



IFITALIA

GRUPPO BNP PARIBAS

Financial Report 2025

INTERNATIONAL FACTORS ITALIA S.p.A. - IFITALIA
Company subject to the management and co-ordination of BNP Paribas S.A. - Paris
Registered offices and Headquarters: 20057 Assago (MI) - Via Del Mulino 9, C.P. 10732
Italy Tel. No. +39 (02) 67781
Fax No. +39 (02) 6671.3190
Ifitalia.it - info@ifitalia.it - Ifitalia@pec-ifitalia.it

Share capital: EUR 55,900,000
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FINANCIAL REPORT 2025

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REPORT ON OPERATIONS

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Offices

Assago (MI) 20057 Via del Mulino, 9

Commercial offices within branches of Banca Nazionale del Lavoro

Bari	70121	Via Dante Alighieri, 32/40 Tel. No. 080/5210177	(closed with effect from 1 October 2025)
Bologna	40125	Via Rizzoli, 26 Tel. No. 051/237001	
Genoa	16121	Largo Eros Lanfranco, 2 Tel. No. 010/582571	
Venice	30175	Corso del Popolo, 21 Tel. No. 041/5044070	
Naples	80134	Via Toledo, 126 Tel. No. 081/5517364	
Padua	35139	Piazza Insurrezione, 6/6A Tel. No. 049/655988	
Parma	43100	Piazza Garibaldi, 17/A Tel. No. 0521/206232	
Pescara	65121	Corso Vittorio Emanuele, 148 Tel. No. 085/4429552	
Prato	50047	Via Bettino, 2 Tel. No. 0574/453605	
Rome	00185	Viale Altiero Spinelli, 30	
Turin	10121	Via XX Settembre, 40 Tel. No. 011/543444	
Limbrate (MB)	20812	Via Trento, 11	

Directors and Officers as at 31 December 2025

Board of Directors	MARIO GIROTTI	Chairperson
	MARIAELENA GASPARRONI	Vice Chairperson
	CARLO BOVERO	<i>Director</i>
	DOMENICO POMPA	<i>Director</i>
	VALENTINA OTTRIA	<i>Director</i>
Board of Statutory Auditors	PIER PAOLO PICCINELLI	<i>Chairperson</i>
	GIORGIA CARRARESE	<i>Acting Auditor</i>
	ROBERTO BRIOSCHI	<i>Acting Auditor</i>
	ANNA DE TONI	<i>Alternate Auditor</i>
	FABIO AROSIO	<i>Alternate Auditor</i>
	SIMONA CASTELNOVO	<i>Alternate Auditor</i>
	(appointed on 28 April 2025)	
	(mandate ended 28 April 2025)	
General Manager	CHIARA BRACCI	

Introduction and methodological note

Share consolidation and cancellation of the nominal value of the shares

On 28 October 2025, the Shareholders' Meeting of Ifitalia resolved:

- to cancel the nominal value of 55,900,000 shares of EUR 1 each, making up the entire share capital;
- to consolidate the aforementioned 55,900,000 shares making up the entire share capital, according to the conversion ratio of one new share for every 100,000 existing shares, with no reduction in share capital;
- to acknowledge that, as a result of the consolidation and taking into account the current ownership structure, the 55,844,447 shares owned by the shareholder BNP Paribas S.A. were converted into 558 new shares and that there remain 44,447 non-convertible shares held by the shareholder BNP Paribas S.A. and 55,553 shares held by other shareholders;
- to provide that the fractions arising from the application of the consolidation ratio, and therefore the related shares that cannot be converted into a new share, be cancelled and that the other shareholders (non-BNPP) holding the same be paid an amount equal to EUR 16.307 for each existing share;

Following the aforementioned resolution and in relation to the portion of non-convertible shares pertaining to other shareholders, a debt item due to former shareholders was recognised for a total amount of EUR 905,903 as a balancing entry to equity; as at 31 December 2025, EUR 644,127 of this total had already been liquidated. The residual debt in the financial statements as at 31 December 2025 remains equal to EUR 261,776.

Following the aforementioned operation, BNP Paribas remains the sole shareholder of Ifitalia S.p.A.

Exemption from the preparation of the Consolidated Financial Statements

In previous financial years, Ifitalia prepared consolidated financial statements as its scope included not only Ifitalia itself but also the company *Tierre Securitisation SRL*, the SPV used for securitisation transactions and de facto controlled by Ifitalia. Starting from the 2025 financial year, in consideration of the new sole shareholder situation of BNP Paribas S.A., Ifitalia has exercised the option, granted by the regulations in force on financial statements (Italian Legislative Decree 136/2015, Art. 40), of exemption from the preparation of Consolidated Financial Statements as the following conditions are met:

- the intermediary has not issued securities listed on regulated markets;
- the intermediary is controlled by a bank subject to the laws of another EU member state;
- the foreign parent bank has at least 90% of the voting rights that can be exercised at shareholders' meetings;
- the intermediary and all of its subsidiaries are included in the consolidated financial statements of the foreign parent bank;
- the consolidated financial statements and the report on operations of the foreign parent bank were prepared in accordance with international accounting standards and are subject to audit;
- the consolidated financial statements, the report on operations and the audit report of the foreign parent bank are published in Italian or in the language commonly used in international finance.

In addition, the International Accounting Standards, under IFRS 10 paragraph 4 (a), provide for an exemption from presenting consolidated financial statements, provided that the entity satisfies the following conditions:

"i) it is a wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;

ii) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);

iii) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and

iv) its ultimate or any intermediate parent produces financial statements that are available for public use and comply with IFRSs, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with this IFRS".

Therefore, since the above conditions have not been met, starting from the 2025 financial year, Ifitalia is exercising the option for exemption from the preparation of the consolidated financial statements.

Highlights

Ifitalia S.p.A. - Highlights

VOLUMES

	2025	2024	Changes %
Turnover	<u>32,869</u>	<u>31,059</u>	<u>5.8%</u>
- without recourse	29,540	28,383	4.1%
- with recourse	3,329	2,676	24.4%

ECONOMIC DATA

<u>Net interest</u>	<u>81</u>	<u>102</u>	<u>-20.6%</u>
Net commissions	42	50	-17.3%
<u>Net banking income</u>	<u>122</u>	<u>152</u>	<u>-19.6%</u>
Administrative expenses	(51)	(51)	0.8%
- <i>personnel expenses</i>	(24)	(24)	1.4%
Net adjustments for impairment of tangible and intangible assets	(4)	(4)	-13.1%
Net adjustments for impairment of financial assets	(24)	(11)	109.3%
Other income and costs	4	2	117.8%
Net provisions for risks and charges	2	0	-1418.7%
<u>Net operating income</u>	<u>49</u>	<u>87</u>	<u>-43.8%</u>
<u>Profit for the year</u>	<u>33</u>	<u>58</u>	<u>-42.8%</u>

BALANCE SHEET DATA

Total assets	8,070	7,578	6.5%
Total Risk Weighted Assets (RWA)	6,629	6,373	4.0%
Financial assets measured at amortized cost	7,961	7,463	6.7%
Financial assets measured at fair value	0.39	0.43	-10.0%
Financial liabilities measured at amortized cost	6,796	6,326	7.4%
Equity	1,002	970	3.3%
Tier 1 capital	967	907	6.5%
Supervisory capital	967	907	6.5%

PROFITABILITY, EFFICIENCY AND DIVERSIFICATION INDICES

R.O.E.	3.4%	6.2%	-45.5%
(*)Cost / income (with amortisation/depreciation)	44.9%	36.2%	24.1%
Net commissions/Earnings margin	34.1%	33.1%	2.9%

(*) Includes administrative expenses and net adjustments to tangible and intangible assets

	2025	2024	Changes %
ASSET QUALITY			
Total problem positions	290	296	-2.2%
- in relation to customer receivables	3.64%	3.97%	-8.3%
- coverage percentage	87.50%	82.65%	5.9%
Non-performing positions	231	225	2.6%
- in relation to customer receivables	2.90%	3.01%	-3.8%
- coverage percentage	92.77%	90.98%	2.0%
Unlikely to pay	54	65	-16.5%
- in relation to customer receivables	0.68%	0.87%	-21.7%
- coverage percentage	70.72%	60.17%	17.5%
Past due positions	5	7	-26.5%
- in relation to customer receivables	0.06%	0.09%	-31.1%
- coverage percentage	24.22%	19.69%	23.0%
CAPITALISATION RATIOS			
Tier 1 ratio	14.59%	14.24%	2.4%
Solvency ratio	14.59%	14.24%	2.4%
STRUCTURAL DATA			
Employees at year end	274	274	0.0%
No. of commercial offices	13	14	-7.1%
- of which in Italy	13	14	-7.1%
INFORMATION ON IFITALIA SECURITY			
Total number of shares	558	55,900	-99.0%
- of which ordinary	558	55,900	-99.0%
Par value (euro)	-	1	0.0%
Current value (euro) (*)	1,795.91	17.35	10252.8%

(*) Effective Equity/total number of shares

Results overview

The global economy in 2025 continued on a path of moderate but stable growth (global GDP +3%), supported by stable inflation, expansionary monetary policies and robust labour market conditions.

The economy of the Eurozone, although it has grown more than expected, shows significant differences within the individual countries.

In 2025, the Italian economy recorded GDP growth of 0.8% (0.3% in the fourth quarter of 2025). Growth was influenced by domestic demand, in particular investments, the stable inflation rate and the decline in interest rates, despite the difficulties deriving from US trade tariffs on EU imports.

The factoring market as a whole is holding steady, with a turnover of EUR 289 billion, substantially in line with last year's volumes, and advances of EUR 59.7 billion (+1.02% compared to 2024).

In 2025, Ifitalia recorded a turnover of EUR 32,869 million, recording a significant increase of 5.8% compared to 2024 (EUR 31,059 million) with a consequent increase in market share from 10.7% to 11.3%.

Despite the positive trend in turnover and lending volumes, the **net banking income** amounted to EUR 122 million compared to EUR 152 million last year, a decrease of approximately EUR 30 million (-19.6%). This reduction is mainly due to external or extraordinary and non-recurring reasons as described below:

Particularly:

- **net interest** amounted to EUR 81 million versus EUR 102 million in 2024 (-20.6%). This reduction is mainly due to the lower return on equity as a result of the reduction in market interest rates (3M Euribor from 3.6% on average in 2024 to 2.2% on average in 2025) and lower late-payment interest from public entities compared to the extraordinary amounts received in 2024. The strong competition on the market, conducted mainly on the pricing side, was also disadvantageous.
- **net commissions**, equalling EUR 42 million, decreased with respect to 2024 by EUR 8 million (-17.3%). In particular, *commission income*, amounting to EUR 56.5 million, recorded a decrease of EUR 9 million (-13.4%), mainly due to lower commissions related to trading operations on "Ecobonus" loans (-70% compared to 2024; EUR 2.6 million vs EUR 8.8 million in 2024) and a lower average commission rate compared to 2024 (also caused by intense competitive pressure). *Commission expense* is substantially in line with the previous year.
- The **Cost of credit risk and operational risk** rose from a total of EUR 10.4 million in 2024 to 23.1 million in 2025. This increase is essentially due to higher provisions for specific cost of risk, relating in particular to a single high-value position. The CoR (cost of risk in relation to loans) in basis points on the value of loans/receivables stood at 31 bps compared to 15 bps in 2024.

In terms of **costs**, there were *no* significant changes in administrative expenses.

- **personnel expenses** recorded an increase of 1.4% compared to 2024; this growth is mainly attributable to higher charges deriving from the renewal of the National Collective Labour Agreement.
- **other administrative expenses** amounted to EUR 27 million, essentially in line with the previous year.

The **net value adjustments on tangible and intangible assets** amounted to EUR 3.5 million, marking a decrease of 13.1% compared to EUR 4 million in 2024. They refer to:

- property, plant and equipment: for EUR 0.7 million (EUR 0.7 million in 2024), these value adjustments mainly refer to the depreciation charge on the leased property in Assago in application of IFRS 16.
- intangible assets: for EUR 2.8 million (EUR 3.3 million in 2024).

From a financial point of view, **loans to customers** increased from EUR 7,463 million in 2024 to EUR 7,961 million in 2025 (+6.7%).

In defining administrative expenses and depreciation and amortisation expenses compared with the net banking income, the cost to income ratio is equal to 44.9% in 2025, compared to 36.2% in 2024.

After direct taxes, standing at EUR 15.9 million, the **profit for the year** amounted to EUR 33.3 million (EUR 58.2 million in 2024).

* * *

Equity, including the profit for the year, stood at EUR 1,002 million (EUR 970 million in 2024; +3.3%).

As at 31 December 2025, the level of capitalisation for Supervisory purposes translated into a Tier 1 Capital Ratio of 14.59% (14.24% in 2024) and a Total Capital Ratio of 14.59% (14.24% at the end of December 2024).

Market in which the company operates

Macroeconomic scenario

The world economy and the Eurozone

In 2025, the global economy showed greater solidity than expected. The gradual normalisation of monetary policy in the main advanced economies, the targeted adoption of fiscal measures to support growth in some countries and the strong boost from investments related to new technologies (in particular artificial intelligence) have supported economic activity. Inflation has returned to levels close to targets in most economies. International trade recorded a slowdown in the second half of 2025, after the acceleration observed in the first months of the year favoured by the front-loading of US companies aimed at anticipating the impact of the new tariffs. Overall, global GDP is expected to grow by just over 3% in 2025, remaining below the long-term average.

The Chinese economy continued to be affected by the difficulties of the property sector and the weakness of investments, penalised by overcapacity in various industrial sectors. Private consumption, still moderate, was supported by the extension of scrapping programmes (in particular in the automotive and household appliance sectors). Inflation remained at very low, sometimes negative, values for most of the year, before returning to positive territory in October. After benefiting from the accumulation of stocks by US companies, exports to the United States fell drastically during the year, with part of the flows directed to ASEAN and African countries.

In the United States, growth continued, albeit with an irregular trend, affected by trade tensions and the longest shut-down period in the country's history. The slowdown in net immigration has limited the expansion of the workforce; private consumption grew moderately, while investments showed a weak trend, with the exception of segments linked to artificial intelligence. The tightening of US commercial policy has raised the average effective tariff from 2.5% to 14% since the beginning of the year, resulting in a drop in business purchases once the effect of front-loading was over.

In the Eurozone, economic activity in the first nine months of 2025 exceeded expectations, albeit with significant differences between the various countries. In Germany, the decline in manufacturing production continued, with the price of energy, albeit lower than the peaks of 2022, still higher than pre-pandemic levels, penalising the industrial sector. In France, the difficulties recorded in the process of approving the budget law have fuelled episodes of political instability, with repercussions on economic prospects. Spain, on the other hand, maintained a sustained growth profile, driven by private consumption and investments; in the country, the trend in disposable income was favoured by the creation of new employment and the strengthening of nominal wages, while business expectations continued to improve.

In 2025, the Italian economy showed signs of improvement. According to preliminary estimates, GDP (chain-linked volumes with reference to the year 2020) would have grown by 0.3% in the fourth quarter on a quarterly basis (+0.8% on an annual basis). If the figure were to be confirmed, annual GDP growth in 2025 would be +0.7%, higher than the most recent assessments of the main international institutions. Between September and November, manufacturing production recorded a cyclical increase of +0.1%, albeit still at levels lower than the pre-pandemic period; the construction sector maintained a positive trend, despite the revision of public incentives.

Labour market conditions in Italy have further improved. The number of employees and the employment rate remained at historically high levels in the third quarter of 2025 (last available). Nominal wages continued to grow faster than inflation, which remained stably below 2%, with rare exceptions. Purchasing power continued to increase, although the gap to be recovered remained wide, in a context of consumer prices that remain high. Macroeconomic uncertainty has led to an increase in the savings rate, with slowing effects on private consumption.

After the slowdown in 2024, overall investments showed a gradual strengthening, supported above all by public spending linked to the implementation of NRRP projects. Between the fourth quarter of 2024 and the third quarter of 2025 (latest data available), however, companies' investment propensity remained substantially unchanged, affected by the tensions in the international scenario.

In the first eleven months of 2025, Italian exports increased by 3.1% on an annual basis, driven in particular by sales of pharmaceutical items. Despite the trade tensions, the United States provided the most significant contribution to the growth of exports (followed by Spain and Austria) and has been confirmed as the second main destination market for Italian goods. Estimates from private research institutes and international organisations agree that the impact of tariffs on growth is very limited.

Greater political stability has contributed to strengthening confidence in Italy. The BTP-Bund spread has decreased by more than 100 basis points in the last two years, returning to the levels prior to the sovereign debt crisis. The share of debt held by foreign investors is back above 33%, confirming the trend started in 2023.

The main rating agencies (S&P, Moody's and Fitch) have upgraded Italy's credit rating, recognising a more balanced management of public accounts and the positive impact of reforms linked to the NRRP. The 2025 DPFP outlines a more favourable fiscal consolidation path than expected: the deficit is expected to fall to 3% of GDP in 2025, one year earlier than the spring forecasts, before gradually decreasing over the three-year period 2026-2028.

Lending activities in Italy

In 2025, the Italian banking system showed a gradual recovery in lending in an economic context characterised by moderate growth, more stable interest rates than in 2024 and inflation remaining at low values. In this context, loans to households recorded a slight acceleration. Household demand was supported by a moderate reduction in rates on new mortgages compared to the previous year, an improvement in confidence and property market prospects in many areas and by a good level of liquidity accumulated in the previous two years, which increased the ability to access credit and spending potential. Home purchases backed by mortgage loans increased compared to the previous year. Demand for consumer loans continued to perform well, with growth rates in line with those of the previous year.

Loans to businesses, after a phase of weakness characterised by more than two years of contraction, showed a recovery, albeit moderate, supported by the need for larger companies to finance fixed investments and renew debt. In the face of more lively demand from larger companies, there was greater caution among SMEs, which are more sensitive to credit conditions and the volatility of the external context. Exporting companies, more exposed to the uncertainty of trade policies, have increased the demand for short- and medium-term credit, while reducing that for longer-term loans, postponing some investment decisions pending more stable conditions.

The trend in funding remained solid overall, although showing more moderate growth compared to previous years, also due to the gradual shift of part of the liquidity towards higher-yielding instruments. Average rates on inventories remained at low levels.

Credit quality remains high with a historically low incidence of non-performing exposures on the total. The recovery of household purchasing power and accumulated liquidity supported household credit quality. For companies, the level of profitability and the still positive financial balances contributed to supporting solvency, also strengthened by public guarantees in support of the production system.

The combination of these trends reflects a banking sector that has gradually strengthened while maintaining a prudent approach to risk assessment, taking into account possible developments related to monetary policy, the conditions of sectors most sensitive to commercial dynamics and commodity prices and the borrowing capacity of households and businesses in a phase of transition towards a new balance of rates.

