDGED AS COLLATERAL FOR OWN DEBTS AND COMMITMENTS

	Amount 31/12/2024	Amount 31/12/2023
1. Financial assets measured at fair value through profit or loss	346,666	315,788
2. Financial assets measured at fair value through other comprehensive income	59,337	120,922
3. Financial assets measured at amortized cost	9,617,341	6,757,795
4. Property, plant and equipment	-	-
of which: property, plant and equipment classified as inventories	-	-

4. MANAGEMENT AND INTERMEDIATION SERVICES

	Amount 31/12/2024
1. Order execution on behalf of customers	**37,444,575**
a) Purchases	24,533,321
1. settled	24,524,621
2. not settled	8,700
b) Sales	12,911,255
1. settled	12,898,612
2. not settles	12,642
2. Asset management (individual)	**-**
3. Securities custody and administration	**95,270,841**
a) Third-party securities held as part of custodian bank services (excluding asset management)	-
1. Securities issued by consolidated companies	-
2. other securities	-
b) Other third-party securities on deposit (excluding asset management): other	79,039,403
1. Securities issued by consolidated companies	2,175,226
2. other securities	76,864,176
c) Third-party securities deposited with third parties	78,819,657
d) Securities owned by bank deposited with third parties	16,231,439
4. Other transactions	**-**

5. FINANCIAL ASSETS OFFSET IN THE FINANCIAL STATEMENTS OR GOVERNED BY MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS

	Gross amount of financial assets (a)	Financial liabilities offset (b)	Net amount of financial assets reported (c=a-b)	Related amounts not offset		Net amount (f=c-d-e)	Net amount
				Financial instruments (d)	Cash collateral received (e)	31/12/2024	31/12/2023
1. Derivatives	1,115,601	168,221	947,379	221,159	-	726,221	91,587
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31/12/2024	**1,115,601**	**168,221**	**947,379**	**221,159**	**-**	**726,221**	**X**
Total 31/12/2023	**4,031,424**	**99,046**	**3,932,379**	**2,964,147**	**876,645**	**X**	**91,587**

6. FINANCIAL LIABILITIES OFFSET IN THE FINANCIAL STATEMENTS OR GOVERNED BY MASTER NETTING ARRANGEMENTS OR SIMILAR AGREEMENTS

	Gross amount of financial liabilities (a)	Financial assets offset (b)	Net amount of financial liabilities reported (c=a-b)	Related amounts not offset		Net amount (f=c-d-e)	Net amount
				Financial instruments (d)	Cash collateral received (e)	31/12/2024	31/12/2023
1. Derivatives	1,085,215	168,221	916,993	221,159	-	695,835	116,301
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31/12/2024	**1,085,215**	**168,221**	**916,993**	**221,159**	**-**	**695,835**	**X**
Total 31/12/2023	**3,868,686**	**99,046**	**3,769,640**	**3,533,058**	**120,282**	**X**	**116,301**

7. SECURITIES LENDING TRANSACTIONS

No information to report.

8. DISCLOSURES ON JOINT ARRANGEMENTS

No information to report.

PART C - INFORMATION ON THE INCOME STATEMENT

SECTION 1 - INTEREST -ITEMS 10 AND 20

1.1 INTEREST AND SIMILAR INCOME: COMPOSITION

	Debt securities	Loans	Other transactions	Total 31/12/2024	Total 31/12/2023
1. Financial assets measured at fair value through profit or loss	**14,948**	**-**	**-**	**14,948**	**12,998**
1.1 Financial assets held for trading	3,227	-	-	3,227	3,358
1.2 Financial assets designated at fair value	9,757	-	-	9,757	6,258
1.3 Other financial assets mandatorily at fair value	1,964	-	-	1,964	3,382
2. Financial assets measured at fair value through other comprehensive income	**31,224**	**-**	**X**	**31,224**	**23,947**
3. Financial assets measured at amortized cost	**481,974**	**1,314,408**	**-**	**1,796,382**	**1,698,493**
3.1 Due from banks	133,184	852,504	X	985,688	1,164,307
3.2 Loans to customers	348,790	461,905	X	810,695	534,186
4. Hedging derivatives	**X**	**X**	**120,583**	**120,583**	**34,987**
5. Other assets	**X**	**X**	**15,594**	**15,594**	**13,776**
6. Financial liabilities	**X**	**X**	**X**	**1,018**	**3,088**
Total	**528,146**	**1,314,408**	**136,176**	**1,979,748**	**1,787,289**
of which: interest income on impaired financial assets	-	8,373	-	8,373	7,793
of which: interest income on finance leases	X	-	X	-	-

1.2 INTEREST AND SIMILAR INCOME: OTHER INFORMATION

1.2.1 INTEREST INCOME ON FOREIGN-CURRENCY FINANCIAL ASSETS

	31/12/2024	31/12/2023
1. Mortgage loans	-	-
2. Current accounts and deposits	1,693	2,678
3. Other financing	1,655	650
4. Debt securities	978	1,121
5. other	-	97
Total	**4,326**	**4,546**

1.3 INTEREST AND SIMILAR EXPENSE: COMPOSITION

	Debt	Securities	Other transactions	Total 31/12/2024	Total 31/12/2023
1. Financial liabilities measured at amortized cost	**(1,532,000)**	**(241,105)**	**X**	**(1,773,105)**	**(1,670,450)**
1.1 Due to central banks	(370,600)	X	X	(370,600)	(677,083)
1.2 Due to banks	(630,204)	X	X	(630,204)	(460,585)
1.3 Due to customers	(531,196)	X	X	(531,196)	(377,469)
1.4 Securities issued	X	(241,105)	X	(241,105)	(155,312)
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities and provisions	**X**	**X**	**-**	**-**	**(1)**
5. Hedging derivatives	**X**	**X**	**(5,587)**	**(5,587)**	**(1,227)**
6. Financial assets	**X**	**X**	**X**	**(4,503)**	**(2,555)**
Total	**(1,532,000)**	**(241,105)**	**(5,588)**	**(1,783,196)**	**(1,674,233)**
of which: interest expense on finance leases	(125)	X	X	(125)	(54)

1.4 INTEREST AND SIMILAR EXPENSE: OTHER INFORMATION

1.4.1 INTEREST EXPENSE ON FOREIGN-CURRENCY LIABILITIES

	31/12/2024	31/12/2023
1. Current accounts and deposits	(8,094)	(6,975)
2. Mortgage loans	-	-
3. Other	(100)	(123)
Total	**(8,194)**	**(7,098)**

1.5 DIFFERENCES ON HEDGING TRANSACTIONS

	Total	Total
	31/12/2024	31/12/2023
A. Positive differences on hedging transactions:	120,583	34,987
B. Negative differences on hedging transactions:	(5,587)	(1,227)
C. Balance (A-B)	**114,995**	**33,760**

SECTION 2 - FEES AND COMMISSIONS – ITEMS 40 AND 50

2.1 FEE AND COMMISSION INCOME: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
a) Financial instruments	15,566	23,885
1. Securities placement	9,103	17,480
1.1 With underwriting and/or with irrevocable commitment	-	-
1.2 Without irrevocable commitment	9,103	17,480
2. Order receipt and transmission and order execution for customers	5,806	6,129
2.1 Order receipt and transmission for one or more financial instruments	1,862	1,195
2.2 Order execution for customers	3,944	4,934
3. Other fees and commissions connected with financial instruments	656	276
of which: trading on own account	-	-
of which: individual portfolio management	656	276
c) Investment advisory services	-	-
d) Clearing and settlement	-	-
f) Custody and administration	6,803	6,697
1. Depository bank	-	-
2. Other fees and commissions connected with custody and administration services	6,803	6,697
g) Central administrative services for collective portfolio management	-	-
h) Trustee services	-	-
i) Payment services	609,130	550,257
1. Current accounts	577	663
2. Credit cards	65,588	62,828
3. Debit cards and other payment cards	147,841	144,697
4. Credit transfers and other payment orders	8,453	7,125
5. Other fees and commissions connected with payment services	386,671	334,943
j) Distribution of third-party services	5,623	5,718
1. Collective portfolio management	-	-
2. Insurance products	-	-
3. Other products	5,623	5,718
of which: individual portfolio management	-	-
k) Structured finance	3,731	2,256
l) Securitization servicing	-	-
m) Commitments to disburse funds	-	-
n) Financial guarantees issued	2,854	3,107
of which: credit derivatives	-	-
o) Lending transactions	11,228	12,841
of which: for factoring transactions	-	-
p) Currency trading	178	229
q) Goods	-	-
r) Other fee and commission income	9,858	9,355
of which: for management of multilateral trading facilities	-	-
of which: for management of organized trading facilities	-	-
Total	**664,970**	**614,345**

The item "payment services " includes the effect of the agreements for the promotion-distribution of the Numia Group between the Bank and the Group's mutual banks, following the initiative undertaken during the year to reposition the e-money sector.

The table is drawn up in compliance with of the 8th update of Circular no. 262. The 2023 figure has been restated to ensure better comparability.

2.2 FEE AND COMMISSION INCOME: DISTRIBUTION CHANNELS FOR PRODUCTS AND SERVICES

	Total 31/12/2024	Total 31/12/2023
a) own branches:	**9,103**	**17,480**
1. asset management	-	-
2. securities placement	9,103	17,480
3. third-party services and products	-	-
b) off-premises distribution:	**6,279**	**5,994**
1. asset management	656	276
2. securities placement	-	-
3. third-party services and products	5,623	5,718
c) other distribution channels:	**-**	**-**
1. asset management	-	-
2. securities placement	-	-
3. third-party services and products	-	-

2.3 FEE AND COMMISSION EXPENSE: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
a) Financial instruments	(9,662)	(19,153)
of which: trading in financial instruments	(1,034)	(2,795)
of which: placement of financial instruments	(8,628)	(16,358)
of which: individual portfolio management	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Clearing and settlement	(1,973)	(1,964)
c) Custody and administration	(5,362)	(3,663)
d) Collection and payment services	(561,082)	(505,541)
of which: credit cards, debit cards and other payment cards	(558,768)	(503,236)
e) Securitization servicing	-	-
f) Commitments to receive funds	-	-
g) Financial guarantees received	(177)	(166)
of which: credit derivatives	-	-
h) Off-premises marketing of financial instruments, products and services	(3,450)	(3,727)
i) Currency trading	(146)	(42)
j) Fee and commission expense	(9,940)	(24,225)
Total	**(591,793)**	**(558,482)**

The item "collection and payment services" includes Fee the effect of the agreements for the promotion-distribution of Fee the Numia group between the Bank and the Group’s mutual banks, following the initiative undertaken during the year to reposition the e-money sector.

SECTION 3 - DIVIDENDS AND SIMILAR REVENUES – ITEM 70

3.1 DIVIDENDS AND SIMILAR REVENUES: COMPOSITION

	Total 31/12/2024		Total 31/12/2023	
	Dividends	Similar revenues	Dividends	Similar revenues
A. Financial assets held for trading	-	9	-	1
B. Other financial assets mandatorily measured at fair value	265	2,001	269	188
C. Financial assets measured at fair value through other comprehensive income	11,212	-	11,087	-
D. Equity investments	47,708	-	128,797	-
Total	**59,185**	**2,010**	**140,152**	**189**

The item mainly regards the distribution of 2023 profit by BCC Leasing in the amount of €41.0 million and Numia Group in the amount of €6.3 million, and also includes dividends received on the interest held in the Bank of Italy in the amount of €10.6 million.

SECTION 4 - NET GAIN (LOSS) ON TRADING ACTIVITIES – ITEM 80

4.1 NET GAIN (LOSS) ON TRADING ACTIVITIES: COMPOSITION

	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses	Net gain (loss) (A+B) – (C+D)
1. Financial assets held for trading	**280**	**12,081**	**(306)**	**(1,836)**	**10,220**
1.1 Debt securities	40	10,401	(282)	(1,289)	8,869
1.2 Equity securities	2	219	(23)	(437)	(240)
1.3 Units in collective investment undertakings	-	307	-	(110)	198
1.4 Loans	-	-	-	-	-
1.5 Other	238	1,153	-	-	1,392
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**30,135**
4. Derivatives	**400,016**	**536,226**	**(390,925)**	**(535,626)**	**(18,494)**
4.1 Financial derivatives:	400,016	536,226	(390,925)	(535,626)	(18,494)
- on debt securities and interest rates	399,299	536,226	(390,924)	(534,212)	10,389
- on equity securities and equity indices	717	-	(1)	(1,414)	(698)
- on foreign currencies and gold	X	X	X	X	(28,185)
- other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges connected with fair value option	X	X	X	X	-
Total	**400,296**	**548,307**	**(391,231)**	**(537,462)**	**21,861**

SECTION 5 - NET GAIN (LOSS) ON HEDGING ACTIVITIES – ITEM 90

5.1 NET GAIN (LOSS) ON HEDGING ACTIVITIES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
A. Gain on:		
A.1 Fair value hedges	93,298	274,754
A.2 Hedged financial assets (fair value)	75,476	190,364
A.3 Hedged financial liabilities (fair value)	517	58
A.4 Cash flow hedges	276	28
A.5 Assets and liabilities in foreign currencies	-	-
Total income on hedging activities (A)	**169,567**	**465,204**
B. Loss on:		
B.1 Fair value hedges	(126,415)	(425,843)
B.2 Hedged financial assets (fair value)	(16,943)	(24,697)
B.3 Hedged financial liabilities (fair value)	(23,755)	(7,161)
B.4 Cash flow hedges	(154)	(229)
B.5 Assets and liabilities in foreign currencies	-	-
Total expense on hedging activities (B)	**(167,267)**	**(457,930)**
C. Net gain (loss) on hedging activities (A - B)	**2,299**	**7,274**
of which: net gain (loss) of hedges of net positions	-	-

SECTION 6 - GAIN (LOSS) ON DISPOSAL OR REPURCHASE – ITEM 100

This reports the positive or negative balances between the gains and losses realized with the sale of financial assets or repurchase of financial liabilities other than those held for trading or designated as at fair value.

6.1 GAIN (LOSS) ON DISPOSAL OR REPURCHASE: COMPOSITION

	Total 31/12/2024			Total 31/12/2023		
	Gains	Losses	Net gain (loss)	Gains	Losses	Net gain (loss)
Financial assets						
1. Financial assets measured at amortized cost	32,903	(18,185)	14,718	70,915	(31,984)	38,931
1.1 Due from banks	73	(1,780)	(1,708)	1,205	-	1,205
1.2 Loans to customers	32,830	(16,405)	16,425	69,710	(31,984)	37,727
2. Financial assets measured at fair value through other comprehensive income	4,950	(4,255)	695	7,600	(9,341)	(1,740)
2.1 Debt securities	4,950	(4,255)	695	7,600	(9,341)	(1,740)
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**37,852**	**(22,440)**	**15,413**	**78,516**	**(41,325)**	**37,191**
Financial liabilities measured at amortized cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	200	(559)	(358)	132	-	132
Total liabilities (B)	**200**	**(559)**	**(358)**	**132**	**-**	**132**

SECTION 7 - NET ADJUSTMENTS OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS – ITEM 110

7.1 NET ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS: COMPOSITION OF FINANCIAL ASSETS AND LIABILITIES DESIGNATED AS AT FAIR VALUE

	Capital gains (A)	Profits on realization (B)	Capital losses (C)	Losses on realization (D)	Net gain (loss) [(A+B) - (C+D)]
1. Financial assets	**1,236**	**1,985**	**-**	**(67)**	**3,153**
1.1 Debt securities	1,236	1,985	-	(67)	3,153
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**1,108**	**-**	**(9,807)**	**-**	**(8,699)**
2.1 Securities issued	-	-	-	-	-
2.2 Due to banks	1,108	-	(9,807)	-	(8,699)
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities: foreign exchange rate differences	**X**	**X**	**X**	**X**	**-**
Total	**2,344**	**1,985**	**(9,807)**	**(67)**	**(5,546)**

7.2 NET ADJUSTMENTS OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: COMPOSITION OF OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE

	Capital gains (A)	Profits on realization (B)	Capital losses (C)	Losses on realization (D)	Net gain (loss) [(A+B) - (C+D)]
1. Financial assets	**22,610**	**1,028**	**(42,596)**	**(2,423)**	**(21,383)**
1.1 Debt securities	51	494	(193)	(38)	313
1.2 Equity securities	12,579	266	(4,666)	(2,357)	5,822
1.3 Units in collective investment undertakings	9,971	268	(37,540)	(28)	(27,329)
1.4 Loans	9	-	(197)	-	(188)
2. Financial assets: foreign exchange rate differences	**X**	**X**	**X**	**X**	**-**
Total	**22,610**	**1,028**	**(42,596)**	**(2,423)**	**(21,383)**

SECTION 8 - NET LOSSES/RECOVERIES FOR CREDIT RISK – ITEM 130

8.1 NET LOSSES/RECOVERIES FOR CREDIT RISK IN RESPECT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST: COMPOSITION

	Losses (1)						Recoveries (2)					
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total 31/12/2024	Total 31/12/2023
			Writeoffs	Other	Writeoffs	Other						
A. Due from banks	**(1,579)**	**(202)**	**-**	**-**	**-**	**-**	**66**	**113**	**-**	**-**	**(1,602)**	**(557)**
- loans	(1,461)	-	-	-	-	-	14	113	-	-	(1,333)	(900)
- debt securities	(118)	(202)	-	-	-	-	51	-	-	-	(269)	343
B. Loans to customers	**(7,859)**	**(9,923)**	**(63,530)**	**(25,554)**	**-**	**-**	**14,230**	**8,175**	**75,655**	**-**	**(8,807)**	**(25,358)**
- loans	(7,559)	(8,523)	(63,530)	(25,554)	-	-	13,752	7,420	75,459	-	(8,535)	(24,922)
- debt securities	(300)	(1,400)	-	-	-	-	478	754	196	-	(271)	(435)
Total	**(9,438)**	**(10,125)**	**(63,530)**	**(25,554)**	**-**	**-**	**14,296**	**8,288**	**75,655**	**-**	**(10,408)**	**(25,915)**

8.2 NET LOSSES FOR CREDIT RISK IN RESPECT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: COMPOSITION

	Losses (1)						Recoveries (2)				Total	Total
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total 31/12/2024	Total 31/12/2023
			Writeoffs	Other	Writeoffs	Other						
A. Debt securities	**(515)**	**(609)**	**-**	**-**	**-**	**-**	**713**	**412**	**-**	**-**	**2**	**69**
B. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(515)**	**(609)**	**-**	**-**	**-**	**-**	**713**	**412**	**-**	**-**	**2**	**69**

SECTION 9 - GAINS (LOSSES) FROM CONTRACT MODIFICATIONS WITHOUT DERECOGNITION – ITEM 140

The section has not been completed because there were no such positions as of the reporting date.

SECTION 10 - ADMINISTRATIVE EXPENSES – ITEM 160

10.1 PERSONNEL EXPENSES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
1) Employees	(259,705)	(218,194)
a) wages and salaries	(158,180)	(145,531)
b) social security contributions	(42,365)	(38,993)
c) termination benefits	(1,771)	(1,829)
d) pension expenditure	-	-
e) allocation to employee termination benefit provision	(1,149)	(1,176)
f) allocation to provision for post-employment benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds:	(14,183)	(13,438)
- defined contribution	(14,183)	(13,438)
- defined benefit	-	-
h) costs from share-based payment plans	-	-
i) other employee benefits	(42,058)	(17,226)
2) Other personnel	(699)	(596)
3) Board of Directors and members of Board of Auditors	(3,422)	(3,447)
4) Retired personnel	-	-
5) Recovery of expenses for employees seconded to other companies	8,283	8,906
6) Reimbursement of expenses for third-party employees seconded to the Company	(1,192)	(734)
Total	**(256,736)**	**(214,065)**

Following the renewal of the national collective bargaining agreement for professional areas and managers, expired on December 31, 2022, the wages for July 2024 recognized to workers in service on the renewal date a one-off amount, differentiated amount according to the employment level. The one-off amount, re-proportioned in cases of part-time work, is recognized with the July pay slip to all those who are in service on July 9, 2024 and is subject to contributions.

Personnel expenses at December 31 includes the amount of the one-off payment plus the related contribution charge for a total amount of €3.1 million.

10.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

	Total 31/12/2024	Total 31/12/2023
Employees:	**2,042**	**1,980**
a) senior management	116	104
b) middle management	1,183	1,147
c) other employees	743	729
Other personnel	**-**	**-**
Total	**2,042**	**1,980**

The average number of employees is calculated as the weighted average number of employees using the number of months worked during the year as weights. Part-time employees are included at 50%.

10.3 DEFINED-BENEFIT COMPANY PENSION PLANS: TOTAL COSTS AND REVENUES

At the reporting date, the company had no defined-benefit pension plans, with no associated costs or revenues.

10.4 OTHER EMPLOYEE BENEFITS

	31/12/2024	31/12/2023
Early termination incentives and income support fund	(29,968)	(4,765)
Lunch vouchers	(2,957)	(2,506)
Insurance policies	(1,780)	(1,435)
Training	(1,608)	(2,326)
Long-service bonuses	26	(356)
Other benefits	(5,771)	(5,838)
Total	**(42,058)**	**(17,226)**

10.5 OTHER ADMINISTRATIVE EXPENSES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
Information technology	(129,399)	(132,829)
Property and movables	(12,260)	(24)
- rental and fees	(19)	(24)
- ordinary maintenance	(12,241)	-
Goods and services	(13,754)	(12,446)
- telephone and data transmission	(4,190)	(4,524)
- postal	(58)	(201)
- asset transport and counting	(9)	(114)
- electricity, heating and water	(2,547)	(611)
- transportation and travel	(6,404)	(6,569)
- office supplies and printed materials	(92)	(164)
- subscriptions, magazines and newspapers	(454)	(263)
Professional services	(59,693)	(46,901)
- professional fees (other than audit fees)	(55,231)	(41,633)
- audit fees	(1,099)	(1,033)
- legal and notary costs	(3,062)	(4,236)
- court costs, information and title searches	(301)	-
Administrative services	(10,833)	(10,700)
Insurance	(2,940)	(2,909)
Promotional, advertising and entertainment expenses	(8,631)	(8,767)
Association dues	(4,990)	(4,035)
Other	(12,141)	(22,545)
Indirect taxes and duties	(5,013)	(27,489)
- stamp duty	(2,507)	(2,656)
- tax under DPR 601/73	(682)	(899)
- municipal property tax	(1,397)	(313)
- financial transaction fee	(64)	(468)
- other indirect taxes and duties	(363)	(23,153)
Total	**(259,655)**	**(268,646)**

SECTION 11 - NET PROVISIONS FOR RISKS AND CHARGES – ITEM 170

11.1 NET PROVISIONS FOR CREDIT RISK IN RESPECT OF COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED: COMPOSITION

	31/12/2024		
	Provisions	Reallocation of excesses	Total
Commitments to disburse funds Stage 1	(3,826)	754	(3,072)
Commitments to disburse funds Stage 2	(194)	152	(42)
Commitments to disburse funds Stage 3	(6)	929	922
Financial guarantees issued Stage 1	(3,466)	1,048	(2,417)
Financial guarantees issued Stage 2	(1,978)	2,133	155
Financial guarantees issued Stage 3	(2,606)	637	(1,970)
Total	**(12,076)**	**5,652**	**(6,424)**

Provisions and reversals also include the effect of the passage of time (discounting effect).

For further details on the impairment model adopted by the Bank and used to determine the net provisions shown in the table, see Part A "Accounting Policies" of the notes to the financial statements.

11.2 NET PROVISIONS IN RESPECT OF OTHER COMMITMENTS TO DISBURSE FUNDS AND GUARANTEES ISSUED: COMPOSITION

The table has not been completed because there were no such positions as of the reporting date.

11.3 ACCANTONAMENTI NETTI AGLI ALTRI FONDI PER RISCHI E ONERI: COMPOSIZIONE

	31/12/2024		
	Provisions	Reallocation of excesses	Total
Legal disputes	(893)	522	(370)
Other	(10,559)	-	(10,559)
Total	**(11,452)**	**522**	**(10,929)**

SECTION 12 - NET ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT - ITEM 180

12.1 NET ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT: COMPOSITION

	Depreciation (a)	Writedowns for impairment (b)	Writebacks (c)	Net adjustments (a + b - c)
A. Property, plant and equipment				
A.1 Operating assets	(6,388)	-	-	(6,388)
- owned	(4,520)	-	-	(4,520)
- right-of-use assets acquired under leases	(1,868)	-	-	(1,868)
A.2 Investment property	-	-	-	-
- owned	-	-	-	-
- right-of-use assets acquired under leases	-	-	-	-
A.3 Inventories	X	-	-	-
Total	**(6,388)**	**-**	**-**	**(6,388)**

SECTION 13 - NET ADJUSTMENTS OF INTANGIBLE ASSETS - ITEM 190

13.1 NET ADJUSTMENTS OF INTANGIBLE ASSETS: COMPOSITION

	Amortization (a)	Writedowns for impairment (b)	Writebacks (c)	Net adjustments (a + b - c)
A. Intangible assets				
of which: software	-	-	-	-
A.1 Owned	(240)	-	-	(240)
- generated internally by the Bank	-	-	-	-
- other	(240)	-	-	(240)
A.2 Right-of-use assets acquired under leases	-	-	-	-
Total	**(240)**	**-**	**-**	**(240)**

SECTION 14 - OTHER OPERATING EXPENSES - ITEM 200

14.1 OTHER OPERATING EXPENSES: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
Charges connected with lease services (consultants, insurance, taxes and duties, capital losses)	-	-
Reductions in assets and prior-year expenses not attributable to separate line item	(54)	(116)
Costs of outsourced services	-	-
Settlement of disputes and claims	-	-
Amortization of expenditure for leasehold improvements	(5)	-
Other charges for corporate finance operations		-
Other charges	(3,091)	(2,571)
Total	**(3,150)**	**(2,687)**

14.2 OTHER OPERATING INCOME: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
A) Cost recoveries	**91,731**	**40,191**
Recovery of taxes	866	1,103
Recovery of sundry charges	89,367	37,795
Insurance premiums	1,498	1,294
Property rental expense	-	-
Recovery of costs from customers	-	-
Recovery of costs on bad loans	-	-
B) Other income	**162,284**	**180,090**
Insourcing revenues	131,377	118,373
Property rental income	667	134
Other income from finance leases	-	-
Other income	30,240	61,583
Accelerated processing fees	-	-
Total	**254,015**	**220,281**

SECTION 15 - PROFIT (LOSS) FROM EQUITY INVESTMENTS - ITEM 220

15.1 PROFIT (LOSS) FROM EQUITY INVESTMENTS: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
A. Income	**68,083**	**10,400**
1. Revaluations	-	-
2. Gains on disposal	53,083	-
3. Writebacks	-	-
4. Other income	15,000	10,400
B. Expenses	**(12,310)**	**(597)**
1. Writedowns	-	-
2. Impairment losses	(12,310)	-
3. Losses on disposal	-	-
4. Other expenses	-	(597)
Net profit (loss)	**55,773**	**9,803**

SECTION 16 - NET ADJUSTMENT TO FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS - ITEM 230

The section has not been completed because there were no such positions as of the reporting date.

SECTION 17 - GOODWILL IMPAIRMENT - ITEM 240

The section has not been completed because there were no such positions as of the reporting date.

SECTION 18 - GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS - ITEM 250

The section has not been completed because there were no such positions as of the reporting date.

SECTION 19 - INCOME TAX EXPENSE FROM CONTINUING OPERATIONS – ITEM 270

19.1 INCOME TAX EXPENSE FROM CONTINUING OPERATIONS: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
1. Current taxes (-)	(15,172)	15,917
2. Change in current taxes from previous period (+/-)	(3,334)	(971)
3. Reduction of current taxes for the period (+)	-	-
3.bis Reduction of current taxes for the period for tax credits under Law 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(1,815)	27,081
5. Change in deferred tax liabilities (+/-)	-	-
6. Income taxes for the period (-) (-1+/-2+3+3bis+/-4+/-5)	**(20,321)**	**42,027**

19.2 RECONCILIATION OF THEORETICAL TAX LIABILITY AND ACTUAL TAX LIABILITY RECOGNIZED

IRES	31/12/2024	
	Ires	
	Taxable income	Tax
Profit/(loss) before tax on continuing operations (item 260 IS)	99,070	-
Profit before tax on continuing operations (item 260 IS)	99,070	-
Current rate	-	24%
Theoretical tax liability (24%)	-	(23,777)
Greater tax liability due to increases (taxable income)/Greater tax liability due to increases (tax)	**49,986**	**(11,997)**
Temporary	-	-
- Changes during the year	49,986	-
Definitive	-	-
- Reversal of prior-year temporary differences	-	-
- Changes during the year	-	-
Lower tax liability due to decreases	**109,851**	**26,364**
Temporary	-	-
- Changes during the year	-	-
Definitive	-	-
- Reversal of prior-year temporary differences	57,243	-
- Changes during the year	32,287	-
- Deductions up to limit of taxable income	20,321	-
Taxable income (loss)	39,204	-
Current gross tax	-	(9,409)
IRES surtax rate	-	(1,372)
Tax credits	-	-
Current net tax in income statement	-	(10,781)
Changes in current tax/deferred tax assets/deferred tax liabilities(+/-)	-	(5,142)
Tax liability for the year	-	(15,923)
IRAP	**Irap**	
	Amount	**Tax**
Profit (loss) before tax for IRAP purposes (item 260 IS)	99,070	-
Profit before tax on continuing operations (item 260 IS)	99,070	-
Loss before tax on continuing operations (item 260 IS)	-	-
Current rate	-	5%
Theoretical tax liability (ordinary rate 4.65%)	-	(4,607)
Items not included in determination of income	(197,163)	9,168
- Revenue and income (-)	(232,522)	-
- Costs and charges (+)	35,359	-
Greater tax liabilities due to increases (taxable income)/ Greater tax liabilities due to increases (tax)	**-**	**(8,914)**
Temporary	-	-
Definitive	-	-
- Reversal of prior-year temporary differences	-	-
- Changes during the year	-	-
Definitive	191,695	-
Lower tax liability due to decreases	**-**	**687**
Temporary	-	-
- Changes during the year	-	-
Definitive	-	-
- Reversal of prior-year temporary differences	114	-
- Changes during the year	14,657	-
Value of production	78,831	-
Current tax	-	(3,666)
Effect of regional surtaxes/tax relief (+/-)	-	(725)
Current tax in income statement	-	(4,391)
Changes in current tax/deferred tax assets/deferred tax liabilities (+/-)	-	(6)
Tax liability for the year	-	(4,397)
TAX IN LIEU	**Taxable income**	**Tax**
Total income tax expense (item 270 IS)		(20,321)

SECTION 20 - PROFIT (LOSS) ON DISCONTINUED OPERATIONS AFTER TAX - ITEM 290

20.1 PROFIT (LOSS) ON DISCONTINUED OPERATIONS AFTER TAX: COMPOSITION

	Total 31/12/2024	Total 31/12/2023
1. Revenue	-	9,103
2. Expense	-	-
3. Result of measurement of groups of assets and associated liabilities	-	-
4. Gain (loss) on realization	-	100,000
5. Taxes and duties	-	(30,003)
Profit (loss)	**-**	**79,100**

20.2 BREAKDOWN OF INCOME TAXES ON DISCONTINUED OPERATIONS

	Amount 31/12/2024	Amount 31/12/2023
1. Current taxes (-)	-	(30,003)
2. Change in deferred tax assets (+/-)	-	-
3. Change in deferred tax liabilities (-/+)	-	-
4. Income taxes for the period (-1+/-2+/-3)	**-**	**(30,003)**

SECTION 21 – OTHER INFORMATION

No other information necessary.

SECTION 22 - EARNINGS PER SHARE

22.1 AVERAGE NUMBER OF ORDINARY SHARES IN DILUTED SHARE CAPITAL

The section is not completed in these notes to the financial statements; please see the same section in the notes to the consolidated financial statements.

22.2 OTHER INFORMATION

The section is not completed in these notes to the financial statements; please see the same section in the notes to the consolidated financial statements.

PART D - COMPREHENSIVE INCOME

BREAKDOWN OF COMPREHENSIVE INCOME

		31/12/2024	31/12/2023
10.	**Net profit (loss) for the period**	**78,749**	**87,920**
	Other comprehensive income not recyclable to profit or loss	**(10,556)**	**7,451**
20.	Equity securities designated as at fair value through other comprehensive income:	(15,806)	11,887
	a) fair value changes	66	11,887
	b) transfers to other elements of shareholders' equity	(15,873)	-
30.	Financial liabilities measured at fair value through profit or loss (change in credit risk):	-	-
	a) fair value changes	-	-
	b) transfers to other elements of shareholders' equity	-	-
40.	Hedges of equity securities designated as at fair value through other comprehensive income:	-	-
	a) fair value changes (hedged instrument)	-	-
	b) fair value changes (hedging instrument)	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	34	(207)
80.	Non-current assets held for sale	-	-
90.	Valuation reserves of equity investments accounted for with equity method	-	-
100.	Income taxes on other comprehensive income not recyclable to profit or loss	5,216	(4,229)
	Other comprehensive income recyclable to profit or loss	**15,867**	**25,465**
110.	Hedging of investments in foreign operations:	-	-
	a) fair value changes	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
120.	Foreign exchange differences:	-	-
	a) value changes	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
130.	Cash flow hedges:	15,899	26,102
	a) fair value changes	16,021	25,902
	b) reversal to income statement	-	200
	c) other changes	(122)	-
	of which: result on net positions	-	-
140.	Hedging instruments (undesignated elements):	-	-
	a) fair value changes	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income:	7,855	11,979
	a) fair value changes	6,035	3,109
	b) reversal to income statement	1,820	8,870
	- adjustments for credit risk	(2)	(69)
	- gain/loss on realization	1,822	8,940
	c) other changes	-	-
160.	Non-current assets and disposal groups held for sale:	-	-
	a) fair value changes	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
170.	Valuation reserves of equity investments accounted for with equity method:	-	-
	a) fair value changes	-	-
	b) reversal to income statement	-	-
	- impairment adjustments	-	-
	- gain/loss on realization	-	-
	c) other changes	-	-
180.	Income taxes on other comprehensive income recyclable to profit or loss	(7,886)	(12,616)
190.	**Total other comprehensive income**	**5,311**	**32,916**
200.	**Comprehensive income (item 10+190)**	**84,060**	**120,836**

PART E - RISK AND RISK MANAGEMENT POLICIES

INTRODUCTION

The Iccrea Cooperative Banking Group conducts its business in accordance with the principles of prudence and risk containment, based on the need for stability associated with banking activity and the main characteristics of the mutual banks and their customers. Consistent with these principles, the Group pursues its growth objectives in accordance with the needs of the mutual banking system, ensuring, through balanced risk management, reliable and sustainable generation of value over time.

The risk governance policies represent the reference model in organizational and process development and in the systematic execution of all the operational and business activities performed by Group companies and are an integral part of the process ensuring sound and prudent management and supporting sustainable implementation of the overall risk strategy. The internal control system (ICS) governs the RMP, ensuring the completeness, appropriateness, functionality (in terms of effectiveness and efficiency) and reliability of the policies in a context of strict consistency with the risk appetite framework defined at Group level.

The Risk Management function operates within the internal control system.

THE RISK MANAGEMENT FUNCTION

The Chief Risk Officer area is responsible at the Group level for the key elements of the overall Risk Management Framework: identification, measurement, monitoring and mitigation of corporate risks. It is responsible for the governance and execution of second-level controls connected with risk management, consistent with the internal control system adopted by the Group. It is the contact for the corporate bodies of the Parent Company for matters within its scope of responsibility, providing an integrated and composite vision of both the first and second pillar risks assumed and managed by the individual entities and by the Group as a whole.

In 2024, the organizational structure of Risk Management function of the Parent Company underwent further fine-tuning, both in terms of the evolution of the overall structure and the refinement of existing arrangements. The current organizational arrangements provide for:

- a *"Risk Governance" unit*, that (i) oversees all risk governance issues for the Group in respect of the affiliated banks, the companies within the direct scope and the Parent Company, including the management of the EWS and stress testing framework for the purposes of the Guarantee Scheme (ii) performs activities connected with the preparation of the area's annual activity plan and the institutional reporting document submitted to the corporate bodies and the supervisory authorities; (iii) coordinates and monitors reputational risks, as well as coordinating and overseeing activities pertaining to the CRO area. This unit is sub-divided into the following organizational units:
    - "the "Mutual banks Risk Management units" (Northern Area, Central Area, Southern Area), which have organizational responsibility for the overall execution of the Risk Management activities outsourced for the macro-area; represent the top management structure for the Risk Management controls of the area, which is responsible for the execution the outsourced second-level control activities for risk management; ensuring the coordination of the managers in charge of the Risk Management functions of the affiliated banks;
    - "BCC Risk Governance", which ensures the applicability of the methodological framework for risk governance processes and the specific risks on the individual level of the affiliated banks, supporting the Group Risk Governance and Group Risk Management units in the definition and maintenance of the processes in order to facilitate their operational implementation with the mutual banks. With regard to the individual profile of the affiliated banks, the unit is responsible for the development, updating and periodic implementation of the methodological and operational systems underlying the EWS and Stress Test framework for Guarantee Scheme purposes, developing appropriate tools for their operations;
    - "Group Risk Governance", which defines and maintains the methodological framework of the Group's Risk Governance processes (RAF/RAS, ICAAP, Recovery Plan, stress testing, OMR, contribution of the Risk Management function to remuneration policies and the incentive system).
- a "Group Risk Management" unit, which (i) supervises and coordinates the organizational units dedicated to the individual risk categories, which within their areas of responsibility are involved in the development and

maintenance of the methodological framework for the assumption and management of specific risks and their respective control arrangements, as well as the assessment and monitoring of those risks, the identification of any risk mitigation measures. It also ensures oversight of the activities under the responsibility of the CRO Area in terms of ESG risks and issues;(ii) acting through the Validation and Risk Control function, the unit validates models developed internally to quantify risks and manages the credit exposure risk control system at Group level; (iii) establishes the operational guidelines for the specialized units of the Risk Management function in their interactions with the Risk Management units of the affiliated banks and direct scope companies. This unit is sub-divided into the following organizational units:

  - Credit Risk Management
  - Financial Risk Management
  - Climate & Environmental Risk Management
  - Validation.

- A "Non-Financial Risk Management" unit, which is responsible for the management and oversight of ICT and Security risks, operational risks and reputational risks at the Group level ("non-financial risks"). It ensures that such risks are identified, measured, assessed, managed, monitored, as well as maintained within or returned to a level consistent with the specified risk propensity framework. In this context, the function operates as a transversal competence center for the definition and evolutionary maintenance of Non-financial risks at Group level. This unit is sub-divided into the following organizational units:
  - Non-Financial Risk Integration
  - Information Security Risk Management
  - Operational & ICT Risk Management

The main duties performed by the Risk Management function are the following:

- defining and developing the framework for the assumption and management of risks pertaining to the Group, which is composed of (i) organizational structures and corporate processes (operating, administrative and business), including line controls; (ii) risk governance policies (policies, limits, responsibilities); (iii) methodologies and risk measurement and assessment criteria, (iv) support tool applications. In this area, the Risk Management function ensures that the framework for the assumption and management of risks is compliant with applicable regulations, in line with market best practice, functional in respect of internal operational conditions and consistent with the business plan, the budget and the Risk Appetite Framework (RAF), the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) of the Group;
- developing the Risk Appetite Framework and its operational implementation (the Risk Appetite Statement) at the consolidated level and, with the support of the affiliated banks and Group companies, at the individual level, consistent with capital adequacy objectives (ICAAP) and the adequacy of the liquidity profile (ILAAP) of the Group;
- acting as a control center for monitoring the risk profile of the individual affiliated banks and the companies in the direct scope for which risk management activities are performed on a centralized basis under an outsourcing arrangement governed by specific service agreements. This control center operates through the dedicated risk management units within the central organizational arrangements and, for the affiliated banks only, uses the mechanisms of the Early Warning System and the Guarantee Scheme. In this area, the Risk Management function:
  - handles the development and updating of the methodological framework and develops tools for managing the Guarantee Mechanism, as well as analyzing, controlling, assessing and monitoring the affiliated banks within the scope of EWS management processes and proposes their risk classification;
  - is responsible, through the action of its local units as well, for the determination and adoption by each affiliated bank of strategies, policies and principles for the assessment and measurement of the risks identified at the Group level.
- monitoring developments in the risk profile and the various types of risk to which the Group as a whole and its individual members are exposed, verifying the ongoing consistency between the actual risk assumed and the specified risk objectives. In this context, the Risk Management function:

  - develops methodologies and models for measuring and assessing risks, validating those models, periodically checking their operation, predictive capacity and performance, and their consistency over time with operational practices and regulatory requirements;
  - performs second-level controls of the appropriateness, effectiveness and resilience of the framework for the assumption and management of the risks for which it is responsible, identifying any needs for fine tuning/corrective or evolutionary maintenance and providing support – within the scope of its duties – in implementing the associated actions;
  - identifies any risk developments exceeding the limits set out in the Risk Appetite Statement, in the Risk Governance Policies or in external regulations and, in general, potentially harmful or unfavorable situations in order to assess possible mitigation initiatives to implement;
  - within the RAF/RAS and EWS frameworks, examines the results of the process of determining the capital requirements, analyzing the dynamics involved to verify the overall consistency with the risk profile in the different analytical dimensions considered;
  - analyzes major transactions, expressing a prior opinion on their consistency with the Risk Appetite Statement;
  - assesses, within the scope of its duties, the capital structure in relation to the risks assumed/assumable (ICAAP) and the appropriateness of the Group's liquidity profile (ILAAP);
  - assesses the impact of especially serious events on the Group's exposure to risk and participates in developing strategies to be implemented for the resolution;
  - reports to top management on risk developments in the various operating segments and business areas, providing support to management bodies in defining strategic policy and risk policy and the associated implementation of those policies;
- performing, within the scope of its duties, tasks required for the purpose of supervisory reporting, inspections and regulations.