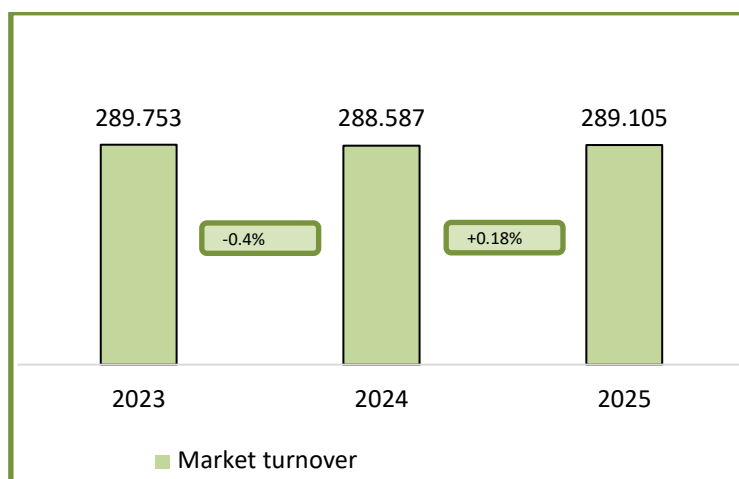
The factoring market

The factoring market in Italy recorded turnover of EUR 289 billion in 2025, recording a slight increase of 0.18% compared to 2024.

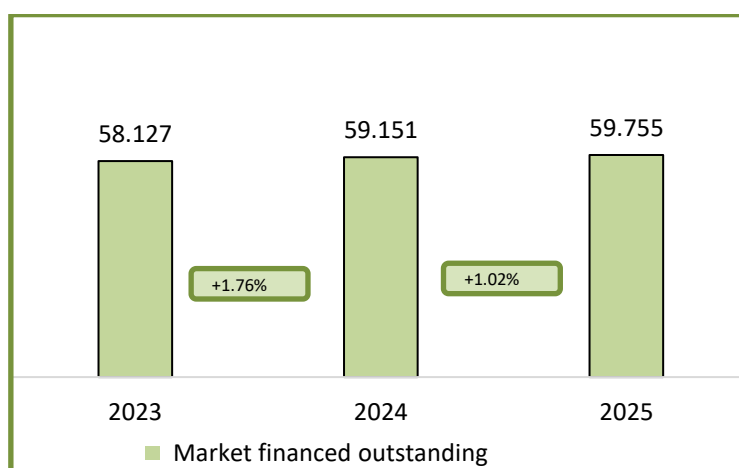
Average loans of EUR 44,885 million increased by 5.9% compared to the previous year (EUR 42,385 million in 2024).

This market continues to remain highly concentrated in the hands of the three main players.

In terms of the ratio of factoring market turnover to national GDP, 2025 stands at 12.8% (-2.9% compared to 2024).



In terms of **loans**, the market stood at EUR 59,755 million at the end of 2025, up 1.02% on the previous year (EUR 59,151 million in 2024).



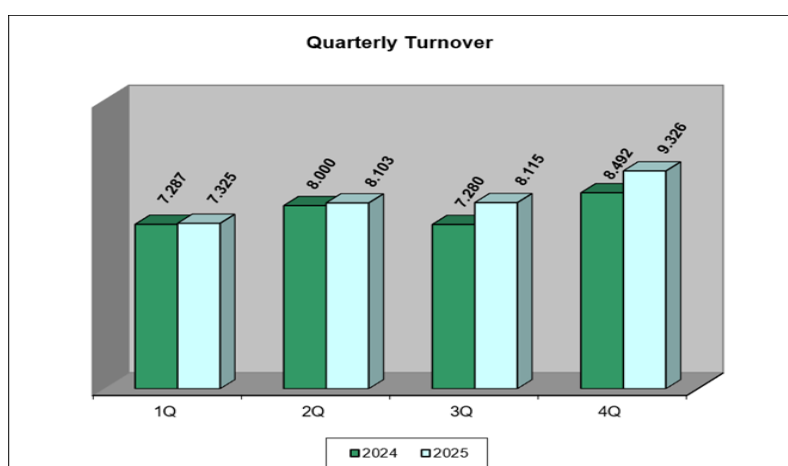
Ifitalia's competitive positioning

Turnover

Ifitalia's *turnover*, the flow of loans/receivables acquired by the company in 2025, amounted to EUR 32,869 million (EUR 31,059 million in 2024), up compared to the previous year (+5.8%).

With regard to the breakdown of products by contractual form, without-recourse factoring represented 90% of total turnover while with-recourse factoring represented 10% (essentially in line with 2024).

(in millions of €)				
TURNOVER	31/12/2025	31/12/2024	Changes	%
Without recourse	29,540	28,383	1,156	4.1%
With recourse	3,329	2,676	653	24.4%
Total	32,869	31,059	1,809	5.8%



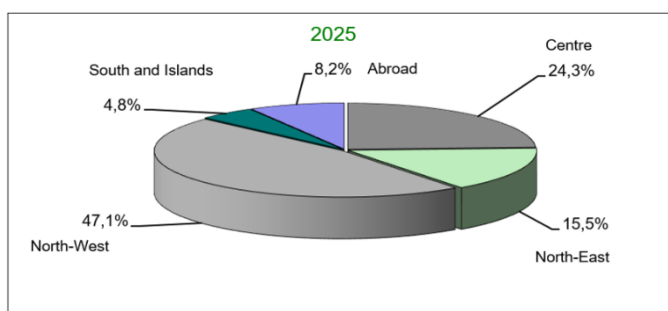
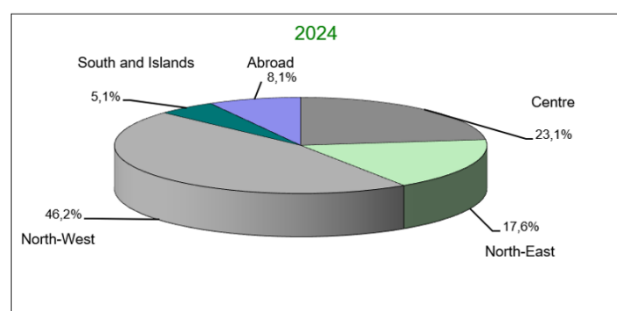
As regards the composition, the tables below show without-recourse and with-recourse factoring further broken down into their income components.

Product	Turnover 2025	Turnover 2024	Changes	%	Incidence % 2025
Without recourse	17,804	17,336	469	2.7%	54.2%
Without recourse maturity	556	629	(72)	-11.5%	1.7%
Without recourse abroad	7,316	6,388	928	14.5%	22.3%
Without recourse reverse	3,863	4,030	(168)	-4.2%	11.8%
Total	29,540	28,383	1,156	4.1%	89.9%
With recourse	1,355	1,423	(68)	-4.8%	4.1%
With recourse maturity	19	41	(22)	-52.8%	0.1%
With recourse abroad	1,869	1,036	833	80.4%	5.7%
With recourse reverse	85	176	(90)	-51.4%	0.3%
Total	3,329	2,676	653	24.4%	10.1%
TOTAL	32,869	31,059	1,809	5.8%	100%

With regard to the geographic breakdown of the transferors, they were distributed as follows:

Turnover

Areas	(in millions of €)			
	2025	% of the total	2024	% of the total
CENTRE	7,974	24.3%	7,170	23.1%
NORTH-EAST	5,107	15.5%	5,465	17.6%
NORTH-WEST	15,491	47.1%	14,348	46.2%
SOUTH AND ISLANDS	1,591	4.8%	1,569	5.1%
TOTAL FOR ITALY	30,163	91.8%	28,551	91.9%
ABROAD	2,706	8.2%	2,508	8.1%
TOTAL TURNOVER	32,869	100.0%	31,059	100.0%



With reference to the **sectors of economic activities**, 2025 turnover presented the following breakdown:

TURNOVER BY ECONOMIC SECTOR			
	YEAR 2025	YEAR 2024	DELTA
67 Commerce, recovery, repair services	17.41%	21.03%	-17.20%
00 Unclassified subjects	17.13%	17.71%	-3.27%
52 Energy products	13.73%	14.62%	-6.09%
73 Other services for sale	7.44%	5.82%	27.80%
71 Services connected to transports	6.73%	1.31%	412.39%
59 Electric materials and supplies	5.10%	5.66%	-9.79%
61 Foodstuff and tobacco products	4.95%	5.66%	-12.51%
53 Minerals, ferrous and non ferrous metals	4.74%	4.02%	17.95%
60 Means of transport	3.54%	3.76%	-5.78%
64 Rubber and plastic products	3.08%	2.56%	20.58%
56 Metal products excluding means of transport	2.90%	3.33%	-12.99%
57 Agricultural and industrial machines	1.87%	1.87%	-0.02%
55 Chemicals	1.83%	2.14%	-14.84%
66 Construction and public works	1.79%	1.62%	10.16%
63 Paper, paper products, press products, publishing	1.74%	1.83%	-4.75%
72 Communication services	1.34%	1.64%	-18.23%
62 Textiles, footwear and clothing	0.93%	1.11%	-16.62%
65 Other industrial products	0.93%	0.82%	12.79%
69 Internal transport services	0.82%	1.15%	-28.55%
51 Farming, forestry, fishery products	0.67%	0.75%	-11.02%
58 Office machines, computers, precision tools, etc	0.60%	0.60%	-0.63%
54 Minerals and non-metallic mineral products	0.53%	0.59%	-11.36%
68 Hotel and public services	0.20%	0.38%	-48.56%
Total	100%	100%	

This year, the industries that made the most use of factoring were “Commerce services” (17.41%; -17.2% compared to 2024), “Energy products” (13.73%; -6.09% compared to 2024), “Other services for sale” (7.44%; +27.8% compared to 2024) and “Foodstuff and tobacco products” (4.95%; -12.51% compared to 2024).

The first ten sectors represent 83.86% of total turnover (82.1% in 2024).

Outstanding positions

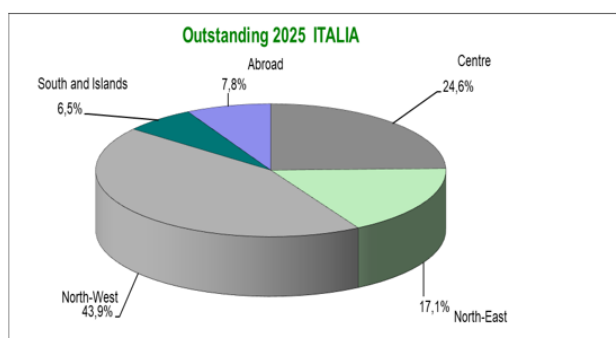
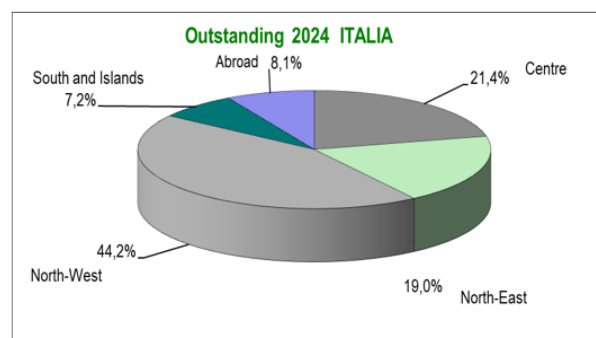
The stock of loans/receivables existing as at 31 December 2025 for factoring amounted to EUR 9,189 million (EUR 8,419 million in 2024; +9.15%), of which EUR 8,023 million (87.31% of total receivables) refers to contracts factored without recourse, while EUR 1,166 million relates to contracts with recourse (12.69% of the total).

Within the amounts indicated above, total international factoring transactions amounted to EUR 2,293 million (24.96% of the total), of which EUR 2,116 million for export transactions (EUR 1,707 million in 2024) and EUR 177 million for import transactions (EUR 152 million in 2024).

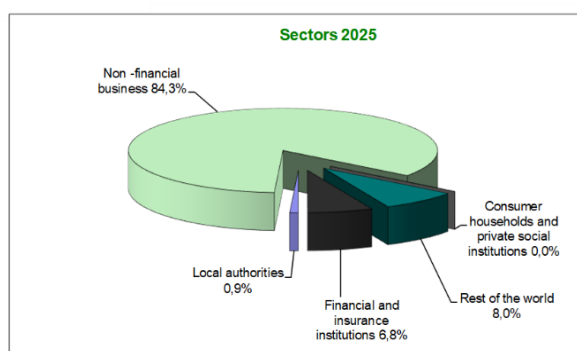
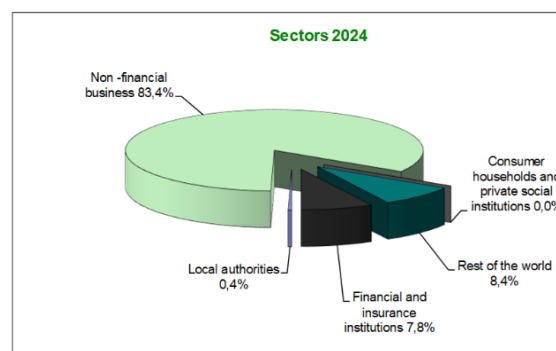
Outstanding positions in Italy came to EUR 8,468 million compared to EUR 7,736 million in the previous year, representing 92.2% of the total outstanding balance (91.9% in 2024).

With regard to the geographic breakdown of the **transferor**, it was distributed as follows:

OUTSTANDING BALANCE			(in millions of €)	
Areas	2025	% of the total	2024	% of the total
CENTRE	2,261	24.6%	1,803	21.4%
NORTH-EAST	1,571	17.1%	1,604	19.0%
NORTH-WEST	4,035	43.9%	3,720	44.2%
SOUTH AND ISLANDS	601	6.5%	609	7.2%
TOTAL FOR ITALY	8,468	92.2%	7,736	91.9%
ABROAD	721	7.8%	683	8.1%
TOTAL OUTSTANDING BALANCE	9,189	100.0%	8,419	100.0%

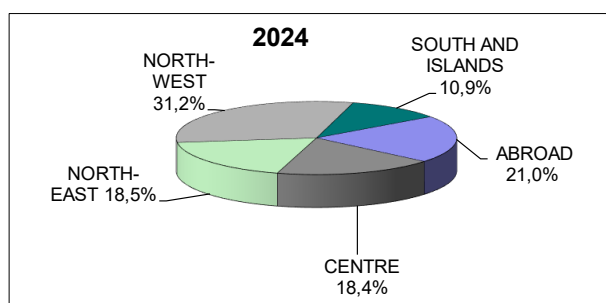
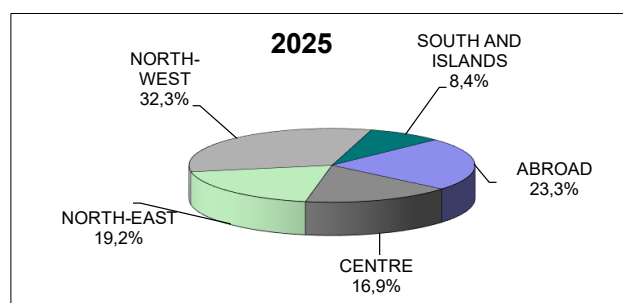


The breakdown of loans/receivables by segment confirms that in 2025, 84.3% of these receivables was attributable to transferors belonging to the category of non-financial businesses (83.4% in 2024).

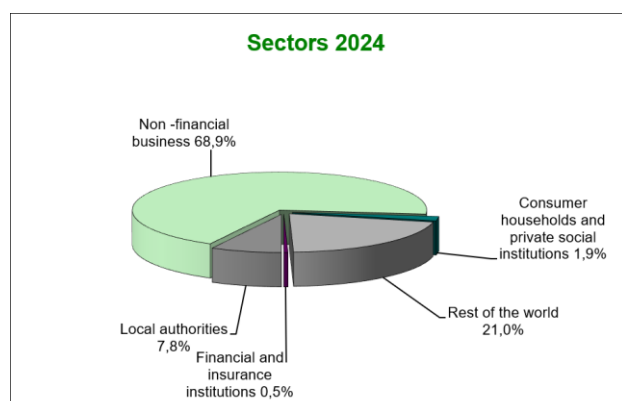
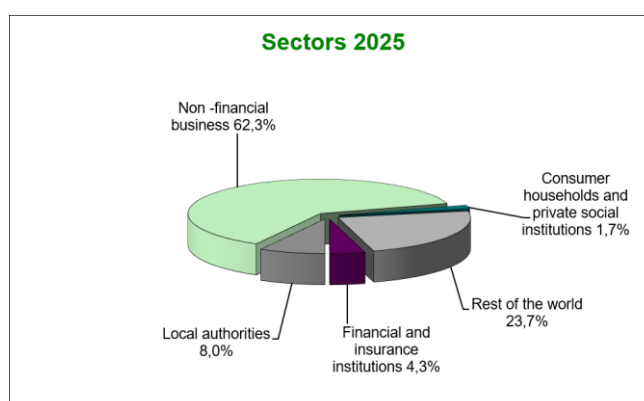


Following the previously analysed distribution of the outstanding transferor balance by geographic area, the same figure is now analysed seen from the **debtor side**:

OUTSTANDING		(in millions of €)	
Areas	2025 % of the total	2024 % of the total	
CENTRE	1,549 16.9%	1,548 18.4%	
NORTH-EAST	1,761 19.2%	1,557 18.5%	
NORTH-WEST	2,971 32.3%	2,630 31.2%	
SOUTH AND ISLANDS	771 8.4%	918 10.9%	
TOTAL FOR ITALY	7,052 76.7%	6,653 79.0%	
ABROAD	2,137 23.3%	1,766 21.0%	
TOTAL OUTSTANDING BALANCE	9,189 100.0%	8,419 100.0%	



Likewise, the breakdown by sectors of economic activities, again analysed from the **debtor side**, expressed the situation indicated below, which revealed a fall in debtors belonging to the "Non-financial businesses" segment, which dropped from 68.9% in 2024 to 62.3% in 2025. The "Rest of the world" segment increased from 21% to 23.7%, while the "Financial and insurance institutions" segment rose from 0.5% to 4.3%. The "Public Administration" rose, while the category of "Consumer households and private social institutions" was essentially unchanged.



Profit performance

Net banking income

Net banking income of EUR 122 million decreased by 19.6% compared to 2024; in order to better assess the performance of the individual components, it is deemed useful to analyse the composition of its individual items:

- **net interest** amounted to EUR 81 million versus EUR 102 million in 2024 (-20.6%). This reduction is mainly due to the lower return on equity as a result of the reduction in market interest rates (3M Euribor from 3.6% on average in 2024 to 2.2% on average in 2025) and lower late-payment interest from public entities compared to the extraordinary amounts received in 2024. The strong competition on the market, conducted mainly on the pricing side, was also disadvantageous.

		(in millions of €)	
	31/12/2025	31/12/2024	Var %
Net interest	80.9	101.8	-20.6

- **net commissions**, equalling EUR 42 million, decreased with respect to 2024 by EUR 8 million (-17.3%). In particular, *commission income*, amounting to EUR 56.5 million, recorded a decrease of EUR 9 million (-13.4%), mainly due to lower commissions related to trading operations on “Ecobonus” loans (-70% compared to 2024; EUR 2.6 million vs EUR 8.8 million in 2024) and a lower average commission rate compared to 2024 (also caused by intense competitive pressure). *Commission expense* is substantially in line with the previous year.

		(in millions of €)	
	31/12/2025	31/12/2024	Var %
Commission income			
Services for factoring transactions	53.9	56.5	-4.5
Ecobonus commission	2.6	8.8	-70.4
Commission income	56.5	65.3	-13.4
Commission expense	-14.8	-14.9	-0.1
Net commission	41.7	50.4	-17.3

The **net result from trading** recorded a cost of EUR 300 thousand (EUR 104 thousand in 2024) and derives mainly from the result of transactions in foreign currency. In 2025, no **dividends** were recorded as in 2024.

Net value adjustments for impairment of financial assets

			(in millions of €)
	31/12/2025	31/12/2024	Abs. Var.
Net value adjustments/writebacks for impairment of loans and receivables			
Net value adjustments/writebacks for discounting interest	0.5	0.5	0.0
Net value adjustments, analytical	22.9	11.8	11.1
<i>non-performing loans</i>	13.8	1.8	12.1
<i>past due</i>	1.2	1.2	0.0
<i>unlikely to pay</i>	7.8	8.8	-0.9
Total impairment	0.6	-0.8	1.5
Total net value adjustments/writebacks	23.9	11.4	12.5
<i>Operational Risk</i>	-0.8	-1.0	0.2
Cost of Risk Total	23.1	10.4	12.7

The **Cost of credit risk and operational risk** rose from a total of EUR 10.4 million in 2024 to 23.1 million in 2025. This increase is essentially due to higher provisions for specific cost of risk, relating in particular to a single high-value position. The CoR (cost of risk in relation to loans) in basis points on the value of loans/receivables stood at 31 bps compared to 15 bps in 2024.

The **provisions for operational risk** are mainly made considering transaction assumptions to settle ongoing disputes with transferor customers and record a recovery in value of EUR 0.8 million in 2025 (recovery of EUR 1 million in 2024).

The overall CoR in bps (cost of risk in relation to loans) rose from 15bps in 2024 to 31bps in 2025.

Administrative expenses

			(in millions of €)
	31/12/2025	31/12/2024	Var %
Administrative expenses:	-51.4	-51.0	0.8
<i>personnel expenses</i>	-24.2	-23.8	1.4
<i>other administrative expenses</i>	-27.2	-27.2	0.2
<i>of which: indirect taxes and dues</i>	-0.8	-0.8	2.2
Administrative expenses	-51.4	-51.0	0.8

As regards the year's performance for administrative expenses, it is noted that:

- **personnel expenses** recorded an increase of 1.4% compared to 2024; this growth is mainly attributable to higher charges deriving from the renewal of the National Collective Labour Agreement.
- **other administrative expenses** amounted to EUR 27.2 million, essentially in line with the previous year.

Other income components

The **net value adjustments on tangible and intangible assets** amounted to EUR 3.5 million, marking a decrease of 13.1% compared to EUR 4 million in 2024. They refer to:

- property, plant and equipment: for EUR 0.7 million (EUR 0.7 million in 2024);
- intangible assets: for EUR 2.8 million (EUR 3.3 million in 2024).

In addition, costs/income for future write-offs relating to intangible assets that will be decommissioned following the transition to the Onefactoring IT platform have been recognised in the provision for risks and charges. Following the postponement of the date of migration to the new IT platform, a write-back of EUR 648 thousand was posted in 2025.

The **net operating income** and **profit from current operations before taxes** generated profit of EUR 49.2 million, EUR 38.3 million lower than the EUR 87.5 million result in 2024.

After income taxes, the **profit for the year** came to EUR 33.3 million (EUR 58.2 million in 2024, -42.8%).

		(in millions of €)	
	31/12/2025	31/12/2024	Var %
Net operation income	49.2	87.5	-43.8
Income taxes for the year on current operations	-15.9	-29.3	-45.6
Profit from current operations net of taxation	33.3	58.2	-42.8
Profit for the year	33.3	58.2	-42.8

Balance sheet items

Loans and receivables

		(in millions of €)	
	31/12/2025	31/12/2024	Var %
Factoring	7,789.5	7,259.4	7.3
Other loans	171.5	203.9	-15.9
Loans and receivables	7,961.0	7,463.3	6.7

Loans and receivables, net of value adjustments, totalled EUR 7,961 million, compared with EUR 7,463 million in the previous year, i.e. with an increase of 6.7%.

This item, according to the IAS/IFRS international accounting standards, includes loans and receivables purchased without recourse, advances issued with recourse and for receivables acquired without recourse that have not transferred all the risks and benefits, and loans to debtors granted for conceded payment extensions.

Credit quality

Impaired loans and receivables decreased from EUR 296 million in 2024 (EUR 51 million net; 0.7% of total loans and receivables) to EUR 290 million in 2025 (EUR 36 million net; 0.5% of total loans).

					(in millions of €)
	Gross exposure	Value adjustments	Net exposure	% hedging	% incidence on due from customers
31/12/25					
Non-performing loans	230.7	214.1	16.7	92.8	0.2
Unlikely to pay	54.2	38.3	15.9	70.7	0.2
Past due	4.8	1.2	3.7	24.2	0.0
Total impaired receivables	289.8	253.6	36.2	87.5	0.5
31/12/24					
Non-performing loans	224.9	204.6	20.3	91.0	0.3
Unlikely to pay	64.9	39.1	25.8	60.2	0.3
Past due	6.6	1.3	5.3	19.7	0.1
Total impaired receivables	296.4	244.9	51.4	82.6	0.7

The total of **impaired loans and receivables**, net of value adjustments, amounted to EUR 36 million (EUR 51 million in 2024) with a comprehensive hedging of 87% (83% in 2024). These loans and receivables particularly concern:

- **non-performing loans** of EUR 231 million (EUR 225 million in 2024), 93% of which are hedged (91% in 2024), with a net value of EUR 16.7 million (EUR 20 million in 2024);
- **unlikely to pay**, totalling EUR 54 million (EUR 65 million in 2024) which, net of the related hedges of 71% present a net value of EUR 16 million (EUR 26 million in 2024). This category includes unlikely to pay loans, subject to postponement and not subject thereto;
- **past due loans** amounted to EUR 4.8 million (EUR 6.6 million in 2024) recognised according to the new definition of default that came into force in January 2021, in line with the Group's operating guidelines. The adoption of these criteria led to a revision of the overdue detection rules for both "transferor" and "debtor" customers and in particular:
 - in the case of "transferor" customers, the days past due are calculated from the day on which there is an overrun, i.e. the exposure to the customer is greater than the amount of receivables transferred with recourse and the amount of this overrun exceeds the materiality thresholds established by the regulator. If this condition persists for 90 days, the customer is automatically reclassified to Past Due.
 - in the case of "debtor" customers, the days past due are calculated from the ninetieth day on which the amounts due for principal, interest and commissions have not been paid and their amount has exceeded the materiality thresholds established by the regulator. In the payments defined in the credit agreement have been suspended and the due dates have been changed subject to a specific agreement formalised with the Company, the counting of the days past due follows the new repayment plan.

The materiality thresholds defined by the Regulator distinguish the exceeding of two different limits:

- relative threshold: equal to 1% of the past due exposure of the total risk exposure of the counterparty;
- absolute threshold: equal to EUR 100 for SMEs and EUR 500 for companies, Bodies or other Institutions.

The scope of observation excludes exposures to the Tax Authorities deriving from sales of tax credits (VAT, IRPEG, etc.); these loans and receivables have an undetermined maturity.

Liability provisions

		(in millions of €)	
	31/12/2025	31/12/2024	Var %
Provision for employees termination benefits	1.6	2.3	-29.6
Provision for risks and charges	12.1	16.7	-27.3
b) other provisions	12.1	16.7	-27.3
Total	13.7	18.9	-27.6

As at 31 December 2025, **liability provisions** were EUR 13.7 million (-27.6% compared to EUR 18.9 million in 2024) and represent the allocations needed to cover future outlays deemed likely with respect to outstanding events.

The **provision for employee termination benefits** refers, for each employee, to obligations of defined benefits regarding work done until the date that the "accruing" employee termination benefits are transferred to INPS or to external retirement benefits as set forth by the 2007 budget act. The liability is posted using the actuarial method considering the probable future date on which the effective financial outlay shall take place. As at 31 December 2025, the provision was EUR 1.6 million (EUR 2.3 million at the end of 2024).

The **other provisions**, equalling EUR 12.1 million, include:

- provision for legal disputes and proceedings of EUR 9.6 million (EUR 13.5 million at the end of 2024) for allocations against revocations, legal proceedings and disputes;
- personnel expenses, of EUR 1.1 million, mainly related to provisions for variable personnel remuneration;
- other provisions, of EUR 1.4 million related to the costs/income for the derecognition of the residual value of software (intangible fixed assets) following the planned future introduction of the new IT platform (Group project "One Factoring").

Equity items

Equity as at 31 December 2025 amounted to EUR 1,002 million (EUR 970 million in 2024), up by 3.3% due to the following changes:

Equity as at 31 December 2024	969.70
- net profit as at 31 December 2025	33.27
- change in other reserves	-0.85
Equity as at 31 December 2025	1,002.12

With regard to the capital adequacy of Ifitalia as at 31 December 2025, Ifitalia closed with **total regulatory own funds** of **EUR 966.9** million, up EUR 32.4 million, in the presence of total capital requirements of EUR 397.7 million resulting in a capital surplus of EUR 569.2 million. The Tier 1 and the Total Capital Ratio were 14.59%.

Regulatory own funds as at 31 December 2025 do not include the 2025 profit, which will be capitalised following approval of the financial statements by the Shareholders' Meeting.

	2025	2024	Var. %
Tier 1 capital	966.9	907.5	6.5
Tier 2 capital	0.0	0.0	0.0
Elements to be deducted	0.0	0.0	0.0
Transitional regime - impact of T 2 (+/-)	0.0	0.0	0.0
SUPERVISORY CAPITAL	966.9	907.5	6.5
Risk Weighted Assets (*)	6,629.3	6,373.1	4.0
Total prudential requirements	397.7	382.3	4.0
Capital excess	569.2	525.2	8.4
Tier 1 capital ratio	14.59%	14.24%	2.4
Total capital ratio	14.59%	14.24%	2.4

(*) Since 2008, the aggregates listed above have been calculated in accordance with Basel III

Infra-group transactions and those with “related parties”

relations with the parent company and other companies belonging to the BNL-BNPP group, included in what is set forth pursuant to art. 2497 and following of the Italian Civil Code, include both financial and commercial relations.

The borrowing transactions with the Parent Company, regulated at market conditions, totalled EUR 5.131 million and represented the majority of amounts owed to banks; the remaining part is represented by exposures to BNL for an amount of EUR 921 million.

In relation to securitisation transactions, Ifitalia as at 31 December 2025 had a debt position to the SPV of EUR 246 million, which represents the portion of the securitised portfolio financed by other companies of the group. The related income transferred to other Group companies amounted to EUR 10.722 million (EUR 14.269 million for 2024).

With regard to the operating transactions with BNPP group companies, made up mainly of service agreements for providing IT services (mainframe use and use of data networks and software support and maintenance) and company vehicle hire, costs were incurred for EUR 8.337 million (EUR 7.738 million in 2024).

As from 2021, BNPP centralised certain services on HR, Risk and Compliance issues.

The costs of the services implemented for various group companies are allocated firstly to the Business Lines on the basis of the services received and subsequently on the basis of the following parameters: Risk Weighted Assets (RWA) with regard to RISK services, Full Time Equivalent (FTE) with regard to HR services and Net Banking Income (NBI) with regard to Compliance. Overall, for Ifitalia, the cost of the above services, to which, starting in 2022, Legal, Communications and Global Sourcing services were added, followed by Finance & Strategy and Cyber Risk and Fraud Risk services in 2024, and Data Office (GDO), People & Property Security (PPS) and Global Financial Security (GFS) in 2025, amounted to EUR 3.221 million (EUR 3.484 thousand in 2024).

In addition, in 2025, expenses/profits were also recorded for staff seconded respectively from or to other Group companies for an annual total of EUR 4.428 million (EUR 4.321 million in 2024).

During 2025, income from Group companies for rents receivable of EUR 0.425 million (down compared to 2024) was also recorded as well as costs for rents payable of EUR 1.411 million (EUR 1.388 million in 2024).

Ifitalia uses external servicing provided by BNL S.p.A. for the management of the following services:

- administrative, accounting and tax service (Musca)
- tax advisory service
- compliance activity management service
- property management service
- HR management/administrative service

- purchase management service
- NPL management service
- Operation service and operational support
- Business Continuity Service

In 2025, total costs of EUR 2.171 million were incurred for all the above activities (EUR 2.179 million in 2024).

Furthermore, the company makes use of an internal audit service offered by BNL, based on the BNP Paribas guidance regarding Internal Control Systems. The total costs incurred were EUR 0.170 million (EUR 0.122 million in 2024).

During the 2025 financial year, coordination expenses were also incurred for factoring activities at group level carried out by the "Global Factoring Competence Centre" for an amount of EUR 0.794 million (EUR 0.836 million in 2024).

Moreover, during 2025, costs were incurred for activities related to the Transformation project amounting to EUR 2.255 million (EUR 2.360 million in 2024).

Furthermore, for providing commercial services, Ifitalia works with BNL/BNPP branches, paying them commercial commissions totalling EUR 0.816 million (EUR 0.958 million in 2024).

With regard to the loans granted against factoring activity, it is specified that Ifitalia receives, disinvests and provides guarantees regarding the BNL Parent Company and some BNL-BNPP Group companies. All transactions between the Bank and related parties are carried out at market conditions.

The summary of equity and economic relations for 2025 with the parent company and other companies belonging to the BNL-BNPP Group originating from financial or commercial relations are indicated on page 158 of the Notes to the Accounts.

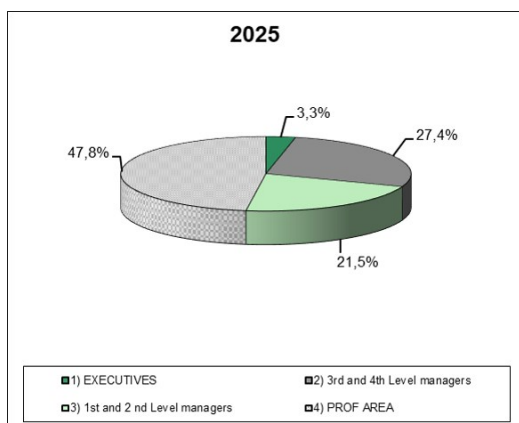
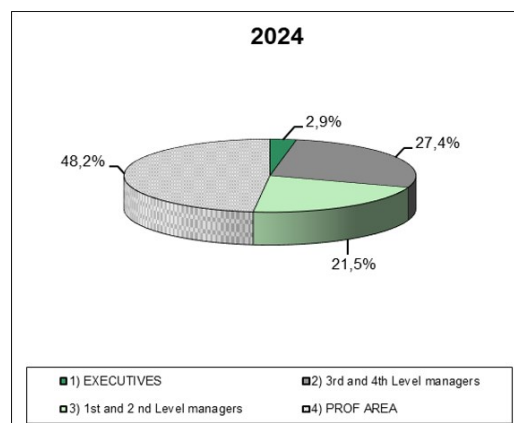
Human resources

The personnel as at 31 December 2025 amounted to 274 employees (274 employees as at 31 December 2024).

The resources are broken down as shown in the tables below:

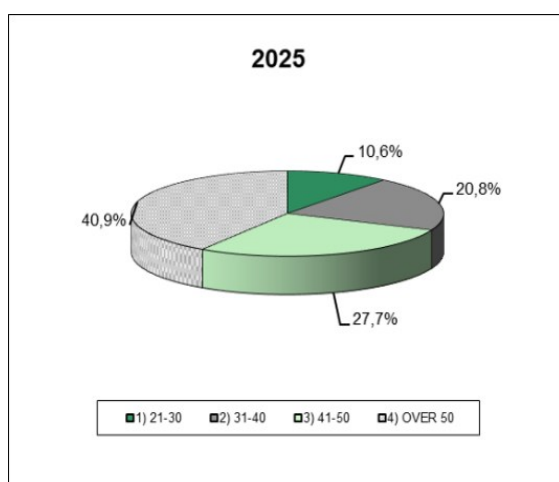
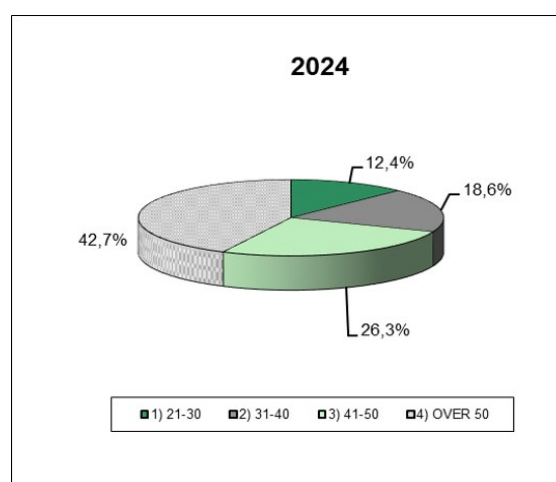
Distribution by grading

Category	31/12/2025	31/12/2024	2025 in %	2024 in %
1) EXECUTIVES	9	8	3.3%	2.9%
2) 3rd and 4th Level managers	75	75	27.4%	27.4%
3) 1st and 2nd Level managers	59	59	21.5%	21.5%
4) PROF AREA	131	132	47.8%	48.2%
Total	274	274	100%	100%



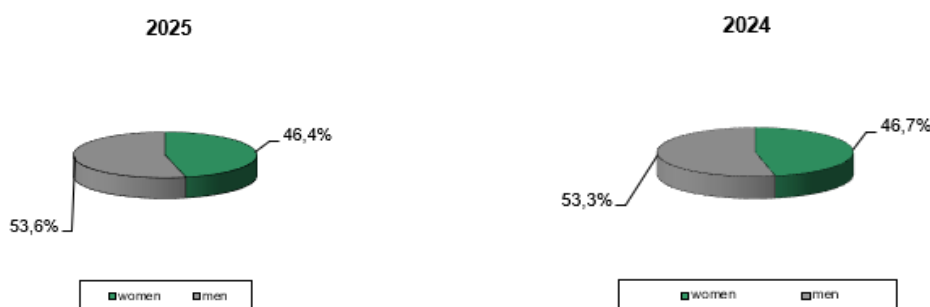
Distribution by age

Age group	31/12/2025	31/12/2024	2025 in %	2024 in %
1) 21-30	29	34	10.6%	12.4%
2) 31-40	57	51	20.8%	18.6%
3) 41-50	76	72	27.7%	26.3%
4) OVER 50	112	117	40.9%	42.7%
Total	274	274	100%	100%



Distribution by gender

Category	31/12/2025	31/12/2024	2025 in %	2024 in %
women	127	128	46.4%	46.7%
men	147	146	53.6%	53.3%
Total	274	274	100.0%	100%



Management Policies and Human Resources Development

The procedures and related tools for managing and developing Human Resources in Ifitalia are designed and governed in close synergy with those adopted within BNP Paribas Group in Italy.

ABOUT ME, the BNPP Group's performance management system, confirms its central role in continuing to act in terms of continuous improvement, development and enhancement of the intra-group mobility. Almost 100% of the business population was involved in the feedback, assignment and assessment of objectives process; development plans are being identified to ensure the constant updating of skills and thus maximum future employability.

During 2025, professional development processes were activated for about 9% of the business population with the objective of offering people and, consequently, the organisation as a whole, opportunities for enrichment and skill development. In particular, about 24 colleagues changed roles, 9 mobility schemes were activated with Group companies in Italy and, finally, 19 people were recruited from the external market. All the actions mentioned were aimed at further strengthening customer management and development activities.