THE RISK CULTURE

The Group devotes special attention to managing, assessing and understanding risk. All personnel are asked to identify, assess and manage risk within their area of responsibilities. Each employee is expected to perform their duties seriously and with awareness.

The risk culture is inspired by the principles of the risk management model of the Parent Company. It is disseminated to all business units and personnel and is founded on the following pillars:

- the independence of risk functions from business units;
- the establishment and constant updating of risk handbooks and policies, updating risk measurement and estimation approaches to ensure consistency with sector best practices;
- the specification of risk limits;
- the periodic monitoring of (aggregate and non-aggregate) exposures and compliance of approved limits and implementation of appropriate corrective measures where necessary;

the presence of other support tools to help develop the culture of risk (training courses, remuneration policies and incentives linked to the quality of risk and the results of the Group companies in the long term, systematic and independent Internal Auditing units, etc.).

THE GROUP RISK GOVERNANCE FRAMEWORK

The overall Risk Governance framework developed and adopted by the Group reflects the specific features of the Iccrea Cooperative Banking Group, whose participatory mechanisms are based on a Cohesion Contract, signed by the banks and participating companies, that provides for internal stability mechanisms characterized by intercompany mutual support agreements regulated specifically by applicable external legislation.

On the basis of the provisions of the Cohesion Contract between the affiliated banks and the Parent Company, the latter constantly monitors the organization and the operating conditions, financial position and performance of the affiliated banks through the Early Warning System (EWS), which is designed to promptly identify any signs of management difficulty and/or failure to comply with the obligations assumed under the Cohesion Contract, recommending or arranging, depending on the specific features of any given case and on the basis of the principle of proportionality, the appropriate intervention measures. The overall framework of the Group's risk governance system is completed by the Risk Appetite Framework (RAF), which is implemented operationally through policies addressing the individual risks to which the Group is exposed and transversal systems involved in the internal assessment the capital adequacy and liquidity profile (ICAAP/ILAAP) and the overall assessment of the recovery capacity in particularly adverse conditions (the Recovery Framework).

The RAF defines - in line with the maximum assumable risk (Risk Capacity), the business model and the Group strategy, the Operational Plan and the company incentive system - the risk objectives or risk appetite (Risk Appetite) and Risk Tolerance thresholds, taking due account of possible adverse scenarios. Starting on the basis of the RAF, consistent operating limits are defined within the overall risk governance policies. The latter in turn represent the internal regulatory expression of the "rules" for the assumption and management of risks and are an integral part of the overall system of propensity and assumption of risks of the Group in the various operating sectors.

The overall architecture of the Risk Appetite Framework, defined in terms of key elements, scope of coverage/application and underlying operating models, is closely interconnected with the Group's key risk governance process, i.e. the Early Warning System. The RAF is implemented individually with regard to the affiliated banks and shares qualitative and quantitative indicators with the EWS, ensuring consistency between the different calibration approaches and the purposes of the two frameworks.

In other words, the RAF is intended to explicate the medium/long-term vision of the desired risk profile for the Group as a whole and for each Group company, defining the risk area within which the management functions must operate in pursuit of corporate strategies. Compared with the RAF, the capital adequacy and liquidity assessment (ICAAP and ILAAP) represents an occasion to verify the stability of the risk appetite choices in terms of their consistency with the capital and liquidity resources available, guiding any subsequent modification of the choices and the resulting overall strategy decisions.

SECTION 1 – CREDIT RISK

QUALITATIVE DISCLOSURES

1. GENERAL ASPECTS

In accordance with the organizational model established at the Group level to govern and manage risks, credit risk is managed with an integrated series of processes and associated responsibilities defined within company units and regulated with a comprehensive set of internal rules for credit risk.

As Parent Company, and on the basis of the provision of the Cohesion Contract signed in March 2019 among the Group companies, Iccrea Banca determines credit risk management policies at the Group level. More specifically:

- the lines of development for the Group activities are defined in the Strategic Plan and then incorporated in the annual budgets of the individual entities, in agreement with the Parent Company;
- the Risk Management function supports the risk assumption phase (policy, assessment and pricing models, quality control, strategic policy analysis) and management (identification, measurement/assessment, monitoring/reporting, mitigation) of the credit risk exposure of the Parent Company and all the Group companies.

With regard to the management and coordination role as defined in the Cohesion Contract, Banca Iccrea assumes responsibility for the following areas: lending rules (principles, policies and processes), credit strategies and credit risk limits, management of large exposures, guidelines for the main credit product categories by customer segment, the monitoring and reporting of portfolio credit risk.

In line with these credit governance rules, the Parent Company's Chief Lending Officer area is responsible for overseeing all lending processes for the Parent Company and the direct-scope companies, from origination to the management of non-performing loans (with the exception of resolved impaired loans) and to exercise management and coordination activities for the affiliated banks.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 ORGANIZATIONAL ASPECTS

Credit risk represents the preponderant component of the overall risks to which the Group is exposed, considering that credit exposures account for a dominant share of assets.

In light of this circumstance and in compliance with the applicable provisions concerning the internal control system (see Circular No. 285/2013, Part One, Title IV, Chapter 3), Iccrea Banca has adopted a governance structure and operational arrangements to ensure the adequate monitoring of credit risk at the Group level in the various phases of the process.

In this respect, the CLO area:

- performs guidance and coordination activities for all phases of the credit process (granting, management, governance of guarantees, monitoring, classification, evaluation and credit recovery);
- ensures the constant updating of the guidelines on credit issues;
- oversees and directs projects related to innovations or upgrading of existing credit processes;
- coordinates any remedial actions requested by the supervisory authorities, top management or the corporate control functions;
- supports the competent Group units in the definition and development of credit products;
- contributes to the definition of the Strategic Plan for the lending area, including the NPE sector;
- defines the NPE Operating Plan, in line with the Group's strategic guidelines in this area;
- issues, in compliance with the provisions and amount limits specified in the Group Lending Policies and in compliance with the powers attributed in internal rules, credit opinions on performing and non performing credit transactions from companies in the direct scope and the affiliated banks;

- issues, in compliance with the provisions and model specified in the Group Lending Policies and with the powers attributed in the structure of delegated powers of Iccrea Banca, the classification opinions on positions shared at Group level, in order to ensure uniformity of classification for the exposures of probable default or of non-performing debtors with credit obligations on multiple legal entities of the Group;
- approves the bank's performing and non performing loan transactions, in compliance with the powers attributed in internal rules, submitting them to the higher decision-making bodies of Iccrea Banca where they do not fall within its powers;
- supports the integration of counterparty climate-related and environmental risk assessments into the broader lending process.

NEW CREDIT STRATEGIES

As part of its strategies on performing loans, Iccrea Banca has introduced a methodology for evaluating the attractiveness of economic sectors which, together with the evaluation of the counterparty's creditworthiness, has the objective of defining strategic guidelines for new loans, allowing for the improvement of the quality of the loans portfolio and the Expected Loss objectives.

The methodology for evaluating sector attractiveness is based on the following:

- Credit Risk, defined on the basis of year-end analysis and on the prospective portfolio and macroeconomic expectations with a view to identifying both the less risky sectors and those for which a more prudent selection of customers is desirable, also evaluating the possible use of risk mitigation measures;
- Market Size identifies the economic sectors in which it is potentially possible to channel new loans (commercial potential), both in terms of development on existing customers and new customers on the market;
- ESG Climate Transition Risks measure the impacts of climate-related transition risks on economic sectors, including assessments on Waste and Pollution, Water Stress and Biodiversity;
- Sector Concentration Analyses measure the incidence of significant exposures and the level of the average ticket of a Bank in the individual sectors, representing a further element for directing credit strategies.

The assessment of sector attractiveness and of the risk characteristics of individual customers is used for allocating new loans, within a strategic and commercial planning processes. In this context, the Parent Company supports the banks in defining the commercial budget by providing guidelines for the distribution of growth volumes of loans, defining the strategy for individual customers in the lending process; it also supports the CBO Area in defining commercial targets relating to credit campaigns.

In accordance with supervisory regulations (Bank of Italy Circular no. 285/2013), the Risk Management function performs - at both the consolidated and individual legal entity levels - credit risk control activities designed to ascertain that the activities performed in all phases of the lending process ensure the effective monitoring and adequate representation of credit risk, identifying any hidden risks and guiding correct/adequate risk management, classification and evaluation.

More generally, the Risk Management function oversees the risk management of the individual entities from a consolidated and individual perspective:

- overseeing the measurement of credit risk from a current and forward-looking perspective, considering both conditions of normal operations and stress scenarios;
- monitoring the capacity of the risk limits, including those defined within the RAF/RAS with regard to the associated credit risk metrics;
- defining and updating the methods and measurement models for credit risk, including those used in the performance of credit stress tests, ensuring their ongoing compliance with regulatory developments and market best practice.

2.2 MEASUREMENT, MANAGEMENT AND CONTROL SYSTEMS

IDENTIFICATION OF RISKS

As noted in the previous section, in compliance with the provisions of Circular no. 285/2013 of the Bank of Italy as updated, the Parent Company determines the strategies, policies and principles for assessing and measuring risks for the Group and ensures the consistency of the internal control systems of the affiliated banks with the strategies, policies and principles established at the Group level, thus exercising the powers of strategic management and coordination aimed at ensuring the unity of the Group's strategic management and control system, as governed by the Cohesion Contract.

With regard to the lending process, Group regulations establish specific principles and guidelines for the analysis of the needs and requirements of clients as well as accurately assessing the credit risk profile. This activity, based on qualitative and quantitative disclosures, focuses on several aspects, including:

- the counterparty as well as the economic context in which it operates (also in respect of "groups of connected clients", when there are any legal or economic connections between with other counterparties);
- the purpose and characteristics of the transaction to be financed;
- the guarantees available;
- other forms of credit risk mitigation.

The Group adopts a counterparty approach in assigning ratings except in specific cases in which the counterparty assessment is supplemented by a product-perspective evaluation, in consideration of any special features of a business. Using rating/scoring models, the Group assigns the counterparty a representative credit rating, adopting an on-line processing procedure, which is typically accessed through the electronic application processing system but also in batch mode, with the latter being adopted for periodic updating of ratings for all Bank customers (the loan position performance rating).

The monitoring process seeks to mitigate risk and limit new expected defaults using specific operational tools. This process breaks down into a number of management phases, which provide for:

- the detection of the exposure: timely detection of exposures affected by an appreciable increase in credit risk (compared with the initial assumption) in order to monitor and analyze their development, initiating, if necessary, the relevant management strategies and interventions;
- portfolio clustering: following interception, exposures that generate credit risk for the bank (direct risk on customers) or that could indirectly impact the risk profile (indirect risk on guarantors), are allocated to specific management portfolios;
- exposure analysis: in this phase further information on the exposure is collected and the management strategy to be adopted is identified;
- execution and monitoring of the identified strategy: the activities carried out in this phase, aimed at assessing the creditworthiness and debt sustainability[116] of the counterparty, are aimed at executing the identified strategy of risk mitigation and containment of new flows at risk of default.

2.3 RISK MEASUREMENT AND ASSESSMENT

For the purpose of calculating prudential requirements for credit risk, the Group uses the standardized approach envisaged under prudential regulations (Regulation (EU) No. 575/2013 of the European Parliament and the Council of June 26, 2013 - CRR).

The adoption of the standardized approach to determine the capital requirement against credit risk involves the subdivision of exposures into portfolios and the application of differentiated prudential treatments to each, possibly using assessments of creditworthiness (external ratings) issued by external agencies (ECAI) or by export credit agencies (ECA) recognized for prudential purposes on the basis of the provisions of Regulation (EU) 575/2013.

Depending on the type of counterparty and the sector in which it operates, the Group's operations also open it to the risk of being excessively exposed to an individual counterparty (single name) or a specific sector/geographical

[116] Sustainability means the customer's ability to fulfill its obligations in compliance with the timeframe set out in the repayment plans and/or contractual provisions.

area (geo-sectoral).

For the purposes of determining internal capital for concentration risk for individual counterparties or groups of connected clients, the Group uses the regulatory granularity adjustment (GA) algorithm, based on the Herfindahl index. In accordance with regulatory provisions, the reference portfolio consists of on-balance-sheet and off-balance sheet exposures (the latter considered at their credit equivalent amount) falling within the regulatory portfolios "corporates and other borrowers", "short-term exposures to corporates" and exposures to corporates included in the asset classes "in default", "secured by real estate", "equity exposures" and "other exposures".

Furthermore, for the purpose of quantifying geo-sectorial concentration risk, the Group adopts the methodology developed by the "Geo-Sectoral Concentration Risk Laboratory" of the Italian Banking Association (ABI), which sets geographical and product categories against a national asset allocation benchmark.

The Group periodically performs stress tests for credit and concentration risks in order to assess - in terms of potential losses - the impact of expected risk developments on the financial profile of the Group and the individual entities under both normal and adverse operating conditions.

The stress test methods are based on regulatory practices and are applied in various management and risk governance processes, starting with the capital adequacy assessment process (ICAAP), as well as in the performance of supervisory exercises.

The methodological and calculation structure of credit stress tests is based on the use of internal risk models and parameters and incorporates a credit risk projection approach (transitions between stages/risk states) and determination of related losses over the scenario years (12-month or lifetime expected credit loss) based on the measurement of IFRS 9 impairment.

The projections of the estimates for the scenario years are performed considering the macroeconomic scenario assumptions in the adopted scenarios (in baseline or adverse conditions), using internally developed models ("satellite" models), which estimate the relationship between risk factors and developments in macroeconomic variables.

RISK MONITORING AND CONTROL

In accordance with supervisory regulations (Bank of Italy Circular no. 285/2013), the Risk Management function performs - at both the consolidated and individual legal entity levels - credit risk control activities designed to ascertain that the activities performed in all phases of the lending process ensure the effective monitoring and adequate representation of credit risk, identifying any hidden risks and guiding correct/adequate risk management, classification and evaluation. These activities are accompanied by the ongoing controls of the Risk Management function through analysis of developments in the exposure to credit risk of the Group as a whole and of the individual entities.

The Internal Audit unit performs third-level controls, verifying the adequacy and comprehensiveness of the processes and activities performed by the relevant units, the consistency and validity of the analyses performed and the associated findings.

The locus of the strategic and operational management of credit risk is the Group's Risk Appetite Statement, through a comprehensive system of risk objectives and limits (appetite, tolerance and capacity) at both the consolidated and individual entity levels, with compliance ensured by the monitoring and control activities of the function.

Monitoring and reporting on the credit risk profile is characterized by activities that involve both the business functions and the control functions, in accordance with their respective responsibilities. In particular, monitoring is ensured both by aggregate portfolio performance analyzes and by analyzes carried out on individual positions.

The Risk Management function monitors the credit risk profile – at both the consolidated and individual affiliated bank and Group company level, using an analytical framework and related reporting based on a system of key risk indicators. It is designed to monitor the loan portfolio, at both the time exposures are taken on and during their lifetime, the outcomes of which are reported regularly to top management. In this context, the analytical methods and the related reporting undergo constant fine-tuning in order to represent the drivers underlying developments in credit risks in an ever more effective manner, reflecting changes in the regulatory environment as well as management requirements and to support decision-making.

Risk Management has also centrally defined the "Credit Risk Control 285" framework. This is intended to govern, based on the set of governance, management and control mechanisms adopted by the Iccrea Cooperative Banking Group for credit risk, the analysis, identification and control activities performed by the Risk Management function pursuant to Circular 285.

The performance of this activity involved, over two six-month cycles, the preliminary definition of an operational policy qualifying the functional elements for calibrating and targeting risk control activities. Following the definition of this operational policy and in compliance with the provisions of other internal regulations, mass controls were conducted for the Group's credit portfolios, as well as sample checks (single file) of individual credit exposures. The completion of the activities also included reporting to the corporate bodies.

METHODS FOR MEASURING EXPECTED CREDIT LOSSES

The Bank has adopted a framework for determining impairment based on risk assessment models and the corresponding parameters used in operational and management practices by the Parent Company and individual Group entities. In accordance with the provisions of IFRS 9, the methods for measuring expected losses on impaired exposures are based on the following elements:

- a 3-stage (stage allocation) approach, based on changes in credit quality, defined on a model of 12-month expected loss or lifetime expected loss if a significant increase in credit risk is detected. The standard provides for three different categories that reflect the deterioration in credit quality since initial recognition:
    - Stage 1: financial assets originated and/or purchased that do not exhibit objective evidence of impairment at the date of initial recognition or that have not experienced a significant deterioration in their credit quality since the date of initial recognition (significant increase in credit risk) or which have low credit risk (low credit risk exemption);
    - Stage 2: financial assets whose credit quality has deteriorated significantly since the date of initial recognition;
    - Stage 3: financial assets that exhibit objective evidence of loss at the reporting date. The population of these exposures is consistent with those considered "impaired" under IAS 39.
- application of "point-in-time" formulations of the parameters for measuring credit risk for the purpose of calculating impairment;
- calculation of lifetime expected credit loss for exposures not classified in Stage 1, using lifetime parameters;
- inclusion of forward-looking conditioning in the calculation of ECL, considering the average loss from each scenario and the associated probability-weighted likelihood of each outcome;
- staging and transfers of financial assets between the stages.

In accordance with the standard, the Iccrea Group allocates each asset/tranche to one of the following three stages:

- stage 1, which includes all performing positions/tranches that at the reporting date meet the condition for the low credit risk exemption, or that do not show a significant increase in credit risk with respect to the level measured at the date of disbursement or purchase;
- stage 2, which includes all performing positions/tranches that at the time of assessment simultaneously meet the following two conditions: (i) they have a PD greater than the threshold, (ii) they have experienced a significant increase in credit risk with respect to the level measured at the origination date. In the absence of a rating/PD at the reporting date, exposures are generally allocated to stage 2 (without prejudice to the additional considerations and practices addressed below);
- stage 3, which includes all exposures that, as at the evaluation date, are classified as non-performing under the default definition adopted and governed by specific internal rules in conformity with supervisory regulations.

The staging method of the Group was developed on the basis of the following drivers.

The method developed for the loan portfolio envisages:

- the use of the low credit risk (LCR) criterion, under which credit risk is deemed to have not increased significantly if the exposure shows a low level of credit risk at the reporting date, essentially defined as a PD threshold at the reporting date equal to the investment grade threshold;

- the use of quantitative criteria based on rating/scoring systems, involving the analysis and comparison of the PD/rating at origination with the PD/rating at the reporting date. This identifies, on the basis of thresholds of significance defined in terms of the number of notches that a rating has changed, any significant increase in credit risk on the position.
- the use of qualitative staging criteria to identify the riskiest positions in the performing portfolio. These criteria have been defined independently of the use (or not) of the quantitative criteria referred to in the previous point and are based on the identification of objective evidence of impairment, such as the presence of forbearance measures, watchlists or positions more than 30 days past due.

The staging methodology developed for the securities portfolio is applicable to the entire portfolio of debt securities outstanding at the reporting date for the various Group entities. Not included in the calculation of impairment, and therefore not subject to the staging mechanism, are shares, equity investments, units of collective investment undertakings, securities classified as held-for-trading and debt securities that do not pass the benchmark test and the SPPI test.

The approach adopted for the securities portfolio provides for the use of the principle of the low credit risk exemption, which allocates exposures with a conditional 12-month PD below the investment grade threshold to stage 1. Positions with a conditional 12-month PD above that threshold undergo verification of any differences in PD at origination and PD at the reporting date.

Group entities with a securities portfolio use the external ratings of an ECAI at the tranche level. For the purpose of assigning a rating to securities exposures at the reporting date, only ECAIs with which a valid information-use agreement is in place are used.

Starting from the allocation of exposures in the different stages, the calculation of expected losses (ECL) is carried out, at the level of each position, on the basis of the estimated risk parameters (EAD, PD, LGD) using internal management models, performed in compliance with the requirements of the applicable accounting standard.

In particular, for the purposes of determining the probability of default (PD), the approach adopted for both the loan portfolio and the securities portfolio envisages:

- the transformation of the “through-the-cycle” PD into (or calculation of) the “point-in-time” (PIT) PD on the time horizon for the most recent historical observations;
- the inclusion of forward-looking scenarios through the application of multipliers representing macroeconomic forecasts to the PIT PD and the definition of a series of possible scenarios and the associated probability of occurrence that incorporate future macroeconomic conditions in the estimates;
- the transformation of the 12-month PD into a lifetime PD in order to estimate the PD term structure over the entire residual life of the loans.

Loss given default (LGD) is determined using the following approaches: i) a “block” approach, determined by the combination of parameters relating respectively to the pre-litigation phase (probability of reclassification as bad loans, exposure delta, performing LGD closure) and litigation (loss given bad loan); ii)) a "single-span" approach based on the recovery process over the entire duration of the default cycle with specific reference to the technical forms of "consumer loans" and "leases".

With regard to the securities portfolio, the unconditioned LGD measures are the same for both stage 1 and stage 2 exposures. In particular, an unconditioned LGD measure of 45% is used, subsequently subjected to forward-looking conditioning, consistent with the scenarios and probabilities of occurrence used to condition the PD, as discussed below.

Exposure at Default (EAD) is calculated on the basis of the amortized cost schedules of the individual relationships for both loans and debt securities. For exposures relating to margins, EAD is determined by applying the internal EAD (Exposure at Default) model which allows for the estimation, for some identified customer segments (companies, producer households and private individuals), of a specific Credit Conversion Factor (CCF) instead of using the regulatory coefficients (which are however applied for other counterparty segments).

For the purposes of calculating ECL under IFRS 9, the risk parameters are estimated from a forward-looking perspective through conditioning to macroeconomic scenarios. The approach adopted consists in the use of forecast values for the exogenous macroeconomic variables in the satellite models estimated internally and the associated conditioning approach for each forecast year. In order to reflect the different forward-looking riskiness of the positions assessed in the ECL estimates, those satellite models are differentiated, in particular the PD, by type of counterparty, sector of economic activity and geographical area. To determine the macroeconomic conditioning measures to be applied in the calculation, the following scenarios are considered with probabilities of occurrence defined in accordance with the indications provided by the reference provider (Prometeia):

- best case with a probability of occurrence equal to 20%,
- baseline cast with a probability of occurrence equal to 50%,
- plausible worst case with probability of occurrence equal to 30%.

At the closure of the financial statements at December 31, 2024, the calculation of the IFRS 9 ECL of the Group's performing credit exposures included implementation of the following:

- the amendments produced as part of the 2024 planning of the Credit Risk Models Evolution (CRME) program), with particular reference to the new Private Rating model and the revision of the PD satellite models;
- the amendments to strengthen the framework for the identification of significant increases in credit risk (SICR) following the recommendations formulated by the Supervisory Authority in the OSI-CRE and OSI-IFRS 9 context;
- the updates of the overlay component applied to the calculation of ECL, in order to add an additional degree of prudence in the light of the uncertainty of the macroeconomic environment as well as to the integration of C&E expectations on credit risk.

Together with the interventions mentioned above, and in line with the provisions of IFRS 9, adjustments of the ordinary process of updating the risk parameters (PD and LGD Point in Time (PiT)) were implemented. The latter were updated with the latest risk data available.

Starting from the close of December 2022, in addition to the ECL (Expected Credit Loss), the Group has also planned the introduction of post-model adjustments (overlays) in order to incorporate even greater prudence for specific sub-portfolios that could be made more fragile from the point of view of creditworthiness by the occurrence of other unexpected events impacting the likely macroeconomic environment. For this reason, with effect from the close of December 2023, the overall management of the portfolio for which overlays are used has been strengthened in order to monitor the manifestation of credit risk and review its composition on a cluster basis. In line with the ongoing update and evaluation of the overlay measure in place in the Group, at the closure of the 2024 financial statements, the scope of application was reviewed with reference to both the results of backtesting carried out by the Validation unit and the most recent developments in the macroeconomic context. Backtesting detected for all overlay components a default rate over the last year lower than the conditional PD even considering only the extreme worst case scenario (overlay reference). However, the results of these analyses have been integrated with appropriate assessments of the macroeconomic context and with prudential assumptions:

- with reference to "private mortgages at variable rate without cap" cluster, given the results set out above and together with the progressive reduction in interest rate levels, it was assessed that this portfolio could be progressively removed from the overlay scope, maintaining it at the end of the year limited to counterparties with a rating higher than class 4. Therefore, counterparties with an average PD lower than 0.30% (low credit risk) are excluded;
- for the Construction and Real Estate sectors, it was assessed to keep the level of attention active given the uncertainty linked to the reduction of bonuses in the 2025 Budget Law and the contraction in demand for real estate;
- a particular focus was set on the Automotive sector assuming deteriorating impacts following a sharp drop in demand and a high level of uncertainty regarding future developments at both national and European level, due to the high prices of cars and the inefficiency of the electrical sector.

The "climate" component was assessed through parameter adjustments (in-model adjustments) using the models estimated to address the Supervisory Authority's expectations in the C&E area. In particular, a broad range of model development activities was envisaged for physical risk, with reference to the LGD component of mortgages, and for transition risk (climate-related/environmental) with impacts on the PD (business segment) and LGD (mortgage loans on all segments) parameters), more detailed below.

With the aim of incorporating transition risk in the PD parameter, the prospective balance sheet method has been implemented for the corporate segment. This approach considers:

- econometric models aimed at establishing a relationship between the items of the balance sheet and a set of macroeconomic variables in order to project the balance sheets;

- definition of a climate/environmental cost component, that companies could bear to adapt to a more sustainable economy, taking into account the economic macrosector of the companies.

Once the most relevant balance sheet items have been projected, they are subjected to conditioning through the climate/environmental cost, defined as a summary of: i) green investments, ii) cost of CO2 (GHG emissions estimated internally), iii) cost of energy and iv) expenditure for biodiversity. It should be noted that the explicit inclusion of this last factor extends the proposed modelling to the environmental risks sector. Through appropriate statistical integration, the climate/environmental shock quantified on the Balance Sheet Score is propagated to the other scores that make up the Corporate Rating Model in order to define a prospective PD parameter that includes transition risk.

With reference to the C&E component on the LGD parameter, the scope of the estimate of acute physical risks concerns: floods, landslides and fires. The transmission channel of these risks on the LGD component is constituted by the possible impact on the value of the property used as collateral for a mortgage loan. The methodology allows to jointly evaluate the probability that an acute physical event occurs (Hazard) and the potential damage that the property may suffer from the occurrence of such event (Vulnerability), thus defining a haircut value to be applied to the value of the property to determine a value adjustment with an increase in the LTV (Loan to Value) parameter and consequently of the LGD. The methodological approach, common to the three adverse events mentioned above, has the geolocation of the property as its main driver.

Also as regards the calculation of the transition risk impact on the LGD parameter, the methodology is implemented on loans secured by real estate collateral. In particular, it considers only properties with an EPC (energy performance contract), assuming a depreciation rate of the asset deriving from an energy class lower than the target class for 2050 as foreseen by the Paris Agreement. This methodology, consistent with the physical risks framework, defines the haircut to be applied to determine the value adjustment of the property based on the derivation of an opportunity cost, obtained as a comparison between the cost to maintain a property in its energy class and the cost to comply with energy transition requirements.

Finally, as part of the conditioning of the IFRS 9 risk parameters, the ordinary updating of the macroeconomic scenarios was applied in accordance with the most update of those scenarios (September 2024)

2.4 CREDIT RISK MITIGATION TECHNIQUES

The Parent Company has developed specific Group guidelines to support the appropriate use of guarantees and credit risk mitigation techniques for Credit Risk Mitigation (CRM) purposes. Specifically, at Group level the following categories of guarantees eligible for CRM purposes have been identified:

- secured financial guarantees;
- real estate mortgages and property lease transactions involving properties that have the characteristics required by law;
- unsecured guarantees.

Unsecured guarantees eligible for CRM purposes consist of all forms of credit protection provided by the entities (providers) specified in Article 201 of the CRR (central governments, central banks, international organizations, public sector entities, regional governments and local authorities, multilateral development banks, supervised intermediaries). Accordingly, guarantees issued by natural persons or legal entities not included in the list indicated in the legislation do not fall within the risk mitigation techniques for calculating capital requirements, but are not excluded from the Group's catalog of guarantees, which comprises not only the guarantees eligible for CRM purposes, but also guarantees not eligible for CRM purposes, as mentioned above.

Credit risk mitigation techniques may include guarantees provided by collective loan guarantee consortia in accordance with applicable regulations in the presence of suitable counter-guarantees (for example the Central Guarantee Fund for SMEs) for the portion they secure.

The Group has adopted procedures to ensure adequate compliance over time with the general and specific requirements required for CRM techniques. The general requirements adopted by the Group are intended to ensure legal certainty and the effectiveness of the guarantees, and mainly concern:

- the binding nature of the legal commitment between the parties and its enforceability in court;
- the effectiveness of credit protection arrangements which must be legally effective and enforceable in all relevant jurisdictions;

- the effectiveness of the credit protection arrangement also in addressing all the risks related to that arrangement;
- the timeliness with which the guarantee may be liquidated in the event of default;

These procedures are valid and applied by the Bank, in order to avoid possible inconsistencies in the assessment. Checks are also carried out in relation to the current legal value of the documentation submitted, the impact of any changes in the regulatory framework and the consequent initiatives to be taken. Risks related to the ineffectiveness, reduction or termination of the protection ("residual risks") as well as valuation and potential concentration risks in respect of specific counterparties shall also be controlled and managed.

The Bank established Group has defined specific internal policies and procedures to ensure that the acquired collateral can be classified as CRM eligible. In particular, the following conditions must be met:

- the real estate that guarantees the exposure satisfies any of the following conditions:
  - - the asset has been fully completed;
  - - the real estate is a forest or agricultural land;
  - - the loan is in favor of a natural person and the property is a residential property under construction or land on which the construction of a residential property is planned, and such project has been lawfully approved by all the relevant authorities, as the case may be, and if any of the following conditions are met: (i) the property has no more than four dwelling units and will be the primary residence of the borrower and the loan to that natural person does not indirectly finance ADC exposures; (ii) a central government, regional government or local authority or public sector body is involved and/or has the legal power and capacity to ensure that the property under construction will be completed within a reasonable timeframe and is required or has made a legally binding commitment to complete it where construction would not otherwise be completed within a reasonable timeframe.
- the exposure is secured by a first-ranking mortgage on the property or the bank holds the first-ranking mortgage and any other sequentially lower-ranking mortgages on that property;
- the value of the property does not depend significantly on the debtor's creditworthiness;
- all information required at the time of assuming the exposure and for monitoring purposes is adequately documented, including that concerning the debtor's repayment capacity and the valuation of the property

3. IMPAIRED CREDIT EXPOSURES

3.1 MANAGEMENT STRATEGIES AND POLICIES

According to the EBA definition, non-performing exposures satisfy either or both of the following criteria:

- material exposures which are more than 90 days past due;
- the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past-due amount or of the number of days past due.

Impaired exposures are classified by increasing degree of severity in the following three categories:

- impaired past due and or overlimit exposures: exposures continuously past due or overlimit by more than 90 days in an amount exceeding the materiality thresholds (a relative materiality threshold equal to 1% of the entire exposure and an absolute materiality threshold of €100 or €500 for retail or corporate counterparties respectively;
- unlikely to pay (UTP) exposures: on- and off-balance sheet exposures for which the institution considers that the obligor is unlikely, without recourse to actions such as realizing security, to pay its credit obligations (principal and/or interest);
- default: on- and off-balance sheet exposures to an obligor in a state of insolvency (even if not declared by a court) or a substantially comparable situation, regardless of any expected loss.

With reference to the classification of shared customers, the Parent Company has defined specific operational criteria to be adopted at Group level to ensure uniformity of classification among the various Group Companies. If there are legal and/or economic connections between the counterparties, the classification as Non-Performing of one of the connected counterparties determines an automatic classification as NPE for some types of connections, while for other connections it triggers an assessment of the intensity of the connections and the risk of contagion for the purposes of the possible classification as Non-Performing of other Group counterparties (so-called "default propagation").

The strategy for managing non-performing exposures is set by the Parent Company and is subject to approval and monitoring by its Board of Directors. Specifically, the Parent Company:

- defines the objectives in terms of reducing expected NPE levels at Group level;
- establishes, with the support of the Group companies, the objectives for the individual companies and the related management strategies.

The implementation of the strategy is supported by the Parent Company through the delivery of specialized support services, the provision of tools to facilitate the uniform management of impaired positions and a Group operational plan, which is also approved by the Parent Company's Board of Directors.

All Group companies have developed a system for measuring the performance of senior management and the organizational structures dedicated to management of non-performing exposures based on a number of quantitative and qualitative factors, such as:

- developments in the stock of gross and net non-performing exposures, in line with the Group's Strategic Plan;
- methods for applying forbearance measures;
- the total amount recovered on the loan portfolio with a focus on collections, liquidations and asset sales;
- the ageing of positions by recovery management phases;
- the regular performance of agreed restructuring plans;
- the application of writeoffs;
- the reduction of arrears and the improvement of portfolio quality.

The management of NPEs envisages the following categories of management strategies:

- short- or long-term management actions to support business continuity with the objective of returning positions to performing status or amicable recovery of the exposure
- legal action, to be adopted for severely impaired positions for which litigation are undertaken to recover the credit, as the state of crisis appears to be deep-rooted and irreversible;
- active portfolio reduction, to be applied to impaired positions that are considered unrecoverable.

Extraordinary NPE portfolio management strategies include the transfer of individual files or selected portions of the portfolio.

3.2 WRITEOFFS

The Group writes off impaired positions, meaning the derecognition from the financial statements of a loan, or part of a loan, and the consequent recognition of a loss, when it is ascertained that the exposure cannot be collected or it is uneconomic to continue any associated recovery activities under way.

It may occur before the legal action to recover the financial assets are completed and does not necessarily entail waiver of the bank's right to the asset. A writeoff may be total, and therefore regard the entire amount of a financial, or partial (in all those cases in which the claim recognized is smaller than the carrying amount, for example in insolvency proceedings). The amount of the writeoff must always take account of any expenses, including legal costs, accrued and not yet invoiced at the time of analysis.

A writeoff involves:

- the reversal of total writedowns against the gross value of the financial asset;
- for any part exceeding total writedowns, the impairment loss on the financial asset is recognized directly in profit or loss.

Any recoveries from collection after the recognition of the writeoff are recognized in profit or loss as writebacks.

Writeoffs recognized for unrecoverability refer to cases in which the Bank is in possession of documentation certifying the significant probability that the loan may not be recovered, in whole or in part. Specifically, the irrecoverable status of the loan must be attested to by certain and specific circumstances, such as:

- the obligor, co-obligors and/or connected guarantors are untraceable or destitute;
- there has been no recovery from enforcement of guarantees or collateral and seizures;
- the period of limitations has passed;
- insolvency proceedings have been closed with incomplete restitution for the bank, in the absence of further guarantees that could be enforced;
- it is impossible to take further action in consideration of the overall financial position and income situation of the obligors and co-obligors (guarantors included);
- all legal or out-of-court actions have, following a careful examination of updated documentation (by way of partial example, commercial information, title searches, searches, etc.), already been carried out or are deemed inappropriate;
- bad loans with a residual balance after partial repayment in settlement performed in accordance with the procedures and time limits provided for by the resolution approved by the competent bodies;
- amounts from the redetermination of the credit claim.

Writeoffs recognized because further action would be uneconomic occur when it is recognized, and can be demonstrated, that the costs related to the continuation of loan recovery actions (for example: legal, administrative and other costs) would exceed the value of the financial asset that is expected to be recovered.

3.3 FINANCIAL ASSETS PURCHASED OR ORIGINATED CREDIT-IMPAIRED

Financial assets purchased or originated credit impaired ("POCI") are credit exposures that are impaired upon initial recognition.

Such exposures may arise both from the purchase of impaired credit exposures from third parties or from the restructuring of impaired exposures that involved the grant of new financing that is significant in absolute or relative terms in proportion to the amount of the original exposure.

These exposures are subject to management, measurement and control in accordance with the principles discussed in the previous section of the consolidated notes to the financial statements. In particular, the expected credit losses recorded at initial recognition in the carrying amount of the instrument are reviewed periodically based on the processes described in the preceding sections.

The expected loss for these exposures is always calculated over their lifetime and the exposures are conventionally reported under stage 3, or stage 2 if, following an improvement in the credit quality of the counterparty since initial recognition, the assets are performing.

Such assets are never classified under stage 1 since the expected credit loss must be calculated on a lifetime basis.

4. FINANCIAL ASSETS SUBJECT TO COMMERCIAL RENEGOTIATIONS AND EXPOSURES GRANTED FORBEARANCE MEASURES

Forborne exposures are performing and non-performing exposures that have been granted a forbearance measure by the Bank towards a customer who is already facing a situation of financial difficulty in meeting their payment commitments, or is about to do so, and which would not have been granted if that customer had not found themselves in such a situation.

Forbearance measures are granted with the aim of preventing a further worsening of the customer's financial and economic conditions, supporting them to overcome the current difficulties through a concession with a more sustainable repayment situation.

To identify an exposure as forborne, both of the following conditions must be verified:

- the existence of the financial difficulties that the obligor is facing or is about to face (therefore, in the absence of a situation of financial difficulty of the obligor, any type of intervention on that obligor does not classifies as a forbearance measure);

- the exposure is the subject of a forbearance measure (renegotiation of the contractual conditions and/or of a repayment or refinancing plan, etc.)

More specifically, forbearance measures are defined as:

- contract modifications granted in favor of a debtor solely in consideration of the debtor's financial difficulties;
- the grant of total or partial refinancing to a debtor in financial difficulties in order to enable the debtor to repay an existing obligation to the bank; this case also includes additional finance operations aimed at the completion-optimization of an existing obligation to the bank.

The attribution of "forborne" to a credit exposure does not represent an additional classification status to those currently provided for in supervisory regulations and the internal rules of the Group.

Forborne status must be associated with the individual exposure. Accordingly, a forborne exposure can be classified as performing forborne or non-performing forborne depending on the status of the counterparty to which these exposures are attributable.

Exposures that meet both of the following conditions are considered forborne performing:

- the debtor is classified as performing before the formalization of the forbearance measures;
- the debtor is not reclassified under impaired exposures as a result of the grant of the forbearance measures.

Exposures that meet at least one of the following conditions are considered forborne non-performing:

- the debtor is classified under impaired exposures before the formalization of forbearance measures;
- the debtor is reclassified under impaired exposures as a result of the grant of the forbearance measures.