Ifitalia has also actively taken part in Talent management programmes through participation in the "Leaders for tomorrow (LFT)" project with the aim of identifying and training the management of the future and promoting incisive cross-company mobility in a logic of comparison and synergies between the various businesses and enrichment of the Group's professional skills.

The management strategy is confirmed as being focused on the substantial involvement of direct managers in guiding employees as well as in identifying and preparing individual development plans.

Training

With a view to continuous evaluation and growth of the Company's human resources, investments continued to be made in training activities during 2025.

A total of 5,470 hours of training were provided in 2025, equal to 19 hours per capita. These were implemented partly in virtual rooms or through e-learning and partly in person.

With regard to the offer, in addition to having a complete training catalogue, which concerns both behavioural/managerial and technical matters, in-house initiatives have been set up for both managerial and professional roles.

With reference to training topics, 65% were of a technical-specialist nature, 19% related to regulations and 16% were behavioural and linguistic. 28% was delivered in the classroom and 72% remotely, in virtual room or e-learning.

The coverage of the business population was 100% (net of long-term absentees).

Selection and Employer Branding

In collaboration with other Group companies, the commitment to Employer Branding has grown, with the aim of increasing and expanding the presence of the BNP Paribas Group and Ifitalia on the labour market, including through a strategy of digital presence in the main professional social networks and at events organised at major Italian universities.

Remuneration policies

Remuneration tools adopted in 2025 for personnel were divided into interventions to the fixed component of remuneration (raises and promotions) and to the variable component (both managerial and one-off bonuses, incentive plans, company bonuses, welfare), in line with standards and guidelines defined by the Group.

In line with the Group's objective of continuing the process towards greater pay parity and thus reducing the so-called "gender pay gap", particular attention was paid to the female cluster in line with the characteristics of the roles held and the quality of performance.

Other information

Organisational structure

As a member of the BNP Paribas Group, Ifitalia implements the strategic guidelines laid down by the Parent Company and direct parent company, which carries out management and coordination activities, formulating guidelines for this purpose that are implemented by each entity.

The General Manager, who reports to the Board of Directors, is responsible for the overall management of the Company. As at 31 December 2025, the organisational structure of the Company is structured in the following Business Lines/Functions:

- **Business Lines**, structures overseeing the Commercial, Product and Operations Chains, in support of the business, reporting directly to the General Manager:
 - **Sales Development Division, overseen and coordinated by the Sales Development Manager**
 - *Sales Network*
 - *Loans*
 - *Client Management* (transferred to Product and Business Development in the first few months of 2026)

- **Product Development & Customer Delivery Division, overseen and coordinated by the Product Development & Customer Delivery Director**
 - *Onboarding*
 - *Client Service*
 - *Product & Business Development*
 - *Special Loans*
- **Operations Division, overseen and coordinated by the Operations Manager**
 - *Collection & Recovery*
 - *IT*
 - *Organisation & Model Transformation*
- **Functions, structures** overseeing the Company's governance processes, reporting to the General Manager:
 - **Business Strategy & Marketing**
 - **Finance Division**
 - **Legal and Corporate**
 - **Risk Division**
 - **Human Resources.**

The Chief Risk Officer holds the position of Head of the Risk Control Function and, in this capacity, reports hierarchically to the Board of Directors; the Risk Division is integrated into the RISK organisational model of the BNP Paribas Group, with the consequent close link and reporting of the Head to the Factoring Global CRO of BNPP, with which it acts in close coordination.

The Chief Risk Officer is appointed by the Board of Directors on the proposal of the Factoring Global CRO of BNPP and having consulted the Board of Statutory Auditors.

The Legal and Corporate structure is integrated into the Legal organisational model of the BNP Paribas Group, with the consequent close relation and reporting of the Head to the Legal and Corporate Manager of BNL.

The Compliance Function is outsourced to BNL S.p.A. – Compliance Area, which reports to the Board of Directors in the performance of this task. The Point of Contact for outsourced services is a member of the Board of Directors designated pro tempore.

The positions of Head of the Compliance Function and Head of the Anti-Money Laundering Function are held – within the Compliance Area of BNL S.p.A. – by the Compliance Manager of BNL and the Head of BNL's Financial Security structure, respectively.

At the Board of Directors meeting on 7 May 2025, the Chairperson of the Board of Directors was appointed Head of Anti-Money Laundering.

The Internal Auditing Function is outsourced to BNL S.p.A. – Inspection Générale – Hub Italy, which reports to the Board of Directors in the performance of this task. The Point of Contact for outsourced services is a member of the Board of Directors designated pro tempore.

Management and coordination of Parent Company activities

The company is subject to the management and coordination of BNP Paribas.

The company has a traditional Governance and Control system that comprises the Shareholders' Meeting, Board of Directors, General Manager and Board of Statutory Auditors.

Treasury or parent company shares in the portfolio

The Company does not hold any treasury or parent company shares.

Use of internal rating systems

In a formal letter dated 10 March 2022, the Bank of Italy informed Ifitalia that it had decided not to use the advanced approach (IRBA) for the calculation of capital requirements and to maintain the standard approach.

In the light of the above, the Company calculates the capital requirement under the Standardised Approach, using the Internal Rating System within the credit process and risk management framework.

The internal rating system is based on the principle of the uniqueness of the rating value by supplementing these values with those expressed by the BNP Paribas banking network, which are used, each time they are present, as a driver in the credit process. In line with other BNP Paribas Group entities, the master scale that ranks the customers into 10 classes for the performing part and two classes for the default part, which includes past due, unlikely to pay and non-performing positions, is adopted.

Supervisory review process

The enforcement of Circular no. 288 "Supervisory provisions for financial intermediaries" dated 3 April 2015 repealed Circular no. 216 and led to a harmonisation with the Banking Supervision rules and with the European legislation disciplined by Regulation (EU) no. 575/2013 (known as CRR) and Directive 2013/36/EU (known as CRD IV).

As illustrated in Circular no. 288, the Supervisory Review Process (SRP) is divided into two integrated phases. The first is represented by the internal process for determining capital adequacy (Internal Capital Adequacy Assessment Process - ICAAP) and refers to the intermediaries, which carry out an independent assessment of their capital adequacy, current and forecast, in relation to the risks undertaken and the business strategies.

The second involves the Supervisory Review and Evaluation Process (SREP) and is the responsibility of the regulatory authority, which, also via the ICAAP review, formulates an overall opinion on the intermediary and activates, if necessary, corrective measures.

In line with the matters laid down by the Legislation, Ifitalia prepared the ICAAP document with reference to 31 December 2024 and is about to prepare the new ICAAP as at 31 December 2025 by 30 April 2026.

Bank of Italy inspection

In the latter part of 2025, the Company was the subject of an inspection by the Bank of Italy. The visit lasted about two months and ended in mid-November 2025. The final report, which was presented by the Bank of Italy to the Company's Management in early February 2026, ended with a partially favourable opinion in view of the company's solid capitalisation, limited exposure to strategic risk and low credit portfolio risk. The report includes some findings relating to the improvement of operational risk management and monitoring. The Company is currently preparing a formal response to the audit report (requested by the Bank of Italy) with its observations on the findings highlighted, and has at the same time initiated a series of improvement actions in response to the findings expressed by the Regulator.

Business targets and policies regarding the handling of risks and the related hedging policies

Information concerning the policies for the handling of the risk and the related hedging policies has been dealt with in Part D: Other Information - Section 3 of the Notes to the Accounts.

The internal control system in relation to the financial disclosure process

Article 123-bis of Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act or TUF), amended and supplemented by Article 5 of Legislative Decree no. 173 of 3 November 2008, introduced, under paragraph 2, letter b, the obligation to describe the main characteristics of existing risk management and internal control systems in relation to the financial disclosure process.

The purpose of the internal accounting control system is to verify the completeness and correctness of accounting records, prevent and locate any errors as well as the quality of the data to be used to prepare the financial statements, produce supervisory reports and all other accounting and financial disclosure. The system complies with the standards set by the Parent Company BNP Paribas.

The methodological approach is based on ascertaining the existence of suitable governance systems, standards of conduct inspired to corporate ethics and integrity, disciplinary systems for the personnel, suitable organisational structures, a clear structure of delegations and responsibilities, effective codes of conduct and fraud prevention systems. It is consistent with the standards envisaged by the Parent Company BNP Paribas and was implemented with the preparation of appropriate internal procedures for an effective and efficient monitoring of accounting risks and financial disclosure.

Accounting risk monitoring is included in the broader context of permanent control, based on the continuous monitoring of risk identification and assessment, procedures and controls.

Controls reflect the current definition prescribed in the company's internal control system. Controls are classified as "first level" (carried out by operating personnel and hierarchical managers) and "second level" (carried out by specialised functions). The periodic auditing of the system is carried out by the Group Inspection Générale Department (third level control).

In assessing the accounting internal control system, special attention was devoted to verifying the adequacy and actual application of the accounting and administrative procedures as well as the rules of correct management of the technological infrastructure, applications and operating systems. Analyses were carried out with specific methodologies monitored through the Finance Division. Monitoring the accounting and financial reporting quality focuses on examining the organisational settings and the functionality of the internal controls through a test plan that continuously assesses the adequacy and actual application of the accounting and administrative procedures that play a role in preparing the accounting documents and any other financial communication.

The quality of the accounting reporting and the effectiveness of the related internal control system are formalised by issuing a Group Certificate every three months.

Business Continuity

*Ifitalia defined a **Business Continuity** system to guarantee the continuity of the company's critical services.*

*In line with regulatory and BNP Paribas Group provisions, Ifitalia's **Business Continuity Management** system is comprised of:*

- *a **Governance organisation** to manage crisis scenarios;*
- *a **Business Continuity Plan** (BCP) for operational management of crisis scenarios.*

Since 2020, Ifitalia has outsourced the Business Continuity framework management activities to BNL S.p.A.; in this context, the Company retains, also through the figure of the Business Continuity Manager who remains appointed to it, overall responsibility for the Business Continuity system; the Company also maintains at its own expense, through the Permanent

Control Coordinator/Operational Risk (PCC/OR) structure, the carrying-out of specific permanent controls on the BC within its scope.

The Corporate Regulations specific of the Company include references to the responsibilities pertaining to the process of implementation, maintenance and governance of Business Continuity.

Particularly:

- **A Business Continuity Manager**, in charge of preparing and maintaining the Business Continuity system;
- **Corporate Functions**, which contribute to finding, sharing and validating the information required to guarantee the effectiveness and efficiency of the continuity solutions established in the BCP;
- **Crisis Committee**, which guarantees the management of particularly serious crisis situations that require immediate co-ordination to define continuity solutions;
- **Risk Monitoring Committee**, which supports the Business Continuity Manager in identifying, sharing and validating the information and initiatives designed to maintain the Business Continuity solutions.

*Ifitalia's Business Continuity Plan is developed over a period comprising a time frame of **2 weeks** starting from the occurrence of the crisis event. In this reference timeframe, the goal is to guarantee the continuity of the services indicated as indispensable for the survival of the Business.*

In order to guarantee the rapid implementation of the business continuity plans, the Company identified 64 permanent resources and 36 back-up resources who are assigned the responsibility, under the BCP, to reactivate the critical processes in emergency situations. These resources are part of the Critical Emergency Teams.

In 2025, Business Continuity (BC) actions in Ifitalia were carried out in compliance with the main activities planned, which regarded:

- Verification of the alignment of the internal reference regulations for the BC with that of the Parent Company
- Review and annual update of the BIA and BCP;
- Handling of "key" suppliers mapped for BC purposes;
- Acquisition of results of the related audit tests performed by critical suppliers;
- Implementation of the permanent controls plan consistent with the Group's Generic Control Plan;
- Execution of the operating continuity simulation tests;
- Delivery of BC training.

Financial Security – Anti-Money Laundering, Terrorist Financing Prevention, Economic and Financial Sanctions and Embargoes Unit

The Bank of Italy regulations require each intermediary to set up a specific function in charge of supervising the commitment to prevent and manage money laundering and terrorist financing risks, with the possibility of outsourcing company control functions in accordance with specific regulatory requirements.

As part of the more general process in BNL of centralising the Compliance function (herein including the Anti-Money Laundering function) of the companies of the BNL Banking Group that began in 2015, during the fourth quarter of 2016, Ifitalia assigned the formal responsibility of the Anti-Money Laundering Function to the Head of the Financial Security Unit within the BNL Compliance Area, which took charge of the full perimeter related to Financial Security. With the aim of monitoring the correct provision of services, the Chairperson of the Board of Directors was appointed as Outsourced Service Point of Contact (RPE).

Thus, in 2025, the Anti-Money Laundering Function operationally supervised, coordinated or implemented the entire scope of activities, which includes:

- due diligence and profiling of customers/intermediaries;
- checking the proper AUI registrations and bookkeeping, and the delivery of information to the FIU;
- identification, analysis and reporting of potentially suspicious transactions;
- management of advisory and authorisation activities related to international sanctions and embargoes, combating terrorist financing and the proliferation of weapons of mass destruction.

For all these areas, the Anti-Money Laundering Function, in addition to directly managing certain operational processes (e.g., reporting of suspicious transactions to the Supervisory Authority) has:

- ensured specialised advisory services on Financial Security issues;
- provided the necessary contributions in the Committees tasked with validating the Company's new measures;
- monitored the evolution of national and EU legislation on Financial Security, as envisaged by the regulatory watch process introduced at Group level in 2019, assessing its impact on operating processes and developing appropriate updates to ensure its full compliance (e.g. the tightening of international sanctions against Russia);
- drafted or updated the body of procedures of the Policies relating to the scope, consistent with the provisions of the Parent Company and in compliance with current legislation;
- carried out independent testing, consisting of verification and reperformance on the first line control activities as part of due diligence and AML, carried out in accordance with the provisions of the respective Generic Control Plans specific to the factoring market;
- monitored any operational risk incidents as part of the Financial Security;
- carried out the annual self-assessment of money laundering risk, as well as the quarterly monitoring required by the Group model, analysing the results and defining the subsequent action plans for the areas for improvement that emerged;
- defined the specific training plan in the field of Financial Security and monitored the correct and complete use by impacted colleagues;
- provided support to the Company and directly assessed, where requested, some reports (customers and debtors) which, as part of the screening process, were found to coincide (or potentially coincide) with entities subject to sanctions, thus ordering the most appropriate restrictive measures in the event of a confirmed match.

Finally, it should be noted that 4 suspicious transaction reports were sent to the FIU in 2025.

Protection of Customers' Interests (PIC)

The BNL Compliance Area provided the necessary support and advice to the Company in relation to matters within its area of expertise, in order to ensure continuity in the offering, also taking care of the preparatory activities for the development and, where applicable, validation of new products. Similarly, it assisted the Company in identifying and addressing regulatory changes and in promptly updating the internal regulatory framework.

During 2025, as envisaged in the Training Plan for PIC issues, training activities were provided to employees identified as "target" with the support of the My Development platform.

Finally, note that in 2025 there were no incidents concerning issues related to the Protection of Customers' Interests.

Professional Ethics

With regard to the issue of Professional Ethics, note that during 2025, continuing the activities carried out in previous months, the Company's internal body of regulations was kept updated, to ensure that it is aligned with the Group's procedural system. These activities covered both processes and control systems. In particular, the following regulations were updated: the General Policy of the BNP Paribas Group on Personal Transactions, the Code of Conduct Policy, the Whistleblowing Directive and the Directive on principles for the investigation of whistleblowing reports, the Directive on the declaration and authorisation of corporate offices and external activities carried out in a personal capacity by Collaborators.

During 2025, the Compliance Function ensured the usual second-level oversight of ethics risks, as envisaged by the "Generic Control Library of Professional Ethics" issued by the Company. With reference, in particular, to ethical and deontological behaviour, the Function ensured the oversight of adopted systems and monitored compliance with policies. Some general first-level Professional Ethics checks were also carried out in relation to the Whistleblowing system and the Personal Transactions of relevant individuals.

The activities related to the process of authorising assignments and activities that Employees wish to carry out in a personal capacity outside working hours were also ensured on an ongoing basis. To this end, the Professional Ethics Function ensured ongoing advisory activities to support Ifitalia's Structures/Divisions. In 2025, Compliance integrated the functions of the BNP Paribas Group's COMET tool for the management of gifts and invitations received or offered by employees.

With regard to training on Professional Ethics, specific activities were carried out through the course "Conduct Guidelines – 2025 edition" assigned to all Group employees, as well as on the topics of combating corruption through the course "Combating active and passive corruption - Personnel most exposed" dedicated to employees in the segment "most exposed to corruption risks". Moreover, awareness-raising/communication in favour of all Collaborators were carried out with reference to the areas of Gifts and Invitations, Personal Transactions put in place by the Relevant Parties, the proper authorisation process to carry out personal external tasks and the presence and availability of an ethical alert system.

Also for the year 2025, a specific annual report has been drawn up by the Local Whistleblowing Officer to illustrate the progress of the Company's ethical alert system (known as whistleblowing) with reference to the previous year. It should also be noted that regular reports were sent to the Supervisory Body regarding the presence/absence of reports received in the System during the year in question.

During 2025, no incidents occurred pertaining to issues of professional ethics.

Market Integrity and Banking Laws

The BNL's Regulatory Compliance - Market Integrity and Banking Laws team has continuously provided consulting and support to the Company to ensure the adequacy of the procedural and control measures in place to manage the risks under its responsibility.

The exclusion of the Company from the scope of the Remediation Plan with respect to the Federal Reserve Bank was confirmed. Furthermore, the requirements set by the Group were met in terms of the annual review of the Volcker Rule and French Banking Law documentation (desk package and trader mandate) and the submission to the Parent Company of the half-yearly inventories of assets in scope.

During 2025, no incidents occurred pertaining to issues of Market Integrity and Banking Laws.

Organisational measures

Introduction

During 2025, the activities planned continued with the aim of achieving ever-greater efficiency of the company and its processes and, consequently, ever-greater commercial competitiveness.

Special efforts continue to be made to digitalise processes and documents.