QUANTITATIVE DISCLOSURES

A. CREDIT QUALITY

A.1 IMPAIRED AND PERFORMING CREDIT EXPOSURES: STOCKS, WRITEDOWNS, CHANGES AND DISTRIBUTION BY SECTOR

A.1.1 DISTRIBUTION OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (CARRYING AMOUNT)

	Bad loans	Unlikely to pay	Impaired past due exposures	Performing past due positions	Other performing positions	Total
1. Financial assets measured at amortized cost	1,151	36,727	5,516	52,717	40,818,350	40,914,461
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	926,396	926,396
3. Financial assets designated as at fair value	-	-	-	-	346,666	346,666
4. Other financial assets mandatorily measured at fair value	-	-	-	-	5,991	5,991
5. Financial assets held for sale	-	-	-	-	-	-
Total 31/12/2024	**1,151**	**36,727**	**5,516**	**52,717**	**42,097,403**	**42,193,513**
Total 31/12/2023	**2,046**	**50,592**	**119**	**267,765**	**49,468,662**	**49,789,185**

A.1.2 DISTRIBUTION OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (GROSS AND NET VALUES)

	Impaired				Unimpaired			Total (net exposure)
	Gross exposure	Total writedowns	Net exposure	Total partial writeoffs *	Gross exposure	Total writedowns	Net exposure	
1. Financial assets measured at amortized cost	115,795	72,401	43,394	39,199	40,915,617	44,550	40,871,067	40,914,461
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	927,941	1,545	926,396	926,396
3. Financial assets designated as at fair value	-	-	-	-	X	X	346,666	346,666
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	5,991	5,991
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31/12/2024	**115,795**	**72,401**	**43,394**	**39,199**	**41,843,558**	**46,095**	**42,150,119**	**42,193,513**
Total 31/12/2023	**178,966**	**126,208**	**52,758**	**29,300**	**49,427,464**	**49,019**	**49,736,427**	**49,789,185**

	Assets with evidently poor credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	891,873
2. Hedging derivatives	-	-	93,878
Total 31/12/2024	**-**	**-**	**985,750**
Total 31/12/2023	**-**	**-**	**1,316,282**

**Value to be reported for information purposes*

A.1.3 DISTRIBUTION OF FINANCIAL ASSETS BY TIME PAST DUE (CARRYING AMOUNT)

	Stage 1			Stage 2			Stage 3			Purchased or originated credit-impaired		
	Up to 30 days	From 30 to 90 days	More than 90 days	Up to 30 days	From 30 to 90 days	More than 90 days	Up to 30 days	From 30 to 90 days	More than 90 days	Up to 30 days	From 30 to 90 days	More than 90 days
1. Financial assets measured at amortized cost	41,250	105	81	3,500	7,780	-	2,241	1,088	28,577	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31/12/2024	**41,250**	**105**	**81**	**3,500**	**7,780**	**-**	**2,241**	**1,088**	**28,577**	**-**	**-**	**-**
Total 31/12/2023	**254,236**	**160**	**-**	**5,101**	**1,995**	**6,273**	**4,483**	**3,072**	**28,499**	**-**	**-**	**-**

A.1.4 FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND GUARANTEES ISSUED: DEVELOPMENTS IN TOTAL WRITEDOWNS AND TOTAL PROVISIONS

	Total writedowns																	
	Stage 1						Stage 2						Stage 3					
	Demand claims on banks and central banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Demand claims on banks and central banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns	Demand claims on banks and central banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual writedowns	of which: collective writedowns
Opening balance	**381**	**16,333**	**431**	**-**	**-**	**17,145**	**156**	**31,139**	**1,116**	**-**	**-**	**32,411**	**-**	**126,208**	**-**	**-**	**123,846**	**2,362**
Increases in financial assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net writedowns/writebacks for credit risk	(353)	(4,420)	471	-	-	(4,302)	(113)	1,497	(473)	-	-	911	-	(53,807)	-	-	(51,445)	(2,362)
Contractual modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in estimation method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Writeoffs not recognized directly through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	**28**	**11,913**	**902**	**-**	**-**	**12,843**	**42**	**32,637**	**643**	**-**	**-**	**33,322**	**-**	**72,401**	**-**	**-**	**72,401**	**-**
Recoveries from collection on written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Writeoffs recognized directly through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Total writedowns					Total provisions for commitments to disburse funds and financial guarantees				
	Of which: purchased or originated credit-impaired									
	Financial assets measured at amortized cost	**Financial assets measured at fair value through other comprehensive income**	**Financial assets held for sale**	**of which: individual writedowns**	**of which: collective writedowns**	**Stage 1**	**Stage 2**	**Stage 3**	**Commitments to disburse funds and financial guarantees purchased or originated credit impaired**	**Tot.**
Opening balance	**-**	**-**	**-**	**-**	**-**	**5,897**	**6,031**	**11,966**	**-**	**199,657**
Increases in financial assets purchased or originated	X	X	X	X	X	-	-	-	-	**-**
Derecognition other than write-offs	-	-	-	-	-	-	-	-	-	**-**
Net writedowns/writebacks for credit risk	-	-	-	-	-	7,418	223	1,047	-	**(48,509)**
Contractual modifications without derecognition	-	-	-	-	-	-	-	-	-	**-**
Change in estimation method	-	-	-	-	-	-	-	-	-	**-**
Writeoffs not recognized directly through profit or loss	-	-	-	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	-	-	-	-	-	**-**
Closing balance	**-**	**-**	**-**	**-**	**-**	**13,315**	**6,254**	**13,013**	**-**	**151,148**
Recoveries from collection on written-off financial assets	-	-	-	-	-	-	-	-	-	**-**
Writeoffs recognized directly through profit or loss	-	-	-	-	-	-	-	-	-	**-**

A.1.5 FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED: TRANSFERS BETWEEN CREDIT RISK STAGES (GROSS AND NOMINAL VALUES)

	Gross exposure/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortized cost	147,972	7,780,717	21,611	3,874	15,733	159
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees issued	123,591	1,534,557	-	-	2,983	313
Total 31/12/2024	**271,563**	**9,315,274**	**21,611**	**3,874**	**18,715**	**472**
Total 31/12/2023	**226,463**	**256,917**	**21,893**	**-**	**27,291**	**18**

LOANS INVOLVED IN COVID-19 SUPPORT MEASURES: TRANSFERS BETWEEN CREDIT RISK STAGES (GROSS VALUES)

The table has not been completed because there were no such positions at the reporting date.

A.1.6 ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO BANKS: GROSS AND NET VALUES

	Gross exposure					Total writedowns and total provisions					Net exposure	Total partial writeoffs *
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. On-balance-sheet exposures												
A.1 Demand	**3,272,975**	**3,265,873**	**7,101**	**-**	**-**	**70**	**28**	**42**	**-**	**-**	**3,272,905**	**-**
a) Impaired	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	3,272,975	3,265,873	7,101	X	-	70	28	42	X	-	3,272,905	-
A.2 Other	**21,787,826**	**21,672,670**	**80,679**	**-**	**-**	**3,714**	**1,176**	**2,538**	**-**	**-**	**21,784,112**	**-**
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Impaired past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Unimpaired past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other unimpaired assets	21,787,826	21,672,670	80,679	X	-	3,714	1,176	2,538	X	-	21,784,112	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	**25,060,800**	**24,938,544**	**87,781**	**-**	**-**	**3,784**	**1,203**	**2,581**	**-**	**-**	**25,057,017**	**-**
B. Off-balance-sheet exposures												
a) Impaired	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	11,374,207	9,993,223	115,592	X	-	5,342	5,223	119	X	-	11,368,865	-
Total (B)	**11,374,207**	**9,993,223**	**115,592**	**-**	**-**	**5,342**	**5,223**	**119**	**-**	**-**	**11,368,865**	**-**
Total (A+B)	**36,435,007**	**34,931,767**	**203,373**	**-**	**-**	**9,125**	**6,426**	**2,699**	**-**	**-**	**36,425,882**	**-**

**Value to be reported for information purposes*

A.1.7 ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS: GROSS AND NET VALUES

	Gross exposure					Total writedowns and total provisions					Net exposure	Total partial writeoffs *
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. On-balance-sheet exposures												
a) Bad loans	11,159	X	-	11,159	-	10,008	X	-	10,008	-	1,151	39,199
- of which: forborne exposures	2,919	X	-	2,919	-	2,790	X	-	2,790	-	129	2,187
b) Unlikely to pay	96,486	X	-	96,486	-	59,759	X	-	59,759	-	36,727	-
- of which: forborne exposures	45,884	X	-	45,884	-	34,173	X	-	34,173	-	11,710	-
c) Impaired past due exposures	8,150	X	-	8,150	-	2,634	X	-	2,634	-	5,516	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Unimpaired past due exposures	53,377	41,626	11,751	X	-	661	190	471	X	-	52,717	-
- of which: forborne exposures	4,547	-	4,547	X	-	301	-	301	X	-	4,246	-
e) Other unimpaired assets	20,382,551	19,364,849	671,982	X	-	41,721	11,450	30,271	X	-	20,340,830	-
- of which: forborne exposures	65,986	5,463	60,524	X	-	3,103	141	2,962	X	-	62,883	-
Total (A)	**20,551,723**	**19,406,475**	**683,733**	**115,795**	**-**	**114,782**	**11,640**	**30,742**	**72,401**	**-**	**20,436,941**	**39,199**
B. Off-balance-sheet exposures												
a) Impaired	22,544	X	-	22,544	-	13,013	X	-	13,013	-	9,530	-
b) Unimpaired	3,602,510	2,918,221	346,462	X	-	14,227	8,092	6,135	X	-	3,588,283	-
Total (B)	**3,625,054**	**2,918,221**	**346,462**	**22,544**	**-**	**27,240**	**8,092**	**6,135**	**13,013**	**-**	**3,597,814**	**-**
Total (A+B)	**24,176,777**	**22,324,697**	**1,030,195**	**138,339**	**-**	**142,023**	**19,731**	**36,877**	**85,414**	**-**	**24,034,754**	**39,199**

** Value to be reported for information purposes*

LOANS INVOLVED IN COVID-19 SUPPORT MEASURES: GROSS AND NET VALUES

	Gross exposure					Total writedowns and total provisions					Net exposure	Total partial writeoffs *
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
Bad loans	618	-	-	618	-	446	-	-	446	-	172	-
Unlikely to pay	6,839	-	-	6,839	-	2,781	-	-	2,781	-	4,058	-
Impaired past-due	417	-	-	417	-	92	-	-	92	-	326	-
Performing past-due	946	272	673	-	-	39	-	39	-	-	907	-
Other performing	253,589	213,527	40,062	-	-	404	195	209	-	-	253,185	-
Total	**262,409**	**213,799**	**40,735**	**7,874**	**-**	**3,762**	**195**	**248**	**3,318**	**-**	**258,647**	**-**

A.1.8 BALANCE-SHEET CREDIT EXPOSURES TO BANKS: CHANGES IN GROSS IMPAIRED POSITIONS

The table has not been completed because there were no such positions at the reporting date.

A.1.8 BIS ON-BALANCE-SHEET CREDIT EXPOSURES TO BANKS: CHANGES IN GROSS FORBORNE EXPOSURES BY CREDIT QUALITY

The table has not been completed because there were no such positions at the reporting date.

A.1.9 ON-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN GROSS IMPAIRED POSITIONS

	Bad loans	Unlikely to pay	Impaired past-due
A. Opening gross exposure	**20,131**	**158,664**	**170**
- of which: exposures assigned but not derecognized	-	-	-
B. Increases	**15,243**	**52,688**	**8,114**
B.1 from performing exposures	3,928	47,847	8,114
B.2 from purchased or originated impaired financial assets	-	-	-
B.3 from other categories of impaired exposures	8,531	135	-
B.4 contractual modifications without derecognition	-	-	-
B.5 other increases	2,784	4,705	-
C. Decreases	**24,215**	**114,866**	**135**
C.1 to performing exposures	-	4,899	-
C.2 writeoffs	9,346	1,323	-
C.3 collections	2,414	14,769	-
C.4 realized on disposals	2,893	28,913	-
C.5 losses on disposals	-	56,431	-
C.6 to other categories of impaired exposures	-	8,531	135
C.7 contractual modifications without derecognition	-	-	-
C.8 other decreases	9,562	-	-
D. Closing gross exposure	**11,159**	**96,486**	**8,150**
- of which: exposures assigned but not derecognized	-	-	-

A.1.9BIS ON-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN GROSS FORBORNE EXPOSURES BY CREDIT QUALITY

	Impaired forborne exposures	Unimpaired forborne exposures
A. Opening gross exposure	**100,119**	**102,815**
- of which: exposures assigned but not derecognized	-	-
B. Increases	**11,184**	**20,206**
B.1 from non-forborne performing exposures	7,417	15,307
B.2 from forborne performing exposure	2,746	X
B.3 from forborne non-performing exposure	X	4,899
B.4 from non-forborne non-performing exposure contractual modifications without derecognition	-	-
B.5 other increases	1,022	-
C. Decreases	**62,500**	**52,488**
C.1 to non-forborne performing exposures	X	36,388
C.2 to forborne performing exposure	4,899	X
C.3 to forborne non-performing exposure	X	2,746
C.4 writeoffs	3,053	-
C.5 collections	8,211	13,113
C.6 realized on disposal	15,997	-
C.7 losses on disposals	29,057	-
C.8 other decreases	1,284	242
D. Closing gross exposure	**48,803**	**70,533**
- of which: exposures assigned but not derecognized	-	-

A.1.10 ON-BALANCE-SHEET IMPAIRED CREDIT EXPOSURES TO BANKS: CHANGE IN TOTAL ADJUSTMENTS

The table has not been completed because there were no such positions at the reporting date.

A.1.11 ON-BALANCE-SHEET IMPAIRED CREDIT EXPOSURES TO CUSTOMERS: CHANGE IN TOTAL ADJUSTMENTS

	Bad loans		Unlikely to pay		Impaired past-due	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Total opening adjustments	**18,085**	**4,442**	**108,072**	**70,576**	**51**	**-**
- of which: exposures assigned but not derecognized	-	-	-	-	-	-
B. Increases	**3,905**	**1,386**	**5,731**	**1,519**	**2,624**	**-**
B.1 writedowns of purchased or originated credit-impaired assets	-	X	-	X	-	X
B.2 other writedowns	1,058	470	90	90	2,624	-
B.3 losses on disposal	537	21	5,600	1,429	-	-
B.4 from other categories of impaired positions	976	126	41	-	-	-
B.5 contractual modifications without derecognition	-	-	-	-	-	-
B.6 other increases	1,334	770	-	-	-	-
C. Decreases	**11,982**	**3,038**	**54,043**	**37,922**	**41**	**-**
C.1 writebacks from valuations	-	-	-	-	-	-
C.2 writebacks from collections	1,986	1,278	34,448	22,502	-	-
C.3 gains on disposal	650	27	12,340	9,017	-	-
C.4 writeoffs	9,346	1,733	1,323	1,320	-	-
C.5 to other categories of impaired positions	-	-	976	126	41	-
C.6 contractual modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	4,957	4,957	-	-
D. Total closing adjustments	**10,008**	**2,790**	**59,759**	**34,173**	**2,634**	**-**
- of which: exposures assigned but not derecognized	-	-	-	-	-	-

A.2 - CLASSIFICATION OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED BY EXTERNAL RATING GRADES

A.2.1 DISTRIBUTION OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED BY EXTERNAL RATING GRADES (GROSS VALUES)

	External rating grades						Not rated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortized cost	**571,940**	**172,503**	**12,851,899**	**55,039**	**-**	**35,483**	**27,344,547**	**41,031,412**
- Stage 1	548,272	133,280	12,324,525	45,674	-	-	27,127,509	40,179,261
- Stage 2	22,442	38,752	476,769	9,365	-	35,483	153,545	736,355
- Stage 3	1,226	471	50,605	-	-	-	63,493	115,795
- Purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**170,822**	**138,220**	**525,293**	**16,197**	**-**	**-**	**77,409**	**927,941**
- Stage 1	170,822	138,220	507,371	6,063	-	-	77,409	899,884
- Stage 2	-	-	17,923	10,134	-	-	-	28,057
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-	-
Total (A+B+C)	**742,762**	**310,724**	**13,377,192**	**71,237**	**-**	**35,483**	**27,421,955**	**41,959,353**
D. Commitments to disburse funds and financial guarantees issued	**603**	**24,156**	**17,454**	**15,926**	**-**	**760,657**	**12,601,047**	**13,419,842**
- Stage 1	603	22,996	10,608	11,414	-	760,657	12,128,966	12,935,244
- Stage 2	-	1,160	6,846	4,512	-	-	449,537	462,055
- Stage 3	-	-	-	-	-	-	22,544	22,544
- Purchased or originated credit-impaired financial assets	-	-	-	-	-	-	-	-
Total (D)	**603**	**24,156**	**17,454**	**15,926**	**-**	**760,657**	**12,601,047**	**13,419,842**
Total (A+B+C+D)	**401,721**	**58,439**	**12,344,060**	**54,768**	**-**	**796,139**	**39,868,185**	**53,523,313**

The distribution of the exposures shown in the table shows the breakdown by rating grade of the debtors referred to in the prudential regulations of the Bank of Italy and are provided by the Fitch rating agency as the ECAI (External Credit Assessment Institution).

A.2.2 DISTRIBUTION OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED BY INTERNAL RATING GRADES (GROSS AMOUNTS)

The table has not been completed because as at the reporting date external ratings were used.

A.3 DISTRIBUTION OF SECURED CREDIT EXPOSURES BY TYPE OF GUARANTEE

A.3.1 ON- AND OFF-BALANCE SHEET SECURED CREDIT EXPOSURES TO BANKS

			Collateral (1)				Unsecured guarantees (2)									
							Credit derivatives					Guarantees				Total (1)+(2)
								Other derivatives								
	Gross exposure	Net exposure	Properties - Mortgages	Properties - Finance leases	Securities	Other collateral	CLN	Central counterparties	Banks	Other financial companies	Other	Government entities	Banks	Other financial companies	Other	
1. Secured on-balance-sheet credit exposures:	**9,967,856**	**9,966,520**	**3,781,824**	**-**	**6,181,048**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,691**	**9,964,563**
1.1 fully secured	9,964,847	9,964,828	3,781,824	-	6,181,048	-	-	-	-	-	-	-	-	-	-	9,962,872
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 partially secured	3,009	1,691	-	-	-	-	-	-	-	-	-	-	-	-	1,691	1,691
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Secured off-balance-sheet credit exposures:	**7,502,292**	**7,502,075**	**3,125,183**	**-**	**4,239,571**	**-**	**-**	**-**	**-**	**-**	**-**	**3,066**	**-**	**4,546**	**-**	**7,372,366**
2.1 fully secured	7,451,886	7,451,681	3,125,183	-	4,213,721	-	-	-	-	-	-	257	-	4,546	-	7,343,706
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially secured	50,406	50,394	-	-	25,850	-	-	-	-	-	-	2,809	-	-	-	28,659
- of which: impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.3.2 ON- AND OFF-BALANCE SHEET SECURED CREDIT EXPOSURES TO CUSTOMERS

			Collateral (1)				Unsecured guarantees (2)									
							Credit derivatives					Guarantees				
								Other derivatives								
	Gross exposure	Net exposure	Properties - Mortgages	Properties - Finance leases	Securities	Other collateral	CLN	Central counterparties	Banks	Other financial companies	Other	Government entities	Banks	Other financial companies	Other	Total (1)+(2)
1. Secured on-balance-sheet credit exposures:	**3,814,928**	**3,736,275**	**1,071,213**	**-**	**1,308,638**	**326,394**	**-**	**-**	**-**	**-**	**-**	**447,627**	**6,137**	**16,071**	**381,539**	**3,557,618**
1.1 fully secured	3,137,537	3,070,840	1,071,161	-	1,150,116	289,612	-	-	-	-	-	331,471	5,530	14,046	161,435	3,023,371
- of which: impaired	74,568	27,255	17,946	-	-	1,064	-	-	-	-	-	6,408	-	-	1,610	27,028
1.2 partially secured	677,390	665,435	52	-	158,522	36,781	-	-	-	-	-	116,155	607	2,025	220,104	534,246
- of which: impaired	23,970	15,054	-	-	-	-	-	-	-	-	-	-	-	-	13,971	13,971
2. Secured off-balance-sheet credit exposures:	**1,448,323**	**1,444,220**	**999**	**-**	**1,093,828**	**739**	**-**	**-**	**-**	**-**	**-**	**19,115**	**173,727**	**610**	**73,316**	**1,362,334**
2.1 fully secured	1,176,938	1,173,491	999	-	1,093,828	514	-	-	-	-	-	10,894	180	610	66,263	1,173,289
- of which: impaired	3,430	670	-	-	-	128	-	-	-	-	-	-	-	-	400	529
2.2 partially secured	271,385	270,729	-	-	-	225	-	-	-	-	-	8,221	173,547	-	7,053	189,045
- of which: impaired	277	277	-	-	-	-	-	-	-	-	-	-	-	-	145	145

A.4 FINANCIAL AND NON-FINANCIAL ASSETS OBTAINED THROUGH ENFORCEMENT OF GUARANTEES RECEIVED

The table has not been completed because there were no such positions as at the reporting date.

B. DISTRIBUTION AND CONCENTRATION OF CREDIT EXPOSURES

B.1 ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS BY SECTOR

	Government entities		Financial companies		Financial companies (of which: insurance undertakings)	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance sheet						
A.1 Bad loans	-	-	-	137	-	-
- of which: forborne exposures		-	-	-	-	-
A.2 Unlikely to pay		-	993	4,907	-	-
- of which: forborne exposures		-	993	831	-	-
A.3 Impaired past due exposures		-	-	-	-	-
- of which: forborne exposures		-	-	-	-	-
A.4 Unimpaired exposures		1,509	6,459,004	18,589	471,923	1,971
- of which: forborne exposures		-	-	-	-	-
Total (A)	**10,990,810**	**1,509**	**6,459,997**	**23,633**	**471,923**	**1,971**
B. Off-balance sheet						
B.1 Impaired exposures	-	-	2,645	-	-	-
B.2 Unimpaired exposures	370,017	148	2,073,400	1,614	238,668	-
Total (B)	**370,017**	**148**	**2,076,045**	**1,614**	**238,668**	**-**
Total (A+B) 31/12/2024	**11,360,827**	**1,658**	**8,536,041**	**25,247**	**710,591**	**1,971**
Total (A+B) 31/12/2023	**10,860,824**	**1,828**	**7,162,560**	**15,885**	**-**	**-**

	Non-financial companies		Households	
	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance sheet				
A.1 Bad loans	1,151	9,821	-	49
- of which: forborne exposures	129	2,790	-	-
A.2 Unlikely to pay	33,581	51,887	2,153	2,965
- of which: forborne exposures	9,535	31,716	1,182	1,627
A.3 Impaired past due exposures	5,474	2,630	42	5
- of which: forborne exposures	-	-	-	-
A.4 Unimpaired exposures	2,792,865	21,356	150,869	927
- of which: forborne exposures	63,804	3,136	3,325	268
Total (A)	**2,833,071**	**85,694**	**153,063**	**3,946**
B. Off-balance sheet				
B.1 Impaired exposures	6,829	13,013	57	-
B.2 Unimpaired exposures	1,132,788	12,291	12,078	173
Total (B)	**1,139,617**	**25,305**	**12,135**	**173**
Total (A+B) 31/12/2024	**3,972,688**	**110,999**	**165,198**	**4,119**
Total (A+B) 31/12/2023	**3,942,460**	**171,580**	**164,896**	**6,985**

B.2 ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS BY GEOGRAPHICAL AREA

		Italy		Other European countries		America	
		Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet							
A.1 Bad loans		1,151	9,871	-	-	-	137
A.2 Unlikely to pay		36,679	56,957	-	169	-	272
A.3 Impaired past due exposures		4,799	1,654	717	980	-	-
A.4 Unimpaired exposures		19,439,770	41,207	87,999	624	63,548	443
	Total A	**19,482,399**	**109,688**	**88,716**	**1,774**	**63,548**	**852**
B. Off-balance-sheet							
B.1 Impaired exposures		7,120	13,013	-	-	-	-
B.2 Unimpaired exposures		3,411,746	10,966	120,151	3,085	4,815	36
	Total (B)	**3,418,867**	**23,980**	**120,151**	**3,085**	**4,815**	**36**
Total (A+B)	**31/12/2024**	**22,901,265**	**133,668**	**208,867**	**4,858**	**68,363**	**888**
Total (A+B)	**31/12/2023**	**21,238,851**	**189,198**	**698,129**	**3,776**	**97,307**	**656**

		Asia		Rest of the world	
		Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet					
A.1 Bad loans		-	-	-	-
A.2 Unlikely to pay		48	2,362	-	-
A.3 Impaired past due exposures		-	-	-	-
A.4 Unimpaired exposures		1,050	7	801,179	100
	Total A	**1,098**	**2,369**	**801,179**	**100**
B. Off-balance-sheet					
B.1 Impaired exposures		2,410	-	-	-
B.2 Unimpaired exposures		-	-	51,572	140
	Total (B)	**2,410**	**-**	**51,572**	**140**
Total (A+B)	**31/12/2024**	**3,508**	**2,369**	**852,751**	**240**
Total (A+B)	**31/12/2023**	**4,930**	**2,382**	**91,523**	**267**

B.3 ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO BANKS BY GEOGRAPHICAL AREA

	Italy		Other European countries		America	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet						
A.1 Bad loans	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-
A.3 Impaired past due exposures	-	-	-	-	-	-
A.4 Unimpaired exposures	24,711,988	2,246	282,281	196	20,929	1,327
Total (A)	**24,711,988**	**2,246**	**282,281**	**196**	**20,929**	**1,327**
B. Off-balance-sheet						
B.1 Impaired exposures	-	-	-	-	-	-
B.2 Unimpaired exposures	10,914,599	5,049	119,863	39	-	-
Total (B)	**10,914,599**	**5,049**	**119,863**	**39**	**-**	**-**
Total (A+B) 31/12/2024	**35,626,586**	**7,295**	**402,144**	**236**	**20,930**	**1,327**
Total (A+B) 31/12/2023	**43,902,351**	**1,513**	**348,966**	**236**	**17,628**	**1,239**

	Asia		Rest of the world	
	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet				
A.1 Bad loans	-	-	-	-
A.2 Unlikely to pay	-	-	-	-
A.3 Impaired past due exposures	-	-	-	-
A.4 Unimpaired exposures	574	-	41,245	14
Total (A)	**574**	**-**	**41,245**	**14**
B. Off-balance-sheet				
B.1 Impaired exposures	-	-	-	-
B.2 Unimpaired exposures	4,670	20	4,526	233
Total (B)	**4,670**	**20**	**4,526**	**233**
Total (A+B) 31/12/2024	**5,244**	**21**	**45,771**	**247**
Total (A+B) 31/12/2023	**8,742**	**2**	**102,700**	**35**

B.4 LARGE EXPOSURES

a) Amount (carrying amount)	92,336,006
b) Amount (weighted value)	2,039,791
c) Number	14

C. SECURITIZATIONS

QUALITATIVE DISCLOSURES

The following discusses the main transactions in which Iccrea Banca participated as originator:

GACS III

On March 1, 2019, the Board of Directors of Iccrea Banca, as the Parent Company and Central Body, which together with the affiliated mutual banks, composes the reporting entity and, together with the subsidiaries, the "Iccrea Cooperative Banking Group", approved the implementation of a multi-originator securitization of a portfolio of non-performing loans, submitting to the Ministry for the Economy and Finance (MEF) an application for admission to the State Guarantee Scheme on the liabilities issued (so-called "GACS") pursuant to Decree Law 18 of February 14, 2016, ratified with Law 49 of April 8, 2016, implemented with the MEF Decree of August 3, 2016, the MEF Decree of November 21, 2017 and the MEF Decree of October 10, 2018.and subsequently amended by Law 41 of May 20, 2019 ratifying with amendment Decree Law 22 of March 25, 2019 (hereinafter the "Transaction"), in which Iccrea Banca acts as both the assignor and the promoter and joint arranger (together with JP Morgan Securities Limited) of the securitization.

The Transaction provided for Iccrea Banca, Banca Sviluppo and Iccrea BancaImpresa, as well as 65 mutual banks belonging to the Iccrea Cooperative Banking Group, to sell pursuant to Law 130 of April 30, 1999 the same number of portfolios of unsecured or mortgage loans, mainly secured by first mortgages, deriving from loans classified as defaulted at the assignment for a total credit claim of about €1.3 billion, to a special purpose securitization vehicle specifically formed for the Transaction denominated "BCC NPLs 2019 Srl", with the concomitant grant of a servicing engagement by the latter to a third-party servicer independent of the ICBG.

As part of the Transaction, on December 2, 2019 the SPV acquired the portfolio from the assignors, financed through the issue of asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, in the total nominal value of about €421.2 million, divided into the classes indicated below:

- €355,000,000.00 of senior notes, maturing in January 2044, rated Baa2, BBB + and BBB respectively by Moody's Investor Services, Scope Rating AG and DBRS Ratings Limited;
- €53,000,000.00 of mezzanine notes, maturing in January 2044, rated B3, B- and CCC respectively by Moody's Investor Services, Scope Rating AG and DBRS Ratings Limited;
- €13,200,000.00 of junior notes, maturing in January 2044 and not rated.

Tranche	Amount issued (euros)	Rate
Senior Notes	355,000,000	Euribor 6m + 0.30%
Mezzanine Notes	53,000,000	Euribor 6m + 6.50%
Junior Notes	13,200,000	12% + Class J Notes Variable Return (any additional
Total	**421,200,000**	

The notes are not listed on a regulated market.

In order to meet the requirement to retain a net economic interest of 5% in the Transaction, as referred to in Article 6 of Regulation (EU) No. 2017/2402 of the European Parliament and of the Council of December 12, 2017, laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitizations and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulation (EC) No. 648/2012, the banks subscribed and undertook to retain for the entire duration of the securitization at least 5% of the nominal value of each tranche of notes issued in the Transaction (the "vertical slice" approach). The remainder of the mezzanine and junior notes were subscribed by an independent third-party investor.

In addition, as part of the Transaction:

- the SPV has entered into two derivative contracts to hedge interest rate risk;
- a cash reserve was set up in an amount equal to 3% of the nominal value of the senior notes (€10.65 million) to manage the risk of any mismatches between the funds generated by collections and the amounts due in respect of the senior costs of the Transaction and interest on the senior notes. In accordance with market

practice, this reserve was financed at the time of the issue of the notes by an interest-bearing limited recourse loan granted by Iccrea.

The securitization has been structured in such a way as to ensure that the senior notes are eligible for the aforementioned State guarantee, given the deconsolidation by the assignor banks of the exposures involved in the Transaction in accordance with the IASs/IFRSs. For the purposes of admission to the State Guarantee Scheme, Iccrea Banca - as the Parent Company of the ICBG and by way of specific delegation from the banks – submitted an application to the MEF. The documentation was transmitted by Iccrea by means of a single certified e-mail message, containing the documentation relating to the operation as a whole. The banks also delegated Iccrea to transmit the documentation relating to the Transaction to the competent supervisory authorities in order to obtain recognition of the significant transfer of risk for prudential purposes. On January 10, 2020, a preliminary application was submitted to the MEF to obtain GACS coverage for the senior notes.

The operation also provides for:

- the legal separation, once transferred to the SPV, of the securitized assets from the assignors and creditors, as supported by a legal opinion from Orrick Herrington & Sutcliffell, issued on December 19, 2019;
- time call and clean-up call options in order to allow early repayment of notes before maturity:
  - Optional Redemption: the option can be exercised by the SPV on the first Payment Date immediately following the Payment Date on which the Class A notes are fully redeemed;
  - Redemption for Tax Reasons: the option can be exercised by the SPV upon the occurrence of regulatory or legislative changes, or official interpretations of the competent authorities that entail an increase in costs for the noteholders or the SPV.

In addition, the notes must be redeemed immediately in the event of specific trigger events (non-payment, non-performance of other obligations, insolvency or violations of laws).

Note that the SPV may also carry out repayments through the partial or full sale to third parties of the portfolio of non-performing loans, as part of a competitive auction.

Finally, as part of the Transaction, at the time of the issue of the notes, a cash reserve was established in the form of a limited-recourse loan granted by Iccrea Banca. Based on the characteristics of the Transaction, these circumstances do not constitute implicit support for the Transaction by the ICBG pursuant to Article 250 of the CRR.

The securitization's payment waterfall is material in understanding the level of subordination of creditors in the transaction. There are two payment waterfalls. The first Pre-acceleration Priority of Payment is used for payments if the portfolio's performance is in line with expectations. In the event of Issuer Trigger Events, Redemption for Tax Reasons or Redemption on Final Maturity Date, the Post-acceleration Priority of Payment is used instead.

In addition, the waterfall provides for the possibility of changing the payment priority order of certain items in the event of a "subordination event" or if: (i) the aggregate cumulative collections for the period immediately preceding the calculation are 90% lower than the expected collections envisaged for the same date in the securitization contracts; (ii) interest is not paid on the Class A notes; (iii) the ratio between the present value of recoveries, for which the respective procedure has been completed, and the sum of target prices indicated in the business plan by the servicer is less than 90%.

In these circumstances, in the post-acceleration waterfall all interest due on the mezzanine notes is temporarily deferred in favor of payment of the principal of the senior notes until the payment date on which these events cease to obtain.

With regard to Iccrea Banca SpA, the credit claim at the date of economic effectiveness is equal to €11.525,779.1 and the gross value at the date of legal transfer of the loans net of writedowns and inclusive of any collections on those loans pertaining to the SPV received by the Bank between the date of determination of the carrying amount and the assignment date, certified on the basis of the accounting records, of €2,524,328.5 (of which collections equal to €62,747.23) assigned for €3,390,011.15.

The following table shows the positions in respect of the securitization held by Iccrea Banca SpA following the issue:

Class	Nominal amount (euro)	Fair value	ISIN
Class A	3,149,000	3,149,000	IT0005394348
Class B	23,507	12,101	IT0005394355
Class C	5,855	-	IT0005394363
Limited recourse loan	10,900,000	10,859,259	

GACS IV

On February 7, 2020, the Board of Directors of Iccrea Banca (the "Bank"), as the Parent Company and Central Body, which together with the affiliated mutual banks, composes the reporting entity and, together with the subsidiaries, the "Iccrea Cooperative Banking Group", approved the implementation of a multi-originator securitization of a portfolio of non-performing loans, submitting to the Ministry for the Economy and Finance (MEF) an application for admission to the State Guarantee Scheme on the liabilities issued (so-called "GACS") pursuant to Decree Law 18 of February 14, 2016, ratified with Law 49 of April 8, 2016, implemented with the MEF Decree of August 3, 2016, the MEF Decree of November 21, 2017 and the MEF Decree of October 10, 2018.and subsequently amended by Law 41 of May 20, 2019 ratifying with amendment Decree Law 22 of March 25, 2019 (hereinafter the "Transaction"), in which Iccrea Banca acts as both the assignor and the promoter and joint arranger (together with JP Morgan Securities Limited) of the securitization.

The Transaction provided for Iccrea Banca, Banca Sviluppo, Iccrea BancaImpresa, Mediocredito FVG, as well as 84 mutual banks belonging to the Iccrea Cooperative Banking Group (hereinafter, the ICBG assignor banks) and two banks not belonging to the ICBG, Banca Ifis and Banca Popolare Valconca (hereinafter the "Open Market Banks" and, together with the ICBG, the "Banks" or the "Assignor Banks"), to sell pursuant to Law 130 of April 30, 1999 (hereinafter, "Law 130") the same number of portfolios of unsecured or mortgage loans, mainly secured by first mortgages, deriving from loans classified as defaulted at the assignment (hereinafter, the "Portfolio") for a total credit claim of about €2.3 billion at the date of economic effectiveness,[117] to a special purpose securitization vehicle specifically formed for the Transaction denominated "BCC NPLs 2020 Srl" (the SPV), with the concomitant grant of a servicing engagement by the latter to a third-party servicer independent of the ICBG.

As part of the Transaction, on November 18, 2020 the SPV acquired the portfolio from the assignors, financed through the issue of asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, in the total nominal value of about €585 million, divided into the classes indicated below

- €520,000,000.00 of senior notes, maturing in January 2045, rated Baa2, and BBB respectively by Moody's Italia Srl and Scope Rating AG;
- €41,000,000.00 of mezzanine notes, maturing in January 2045, rated Caa2 and CC respectively by Moody's Italia Srl and Scope Rating AG;
- €24,000,000.00 of junior notes, maturing in January 2045 and not rated

As noted, the transfer by the Banks to the SPV of the non-performing loans included in the portfolio took place on November 18, 2020 at a price equal to about 22.9% of the related claim at the date of economic effectiveness.

The transfer of non-performing loans to the Vehicle produces economic effects from the date of economic effectiveness. Collections from customers from the day following the date of economic effectiveness up to and including the date of transfer of the portfolio, or November 18, 2020, were transferred to the SPV.

The subsequent finalization of the operation involved:

- the issue of the notes by the SPV with simultaneous subscription of all the senior notes and about 5% of the mezzanine and junior Notes by the Assignor Banks and the subscription of about 95% of the mezzanine and junior notes by an institutional investor independent of the Assignor Banks, Bracebridge Capital LLC, with simultaneous payment of the purchase price and, consequently, derecognition of the assigned loans;

[117] The date of economic effectiveness is generally established at December 31, 2019, March 31, 2020 and June 30, 2020 or, for a limited number of banks, August 31, 2020.

the preliminary request for GACS support (submitted by Iccrea Banca on December 22, 2020).

The following table summarizes the amount and annual rates of the notes issued:

Tranche	Amount issued (euros)	Rate
Senior Notes	520,000,000	Euribor 6m + 0.25%
Mezzanine Notes	41,000,000	Euribor 6m + 8%
Junior Notes	24,000,000	10% + Class J Notes Variable Return (any additional return)
Total	**585,000,000**	

The notes are not listed on a regulated market.

In order to meet the requirement to retain a net economic interest of 5% in the Transaction, as referred to in Article 6 of Regulation (EU) No. 2017/2402 of the European Parliament and of the Council of December 12, 2017, laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitizations and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulation (EC) No. 648/2012, the banks subscribed and undertook to retain for the entire duration of the securitization at least 5% of the nominal value of each tranche of notes issued in the Transaction (the "vertical slice" approach). The remainder of the mezzanine and junior notes were subscribed by an independent third-party investor on November 30.

In addition, as part of the Transaction:

- the SPV has entered into two derivative contracts to hedge interest rate risk with third parties independent of the Assignor Banks;
- a cash reserve was set up to manage the risk of any mismatches between the funds generated by collections and the amounts due in respect of the senior costs of the Transaction and interest on the senior notes. In accordance with market practice, this reserve was financed at the time of the issue of the notes by an interest-bearing limited recourse loan, for a total amount of €16 million, granted by Iccrea Banca (€14,168,985), Banca Ifis (€1,694,677) and Banca Valconca (€136,338). In view of the characteristics of the operation, it does not represent implicit support pursuant to the provisions of Article 250 of the CRR.

The securitization has been structured in such a way as to ensure that the senior notes are eligible for the aforementioned State guarantee, given the deconsolidation by the assignor banks of the exposures involved in the Transaction in accordance with the IASs/IFRSs. For the purposes of admission to the State Guarantee Scheme, Iccrea Banca as the Parent Company of the ICBG and by way of specific delegation from the banks – submitted an application to the MEF. The documentation was transmitted by Iccrea by means of a single certified e-mail message, containing the documentation relating to the operation as a whole. The banks also delegated Iccrea to transmit the documentation relating to the Transaction to the competent supervisory authorities in order to obtain recognition of the significant transfer of risk for prudential purposes. More specifically, in accordance with the above scheme, on November 18, 2020, the Assignor Banks and the SPV signed a loan assignment agreement under which they assigned without recourse the bad loan portfolios to the SPV with a total claim of about €2.3 billion. In order to finance the purchase of these portfolios, on November 30, 2020, the SPV issued €520,000,000.00 in Class A Asset Backed Floating Rate Notes, maturing in January 2045, €41,000,000.00 Class B in Asset Backed Floating Rate Notes, maturing in January 2045 and €24,000,000.00 in Class J Asset Backed Floating Rate and Variable Return Notes maturing in January 2045.

Each assignor subscribed a pro-rated amount of senior securities issued. Furthermore, in application of the retention rule provided for by Article 6 of Regulation (EU) 2017/2402 of the European Parliament and of the Council, each assignor undertakes to retain about 5% of the mezzanine and junior notes subscribed for the entire duration of the transaction.[118]

On December 22, 2020 a preliminary application was submitted to the MEF to obtain GACS coverage for the senior

[118] More specifically, the amount retained in the net economic interest was distributed among the Assignor Banks as follows:

Retention of individual assignor = MAX (X; Y)

Where:

X = 5% of the entire tranche, allocated among the assignors on the basis of the ration of the claim of the individual assignor and the total claim represented by the portfolio.

Y = 5% of the virtual tranche attributed to the individual assignor.

notes.

The derecognition of the bad loans by each of the Assignor Banks took place following the sale of the mezzanine and junior tranches to Bracebridge Capital LLC. The sale took place for both tranches on November 30, 2020. In particular, Bracebridge Capital LLC subscribed (i) 94.40% of the principal amount of the mezzanine notes on the issue date equal to €38,703,317 at a price equal to 44.51% of the related principal amount (corresponding to a subscription price of €17,228,640) and (ii) 94.40% of the principal amount of the junior notes at the issue date equal to €22,655,588.00 at a price equal to 0.042% of the relative principal amount (corresponding to a subscription price of €9,440).

The following table shows the positions in respect of the securitization held by Iccrea Banca SpA following the issue:

Class	Nominal amount held	Fair value	ISIN
Class A	67,629,000.00	67,629,000.00	IT0005428245
Class B	409,966.00	182,494.87	IT0005428286
Class C	239,980	99.99	IT0005428294
Limited recourse loan	14,168,985	14,168,985	

GACS V

On February 12, 2021, the Board of Directors of Iccrea Banca SpA (the "Bank") as the Parent Company and Central Body, which together with the affiliated mutual banks, composes the reporting entity and, together with the subsidiaries, the "Iccrea Cooperative Banking Group", approved the implementation of a multi-originator securitization of a portfolio of bad loans, submitting application to the Ministry for the Economy and Finance (MEF) for admission to the State Guarantee Scheme on the liabilities issued (so-called "GACS") pursuant to Decree Law 18 of February 14, 2016, ratified with Law 49 of April 8, 2016, and subsequently amended by Law 41 of May 20, 2019 ratifying with amendments Decree Law 22 of March 25, 2019, implemented with the MEF Decree of August 3, 2016, the MEF Decree of November 21, 2017, the MEF Decree of October 10, 2018, the MEF Decree of October 14, 2019, the MEF Decree of May 20, 2020 and the MEF Decree of July 15, 2021 (hereinafter the "Transaction"), in which Iccrea Banca acts as both the assignor and the promoter and joint arranger (together with JP Morgan Securities Limited) of the securitization.

The Transaction provided for Iccrea Banca SpA, Istituto Centrale del Credito Cooperativo ("Iccrea Banca"), Iccrea BancaImpresa SpA ("Iccrea BancaImpresa") and Banca Mediocredito del Friuli Venezia Giulia SpA and 71 mutual banks belonging to the Iccrea Cooperative Banking Group, as well as three non-ICBG banks, namely Banca Ifis SpA, Cassa di Risparmio di Asti SpA and Guber Banca SpA (hereinafter the "Open Market Banks" and together with the ICBG, the "Banks" or the "Assignor Banks"), to sell pursuant to Law 130 of April 30, 1999 (hereinafter, "Law 130") the same number of portfolios of unsecured loans and mortgage loans classified as bad loans and receivables in respect of finance leases classified as past due or subject to termination or resolution under Article 72 quarter or Article 169 bis of the Bankruptcy Act classified as bad loans (hereinafter, the "Portfolio"), for a total credit claim of about €1.3 billion at the date of economic effectiveness, to a special purpose securitization vehicle specifically formed for the Transaction denominated "BCC NPLS 2021 Srl" (the "SPV"), with the concomitant grant of a servicing engagement by the latter to a third-party servicer independent of the ICBG.

The operation was carried out in the following stages:

- the assignment without recourse on November 16, 2021 of the Portfolio to the vehicle BCC NPLS 2021 Srl (the "SPV") established pursuant to Law 130 of April 30, 1999 as amended ("Law 130");
- preparatory to the operation, on July 13, 2021, a special purpose vehicle called "GBCI LeaseCo Srl" ("LeaseCo") was formed pursuant to Article 7.1 of the Securitization Act with the exclusive corporate purpose of purchasing, managing and valorizing, valorizing, in the exclusive interest of the securitization, the real estate assets involved in finance leases and the legal relationships deriving from the termination of the same, connected to the receivables deriving from said finance leases transferred by Iccrea BancaImpresa. On November 18, 2021 Iccrea Banca SpA assigned to Banca Finanziaria Internazionale SpA the interest held by the former in LeaseCo Srl. Pursuant to Article 7.1 of the Securitization Act, at the reporting date LeaseCo is consolidated by Banca Finanziaria Internazionale SpA and has no direct or indirect connection with any of the banks participating in the Transaction as assignors;
- in order to preserve the financial relationship between the claim of the SPV in respect of the receivables deriving from finance leases forming part of the Portfolio and the assets involved in those finance leases: the disposal of the properties available for immediate sale and the associated legal relationships to LeaseCo

pursuant to Article 7.1, paragraphs 4 and 5, of Law 130 and Article 58 of Legislative Decree 385 of September 1, 1993; and (b) the assignment of properties not immediately available for sale and the related legal relationships to LeaseCo as part of a demerger carried out by Iccrea BancaImpresa (as the demerged company) pursuant to Articles 2506 et seq. of the Civil Code, also in light of the interpretative provisions referred to in Article 1, paragraph 215, of Law 178 of December 30, 2020;

- the financing of the purchase by the SPV through the issue of asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, in the total nominal value of about €336.5 million, divided into the classes indicated below:
  - €284,000,000.00 of senior notes, maturing in April 2046, rated Baa2(sf), BBB(sf) and BBB(sf) respectively by Moody's Italia Srl ("Moody's"), Scope Rating GmbH ("Scope") and ARC Ratings S.A. ("ARC");
  - €39,500,000.00 of mezzanine notes, maturing in April 2046, rated Caa2(sf), CCC(sf) and CCC+(sf) respectively by Moody's, Scope and ARC Ratings;
  - €13,000,000.00 of junior notes, maturing in April 2046 and not rated.

As noted, the transfer by the Banks to the SPV of the non-performing loans included in the portfolio took place on November 16, 2021 at a price equal to about 22.18% of the related claim at the date of economic effectiveness.

The transfer of non-performing loans to the Vehicle produces economic effects from the date of economic effectiveness (for further details, see section 5 of this note). Collections from customers from the day following the date of economic effectiveness up to and including the date of transfer of the portfolio, or November 16, 2021, were transferred to the SPV.

The subsequent finalization of the operation involved:

- the issue of the notes by the SPV with simultaneous subscription of all the senior notes and about 5.62% of the mezzanine and junior Notes by the Assignor Banks and the subscription of about 94.38% of the mezzanine and junior notes by an institutional investor independent of the Assignor Banks, Bracebridge Capital LLC, with simultaneous payment of the purchase price and, consequently, derecognition of the assigned loans;
- the preliminary request for GACS support (submitted by Iccrea Banca on December 24, 2021).

The following table summarizes the amount and annual rates of the notes issued:

Tranche	Amount issued (euros)	Rate
Senior Notes	284,000,000	Euribor 6m + 0.35%
Mezzanine Notes	39,500,000	Euribor 6m + 8.00%
Junior Notes	13,000,000	10% + Class J Notes Variable Return (any additional return)
Total	**336,500,000**	

The notes are not listed on a regulated market.

In order to meet the requirement to retain a net economic interest of 5% in the Transaction, as referred to in Article 6 of Regulation (EU) No. 2017/2402 of the European Parliament and of the Council of December 12, 2017- as amended by Regulation (EU) 557/2021 - laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitizations and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulation (EC) No. 648/2012, the banks subscribed on a pro-rated basis 100% of the Senior Notes and about 5.6% of the Mezzanine Notes and the Junior Notes and undertake to hold at least the minimum amount necessary of those notes to ensure compliance with the retention rule over the entire course of the Transaction. The remainder of the mezzanine and junior notes were subscribed by an independent third-party investor on November 29.

In addition, as part of the Transaction:

- the SPV has entered into two derivative contracts to hedge interest rate risk with third parties independent of the Assignor Banks;
- a cash reserve was set up to manage the risk of any mismatches between the funds generated by collections and the amounts due in respect of the senior costs of the Transaction and interest on the senior notes. In accordance with market practice, this reserve was financed at the time of the issue of the notes by an

interest-bearing limited recourse loan, for a total amount of €13.52 million, granted by Iccrea Banca (about €11,950,510) of which about €3,600,000 to fully finance the establishment of the LeaseCo Recovery Expenses Cash Reserve, Banca Ifis (about €273,254), Cassa di Risparmio Asti SpA (about €966,047) Guber Banca SpA (about €330,189). In view of the characteristics of the operation, it does not represent implicit support pursuant to the provisions of Article 250 of the CRR.

The securitization has been structured in such a way as to ensure that the senior notes are eligible for the aforementioned State guarantee, given the deconsolidation by the assignor banks of the exposures involved in the Transaction in accordance with the IASs/IFRSs. For the purposes of admission to the State Guarantee Scheme, Iccrea Banca - by way of specific delegation from the Assignor Banks – submitted an application to the MEF. The documentation was transmitted by Iccrea by means of a single certified e-mail message, containing the documentation relating to the operation as a whole. The banks also delegated Iccrea to transmit the documentation relating to the Transaction to the competent supervisory authorities in order to obtain recognition of the significant transfer of risk for prudential purposes. More specifically, in accordance with the above scheme, on November 16, 2021 the Assignor Banks and the SPV signed a loan assignment agreement under which they assigned without recourse the bad loan portfolios to the SPV with a total claim of about €1.3 billion. In order to finance the purchase of these portfolios, on November 29, 2021 the SPV issued €284,000,000.00 Class A Asset Backed Floating Rate Notes, maturing in April 2046, €39,500,000.00 Class B Asset Backed Floating Rate Notes, maturing in April 2046 and €13,000,000.00 Class J Asset Backed Floating Rate and Variable Return Notes maturing in April 2046.

Each assignor subscribed a pro-rated amount of senior securities issued. Furthermore, in application of the retention rule provided for by Article 6 of Regulation (EU) 2017/2402 of the European Parliament and of the Council, each assignor undertakes to retain about 5.6% of the mezzanine and junior notes subscribed for the entire duration of the transaction.[119]

On December 24, 2021 a preliminary application was submitted to the MEF to obtain GACS coverage for the senior notes.

The derecognition of the bad loans by each of the Assignor Banks took place following the sale of the mezzanine and junior tranches to Bracebridge Capital LLC, an asset manager with its registered office in Boston, USA. The sale took place for both tranches on November 29, 2021. In particular, Bracebridge Capital LLC subscribed (i) 94.38% of the principal amount of the mezzanine notes on the issue date equal to €37,280,786 at a price equal to 27.84810127% of the related principal amount (corresponding to a subscription price of €10,381,991.04) and (ii) 94.38% of the principal amount of the junior notes at the issue date equal to €12,269,600 at a price equal to 0.07692308% of the relative principal amount (corresponding to a subscription price of €9,438.15).

Class	Nominal amount held	Fair value	ISIN
Class A	4,355,000	4,355,000	IT0005469116
Class B	82,452	22,961	IT0005469124
Class C	27,136	21	IT0005469132
Limited recourse loan	11,950,510	-	

[119] More specifically, the amount retained in the net economic interest was distributed among the Assignor Banks as follows:

Retention of individual assignor = MAX (X; Y)

Where:

X = 5% of the entire tranche, allocated among the assignors on the basis of the ration of the claim of the individual assignor and the total claim represented by the portfolio.

Y = 5% of the virtual tranche attributed to the individual assignor.

For Iccrea Banca only, that amount, as specified in Article 6 of Regulation (EU) No. 2017/2402 as amended by Regulation (EU) 557/2021, shall be increased by any “*fees that may in practice be used to reduce the effective material net economic interest*”, determined conventionally as equal to the gross fee received net of a reasonable estimated of costs incurred in connection with the transaction.

GACS VI

On January 13, 2022, the Board of Directors of Iccrea Banca (the "Bank") as the Parent Company and Central Body, which together with the affiliated mutual banks, composes the reporting entity and, together with the subsidiaries, the "Iccrea Cooperative Banking Group", approved the implementation of a multi-originator securitization of a portfolio of bad loans, submitting application to the Ministry for the Economy and Finance (MEF) for admission to the State Guarantee Scheme on the liabilities issued (so-called "GACS") pursuant to Decree Law 18 of February 14, 2016, ratified with Law 49 of April 8, 2016, and subsequently amended by Law 41 of May 20, 2019 ratifying with amendments Decree Law 22 of March 25, 2019, implemented with the MEF Decree of August 3, 2016, the MEF Decree of November 21, 2017, the MEF Decree of October 10, 2018, the MEF Decree of October 14, 2019, the MEF Decree of May 20, 2020 and the MEF Decree of July 15, 2021 (hereinafter the "Transaction"), in which Iccrea Banca acts as both the assignor and the promoter and joint arranger (together with JP Morgan Securities Limited) of the securitization.

The Transaction provided for Iccrea Banca SpA, - Istituto Centrale del Credito Cooperativo ("Iccrea Banca"), Iccrea BancaImpresa SpA ("Iccrea BancaImpresa"), Banca per lo Sviluppo della Cooperazione di Credito SpA and Banca Mediocredito del Friuli Venezia Giulia SpA and 64 mutual banks belonging to the Iccrea Cooperative Banking Group, as well as three non-ICBG banks, namely Banca Valsabbina Società Cooperativa per Azioni ("Banca Valsabbina"), Banca di Credito Popolare Società Cooperativa per Azioni ("BCP") and Cassa di Risparmio di Asti SpA hereinafter the "Open Market Banks" and together with the ICBG, the "Banks" or the "Assignor Banks"), to sell pursuant to Law 130 of April 30, 1999 (hereinafter, "Law 130") the same number of portfolios of claims deriving from unsecured loans and mortgage loans to borrowers classified as "bad loans" (hereinafter the "Portfolio"), for a total credit claim of about €644.5 million at the date of economic effectiveness, to a special purpose securitization vehicle specifically formed for the Transaction denominated "BCC NPLS 2022 Srl" (the "SPV"), with the concomitant grant of a servicing engagement by the latter to an independent third-party non ICBG servicer.

The operation was carried out in the following stages:

- the assignment without recourse on May 2, 2022 of the Portfolio to the vehicle BCC NPLS 2022 Srl (the "SPV") established pursuant to Law 130 of April 30, 1999 as amended ("Law 130");
- the financing of the purchase by the SPV through the issue of asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, in the total nominal value of about €168 million, divided into the classes indicated below:
    - €142,000,000.00 Class A Asset Backed Floating Rate Notes maturing January 2047 ("Class A" or "Senior notes"), rated Baa1(sf), and BBB (sf) by Moody's Italia Srl ("Moody's") and ARC Ratings S.A. ("ARC"), respectively;
    - €19,500,000.00 Class B Asset Backed Floating Rate Notes maturing January 2047 ("Class B" or "Mezzanine notes");
    - €6,500,000.00 Class J Asset Backed Fixed Rate and Variable Return Notes maturing January 2047 ("Class J" or "Junior notes").

As noted, the transfer by the Banks to the SPV of the non-performing loans included in the portfolio took place on May 2, 2022 at a price equal to about 22.47% of the related claim at the date of economic effectiveness.

The transfer of non-performing loans to the Vehicle produces economic effects from the date of economic effectiveness (for further details, see section 5 of this note). Collections from customers from the day following the date of economic effectiveness up to and including the date of transfer of the portfolio, or May 2, 2022, were transferred to the SPV.

The subsequent finalization of the operation involved:

- the issue of the Notes by the SPV with the concomitant subscription of all the Senior Notes and approximately 5.78% of the Mezzanine and Junior Notes by the Assignor Banks and the subscription of some 94.22% of the Mezzanine and Junior Notes by an institutional investor independent of the Assignor Banks (Bayview Global Opportunities Fund), with simultaneous payment of the purchase price and derecognition of the assigned receivables by the Assignor Banks;
- a preliminary application for obtaining GACS coverage (submitted by Iccrea Banca on May 6, 2022).

The following table summarizes the amount and annual rates of the notes issued:

Tranche	Amount issued (euros)	Rate
Senior Notes	142,000,000	Euribor 6m + 0.50%
Mezzanine Notes	19,500,000	Euribor 6m + 9.50%
Junior Notes	6,500,000	15% + Class J Notes Variable Return (any additional return)
Total	**168,000,000**	

The notes are not listed on a regulated market.

In order to meet the requirement to retain a net economic interest of 5% in the Transaction, as referred to in Article 6 of Regulation (EU) No. 2017/2402 of the European Parliament and of the Council of December 12, 2017- as amended by Regulation (EU) 557/2021 - laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitizations and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulation (EC) No. 648/2012, the banks subscribed on a pro-rated basis 100% of the Senior Notes and about 5.78% of the Mezzanine Notes and the Junior Notes and undertake to hold at least the minimum amount necessary of those notes to ensure compliance with the retention rule over the entire course of the Transaction. The remainder of the mezzanine and junior notes were subscribed by an independent third-party investor on May 10.

In addition, as part of the Transaction:

- the SPV has entered into two derivative contracts to hedge interest rate risk with third parties independent of the Assignor Banks;
- a cash reserve was set up to manage the risk of any mismatches between the funds generated by collections and the amounts due in respect of the senior costs of the Transaction and interest on the senior notes. In accordance with market practice, this reserve was financed at the time of the issue of the notes by an interest-bearing limited recourse loan, for a total amount of €4.6 million, granted by Iccrea Banca (€4,164,976.00), Banca Valsabbina (€122,321.00), CR Asti, (€160,028.00) and BCP (€152,675.00). In view of the characteristics of the operation, it does not represent implicit support pursuant to the provisions of Article 250 of the CRR.

The securitization has been structured in such a way as to ensure that the senior notes are eligible for the aforementioned State guarantee, given the deconsolidation by the assignor banks of the exposures involved in the Transaction in accordance with the IASs/IFRSs. For the purposes of admission to the State Guarantee Scheme, Iccrea Banca - by way of specific delegation from the Assignor Banks – submitted an application to the MEF. The documentation was transmitted by Iccrea by means of a single certified e-mail message, containing the documentation relating to the operation as a whole. The banks also delegated Iccrea to transmit the documentation relating to the Transaction to the competent supervisory authorities in order to obtain recognition of the significant transfer of risk for prudential purposes.

More specifically, in accordance with the above scheme, on May 2, 2022, the Assignor Banks and the SPV signed a loan assignment agreement under which they assigned without recourse the bad loan portfolios to the SPV with a total claim of about €644.5 million. In order to finance the purchase of these portfolios, on May 10, 2022 the SPV issued €142,000,000.00 Class A Asset Backed Floating Rate Notes, maturing in January 2047, €19,500,000.00 Class B Asset Backed Floating Rate Notes, maturing in January 2047 and €6,500,000.00 Class J Asset Backed Floating Rate and Variable Return Notes maturing in January 2047.

Each assignor subscribed a pro-rated amount of senior securities issued. Furthermore, in application of the retention rule provided for by Article 6 of Regulation (EU) 2017/2402 of the European Parliament and of the Council, each assignor subscribed 5.78% of the mezzanine and junior tranches in proportion to its share and undertakes to retain for the entire duration of the transaction that minimum holding of the senior, mezzanine and junior securities.[120]

[120] More specifically, the amount retained in the net economic interest was distributed among the Assignor Banks as follows:

Retention of individual assignor = MAX (X; Y)

Where

X = 5% of the entire tranche, allocated among the assignors on the basis of the ration of the claim of the individual assignor and the total claim represented by the portfolio.

Y = 5% of the virtual tranche attributed to the individual assignor

For Iccrea Banca only, that amount, as specified in Article 6 of Regulation (EU) No. 2017/2402, shall be increased by any "*fees that may in practice*

On May 6, 2022 a preliminary application was submitted to the MEF to obtain GACS coverage for the senior notes.

The derecognition of the bad loans by each of the Assignor Banks took place following the subscription of the mezzanine and junior tranches by Bayview Global Opportunities Fund, a Fund with its registered office in Luxembourg. The subscription took place for both tranches on May 10, 2022. In particular, Bayview Global Opportunities Fund subscribed *(i)* 94.22% of the principal amount of the mezzanine notes on the issue date equal to about €18,372,805 at a price equal to 21.21457% of the related principal amount (corresponding to a subscription price of €3,897,712.47) and *(ii)* 94.23% of the principal amount of the junior notes at the issue date equal to about €6,125,248, at a price equal to 0.00003% of the relative principal amount (corresponding to a subscription price of €1.98).

With regard to Iccrea Banca SpA, the credit claim at the date of economic effectiveness is equal to €46,640,191.49 and the gross value at the date of legal transfer of the loans net of writedowns and inclusive of any collections on those loans pertaining to the SPV received by the Bank between the date of financial effect and the date of the transfer of legal title, certified on the basis of the accounting records, of €5,616,302.81 (of which collections equal to about €107,430.98), assigned for €7,074,359.70.

The following table reports the positions held by Iccrea Banca SpA in respect of the securitization following the issue:

Class	Nominal amount held	Fair value	ISIN
Class A	6,938,000	6,938,000	IT0005494403
Class B	198,711	42,155,69	IT0005494411
Class C	65,856	0.0213	IT0005494429
Limited recourse loan	4,164,976		

The main operations deriving from the acquisition of the corporate lending operations from BCC Leasing (formerly Iccrea BancaImpresa) are described below)

GACS I

In July 2018 the Bank completed a multi-originator securitization of a portfolio of non-performing loans (“GACS I”).

The Transaction provided for 21 mutual banks, as well as two banks belongin to the former ICCREA Banking Group inlcuding Iccrea Banca Impresa,, to sell, pursuant to Law 130 of April 30, 1999 the same number of portfolios of non-performing unsecured and mortgage loans, mainly secured by first mortgages, deriving from loans classified as defaulted at the assignment for a total credit claim of €1,046 billion to a special purpose securitization vehicle specifically formed for the Transaction denominated “BCC NPLs 2018 Srl (hereinafter the “SPV”) with the simultaneous grant of a servicing engagement by the latter to a third-party servicer independent of the assignors.

As part of the transaction, the special purpose vehicle acquired the portfolio from the assignor banks, financing the purchase by issuing (on July 10, 2018) asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, with a total nominal value of about €323.86 million, divided into the following classes:

- €282 million of senior notes, corresponding to 26.95% of the value of the assigned loans, which have been assigned an investment grade rating of Baa3 by Moody’s and BBB- by Scope Rating, subscribed by the assignors in proportion to the exposures assigned;
- €31.4 million of mezzanine notes, corresponding to 3% of the value of the assigned loans, which have been assigned a rating of Caa2 by Moody’s and B+ by Scope Rating, which were sold, together with the junior notes and with the exception of highlighted below, to qualified investors without any connection, interest or participation with the assignors;
- €10.46 million of junior notes, corresponding to 1% of the value of the assigned loans, not rated.

be used to reduce the effective material net economic interest”.

The following table summarizes the amount and annual rates of the notes issued:

Tranche	Amount issued (euros)	Rate
Senior Notes	282,000,000	Euribor 6m + 0.40%
Mezzanine Notes	31,400,000	Euribor 6m + 6%
Junior Notes	10,460,000	12% + Class J Notes Variable
Total	**323,860,000**	

The notes are not listed on any regulated market.

In order to meet the requirement to retain a net economic interest of 5% in the transaction as referred to in (i) Article 405, paragraph 1, letter a) of Regulation (EU) 575/2013 (the "CRR"), (ii) Article 51, paragraph 1, letter a) of Delegated Regulation (EU) 231/2013 (the "AIMFD Regulation") and (iii) Article 254, paragraph 2, letter A) of Delegated Regulation (EU) 35/2015 (the "Solvency II Regulation"), the assignors have undertaken to retain a holding of at least 5% of the nominal value of each tranche of notes issued as part of the securitization (the "vertical slice" approach).

The SPV also obtained two cap options on interest rates in an initial amount equal to the total nominal value of the senior and mezzanine notes.

The operation also provides for:

- the legal separation, once transferred to the SPV, of the securitized assets from the assignors and creditors;
- time call and clean-up call options in order to allow early repayment of notes before maturity:
  - Optional Redemption: the option can be exercised by the SPV on the first Payment Date immediately following the Payment Date on which the Class A notes are fully redeemed;
  - Redemption for Tax Reasons: the option can be exercised by the SPV upon the occurrence of regulatory or legislative changes, or official interpretations of the competent authorities that entail an increase in costs for the noteholders or the SPV.

In addition, the notes must be redeemed immediately in the event of specific trigger events (non-payment, non-performance of other obligations, insolvency or violations of laws).

Note that the SPV may also carry out repayments through the partial or full sale to third parties of the portfolio of non-performing loans, as part of a competitive auction.

Finally, as part of the Transaction, a cash reserve was set up in an amount equal to 5.0088% of the nominal value of the senior notes (€14.125 million*)*, to manage the risk of any mismatches between the funds generated by collections and the amounts due in respect of the senior costs of the Transaction and interest on the senior notes. In accordance with market practice, this reserve was financed at the time of the issue of the notes by an interest-bearing limited recourse loan granted by Iccrea.

The securitization's payment waterfall is material in understanding the level of subordination of creditors in the transaction. There are two payment waterfalls. The first Pre-acceleration Priority of Payment is used for payments if the portfolio's performance is in line with expectations. In the event of Issuer Trigger Events, Redemption for Tax Reasons or Redemption on Final Maturity Date, the Post-acceleration Priority of Payment is used instead. In addition, the waterfall provides for the possibility of changing the payment priority order of certain items in the event of a "subordination event" or if: (i) the aggregate cumulative collections for the period immediately preceding the calculation are 90% lower than the expected collections envisaged for the same date in the securitization contracts; (ii) interest is not paid on the Class A notes; (iii) the ratio between the present value of recoveries, for which the respective procedure has been completed, and the sum of target prices indicated in the business plan by the servicer is less than 90%.

In these circumstances, in the post-acceleration waterfall all interest due on the mezzanine notes is temporarily deferred in favor of payment of the principal of the senior notes until the payment date on which these events cease to obtain.

The portfolio securitized by Iccrea BancaImpresa includes loans classified as bad loans at the assignment date with a gross book value at December 31, 2017 of €64,829,208.88 and an aggregate gross value at the assignment date, net of impairment adjustments and including any collections on the loans pertaining to the SPV received by the assignor company between the date of determination of the carrying amount and the assignment date, certified on the basis of the accounting records, of €18,889,734.72 (of which collections equal to €222,554.53), assigned for €17,622,893.85.

The following table shows the positions in respect of the securitization held by Iccrea Banca SpA following the issue.

Class	Amount	ISIN
Class A	16,991,000	IT0005338717
Class B	98,000	IT0005338741
Class C	32,407	IT0005338758

The Mezzanine class was purchased for a total of €32,401.74, while the Junior notes were purchased for €326.01.

On October 4, 2018, Iccrea Banca announced that the MEF had - with a Decree of September 5, 2018, registered by the Court of Auditors on September 27, 2018 and by the Central Budget Office of the MEF on October 2, 2018, granted the State guarantee (GACS) for the senior tranche of the securitization. The State guarantee on this tranche is effective from the date of the decree (September 5, 2018).

Note that the acknowledgement of the significant risk transfer was made on the basis of the report at September 30, 2018, deconsolidating the securitized portfolio of bad loans from that date for prudential purposes as well.

GACS II

In December 2018, the Bank completed a second multi-originator securitization of a portfolio of non-performing loans (GACS II).

The Transaction provided for 71 mutual banks, together with two banks belonging to the Iccrea Banking Group including Iccrea Banca Impresa, to sell, pursuant to Law 130 of April 30, 1999, the same number of portfolios of unsecured and mortgage loans, mainly secured by first mortgages, deriving from loans classified as defaulted at the assignment for a total credit claim of €2.005 billion to a special purpose securitization vehicle specifically formed for the Transaction denominated “BCC NPLs 2018-2 Srl”, with the simultaneous grant of a servicing engagement by the latter to a third-party servicer independent of the assignors.

As part of the transaction, on December 7, 2018, the special purpose vehicle acquired the portfolio from the assignor banks, financing the purchase by issuing (on July 10, 2018) asset-backed securities, pursuant to the combined provisions of Articles 1 and 5 of Law 130, with a total nominal value of about €558.2 million, divided into the following classes:

- €478 million of senior notes granted investment grade of BBB by Scope Rating AG and BBB (low) by DBRS Rating Limited, subscribed by the assignors in proportion to the exposures assigned;
- €60.129 million of mezzanine notes with a B+ rating Scope Rating AG and CCC by DBRS Rating Limited, which were sold, together with the junior notes and with the exception of highlighted below, to qualified investors without any connection, interest or participation with the assignors;
- €20.043 million of junior notes, unrated.

The following table summarizes the amount and annual rates of the notes issued:

Tranche	Amount issued (euros)	Rate
Senior Notes	478,000,000	Euribor 6m + 0.30%
Mezzanine Notes	60,129,000	Euribor 6m + 6%
Junior Notes	20,043,080	12% + Class J Notes Variable Return (any additional return)
Total	**558,172,080**	

The notes are not listed on any regulated market.

In order to meet the requirement to retain a net economic interest of 5% in the transaction as referred to (i) Article 405, paragraph 1, letter a) of Regulation (EU) 575/2013 (the “CRR”), (ii) Article 51, paragraph 1, letter a) of Delegated Regulation (EU) 231/2013 (the “AIMFD Regulation”) and (iii) Article 254, paragraph 2, letter A) of Delegated Regulation (EU) 35/2015 (the “Solvency II Regulation”), the assignors have undertaken to retain a holding of at least 5% of the nominal value of each tranche of notes issued as part of the securitization (the “vertical slice” approach).

The SPV also obtained two derivatives to hedge interest rate risk in an initial amount equal to the total nominal value of the senior and mezzanine notes.

The operation also provides for:

- the legal separation, once transferred to the SPV, of the securitized assets from the assignors and creditors;
- time call and clean-up call options in order to allow early repayment of notes before maturity:
  - Optional Redemption: the option can be exercised by the SPV on the first Payment Date immediately following the Payment Date on which the Class A notes are fully redeemed;
  - Redemption for Tax Reasons: the option can be exercised by the SPV upon the occurrence of regulatory or legislative changes, or official interpretations of the competent authorities that entail an increase in costs for the noteholders or the SPV.

In addition, the notes must be redeemed immediately in the event of specific trigger events (non-payment, non-performance of other obligations, insolvency or violations of laws).

Note that the SPV may also carry out repayments through the partial or full sale to third parties of the portfolio of non-performing loans, as part of a competitive auction.

Finally, as part of the Transaction, a cash reserve was set up in an amount equal to 3% of the nominal value of the senior notes (€14.34 million*)*, to manage the risk of any mismatches between the funds generated by collections and the amounts due in respect of the senior costs of the Transaction and interest on the senior notes. In accordance with market practice, this reserve was financed at the time of the issue of the notes by an interest-bearing limited recourse loan granted by Iccrea.

The securitization's payment waterfall is material in understanding the level of subordination of creditors in the transaction. There are two payment waterfalls. The first Pre-acceleration Priority of Payment is used for payments if the portfolio's performance is in line with expectations. In the event of Issuer Trigger Events, Redemption for Tax Reasons or Redemption on Final Maturity Date, the Post-acceleration Priority of Payment is used instead. In addition, the waterfall provides for the possibility of changing the payment priority order of certain items in the event of a "subordination event" or if: (i) the aggregate cumulative collections for the period immediately preceding the calculation are 80% lower than the expected collections envisaged for the same date in the securitization contracts; (ii) interest is not paid on the Class A notes; (iii) the ratio between the present value of recoveries, for which the respective procedure has been completed, and the sum of target prices indicated in the business plan by the servicer is less than 80%. In these circumstances, in the post-acceleration waterfall all interest due on the mezzanine notes is temporarily deferred in favor of payment of the principal of the senior notes until the payment date on which these events cease to obtain.

The portfolio securitized by Iccrea BancaImpresa includes loans classified as bad loans at the assignment date with a gross book value at December 31, 2018 of €60,773,866.91 and an aggregate gross value at the assignment date, net of impairment adjustments and including any collections on the loans pertaining to the SPV received by the Bank between the date of determination of the carrying amount and the assignment date, certified on the basis of the accounting records, of €16,856,504.19 (of which collections equal to €0.00), assigned for €16,455,673.35

The following table shows the positions in respect of the securitization held by Iccrea Banca SpA following the issue.

Classe	Amount	ISIN
Class A	16,219,000	16,219,000
Class B	102,000	11,535
Class C	33,878	338

The derecognition of the bad loans from the Bank's financial statements took place on December 20, 2018, following the assignment of about 95% of the Mezzanine and Junior notes to a fully independent third-party investor. From a prudential point of view, however, for reasons connected with the deadlines for the relevant notices to the competent authorities, the derecognition of the assigned portfolio was not completed by the end of December 2018. In calculating the prudential requirements, therefore, the Bank considered the securitized assets as if the transaction had not been carried out.

On December 27, 2018 Iccrea Banca submitted, on behalf of the participants in the operation, an application for admission to the State Guarantee Scheme for the senior notes to the Ministry for the Economy and Finance (MEF).

The State Guarantee on the liabilities issued was issued on March 5, 2019 upon completion of the procedure provided for by the MEF.

For the purposes of calculating the capital requirement relating to own securitization transactions carried out in previous years, the Bank has applied the derogation provided for by Regulation (EU) 2017/2401 consisting in the possibility of continuing to use the standardized method until December 31, 2019 (as governed by Regulation (EU) 575/2013, Part Three, Title II, Chapter 5, Section 3, Subsection 3, prior to the amendment introduced with Regulation (EU) 2017/2401) for all securitization transactions completed before January 1, 2019 (the "grace period").

GACS III

For more information on the transaction, please see the earlier section on securitizations carried out as "Originator".

The following table shows the positions effectively subscribed by the Bank in respect of the securitization.

Class	Nominal amount held	Fair value	ISIN
Class A	30,962,000	30,962,000	IT0005394348
Class B	4,622,588	118,483	IT0005394355
Class C	1,151,286	5	IT0005394363

GACS IV

For more information on the transaction, please see the earlier section on securitizations carried out as "Originator".

The following table shows the positions effectively subscribed by the Bank in respect of the securitization.

Class	Nominal amount held	Fair value	ISIN
Class A	25,283,000	25,283,000	IT0005428245
Class B	114,932	51,162	IT0005428286
Class C	67,277	28	IT0005428294

QUANTITATIVE DISCLOSURES

C.1 EXPOSURES IN RESPECT OF MAIN OWN SECURITIZATIONS BY TYPE OF SECURITIZED ASSETS AND TYPE OF EXPOSURE

		On-balance-sheet exposures						Guarantees issued						Credit lines					
		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
		Carrying amount	Writedowns / writebacks	Carrying amount	Writedowns / writebacks	Carrying amount	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks
A. Fully derecognized																			
BCC NPLS 2018-2/TV ABS 20420731	impaired exposures	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 20 19/44 TV	impaired exposures	-	-	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 20 20/45 TV CL B	impaired exposures	-	-	329	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 20 20/45 TV CL J	impaired exposures	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 21 CL B	impaired exposures	-	-	39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 22 22/31,01,47 TV	impaired exposures	-	-	61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 22 22/31,01,47 TV	impaired exposures	5,451	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans	performing exposures	7,781	240	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 2018/TV ABS 20380630 S	impaired exposures	8,543	(453)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans	performing exposures	2,498	(4,483)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 2018-2/TV ABS 20420731	impaired exposures	8,794	(688)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans	performing exposures	6,801	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 20 19/44 CL A	impaired exposures	23,895	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans	performing exposures	3,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans	performing exposures	8,219	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 21 CL A	impaired exposures	2,588	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BCC NPLS 20 20/45 TV CL A	impaired exposures	53,299	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans	performing exposures	8,446	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Partially derecognized																			
C. Not derecognized																			

The exposures reported in the table regard to the securitization transactions, carried out pursuant to Law 130/91, different from the self-securitization transactions in which at the time of issue the Bank repurchased the full amount of the notes issued by the special purpose vehicle.

C.2 EXPOSURES IN RESPECT OF MAIN THIRD-PARTY SECURITIZATIONS BY TYPE OF SECURITIZED ASSETS AND TYPE OF EXPOSURE

		On-balance-sheet exposures						Guarantees issued						Credit lines					
		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
		Carrying amount	Writedowns / writebacks	Carrying amount	Writedowns / writebacks	Carrying amount	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks	Net exposure	Writedowns / writebacks
A. Fully derecognized																			
LUCREZIA SECURISATION SRL - TERAMO	impaired exposures	31	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LUCREZIA SECURISATION SRL - CREDIVENETO	impaired exposures	330	78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LUCREZIA SECURISATION SRL - PADOVANA IRPINIA	impaired exposures	405	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The exposures reported in the table refer to securities held and loans disbursed by the Bank in respect of third-party securitizations that, at the reporting date, totaled €766 thousand (carrying amount).

C.3 SPECIAL PURPOSE SECURITIZATION VEHICLES

	Registered office	Consolidation	Assets			Liabilities		
			Loans	Debt securities	Other	Senior	Mezzanine	Junior
A. Own securitizations with full derecognition of transferred assets from the balance sheet of the originator Bank								
1. BCC NPL 2018	Via V. Alfieri n. 1 31015 CONEGLIANO (TV) Italy	no	53,248			147,908	17,202	3,465
2. BCC NPL 2018-2	Via V. Alfieri n. 1 31015 CONEGLIANO (TV) Italy	no	120,101			293,572	28,466	8,262
3. BCC NPLS 2019	Via V. Alfieri n. 1 31015 CONEGLIANO (TV) Italy	no	103,963			212,304	32,564	2,758
4. BCC NPLS 2020	Via V. Alfieri n. 1 31015 CONEGLIANO (TV) Italy	no	182,161			293,544	22,098	4,067
5. BCC NPLS 2021	Via V. Alfieri n. 1 31015 CONEGLIANO (TV) Italy	no	169,214			167,640	13,442	1,123
6. BCC BCC NPLS 2022	Via V. Alfieri n. 1 31015 CONEGLIANO (TV) Italy	no	84,583			111,275	4,137	0

C.4 UNCONSOLIDATED SPECIAL PURPOSE SECURITIZATION VEHICLES

The table has not been completed because there were no such positions as of the reporting date.

C.5 SERVICER ACTIVITIES – OWN SECURITIZATIONS: COLLECTIONS ON SECURITIZED ASSETS AND REDEMPTION OF SECURITIES ISSUED BY SECURITIZATION VEHICLE

The table has not been completed because there were no such positions as of the reporting date.

D. DISCLOSURES ON UNCONSOLIDATED STRUCTURED ENTITIES (OTHER THAN SECURITIZATION VEHICLES)

QUANTITATIVE DISCLOSURES

ISIN	Classification under assets (*)	Total assets (A)	Classification under liabilities	Total liabilities (B)	Net carrying amount (C=A-B)	Maximum loss exposure (D)	Difference between loss exposure and carrying amount (E=D-C)
1. Vehicle company							
1.CIU							
	Other financial assets mandatorily measured at fair value	382,122			382,122	382,122	-
	Financial assets held for trading	-			-	-	-

E. DISPOSALS

A. FINANCIAL ASSETS ASSIGNED BUT NOT FULLY DERECOGNIZED

QUALITATIVE DISCLOSURES

The operations mainly regard the use of government securities holdings for short- and medium-term repurchase transactions and receivables from customers assigned in the Group's securitization of its own assets.