Work on the structure

The main organisational changes that affected the individual structures in 2025 are shown below:

- January 2025
 1. refocusing of the Sales Network with an organisational logic aimed at a specialisation between Large Corporate/SMEs through the merger of the North West and North East Territories of the Sales Network, and the simultaneous creation of two new Territories entitled North Large Corporate and North Corporate & SME for two macro-regions in Northern Italy;
 2. separation of the commercial and operational activities among teams within the Client Management structure, enabling greater control over operational risks;

3. creation of a new cluster of Junior Relationship Managers with Portfolio, dedicated to NBI development and maintenance objectives with dedicated incentives;
 4. transfer of the drafting of other standard contracts (ad hoc) from the Operations Division – Organisation & Model Transformation structure – to the Sales Division – Product & Business Development structure and creation within the same structure of a hub dedicated to contractual support and to product development.
- November 2025:
- with the aim of responding more effectively to the new market context and the challenges in terms of economic results that it poses, at the same time implementing a simplification of the structures that favour the efficiency of processes and optimised risk management, a first phase of revision of the organisational structure was implemented with effect from 3 November 2025, to be completed at the beginning of 2026; this first phase involved the following interventions:
- creation of a new organisational unit, reporting to the General Manager, called “Product Development & Customer Delivery Division”, at the head of which the role of “Product Development and Customer Delivery Manager” was created. This structure is dedicated to:
 - the structuring and development of new products (Product & Business Development unit, transferred from the current Sales Division);
 - customer onboarding activities and related operational and compliance controls (Onboarding unit, transferred from the current Operations Services structure of the Operations Division);
 - customer management activities (Client Management – Large Client & Product Management unit, transferred from the current Sales Division and renamed Client Service);
 - the management of special loans (Special Loans unit, transferred from the current Sales Division);
 - renaming of the Sales Division as “Sales Development Division”, to incorporate the greater focus on strictly business and Sales Development activities; this Division will be initially composed of the network structures (Sales Network), loans and receivables (Loans) and part of the customer management (Client Management);
 - renaming, within the Operations Division, of the Operations Services structure as “Collection and Recovery” to incorporate the change in the mission in terms of:
 - termination of customer onboarding management activities and related operational and compliance controls (with the movement of the relative structure to the Product Development and Customer Delivery Division);
 - strengthening of performing and default credit management activities, also through the incorporation in the renamed Collection and Recovery structure of the monitoring of the outsourced services in the Workout area, allocated within the Special Loans structure of the Sales Division (a structure that will be repositioned in the new Product Development and Customer Delivery Division as described in point 1 above). This transfer of activities also includes the management of the outsourcing contract in place between Ifitalia S.p.A. and BNL S.p.A. concerning the activities in the Workout area;
 - abolition of the roles of Deputy General Manager – Sales Manager and Deputy General Manager – Operations Manager, in order to simplify the overall structure, also in consideration of the creation of a third line structure reporting to the General Manager.

For the sake of completeness of information on what has been implemented after 31 December 2025, it should be noted that certain organisational changes were introduced in February 2026 aimed at completing the second phase of the review launched at the end of 2025, in particular:

1. elimination of the residual Client Management structure still in place in the Sales Development Division, and redistribution of the related activities partly in the sales network and partly in the Product Development and Customer Delivery Division (Client Service structure), the latter as a supplement to the customer management activities already reassigned there in November 2025;

2. reorganisation of the sales network with the creation of three supply chains: Single Network structure, Key Clients structure, Industries structure. Within the Single Network structure, customers are grouped on a territorial basis, with the creation of five different territories: North West, North East, Centre North, Centre and South. On completion, the activities relating to the Reverse business line, temporarily allocated to the Product Development and Customer Delivery Division, will be reassigned to the Sales Development Division under the Sales Network Manager.

With effect from 5 January 2026, the Complaints Office was also transferred from the Operations Division to the Product Development and Customer Delivery Division – Product & Business Development structure, in order to achieve synergies with the other activities carried out by the aforementioned structure within the scope of support for the management of business contracts.

One Factoring Project

Lastly, information is provided on the One Factoring Transformation project, commissioned and coordinated by BNP Paribas, which involves Ifitalia together with the other factoring companies of the Group with the aim of creating synergies between all factoring entities by defining common processes and products; the project also includes the implementation of a single IT platform to rationalise costs and share information.

The project was definitively approved between May and June 2022.

In June 2023, Ifitalia adopted its first Group application, named 'Sage', aimed at managing treasury activities; during 2024, the Salesforce application was introduced to support the management of KYC and KYT processes and customer complaint management, in addition to Alfresco as a document management tool to support these processes.

In 2025, preparatory activities for migration continued, including the most important:

- Launch, in July, of the project for the adoption of Salesforce as a tool for managing the CRM and customer audit process (go-live expected in January 2026)
- Internal Discovery Phase for the detailed analysis of the functions of the target Core System - Aura
- Continuation of the analysis and streamlining of third-party referral data currently used by Ifitalia
- Continuation of the activities with BNL for mapping and streamlining the flows currently exchanged with Ifitalia.

A replanning analysis of the Programme roadmap is currently underway; therefore, Ifitalia's migration date to the new platform will be redefined to allow for the proper completion of development and testing activities, as well as the gradual roll-out for the Group's other factoring companies included in the migration.

Research & development activities

The following IT projects/activities were implemented in 2025:

1. **One Factoring Project:**

- i. introduction of the "MyCustomer" CRM product on the Group Salesforce platform for the onboarding phase of new Ifitalia customers. In this first phase, only customers who currently have relations with the BNPP Group will be considered. An exchange of flows with the current Ifitalia systems is expected to be implemented in 2026;
- ii. In collaboration with the Group Leader involving the BNPP Group Factoring Companies, continuation of the research activities to identify Group synergies in technological, operational and process terms. The BNPP Group's Factoring Sector is responsible for the programme.

2. **Procedures, policies and controls:**

- i. IT governance procedures have been updated in line with the Group's updated policies and controls;
- ii. the ICT policies and controls in the Cyber area have been aligned for application to all suppliers that provide services.

3. **New register of entities:** the software has been released into production, developed in accordance with the new Bank of Italy specifications, for the updating of the Register of Entities.

4. **Anaconda (fraud prevention system):** updated product version for acquiring the customer's national code.

5. **Gianos (anti-money laundering):** the additional functions required by the 2023 FIU Provision were implemented.

6. **Base3 and Financial Statements:** a reconciliation tool has been implemented for better management of BASE3 imbalances.
7. **New customers:**
 - i. study carried out for the preparation of the FIS core system for the management of large volumes of assignors. Implementation has begun to safeguard operations for current customers in terms of data processing times (expected deadline Q1 2026);
 - ii. study carried out for the management of the reverse factoring product (with high volumes of assignors) and the introduction of the Fintech platform (Findynamic);
 - iii. activation of other new customers on the Core system (FIS).
8. **New features for existing customers:**
 - i. functions for the management of foreign companies activated;
 - ii. migration to the FIS Core system of the ceilings and mandates completed.
9. **Mitigation of the system obsolescence risk:**
 The interventions concerned the upgrade
 - i. of the SAS platform (used to calculate the rating) from version 9.3 to version 9.4;
 - ii. of the Minerva suite to the new version following the end of support for the product used for supervisory reporting, in addition to the new functionalities requested by the Bank of Italy.
10. **Migration from the AIX operating system to the Linux operating system:**
 As requested by the BNPP Group, studies were launched to identify the application interventions to be carried out following the migration of the operating system. The applications involved are:
 - i. SAS platform (used to calculate the rating);
 - ii. PEF (On-line Credit Facility Procedure);
 - iii. IfiPEG (systematic surveillance);
 - iv. Simplified procedure for the simplified management of non-recourse debtor approvals below specific certain limit thresholds.
11. **Cyber Security:**
 Interventions were carried out aimed at mitigating the IT security risk on Ifitalia assets.
 - i. Median (Home Factoring)
 - upgrade of the version of the Linux operating system;
 - migration to the Cloud platform of the BNPP Group;
 - study to identify the solution for the rebuilding of the Mediana framework that has security vulnerabilities.
 - ii. other applications (non-core): Strong Authentication enabled with the entry of an OTP code during authentication process in addition to the user and password in order to strengthen the methods of access to the systems by the users (both external and internal);
 - iii. IFRS9 – adaptation of the IFRS9 calculation engine to the BNPP Group standards;
12. **NIST (National Institute of Standards and Technology): interventions carried out in line with the requirements of the BNPP Group.**
13. **Digital Operational Resilience Act (DORA – European Union regulation):** the gap analysis has been concluded to identify requirements under the DORA in order to guarantee the resilience of financial services.
14. **Data logging:** logging procedures for obsolete data in the FIS Core application were implemented for storage cost containment.
15. **Processing time optimisation:** the batch procedures of the FIS Core system (Mainframe) were reviewed with the aim of making processing times more efficient and containing the related costs.
16. **Trouble ticketing tool:** migration to the 'ServiceNow' Group tool completed.
17. **Streamlining of local data centres (decommissioning):** in collaboration with BNL, activities involving the re-engineering and relocation of applications from the Diamante Data Centre in Milan to the Group Data Centre in Marne

have been completed. Consequently, on 30 June 2025, the local Diamante Data Centre was closed and the hardware decommissioned.

Securitisation transactions

Starting in 2016, Ifitalia began a programme of securitisation transactions through the collaboration and coordination of BNPP CIB of Milan. As at 31 December 2025, there were 6 securitisations in place.

These multi-year transactions (with a duration of 5 years with a renewable commitment each year) allow the company to hold long-term relationships with the customer while maintaining satisfactory margins and, at the same time, providing the customer a more stable and structured working capital financing.

The transactions, structured by BNPP CIB of Milan, are developed as described below.

Trade receivables, originated by primary customers of Ifitalia, are sold by Ifitalia without recourse, pursuant to the Italian Factoring Law (Law no. 52/91). At the time of purchase, Ifitalia sells the entire portfolio of receivables, with recourse, to the vehicle company Tierre Securitisation S.r.l. (SPV) based on the Italian Securitisation Law (Law no. 130/1999). The transaction is conducted on a revolving basis, i.e. on collection of the receivables, which have an average duration of 60 days, new receivables are gradually sold.

The trade receivables are sold (Ifitalia customer to Ifitalia and Ifitalia to the SPV) at a price equal to their nominal value (sale at par) or discount.

The SPV finances the purchase of the receivables through the issue of two classes of short-term ABS Notes - Class A1 and Class A2 - which have a different amortisation profile, but the same rights (pari passu rank). Class A1 Notes are subscribed by third parties, while Class A2 Notes are subscribed by Ifitalia.

Ifitalia fully guarantees the credit risk of the transaction through the mechanism of purchasing the receivables without recourse and selling them to the SPV with recourse. From an operational point of view, this occurs through Ifitalia's commitment to buy the unpaid receivable back from the SPV after a certain number of days of delay in payment. In turn, Ifitalia protects itself from credit risk by taking out specific insurance policies on debtor risk or by benefiting from existing policies on portfolio factored on the debtors of securitised receivables.

The transaction structured as above provides customers with a committed source of loans for working capital, while keeping its relationships with customers unchanged, and allows Ifitalia to construct a significant transaction with satisfactory profitability, whose funding may be allocated with third parties. It also allows the increase in the loyalty of a customer of high standing.

The transaction, as devised, does not add any specific risk for Ifitalia compared to a normal without recourse factoring transaction.

From an accounting/financial statements point of view, for the mechanism of purchasing without recourse receivables and their resale with recourse (which effectively keeps the credit risk on the entire portfolio with Ifitalia), at the time of the sale by Ifitalia to the SPV, the receivables are not derecognised from Ifitalia's financial statements, but continue to be represented under balance sheet assets. At the time of sale of the receivables by Ifitalia to the SPV, instead of derecognising the receivables, an item is recorded under payables in liabilities, limited to the portion not financed by Ifitalia.

Main aggregates for outstanding securitisation transactions as at 31 December 2025.

As at 31 December 2025, Ifitalia had 6 securitisations in place (7 as at 31 December 2024), the main balance sheet aggregates of which are shown below:

(thousands of €)

Items	Balance at 31/12/2025	Balance at 31/12/2024
Loans in portfolio (included in item 40 of the balance sheet assets)	673,870	687,893
Other payables Item 10 (represents funding received from third parties)	-246,350	-257,756
Other payables	-8,194	-7,609
Portion of securitisation portfolio financed by Ifitalia equal to value of securities subscribed by Ifitalia	419,326	422,528

Actions taken by Ifitalia in the ESG area

Climate change is an urgent and potentially irreversible threat to humanity and the planet, playing a central role in global economic development.

In line with the objectives of the BNP Paribas Group, Ifitalia takes ESG (Environmental, Social, Governance) factors duly into account in the enforcement of the corporate strategy.

Consistent with the Bank of Italy's expectations, in 2024, Ifitalia undertook a series of actions to monitor, manage and assess climate and environmental risks.

The action plan, shared with the Supervisory Authority, is consistent with the 2022-2025 strategic plan of the BNP Paribas Group "Growth, Technology & Sustainability" (GTS).

The main actions taken by the Company in the ESG area are described below, based on the relevant area.

Strategy

The BNP Paribas Group as part of its "Growth, Technology & Sustainability" 2022-2025 strategic plan (the so-called GTS), which involves all Group Entities, has dedicated a section to sustainability that focuses on the following 5 issues:

- Savings and sustainable investment;
- Energy transition (including mobility);
- Circular economy;
- Natural capital & biodiversity;
- Social inclusion.

The main actions carried out by Ifitalia in these areas are listed below:

- Participation in the BNP Paribas 3 Step IT programme was finalised for the management of the life cycle of technological assets (PCs and telephones) in an effective, efficient, safe, economic and sustainable manner.
- The extension of Flexible Working allowed a savings of 8,891 km travelled, avoiding⁽¹⁾ the emission of 966 kg of CO₂.
- The new company headquarters has energy certification A and Leed Gold certification with a strategic positioning of the building (near the underground) in order to further incentivise the use of public transport. In addition, the company car policy was updated to include more than 90% of hybrid cars.
- Starting from Q4 2022, the process of complete digitalisation of contractual documents with customers (therefore reducing paper consumption in this area) began.
- Training courses were provided to personnel with the aim of spreading the ESG culture.

¹ Considering an average CO₂ emission of 108.6 g/km - www.acea.auto

- Participation in BNP Paribas Group social initiatives, including:
 - o The 8x20 relay race, an initiative whose proceeds were donated entirely to the Telethon Foundation.
 - o The Legambiente waste collection initiative that involved Ifitalia volunteers at La Spezia Park in Milan. The initiative, which was extended to other city parks and all BNP Paribas Italia volunteers, contributed to the collection of a total of 511.4 kg of waste.
- Organisation of the solidarity initiative in collaboration with Banco Alimentare, aimed at verifying the edibility of products and putting together food kits for distribution to charities that support people in need.

Governance

The Board of Directors oversees ESG issues as part of the overall supervision of the risk management framework and the commercial strategy.

Ifitalia has adopted a Code of Conduct to oversee all forms of discriminatory behaviour, opposing any attitude of inequality through the Whistleblowing channel and introducing remuneration policies aimed at reducing the gender inequality gap.

During 2023, a cross-functional ESG committee was formally established, with the aim of overseeing and monitoring the implementation of the company's strategic policies on ESG issues.

Pricing & Offer

Ifitalia has developed stand-alone factoring products to support specific energy recovery initiatives (e.g. Ecobonus) and participated in a specific agreement for the Reverse Factoring product (in agreement with the main players in the Factoring area in Italy) with transferor pricing linked to ESG assessments on the debtor portfolio.

Risk management

ESG is an integral part of the risk identification and assessment process to which Ifitalia is exposed.

The application of sector policies, exclusion lists and monitoring, as well as the analysis of disputes support the management of reputational and credit risk to which the company may be exposed in its relations with third parties.

As part of the activities of Entry into Relationship with customers, there is a specific moment of assessment of the counterparty with respect to its possible operations in an ESG sensitive sector.

At Ifitalia and within the BNP Paribas Group, climate change risks are identified and assessed at company level (RISK ID exercise) and are subject to annual portfolio analysis.

The analysis of the ESG profile is an integral part of the credit line investigation process, in line with specific internal sector policies and is supported by a BNPP Group platform that allows consultation of watch lists/adverse information and the compilation of a specific assessment.

An annual portfolio analysis has also been introduced, presented to the dedicated ESG Committee, aimed at representing the dimensions of transition risk and physical risk.

Legal risk is managed by the legal function through regulatory vigilance and the management of lawsuits that could include climate and environmental issues.

The procedure for the adoption of new products/processes takes into consideration ESG issues and must be validated by all company functions.

The Company's Business Continuity Plan also includes environmental threats.

The third-party management system requires the analysis of ESG issues. Specific metrics relating to ESG risks are used in the Due Diligence questionnaire addressed to external suppliers.

Significant events after year end

When drawing up the financial statements as at 31 December 2025, Ifitalia considered all the events after the reporting period up until the date of approval of the financial statements by the Board of Directors that could have a significant impact on the balance sheet and income statement results represented (IAS 10 § 8).

There have been no significant events occurring after the end of the financial year that could have a material impact on the financial position or results of operations.

Business outlook

Despite the positive trend in lending volumes and turnover, which showed a marked increase compared to 2024 (during 2025, Ifitalia increased its market share with a percentage of turnover that rose from 10.7% to 11.3%), the 2025 result suffered a sharp slowdown mainly due to external factors (reduction in market interest rates and their impact on the return on equity), or extraordinary/non-recurring factors (reduction in assets on loans for 'Ecobonus' tax credits, extraordinary interest income collected in 2024). However, it was also partly affected by the negative pricing trend resulting from intense competitive pressure.

In 2025, the acquisition of new customers continued, which, thanks to the usual, synergetic support of the Sales Networks of Ifitalia, BNL, and the BNP Paribas Group, enabled the launch of 308 new customer relationships, of which 55 belong to the Large Corporate market and the remainder to the Single Network. This strategy is aimed at ensuring stable organic growth of the business in line with the group's development objectives, sustainable over time, also thanks to a correct monitoring of the risk level.

Equally fundamental is the disbursement of an appreciable level of service for all customers clusters, whose level of satisfaction is constantly monitored through surveys at NPS (Net Promoter Score) level. The regular and persistent monitoring of relations and the mutual level of satisfaction is confirmed by the results of the 2025 survey which, although down compared to the previous year, stood at a satisfactory 62.

The macroeconomic scenario in the Eurozone and Italy shows modest growth (+1.3% EU, +0.7% Italy); IFITALIA's volume growth in 2026, being higher than the aforementioned macroeconomic growth, will therefore still be largely linked to an improvement in its market share.

Market interest rates are expected to be stable, and in view of the high competitive pressure, the main challenge will be to maintain spreads and/or achieving growth in the medium term, also linked to the increase in market share in customer segments that are currently less used.

In 2025, the contribution of the product dedicated to the purchase of Super/Ecobonus tax credits as defined by the Relaunch Decree and subsequent measures, was down further compared to previous years, and in 2026 this trend will continue.

The strong international vocation of our company is also confirmed thanks to the close collaboration and synergy with the factoring network of the Group to which we belong, BNP Paribas, which places us as one of the reference companies for multinational companies.

In terms of high value-added solutions, for groups of high standing and over medium-term time horizons, the significant number of securitisations managed is combined with the international factor.

For what concerns operating costs, the company will continue to manage them carefully in order to obtain their stabilisation/containment, to guarantee the continuity of investments associated with developing new relationships, new projects (particularly the "one factoring" Group project), organisational developments and changes in the reference regulations.