QUANTITATIVE DISCLOSURES

E.1 FINANCIAL ASSETS ASSIGNED BUT FULLY RECOGNIZED AND ASSOCIATED FINANCIAL LIABILITIES: CARRYING AMOUNTS

	Financial assets assigned but fully recognized				Associated financial liabilities		
	Carrying amount	of which: securitized	of which: sold with agreement to repurchase	of which: impaired	Carrying amount	of which: securitized	of which: sold with agreement to repurchase
A. Financial assets held for trading	**-**	**-**	**-**	**X**	**-**	**-**	**-**
1. Debt securities	-	-	-	X	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated as at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortized cost	**5,226,942**	**-**	**5,226,942**	**-**	**5,309,126**	**-**	**5,309,126**
1. Debt securities	5,226,942	-	5,226,942	-	5,309,126	-	5,309,126
2. Loans	-	-	-	-	-	-	-
Total 31/12/2024	**5,226,942**	**-**	**5,226,942**	**-**	**5,309,126**	**-**	**5,309,126**
Total 31/12/2023	**2,896,434**	**-**	**2,896,434**	**-**	**2,852,241**	**-**	**2,852,241**

E.2 FINANCIAL ASSETS ASSIGNED AND PARTIALLY RECOGNIZED AND ASSOCIATED FINANCIAL LIABILITIES: CARRYING AMOUNTS

The table has not been completed because there were no such positions as of the reporting date.

E.3 DISPOSALS INVOLVING LIABILITIES WITH RECOURSE ONLY ON ASSIGNED ASSETS NOT FULLY DERECOGNIZED: FAIR VALUE

The table has not been completed because there were no such positions as of the reporting date.

B. FINANCIAL ASSETS ASSIGNED AND FULLY DERECOGNIZED WITH RECOGNITION OF CONTINUING INVOLVEMENT

The table has not been completed because there were no such positions as of the reporting date.

C. FINANCIAL ASSETS ASSIGNED AND FULLY DERECOGNIZED

QUALITATIVE DISCLOSURES

At December 31, 2024, the Bank held shares in investment funds acquired as part of multi-originator assignments of loan portfolios, as detailed below.

BACK2BONIS FUND- PROJECT CUVÉE DISPOSAL

On December 3, 2021 Iccrea Banca S.p.A., and the Group bank Cassa Rurale ed Artigiana di Binasco - Credito Cooperativo S.C. completed the assignment of unlikely-to-pay (UTP) loans to the SPV 130 Ampre Srl receiving in exchange units in the Back2Bonis fund, a restricted Italian alternative closed-end investment fund, managed by Prelios SGR SpA.

Iccrea Banca and CRA Binasco do not hold any interest in the vehicle and do not act as servicers for the transaction.

The disposal is part of a broader operation involving Italy's leading banking groups, including Intesa, Unicredit, MPS and BPM, denominated Project Cuvée.

Objective of the disposal

AMCO (Special and Master Servicer) and Prelios (Real Estate Partner and manager of the Fund through Prelios SGR) sponsor a multi-originator platform to manage UTP positions in respect of loans and credit lines granted to companies operating in the real estate sector with the intention to offer the assigning banks the following benefits:

- increase potential recoveries thanks to specific skills in real estate;
- enhance the efficiency of the management of real estate projects through the restructuring of the financial position of the borrowers and the new finance made available by the fund;
- maximize of the sale value of the properties on the basis of agreed business plans, with a consequent financial benefit from the recovery of the loans;
- deconsolidate the impaired loans contributed to the Back2Bonis fund and recognize the units of the fund, with a consequent reduction in the NPE ratio of the assignor banks.

Implementation of the disposal

Iccrea Banca participated in Wave 4 of the Cuvée Project in respect of a portfolio of 3 positions with a gross carrying amount of €8.5 million. This brought the value of loans under management by the Back2Bonis Fund to €1.1 billion.

Against the assignment of the loans, Iccrea Banca received 9.1 units with a nominal value of €4.3 million (€467 thousand per unit), representing 0.8% of the Fund's capital.

BACK2BONIS FUND - PROJECT QUANTUM DISPOSAL

On December 12, 2023, within the broader scope of the overall derisking operation denominated Quantum, the following mutual banks belonging to the Group completed the second assignment to Back2Bonis (B2B), a restricted Italian alternative closed-end investment fund reserved for professional investors established and managed by Prelios SGR SpA of impaired exposures in respect of mortgage loans or unsecured loans classified as unlikely to pay:

- Emil Banca – Credito Cooperativo – S.C.
- Iccrea Banca SpA
- Banca di Credito Cooperativo di Alba, Langhe, Roero e Del Canavese S.C.

Implementation of the disposal

As with the previous assignment, the Fund provides for the issue a single class of unit bearing the same administrative and property rights for all unitholders, in accordance with its Rules.

In December 2023, the banks assigned, for consideration and without recourse, loan portfolios mainly classified as unlikely to pay to the SPV 130 securitization vehicle established pursuant to Law 130/1999. The loans were assigned in full to the vehicle, of which the Fund, managed independently by the SGR is the sole noteholder.

Against the assignment of the loans to the vehicle, each bank subscribed units of the B2B Fund, which in turn subscribed the notes issued by SPV 130 to offset the Fund's receivable due from the latter as a result of the assignments.

At the assignment date, the gross and net carrying amount of the loans assigned by the banks came to €9.6 million and €3.5 million, respectively.

Objective of the disposal

For the assignor banks, the objective of the transaction is to achieve the following main benefits:

- increase potential recoveries thanks to specific skills in the sectors of the target companies and restructuring operations;
- stabilize the financial condition of the borrowers, including through the provision of new finance made available by the fund;
- deconsolidate the impaired loans contributed and recognize the units of the fund, with a consequent reduction in the NPE ratio of the assignor banks.

Accounting treatment

No Group entity has power over the relevant activities of the fund, although each assignor and the Group as a whole are exposed to the variable returns of the operation. This circumstance rules out application of IFRS 10 for the purposes of consolidating the Fund. Having verified the other conditions for derecognition, the loans were derecognized and the units acquired were recognized.

The assignment thus led to the full derecognition of the assigned loans by the assignor banks. The fund units are classified under "Financial assets mandatorily measured at fair value through profit or loss", since their nature and contractual characteristics mean they do not pass the SPPI test. In compliance with the applicable accounting standards and the policies, criteria and methods defined by the Group, the value of the units was modified at December 31, 2023 to take account of the liquidity adjustment. For more information, please see Part A "Accounting policies" of these notes to the financial statements.

The value of the units recognized at December 31, 2024 came to €9.7 million (including the liquidity adjustment).

Prudential treatment of the units recognized

The units are weighted in accordance with the rules set out in Articles 132 et seq. of Regulation (EU) 876/2019 (CRR2), applying the Look-Through Approach (LTA).

ILLIMITY CREDIT & CORPORATE TURNAROUND DISPOSAL

Description of the disposal

On April 1, 2021 Iccrea Banca SpA and the Group banks La BCC Ravennate, Forlivese e Imolese, Chiantibanca and BCC Leasing completed the assignment of unlikely-to-pay (UTP) loans to the Illimity Credit & Corporate Turnaround fund, a restricted Italian alternative closed-end investment fund, established on the same date, receiving in exchange units in the fund managed by Illimity SGR. Iccrea Banca and the Group's banks do not act as servicers for the transaction. The disposal is part of a broader operation involving Italy's leading banking groups, including BPER Group, BNL, B. Pop. di Sondrio, Banca Sella, CR Ravenna, Banco Desio, Credit Agricole and CR Asti.

In 2024, another assignment operation of UTP positions to the Illimity Credit & Corporate Tournaround fund was finalized, within the Flowers project, involving Iccrea Banca, BCC Cantù, BCC Cremasca e Credito Padano. The assignment regarded non-performing loans for a gross book value of €14.5 million against units of a fund managed by Illimity Sgr. The net book value is €10.6 million.

At the assignment date, the gross and net carrying amount of the loans assigned by the Bank came to €10.7 million and €2.4 million, respectively.

Illimity CCT (the "Fund") is the first fund launched by Illimity SGR, an asset management company established and owned by Illimity Bank. The Fund focuses on UTP exposures and in general on loans to companies in situations of financial strain but with good prospects for restructuring and revival (the "Target" companies), a market segment in which Illimity Bank is already present with its SME division.

The purpose of the Fund is to increase the value of its assets, through investment and capital appreciation transactions primarily at medium and long term mainly involving the purchase and/or subscription and/or assignment and/or or the sale, directly or indirectly, of loans, financing and, under certain conditions, other instruments, as well as through the provision of new financing from the Fund's assets, also through the possible activation of the legal instruments of protection and privilege/non-subordination of such new resources offered by law. The Fund can carry out divestment operations even in the short term if these are carried out in the interest of the Investors.

On November 12, 2024, the Board of Directors of the Fund approved some amendments to the Fund Regulations which led to the implementation of a multi-segment structure with an "Accelerated" segment consisting of a portfolio of selected positions, a "Core" segment, consisting of the residual portfolio and a "Secured" segment, dedicated to SACE/MCC secured positions.

Objective of the disposal

Illimity CCT (the "Fund") is the first fund launched by Illimity SGR, an asset management company established and owned by Illimity Bank. The Fund will focus on UTP exposures and in general on loans to companies in situations of financial strain but with good prospects for restructuring and revival (the "Target" companies), a market segment in which Illimity Bank is already present with its SME division.

The Fund has a maximum size of €600 million, with variable participation between Credit units, subscribed by the assignors of the UTP loans, and Finance units, subscribed by investors other than the assignor banks, with repayment waterfalls and specified returns.

Based on the latest business plan available, the estimated IRR for the Credit units is on the order of 1%, with the Fund to close in 2029.

For the assignor banks, the objective of the transaction is to achieve the following main benefits:

- increase potential recoveries thanks to specific skills in the sectors of the target companies and restructuring operations;
- stabilize the financial condition of the borrowers, including through the provision of new finance made available by the fund;
- achieve economies of scale to maximize the value of receivables from the same Target assigned by different banks;

- deconsolidate the impaired loans contributed and recognize the units of the fund, with a consequent reduction in the NPE ratio of the assignor banks.

Implementation of the disposal

Iccrea Banca participated in the Wave 1 in respect of a portfolio of 4 positions with a gross carrying amount of €16.9 million, receiving in exchange units in the fund for a nominal amount of €11.6 million equal to about 7% of the Crediti units of the Fund.

The transfer of the portfolio in 2024 involved its non-recourse assignment to a securitization vehicle (set pursuant to Law 130/1999) (the «SPV»), transferring to the SPV all rights connected with the realization of the assigned loans, i.e. the right to collect cash flows, including rights to collateral and unsecured guarantees, various accessory rights and the right to pursue actions to achieve the obligor performance. In order to finance the purchase of the loans, the SPV issued untranched "asset-backed securities" ("ABS securities") fully invested in the Fund's segments. In exchange for the assignment, the assignors received units in the Fund in proportion to the value of the transferred loans.

transferring to the SPV all rights connected with the realization of the assigned loans, i.e. the right to collect cash flows, including rights to collateral and unsecured guarantees, various accessory rights and the right to pursue actions to achieve borrower performance

Following the introduction of the multi-segment structure, as per the above-mentioned amendments to the Rules, the Accelerated segment issued 4 classes of units which are entitled to the rights summarized below:

- "A Units" (Initial "Crediti"): subscribed by the assignor banks and in general by professional investors, in exchange for the transfers and/or assignment of loans and/or financial instruments and/or through cash payments, without prejudice to the possibility of carrying out compensations;
- "A1 Units" (Subsequent "Crediti" and, jointly with the Initial Crediti units, "Crediti"): exclusively subscribed by the assignor banks and in general by professional investors, against assignment and/or contributions of loans and/or financial Instruments and/or through cash payments for any adjustments provided for by the Rules. These Crediti units have the same rights as the Initial Credit but can be issued exclusively in the New Subscription Period;
- "B Units " ("Finanza"): subscribed by Professional Investors against cash payments. This liquidity will be invested by the Fund in the purchase of UTP positions and/or in the provision of new finance or capital in the companies underlying the assigned loans, as part of a strategy of the Fund aimed at maximizing the probability of success of the restructuring operations of such companies and optimizing the recovery of the exposures;
- "C Units": reserved to the asset manager and the members of the Fund Management Team in exchange of cash payments

The Core and PLG segments provide for the issue of the following 4 (four) classes, to which apply the rights indicated in the Fund Rules:

- "A" or "Crediti";
- "B" or "Finanza";
- "C1"
- "C2".

In exchange for the assignments, each bank received class A and A1 Fund units (now divided and allocated to the various segment) in proportion to the value of the assigned loans.

Accounting treatment

No Group entity has power over the relevant activities of the fund, although each assignor and the Group as a whole are exposed to the variable returns of the operation. This circumstance rules out application of IFRS 10 for the purposes of consolidating the Fund. Having verified the other conditions for derecognition, the loans were derecognized and the units acquired were recognized.

The assignment thus led to the full derecognition of the assigned loans by the assignor banks. The fund units are classified under "Financial assets mandatorily measured at fair value through profit or loss", since their nature and contractual characteristics mean they do not pass the SPPI test. In compliance with the applicable accounting standards and the policies, criteria and methods defined by the Group, the value of the units was modified at December 31, 2024 to take account of the liquidity adjustment. For more information, please see Part A "Accounting policies" of these notes to the financial statements.

The value of the units recognized at December 31, 2024 came to €16.2 million (including the liquidity adjustment)

Prudential treatment of the units recognized

The units are weighted in accordance with the rules set out in Articles 132 et seq. of Regulation (EU) 876/2019 (CRR2), applying the Look-Through Approach (LTA).

ILLIMITY REAL ESTATE CREDIT FUND DISPOSAL

Description of the disposal

On August 8, 2022 Iccrea Banca SpA and the Group banks BCC Ravennate, Forlivese e Imolese, Chiantibanca and BCC Leasing completed the assignment of unlikely-to-pay (UTP) loans to the Illimity Credit & Corporate Turnaround fund, a restricted Italian alternative closed-end investment fund, established on the same date, receiving in exchange units in the fund managed by Illimity Sgr.

ICCREA Banca and the Group's banks do not act as servicers for the transaction.

The disposal is part of a broader operation involving Italy's leading banking groups, including BPER Group, BNL, B. Pop. di Sondrio, Banca Sella, CR Ravenna, Banco Desio, Credit Agricole and CR Asti.

During 2024 the Group finalized 2 other assignments to the Fund. In the third quarter of 2024, the Flowers operation was closed, with the assignment of four further positions classified as UTP for a gross book value of about €15.6 million and a net book value of about €6.3 million . The transaction was closed on September 30, 2024.

The transaction carried out in 2024 involved the non-recourse assignment of the portfolio to a securitization vehicle (SPV, set up pursuant to Law 130), transferring to the SPV all rights connected with the realization of the assigned loans, i.e. the right to collect cash flows, including rights to collateral and unsecured guarantees, various accessory rights and the right to pursue actions to achieve borrower performance.

Objective of the disposal

For the assignor banks, the objective of the transaction is to achieve the following main benefits:

- increase potential recoveries thanks to specific skills in the sectors of the target companies and restructuring operations;
- improve the value of financed real estate initiatives;
- achieve economies of scale to maximize the value of receivables from the same Target assigned by different banks;
- deconsolidate the impaired loans contributed and recognize the units of the fund, with a consequent reduction in the NPE ratio of the assignor banks, as part of the broader de-risking action carried out by the Group to implement the disposal objectives defined by the NPE Plan

Implementation of the disposal

The loans assigned by the bank came to a gross carrying amount of €18.1 million, with a total NAV of €8.6 million, equal to 25.1% of the Fund units at December 31, 2022. The net carrying amount at the assignment date was €6.8 million.

At the assignment date 2024, the gross and net carrying amount of the loans assigned by the Bank came to €4 million and €3 million, respectively.

Accounting treatment

No Group entity has power over the relevant activities of the fund, although each assignor and the Group as a whole are exposed to the variable returns of the operation. This circumstance rules out application of IFRS 10 for the purposes of consolidating the Fund. Having verified the other conditions for derecognition, the loans were derecognized and the units acquired were recognized.

The assignment thus led to the full derecognition of the assigned loans by the assignor banks. The fund units are classified under "Financial assets mandatorily measured at fair value through profit or loss", since their nature and contractual characteristics mean they do not pass the SPPI test. In compliance with the applicable accounting standards and the policies, criteria and methods defined by the Group, the value of the units was modified at December 31, 2024 to take account of the liquidity adjustment. For more information, please see Part A "Accounting policies" of these notes to the financial statements.

The value of the units recognized at December 31, 2024 came to €9.7 million (including the liquidity adjustment).

Prudential treatment of the units recognized

The units are weighted in accordance with the rules set out in Articles 132 et seq. of Regulation (EU) 876/2019 (CRR2), applying the Look-Through Approach (LTA).

"UTP ITALIA FUND - COMPARTO CREDITI DISPOSAL"

As part of the broader "MIBLE" derisking operation, the transfer of impaired loans represented by bad loans and UTPs was completed in the first quarter of 2023, largely relating to households and small economic operators, mainly mortgages backed by residential and commercial guarantees to the "UTP Italia – Comparto Crediti" Fund, a restricted Italian alternative closed-end investment fund for professional investors.

The transaction consisted of two assignments:

- in February 2023, the first assignment was completed with a portfolio of individual loans amounting to about 102.8 million, involving 39 mutual banks and the Parent Company Iccrea Banca;
- in September 2023, the second assignment was completed by the Parent Company Iccrea Banca and 26 mutual banks in the total amount of €33.5 million.

The purpose of the Fund is the professional management and development of its assets over a medium/long-term horizon. This management activity is performed with the aim of dividing any net profits deriving from both the management and sale of the investments among the participants.

Implementation of the disposal

The Fund has two segments: (a) "Fondo UTP ITALIA - Comparto Crediti" and (b) "Fondo UTP ITALIA – Comparto Nuova Finanza". Each segment issues a single class of unit, namely the "Comparto Crediti" units and the "Comparto Nuova Finanza" units.

The participating banks assigned portfolios mainly including unlikely to pay loans (UTP) to the "UTP Italia - Comparto Crediti" Fund in exchange for the subscription of units of the Fund itself. The manager of the fund, which is owned by leading national banking groups and which is inspired by ethical management principles with a "back to performing" recovery approach, is Sagitta SGR, while Intrum plays the role of servicer and Zenith Service acts as master servicer.

At the assignment dates, the gross carrying amount and the net carrying amount of the loans assigned by the banks came to €2.3 million and €0.4 million, respectively.

Objective of the disposal

For the assignor banks, the objective of the transaction is to achieve the following main benefits:

- increase potential recoveries thanks to specific skills in the sectors of the target companies and restructuring operations;

- stabilize the financial condition of the borrowers, including through the provision of new finance made available by the fund;
- deconsolidate the impaired loans contributed and recognize the units of the fund, with a consequent reduction in the NPE ratio of the assignor banks.

Accounting treatment

No Group entity has power over the relevant activities of the fund, although each assignor and the Group as a whole are exposed to the variable returns of the operation. This circumstance rules out application of IFRS 10 for the purposes of consolidating the Fund. Having verified the other conditions for derecognition, the loans were derecognized and the units acquired were recognized.

The assignment thus led to the full derecognition of the assigned loans by the assignor banks. The fund units are classified under “Financial assets mandatorily measured at fair value through profit or loss”, since their nature and contractual characteristics mean they do not pass the SPPI test. In compliance with the applicable accounting standards and the policies, criteria and methods defined by the Group, the value of the units was modified at December 31, 2023 to take account of the liquidity adjustment. For more information, please see Part A “Accounting policies” of these notes to the financial statements.

The value of the units recognized at December 31, 2023 came to €1.7 million (including the liquidity adjustment).

Prudential treatment of the units recognized

The units are weighted in accordance with the rules set out in Articles 132 et seq. of Regulation (EU) 876/2019 (CRR2), applying the Look-Through Approach (LTA).

D. TRANSACTIONS IN COVERED BONDS

COVERED BOND 1 PROGRAM

With regard to covered bonds, in 2023 two additional assignments of the covered bond program, started in 2021, were completed, giving the Group an additional medium-long term funding channel. The program, the first in the cooperative banking industry in Italy, involves Iccrea Banca as the issuer of covered bonds and a number of affiliated banks as assignors and servicers of a portfolio of primary credit quality mortgages pledged to secure the bonds issued.

The Program aims at providing investors with a secured product that can be used to improve their medium/long-term financial profile. Given the evolution of the financial markets, it is part of a broader strategy aimed at:

- contain funding costs, thanks to considerable attractiveness of covered bonds as instruments issued directly by a bank whose repayment is also secured by a segregated asset pool (in this case, residential mortgage loans). Thanks to their ability, in the event of bankruptcy of the issuing bank, to recover their position against specially segregated high quality assets, the holders of covered bonds are willing to accept a lower return than that they would demand for similar unsecured bonds;
- diversify funding sources on the international market;
- lengthen the average maturity of the debt of the Group banks participating in the Program.

The Program, allowing the Group to enter a new market characterized by particular complexity, both operational and legal, was based on a governance and control process entrusted to the responsibility of Iccrea Banca (which also plays a management role and coordination, centralizing the management and control activities of the cover pool, the role of master servicer and test calculation agent) and is based on offer documentation submitted to the approval of the Commission de Surveillance du Secteur Financier (CSSF) of the Grand Duchy of Luxembourg. With the approval of the Program, Iccrea Banca can issue Covered Bonds in the amount of up to €10 billion over a period of 10 years.

The structuring of the Group’s covered bond program involved the implementation of the following activities:

- a first assignment by a number of mutual banks (the “initial assignor banks”) to a specially formed SPV called Iccrea Covered Bond Srl of a portfolio of loans held by the assignor banks, which will represent the segregated assets pursuant to and for the purposes of the provisions of Law 130 on securitizations. The program permits additional assignments of loans, which will form part of the segregated assets, both by the initial assignor banks and by any additional affiliated banks (the “additional assignor banks” and, together with the initial assignor banks, the “assignor banks”);
- the grant to the SPV by the assignor banks of a subordinated loan to provide the SPV with the resources to purchase the loans being assigned (the “subordinated loan”;
- the issue by the SPV of an autonomous, irrevocable and unconditional first demand guarantee (the covered bond guarantee) to the exclusive benefit of the investors holding the covered bonds and senior creditors of the program (the guarantee provides for limited recourse against the assets in the cover pool held by the SPV, which performs the role of Guarantor).
- the issue by Iccrea of the covered bonds and the proportional transfer of the liquidity raised to the assignor banks..

On June 28, 2021 the first portfolio was sold to Iccrea Covered Bond Srl, for a total nominal amount of €674 million by eight initial assignor banks, as detailed below.

After the first sale, on September 23, 2021, Iccrea Banca initiated the first issue of covered bonds, which were placed with professional investors with following characteristics:

- maturity: 7 years;
- nominal amount: €500 million;
- rating: Aa3 by Moody’s
  - interest payment rights vest: September 23, 2021;
  - maturity: September 23, 2028;
- interest payments: annual; annual gross fixed rate of 0.01%;

On June 7, 2022 a second portfolio was sold to Iccrea Covered Bond Srl, for a total nominal amount of €697 million by eight assignor banks, three of which were already participating in the Program.

On January 26, 2023 a third portfolio was sold to Iccrea Covered Bond Srl, for a total nominal amount of €498,309,115.64 million by eight assignor banks, six of which were already participating in the Program.

On August 10, 2023 a fourth portfolio was sold to Iccrea Covered Bond Srl, for a total nominal amount of €877,510,691.40 million by 14 assignor banks, nine of which were already participating in the Program.

Following the issue of the second level legislation governing covered bonds, two new issues have been placed, with the consequent disbursement of liquidity to the affiliated banks.

The second and third issues of Covered Bond in 2023 were placed with professional investors, with the following characteristics

Second issue:

- maturity: 5.5 years;
- nominal amount: €650 million;
- rating: Aa3 by Moody’s;
- interest payment rights vest: July 12, 2023;
- maturity: January 12, 2029;
- interest payments: annual; annual gross fixed rate of 3.875%;

Third issue:

- maturity: 4 years;
- nominal amount: €600 million;
- rating: Aa3 by Moody’s;

- interest payment rights vest: November 8, 2023;
- maturity: November 8, 2027;
- interest payments: annual; annual gross fixed rate of 4.0%.

On February 20, 2024 a fifth portfolio was sold to Iccrea Covered Bond srl, for a total nominal amount of €832 million by 11 assignor banks, nine of which were already participating in the Program.

On May 15, 2024 a sixth portfolio was sold to Iccrea Covered Bond srl, for a total nominal amount of €987.8 million by 16 assignor banks, 12 of which were already participating in the Program.

ABI		Contribution
7070	CREDITO COOP.VO ROMAGNOLO - BCC DI CESENA E GATTEO - S.C.	39,194
7072	EMIL BANCA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	435,630
7075	BANCA CENTRO-CREDITO COOPERATIVO TOSCANA-UMBRIA SOC.COOPERATIVA	153,378
7084	BANCA DELLA MARCA CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	177,178
7085	CREDITO COOPERATIVO FRIULI (ABBREVIATO CREDIFRIULI) - SOCIETA' COOPERATIVA	259,285
7091	BANCA DI CREDITO COOPERATIVO DELLA CALABRIA ULTERIORE - SOCIETA' COOPERATIVA	26,204
8324	BANCA CENTROPADANA CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	65,491
8325	BANCO FIORENTINO - MUGELLO IMPRUNETA SIGNA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	59,267
8327	BANCA DI CREDITO COOPERATIVO DI ROMA SOCIETA' COOPERATIVA	917,063
8358	BANCA DI PESCIA E CASCINA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	24,858
8381	BANCA DI CREDITO COOPERATIVO DI BELLEGRA SOCIETA' COOPERATIVA	26,212
8386	CASSA RURALE ED ARTIGIANA DI BINASCO - CREDITO COOPERATIVO SOCIETA' COOPERATIVA	78,314
8404	BANCA DI CREDITO COOPERATIVO DI BUSTO GAROLFO E BUGUGGIATE -SOCIETA' COOPERATIVA	196,496
8441	CREDITO COOPERATIVO DI CARAVAGGIO ADDA E CREMASCO - CASSA RURALE - SOCIETA' COOPERATIVA	52,450
8450	BANCA ALPI MARITTIME CREDITO COOPERATIVO CARRU' - SOCIETA' COOPERATIVA PER AZIONI	163,832
8453	BANCA DI CREDITO COOPERATIVO DI MILANO - SOCIETA' COOPERATIVA	235,486
8454	CREDITO PADANO BANCA DI CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	98,301
8474	BANCA DEL PICENO CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	39,282
8542	CREDITO COOPERATIVO RAVENNATE, FORLIVESE E IMOLESE SOCIETA' COOPERATIVA	392,132
8673	CHIANTIBANCA - CREDITO COOPERATIVO S.C.	118,041
8749	CENTROMARCA BANCA - CREDITO COOPERATIVO DI TREVISO E VENEZIA, SOCIETA' COOPERATIVA PER AZIONI	58,930
8807	BCC VENETA - CREDITO COOPERATIVO - SOCIETÃ€ COOPERATIVA	127,025
8851	TERRE ETRUSCHE DI VALDICHIANA E DI MAREMMA - CREDITO COOPERATIVO- S.C.	176,167
8877	BANCA DI CREDITO COOPERATIVO VENEZIA GIULIA SOCIETAÂ¿ COOPERATIVA	145,501
8951	BANCA DI CREDITO COOPERATIVO DEI COLLI ALBANI - SOCIETA' COOPERATIVA	39,451
8987	BANCA DI CREDITO COOPERATIVO TERRA DI LAVORO - S. VINCENZO DE' PAOLI SOCIETA' COOPERATIVA PER AZIONI	19,689
8995	RIVIERABANCA - CREDITO COOPERATIVO DI RIMINI E GRADARA - SOCIETA' COOPERATIVA	65,504
	Total Cover Pool	**4,190,361**

During the year, four new issues were made plus a TAP operation on the issue made in November 2023. The characteristics of all the issues made under the program are reported below:

	Amount	Rating Moody's	Maturity	Issue date	Maturity date	Coupon
Issue I	500,000,000	Aa3	7	23/09/2021	23/09/2028	0.010%
Issue II	500,000,000	Aa3	5.5	12/07/2023	12/01/2029	3.875%
Issue II TAP	150,000,000	Aa3	5.5	09/08/2023	12/01/2029	3.875%
Issue III	500,000,000	Aa3	4	08/11/2023	08/11/2027	4.000%
Issue III – 1st TAP	100,000,000	Aa3	4	30/11/2023	08/11/2027	4.000%
Issue IV	500,000,000	Aa3	8	04/03/2024	04/03/2032	3.500%
Issue V	200,000,000	Aa3	7	07/03/2024	07/03/2031	3.433%
Issue VI	750,000,000	Aa3	10	05/06/2024	05/06/2034	3.500%
Issue III – 2nd TAP	100,000,000	Aa3	4	16/09/2024	08/11/2027	4.000%
Issue VII	150,000,000	Aa3	7	12/12/2024	12/12/2031	2.846%

COVERED BOND 2 - RETAINED

In 2024 a second multi-originator program of covered bonds was carried out, not intended for institutional investors, but to be subscribed by Iccrea Banca and used in refinancing operations, thus supporting the improvement of the Group's counterbalancing capacity. The cover pool can be made up of both mortgage loans and commercia loans.

The Program is based on a governance and control process entrusted to the responsibility of Iccrea Banca (which also plays a management role and coordination, centralizing the management and control activities of the cover pool, the role of master servicer and test calculation agent). The issue was authorized by Consob and listed on the Mercato Obbligazionario Telematico. With the approval of the Program, Iccrea Banca can issue Covered Bonds in the amount of up to €5 billion.

The structuring of the Covered Bond *retained* program involved the implementation of the following activities:

- a first assignment by a number of mutual banks (the “initial assignor banks”) to a specially formed SPV called Iccrea Covered Bond 2 srl, of a portfolio of loans held by the assignor banks, which will represent the segregated assets pursuant to and for the purposes of the provisions of Law 130 on securitizations. The program permits additional assignments of loans, which will form part of the segregated assets, both by the initial assignor banks, and by any additional affiliated banks (the “additional assignor banks” and, together with the initial assignor banks, the “assignor banks”);
- the grant to the SPV by the assignor banks of a subordinated loan to provide the SPV with the resources to purchase the loans being assigned (the “subordinated loan”);
- the issue by the SPV of an autonomous, irrevocable and unconditional first demand guarantee (the covered bond guarantee) to the exclusive benefit of the investors holding the covered bonds and senior creditors of the program (the guarantee provides for limited recourse against the assets in the cover pool held by the SPV, which performs the role of Guarantor).
- the issue by Iccrea of the covered bonds and the proportional transfer of the liquidity raised to the assignor banks.

On November 20, 2024 the first portfolio was sold to Iccrea Covered Bond Srl, for a total nominal amount of €1.2 billion by 17 initial assignor banks.

After the first sale, on November 26, 2024, Iccrea Banca initiated the first issue of covered bonds:

- maturity: 5 years;
- nominal amount: €750 million;
- rating: Aa3 by Moody’s

- interest payment rights vest: September 26, 2024;
- maturity: November 26, 2029;
- interest payments: annual gross fixed rate of 2.75%.

The table below details the participation of the individual assignor banks in the Program at December 31, 2024

ABI		Contribution
7070	CREDITO COOP.VO ROMAGNOLO - BCC DI CESENA E GATTEO - S.C.	46,887
7072	EMIL BANCA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	66,193
7084	BANCA DELLA MARCA CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	110,650
7085	CREDITO COOPERATIVO FRIULI (ABBREVIATO CREDIFRIULI) - SOCIETA' COOPERATIVA	58,138
8324	BANCA CENTROPADANA CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	58,341
8327	BANCA DI CREDITO COOPERATIVO DI ROMA SOCIETA' COOPERATIVA	133,245
8381	BANCA DI CREDITO COOPERATIVO DI BELLEGRA SOCIETA' COOPERATIVA	13,987
8386	CASSA RURALE ED ARTIGIANA DI BINASCO - CREDITO COOPERATIVO SOCIETA' COOPERATIVA	13,952
8404	BANCA DI CREDITO COOPERATIVO DI BUSTO GAROLFO E BUGUGGIATE -SOCIETA' COOPERATIVA	14,146
8450	BANCA ALPI MARITTIME CREDITO COOPERATIVO CARRU' - SOCIETA' COOPERATIVA PER AZIONI	75,057
8453	BANCA DI CREDITO COOPERATIVO DI MILANO - SOCIETA' COOPERATIVA	50,025
8454	CREDITO PADANO BANCA DI CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	63,639
8542	CREDITO COOPERATIVO RAVENNATE, FORLIVESE E IMOLESE SOCIETA' COOPERATIVA	307,992
8807	BCC VENETA - CREDITO COOPERATIVO - SOCIETA' COOPERATIVA	70,975
8851	TERRE ETRUSCHE DI VALDICHIANA E DI MAREMMA - CREDITO COOPERATIVO- S.C.	51,766
8877	BANCA DI CREDITO COOPERATIVO VENEZIA GIULIA SOCIETA' COOPERATIVA	13,619
8995	RIVIERABANCA - CREDITO COOPERATIVO DI RIMINI E GRADARA - SOCIETA' COOPERATIVA	60.4
	Total Cover Pool	**1,209,002**

Accounting and reporting treatment

As regards the accounting treatment of the operation:

- the assigned loans continue to be recognized by the assignor banks under item 40 b) “Financial assets measured at amortized cost: loans to customers”, under the sub-item “medium/long-term loans”, as the assignors retain the risks and rewards associated with the ownership of the assigned loans. The granted by the transferors to the SPV is not recognized as a separate item, as it is offset by the debt to the vehicle connected with the initial transfer price. This loan is therefore not subject to assessment for credit risk purposes, as the risk is entirely reflected in the valuation of the assigned loans, which continue to be recognized in the financial statements of the assignors;
- the value of the loans changes on the basis of events affecting them (account movements and valuations). Loan payments collected by assignors (who also act as servicers) are paid daily to the vehicle on the “collection account” and accounted for by the assignors as follows:
  - the collection of the principal amount from the borrower is recognized against a decrease in the receivable from the same borrower;
  - the payment of the principal amount to the vehicle is recognized against the recognition of a receivable from the vehicle;
  - the receivable is closed at the time of repayment of the subordinated loan;
- the interest collected from the borrower is recognized under item 10 of the income statement “Interest income: loans to customers” (interest on loans continues to be recognized on an accruals basis through the allocation of amounts accruing);
- the payment of interest to the vehicle is recognized against the recognition of a receivable from the vehicle;
- that receivable is closed at the time of collection of interest on the subordinated loan;
- Iccrea Covered Bond Srl, owned by Iccrea Banca, is recognized under item 70 “Equity investments”;
- the covered bonds issued are recognized in liabilities under item 10c) “Financial liabilities measured at amortized cost: securities issued” and the related interest expense is recognized on an accruals basis.

Risks and control mechanisms

In order to enable the assignee company to fulfill the obligations of the guarantee granted, Iccrea Banca uses appropriate asset and liability management techniques to ensure the overall balance between the cash flows generated by the assigned assets and the payments due in respect of the covered bonds issued and other transaction costs.

The program has been structured in accordance with applicable laws and regulations, which permit the issue of covered bonds on the condition of compliance with certain capital requirements for the assignor and issuing banks.

The structure of the Iccrea Banca program is subject to stringent regulatory constraints and provides for continuous oversight by the CFO and CRO areas, as well as monitoring by the Internal Audit function and an external auditor (Deloitte & Touche) in the role of Asset Monitor. In particular, the measures concern:

- assessments of the supervisory capital requirements for bond issues;
- audits of the quality and integrity of the assigned assets, in particular the estimated value of the properties to which the mortgages are attached. Action may consist of instructions to the assignor banks to carry out repurchases, make additions or conduct new sales of supplementary assets;
- audits of the maintenance of the correct relationship between the covered bonds issued and the assets transferred as collateral (cover pool);
- audits of compliance with the transfer limits and portfolio supplementation procedures.

Information on the nature of the risks associated with maintaining the Covered Bond Program is provided below:

- portfolio supplementation risks: the contractual documentation provides for an obligation to supplement the portfolio in order to comply with the tests required by applicable legislation. Failure to comply with these tests would represent an issuer event of default, with the consequent activation of the guarantee issued by the SPV. This risk is mitigated by the control mechanisms described above;
- risks relating to cross-collateralization: the participation of the mutual banks - as assignor banks within the program - means that they compete, pari passu with each other as subordinated creditors of the vehicle and, above all, assume the obligation for compliance with regulatory tests and maintaining the quality and integrity of the assets pledged as collateral for the covered bonds. This implies that the limitation of the liability of each assignor bank to the portion of the portfolio transferred to the SPV and the connection of the portfolio supplementation obligations of each assignor bank if the quality of its portfolio should deteriorate only has contractual force between the assignor banks, but is not in any way enforceable against the vehicle and the investors. In order to minimize these consequences, the contractual documentation envisages a coordinating role in the management of the portfolio aimed at limiting the possible impact of a sudden deterioration in the quality of the cover pool.
- liability under the Framework Servicing Agreement: under the provisions of this agreement, Iccrea Banca has undertaken to act as Master Servicer on behalf of the SPV, undertaking in particular to perform the specific activities covered by the Master Servicer engagement indicated therein and assuming the role of entity responsible for verifying the compliance of operations with the law and the prospectus pursuant to Law 130. The Program also provides that each assignor bank shall undertake to handle, on behalf of the SPV, the administration, collection and enforcement of the loans in its portion of the portfolio. Under these contractual arrangements, the SPV grants (i) the role of Master Servicer to Iccrea Banca and (ii) the role of Servicer to the banks, which thus act as the entities responsible for collections on the loans each has assigned to the SPV. The liability risk of Iccrea Banca as Master Servicer are therefore limited to the fulfillment of the obligations undertaken by the latter pursuant to the Framework Servicing Agreement and does not extend to the actions of the servicers, who are in turn directly liable to the SPV on an individual basis.

F. MODELS FOR MEASURING CREDIT RISK

The section has not been completed because the Bank does not use internal portfolio models for measuring its exposure to credit risk.

SECTION 2 - MARKET RISKS

2.1 INTEREST RATE RISK AND PRICE RISK – SUPERVISORY TRADING BOOK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS

The term trading book refers to the portfolio consisting of positions intentionally held for subsequent short-term disposal and/or taken on to benefit from short-term differences between purchase and sales prices, or other changes in prices or interest rates. In general, the supervisory trading book is represented by the positions held under an "other" business model, namely "held for sale", i.e. the portfolio including debt and equity securities, units in collective investment undertakings and derivatives held for trading purposes.

B. MANAGEMENT AND MEASUREMENT OF INTEREST RATE RISK AND PRICE RISK

GOVERNANCE AND ORGANIZATIONAL MODEL

The Parent Company is responsible for the management, coordination and control of market risk management within the entire Iccrea Mutual Banking Group in compliance with the principles of sound and prudent management.

As provided for under the Cohesion Contract, the Parent Company defines market risk management policies, in accordance with the strategic planning and definition of the RAF.

This role is performed through the issue of specific policies and directives and the definition and application of specific governance mechanisms that govern the various stages (definition, approval, monitoring and reporting) that characterize the management of market risks.

RISK MANAGEMENT PROCESSES

Identification of risks

Operations in financial market, especially positions in the trading book, expose the Bank to market risks and other subcategories of risk. The identification of risks is mainly carried out in the process of specifying and updating risk models and metrics for market risks, and involves the following activities:

- the specification and updating of risk metrics, i.e. the evolution by the Risk Management department of measurement and monitoring methods on the basis of developments in markets, regulations and best practice;
- the approval process, conducted before the start of operations in a new financial instrument and the associated definition of the procedures for measuring fair value and risks.

Risk measurement and assessment

Risk Management is the main actor in the processes for development and using measurement models and metrics for market risk.

Updates of the models and metrics are identified by Risk Management in the performance of its duties, including analysis of regulatory requirements, market best practices and input from the business units involved (Finance in particular).

The measurement activities performed by the Risk Management unit involve:

- verification of the market and price parameters used as inputs in the front office and market risk management applications;
- verification of the quality of the identifying information of the financial instruments;

- validation of methodologies for measuring the fair value of the financial instruments held by the Group;
- production of all risk metrics.

For the purpose of calculating capital requirements for market risks, the Parent Company uses the standardized approach, in compliance with the relevant supervisory measures.

At the operational level, internal models are used for measurement purposes. The measurement metrics used for operational purposes to measure market risk can be classified as follows:

- probabilistic metrics:
  - Value at Risk (VaR) approach, which represents the main metric owing to its uniformity, consistency and transparency in relation to finance operations;
- deterministic metrics:
  - level metrics (such as, for example, notional amounts and mark to market values), which represent an immediately applicable solution;
  - analysis of sensitivity and Greeks, which are an essential complement to VaR indicators owing to their capacity to capture sensitivity and the direction of financial positions in response to changes in the identified risk factors;
  - stress testing and scenario analysis, which complete the analysis of the overall risk profile, capturing changes due to specified developments in the underlying risk factors (worst case scenarios);
  - loss, which represents the negative financial performance in a specified period of time of both closed and open positions.