Commercial and credit development policies will continue to be geared towards selectivity of credit and operational risks; the company has also strengthened monitoring of insurance coverage on the risk of the debtor portfolio, both with a view to risk mitigation and to benefit in terms of invested capital, thanks to the introduction of capital relief policies also in the domestic segment, which will bring important benefits in competitive terms.

to the Statutory reserve	EUR 33,274,971
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Statutory reserve

Opening balance	EUR 842,990,077
Allocation to shareholders for unconverted shares	EUR (905,903)
from Profit for 2025	EUR 33,274,971
Closing balance	EUR 875,359,145

Milan, 23 March 2026

On behalf of the Board of Directors

IFITALIA FINANCIAL STATEMENT

Ifitalia Financial Statements as at 31 December 2025

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MANDATORY FINANCIAL STATEMENTS

Balance Sheet

		(euro)	
	ASSETS	31/12/2025	31/12/2024
10	Cash and cash equivalents	763,182	1,173,972
20	Financial assets at fair value through profit or loss:	385,702	428,726
	a) <i>financial assets held for trading</i>	-	-
	b) <i>financial assets designated at fair value</i>	-	-
	c) <i>other financial assets mandatorily measured at fair value</i>	385,702	428,726
30.	Financial assets at fair value through other comprehensive income	-	-
40.	Financial assets measured at amortised cost:	7,961,013,934	7,463,318,840
	a) <i>loans to banks</i>	25,759,271	23,092,164
	b) <i>loans to financial company</i>	243,911,442	263,966,915
	c) <i>loans to customers</i>	7,691,343,221	7,176,259,761
50.	Hedging derivatives	-	-
		-	-
60.	Change in fair value of portfolio hedged items (+/-)	-	-
		-	-
70.	Equity investments	-	-
80.	Property, plant and equipment	8,304,569	8,876,859
90.	Intangible assets	6,275,040	7,119,376
	of which: <i>goodwill</i>	-	-
100.	Tax assets	46,709,827	36,517,429
	a) <i>current</i>	29,674,204	18,284,947
	b) <i>deferred</i>	17,035,623	18,232,482
110.	Non-current assets and disposal groups held for sale	-	-
120.	Other assets	46,352,961	60,268,280
	Total assets	8,069,805,215	7,577,703,482

(euro)

	LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2025	31/12/2024
10	Financial liabilities measured at amortised cost	6,796,185,325	6,325,701,700
	a) Deposits	6,796,185,325	6,325,701,700
	b) Debt securities issued	-	-
20	Financial liabilities held for trading		
	Financial liabilities held for trading (former item 30 IAS 39)		
30	Financial liabilities designated at fair value	-	-
	Financial liabilities measured at fair value (former item 40 IAS 39)		
40	Hedging derivatives	-	-
50	Change in fair value of portfolio hedged items (+/-)	-	-
60	Tax liabilities	15,313,166	21,775,342
	a) current	14,897,471	21,355,403
	b) deferred	415,695	419,939
70	Liabilities associated with discontinued operations	-	-
80	Other liabilities	242,136,110	241,298,076
90	Post-employment benefits	1,587,939	2,254,739
100	Provisions for risks and charges:	12,463,545	16,972,353
	a) commitments and guarantees issued	343,037	292,497
	b) post-retirement benefit and similar obligations	-	-
	c) other provisions for risks and charges	12,120,508	16,679,856
110	Equity	55,900,000	55,900,000
120	Treasury shares (-)	-	-
130	Equity instruments	-	-
140	Share premium	61,798,643	61,798,643
150	Reserves	852,105,802	794,807,411
160	Valuation reserves	(960,286)	(1,009,075)
170	Profit (loss) for the year	33,274,971	58,204,293
	Total Liabilities and Shareholders' equity	8,069,805,215	7,577,703,482

Income Statement

(euro)

	P&L	Year 2025	Year 2024
10	Interest and similar income	200.799.268	272.128.994
	<i>of which: interest income calculated using the effective interest rate method</i>	190.077.259	257.860.742
20	Interest and similar expense	(119.920.209)	(170.308.309)
30	Net interest income	80.879.059	101.820.685
40	Fee and commission income	56.527.235	65.280.556
50	Fee and commission expense	(14.841.703)	(14.863.595)
60	Net fee and commission income	41.685.532	50.416.961
70	Dividends and similar income		
80	Net result from trading	(299.769)	(104.109)
90	Net result from hedging	-	-
100	Profit (loss) from disposal or repurchase of:	-	-
	<i>a) financial assets measured at amortised cost</i>	-	-
	<i>b) financial assets at fair value through other comprehensive income</i>	-	-
	<i>c) financial liabilities</i>	-	-
110	Net result of other financial assets/liabilities at fair value through profit or loss:	-	-
	<i>a) financial assets and liabilities designated at fair value</i>	-	-
	<i>b) other financial assets mandatorily measured at fair value</i>	-	-
120	Net banking income	122.264.822	152.133.537
130	Net value adjustments/write-backs for credit risk relating to:	(23.946.971)	(11.441.277)
	<i>a) financial assets measured at amortised cost</i>	(23.946.971)	(11.441.277)
	<i>b) financial assets at fair value through other comprehensive income</i>	-	-
140	Gains/losses on contract modifications without eliminations	-	-
150	Net result of financial management	98.317.851	140.692.260
160	Administrative expenses:	(51.381.639)	(50.996.015)
	<i>a) personnel expenses</i>	(24.153.853)	(23.831.405)
	<i>b) other administrative expenses</i>	(27.227.786)	(27.164.610)
170	Net provisions for risks and charges	1.511.861	(114.651)
	<i>a) commitments and guarantees issued</i>	(50.923)	118.588
	<i>b) other net provisions</i>	1.562.784	(233.239)
180	Net value adjustments/write-backs on property, plant and equipment	(748.263)	(730.396)
190	Net value adjustments/write-backs on intangible assets	(2.769.787)	(3.317.443)
200	Other operating expenses/income	4.262.703	1.956.800
210	Operating expenses	(49.125.125)	(53.201.705)
220	Profit (Loss) from equity investments	-	-
230	Net result of valuation at fair value of property, plant and equipment and intangible assets	-	-
240	Value adjustments to goodwill	-	-
250	Gains (Losses) on sale of investments		
260	Operating profit (loss) before taxes	49.192.726	87.490.555
270	Income taxes for the year	(15.917.755)	(29.286.262)
280	Operating profit (loss) net of taxes	33.274.971	58.204.293
290	Profit (Loss) of discontinued operations, net of taxes	-	-
300	Profit (loss) for the year	33.274.971	58.204.293

Statement of Comprehensive Income

(euro)			
	Items	Year 2025	Year 2024
10	Profit (loss) for the year	33,274,971	58,204,293
	Other income components net of taxes without reversal to income statement connected with:		
20	Equity instruments measured at fair value through other comprehensive income		
30	Financial liabilities designated at fair value through profit or loss (change in the creditworthiness)		
40	Hedging of equity instruments measured at fair value through other comprehensive income		
50	Property, plant and equipment		
60	Intangible assets		
70	Defined benefit plans	48,789	(39,204)
80	Non-current assets held for sale		
90	Share of reserves from valuation of investments carried at equity		
	Other income components net of taxes with reversal to income statement connected with:		
100	Hedging of foreign investments		
110	Exchange rate differences		
120	Cash flow hedges		
130	Hedging instruments [not-designated elements]		
140	Financial assets (other than equity instruments) at fair value through other comprehensive income		
150	Non-current assets and disposal groups held for sale		
160	Share of reserves from valuation of investments carried at equity		
170	Total other income components net of taxes	48,789	(39,204)
180	Comprehensive income (Item 10+170)	33,323,760	58,165,089

Statement of Changes in Equity

Statement of Changes in Equity as at 31 December 2025

(euro)													
	Balances as at 31.12.2024	Change in opening balances	Balances as at 01.01.2025	Allocation of profit from previous year		Changes in reserves	Changes during the year					Comprehensive income as at 2023	Shareholders' Equity 31.12.2025
				Reserves	Dividends and other uses		Equity transactions				Other changes		
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments			
Share capital:	55,900,000		55,900,000										55,900,000
a) ordinary shares	55,900,000		55,900,000										55,900,000
b) other shares													
Share premium	61,798,643		61,798,643										61,798,643
Reserves:	794,807,411		794,807,411	58,204,293		(905,903)							852,105,802
a) profit-related	795,965,784		795,965,784	58,204,293		(905,903)							853,264,175
b) other	(1,158,373)		(1,158,373)										(1,158,373)
Valuation reserves	(1,009,075)		(1,009,075)									48,789	(960,286)
Equity instruments													
Treasury shares													
Profit (loss) for the year	58,204,293		58,204,293	(58,204,293)								33,274,971	33,274,971
Shareholders' Equity	969,701,272		969,701,272									33,323,760	1,002,119,130

Statement of Changes in Equity as at 31 December 2024

(euro)													
	Balances as at 31.12.2023	Change in opening balances	Balances as at 01.01.2024	Allocation of profit from previous year		Changes in reserves	Changes during the year					Comprehensive income as at 2024	Shareholders' Equity 31.12.2024
				Reserves	Dividends and other uses		Equity transactions				Other changes		
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments			
Share capital:	55,900,000		55,900,000										55,900,000
a) ordinary shares	55,900,000		55,900,000										55,900,000
b) other shares													
Share premium	61,798,643		61,798,643										61,798,643
Reserves:	736,345,459		736,345,459	58,461,952									794,807,411
a) profit-related	737,503,832		737,503,832	58,461,952									795,965,784
b) other	(1,158,373)		(1,158,373)										(1,158,373)
Valuation reserves	(969,871)		(969,871)									(39,204)	(1,009,075)
Equity instruments													
Treasury shares													
Profit (loss) for the year	58,461,952		58,461,952	(58,461,952)								58,204,293	58,204,293
Shareholders' Equity	911,536,183		911,536,183									58,165,089	969,701,272

Statement of Cash Flows (prepared using the indirect method)

(euro)

A. OPERATIONAL ACTIVITY		31/12/2025	31/12/2024
1. Management		50,386,549	89,486,372
- profit (loss) for the year (+/-)		33,274,971	58,204,293
- gains/losses on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss (+/-)		-	-
- gains/losses on hedging (+/-)		-	-
- net value adjustments/write-backs for credit risk (+/-)		15,272,964	5,617,945
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)		3,518,050	4,047,839
- net allowances to provisions for risks and charges and other costs/revenues (+/-)		(1,458,261)	201,551
- taxes not settled (+/-)		(221,175)	21,414,744
- net value adjustments/write-backs on discontinued operations, net of taxes (+/-)		0	0
- other adjustments (+/-)		-	-
2.	Cash flow generated/absorbed by financial assets	(509,202,113)	(274,888,679)
- financial assets held for trading		-	-
- financial assets designated at fair value		-	-
- other financial assets mandatorily measured at fair value		43,024	(39,027)
- financial assets at fair value through other comprehensive income		-	-
- financial assets measured at amortised cost		(512,968,058)	(251,355,878)
- other assets		3,722,921	(23,493,774)
3.	Cash flow generated/absorbed by financial liabilities	460,506,198	188,985,906
- financial liabilities measured at amortised cost		470,483,625	128,587,509
- financial liabilities held for trading		-	-
- financial liabilities designated at fair value		-	-
- other liabilities		(9,977,427)	60,398,397
	Cash flow generated/absorbed by operating activities	1,690,634	3,583,600
B. INVESTING ACTIVITIES			
1. Cash flow generated by:		8	-
- sale of equity investments		-	-
- dividends collected on equity investments		-	-
- sale of property, plant and equipment		2	-
- sale of intangible assets		-	-
- sale of subsidiaries and businesses		-	-
2. Cash flow absorbed by:		(2,101,432)	(2,754,325)
- purchase of equity investments		-	-
- purchase of property, plant and equipment		(175,972)	(202,845)
- purchase of intangible assets		(1,925,460)	(2,551,480)
- purchase of subsidiaries and businesses		-	-
	Net cash flow generated/absorbed by investing activities	(2,101,424)	(2,754,325)
C. FUNDING ACTIVITIES			
- issue/purchase of treasury shares		-	-
- issue/purchase of equity instruments		-	-
- distribution of dividends and other uses		-	-
	Net cash flow generated/absorbed by funding activities	-	-
NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR		(410,790)	829,275

The approach used generated liquidity equal to item 10. Cash and cash equivalents.

Reconciliation
(euro)

Financial statement items	31/12/2025	31/12/2024
Cash and cash equivalents at the beginning of the year	1,173,972	1,173,972
Total net cash flow generated/absorbed during the year	(410,790)	-
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	763,182	1,173,972

NOTES TO THE ACCOUNTS

INTRODUCTION

The Notes to the accounts are divided into the following parts:

- 1) Part A – Accounting Policies;
- 2) Part B – Information on the Balance Sheet;
- 3) Part C – Information on the Income Statement;
- 4) Part D – Other Information.

Each part of the notes is divided into sections, each of which illustrates an individual aspect of the business operations. The sections contain both qualitative and quantitative information.

As a rule, the quantitative information comprises items and tables.

PART A – ACCOUNTING POLICIES

A. 1 – GENERAL SECTION

Introduction - Exemption from the preparation of the Consolidated Financial Statements

The Company has exercised the option, granted by the regulations in force on financial statements (Italian Legislative Decree 136/2015, Art. 40), of exemption from the preparation of Consolidated Financial Statements as the following conditions are met:

- the intermediary has not issued securities listed on regulated markets;
- the intermediary is controlled by a bank subject to the laws of another EU member state;
- the foreign parent bank has at least 90% of the voting rights that can be exercised at shareholders' meetings;
- the intermediary and all of its subsidiaries are included in the consolidated financial statements of the foreign parent bank;
- the consolidated financial statements and the report on operations of the foreign parent bank were prepared in accordance with international accounting standards and are subject to audit;
- the consolidated financial statements, the report on operations and the audit report of the foreign parent bank are published in Italian or in the language commonly used in international finance.

In addition, the International Accounting Standards - used for keeping BNL's accounting records- under IFRS 10 paragraph 4 (a), provide for an exemption from presenting consolidated financial statements, provided that the entity satisfies the following conditions:

- “i) it is a wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
- ii) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- iii) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- iv) its ultimate or any intermediate parent produces financial statements that are available for public use and comply with IFRSs, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with this IFRS”.

Section 1 – Declaration of compliance with international accounting standards

Ifitalia S.p.A.'s financial statements as at 31 December 2025 comply with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB, adopted by the European Commission, as well as the measures issued in implementation of Article 9 of Italian Legislative Decree 38/2005 and the Bank of Italy Provision of 17 November 2022 entitled "Financial statements of IFRS intermediaries other than banking intermediaries".

In order to guide the application and interpretation of the international accounting standards more clearly, reference was also made to the following sources:

- ✓ Framework for the Preparation and Presentation of Financial Statements issued by the IASB;
- ✓ Implementation Guidance, Basis for Conclusions and other interpretative documents for IAS/IFRS adopted by IASB or IFRSIC (International Financial Reporting Standards Interpretations Committee);
- ✓ ESMA (European Securities and Markets Authority) and CONSOB documents that refer to the application of specific provisions in the IFRS;
- ✓ documents drawn up by the Italian Chartered Accountants Association (Assirevi);
- ✓ documents drawn up by the Italian Standard Setter (OIC) and the Italian Banking Association (ABI).

Section 2 – General basis of presentation

The statutory financial statements, accompanied by the related Report on Operations, comprise:

- ✓ Balance Sheet and Income Statement;
- ✓ Statement of Comprehensive Income;
- ✓ Statement of Changes in Equity;
- ✓ Statement of Cash Flows;
- ✓ Notes to the Accounts.

The financial statements were prepared with a view to the business as a going concern, taking into account the current and projected profitability and the ease of access to financial resources. The Directors considered the going concern assumption appropriate because, in their judgement, no uncertainties linked to events or circumstances have emerged that, considered individually or as a whole, may lead to doubts about the viability of the business.

The accounting policies comply with the principles of accruals, relevance and significance of the accounting information and predominance of economic substance over legal form.

The financial statement accounts are consistent with the company's accounting records; furthermore, in compliance with the provisions of Article 5, paragraph 2 of Italian Legislative Decree no. 38 dated 28 February 2005, the financial statements have been drawn up using the Euro as the reporting currency. Specifically, in line with the instructions issued by the Bank of Italy, the statements have been drawn up in units of Euro without decimal figures, the notes to the accounts are drawn up in thousands of Euro, and the Report on Operations is drawn up in millions of Euro.

In preparing the financial statements and related disclosure, reference was also made, where applicable, to documents published in recent months by European regulatory and supervisory bodies and standard setters aimed at clarifying the application of IAS/IFRS in the current context (with particular reference to IFRS 9).

Section 3 – Events after the reporting period

When drawing up the financial statements as at 31 December 2025, Ifitalia considered all the events after the reporting period up until the date of approval of the financial statements by the Board of Directors that could have a significant impact on the balance sheet and income statement results represented (IAS 10 § 8).

The war in the Middle East

The war in the Middle East and the de facto blockade of the Strait of Hormuz have delayed the supply chains for companies that trade with Gulf states. The greatest risk is a serious energy shock, caused by the marked hike in oil and gas prices, which can cause inflation to increase over time and GDP to contract.

In addition, this stagflation scenario has penalised prices on the financial markets. To determine the effects on the Italian banking system and in particular on Ifitalia, the timing of the resolution of the crisis is a key factor: a prolonged war and the consequent drastic restrictions on supplies could lead to a potential deterioration of credit risk. Conversely, a rapid resolution of the conflict could normalise the flow of supplies, with non-material impacts.

Section 4 – Other aspects

The Ifitalia financial statements have been audited by the auditing firm EY S.p.A., which was granted the appointment for the period 2024-2032 by the Shareholders' Meeting held on 24 April 2024 in accordance with Italian Legislative Decree no. 39 of 27 January 2010.

National tax consolidation

Ifitalia S.p.A. has adhered to the group taxation regime for resident subsidiaries (so-called national tax consolidation) exercising, together with the consolidating company BNP Paribas S.A. Milan Branch, the option pursuant to Article 117 of Italian Presidential Decree no. 917 of 22 December 1986 (Consolidated Income Tax Act).

Global Minimum Tax

Italian Legislative Decree no. 209 of 27 December 2023 introduced the “Global Minimum Tax” or “GMT” into the Italian legal system, transposing the provisions of Council Directive (EU) 2022/2523 of 15 December 2022 (“Directive”) in order to guarantee a minimum tax on large multinational enterprises (“MNE”), taking into account the framework (known as “Pillar Two”) defined on 8 October 2021 by approximately 140 countries participating in the OECD Inclusive Framework on BEPS. In summary, the GMT stipulates that, if an Effective Tax Rate (“ETR”) of less than 15% is determined in a country in which the MNE operates, a top-up tax must be paid until this minimum tax threshold is reached. Given the significant number of countries that have joined this regime, the GMT has become a reference model for identifying the so-called “Low-Tax Jurisdictions”, given that the following countries are excluded from the relative scope of application: (i) those with an ETR of more than 15%; (ii) those which have a substantive business presence evidenced by certain indicators; and (iii) those that achieve economic results so marginal as to preclude any potential tax risk from the outset.

As a result of the aforementioned Legislative Decree no. 209/2023, issued in implementation of Law no. 111 of 9 August 2023 (so-called “Tax delegation law”), Italy has undertaken to ensure that companies belonging to groups that fall within the scope of the regulations in question are subject to taxation on income with an effective tax rate of at least 15%. To this end, three new taxes were introduced:

1. a qualified domestic minimum top-up tax (“*imposta minima nazionale*”), due by low-taxed group constituent entities or joint ventures located in Italy;
2. an income inclusion rule (“*imposta minima integrativa*”), due by parent entities or joint ventures located in Italy with respect to low-taxed group constituent entities;
3. an undertaxed profits rule (“*imposta minima suppletiva*”), due by one or more group entities or joint ventures located in Italy with respect to low-taxed group constituent entities, in cases where an equivalent income inclusion rule or an equivalent qualified domestic minimum top-up tax is not applied, in whole or in part, in other countries.