Probabilistic metrics

An approach based on historical simulations is used to calculate VaR, (with a sample period of 3 years, confidence level of 99% and holding period of 1 day). The model currently covers the following risk factors:

- interest rates;
- inflation rates;
- exchange rates;
- stocks and stock indices;
- interest rate volatility;
- stock price volatility.

The current model can calculate VaR both for more detailed portfolios and for larger aggregates, permitting considerable granularity in the analysis, control and management of risk profiles and the effects of diversification. The possibility for calculating VaR at multiple levels of synthesis (consistent with the operating strategies of the portfolios and the organizational hierarchy of Finance) and the ability of the model to decompose VaR into different risk determinants make it possible to create an effective system of comparable cross-risk and cross-business limits.

Deterministic metrics

Sensitivity and Greeks of options

- Sensitivity measures the risk associated with changes in the theoretical value of a financial position in response to changes in a defined amount of the associated risk factors. It captures the breadth and direction of the change in the form of multiples or monetary changes in the theoretical value without explicit assumptions about the holding period or correlations between risk factors. The main sensitivity indicators currently used are:
- PV01: the change in market value in response to a change of 1 basis point in the zero-coupon yield curve;

- Vega01: a change of 1 percentage point in implied volatilities on interest rates;
- IL01 (sensitivity to inflation): the change in market value in response to a change of 1 basis point in the forward inflation rate curve;
- Vega sensitivity to inflation: a change of 1 percentage point in implied volatilities on forward inflation rates;
- CS01: a change of 1 basis point in credit spreads;
- Delta: the ratio between the expected change in the price of options and a small change in the prices of the underlying financial assets;
- Delta1%: the change in market value in response to a change of 1% in equity prices;
- Delta Cash Equivalent: the product of the value of the underlying financial asset and the delta;
- Vega1%: the change in market value in response to a change of 1% in the implied volatility of equity prices/indices;
- Correlation sensitivity: the change in the market value in response to a 10% change in implied correlations.

Level metrics

The nominal position (or equivalent) is a risk indicator based on the assumption that there is a direct relationship between the size of a financial position and the risk profile.

The nominal position (or equivalent) is determined through the identification of:

- the notional value;
- the market value;
- the conversion of the position in one or more instruments into a benchmark position (the equivalent position);
- the FX open position.

The approach is characterized by extensive use of ceilings in terms of notional/mark-to-market amounts as they represent the value of the assets recognized in the financial statements. These metrics are used to monitor exposures to issuer/sector/country risk for the purposes of analyzing the concentration of exposures.

Stress test and scenarios

Stress tests measure the change in the value of instruments or portfolios in response to unexpected (i.e. extreme) changes in the intensity or correlation of risk factors. Scenario analyses measure the change in the value of instruments or portfolios in response to changes in risk factors in circumstances that reflect actual past situations or expectations of future developments in market variables.

Stress tests and scenario analysis are carried out by measuring the change in the theoretical value of positions in response to changes in the risk factors. The change can be calculated both through the use of linear sensitivity relationships (e.g. deltas) and through the revaluation of positions by applying the specified variations to the risk factors.

Loss

Loss is a risk metric representing the negative financial performance achieved on closed and open positions over a specified period of time.

Loss is determined by identifying, with the specified time interval:

- the component of realized profits and losses;
- the component of latent (unrealized) profits and losses calculated using the mark-to-market/mark-to-model value of open positions.

Loss is equal to the algebraic sum of the two components indicated above, if negative.

In determining loss, foreign currency positions still open are measured at the ECB end-of-day exchange rate.

The metric makes it possible to measure losses connected with the general risk profile of outstanding positions and the management of the portfolio, identifying any deterioration in the profitability of financial operations.

It is helpful in monitoring the performance of the portfolio, given the risk profile assumed, when:

- more sophisticated measurement systems are not present;
- it is impossible to capture all risk factors;
- timely control and management of limits is required.

RISK PREVENTION AND ATTENUATION

Risk Management conducts backtesting of operational measurement models on an ongoing basis. The effectiveness of the calculation model is monitored daily through backtesting, which by comparing the forecast VaR with the corresponding profit or loss shines light on the capacity of the model to accurately capture the variability of the revaluation of the trading positions statistically. This approach makes it possible to:

- strengthen the effectiveness of the dialogue between Risk Management and the front office;
- enhance awareness of the actual performance dynamics of the portfolios;
- break down and interpret the sources and causes of daily changes in P&L;
- identify and monitor any risk factors that are not fully captured by the calculation models adopted.

In addition to the backtesting noted earlier, the effective management of market risks is ensured using a comprehensive system of limits, which is a key tool for the management, control and attenuation of risks. The development of this system, which is a key element of the Risk Management Framework, took account of the nature, objectives and operational complexity of the Group.

The overall system of market risk indicators comprises indicators included in and governed by the RAS and more strictly operational indicators set out in the risk governance policies.

The controls established to manage market risks break down into:

- Level I controls, which are intended to ensure the correct registration and maintenance of transactions over time;
- Level II controls, which are intended to measure, monitor and report the market risk profile and ensure the correct activation of escalation mechanisms;
- Level III controls (Internal Audit), which are intended to verify compliance with rules and procedures as well as internal and external regulations.

Risk management and mitigation activities are governed by a set of codified and formalized rules that envisage:

- the activities and actions that must be performed in each operating and business segment in order to manage developments in risks;
- the adoption of measures to manage any irregularities;
- the actions to be taken in the event the risk objectives, tolerances or limits specified in the Risk Appetite Statement are breached;
- the actions to be taken in the event the limits specified in the risk policies are breached.

MONITORING AND REPORTING

The controls performed by Risk Management seek to monitor the Bank’s exposure to market risks on a daily basis, in order to prepare reporting to be sent to the competent units and to monitor/verify the implementation of escalation mechanisms by the trading desks involved if the specified limits are breached. Control activities are based on the assessment and measurement of the risk profile compared with the risk indicators and represents a key control element that regards both the monitoring of specific indicators and verifying and analyzing any breaches of risk appetite and/or risk limit thresholds.

These activities therefore perform an "ex post" control function in relation to the continuous monitoring of all indicators that signal breaches of assigned risk levels, but they also serve an "ex ante" function in signaling the approach of risk profiles towards the threshold/limit/risk propensity levels. Therefore, the effectiveness of monitoring compliance with limits is an instrumental part of:

- the timely identification of risk profile developments that might compromise achievement of the risk targets/tolerances established in determining the RAS/risk limits;
- the prompt activation of recovery plans in response to specified conditions on the basis of the "magnitude" of the over-limit position.

The market risk control and monitoring activities are governed within a set of internal regulations defining the roles and responsibilities of the various actors involved in the process.

At the operational level, communication between operational units and Risk Management occurs on a daily basis through extensive discussion of risk developments, increasing awareness of the risks assumed (in line with defined profit targets) and thereby facilitating the definition of appropriate management decisions.

An additional level of communication is embodied in the reporting system, which represents a decision support tool to provide the various organizational units involved with adequate and timely information on both the strategic and operational levels. The content, level of detail and frequency of the reporting are determined in accordance with the goals and roles assigned to the different recipients so as to ensure easy consultation, immediate perception of the situation and a comprehensive understanding of developments.

In this area, Risk Management is responsible for preparing periodic reporting on the various risk factors, providing appropriate disclosure to the operating lines, senior management and the Board of Directors.

QUANTITATIVE DISCLOSURES

1. SUPERVISORY TRADING BOOK: DISTRIBUTION BY RESIDUAL MATURITY (REPRICING DATE) OF ON-BALANCE-SHEET FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL DERIVATIVES

This table has not been completed since an analysis of interest rate and price risk sensitivity has been provided.

2. SUPERVISORY TRADING BOOK: DISTRIBUTION OF EXPOSURES IN EQUITY SECURITIES AND EQUITY INDICES BY MAIN COUNTRIES OF LISTING

This table has not been completed since an analysis of interest rate and price risk sensitivity has been provided.

3. SUPERVISORY TRADING BOOK: INTERNAL MODELS AND OTHER SENSITIVITY ANALYSIS METHODOLOGIES

With regard to market risks on the trading book, a 1-day VaR limit of €2.2 million has been established, calculated with a confidence level of 99%. The Market Risk Policy also specifies VaR limits for the different portfolios, measured using the same method. In the second half of 2024 the indicator never breached the limits at the full book level.

The average VaR of the trading book was equal to €0.78 million, with a minimum of €0.41 million and a maximum of €1.31 million (on April 24, 2024).

At December 31, 2024 the VaR was equal to €0.56 million.

	Sensitivity Value (in €)	Nota
Interest Rates	(39,293)	Sensitivity calculated in relation to 1 bp change
Inflation Rates	15,319	
Credit spread	14,408	
Equity	394	Sensitivity calculated in relation to 1% change in the share/stock index

2.2 INTEREST RATE RISK AND PRICE RISK – BANKING BOOK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF INTEREST RATE RISK AND PRICE RISK

GOVERNANCE AND ORGANIZATIONAL MODEL

The Parent Company is responsible for the management, coordination and control of interest rate risk management for the banking book within the entire Group in compliance with the principles of sound and prudent management.

As provided for under the Cohesion Contract, the Parent Company defines interest rate risk management policies, in accordance with the strategic planning and definition of the RAF.

This role is performed through the issue of specific policies and directives and the definition and application of specific governance mechanisms that govern the various stages (definition, approval, monitoring and reporting) that characterize the management of interest rate risk on the banking book.

RISK MANAGEMENT PROCESSES

Identification of risks

The interest rate risk and credit spread risk on the banking book is the risk originated by differences in the maturities and in the timing of the repricing of interest rates on the assets and liabilities in the banking book. In the presence of these differences, fluctuations in interest rates giver rise to both a short-term change in expected profit, through the impact on net interest income, and a long-term impact on the economic value of shareholders' equity, through the change in the market value of assets and liabilities.

Based on the composition of the current banking book and expected developments envisaged in strategic and operational planning, the Group identifies sources of interest rate risk to which it is exposed, classifying them in the following risk sub-categories: the risk deriving from fluctuations in the risk-free interest rate (IRRBB – Interest Rate Risk on Banking Book), deriving from mismatches in maturities (for fixed-rate positions) and repricing dates (for variable-rate positions) due to parallel movements in the yield curve (repricing risk) or changes in the slope or shape of the yield curve (yield curve risk), basis risk, option risk and credit spread risk (CSRBB – Credit Spread Risk on Banking Book).

Risk measurement and assessment

The measurement of interest rate risk on the banking book is based on the current earnings approach and the economic value approach and is carried out for the purpose of:

- continuous monitoring of the risk profile by controlling the overall system of indicators that characterize the IRRBB Framework and the various "additional metrics" that have been defined;
- performing stress testing, which provides for the estimation of the impact of severe but plausible adverse market scenarios on the banking book.

The risk exposure is measured using a static or dynamic approach depending on the assessment approach adopted:

- economic value approach: this seeks to assess the impact of possible adverse changes in interest rates and/or credit spread on the economic value of the banking book (economic value of equity), construed as the present value of the expected cash flows of assets, liabilities and off-balance sheet positions within the scope of analysis. Under this perspective, the analysis is conducted using a static "gone concern" approach, in which we assume the run-off of positions at maturity, without any replacement or renewal, or using a dynamic approach, developing projections for new operations that are consistent with the assumptions defined during strategic planning.
- earnings approach: this seeks to assess the potential effects of adverse interest rate and/or credit spread variations on the profitability of the banking book, i.e. net interest income, and on fair value changes recognized through profit or loss or OCI. In this perspective, the analysis is conducted using a dynamic

"going-concern" approach, with a "constant balance sheet" view, assuming that positions are rolled over at maturity so as to leave the size and composition of the balance sheet unchanged, or a "dynamic balance sheet" view, developing projections for new business that are consistent with the hypotheses defined in strategic planning.

Specific models are adopted in both cases that ensure adequate quantification of the risk associated with positions that exhibit repricing behavior that differs from the contractual profile.

The metrics adopted in the economic value approach to measure the sensitivity of the economic value of the banking book (ΔEVE – EVE sensitivity) are based on a full evaluation approach. The change in the expected value of the banking book is calculated using an approach that involves the discounting of the cash flows of items in the book in a base scenario with no interest rate variations and one with interest rate variations. The overall metric can be broken down by time bucket in order to identify the distribution of risk over time ("bucket sensitivity").

In determining EVE, equity must be excluded from the calculation in order to measure the potential change in value of free capital following changes in the yield curves.

The metrics used in the current earnings approach, based on the full evaluation approach, are the following:

- NII sensitivity: aimed at measuring the sensitivity of the net interest income; the potential impact on net interest income of potential changes in risk-free rates and/or credit spreads is calculated using a method that provides for the comparison, for a selected time horizon, between expected net interest income in the case of a change in interest rates and/or credit spreads and expected net interest income in a baseline scenario with no such changes;
- Earning at Risk: a metric aimed at measuring the loss of profitability due to changes in interest rates and/or credit spreads, considering, in addition to the impact on net interest income, the effects on changes in the fair value of the instruments recognized (depending on their accounting treatment) in profit or loss or directly in equity.

The measurement scenarios applied to interest rates are intended to monitor the risk categories to which the Bank may be exposed. Each can be associated with internally developed or regulatory scenarios.

- gap risk: in order to monitor this category of risk, parallel and non-parallel shocks of the risk-free yield curves are used in order to assess the impact on economic value and net interest income. In addition to the scenarios envisaged for regulatory purposes, in the standard outlier test, internally defined scenarios are used based on prudential assessments and historical analyses of observed changes in rates;
- basis risk: the analysis provides for the segmentation of the banking book based on the market parameters to which the items involved are indexed and the analysis of the time series of basis spreads with respect to the pivot rate (€STR) for the purpose of determining the size of the shocks to be applied to each;
- option risk: the analysis includes a preliminary identification of the automatic/behavioral option components in the assets and liabilities of the Bank's banking book and the subsequent:
  - historical analysis of the observed changes in volatility, to determine the magnitude of the shocks to be applied for the purpose of quantifying the automatic option risk;
  - verification of the impact of interest rate shocks on the behavioral model parameters, for the purpose of quantifying the behavioral option risk.
- CSRBB: internally defined scenarios are used based on prudential assessments and historical analyses of the observed changes in credit spreads.

In order to monitor risk limits, parallel and non-parallel shock scenarios are adopted. To monitor the additional metrics subject to reporting requirements, scenarios involving shocks to the yield curves are also envisaged in addition to those adopted as a reference for the determination of risk limits. As part of stress testing, further scenarios are used on periodic basis to signal potential areas of weakness in the presence of particular market conditions.

Risk prevention and attenuation

Interest rate risk is managed using a comprehensive system of limits, which is a key tool in the management, control and attenuation of risks within the IRRBB and CSRBB Framework, taking account of the nature, objectives and complexity of Group operations.

The system of limits (EWS, RAS and Risk Limits) is defined by the Parent Company in accordance with its management and coordination role and implemented through a cascading process with the subsidiaries (where applicable), in line with the risk management model adopted.

In addition to the above system of limits, a comprehensive system of arrangements and controls contributes to defining the overall control model set out and formalized in the associated policy.

The controls established to manage interest rate risk on the banking book break down as follows:

- Level I controls, which are intended to ensure the correct registration and maintenance of transactions over time;
- Level II controls, which are intended to measure, monitor and report the interest rate risk profile and activate escalation mechanisms;
- Level III controls (Internal Audit), which are intended to verify compliance with rules and procedures as well as internal and external regulations.

Monitoring and reporting

The controls, carried out by Risk Management, are aimed at monitoring the Bank's exposure to interest rate risk in order to prepare reporting to be sent to the competent units and to trigger escalation mechanisms with the collaboration of the operating units involved if the specified limits are breached. Control activities are based on the assessment and measurement of the risk profile compared with the risk indicators provided for by the risk governance framework. The effectiveness of monitoring compliance with limits is an instrumental part of:

- the timely identification of risk profile developments that might compromise achievement of the risk limits established;
- the prompt activation of recovery plans in response to specified conditions on the basis of the "magnitude" of the over-limit position.

The interest rate risk control and monitoring activities are performed within the framework of a set of internal regulations. At the operational level, communication between operational units and Risk Management occurs on a daily basis through extensive discussion of risk developments, increasing awareness of the risks assumed (in line with defined profit targets) and thereby facilitating the definition of appropriate management decisions.

An additional level of communication is embodied in the reporting system, which represents a decision support tool to provide the various organizational units involved with adequate and timely information on both the strategic and operational levels. The contents, level of detail and frequency of the reporting are determined in accordance with the goals and roles assigned to the different recipients so as to ensure easy consultation, immediate perception of the situation and a comprehensive understanding of the developments under way.

More specifically, the Risk Management function performs monitoring and reporting activities that are codified and formalized within the Risk Appetite Framework and the risk policies, preparing periodic reports and providing appropriate disclosure to the operating units, top management and the Board of Directors.

Stress test framework

In order to assess the potential impact of market tensions on the profitability and economic value of the banking book, stress test simulations are also conducted in addition to specific measurements of the exposure to risk.

The stress tests are intended to measure the extent to which the exposure to interest rate risk on the banking book could worsen in especially adverse market conditions.

The scenarios used in measuring the exposure to the different sources of risk and in analyzing stress tests are based on both regulatory shocks and, where the regulatory scenarios are not considered fully representative of especially averse conditions, shocks defined internally.

In accordance with regulatory provisions, if necessary, the Group develops scenarios characterized by larger movements in yield curves than the shocks applied for the continuous monitoring of the IRRBB and CSRBB in order to test the vulnerabilities of the banking book in the presence of stress conditions.

In line with the applicable regulatory guidelines, the Group has adopted various types of mutually complementary analyses:

- sensitivity analysis: analysis of the exposure to the IRRBB and the CSRBB with respect to the marginal impact of different types of shocks, considered separately or jointly, relating to one or more risk factors;
- reverse stress testing: analysis consisting in identifying one or more stress scenarios whose impact leads to a pre-established result identified ex-ante. The reverse stress testing makes it possible to investigate, using a recursive analysis process, the size and probability of occurrence of the events that lead to this result;
- scenario analysis: analysis consisting in the assessment of the Group's ability to cope with a potential increase in its exposure to IRRBB and CSRBB based on a combination of shocks associated with one or more risk factors in accordance with specific evolutionary stress dynamics.

Depending on the purpose of the analysis, the time horizon of the stress exercise, the speed of propagation of shocks and the approach to be adopted for the projection of operations (static/dynamic) are defined.

The identification of risk categories is a starting point and a linkage among the main strategic processes to manage risk management (Risk Appetite Framework, Internal Capital Equity Assessment Process, Contingency & Recovery Plan) and is aimed at limiting the set of risk factors/parameters for which stress scenarios are developed.

For each of the risk categories identified it is possible to define the associated risk factor(s), understood as an exogenous variable whose shock can have a negative impact on the economic value of the banking book and/or on the associated net interest income, in terms of smaller-than-expected loss or profit. In this perspective, the identification of risk factors is a preliminary phase in the definition of the shocks associated with stress scenarios.

All the stress scenarios adopted are generally calibrated using the historical simulation approach, based on prudential percentiles of the empirical distributions associated with the various risk parameters, using expert-based adjustments where appropriate in order to integrate forward-looking elements that are not present in the available historical data. To these scenarios, we add "purely" historical scenarios (i.e. without calculating a percentile of the historical empirical distribution), scenarios defined on a judgmental basis and scenarios provided by external sources (e.g. EBA Stress Test scenario)..

QUANTITATIVE DISCLOSURES

1. BANKING BOOK: DISTRIBUTION OF FINANCIAL ASSETS AND LIABILITIES BY RESIDUAL MATURITY (REPRICING DATE)

This table has not been completed since an analysis of interest rate and price risk sensitivity has been provided.

2. BANKING BOOK: INTERNAL MODELS AND OTHER SENSITIVITY ANALYSIS METHODOLOGIES

The interest rate risk on the banking book used for management purposes with regard to sensitivity indicators for economic value and net interest income at December 31, 2024 is reported below.

€/million	Scenario	
	-100 bp	+100 bp
Impact on economic value	+84	-63
Impact on net interest income	+7	-6

2.3 EXCHANGE RATE RISK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF EXCHANGE RATE RISK

The exchange rate risk management strategy (the FX risk factor) is based on the analysis of market developments and the different currencies in which operations are denominated.

The strategy is differentiated in accordance with the type of operations:

- for major currencies (hard currencies), operators, based on the analysis of economic, macroeconomic and money management data, manage operations both to optimize existing positions and generate a profit;
- for minor currencies (local currencies), exchange rate risk is managed with a view to the total minimization of risks, except in unusual macroeconomic situations, by reducing exposures exceeding the thresholds defined with market operations of the opposite sign.

Trading is carried out on the foreign exchange and foreign exchange derivatives markets both through spot trading and through the management of short/medium-term forward positions (outright operations). The strategy of the desk is therefore aimed at intraday/multiday transactions in order to generate profit from movements in the spot foreign exchange market. Forex swaps are used to engage in forward operations, based on expectations for interest rates and exchange rates, so as to generate a profit from maintaining open short/medium-term positions in foreign currency. Based on its own analyzes, the desk also seeks to improve its profitability by taking positions in options on exchange rates.

All operations are based on techniques and methods defined and agreed at the desk level, based on operating limits assigned to the managers and operational staff that are consistent with the provisions of the risk policies.

B. HEDGING EXCHANGE RATE RISK

Operations are mainly concentrated in major currencies. The Bank adopts a system of daily operating limits on the overall foreign exchange exposure, as well as the net foreign exchange positions in respect of individual currencies. The overall limit is segmented into partial ceilings on the basis of the importance of the various currencies.

QUANTITATIVE DISCLOSURES

1. DISTRIBUTION BY CURRENCY OF ASSETS, LIABILITIES AND DERIVATIVES

	Currency					
	US dollars	Pounds sterling	Yen	Canadian dollars	Swiss francs	OTHER CURRENCIES
A. Financial assets	**99,831**	**9,497**	**1,303**	**1,798**	**18,256**	**6,534**
A.1 Debt securities	9,527					1,047
A.2 Equity securities	32,582	5,947			-	-
A.3 Loans to banks	37,659	3,551	1,303	1,798	12,433	5,487
A.4 Loans to customers	20,063				5,823	
A.5 Other financial assets						
B. Other assets	**9,613**	**4,510**	**581**	**1,803**	**5,861**	**2,044**
C. Financial liabilities	**158,374**	**13,814**	**1,373**	**6,879**	**15,189**	**4,676**
C.1 Due to banks	158,196	13,814	1,373	6,879	15,189	4,653
C.2 Due to customers	178				-	23
C.3 Debt securities						
C.4 Other financial liabilities						
D. Other liabilities	**217**					
E. Financial derivatives						
- Options						
+ Long position						
+ Short positions						
- Other derivatives						
+ Long positions	675,323	63,199	32,509	4,457	21,658	25,987
+ Short positions	626,966	63,719	33,002	1,248	30,423	29,045
Total assets	**784,767**	**77,206**	**34,393**	**8,058**	**45,776**	**34,565**
Total liabilities	**785,557**	**77,533**	**34,375**	**8,127**	**45,611**	**33,722**
Difference (+/-)	**(790)**	**(327)**	**19**	**(69)**	**164**	**844**

2. INTERNAL MODELS AND OTHER SENSITIVITY ANALYSIS METHODS

There is no information to report.

SECTION 3 - DERIVATIVES AND HEDGING POLICIES

3.1 FINANCIAL DERIVATIVES HELD FOR TRADING

A. FINANCIAL DERIVATIVES

A.1 FINANCIAL DERIVATIVES HELD FOR TRADING: END-PERIOD NOTIONAL VALUES

	Total 31/12/2024				Total 31/12/2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		Covered by netting agreements	Not covered by netting agreements			Covered by netting agreements	Not covered by netting agreements	
1. Debt securities and interest rates	**9,122,125**	**19,408,402**	**1,098,480**	**-**	**9,014,778**	**17,246,602**	**1,138,456**	**-**
a) Options	-	584,073	253,720	-	-	646,352	274,781	-
b) Swaps	8,672,125	18,782,129	844,730	-	9,014,778	16,544,951	863,670	-
c) Forwards	-	-	-	-	-	-	6	-
d) Futures	-	40,200	-	-	-	55,300	-	-
e) Other	450,000	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**1,050**	**-**	**-**	**-**	**2,284**	**570**	**-**
a) Options	-	1,350	-	-	-	2,237	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	570	-
d) Futures	-	-	-	-	-	47	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign currencies and gold	**-**	**548,262**	**1,030,465**	**-**	**-**	**1,189,982**	**109,219**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	548,262	1,030,465	-	-	1,189,982	109,219	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**9,122,125**	**19,955,714**	**2,128,915**	**-**	**9,014,778**	**18,438,868**	**1,248,245**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR TRADING: GROSS POSITIVE AND NEGATIVE FAIR VALUE – BREAKDOWN BY PRODUCT

	31/12/2024				31/12/2023			
	Over the counter			Organized markets	Over the counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		Covered by netting agreements	Not covered by netting agreements			Covered by netting agreements	Not covered by netting agreements	
1. Positive fair value								
a) Options	-	4,950	172	-	-	7,678	19	-
b) Interest rate swaps	618,809	318,925	6,082	-	796,074	305,716	3,520	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	2,366	4,578	-	-	33,668	5,492	-
f) Futures	-	354	-	-	-	229	-	-
g) Other	1,215	-	-	-	-	-	-	-
Total	**620,023**	**326,595**	**10,832**	**-**	**796,074**	**347,291**	**9,031**	**-**
2. Negative fair value								
a) Options	-	1,754	5,112	-	-	4,113	9,721	-
b) Interest rate swaps	92,842	801,575	24,740	-	74,473	963,141	43,165	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	3,869	1,863	-	-	18,413	-	-
f) Futures	-	11	-	-	-	462	-	-
g) Other	275	-	-	-	-	-	-	-
Total	**93,117**	**807,209**	**31,715**	**-**	**74,473**	**986,128**	**52,887**	**-**

A.3 OVER-THE-COUNTER FINANCIAL DERIVATIVES HELD FOR TRADING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUES BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting arrangements				
1) Debt securities and interest rates				
- notional value	X	1,082,294	-	16,156
- positive fair value	X	6,254	-	-
- negative fair value	X	29,832	-	20
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign currencies and gold				
- notional value	X	113,689	916,776	-
- positive fair value	X	366	4,212	-
- negative fair value	X	418	1,446	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other assets				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting arrangements				
1) Debt securities and interest rates				
- notional value	9,122,125	18,755,645	650,757	-
- positive fair value	620,023	311,198	13,027	-
- negative fair value	93,117	769,266	34,074	-
2) Equity securities and equity indices				
- notional value	-	1,350	-	-
- positive fair value	-	4	-	-
- negative fair value	-	-	-	-
3) Foreign currencies and gold				
- notional value	-	548,262	-	-
- positive fair value	-	2,366	-	-
- negative fair value	-	3,869	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other assets				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 RESIDUAL LIFE OF OVER-THE-COUNTER FINANCIAL DERIVATIVES HELD FOR TRADING: NOTIONAL VALUES

	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	9,546,410	9,203,201	10,877,366	29,626,977
A.2 Financial derivatives on equity securities and equity indices	1,050	-	-	1,050
A.3 Financial derivatives on exchange rates and gold	1,578,727	-	-	1,578,727
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	**11,126,187**	**9,203,201**	**10,877,366**	**31,206,754**
Total 31/12/2023	**11,339,150**	**6,803,864**	**10,558,877**	**28,701,891**

B. CREDIT DERIVATIVES

The section has not been completed because there were no such positions as of the reporting date.

3.2 HEDGE ACCOUNTING

QUALITATIVE DISCLOSURES

For the purposes of hedge accounting, Iccrea Banca, Parent Company of the ICBG, applies the provisions contained in IAS 39 since at the time of initial application of IFRS 9 it elected the option provided for in paragraph 7.2.21 of that standard to continue to apply in full the rules of IAS 39 for all types of hedging (micro and macro).

The hedge contracts are transacted on the basis of the provisions of specific company policies and mainly used to manage interest rate risk on the banking book arising from the normal business operations, pursuing the objective of reducing the risk profile within the limits of the Risk Appetite Framework as defined and quantified by the competent bodies. These limits concern the exposure of the Bank both in terms of net interest income sensitivity and economic value sensitivity.

The life cycle of a hedge accounting relationship starts with the so-called "designation" phase. With the designation of the hedging relationship, the company declares the methods and the instruments through which it intends to implement the hedging strategy, as defined by the manager of the risk being hedged, as well as the methods of measuring the effectiveness of the hedge. This phase is the responsibility of the manager of the risk being hedged, who draws on the technical functions involved in the hedge accounting process defined in the associated policy.

Once a hedging relationship has been designated, it must be demonstrated that the hedge is highly effective in offsetting fair value changes or stabilizing the cash flows attributable to the hedged risk during the period for which the hedge is designated.

The effectiveness of the hedge is demonstrated at the inception date and measured at the periodic reporting dates (March 31, June 30, September 30 and December 31), as well as on a monthly basis for internal transaction monitoring purposes.

The effectiveness of the hedge is measured by conducting so-called effectiveness tests (prospective and retrospective) based on both qualitative and quantitative methods, complying with the criterion of continuity. A hedging relationship is considered effective if at each measurement date both tests (prospective and retrospective) are passed. The failure of the effectiveness test(s) should result in the discontinuance of the hedging relationship, i.e. the termination of hedge accounting.

A. FAIR VALUE HEDGING

Fair value hedging is used to immunize changes in the fair value, attributable to the different risk factors, of assets and liabilities or portions of them, of groups of assets/liabilities, of irrevocable commitments and portfolios of financial assets and liabilities.

Iccrea Banca adopts both specific hedges (micro fair value hedges) and generic hedges (macro fair value hedges). These hedges therefore apply both to well-identified financial instruments (government securities – both fixed rate and indexed to European and Italian inflation, bond issues) and to portfolios of financial instruments (assets).

Within the scope of micro fair value hedging, hedges are mainly used for securities holdings and bonds issued, while macro hedging is applied to a portfolio of corporate securities.

The main types of derivatives used are represented by plain or structured interest rate swaps (IRS), asset and yield swaps (ASW), and options on interest rates entered into with third parties. These derivatives are not listed on regulated markets, but are traded on OTC markets.

The effects of designating the hedging relationship begin at the inception of the hedge with the identification of the portion and the type of hedged risk, the hedging strategy and the hedging instrument in accordance with the principles the Group has established concerning the methodology used to assess the effectiveness of the hedging relationship.

B. CASH-FLOW HEDGING

Cash flow hedging seeks to hedge the exposure to the variability of future cash flows attributable to particular risks associated with balance sheet items or highly probable forecast transactions or to hedge exchange rate risk.

The derivatives used are interest rate swaps (IRS) not listed on regulated markets, transacted with third party counterparties on OTC markets.

C. HEDGING OF INVESTMENTS IN FOREIGN OPERATIONS

In 2024 there were no hedges of exchange rate risk on foreign currency transactions.

D. HEDGING INSTRUMENTS

Designated hedging transactions, with formal documentation identifying the relationship between the hedged instrument and the hedging instrument, are considered effective if at inception and for the entire duration of the hedging relationship changes in the fair value or the cash flows of the hedged instrument are almost completely offset by changes in the fair value or cash flows of the hedging derivative. The effectiveness of the hedge depends on the extent to which the changes in the fair value of the hedged instrument or the related expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is quantified by comparing the aforementioned changes, taking account of the intent pursued by the company at the time the hedge was established.

A hedge is effective when the changes in the fair value (or cash flows) of the hedging instrument almost entirely, i.e. within the specified limits, offset the changes in the hedged instrument for the risk being hedged.

Effectiveness is assessed at each annual or interim reporting date using:

- prospective tests aimed at demonstrating that changes in the fair value or cash flows of the hedging instrument attributable to the hedged risk will be such as to offset changes in the fair value or cash flows of the hedged item. They are performed adopting both qualitative (Critical Term Match) and quantitative methods (“cumulative scenario method” or “linear regression method with curve simulation”);
- retrospective tests aimed at measuring the actual effectiveness of the hedging relationship between the date of designation and the test date, determining the deviation of hedging relationships from the result that would be achieved with a perfect hedge. These tests are performed using quantitative methods, i.e. the dollar offset method and the volatility risk reduction method.

The main causes of ineffectiveness are attributable to the following:

- a misalignment between the notional of the derivative and the nominal of the hedged instrument at the time of the initial designation or generated subsequently, as in the case of the repurchase of bonds;
- the approach of the expiry of the transaction.

The ineffectiveness of the hedge is recognized promptly for the purposes of:

- determining the impact on profit or loss;
- assessing the possibility of continuing to apply hedge accounting rules.

If the assessments do not confirm the effectiveness of the hedge, the relationship considered terminated as of the last date from which the relationship was shown to be effective. This date coincides with the beginning of the period in which the effectiveness test was failed. However, if the event or the circumstances that led to the hedging relationship no longer meeting the criteria for effectiveness are identified and it is shown that the hedge was effective before the event or change in the circumstances occurred, hedge accounting is discontinued from the date of the event or change in those circumstances. The hedging derivative, if not extinguished, may be designated as a hedging instrument in another relationship that meets the relevant or be reclassified as a trading instrument.

The Bank does not use dynamic hedges, as defined in IFRS 7, paragraph 23C.

B. HEDGED ITEMS

Hedged items designated as being in a hedge accounting relationship using micro and macro hedges are mainly government securities, corporate securities, bond issues and finally a loan to a direct scope company.

These hedges are both total and partial and the hedged risk is mainly interest rate risk.

Debt securities held

These are hedged using micro fair value hedges and macro fair value hedges involving IRSs, ASWs and OISs as hedging instruments. Where present, interest rate and inflation risk are hedged for the duration of the obligation. The effectiveness tests are carried out using the dollar offset method for retrospective assessment and the cumulative scenario method for prospective assessment.

The Bank uses cash flow hedges with variable rate CCT securities to stabilize future cash flows by collecting a fixed rate on the receiver leg of the IRS, paying the variable rate collected on the CCT on the payer leg.

Debt securities issued

The Bank currently has active micro fair value hedging relationships for fixed-rate funding, using IRSs as hedging instruments.

Hedged bonds outstanding at December 31, 2024 are denominated in euros and are only covered by fair value hedges.

QUANTITATIVE DISCLOSURES

A. FINANCIAL HEDGING DERIVATIVES

A.1 FINANCIAL HEDGING DERIVATIVES: END-PERIOD NOTIONAL VALUES

	Total 31/12/2024				Total 31/12/2023			
	Over the counter				Over the counter			
	Central counterparties	Without central counterparties		Organized markets	Central counterparties	Without central counterparties		Organized markets
		Covered by netting agreements	Not covered by netting agreements			Covered by netting agreements	Not covered by netting agreements	
1. Debt securities and interest rates	**3,905,920**	**4,441,740**	**-**	**-**	**2,700,215**	**4,260,045**	**-**	**-**
a) Options	-	329,000	-	-	-	29,847	-	-
b) Swaps	3,905,920	4,082,740	-	-	2,700,215	4,230,199	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign currencies and gold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,905,920**	**4,411,740**	**-**	**-**	**2,700,215**	**4,260,045**	**-**	**-**

A.2 FINANCIAL HEDGING DERIVATIVES: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN BY PRODUCT

	Positive and negative fair value								Change in value used to calculate hedge effectiveness	
	Total 31/12/2024				Total 31/12/2023					
	Over the counter			Organized markets	Over the counter			Organized markets	Total 31/12/2024	Total 31/12/2023
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		Covered by netting agreements	Not covered by netting agreements			Covered by netting agreements	Not covered by netting agreements			
Positive fair value										
a) Options	-	4,384	-	-	-	-	-	-	-	-
b) Interest rate swaps	158,287	6,311	-	-	188,774	23,857	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**158,287**	**10,695**	**-**	**-**	**188,774**	**23,857**	**-**	**-**	**-**	**-**
Negative fair value										
a) Options	-	-	-	-	-	1,299	-	-	-	-
b) Interest rate swaps	75,105	109,785	-	-	49,802	86,744	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**75,105**	**109,785**	**-**	**-**	**49,802**	**88,043**	**-**	**-**	**-**	**-**

A.3 OVER-THE-COUNTER FINANCIAL HEDGING DERIVATIVES: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUES BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting arrangements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign currencies and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Other assets				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts covered by netting arrangements				
1) Debt securities and interest rates				
- notional value	3,905,920	3,841,846	569,894	-
- positive fair value	158,287	9,694	1,001	-
- negative fair value	75,105	93,742	16,043	-
2) Equity securities and equity indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Other assets				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 RESIDUAL LIFE OF OVER-THE-COUNTER FINANCIAL DERIVATIVES: NOTIONAL VALUES

	up to 1 year	more than 1 year and up to 5 years	more than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	4,916,486	892,400	2,508,774	8,317,660
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3 Financial derivatives on exchange rates and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31/12/2024	**4,916,486**	**892,400**	**2,508,774**	**8,317,660**
Total 31/12/2023	**4,400,668**	**1,202,964**	**1,356,629**	**6,960,260**

B. HEDGING CREDIT DERIVATIVES

The section has not been completed because there are no such positions.

C. NON-DERIVATIVE HEDGING INSTRUMENTS

The section has not been completed because the Bank has exercised the option provided for in paragraph 7.2.21 of IFRS 9 to continue applying the provisions on hedge accounting envisaged by IAS 39.