The qualified domestic minimum top-up tax and the income inclusion rule entered into force on 1 January 2024, whereas the undertaxed profits rule entered into force on 1 January 2025, with the exception of certain specific and residual cases of further deferral.

In consideration of the complexity of the regulations and the significant effort required of the affected entities to collect and process the data necessary for the calculation of any minimum tax due, the OECD has introduced the possibility of applying simplified transitional regimes (“Transitional Safe Harbours” or “TSH”) which, when certain conditions are met that suggest the existence of an adequate level of taxation in a given country, reduce group compliance costs. This provision was restated in the aforementioned Legislative Decree no. 209/2023 (see Art. 39), also introducing these regimes in our legal system in cases where the aforementioned top-up tax is not due in the jurisdiction in which the group operates. In this context, the Ministerial Decree of 20 May 2024 (“Decree”) governs the simplified transitional regimes applicable for a limited period of

time which, for entities with a tax period coinciding with the calendar year, is represented by the 2024, 2025 and 2026 financial years. According to the TSH, in a given year and with reference to a given country, without the need to calculate (i) the effective tax rate and (ii) the amount of any potential top-up tax under the ordinary rules, no top-up tax is due by the group if one of the following tests is passed:

1. de minimis test;
2. Simplified ETR test;
3. Routine Profit test.

The simplified approach of the regime in question derives (in a nutshell) from the fact that:

- a) the accounting documentation from which the data necessary to verify the existence of the above requirements must be acquired is the Country-by-Country Report ("CbCR"), i.e. the obligation to report annually to the Tax Authorities a range of data concerning the multinational Group, broken down by the country in which it operates;
- b) with reference to the Simplified ETR test, the simplified effective tax rate is determined by the ratio between: the simplified covered taxes (numerator) and the pre-tax profit (denominator).

Verification of the passing of one of the above tests was carried out centrally by the Parent Company BNP Paribas S.A. This verification showed, with reference to the 2025 tax period and to the "target entities" included in the scope of consolidation, the applicability of the Transitional Safe Harbour ETR test. The simulation, carried out on the 2025 data and based on the best interpretation of the documents published by the OECD, did not show any material charges for the Company, due to the fact that the Transitional Safe Harbour ETR was found to be well above the threshold set for the same 2025, equal to 16%.

Foreign currency transactions

Assets and liabilities denominated in foreign currency (these being understood to be currencies other than the Euro, also including the transactions that envisage index-linking clauses to these currencies) are converted on the basis of the exchange rate as at year end.

Payment agreements based on own equity instruments

The Company has not put in place payment agreements based on own equity instruments.

Use of estimates in financial statements

The preparation of the financial statements required the use of estimates and assumptions that can have significant effects on the amounts in the balance sheet and income statement, and on the disclosure of contingent assets and liabilities in the financial statements.

The application of certain accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The calculation of these estimates involves the use of the information available and the adoption of subjective evaluations, based also on historical experience, used to formulate reasonable assumptions in order to record management events.

The assumptions on which the estimates are based take into account all the information available at the date of preparation of the periodic report as at 31 December 2025, as well as assumptions that are considered reasonable in the light of historical experience and the likely development of future reference scenarios. However, it cannot be excluded that these estimates and assumptions, although reasonable, may not prove to be correct in the future scenarios in which the Company will operate. Therefore, future results may differ from the estimates made in the preparation of the financial statements as at 31 December 2025, and adjustments to the book value of assets and liabilities recognised in the balance sheet that cannot currently be foreseen or estimated may be required.

Moreover, the estimates and assumptions used may, by their nature, vary from year to year and, therefore, it cannot be

excluded that in subsequent years the current values recognised in the financial statements may differ, even significantly, as a result of changes in the subjective evaluations used.

The estimation processes considered to be the most critical for the purposes of true and fair representation of the Company's financial position, results of operations and cash flows are listed below, both because of the materiality of the book values affected by the above-mentioned processes, and because of the high degree of discretion involved in the evaluations, which requires Management to make estimates and assumptions:

- determining the losses due to impairment of receivables and, generally, of financial assets;
- determining the Level 3 fair value of financial assets and liabilities;
- estimating the recoverability of deferred tax assets;
- estimating the provisions for risks and charges;
- estimating employee benefit obligations;
- estimates used in defining right of use and lease liability for the purposes of applying IFRS 16.

Estimates and assumptions are reviewed on a regular basis. Any resulting changes are recognised in the period in which the revision is made if it affects only that period. If the revision affects both current and future periods, the change is recognised in the period in which the revision is made and in the relevant future periods.

The description of the accounting policies applied to the main aggregates of the financial statements provides the information required to identify the main assumptions and subjective evaluations used in the preparation of the financial statements. For more detailed information on the composition and relative book values of the items affected by the estimates in question, reference is made to the specific sections of the notes to the accounts.

Impairment tests

As regards the tests required by IAS 36, account was taken of the impairment indicators identified on the basis of assessments carried out in relation to the book values and the specific nature of the assets recorded in the financial statements.

Impacts of climate changes

Climate change is an urgent and potentially irreversible threat to humanity and the planet, playing a central role in global economic development.

The BNP Paribas Group is aware of the risks and business opportunities related to the fight against climate change. For example, financing and investing in unsustainable companies that can quickly become obsolete and, therefore, insolvent represents a great risk. At the same time, the fight against climate change becomes an opportunity for product and service innovation and a concrete response to real needs. In BNL and in the BNP Paribas Group, the risks linked to climate change are identified and assessed at Bank level (RISK ID exercise). The framework for monitoring these risks also provides for their assessment both at individual customer level (ESG assessment at counterparty level) and at portfolio level. To mitigate risks, Ifitalia has therefore developed a comprehensive environmental strategy that encompasses the direct and indirect impacts of its business activities.

Important opinions formulated for the application of IFRS 15

Performance obligations (explicit or implicit promises to transfer distinct goods or services to the customer) are identified at the time of inception of the contract based on the contractual terms and usual business practices.

For determining the consideration that the Company expects to receive for the supply of goods or services to the counterparty ("transaction price"), the following are considered:

- the effect of any reductions and discounts;
- the time value of money if significant terms of deferment are agreed;
- the variable price components.

The transaction price of each contract is allocated to each performance obligation on the basis of the relative stand-alone selling prices of the performance obligations.

Therefore, revenues are recorded in the income statement when the performance obligations are met through the transfer of the goods or services to the counterparty, which obtains control. In particular, revenue was recognised over time when the services are provided by the Company throughout the term of the contract and at a point in time when the performance obligation is met at a given time.

The following costs incurred to obtain the contracts and to provide the expected services are capitalised and amortised over the life of the reference contract if recovery is expected:

- incremental costs that the Company would not have incurred if the contract had not been signed;
- costs that refer to a specific contract that generate resources that will be used to meet the performance obligation.

The residual amount of these costs recognised in the financial statements is periodically tested for impairment.

Legislative changes

The following are the additional IFRS Accounting Standards and related SIC/IFRIC interpretations, whose mandatory application begins on 1 January 2025, which did not have a significant impact on the Company:

➤ **Regulation no. 2862/2024 of 12 November 2024: Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability**

Regulation no. 2862/2024 of 12 November 2024 “Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability” shall apply from 1 January 2025. The Regulation introduces some amendments to IAS 21 to specify when a currency is exchangeable into another currency and, when it is not, how a company determines the exchange rate to apply, and the disclosures a company is to provide. Specifically, the changes concern:

- the introduction of the definition of “exchangeability” and an application guide to help entities determine whether one currency can be converted into another (for example by providing clarifications on how to assess the timeframe required to obtain the currency);
- the estimate of the spot exchange rate when a currency is not exchangeable, through the use of observable exchange rates or through the use of estimation techniques. In this regard, the IASB has decided not to provide detailed requirements on how to estimate the spot exchange rates – given that this estimate may depend on the specific circumstances of the entity and the reference economic/legal context – although some examples are provided to help the operators in their assessments;
- the disclosure to be provided in this case, so that users of the financial statements understand how the conversion difficulty affects, or is expected to affect, the performance and financial position of the entity and its cash flows. It is also required to provide information on the estimation process used and on the risks to which the entity is exposed due to the fact that one currency cannot be exchanged into another.

The amendments do not provide indications on how to estimate exchange rates when the currency is not exchangeable; instead, it is necessary to provide a timely disclosure that allows readers to understand the methodologies adopted and the impacts in the financial statements. The amendments are applicable from annual periods beginning on or after 1 January 2025 and there are no significant impacts for the Bank.

As at 31 December 2025, the IASB issued the following accounting standards, amendments or interpretations to existing accounting standards, approved by the competent bodies of the European Union:

➤ **Regulation (EU) no. 1047/2025 of 27 May 2025 – Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7**

With reference to the aspects of greatest interest to the Company, the amendments introduced provide clarifications on the classification of financial assets with ESG features (or similar features) and impose disclosure obligations aimed at increasing transparency in relation to financial instruments with variability in cash flows upon the occurrence of contingent events. These changes:

- clarify that a financial liability is derecognised at the settlement date, i.e. when the related obligation is extinguished, cancelled or expires or when the liability otherwise qualifies for derecognition. The amendments also introduce an accounting policy choice that makes it possible to derecognise financial liabilities settled through an electronic payment system before the settlement date, if certain conditions are met;
- clarify the methods for assessing the characteristics of the contractual cash flows of financial assets that include components linked to ESG (environmental, social and governance) factors and other similar contingent features;
- specify the accounting treatment of non-recourse assets and contractually linked instruments;
- require additional disclosures pursuant to IFRS 7 for financial assets and liabilities with contractual terms that refer to a contingent event (including those with ESG clauses) and for equity instruments classified at fair value through other comprehensive income (FVOCI).

No impacts are expected at the time of first-time application of the Regulation.

➤ **Regulation (EU) 2025/1266 of 30 June 2025 – Contracts Referencing Nature-Dependent Electricity – Amendments to IFRS 9 and IFRS 7**

The amendments in question apply exclusively to contracts that refer to electricity dependent on natural conditions. These are contracts that expose an entity to variability in the underlying amount of electricity because the generation source depends on uncontrollable natural conditions, typically associated with renewable sources such as sun and wind. In particular, the amendments:

- update the requirements for the application of 'own-use' to contracts falling within the scope of application. Based on the amendments, the sale of unused nature-dependent electricity will be considered consistent with the expected purchase or use needs of the entity, if specific criteria are met;
- modify the designation requirements for the hedged item in a cash flow hedging relationship for contracts included in the scope;
- the amendments will allow an entity to designate a variable nominal volume of expected purchases or sales of electricity as a hedged item, if certain criteria are met;
- introduce new disclosure requirements to enable investors to understand the effects of such contracts on the financial performance and cash flows of the company;
- IFRS 7 was amended to require specific information regarding contracts that were excluded from the scope of application of IFRS 9 as a result of the amendments.

Given the Company's operations, the amendments are not of particular interest.

➤ ***Regulation (EU) 2025/1331 of 9 July 2025 – Annual Improvements to IFRS Accounting Standards – Volume 11***

Regulation (EU) 2025/1331, published in the Official Journal of the European Union on 10 July 2025, adopts the amendments published by the IASB on 18 July 2024 as part of the Annual Improvements to IFRS Accounting Standards – Volume 11, in the framework of its regular improvement process. The annual improvements make non-urgent and limited changes, for example by eliminating inconsistencies found in the IFRS accounting standards or by inserting clarification of wording.

The Company is not significantly impacted by the evolution of the aforementioned legislation.

As at 31 December 2025, the IASB issued the following accounting standards, amendments or interpretations to existing accounting standards, not yet approved by the competent bodies of the European Union:

➤ **IFRS 18 Presentation and Disclosure in Financial Statements**

On 9 April 2024, the IASB published the new accounting standard IFRS 18 Presentation and Disclosure in Financial Statements, which will mandatorily enter into force from 1 January 2027, with the possibility of early application, subject to the conclusion of the European endorsement process. The submission of comparative information from the previous year is required.

The main requirements introduced by IFRS 18 are:

1. **Introduction of defined subtotals in the income statement:** a company is required to classify all its income and expenses in one of the following five categories: operating, investing and financing – subject to new definition with IFRS 18 – in addition to income taxes and discontinued operations.

In addition, IFRS 18 requires the presentation of the following subtotals and totals:

- operating profit or loss;
- profit or loss before financing and income taxes;
- profit or loss.

2. **Main Business Activities:** for the purposes of classifying income and expenses in the categories envisaged by IFRS 18, referred to in the previous point, an entity must assess whether it carries out as its main activity: i) investing as a main business activity, or ii) providing financing to customers.

If any of these conditions are met, specific classification requirements apply.

3. **Management-defined performance measures (MPM):** IFRS 18 introduces the concept of management-defined performance measures (MPM), defined as a subtotal of income and expenses that:

- an entity uses in public communications outside financial statements;
- with the aim of expressing the management's vision on an aspect of the financial performance of the company as a whole.

4. **Grouping of information:** IFRS 18 provides some indications on the grouping of information both in the official financial statements and in the notes, which are considered complementary.

➤ ***IFRS 19 Subsidiaries without Public Accountability: Disclosures***

In May 2024, the IASB published IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to choose to apply reduced disclosure requirements, while continuing to apply the recognition, measurement and presentation criteria envisaged by the other IFRS accounting standards.

Unless otherwise indicated, eligible entities that opt for the application of IFRS 19 will not be required to apply the disclosure requirements envisaged by the other IFRS standards.

IFRS 19 is not applicable to the Company.

➤ *Amendments to IFRS 19 – Subsidiaries without Public Accountability: Disclosures*

On 21 August 2025, the IASB published amendments to IFRS 19, removing the disclosure objectives from the reduced disclosure requirements of IFRS 19 relating to the new IFRS accounting standards and the amendments issued between February 2021 and May 2024, in order to avoid the impression that an entity is required to provide the same disclosures required from entities that do not apply IFRS 19.

These additions, as well as IFRS 19, are not in any case applicable to the Company.

➤ *Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21*

On 13 November 2025, the IASB published *Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21*. The amendments introduced require that the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency be carried out using the closing rate.

If the functional currency of an entity is the currency of a non-hyperinflationary economy, but its presentation currency is that of a hyperinflationary economy, the results and financial position must be translated into the presentation currency by converting all the amounts (assets, liabilities, equity items, income and expenses) and all comparative data at the closing rate of the date of the most recent statement of financial position.

An entity whose functional currency and presentation currency are both the currency of a hyperinflationary economy must restate the comparative data of a foreign transaction whose functional currency belongs to a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the comparative figures of the foreign operation.

The amendments in question are not relevant for the preparation of the Company's financial statements, drawn up in Euro.

In June, Practice Statement 1 "Management Commentary" was published. In particular, the IASB has decided to provide guidelines that help management to identify material information in the context of the management commentary. As a result, a definition of "material information" has been included in the context of the management commentary, together with guidance on how to make materiality judgements. The IASB has also clarified that the objective of the management commentary is focused on a clearly defined set of primary users of general purpose financial reports. The notion of an explicit link between the objective of management commentary and assessments made by users is introduced.

In order to assist the management in making materiality judgements about information to be provided in the management commentary, the IASB decided to require said management commentary to focus on the following six areas of content:

- the entity's business model: how the entity creates value and generates cash flows;
- the Management's strategy to support and develop that business model, including the opportunities that the management has chosen to pursue;
- the resources and relationships on which the business model and strategy depend, including resources not recognised as assets in the entity's financial statements;
- the risks that could compromise the business model, strategy, resources or relationships
- the factors and trends in the external environment that have affected or could affect the business model, strategy, resources, relationships or risks;

- the entity's financial performance and financial position, including how they have been affected or could be affected in the future by the matters discussed for the other areas of content.

The six areas of content are interrelated and the revised Practice Statement specifies disclosure objectives for each area.

The Company is not significantly impacted by the evolution of the regulations.

A.2 – SECTION REGARDING THE MAIN FINANCIAL STATEMENT AGGREGATES

The standards used for the preparation of the Financial Statements as at 31 December 2025 are shown below.

A) STANDARDS USED FOR THE PREPARATION OF THE 2025 FINANCIAL STATEMENTS

1. Financial assets at fair value through profit or loss

This item includes all financial assets not classified in the portfolio of financial assets at fair value through other comprehensive income and in the portfolio of financial assets measured at amortised cost.

More specifically, this item includes:

- a) financial assets held for trading (debt securities, equities, loans);
- b) assets mandatorily measured at fair value (debt securities and loans) with the valuation results recognised in the income statement on the basis of the option granted to companies (fair value option) by IFRS 9;
- c) other financial assets mandatorily measured at fair value (debt securities, equities, UCI units and loans), i.e. financial assets, other than those designated at fair value through profit or loss, which do not meet the requirements for classification at amortised cost, at fair value through other comprehensive income or that are not held for trading.

The initial recognition takes place on the trading date for all financial assets. The initial recognition value is the fair value. Subsequent to initial recognition, the portfolio is measured at fair value, with the exception of equity instruments not listed on an active market and whose fair value is determined based on the best available information.

If the fair value of a financial asset becomes negative, this asset is recorded as a financial trading liability.

Financial assets at fair value through profit or loss conventionally include the balance arising from the offsetting of derivative contracts allocated to the trading portfolio and hedging derivatives in accordance with IAS 32, paragraph 42, if the absolute value of the fair value of the derivatives allocated to the trading portfolio is greater than the absolute value of the fair value of the hedging derivatives and is positive. This offset is recognised if the Company:

- (a) currently has an exercisable right to offset the recognised amounts; and
- (b) intends to pay the net amounts or to realise the asset and settle the liability at the same time.

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or when the financial assets are assigned, transferring substantially all the risks and rewards of ownership. In the presence of renegotiations, the previous requirements are met if the changes to the contractual conditions are considered substantial. If it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised if no type of control is maintained over them. Lastly, the assets sold are derecognised if the contractual right to receive their cash flows is maintained, but at the same time a contractual obligation is assumed to pay said flows to a third party, without delay and only to the extent of those received.

Accrued interest is recorded in item 10 Interest income or 20 Interest expense, with the exception of differentials on non-hedging derivatives, which are recorded in net result from trading.

Realised gains and losses on sales or reimbursements and unrealised gains and losses deriving from fair value changes in the portfolio at issue are recorded in item "80. Net result from trading" with regard to financial assets held for trading and in item "110. Net result of other financial assets and liabilities at fair value through profit or loss" for assets designated at fair value and other financial assets mandatorily measured at fair value.

The determination of the fair value of trading assets is based on the prices struck on active markets, on prices provided by the operators or on internal appraisal models used in financial practice.

In relation to the provisions of the joint Bank of Italy/Consob/IVASS document of 8 March 2013 on the accounting treatment of "long-term structured repos", it should be noted that the Company does not carry out such transactions.

2. Financial assets at fair value through other comprehensive income

All financial assets that passed the SPPI test and may be sold for any reason, such as liquidity requirements or changes in interest rates, exchange rates or share prices, are classified as "Financial assets at fair value through other comprehensive income", as well as equities that are held for strategic reasons or that are not contestable on the market.

Initial recognition takes place, for financial assets whose delivery is regulated on the basis of agreements envisaged by the reference market (regular way contracts), as of the settlement date, while the trading date is applied for the others.

The initial recognition value for all the assets is the fair value, inclusive of the transaction costs or income directly attributable to said instrument.