D. HEDGED ITEMS

D.1 FAIR VALUE HEDGES

	Micro hedges: carrying amount	Micro hedges – net positions: carrying amount of assets or liabilities (before offsetting)	Micro hedges			Macro hedges: carrying amount
			Cumulative value of fair value changes of the hedged instrument	Termination of hedge: cumulative value of residual changes in fair value	Change in value used to calculate hedge ineffectiveness	
A. ASSETS						
1. Financial assets measured a fair value through other comprehensive income – hedges of:	**346,421**	**-**	**-**	**-**	**-**	**1,123**
1.1 Debt securities and interest rates	346,421	-	-	-	-	x
1.2 Equity securities and equity indices	-	-	-	-	-	x
1.3 Foreign currencies and gold	-	-	-	-	-	x
1.4 Loans	-	-	-	-	-	x
1.5 Other assets	-	-	-	-	-	x
2. Financial assets measured at amortized cost – hedges of:	**4,518,876**	**-**	**(276,721)**	**-**	**-**	**-**
1.1 Debt securities and interest rates	4,518,876	-	(276,721)	-	-	x
1.2 Equity securities and equity indices	-	-	-	-	-	x
1.3 Foreign currencies and gold	-	-	-	-	-	x
1.4 Loans	-	-	-	-	-	x
1.5 Other assets	-	-	-	-	-	x
Total 31/12/2024	**4,865,297**	**-**	**(276,721)**	**-**	**-**	**1,123**
Total 31/12/2023	**5,623,338**	**-**	**(361,445)**	**-**	**-**	**4,193**
B. LIABILITIES						
1. Financial liabilities measured at amortized cost – hedges of:	**2,706,627**	**-**	**(28,550)**	**-**	**-**	**-**
1.1 Debt securities and interest rates	2,706,627	-	(28,550)	-	-	x
1.2 Foreign currencies and gold	-	-	-	-	-	x
1.3 Other assets	-	-	-	-	-	x
Total 31/12/2024	**2,706,627**	**-**	**(28,550)**	**-**	**-**	**-**
Total 31/12/2023	**1,120,948**	**-**	**5,313**	**-**	**-**	**-**

D.2 CASH FLOW HEDGES AND HEDGES OF INVESTMENTS IN FOREIGN OPERATIONS

	Change in value used to calculate hedge ineffectiveness	Hedge reserves	Termination of hedge: residual cumulative value of hedge reserves
A. CASH FLOW HEDGES			
1. Assets	(6,423)	5,652	-
1.1 Debt securities and interest rates		5,652	-
1.2 Equity securities and equity indices		-	-
1.3 Foreign currencies and gold		-	-
1.4 Loans	-	-	-
1.5 Other		-	-
2. Liabilities		-	-
2.1 Debt securities and interest rates		-	-
2.2 Foreign currencies and gold		-	-
2.3 Other		-	-
Total A 31/12/2024	**(6,423)**	**5,652**	**-**
Total A 31/12/2023	**(17,462)**	**(4,990)**	**-**
B. HEDGES OF INVESTMENTS IN FOREIGN OPERATIONS	**X**	**-**	**-**
Total A+B 31/12/2024	**(6,423)**	**5,652**	**-**
Total A+B 31/12/2023	**(17,462)**	**(4,990)**	**-**

E. EFFECTS OF HEDGING TRANSACTIONS IN EQUITY

E.1 - RECONCILIATION OF EQUITY COMPONENTS

	Reserve from cash flow hedges					Reserve from hedge of investments in foreign operations				
	Debt securities and interest rates	Equity securities and equity indices	Foreign currencies and gold	Loans	Other	Debt securities and interest rates	Equity securities and equity indices	Foreign currencies and gold	Loans	Other
Opening balance	**(4,990)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value changes (effective portion)	10,723	-	-	-	-	-	-	-	-	-
Reversal to profit or loss	(82)	-	-	-	-	-	-	-	-	-
of which: forecast transactions no longer expected	-	-	-	-	-	X	X	X	X	X
Other changes	-	-	-	-	-	-	-	-	-	-
of which: transfers to initial carrying amount of hedged instruments	-	-	-	-	-	X	X	X	X	X
Closing balance	**5,652**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

	Hedging instruments (not designated items)			
	Option time value		Forward element value and exchange rate difference	
	Hedge on transaction	Hedges on period	Hedge on transaction	Hedges on period
Fair value changes	**-**	**-**	**-**	**-**
Fair value change	-	-	-	-
Reversal to profit or loss	-	-	-	-
Other changes	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**

3.3 OTHER INFORMATION ON TRADING AND HEDGING DERIVATIVES

A. FINANCIAL AND CREDIT DERIVATIVES

A.1 OVER-THE-COUNTER FINANCIAL AND CREDIT DERIVATIVES: NET FAIR VALUE BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Other
A. Financial derivatives				
1) Debt securities and interest rates				
- notional value	9,709,109	-	-	-
- positive fair value	610,089	-	-	-
- negative fair value	-	-	-	-
2) Equity securities and equity indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign currencies and gold				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Purchases of protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Sales of protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

SECTION 4 - LIQUIDITY RISK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF LIQUIDITY RISK

GOVERNANCE AND ORGANIZATIONAL MODEL

Iccrea Banca, in its capacity as the Parent Company of the Iccrea Cooperative Banking Group, is responsible for the management, coordination and control of liquidity risk management within the entire Group in compliance with the principles of sound and prudent management.

In exercising this role, the Parent Company determines the governance model and mechanisms that govern the various stages involved in the management of liquidity and oversight of the associated risks, as well as interactions between business and control units in order to ensure an appropriate level of liquidity at the consolidated and individual levels at the intraday, short and medium/long-term time horizons.

As provided for under the Cohesion Contract, the Parent Company defines liquidity risk management policies, in accordance with the strategic planning and definition of the RAF.

RISK MANAGEMENT PROCESSES

Liquidity risk is identified and monitored using the operational and structural maturity ladder (in order to identify possible negative liquidity gaps in relation to specified maturity structure) and the overall liquidity indicator system (RAS, risk limits, contingencies and monitoring indicators), designed to quickly identify potential strains.

The process of revising the methodologies, the different assumptions underlying the measurements and the thresholds/limits set for liquidity indicators, carried out at least annually, enables the alignment of the overall Liquidity Risk Framework and the indicator system with specific developments in the Bank and market conditions.

Identification of risks

Liquidity risk is defined as the possibility that the Bank is unable to fulfil its payment obligations due to an inability to raise new funds (funding liquidity risk) and/or to divest its assets (market liquidity risk), or is forced to incur a very high cost to fulfil those obligations. Funding liquidity risk can in turn be broken down into:

- mismatching liquidity risk, i.e. the risk connected with differences in the timing of cash inflows and outflows as a result of mismatches in the maturities of financial assets and liabilities on (and off) the balance sheet;
- contingency liquidity risk, i.e. the risk that unexpected events may require a larger amount of cash than previously expected by the Bank to meet payment obligations. This risk can be generated by events such as failure to repay loans, the need to finance new assets, difficulties in selling liquid assets or obtaining new financing in the event of a liquidity crisis;
- collateral liquidity risk, i.e. the risk that the Bank, in the face of adverse changes in the fair value of financial instruments, is contractually required to restore margins with the payment of additional collateral/cash margins;
- operational liquidity risk, i.e. the risk that the Bank is unable to meet its current obligations (within a very short-term or intraday horizon) while remaining financially solvency.

Liquidity risk can be generated by various factors both internal and external to the Bank. The sources of liquidity risk can therefore be divided into the following macro-categories:

- endogenous: represented by adverse events specific to the Bank (e.g. a deterioration in the Bank's credit standing and loss of confidence by creditors);
- exogenous: when the origin of the risk is attributable to adverse events that cannot be directly controlled by the Bank (political crises, financial crises, catastrophic events, etc.) that give rise to liquidity tensions in the markets;

- combinations of the previous factors.

The Bank has implemented the Group policy governing the liquidity risk governance and control framework for the Iccrea Cooperative Banking Group, the management model and the principles and rules for the identification, measurement and monitoring of liquidity risk and for the performance of liquidity stress testing. The identification, measurement and monitoring of liquidity risk, subject to periodic review, forms part of the more general Group Risk Management Process (GRMP). The GRMP is a component of the organizational model, cutting across all operational sectors in which risks are assumed and managed, and establishes that activities for the identification, valuation (or measurement), monitoring, prevention and mitigation of risks are present in each sector, also defining the procedures (criteria, methods and means) with which these activities are performed.

The liquidity risk identification phase can be broken down by the length of the observation horizon:

- operational liquidity – divided into two complementary levels:
  - intraday and very short-term liquidity: monitored on a daily basis in order to identify sources of risk that impact the Bank's ability to promptly balance very short-term cash inflows and outflows and maintain a volume of liquidity sufficient to ensure compliance with the liquidity coverage ratio (LCR) requirement;
  - short-term liquidity: identification of sources of risk that impact the Bank's ability to meet its expected and unexpected payment obligations over a short-term horizon (up to 12 months);
- structural liquidity - identification of structural mismatches between assets and liabilities maturing at more than 1 year and integration with short-term liquidity management as well as planning of actions and preventing the future creation of short-term liquidity shortfalls.

The Bank's liquidity profile, and therefore its exposure to liquidity risk, is closely related to the business model adopted, the composition of the balance sheet in terms of assets, liabilities and off-balance sheet items as well as the related maturity profile.

The process of identifying and classifying the risk factors connected with the operational and structural liquidity profiles seeks to define the elements that, in terms of risk exposure, could trigger a deterioration in the liquidity position when endogenous and/or exogenous stress events occur.

Measurement of risks

Measuring liquidity risk involves the activities performed to observe and quantify on a comprehensive, accurate and timely basis the exposure to such risk over the selected observation horizon.

Measuring the exposure to liquidity risk is based on an assessment of expected cash inflows and outflows – and the consequent deficits or surpluses – in the various residual maturity bands that make up the maturity ladder in order to:

- monitor the risk profile in "business as usual" conditions, overseeing the overall system of indicators that characterize the Liquidity Risk Framework;
- execute stress testing, which involves the determination of the liquidity position in severe but plausible adverse scenarios, assessing the impact at the consolidated and individual levels.

The risk position is measured with the use of models, specific indicators and additional metrics developed either internally or established in regulations.

The analysis of the maturity profiles depends substantially on assumptions about the future cash flows associated with the various assets and liabilities, both on-balance-sheet and off-balance-sheet, which take account of the economic maturities of the balance sheet elements rather than contractual dates, without neglecting the application of reasonable prudence criteria.

The risk position is measured using static and dynamic approaches, in line with the provisions of the company budget/strategic plan concerning the assets, liabilities and equity items in the financial statements, as well as off-balance-sheet transactions.

On the basis of the desired time horizon, two maturity curves are developed: operational and structural.

The operational maturity ladder is used to monitor the short-term liquidity position and is determined both in a business-as-usual scenario and in a stress scenario by applying prudential run-offs to contractual cash flows generated by assets and liabilities and to the margins of credit lines.

The intraday liquidity position is measured with metrics aimed at monitoring the maximum use of liquidity on an intraday basis, the reserves available at the beginning of each business day to meet liquidity requirements, gross payments sent and received and "time-specific" obligations.

The treasury position is measured on a daily basis by quantifying the liquidity reserves (i.e. counterbalancing capacity, or CBC) and using them to cover any possible negative liquidity balance over the reference time horizon.

This system for monitoring operational liquidity makes it possible to monitor:

- management of access to the payments system (operational liquidity management);
- management of the liquidity outflow profile;
- the size and degree of use of liquidity reserves (analysis and active management of the maturity ladder);
- the active management of collateral (cash-collateral management, i.e. refinanceable securities and bank loans);
- the integration of short-term liquidity management actions with structural liquidity requirements.

The structural maturity ladder is used to monitor the overall liquidity position, both at short and medium/long-term. It is determined by applying prudential run-offs to contractual cash flows generated by assets and liabilities and to the margins of credit lines. The projection of cash inflows and outflows at the various time bands in the ladder is carried out using two distinct approaches in relation to the purpose of the analysis.

The first approach identifies cash flows based on the contractual maturities of the items considered;

The second approach is based on the adoption of behavioral assumptions, with specific regard to the modeling of demand items and margins on the credit lines granted in both a business-as-usual scenario and in a stress scenario.

This tool is essential for obtaining a view of funding requirements and an understanding of the liquidity risk associated with execution of the funding plan, thereby preventing the emergence of future liquidity strains. In addition, the structural maturity ladder makes it possible to control:

- the management of maturity transformation in accordance with the guidelines established by management;
- support for the funding decisions in the funding plan.

Risk prevention and attenuation

Liquidity risk is managed using a comprehensive system of limits, which is a key tool in the management, control and attenuation of risks within the Liquidity Risk Framework. The definition of this system took account of the nature, objectives and complexity of operations.

The system of limits (RAS, risk limits) is defined by the Parent Company consistent with its policy-setting and coordination role and subsequently deployed in accordance with a structured cascading process to the subsidiaries (where applicable) consistent with the liquidity risk management model adopted.

The system of limits is also accompanied by a comprehensive system of systems and controls that contribute to defining the overall control model set out and formalized in the associated policy.

The controls established to manage liquidity risk break down as follows:

- Level I controls, which are intended to ensure the correct registration and maintenance of transactions over time;
- Level II controls, which are intended to measure, monitor and report the liquidity profile and activate escalation mechanisms;
- Level III controls (Internal Audit), which are intended to verify compliance with rules and procedures as well as internal and external regulations.

Monitoring and reporting

Control activities are carried out by the Risk Management function and are intended to monitor the exposure to liquidity risk in order to prepare reports for transmission to the competent units and to initiate the escalation mechanisms should the specified limits be exceeded. Control activities is based on the assessment and measurement of the risk profile with respect to the risk indicators established by the Risk Governance framework and are an instrumental part of:

- the timely identification of risk profile developments that might compromise achievement of the risk limits;
- the prompt activation of recovery plans in response to specified conditions on the basis of the "magnitude" of the over-limit position.

Liquidity risk control and monitoring activities are carried out within the internal self-regulatory framework. At an operational level, communication between the management functions and Risk Management takes place daily through in-depth discussions on risk developments that increase awareness of the profiles of the risks assumed (in accordance with the specified profitability objectives), thus facilitating the definition of appropriate management decisions.

An additional level of communication is embodied in the reporting system, which represents a decision support tool to provide the various organizational units involved with adequate and timely information on both the strategic and operational levels. The content, level of detail and frequency of the reporting are determined in accordance with the goals and roles assigned to the different recipients so as to ensure easy consultation, immediate perception of the situation and a comprehensive understanding of developments.

In particular, Risk Management performs codified and formalized monitoring and reporting activities within the Risk Appetite Framework and the Risk Policies, with the preparation of periodic reporting to provide appropriate disclosure to the management functions, senior management and the Board of Directors.

Stress test framework

The liquidity position is monitored in the normal course of business and under stress conditions. For the latter, a stress test framework has been defined on the basis of the indicators that characterize the Liquidity Risk Framework.

The stress test analyses are used to measure the degree to which the liquidity position can deteriorate in the event of especially adverse market conditions, thereby enabling verification of its robustness.

Accordingly, the objectives of the stress testing are:

- to verify the capacity to cope with unexpected liquidity crises in the first period in which they occur, before activating initiatives to modify the structure of assets or liabilities;
- to assess vulnerabilities in the liquidity profile, evaluating possible connections between the various risk categories as part of the periodic monitoring process;
- to calibrate the specific risk thresholds for the RAS and Risk Limit indicators for operational and structural liquidity, verifying whether the level of existing limits enables the maintenance of a level of liquidity that ensures that any coverage actions do not compromise business strategies;
- to identify, in preparing the recovery plan, scenarios that would compromise the survival of the Bank if appropriate recovery actions were not taken;
- to test the effectiveness of mitigation actions taken within the Contingency Funding & Recovery Plan and recovery actions provided for in the "near-default" scenarios to be taken in adverse situations in order to limit the exposure to liquidity risk;
- verify the feasibility of the funding plan, taking due account of the findings of the stress analysis.

In accordance with regulatory provisions, the Bank develops scenarios characterized by stress scenarios associated with the occurrence of systemic or idiosyncratic events in order to test potential liquidity vulnerabilities.

In line with the applicable regulatory guidelines, various types of mutually complementary analyses have been adopted:

- sensitivity analysis: analysis of liquidity position to the marginal impact of different types of shocks, considered separately or jointly, relating to one or more risk factors;
- scenario analysis: analysis consisting in the assessment of the Bank's ability to cope with a potential deterioration in its liquidity profile based on a combination of shocks associated with one or more risk factors in accordance with specific evolutionary stress dynamics;
- reverse stress testing: analysis consisting in identifying one or more stress scenarios whose impact leads to a pre-established result identified ex-ante. The reverse stress testing makes it possible to investigate, using a recursive analysis process, the size and probability of occurrence of the events that lead to this result.

Depending on the purpose of the analysis, the time horizon of the stress exercise, the speed of propagation of shocks and the approach to be adopted for the projection of operations (static/dynamic) are defined.

The types of stress test that characterize the framework provide for the occurrence of sever but plausible events (scenarios) that can be classified into three categories:

- stress scenarios caused by a systemic event, i.e. an event (or combination of events) reflecting specific macroeconomic variables whose occurrence generates/involves adverse consequences for the entire financial system and/or the real economy and therefore for the Bank;
- stress scenarios caused by specific events (idiosyncratic), i.e. an event (or combination of events) whose occurrence generates/involves highly adverse consequences for the Bank. In defining those events, a specific analysis was conducted, considering the specific organizational, operational and risk features that distinguish the Bank;
- stress scenarios generated by a combination of specific and systemic events, i.e. the occurrence of combined events within the same scenario.

The underlying methodological approach for the construction of the systemic and idiosyncratic stress scenarios envisages the identification of the individual types of liquidity risk and the funding/lending items affected by those risks, so as to estimated inflows and outflows for the purpose of highlighting liquidity gaps and verifying the stability of the risk indicators and the ability of the Bank to cope with any liquidity strains.

Shocks generated by the main risk variables have been incorporated for each scenario, identified on the basis of a logic consistent with the overall stress test framework, enabling the association of specific levels of propagation and the related impact on the indicators.

The stress scenarios do not take account of the effects of exchanges rates on currencies, as exchange rate risk is assumed to be negligible and/or essentially offset.

For example, systemic events considered in constructing the scenarios include:

- a financial market shock that involves a significant change in the level of interest rates;
- a systemic shock that involves a drastic reduction in access to the money market;
- a liquidity squeeze on the interbank market;
- a recession;
- the default of systemically important counterparties.

Idiosyncratic events considered in constructing scenarios include:

- outflows of liquidity caused by substantial withdrawals of deposits by counterparties;
- the occurrence of reputational events that make it difficult to renew funding sources;
- adverse movements in the prices of asset to which the bank is most exposed;
- significant loan losses.

In determining and constructing combined stress scenarios, the framework provides for a targeted combination of systemic and idiosyncratic events in order to increase the severity of the stress exercises. For prudential purposes, the framework does not envisage offsetting effects deriving from the combination of the events considered.

IMPACT OF THE RUSSIA-UKRAINE CONFLICT AND THE ISRAELI-PALESTINIAN CRISIS

The Bank's existing risk measurement and control system has not undergone significant changes as it already meets the requirements for the sound and prudent management of risks, including economic-financial risks, generated in the wake of the onset of health emergency, followed by the Russia-Ukraine conflict and the more recent Israeli-Palestinian crisis.

QUANTITATIVE DISCLOSURES

1. DISTRIBUTION OF FINANCIAL ASSETS AND LIABILITIES BY RESIDUAL MATURITY

EURO

	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Unspecified maturity
A. On-balance-sheet assets	**3,015,850**	**3,829,441**	**1,440,594**	**1,468,024**	**3,573,438**	**2,111,938**	**2,272,530**	**11,474,346**	**12,876,162**	**1,625,051**
A.1 Government securities	-	-	77,595	-	273,381	788,150	466,357	1,322,001	7,891,413	-
A.2 Other debt securities	21	492	24,299	30,072	114,846	88,147	103,925	2,029,796	1,695,897	-
A.3 Units in collective investment undertakings	350,972	-	-	-	-	-	-	-	-	-
A.4 Loans	2,664,857	3,828,950	1,338,701	1,437,951	3,185,211	1,235,641	1,702,249	8,122,549	3,288,852	1,625,051
- banks	1,161,235	2,864,627	1,337,662	933,823	2,612,415	827,561	985,548	5,026,771	2,021,181	1,625,051
- customers	1,503,622	964,323	1,039	504,128	572,796	408,080	716,701	3,095,777	1,267,671	-
B. On-balance-sheet liabilities	**11,181,950**	**9,952,111**	**1,744,526**	**234,551**	**4,575,837**	**2,713,784**	**660,468**	**10,320,693**	**4,010,861**	**-**
B.1 Deposits and current accounts	10,879,428	2,131,890	19,301	149,669	497,274	335,008	448,658	5,590,889	561,835	-
- banks	9,872,456	2,131,890	19,301	149,669	497,274	335,008	448,658	5,590,889	561,835	-
- customers	1,006,972	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	1,399	25,188	80,638	25,909	33,929	100,183	3,853,890	2,400,000	-
B.3 Other liabilities	302,523	7,818,821	1,700,038	4,245	4,052,653	2,344,847	111,626	875,914	1,049,026	-
C. Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of principal										
- long positions	-	109,694	1,111,686	3,716	48,103	12,191	8,544	2,974	144,875	-
- short positions	-	97,972	776,724	47,408	55,962	13,199	11,295	2,974	473,414	-
C.2 Financial derivatives without exchange of principal										
- long positions	3,009,708	139	2,718	8,977	40,470	56,177	74,832	-	-	-
- short positions	2,985,877	-	258	2,364	8,764	33,943	26,691	-	-	-
C.3 Deposits and loans to receive										
- long positions	-	6,937,701	-	-	140,948	5,975,018	7,025,004	4,837,140	-	-
- short positions	-	-	-	93,322	588,384	8,627,797	8,167,590	7,438,719	-	-
C.4 Irrevocable commitments to disburse funds										
- long positions	26,949	719,038	425	-	359,914	20,220	8,122	108,383	324,298	-
- short positions	848,460	718,889	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	391,752	-	1,081	1,043	62,537	125,239	94,808	73,951	39,997	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

OTHER CURRENCIES

	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Unspecified maturity
A. On-balance-sheet assets	**36,364**	**1,327**	**3,725**	**7,633**	**20,018**	**16,748**	**6,873**	**6,850**	**1,192**	**-**
A.1 Government securities	4	-	-	1	6	19	21	13	819	-
A.2 Other debt securities	-	-	1	471	36	162	5,017	3,950	372	-
A.3 Units in collective investment undertakings	-	-	-	-	-	-	-	-	-	-
A.4 Loans	36,360	1,327	3,724	7,160	19,975	16,566	1,835	2,888	-	-
- banks	36,360	1,327	3,365	6,229	5,090	6,662	1,835	2,888	-	-
- customers	-	-	359	931	14,885	9,905	-	-	-	-
B. On-balance-sheet liabilities	**79,074**	**76,905**	**16,455**	**6,095**	**12,291**	**5,092**	**4,478**	**22**	**152**	**-**
B.1 Deposits and current accounts	75,308	76,905	16,455	6,095	12,291	5,092	4,442	-	-	-
- banks	75,308	76,905	16,455	6,095	12,291	5,092	4,442	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	3,765	-	-	-	-	-	36	22	152	-
C. Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of principal										
- long positions	-	10,055	725,345	49,366	16,109	10,596	11,664	-	-	-
- short positions	-	21,988	731,555	3,899	8,352	9,563	9,046	-	-	-
C.2 Financial derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to receive										
- long positions	-	13,056	-	-	-	-	-	-	-	-
- short positions	-	13,056	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- long positions	-	355	-	-	-	144	-	-	-	-
- short positions	144	355	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

SECTION 5 - OPERATIONAL RISKS

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF OPERATIONAL RISKS

Operational risk means the risk of losses caused by the inadequacy or malfunction of procedures, human resources and internal systems or the occurrence of external events. For example, such losses include those caused by fraud, human error, operational interruptions, system unavailability, breach of contract and natural disasters.

The various types of operational risk to which the Group is structurally exposed therefore include IT risk and reputational risk. This is associated with the banking activities carried out with the public and financial and institutional counterparties, as well as the numerous national and international regulations to which the Bank is subject.

The organizational model adopted by the Parent Company within the Group to manage and monitor operational risks is structured into two levels:

- At the Parent Company, the Operational & ICT Risk Management unit has been established within the CRO Area, reporting to Non-Financial Risk Management, responsible for ICT and Operational risks monitoring and management at Group level. In addition, the Information Security Risk Management unit, also reporting to Non-Financial Risk Management, is dedicated to cyber security and IT risk management.

These units are charged with:

- responsibility for policy-making and coordinating risk management activities for Iccrea Cooperative Banking Group concerning operational, IT and security risks. The units operate as a specialist hub for the area;
- responsibility for supporting the Risk Management functions of the direct scope subsidiaries and of the affiliated banks, through the relevant CRO area units;
- at the affiliated banks and direct scope subsidiaries, the Risk Management units report to their boards of directors and are responsible, among other duties, for monitoring and managing developments in the exposure to operational, IT and security risks.

The methodological aspects underlying the management framework and the related methods of application to the Group companies were formalized and approved at the end of 2019, and updated in the following years, as part of specific Group policies (Operational Risk Management Framework, ICT & Security Risk Management Framework, Loss Data Collection, Operational Risk Self Assessment and IT Risk Self Assessment) in line with applicable the regulatory provisions.

These frameworks have been developed in accordance with the typical phases of the operational risk management process, namely:

- identification of risks (knowledge): a set of activities directed at identifying operational, IT and security risks by assessing the factors that drive their dynamics, taking account of the dual perspective of events that have already occurred (i.e. operational loss data) and potential risk (assessed through the collection of business expert opinion).;
- evaluation/measurement of identified risks (awareness): a set of activities for assessing/measuring Group operational, IT and security risks;
- risk prevention and attenuation (strategy): a set of activities for the ex-ante identification of the possible ways of preventing and mitigating unfavorable developments in the dynamics of operational, IT and security risks. Definition of actions to prevent the occurrence of unfavorable events and mitigate the effects of the manifestation of events connected with operational, IT and security risks, and the implementation of measures to ensure that possible risk scenarios underlying operations evolved within the tolerated risk appetite levels defined for specific operating or business segments;
- monitoring and reporting (tracking and control): a set of activities to monitor the Group's risk profile and deliver comprehensive reporting to provide timely, accurate and appropriate support to the decision-making process underlying "Risk Prevention and Mitigation" and "Risk Management and Mitigation";
- risk management and mitigation (reaction and proactivity): a set of activities and actions to support the management of operational, IT and security risks, implement actions to prevent the occurrence of adverse events and to attenuate the effects of events related to operational, IT and security risks, and to constantly

monitor the results of the activities performed. This phase concerns the management of operational, IT and security risks subsequent to the preventive measures taken in the strategic assumption of risk, responding to developments (operating losses or changes in the risk profile) that impact the level of risk determined ex ante.

The loss data collection process has currently been adopted by the Parent Company and all the Group companies that contribute, with a specified frequency, to the collection of historical events and losses through the Group application solution, which is available to both the companies within the direct scope of the Group and the affiliated banks.

As regards the assessment processes for operational risks (OR-SA), the identification and assessment of prospective risks are conducted following an internal program for companies within the direct scope and in respect of the affiliated banks.

With specific reference to IT risk, March 2024 saw the finalization of the annual IT risk profile assessment on the centrally managed IT components relating to IT services provided by Iccrea Banca, BCC Sinergia and BCC Sistemi Informatici.

During 2024, further activities continued for the development of the application system to support the management of operational and IT risks.

As in the previous year, 2024 also saw a specific training effort for the Operational Risk Management framework, with specific attention being paid to operational models, on the verification and control processes of the data collected, as well as the support application.

The Parent Company Operational & ICT Risk Management function also supported the collection of operational loss events at the Group level for management reporting use and for QIS and COREP regulatory reporting purposes, and contributed in its areas of responsibility to the performance of the stress tests envisaged as part of the ICAAP.

With regard to the monitoring activities of the Incident Management Process, significant incidents were monitored continuously, from the time of their occurrence until closure of the incident, with the performance of assessment activities in the event of incidents with specific characteristics or for which particular risk factors were identified. Specific periodic reporting is prepared for these activities.

QUANTITATIVE DISCLOSURES

As provided for in Circular no. 285/2013 of the Bank of Italy as updated, for reporting purposes the Bank calculates operational risks using the Basic Indicator Approach. Under the Basic Indicator Approach, the capital requirement is calculated by applying a regulatory coefficient to an indicator of the volume of business, which in the case of the Bank is “gross income”. In particular, the Bank’s capital requirement, equal to 15% of the average of the last three observations of gross income at the end of the previous year (December 31, 2024), amounted to €80,524 thousand.

RELEVANT INDICATOR	PERIOD	VALUE
- at December 31, 2024	T	574,967
- at December 31, 2023	T-1	545,180
- at December 31, 2022	T-2	490,325
Relevant indicator average		**536,824**
Regulatory coefficient		**15%**
Capital requirement		**80,524**

PART F – INFORMATION ON CAPITAL

SECTION 1 – COMPANY CAPITAL

A. QUALITATIVE DISCLOSURES

Shareholders' equity (share capital, share premium reserve, reserves, equity instruments, own shares, valuation reserves, redeemable shares, profit/loss for the period) represents the Bank's capital, i.e. the sum of financial resources used for achieving the corporate purpose and dealing with the risks of business. Therefore, equity represents the main safeguard against the risks of the banking business and, as such, the amount of capital must be sufficient to ensure an appropriate degree of independence in development and growth and guarantee the soundness and stability of the company on an ongoing basis.

B. QUANTITATIVE DISCLOSURES

B.1 COMPANY CAPITAL: COMPOSITION

	Amount 31/12/2024	Amount 31/12/2023
1. Share capital	1,401,045	1,401,045
2. Share premium reserve	6,081	6,081
3. Reserves	784,115	682,588
- earnings	784,115	682,588
a) legal	108,874	100,082
b) established in bylaws	205	205
c) treasury shares	-	-
d) other	675,036	582,301
- other	-	-
4. Equity instruments	-	
5. (Treasury shares)	-	-
6. Valuation reserves:	-	-
- Equity securities designated as at fair value through other comprehensive income	56,776	51,464
- Hedges of equity securities designated as at fair value through other comprehensive income	(1,106)	9,473
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	-	-
- Property, plant and equipment	2,280	(2,947)
- Intangible assets	-	-
- Hedging of investments in foreign operations	-	-
- Cash flow hedges	-	-
- Hedging instruments [undesignated elements]	5,652	(4,990)
- Foreign exchange differences	-	-
- Non-current assets held for sale	-	-
- Financial liabilities designated as at fair value through profit or loss (change in own credit rating)	-	-
- Actuarial gains (losses) on defined benefit plans	-	-
- Share of valuation reserves of equity investments accounted for using equity method	(2,111)	(2,134)
- Special revaluation laws	-	-
7. Net profit (loss) for the period	52,062	52,062
1. Share capital	78,749	87,920
Total	**2,326,766**	**2,229,099**

B.2 - VALUATION RESERVES FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: COMPOSITION

	Total 31/12/2024		Total 31/12/2023	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	5,030	2,751	3,432	6,379
2. Equity securities	280	1,387	10,806	1,332
3. Loans	-	-	-	-
Total	**5,311**	**4,137**	**14,238**	**7,711**

B.3 VALUATION RESERVES FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: CHANGE FOR THE PERIOD

	Debt securities	Equity securities	Loans
1. Opening balance	**(2,947)**	**9,473**	**-**
2. Increases	**15,004**	**495**	**-**
2.1 Fair value gains	11,338	491	-
2.2 Writedowns for credit risk	-	X	-
2.3 Reversal to income statement of negative reserves: from realization	3,667	X	-
2.4 Transfers to other components of shareholders' equity (equity securities)	-	4	-
2.5 Other changes	-	-	-
3. Decreases	**9,778**	**11,074**	**-**
3.1 Fair value losses	7,329	446	-
3.2 Writebacks for credit risk	2	-	-
3.3 Reversal to income statement of positive reserves: from realization	2,447	X	-
3.4 Transfers to other components of shareholders' equity (equity securities)	-	10,628	-
3.5 Other changes	-	-	-
4. Closing balance	**2,280**	**(1,106)**	**-**

B.4 - VALUATION RESERVES FOR DEFINED-BENEFIT PLANS: CHANGE FOR THE PERIOD

	31/12/2024
1. Opening balance	**(2,134)**
2. Increases	**57**
2.1 Actuarial gain from change in financial assumptions	-
2.2 Actuarial gain from change in demographic assumptions	57
2.3 Actuarial gains from experience adjustments	-
2.4 Other changes	-
3. Decreases	**23**
3.1 Actuarial loss from change in financial assumptions	19
3.2 Actuarial loss from change in demographic assumptions	4
3.3 Actuarial losses from experience adjustments	-
3.4 Other changes	-
4. Tax effect	**(11)**
5. Closing balance	**(2,111)**

SECTION 2 – OWN FUNDS AND CAPITAL RATIOS

See the consolidated disclosures on own funds and capital adequacy in the Third Pillar disclosures.

PART G - BUSINESS COMBINATIONS

No business combinations involving the acquisition of control pursuant to IFRS 3 were carried out in 2024.

PART H - TRANSACTIONS WITH RELATED PARTIES

INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

The following table provides information on the remuneration paid in 2024 to key management personnel as required by IAS 24. Key management personnel are managers who have the power and responsibility, directly or indirectly, for the planning, management and control of the Bank's activities, including the directors and members of the supervisory bodies.

	Total 31/12/2024				
	Short term benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments
Key management personnel	8,543	295	-	-	-

The item "short-term benefits" includes wages, salaries, benefits and remuneration of key management personnel (also includes directors and members of control bodies).

The item "post-employment benefits" includes, among other things, the provision/revaluation of the severance pay (TFR) left in the company-managed fund, severance pay paid into the National Pension Fund for mutual bank employees (or other external funds) and the portions paid by the company in contributions to the National Pension Fund for mutual bank employees (or other external funds).

INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

For the purposes of the preparation of these disclosures, pursuant to IAS 24 a related party is a person or entity who is related to the entity preparing the financial statements;

a) a person or close family member of that person is related to a reporting entity if that person:
   i. has control or joint control of the reporting entity;
   ii. has a significant influence over the reporting entity;
   iii. is one of the key management personnel of the reporting entity or one of its parent companies.

b) an entity is related to a reporting entity if any of the following conditions apply:
   i. the entity and the reporting entity are part of the same group (which means that each parent, subsidiary and group company is related to the others);
   ii. an entity is an associated or joint venture of the other entity (or an associate or joint venture belonging to the group to which the other entity belongs);
   iii. both entities are joint ventures of the same third party;
   iv. an entity is a joint venture of a third-party entity and the other entity is an associate of the third-party entity;
   v. the entity is represented by a post-employment benefit plan for the employees of the reporting entity or an entity related to it. If the reporting entity is itself a plan of this type, the employers who sponsor it are also related to the reporting entity;
   vi. the entity is controlled or jointly controlled by a person identified in point (a);
   vii. a person identified in point (a)(i) has a significant influence over the entity or is one of the key management personnel of the entity (or its parent);
   viii. the entity, or any member of a group to which it belongs, provides management services with strategic responsibilities to the reporting entity or to the parent company of the reporting entity.

Notwithstanding points (vi) and (vii) above, paragraph 11 of IAS 24 warns that two entities are not necessarily related parties simply because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity. The director (or member of key management personnel) must be exert control or significant influence (as defined below) over the two companies and consequently the relationship between the two entities. This principle also holds in the case of companies controlled or subject to significant influence by close family members of directors.

Close members of the family of a person are considered to be those family members who are expected to influence, or be influenced by, that person in their dealings with the entity, including:

- that person's children and spouse or domestic partner;
- the children of that person's spouse or partner; and
- dependents of that person or that person's spouse or domestic partner.

Based on the amendments made with Regulation (EU) no. 1174/2013, the terms "control", "investment entity", "joint control" and "significant influence" are defined in IFRS 10 ("Consolidated Financial Statements"), IFRS 11 ("Joint Arrangements "), IAS 27 ("Separate Financial Statements) and IAS 28 ("Investments in Associates and Joint Ventures") and are used in this standard with the meanings specified in these IFRS.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Paragraphs 18 and 19 of IAS 24 specify what disclosures shall be provided on transactions and the categories of related party into which they can classified. Paragraph 24 of IAS 24 adds that "items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity".

The following tables follow these directives and, with specific regard to the nature of the relationships, assuming that they are ordinary banking operations, break down information for balance sheet relationships (assets, liabilities, guarantees and commitments, doubtful positions) and income statement relationships (interest, dividends, commissions, etc.).

As regards the disclosures required by paragraph 18 of IAS 24 concerning the nature, terms and conditions of transactions with related parties, it has been assumed that these are transactions of a banking nature, not atypical or unusual and were carried out on market terms between independent parties. In other cases, the mutual bank shall provide appropriate disclosure in this regard.

The following table summarizes the financial effects of transactions with the related parties of the Bank.

	At 31/12/2024			
	Subsidiaries	**Associated companies**	**Key management personnel**	**Other related parties**
Financial assets	24,569,537	680,367	-	-
Total other assets	158,381	34,833	-	-
Financial liabilities	20,473,668	166,503	-	-
Total other liabilities	90,971	23,877	-	-
Commitments and financial guarantees issued	10,722,312	74,522	-	-
Commitments and financial guarantees received	218,456	-	-	-
Provisions for doubtful loans	-	-	-	-

	At: 31/12/2024			
	Subsidiaries	Associated companies	Key management personnel	Other related parties
Interest income	943,140	10,535	-	-
Interest expense	(572,430)	(10,211)	-	-
Dividends	41,025	-	-	-
Fee and commission income	306,965	322,958	-	-
Fee and commission expense	(334,599)	(240,740)	(8,839)	-
Other operating expenses/income	100,272	-	-	-
Net gain (loss) on trading activities	(83,640)	-	-	-
Net gain (loss) on hedging activities	-	-	-	-
Writedowns/writebacks of impaired financial assets	-	-	-	-

The items "fee and commission income" and "fee and commission expense" include the effect of the promotion-distribution agreements for the Numia Group products and services between the Bank and the Group's mutual banks, following the initiative undertaken during the year for the repositioning of the Group's e-money operations.

PART I - SHARE-BASED PAYMENTS

The section has not been completed because there were no such positions as of the reporting date.

PART L - OPERATING SEGMENTS

Exercising the option granted by IFRS 8, segment information is presented solely with regard to the consolidated financial statements.

PART M - LEASE DISCLOSURES

SECTION 1 – LESSEE

QUALITATIVE DISCLOSURES

Iccrea Banca's leases essentially regard property and car leases.

At December 31, 2024, the Bank held 264 leases, of which 19 relating to property leases and 245 relating to cars for total right-of-use assets of €4,859 thousand.

The properties are mostly used for banking and general management activities. Based on historical experience, the Bank includes the first lease extension in computing the lease term, in addition to the non-cancellable period, if renewal depends exclusively on the lessee. Therefore, both at the date of FTA and upon initial recognition of a contract under IFRS 16, the first reasonably certain lease extension has been considered, unless there is effective evidence of relevant facts and circumstances that would counsel a different assessment. Therefore, in the case of a lease for property with a term of 6 years and a tacit renewal option at the end of the first six-year period, the term considered in determining the useful life of the right of use is 12 years, unless there are facts or circumstances that suggest a different assessment.

Car leases regard contracts for cars assigned to employees for business use. These contracts usually come in the form of "long-term rentals", and are therefore have a multi-year term and usually do not include a final purchase option.

As already indicated in the accounting policies, the Group has elected to exercise the exemptions permitted by IFRS 16 for short-term leases (term of less than or equal to 12 months) and low-value leases (where the value of the asset is less than or equal to €5,000).

QUANTITATIVE DISCLOSURES

Part B of the notes to the financial statements reports right-of-use assets acquired with leases in the amount of €4,859 thousand (Table 8.1 – Operating property, plant and equipment: composition of assets carried at cost); with leases liabilities of €4,857 thousand reported in Table 1.2 - Financial liabilities measured at amortized cost: composition of amounts due to customers).

Part C Income statement reports interest in respect of lease liabilities of about €125 thousand (Table 1.3 Interest and similar expense, Financial liabilities measured at amortized cost: amounts due to customers)

The following table breaks down depreciation charges (reported in Table 12.1 on the income statement) for right-of-use assets into the various categories.

The right of use relating to leased assets (rental of properties and cars) has been recognized under the sub-item "Assets acquired under finance leases" as required by IFRS 16.

	Property	Automobiles	Total 2024	Total 2023
Initial value	745	1351	2,096	2,300
Purchases	333	4,288	4,622	983
Other changes	9	-	9	450
Depreciation	(390)	(1,478)	(1,868)	(1,638)
- of which: sales				
Assets acquired under financial lease	**698**	**4161**	**4,859**	**2,096**
Total	**698**	**4161**	**4,859**	**2,096**

SECTION 2 – LESSOR

The section has not been completed because there were no such positions as of the reporting date.

CERTIFICATION

Certification of the Separate financial statements as at 31 December 2024 pursuant to Art.81-ter of Consob Regulation No.11971/99 and subsequent additions and amendments

1) The undersigned Giuseppe Maino, as Chief Executive Officer of Iccrea Banca S.p.A., and Marianna Di Prinzio, as the Manager responsible for preparing the company's financial reports of Iccrea Banca S.p.A., hereby certify, also in compliance with Art.154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

   - the adequacy in relation to the features of the company, and
   - the actual application of the administrative and accounting procedures employed to draw up the Separate financial statements as at 31 December 2024.

2) The assessment of the adequacy of the administrative and accounting procedures employed to draw up the Separate financial statements as at 31 December 2024 is based on a model developed by Iccrea Banca S.p.A., in accordance with the '"*Internal Control - Integrated Framework (CoSO)*", and the "*Control Objective for IT and Related Technologies (Cobit)*", which represent generally accepted international standards for internal control system and for financial reporting in particular.

3) The undersigned also certify that:

   - the Separate financial statements as at 31 December 2024:
     a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation (EC) No.1606/2002 of 19 July 2002;
     b) correspond to the results of the accounting books and records;
     c) are suitable to provide a fair and correct representation of the economic and financial situation of Iccrea Banca S.p.A.;
   - the Report on operations includes a reliable analysis of the operating trend and results, as well as of the position of the Bank, together with a description of the main risks and uncertainties it is exposed to.

Rome, 22 April 2025

Chief Executive Officer
Giuseppe Maino

Manager responsible for preparing the company's financial reports
Marianna Di Prinzio

REPORT OF THE AUDIT FIRM

Iccrea Banca S.p.A.

Independent auditor's report in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014.

(translation of the original report issued in Italian)*

Financial statements as of 31 December 2024

ORMB/NSDN/vbrb – R202500593

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Independent auditor's report in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014.

To the Shareholders of Iccrea Banca S.p.A.

Report on the audit of the financial statements

Opinion

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31st, 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and endorsed by the European Union, as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/15.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the section of this report titled *Auditor's responsibilities for the audit of the financial statements*. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Forvis Mazars S.p.A.
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Rea MI-2076227 - Cod. Fisc. e P. Iva 11176691001
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Classification and valuation of financial loans to customers measured at amortized cost

For further information, please refer to the Notes:
“Part A – Accounting policies" – Section A.2 paragraph 3. “Financial assets measured at amortized cost "
“Part B – Information on the balance sheet” - Section 4 “Financial assets measured at amortized cost"
"Part C – Information on the income statement”: Section 8 “Net losses/recoveries for credit risk in respect of financial asset measured at amortized cost”
"Part E – Risk and risk management policies

Description of the key audit matter	Audit procedures
Loans to customers measured at amortized cost, which are reported in item 40 b) of the balance sheet assets, as of December 31st, 2024 amount to Euro 8.968 million, representing 18% of total assets. Their classification and evaluation provided by the directors is relevant for the audit in consideration of their significance, either with reference to the intrinsic complexity of the process of determining the expected losses and by the subjectivity in the formulation of the estimation processes, also in consideration of the uncertainty of the current macroeconomic context and the latest developments. Amongst the estimation factors, the following are of particular importance: • the criteria identified for significant increase in credit risk (SICR) for the allocation of credit portfolios to the homogeneous categories of risk (so-called "staging allocation"); • the determination of the parameters for the estimation of expected credit losses (ECL), including *forward-looking* factors for the determination of *Probability of Default* (PD), *Exposure at Default* (EAD) and *Loss Given Default (*LGD) classified in Stage 1 and Stage 2; • credit-impairment evidence leading to classification of loans as impaired in Stage 3. • the criteria and methods applied for estimating expected cash flows based on the assumptions regarding the recovery of non-performing loans.	In response to this key audit matter, the audit procedures performed included, among others: • updating the understanding of the internal control system, as well as internal procedures related to the monitoring of the quality of portfolio and the management of credit risk, as well as those related to the measurement of expected credit losses; • reviewing the proper implementation and operating effectiveness of the relevant controls for the purpose of credit classification and valuation process, including those related to IT application controls; • performing analytical procedures on the most significant changes in loans to customers compared to the prior year; • performing, on a sample basis, substantive procedures to validate the correct classification and measurement of credit exposures; • verifying of the adequacy and compliance of the financial disclosure provided in the notes to the financial statements. The above procedures were also carried out with the support of our specialists in financial instrument valuation models and IT systems.

Measurement of equity investments

For further information, please refer to the Notes:

“Part A – Accounting policies" – Section A.2 paragraph 5. “Equity Investment”
“Part B – Information on the balance sheet” - Section 7.5 “Equity investments - Changes for the period”.
"Part C – Information on the income statement”: Section 15 “Profit (loss) from equity investments”

Description of the key audit matter	Audit procedures
Equity investments, which are reported in item 70 of the balance sheet - assets as at December 31st, 2024 amount to Euro 1.327 million. The directors assess at least annually any indicators of impairment of the carrying amount of investments, consistent with their strategy for managing legal entities. In accordance with IAS 36 ‘Impairment of Assets’, if indicators of impairment occur, the Company performs an impairment test. The process and procedures for determining the recoverable amount of equity investments are based on assumptions that, considering the nature of the items involved, involve the management judgment, especially regarding the identification of impairment indicators and the expectations of the long-term growth rates.	In response to this key audit matter, the audit procedures performed included, among others: • understanding of the estimation process of the equity investments recoverable value and the related impairment test procedures; • analysis of the reasonableness of the assumptions and parameters used by the directors in determining the recoverable amount of the equity investments held by the Company; • reviewing the accuracy of the calculations in the impairment testing; • verifying of the adequacy and compliance of the financial disclosure provided in the notes to the financial statements. The above procedures were also carried out with the support of our specialists in business valuation models.

Responsibilities of the directors and board of statutory auditors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and endorsed by the European Union, as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/15 and, according to the terms prescribed by law, for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company’s ability to continue as a going concern and for the appropriateness of the use of the going concern assumption in the preparation of the financial statements, and for appropriate disclosure thereof. In preparing the financial statements, the directors use the going concern basis of accounting unless directors either intend to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, according to the terms prescribed by law, the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 the audit in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures in response to those risks; we obtained sufficient and appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- we obtained an understanding of the internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Where a material uncertainty exists, we are required to draw attention, in our auditor's report, to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, subsequent events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in such a manner as to give a true and fair view.

We communicated to those charged with governance, identified at an appropriate level as required by ISA Italia, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated to them any circumstances that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, we identified those that were of most significance in the audit of the financial statements of the current period, and are therefore representing the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) No. 537/2014

On May 24th, 2021, the shareholders of Iccrea Banca S.p.A. in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending December 31st, 2021 to December 31st, 2029.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-*bis*) and e-*ter*), of Legislative Decree No. 39/10

The directors of Iccrea Banca S.p.A. are responsible for preparing a report on of Iccrea Banca S.p.A. as at December 31, 2024, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations with the financial statements;
- express an opinion on the compliance of the report on operations with the law;
- issue a statement of any material misstatements in the report on operations.

In our opinion, the report on operations is consistent with the financial statements of Iccrea Banca S.p.A. as at December 31, 2024.

Furthermore, in our opinion, the report on operations is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-*ter*), of Legislative Decree No. 39/10, issued based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Roma, April 22nd, 2025

Forvis Mazars S.p.A.

(signed on the original)

Olivier Rombaut
Partner – Registered auditor

(*) This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

ATTACHMENTS - ACCOUNTS OF THE GUARANTEE SCHEME

DOCUMENT OBJECTIVE

Under the provisions of the Guarantee Scheme, which is governed by legislation and the Cohesion Contract, each bank participating in the Iccrea Cooperative Banking Group (ICBG) has paid in a guarantee contribution - commensurate with its risk-weighted exposures and limited to capital in excess of the mandatory requirements at the individual level - in order to give the Parent Company readily available funds (RAFs) to undertake financial support interventions to ensure the solvency and liquidity of the individual affiliated banks..

The RAFs are represented by:

- an Ex Ante Quota established at the Parent Company through loans for a specific transaction pursuant to Article 2447-bis, letter b) and Article 2447-decies of the Italian Civil Code; and,
- an Ex Post Quota that can be called up by the Parent Company in case of need, established with an irrevocable commitment of the affiliated banks to the Parent Company.

The objective of this document is to present the separate accounts of the loan for a specific transaction and to report on the overall management of the funds underlying the operation of the Guarantee Scheme (Ex Ante Quota and Ex Post Quota) for 2023, consistent with the provisions of Article 6.3[121] of the Cohesion Contract and Article 4.3[122] of the Loan Agreement.[123]

If not specified, the amounts in the tables below are expressed in euros.

CONTRIBUTION TO THE GUARANTEE SCHEME

In order to guarantee that the Parent Company has ready access to the financial resources necessary to implement guarantee interventions, in April 2019 the participating banks established the readily available funds (RAF), represented by an Ex Ante Quota pre-established at the Parent Company and an Ex Post Quota that can be called up by the Parent Company in case of need, making contributions in the technical forms provided for in the Cohesion Contract.

The Cohesion Contract provides for the Group to conduct annual stress tests of the participating banks to quantify their potential capital requirements in an adverse scenario and verify the necessary volume of Group funds. The figures for the RAF for 2024 revealed the following estimates:

- Aggregate Ex Ante Quota €330 million (€323 million for 2023);
- Aggregate Ex Post Quota €330 million (€323 million for 2023).

As regards the adjustment of the Ex Ante Quota, the adjustment mechanism considers the effective availability of funds at the date of updating on the basis of the following information:

- an estimate of the Ex Ante Quota of the Bank for 2024.
- the fair value at December 31, 2023 of the loan disbursed by the Bank;
- the fair value of amounts of the share attributed to the Bank for support interventions conducted up to December 31, 2023.

The greater or lesser amount to be adjusted was calculated, for each participating bank, by subtracting from the amount of the Ex Ante Quota due (1) the fair value of the loan at the end of 2023 (2), and adding any intervention amounts attributed to that bank (3).

Consequently, the Parent Company transferred a total amount of €1,307,621 to the participating banks, equal to the difference between the Ex Ante Quota for 2024 (€330,174,469) and the fair value of the loan (€469,461,714) net of the fair value of the support interventions carried out (equal to €137,979,624) at December 31, 20/23.

The settlement of the Ex Ante Quotas was implemented in the first quarter of 2024 with value date 01/01/24 by:

debiting the settlement accounts of 24 affiliates for a total amount of €2,345,629 and the adjustment of the amount

[121] “Within the context of the operation of the Guarantee Agreement the Parent Company shall prepare at least annually a periodic report on the participation of the affiliated banks in the Guarantee Agreement and in the formation of the Ex Ante Funds and the Ex Post Funds”.

[122] “…monitoring of the execution of the Transaction shall be performed by the Lending Parties on the basis of the disclosures and reporting periodically made available by the Beneficiary, also pursuant to the provisions of the Cohesion Contract”.

[123] The Loan Agreement was signed by the affiliated banks, as the Lending Parties, and by the Parent Company, as the Beneficiary, in order to create the loan for a specific transaction referred to in Articles 2447-bis, letter b) and 2447-decies of the Civil Code.

attributable to the Parent Company by €9,465,240 by means of a cash payment to the PM account dedicated to the Guarantee Scheme with the Bank of Italy;

crediting the settlement accounts of 91 affiliates with a total amount of €13,118,490.

For Ex Post Quotas, the model for calculating the adjustment envisages subtracting, for each affiliated bank, the value of the quota outstanding at the end of the previous year (net of liquidity interventions in the period) from the amount of the Ex Post Quota for the current year. The application of the mechanism led to an increase in the overall Ex Post Quota of €107,079,028 compared with 2023.[124] The adjustment process was completed within the first quarter of 2024 through:

- the adjustment by the affiliated mutual banks of the credit line granted to the Parent Company;
- the adjustment by the Parent Company of the secured GS lines granted to the affiliates;
- the adjustment by the affiliated mutual banks of the securities pledged as collateral in the account associated with the secured GS line.

INTERVENTIONS OF THE GUARANTEE SCHEME

In compliance with the provisions of the applicable legislation, the Cohesion Contract establishes that the Intercompany Support Interventions (hereafter interventions) necessary to ensure the solvency and liquidity of the individual participating banks shall be carried out by the Parent Company.

The interventions may consist of:

- capital support interventions to be carried out through capitalization measures (including the subscription of financing shares pursuant to Article 150-ter of the Consolidated Banking Act through the Ex Ante Quota of the RAFs);
- liquidity support interventions to be carried out through financing measures in support of liquidity (for example, financing transactions with appropriately defined maturity or securities lending);
- interventions in any other technical form deemed appropriate by the Parent Company.

Capital support interventions drawing on the Ex Ante resources of the RAFs, are attributed on a pro-rated basis to each mutual bank,[125] in accordance with the "Accounting and prudential model for the Cross-Guarantee Scheme".[126] The share of each affiliated bank in the intervention is:

- recognized in the accounts as indirect financing in a subordinated debt or equity instrument on the basis of the capital instrument issued by the beneficiary bank;
- deducted, for prudential purposes, from the component of own funds of each participating bank consistent with the type of intervention carried out at the beneficiary bank.

SUMMARY OF THE INTERVENTIONS

In 2024, drawing on the Ex Ante resources the Guarantee Scheme carried out:

- the last tranche of capital support intervention in favor of Banca Centropadana (fourth and last tranche), by subscription of financing shares pursuant to Article 150-ter of the Consolidated Banking Act, in the amount of €399,978.
- the purchase of a 49% interest in Sigest Srl (the remaining 51% was purchased by Federazione Toscana Banche di Credito Cooperativo SC), real estate entity owned at 100% by BCC di Pisa e Fornacette, for a total amount of €13,559,248, implementing the intervention measure provided for in the partial non proportional

[124] The increase is mainly attributable to the residual amount of available resources from Ex Post Quota for 2023 in light of the capital support intervention carried out on June 1, 2023 funded from available resources from Ex Post Quota, for a total of €100 million, in favor of Banca di Pisa e Fornacette Credito Cooperativo - Società Cooperativa per azioni, in the form of an unsecured interest-bearing bullet loan..

[125] In accordance with the "Guarantee Scheme Policy" the beneficiaries of an intervention and banks with a free capital buffer of less than 30 bp (the technical capacity margin provided for in the allotment of guarantee obligations) are excluded from the allotment of the support, with the consequent reallocation of the amount due to the other participating banks that had capital capacity available.

[126] See Direttiva di Indirizzo e Coordinamento ICR-OUT-0291-2019-DIR del 9/4/2019 "Corpus documentale che regola il funzionamento dello Schema delle Garanzie Incrociate".

demerger of Banca di Pisa e Fornacette with subsequent merger of the pools into Banco Fiorentino and Banca di Pescia e Cascina.

The total amount of capital support interventions carried out by the Guarantee Scheme totaled about €150.3 million (nominal amount)

ISIN / Internal code	Instrument	Beneficiary mutual bank	Subscription date	Nominal amount[127]	Details
IT0005397010	Sub. T2 loan	Banca Centro (former VivalBanca)	30/12/19	8,000,000	Term 10 years fixed rate 4.25%
IT0005395634	Sub. T2 loan	Banca Centropadana	16/12/19	5,000,000	Term 7 years fixed rate 3%
IT0005395626	Sub. T2 loan	Banca Centropadana	16/12/19	10,000,000	Term 10 years fixed rate 3%
BCATEMA08851	Art. 150-ter shares	Banca Tema (former BCC Valdichiana)	26/5/21	31,000,000	Share NV = 25.00 No. shares 1,240,000
BCENTROP8324	Art. 150-ter shares	Banca Centropadana	23/6/21	13,200,010	Share NV = 25.82 No. shares 511,232
BPISAFOR8562	Art. 150-ter shares	Banca di Pisa e Fornacette	29/9/21	19,000,032	Share NV = 69.65 No. shares 272,793
BCACENTR7075	Art. 150-ter shares	Banca Centro (former VivalBanca)	29/9/21	15,999,999	Share NV = 25 No. shares 639,999 (riserva 24 euro)
BARITARA7012	Art. 150-ter shares	Banca di Bari e Taranto (former BCC di Massafra)	2/11/21	650,001	Share NV = 32.81 No. shares 19,811 (riserva 2.18 euro)
BCENTROP8324	Art. 150-ter shares	Banca Centropadana	27/4/22	6,999,983	Share NV = 25.82 No. shares 271,107
BPISAFOR8562	Art. 150-ter shares	Banca di Pisa e Fornacette	8/3/22	20,999,963	Share NV = 69.65 No. shares 301,507
IT0005519043	Additional Tier1	Banca Centro (former VivalBanca)	11/11/22	3,000,000	Not redeemable fixed rate 5%
BCENTROP8324	Art. 150-ter shares	Banca Centropadana	16/5/23	2,499,996	Share NV= 25.82 No. shares 96,824
BCENTROP8324	Art. 150-ter shares	Banca Centropadana	17/6/24	399,998	Share NV = 25.82 No. shares 15,491
90F033	Inv. Sigest srl	Banca di Pisa e Fornacette	29/7/24	13,559,248	
TOTAL				**150,309,230**	

As regards the management of Ex Post resources, the liquidity intervention in favor of Banca di Pisa e Fornacette[128] for a total amount of €100 million, has been extended for an additional 24 months (until June 1, 2026), with the same terms as the current loan.

[127] As a result of the merger, the nominal value (NV) of the shares issued by Banks benefiting from support interventions and subsequently incorporated has been updated on the basis of the NV of the shares of the incorporating Banks, according to the following:

Incorporated bank	Incorporating bank	VN incorporated bank	VN	No. of shares before merger	No. of shares after merger
BCC Valdichiana	Banca TEMA	25.00	25.00	1,240,000 (reserve = 0 euro)	1,240,000 (reserve= 0 euro)
BCC Massafra	Banca di Bari e Taranto	50.00	32.81	13,000 (reserve = 0 euro)	19,811 (reserve = 2.18 euro)
Vival Banca	Banca Centro	25.80	25.00	620,155 (reserve = 0 euro)	639,999 (reserve = 24 euro)

[128] See Direttiva di Indirizzo e Coordinamento ICR-OUT-000417-2024-DIR-SDG del 23/04/24 “Proroga dell’Intervento di sostegno di liquidità dello Schema delle Garanzie Incrociate nei confronti della Banca di Pisa e Fornacette Credito Cooperativo”.

REPURCHASE OF ART. 150-TER SHARES

On November 27, 2024, the repurchase and subsequent cancellation of shares pursuant to art. 150-ter of the Consolidated Banking Act were carried out by:

- Banca Terre Etrusche di Valdichiana e di Maremma, in the amount of €2,000,000, on a residual value of the capital support intervention of €33 million, carried out on May 26, 2021 in favor of the former Banca Valdichiana (merged into Banca Terre Etrusche di Valdichiana e di Maremma on July 26, 2021);
- Banca di Bari e Taranto, in the amount of €650,000, on a residual value of the capital support intervention of €1.3 million, carried out on November 2, 2021 in favor of former BCC di Massafra (merged into Banca di Taranto on March 16, 2022 and in turn merged into BCC di Bari on April 24, 2023).

Bank	Nominal amount	2023 repayment	2024 repayment	Residual amount after repayment
Banca TEMA (ex Banca Valdichiana)	35,000,000	2,000,000	2,000,000	31,000,000
Banca di Bari e Taranto (ex BCC di Massafra)	1,300,000	0	649,999	650,001
Banca Centropadana	23,099,966	0	0	23,099,966
Banca Centro (ex VivalBanca)	15,999,999	0	0	15,999,999
Banca di Pisa e Fornacette[129]	40,000,000	0	0	40,000,000

VALUATION OF INTERVENTION INSTRUMENTS

Based on the “mark to model” valuations, the tables below show prices at December 31, 2024 in accordance with the Parent Company's fair value policy:

- “Subordinated Bonds– T2”:

ISIN	Issue	“mark to model” price
IT0005397010	Banca Centro (ex VivalBanca)	100.3866
IT0005395634	Banca Centropadana	99.7899
IT0005395626	Banca Centropadana	99.7899

- Additional Tier1 - AT1 instrument:

ISIN	Issue	“mark to model” price
IT0005519043	Banca Centro (ex VivalBanca)	98.3709

With regard to the valuation of the financing shares, no changes occurred during 2024 with the exception of the writedown of the interest held in BCC di Pisa e Fornacette, in the amount of €2,310,000 in order to adjust the carrying amount to the presumed realizable/recovery value following the approval of the Voluntary Liquidation Plan of the residual part of Banca di Pisa e Fornacette Credito Cooperativo resulting from the partial non-proportional demerger of the same in favor of Banco Fiorentino – Mugello Impruneta Signa - Credito Cooperativo and Banca di Pescia e Cascina Credito Cooperativo.[130]

[129] Investment subject to devaluation, see paragraph “3.3. Valuation of intervention instruments”.

[130] In September 2024, the ECB authorized the partial non-proportional demerger of BCC di Pisa e Fornacette into two pools for the benefit of the neighbor banks Banco Fiorentino and Banca di Pescia e Cascina, and the voluntary liquidation of (the residual part of) Banca di Pisa e Fornacette. The demerger is expected to take legal effect in February 2025. The Boards of Directors of BCC di Pisa e Fornacette and Iccrea Banca approved the proposed Voluntary Liquidation Project of BCC di Pisa e Fornacette (on November 21, 2024 and November 28, 2024, respectively). The approved Project has an estimated a recoverable amount of €37,690,000, i.e. approximately 94.22% of the original nominal value of the subscribed shares (equal to €40,000,000). The Project will be submitted to the Shareholders' Meeting of BCC di Pisa e Fornacette after the demerger has legal effect.

INVESTMENT OF THE EX ANTE QUOTA OF THE RAFS

Bearing in mind the purpose of the Guarantee Scheme, i.e. the prompt implementation of guarantee interventions in order to safeguard the solvency and liquidity of the participating banks, the primary objective in managing the financial resources of the Scheme lies in the conservation of invested capital. Accordingly, eligible investments include euro-area government securities, supranational securities, covered bonds, ABS and deposits with the Eurosystem and financial derivatives for hedging purposes only, connected with the exercise of the fair value option, and more generally debt instruments having a yield to maturity at the time of purchase not lower than the interest rate on overnight deposits set by the European Central Bank. The following table shows the details of the investments at December 31, 2024.

Country	31/12/2024	31/12/2023
Austria	18,210,775	-
Belgium	93,307,766	36,362,100
France	-	93,181,665
Germany	25,143,106	-
Italy	93,425,764	93,283,077
Spain	93,559,280	92,961,000
Liquidity	7,501,561	15,504,757
Total	**331,148,253**	**331,292,599**

Value of the transaction

Pursuant to Article 3 of the Loan Agreement, the Loan is intended exclusively for the implementation of the transaction,[131] which has the purpose of establishing and managing the Ex Ante Quota of the Readily Available Funds in order to implement guarantee interventions to safeguard the solvency and liquidity of the affiliated banks.

On a quarterly basis, the Parent Company determines the fair value of the transaction as a result of the overall performance of the resources invested and deployed and periodically notifies the individual mutual banks of the value of their contribution to the specific transaction, equal to the pro-rated share of the total.

	31/12/2024	31/12/2023
Investment of Ex Ante Quota	331,148,253	331,292,599
Subordinated instruments subscribed as part of interventions:	23,018,905	22,612,818
- Centropadana	*14,987,042*	*14,586,461*
- Centro (former VivalBanca)	*8,031,863*	*8,026,358*
Article 150-ter shares subscribed in interventions:	108,439,940	112,999,983
- Tema (former BCC Valdichiana)	*31,000,000*	*33,000,000*
- Centropadana	*23,099,966*	*22,699,988*
- BCC di Pisa e Fornacette	*37,690,000*	*39,999,995*
- Centro (former VivalBanca)	*15,999,975*	*15,999,999*
- Banca di Bari e Taranto (former BCC di Massafra)	*649,999*	*1,300,000*
Non-controlling interests	13,559,248	-
- Sigest srl	*13,559,248*	-
Irredeemable AT1 instruments subscribed as part of interventions:	2,951,128	2,556,194
- Centro (former VivalBanca)	*2,951,128*	*2,556,194*
Other assets	178	119
Total	**479,117,652**	**469,461,714**

Pursuant to Article 4.1 of the Loan Agreement, the revenues of the transaction consist of the investment yields[132] and the returns deriving from the implementation of the interventions. Costs are made up of management costs and possible losses deriving from the transaction and investments.

Pursuant to Article 12 of the Loan Agreement, the Parent Company pays the affiliated banks remuneration related to developments in the transaction and investment activities on the basis of the adjustments to the fair value of the loan and the accounting effects of the interventions undertaken by the Parent Company.

The following table provides a breakdown of the fair value notified periodically in 2024 and the associated changes

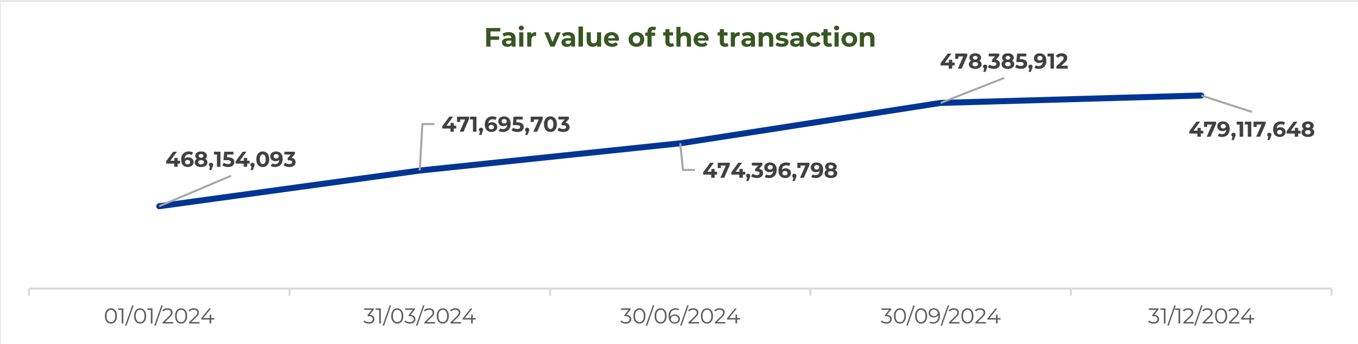
[131] See Article 4,1 of the Loan Agreement.

[132] See Article 5 of the Loan Agreement.

with respect to the fair value of the transaction at January 1, 2024:

Reference date	Fair value	Change in fair value since *January 1, 2024*[133]
01/01/24	468,154,093	
31/03/24	471,695,703	3,541,610
30/06/24	474,396,798	6,242,705
30/09/24	478,385,912	10,231,819
31/12/24	479,117,648	10,963,555

Developments in the value of the transaction are indicated below:



The quarterly change in the fair value of the transaction was attributed on a pro-rated basis to each affiliated bank and the Parent Company on the basis of their participation in the Ex Ante quota of the Guarantee Scheme in accordance with the model used by the Parent Company for the managing the separate accounts of the loan.[134]

[133] With a reference date of 31/3/24 the notice was transmitted to the affiliated banks on 11/4/24 with Guidance and Coordination Notice Prot. ICR-OUT- 000381-2024-DG "Periodic notice on operation of the Cross-Guarantee Scheme (GS) - reference date 31/3/24".

With a reference date of 30/6/24 the notice was transmitted to the affiliated banks on 10/7/24 with Guidance and Coordination Notice Prot. ICR-OUT-000944-2024-DG "Periodic notice on operation of the Cross-Guarantee Scheme (GS) - reference date 30/6/24".

With a reference date of 30/9/24 the notice was transmitted to the affiliated banks on 10/10/24 with Guidance and Coordination Notice Prot. ICR-OUT- 0001025-2024-DG "Periodic notice on operation of the Cross-Guarantee Scheme (GS) - reference date 30/9/24".

With a reference date of 31/12/24 the notice was transmitted to the affiliated banks on 14/1/25 with Guidance and Coordination Notice Prot. ICR-OUT-000001-2025-CFO "Periodic notice on operation of the Cross-Guarantee Scheme (GS) - reference date 31/12/24".

[134] The model provides for all financial components that affect the financial statements of Iccrea Banca in relation to the management of the funds relating to the transaction, whether generated by valuation or income and charges connected with the management of the funds, to be offset in profit or loss by an item of the opposite sign in order to attribute to the providers of the financing with the net result of the overall management of the funds during the period in question.

The following table shows all the components that determined the change in the overall fair value of the investments at December 31, 2024.

	31/12/2024
Interest and similar income	9,756,971
Interest and similar expense	-
Net interest income	**9,756,971**
Fee and commission income	-
Fee and commission expense	(26,325)
Net fee and commission income (expense)	**(26,325)**
Net gain (loss) on financial assets and liabilities measured at fair value	3,548,193
Fee and commission income	**13,278,839**
Administrative expenses	(5,284)
Operating costs	**(5,284)**
Profit (loss) of the investments	(2,310,000)
Overall performance of the GS	**10,963,555**

See the following section for a breakdown of the individual items.

ACCOUNTS OF THE LOAN FOR A SPECIFIC TRANSACTION

The rules governing the loan for a specific transaction require the adoption of dedicated/separate accounts that ensure the segregation and the separation of income and all other amounts generated by the investment of the liquidity of the loan from the resources of the Parent Company and the companies of the Group.

The model used by the Parent Company to manage the separate accounts of the loan provides for all financial components that affect the financial statements of Iccrea Banca in relation to the management of the funds relating to the transaction, whether generated by valuation or income and charges connected to the management of the funds to be offset in profit or loss by an item of the opposite sign in order to provide the providers of the financing with the net proceeds of the overall management of the funds during the period in question.

Balance sheet – Assets

Assets	**31/12/2024**	**31/12/2023**
10. Cash and cash equivalents	7,501,561	15,504,757
20. Financial assets measured at fair value through profit or loss	349,616,725	340,956,855
b) financial assets designated as at fair value	*346,665,596*	*338,400,661*
c) other financial assets mandatorily measured at FV	*2,951,128*	*2,556,194*
70. Equity investments	121,999,183	112,999,983
120. Other	178	119
Total assets	**479,117,648**	**469,461,714**

Cash and cash equivalents

The amounts regard resources not invested in securities and held on the account of the Guarantee Scheme at the Bank of Italy (€4,310,082) and Euroclear (€3,191,479).

Financial assets measured at fair value

Assets measured at fair value regard financial instruments subscribed by the Parent Company in accordance with the Investment Policy for the Ex Ante Quota of the readily available funds, subordinated bonds (T2 instruments) and irredeemable AT1 instruments subscribed as part of capital interventions. The following table provides a breakdown of the financial instruments subscribed:

Country	**31/12/2024**	**31/12/2023**
Austria	18,210,775	-
Belgium	93,307,766	36,362,100
France	-	93,181,665
Germany	25,143,106	-
Italy	93,425,764	93,283,077
Spain	93,559,280	92,961,000
Subordinated bonds subscribed as part of interventions:	23,018,905	22,612,818
- Banca Centropadana	*14,987,042*	*14,586,461*
- Banca Centro (ex VivalBanca)	*8,031,863*	*8,026,358*
Irredeemable AT1 instrument:	2,951,128	2,556,194
- Banca Centro (ex VivalBanca)	*2,951,126*	*2,556,194*
Total	**349,616,724**	**340,956,855**

Equity investments

The amount regards Article 150-ter shares subscribed by the Parent Company for capital support interventions and the non-controlling interest (49% of share capital) subscribed in the real estate company Sigest srl:

Equity investment	**31/12/2024**	**31/12/2023**
Banca tema (ex BCC Valdichiana)	31,000,000	33,000,000
Banca Centropadana	23,099,966	22,699,989
BCC di Pisa e Fornacette	37,690,000	39,999,995
Banca Centro (ex VivalBanca)	15,999,975	15,999,999
Banca di Bari e Taranto (ex BCC di Massafra)	649,999	1,300,000
Sigest srl	13,559,248	-
Total	**121,999,188**	**112,999,983**

Compared with 2023, equity investments increased by about €8.9 million, reflecting the following transactions:

- fourth and last tranche of the intervention at Banca Centropadana with the subscription of shares pursuant to Art. 150-ter of the Consolidated Banking Act for €399,978;
- purchase of a 49% interest in Sigest S.r.l. (the remaining 51% was subscribed by Federazione Toscana Banche di Credito Cooperativo SC), real estate company 100% owned by BCC di Pisa e Fornacette, for a total amount of €13,559,248
- partial repurchase by Banca Terre Etrusche di Valdichiana e di Maremma of €2,000,000 of shares pursuant to Art. 150-ter of the Consolidated Banking Act, of the remaining €33 million issued on May 26, 2021, by former Banca Valdichiana (merged into Banca Terre Etrusche di Valdichiana e di Maremma on July 26, 2021);
- partial repurchase by Banca di Bari e Taranto of €650,000 of shares pursuant to Art. 150-ter of the Consolidated Banking Act, of the total €1.3 million issued on November 2, 2021, by former BCC di Massafra (merged into Banca di Taranto on March 16, 2022, in turn merged into BCC di Bari on March 24, 2023);
- value adjustment of the interest in BCC di Pisa e Fornacette for the amount of €2,310,000 to equal the carrying amount of €40,000,000 to the estimated realizable/recovery value of €37,690,000 (equal to 94.225% of the initial nominal value of the shares), following the approval of the Voluntary liquidation project of the residual part of Banca di Pisa e Fornacette after the partial non proportional demerger of the same mutual bank in favor of Banco Fiorentino and Banca di Pescia e Cascina.

Other assets

The item includes the interest paid with value date of December 31, 2024 but that will be recognized under “cash and cash equivalents” (item 10) after the close of the year.

Balance sheet – liabilities

Liabilities	31/12/2024	31/12/2023
30. Financial liabilities designated as at fair value	385,074,578	387,148,184
80. Other liabilities	94,043,069	82,313,530
Total liabilities	**479,117,648**	**469,461,714**

Financial liabilities designated as at fair value

The item includes the Ex Ante Quota of the affiliated banks (€274.54 million), adjusted to account for the performance of the dedicated loan at December 31, 2024, and the fair value of the indirect financing (totaling €110.54 million) in i) irredeemable instruments (AT1) issued by Banca Centro (ex VivalBanca), ii) subordinated debt securities issued by Banca Centropadana and Banca Centro (former VivalBanca) and iii) equity instruments issued by Banca Tema (former BCC Valdichiana), Banca Centropadana, BCC di Pisa e Fornacette, Banca Centro (former VivalBanca), Banca di Taranto e Bari (former BCC Massafra) and Sigest srl, iv) repayment of Art. 150-ter shares by Banca Tema and Banca di Bari e Taranto, v) value adjustment of interest in BCC di Pisa e Fornacette.

Other liabilities

Other liabilities regard the Ex Ante Quota pertaining to the Parent Company (€70.19 million), adjusted to account for the performance of the dedicated loan at December 31, 2024 and the indirect financing (totaling €23.85 million) in i) irredeemable instruments (AT1) issued by Banca Centro (former VivalBanca), ii) subordinated debt securities issued by Banca Centropadana e Banca Centro (former VivalBanca) and iii) equity instruments issued by Banca Tema (former BCC Valdichiana), Banca Centropadana, BCC di Pisa e Fornacette, Banca Centro (former VivalBanca), Banca di Taranto e Bari (former BCC Massafra) and Sigest srl, iv) repayment of Art. 150-ter shares by Banca Tema and Banca di Bari e Taranto, v) value adjustment of interest in BCC di Pisa e Fornacette.

Income statement

	31/12/2024	31/12/2023
10. Interest and similar income	9,756,971	6,255,467
20. Interest and similar expense	-	-
30. Net interest income	**9,756,971**	**6,255,467**
40. Fee and commission income	-	4
50. Fee and commission expense	(26,325)	(20,601)
60. Net fee and commission income	**(26,325)**	**(20,597)**
110. Net gain (loss) on other financial assets and liabilities measured at fair value through profit or loss	**3,548,193**	**4,740,366**
110.a financial assets and liabilities designated as at fair value	3,153,260	4,146,620
of which gain/loss on debt securities	*1,917,493*	*1,082,030*
of which minus/plus on debt securities	*1,235,767*	*3,064,590*
110.b other financial assets and liabilities mandatorily measured at fair value	394,934	593,746
of which gain/loss on debt securities	-	-
of which minus/plus on debt securities	*394,934*	*593,746*
160. Administrative expenses	**(5,284)**	**-**
220. Profit (loss) of equity investments	**(2,310,000)**	**-**
Performance of SDG	**10,963,555**	**10,975,236**
110. Net gain (loss) on other financial assets and liabilities measured at fair value through profit or loss, - of which portion allocated to affiliated banks	**(8,699,255)**	**(9,062,408)**
200. Other operating expenses/income – of which Ex Ante Quota pertaining to Parent Company	**(2,264,300)**	**(1,912,828)**
300. Profit/(loss)for the period	**-**	**-**

The model provides that all the income components affecting the Iccrea Banca financial statements in relation to the management of the funds connected with the transaction, whether they derive from valuation or from income and charges connected with the management of the funds, be offset through the recognition of an item of the opposite sign that allocates to the lenders the performance achieved on managing the loan funds during the relevant period. This is the reason the profit/loss for the period is zero.

Interest and similar income

Interest income includes interest accrued on financial instruments held.[135]

Fee and commission expense

The item includes custody fees and expenses paid to Euroclear Bank SA (€24,111) and account fees paid to the Bank of Italy (€2,213).

Net gain (loss) on other financial assets and liabilities measured at fair value through profit or loss

The item includes the increase in the fair value of the financial instruments subscribed in accordance with the Investment Policy for the Ex Ante Quotas of the readily available funds, less the quota for the period reattributed to the affiliated banks on a pro-rated basis in accordance with the accounting model established for the dedicated loan.

110.	**Net gain (loss) on financial assets and liabilities measured at fair value through profit or loss**		**(5,151,062)**
	–	of which Net gain (loss) of financial assets and liabilities designated as at fair value	3,548,193
	–	of which Change in value of financial liabilities designated as at fair value	(8,699,255)

Administrative expenses

Notary fees (€5,284) incurred for the purchase of the equity investment in the real estate company Sigest Srl.

Profit (loss) on equity investments

The item includes the value adjustment of the interest in BCC di Pisa e Fornacette for the amount of €2,310,000 to equal the carrying amount of €40,000,000 to the estimated realizable/recovery value of €37,690,000 (equal to 94.225% of the initial nominal value of the shares), following the approval of the Voluntary liquidation project of the residual part of Banca di Pisa e Fornacette after the partial non proportional demerger of the same mutual bank in favor of Banco Fiorentino and Banca di Pescia e Cascina

Other operating expenses

This item includes the changes in the value of the Ex Ante Quota pertaining to the Parent Company associated with the result of the management of the dedicated loan at December 31, 2024.

APPLICATION OF THE COMPENSATION MECHANISM FOR 2024

In accordance with the provisions of Article 7 letter h of the Cohesion Contract, the contributions paid by the participating banks to the Guarantee System are remunerated. More specifically, participating banks that generate a larger guarantee requirement than that attributed pay a premium to participating banks that generate a smaller guarantee requirement than that attributed to them. The model for applying the compensation mechanism is defined in Annex A to the Guarantee Scheme Policy. For 2024, the compensation premiums were nil, since both the amounts of the Ex Ante Quota and the Ex Post Quota allocated corresponded to the minimum envisaged

[135] Banca Centro did not pay the entire amount of the 2024 coupon because it exercised the right to "cancel, in whole or in part, the payment of the coupon", pursuant to art. 12 of the Regulation of the irredeemable AT1 security with ISIN "IT0005519043", due to the presence of "losses carried forward" and the absence of "distributable profits" in the 2023 Financial Statements.

under the Cohesion Contract.

APPLICATION OF THE COMPENSATION MECHANISM FOR QRPC AND QP2G FOR 2024

The compensation mechanism for QRPC and QP2G determines the premium that the participating banks will collect if the quota assigned is greater than the quota due and, vice-versa, determine the premium the participating banks must pay if the quota assigned is lower than the quota due.

Here, too, the compensation premiums were nil as all the participating banks contribute the amount due.

ANNUAL ADJUSTMENT OF THE RAFS FOR 2025

The stress test conducted for 2025-2027 found the following allotment of the RAFs for 2025 at Group level:

- aggregate Ex Ante Quota: €333.7 million (compared with €330 million for 2024);
- aggregate Ex Post Quota: €333.7 million (compared with €330 million for 2024).

The resulting guarantee obligations for each participating bank were transmitted to the banks with the Guidance and Coordination Directive "RAS di indirizzo GBCI 2025-2027, aggiornamento Soglie Standard EWS 2025, esiti finali dello Stress Test SDG condotto per l'aggiornamento dei Fondi Prontamente Disponibili a valere per il 2025, ripartizione degli Obblighi di Garanzia e conseguente definizione delle Soglie Patrimoniali EWS 2025, definizione delle soglie del Profilo di Liquidità EWS 2025".[136]

Based on the quantification of the guarantee obligations, each bank will be notified, with a specific directive, of the amount by which it must increase or decrease its Ex Ante and Ex Post Quota for 2025.

With regard to the Ex Ante Quota, the amount required from the participants increased by €2,550,593. The settlement of the Ex Ante Quotas will involve the debiting/crediting - through the Parent Company – of the daily settlement accounts of each affiliated bank with a value date of January 1, 2025. The adjustment of the Ex Ante Quota for 2025 will update the resources available for the implementation of the transaction referred to in Article 3 of the Loan Agreement.

With regard to the Ex Post Quota, the participants will be required to adjust the agreed credit line with the Parent Company and the securities pledged to guarantee the liquidity lines granted in the same amount by the Parent Company to the participating banks. Overall, the agreed credit line increases by €3,544,009.

[136] >See Prot. ICR-OUT-001185-2024-DIR-I&C of 13/11/24.