The Company measures these financial instruments at fair value, with the exception of investments in equity instruments not listed on active markets for which it is not possible to measure fair value reliably.

The determination of the fair value of securities measured at fair value through other comprehensive income is based on the prices struck on active markets, on prices provided by the operators or on internal appraisal models used in financial practice.

The expected loss recognised in the income statement under item "130. Net value adjustments for credit risk relating to: b) financial assets at fair value through other comprehensive income" is calculated on the non-equity instruments that have passed the SPPI test. Any value write-backs are recorded with a matching balance in the income statement.

The value of unlisted share investments is determined by applying recognised measurement techniques, including the method based on multiple market observations of similar companies. The value of listed share investments is determined based on the market price.

For investments in equity instruments, all positive and negative changes in fair value, even if the latter are significant or prolonged below cost, are recorded with a matching balance under equity.

Financial assets are derecognised when the asset is sold, transferring the essential nature of the associated risks and rewards, or when the contractual rights on the financial flows deriving from said assets cease.

Following the derecognition of an investment in bonds, the related cumulative and unrealised change in value recognised in equity is transferred to item "100. Profit/loss from disposal or repurchase of: b) financial assets at fair value through other comprehensive income" in the income statement.

In case of derecognition of an equity instrument, the related cumulative and unrealised change in value is reclassified to an available reserve within shareholders' equity.

Profits and losses from disposals are determined using the average cost method.

3. Financial assets measured at amortised cost

This item includes debt securities and loans allocated under the "Hold to Collect" business model and therefore measured at amortised cost. Due from banks, including also due from central banks other than demand deposits included in "Cash and cash equivalents" and due from customers, including due from Post Offices and Cassa Depositi e Prestiti, as well as operating loans related to the provision of financial assets and services as defined by the consolidation act of banking and lending laws (TUB) and the Consolidated Finance Act (TUF).

Loans/receivables are recognised in the financial statements when the Company becomes a party to the contract and acquires unconditionally a right to payment of the agreed amounts and are initially recognised at their fair value, corresponding to the amount disbursed, including transaction costs and initial revenues directly attributable. Where the net amount disbursed does not refer to its fair value, due to the lower interest rate applied compared to that of the reference market or to that normally applied to loans with similar characteristics, the initial recognition is made for an amount equal to the discounting of future cash flows at an appropriate rate.

After initial recognition, financial assets classified in the loans portfolio are recognised at amortised cost, using the effective interest method or an approximation thereof if the differences are considered non-material. The effective interest method is used to calculate the amortised cost and interest income of the loan over its entire duration. The effective interest rate is the rate that discounts the flow of estimated future payments over the expected life of the loan so as to obtain the net book value

at initial recognition. Interest on loans/receivables is classified under interest and similar income deriving from amounts due from banks and loans to customers, and is recorded on an accrual basis. Default interest is recorded only at the time of its effective collection.

In particular, with regard to factoring transactions, the transferee company can recognise a financial asset in its financial statements if and only if:

- a) the financial asset is transferred along with essentially all the risks and contractual rights to the correlated cash flows (the transferor may maintain the rights to receive the cash flows of the asset but must have the obligation to pay the same to the transferee, and cannot sell or pledge the financial asset);
- b) the rewards associated with its ownership cease with regard to the transferor when transferred to the transferee.

The forms of transfer for loans/receivables subject to factoring can be broken down as follows:

- ✓ without recourse: transactions that, regardless of the contractual wording, result in the full transfer of the risks and rewards relating to the assigned receivables to the factor, in compliance with the derecognition criteria envisaged by IFRS 9;
- ✓ with recourse: transactions which, regardless of the contractual form, do not involve the full transfer of risks and rewards of ownership of the assigned receivables to the factor and consequently do not meet the conditions for derecognition under IFRS 9.

Ifitalia recorded the following in the financial statements, under item 40 of the balance sheet assets, “financial assets measured at amortised cost”, and in line with the afore-mentioned criteria:

- ✓ loans/receivables acquired without recourse. Classification envisages the recording of the loans/receivables due from the debtors for the portion of the amount paid (cash risk) and for the portion still to be paid (endorsement risk) net of impairment. In this case, the amount due to the transferor, for the portion of the amount still to be paid, is recorded under Balance Sheet liability item 10. “Payables”;
- ✓ advances paid to the transferors for loans/receivables acquired with recourse, inclusive of the interest and other amounts accrued, and net of impairment;
- ✓ advances paid to the transferors for loans/receivables acquired without recourse with contractual clauses (as defined below) that limit the essential transfer of all the risks and rewards (formal without recourse);
- ✓ advances paid to the transferors for future loan/receivable factoring transactions, inclusive of the interest and other amounts accrued;
- ✓ advances paid to the transferors exceeding the total loans/receivables inclusive of the interest and other amounts accrued;
- ✓ exposure to the factored debtors in just guarantee-related without recourse transactions when on occurrence of default the payment is made under guarantee of said loan/receivable;
- ✓ amounts due for late payments;
- ✓ exposures to the factored debtors for payment extensions granted.

In line with the above criteria, Ifitalia has recognised the following amounts under guarantees and commitments:

- ✓ the value of the receivable purchased without recourse as sole guarantee;
- ✓ guarantees issued in connection with factoring transactions;
- ✓ the value of the credit risk for loans purchased on a formal without-recourse basis;
- ✓ the exposure value for the unused amount of committed credit lines.

In order to assess whether transfer of the essential nature of the risks and rewards has taken place in acquiring the loans/receivables factored without recourse, it is necessary to identify and analyse, using qualitative and quantitative criteria, the contractual clauses capable of affecting the expected variability of the cash flows of the factored loans/receivables. For such purposes, the most common contractual clauses in Ifitalia transactions have been stated below, analysed with a view to application of the recognition/derecognition rules.

a) Maximum payable

This category of clauses is key for the purposes of the recognition/derecognition since it limits the undertaking of the credit risk by the Factor. In essence, while the “initial loss” remains the Factor’s, the losses exceeding the ceiling are the transferor’s.

In the presence of this clause, it is necessary to quantify and compare the amount of the ceiling with the risk exposure. If the maximum payable essentially covers the credit risk, then it means that the afore-mentioned risk has been transferred by the Transferor to the Factor.

With regard to the outstanding contracts, the latter point has been confirmed, therefore the clauses have not been considered as an impediment to recognition of the individual loans/receivables in the financial statements.

b) Malus clause

The commission linked to the portfolio's performance, with retroactive application (losses deriving from default of the factored debtors, with regard to principal and/or interest), can be critical for the purpose of recognition/derecognition since it can indicate a limitation or an exclusion of the transfer of the risks by the transferor to the factor.

In the presence of quantitative and qualitative analysis carried out, the loans/receivables assisted by this clause in certain specific cases led to the retention of the credit risk by the transferor to an extent considered to be significant on the basis of materiality thresholds. In such cases, the clause was considered an impediment to recognition of the individual loans/receivables in the financial statements.

For the purpose of calculating the return within the sphere of factoring transactions, it is possible to identify, with regard to the nature, three categories of remuneration:

✓ Management commission

This commission takes the form of a fee for the provision of a plurality of services (for example, the dunning of the debtor, debt collection, etc.) provided by means of an unspecified number of activities within a specific time span. With regard to this type of commission, IAS 18 was applied, re-discounting the portion of commission relating to loans/receivables not expired to be credited as a matching balance to the item "other liabilities".

✓ Guarantee commission (costs/revenues directly attributable to the transaction)

This commission takes the form of a fee for the undertaking by the Factor of all or part of the risk element inherent in the financial asset forming the subject matter of the transaction. With regard to this type of commission, steps were taken to apply IFRS 9, spreading the revenue equally over the duration of the loan/receivable and for loans/receivables due beyond 12 months deducting the unaccrued amount (deferred income) from said loan/receivable.

✓ Other types of commission

This category includes those cost/revenue items not falling within the above two categories and includes on-going, one-off commission recorded at the time when the one-off service is completed (very often coinciding with collection of the commission).

Loans/receivables are in turn classified as performing and impaired (non-performing). According to the Bank of Italy instructions, impaired assets are as follows:

✓ Non-performing loans: positions vis-à-vis parties in a state of insolvency (even if not legally ascertained) or in essentially equivalent situations, irrespective of any loss forecasts made by the company. Therefore, the existence of any guarantees (secured or unsecured) to cover the receivables is left aside;

✓ Unlikely to pay: the classification in this category takes place on the basis of the improbability that, without recourse to action such as enforcement of the guarantees, the debtor fully meets his/her credit obligations (in terms of principal and/or interest). This assessment is made independently from the presence of any amounts (or instalments) past due and not paid. Therefore, it is not necessary to await the explicit symptom of anomaly (non-payment), if elements exist that imply a situation of debtor default risk (for example, a crisis in the industrial sector in which the debtor operates).

✓ Past due and impaired exposures: starting from 1 January 2021, Ifitalia adopted the new European default criteria outlined in the EBA GL 2016/07 guidelines. The adoption of these criteria led to a revision of the overdue detection rules for both "transferor" and "debtor" customers and in particular:

- in the case of "transferor" customers, the days past due are calculated from the day on which there is an overrun, i.e. the exposure to the customer is greater than the amount of receivables transferred with recourse and the amount of this overrun exceeds the materiality thresholds established by the Regulator. If this condition persists for 90 days (180 days for the Public Administration), the customer is automatically reclassified to Past Due.

- in the case of "debtor" customers, the days past due are calculated from the 90th day (180 days for the Public Administration) on which the amounts due have not been paid and their amount has exceeded the materiality thresholds established by the Regulator. In the payments defined in the credit agreement have been suspended and the due dates have been changed subject to a specific agreement formalised with the Company, the counting of the days past due follows the new repayment plan.

The materiality thresholds defined by the Regulator distinguish the exceeding of two different limits:

- relative threshold: equal to 1% of the past due exposure of the total risk exposure of the counterparty;
- absolute threshold: equal to EUR 100 for counterparties classified as Retail and EUR 500 for Non-Retail counterparties (i.e. Corporate or Public Administration).

Therefore, for factoring transactions, the exposures recognised on parties pursuant to IAS/IFRS are "past due assets" when both conditions of persistence and materiality are met at the same time.

Forborne exposures are those positions for which the intermediary has granted forbearance measures to the debtor in the face of current or potential difficulties in meeting financial obligations. These exposures can be classified either as impaired assets ("non-performing exposures") or as performing loans ("performing exposures"), depending on the debtor's overall credit position and the impact of the measures granted.

The assessments and related provisions relating to these exposures are made according to the general criteria envisaged by IFRS 9, applying the impairment model based on expected losses and taking into account the level of significant increase in credit risk.

Staging rules

Performing Perimeter

The Stage classification for performing facilities is based on the outcome of the assessment of "significant increase in credit risk" (or "significant impairment").

The "significant increase in credit risk" is assessed at the individual facility level by comparing the rating, and therefore the Probability of Default, determined at the reporting date with the rating in effect at the origination date (recognition date).

The rating, monitored and updated periodically according to Ifitalia's policies, represents the main parameter for expressing creditworthiness.

To assess "significant impairment", Ifitalia uses the methodology defined at Group level through:

- ✓ Quantitative measures: based on the assessment of changes, between the origination date and the reporting date, in the lifetime probability of default.
This assessment takes into account the inclusion in the Probability of Default of forward-looking information, i.e. specific economic factors that make it possible to anticipate the possible impact on the counterparty's credit risk;
- ✓ Qualitative measures: defined to manage cases where a significant increase in credit risk is identified by management through the recognition of a past due amount exceeding 30 days, the introduction of forborne measures or inclusion in the Watchlist.

Non-Performing Perimeter

All facilities that at the reporting date have an internal rating of 11 and 12 are classified in Stage 3.

Impairment rules

Following the classification in Stages, Ifitalia calculates the provisions, at the individual facility level, consistent with regulatory principles and Group guidelines.

The provision amount corresponds to the expected loss differentiated by Stage in order to take into account the different levels of risks:

- ✓ For facilities classified in Stage 1, an expected loss in relation to the maturity is calculated with a maximum value of one year;
- ✓ For facilities classified in Stage 2, a lifetime expected loss (EL Lifetime) is calculated, that is, until the facility's maturity date;

- ✓ For facilities classified in Stage 3, specific provisions are calculated, corresponding to an expected lifetime loss.

Performing Perimeter

The impairment calculation is based on risk parameters (Probability of Default, LGD and EAD) consistent with the duration of the transaction.

The expected loss in Stage 1 represents the expected loss deriving from the possible occurrence of a facility entering default within one year of the reporting date.

The expected loss in Stage 2 is the present value of expected losses due to a facility entering default in the period between the reporting date and the facility's maturity.

To calculate the expected lifetime loss, cumulative PDs are therefore used.

For the portion of the portfolio for which the rating models are not available at the BNP Group level, Ifitalia, in line with Group guidelines, calculates the expected loss, at one year or over the lifetime, using a simplified method based on historical loss data (EL ratio).

In line with IFRS 9, the Probability of Default, LGD and EAD parameters used to calculate impairment are consistent with the management values in use, to which specific adjustments are applied, in particular for the LGD parameter, the removal of indirect costs, conservatism margins and downturn effects.

In addition, IFRS 9 provides for the adoption of a forward-looking, multi-scenario approach to all risk parameters in order to incorporate current conditions as well as expectations for possible future events and conditions in the impairment calculation.

Non-Performing Perimeter

For facilities classified in Stage 3, Ifitalia calculates the expected lifetime loss through a forward-looking approach that incorporates future expectations of possible collections and losses, including possible sales scenarios.

For non-performing exposures, Ifitalia has adopted a unique, precise analytical valuation model for individual positions; thus, for these positions Ifitalia adopts a "Judgemental" approach.

The Judgemental approach incorporates both the collection strategy and the expected value deriving from a possible sale of the portfolio.

The determination of the recoverable value of receivables takes into account the time value of money and any guarantees supporting the positions; for the purpose of calculating the current value of the flows, the fundamental elements are represented by the identification of estimated recoveries, the related timescales and the discount rate to be applied. For an estimate of the amount and the recovery timescale of the afore-mentioned problem loans/receivables, reference is made to specific calculations and, in the absence thereof, to estimated and forfeit values. These estimates are made taking into account both the specific solvency situation of debtors with payment difficulties and any difficulties in servicing debt by individual segments.

The write-down of problem loans/receivables is subsequently written back only when the quality of the amount due has improved to such an extent that reasonable certainty exists of a greater recovery of the principal and the interest and/or amounts have been collected to an extent greater than the value of the receivables recorded in the previous financial statements.

Recoveries of part or entire loans/receivables previously written down are booked to reduce the value of item "130. Net value adjustments/write-backs for credit risk relating to: a) financial assets measured at amortised cost".

A derecognition occurs when there is no longer a reasonable likelihood of recovery. The amount of the losses is recorded in the income statement net of the write-down allowances previously provided.

The Company writes off both partial and total credit. The timing of the write off takes account of the legal and judicial system, the different types of receivables and the average recovery times as well as the timing required for the full allocation of the receivables.

4. Property, plant and equipment

Property, plant and equipment are initially stated at cost, inclusive of all the charges directly associated with bringing the asset onto stream.

Item (80) "Property, plant and equipment" includes land and buildings used for business purposes, land and buildings for investment purposes, furniture, electronic systems and other tangible assets.

Assets used for business purposes are those held for the supply of services or for administrative purposes, while investment properties are those held for the purpose of collecting lease payments and/or held for appreciating the invested capital.

Property, plant and equipment are initially stated at cost, inclusive of all the costs directly associated with bringing the asset onto stream.

In the property category, land is considered to be separable assets and treated independently for accounting purposes, even when acquired together with buildings. As a rule, land has an unlimited life and therefore is not depreciated.

With reference to properties held for investment, the valuation at cost was opted for, providing the disclosure envisaged by IAS 40.

The depreciable value, equating to cost less the residual value (or rather the amount that is expected to be obtained from the asset at

the end of its useful life, usually zero, after having deducted the sale costs), is divided up systematically over the useful life of the tangible asset, adopting a straight-line depreciation approach.

The residual value and the useful life of property, plant and equipment is reviewed at least once a year for financial statement purposes

and, if the expectations differ from the previous estimates, the depreciation charge for the current and subsequent years is adjusted.

The useful life, subject to periodic review for the purpose of recording any estimates significantly different from the previous ones, is defined as:

- the period of time during which it is expected that an asset can be used by the company, or,
- the quantity of products or similar units that the company expects to obtain from the use of said asset.

In the property category, land and buildings are considered to be separable assets and treated independently for accounting purposes, even when acquired together, but only if the entire building is owned (detached property). As a rule, land has an unlimited life and therefore is not depreciated. Buildings have a limited life and, therefore, are depreciated. An increase in the value of the land on which a building stands does not influence the determination of the building's useful life.

If there is objective evidence that an individual asset has suffered impairment, steps are taken to compare the book value of the asset with its recoverable value, equating to the greater between the fair value, less sales costs, and the related value in use, understood to be the current value of the future cash flows that are expected to derive from the asset. Any value adjustments are recorded under item 180. "Net value adjustments/write-backs on property, plant and equipment" in the income statement.

If the value of an asset previously written down is reinstated, the new book value cannot exceed the net book value that would have been determined had no impairment loss on the asset had been recorded in previous years.

Depreciation is recorded in the income statement in item 180. "Net value adjustments/write-backs on property, plant and equipment".

The costs incurred subsequent to purchase are added to the book value of the assets or recorded as a separate asset if it is probable that future economic benefits exceeding those initially estimated will be achieved and the cost can be reliably determined. All the other costs incurred subsequently (e.g. ordinary maintenance measures) are recorded in the income statement, in the year they are incurred, under item: 160.b) "Other administrative expenses", if they refer to assets for business use, or item 200. "Other operating income/expenses", if referring to properties held for investment.

Property, plant and equipment are derecognised from the balance sheet when disposed of or when the asset is permanently withdrawn from use and future profits are not expected from its disposal and future economic benefits are not expected from its use. Any difference between the disposal value and the book value is recorded in the income statement under the item 250.

Gains/losses on sale of investments.

In case of leases, the lease liability is recognised under the balance sheet liabilities, which consists of the present value of the payments that, at the valuation date, still have to be made to the lessor, while the Right of Use Asset (also known as "RoU Asset"), obtained as the sum of the following components, is recognised under the balance sheet assets:

- lease liability;
- initial direct costs;
- payments made at or before the commencement date of the lease (less any lease incentives received);
- dismantling and restoring costs.

The term of the lease, the basis for calculating the Right of Use, is determined by taking into account the economic duration and not the legal duration, and also includes any renewal or early termination options if the exercise of such options is reasonably certain.

The asset recognised is subject to straight-line depreciation and the new liability is discounted using a discount rate defined at the effective date of the lease contract and reduced to the payment of the lease instalments. Interest expense accrued on the lease liability is recorded under "Interest and similar expense" and the depreciation charges of the right of use are recognised under "Net value adjustments/write-backs on property, plant and equipment/intangible assets".

For contracts involving low-value assets (less than EUR 5,000) and for short-term leases with a duration equal to or less than 12 months, the introduction of IFRS 16 does not require the recognition of the financial liability and the related right of use, but lease payments continue to be recognised in the income statement on a straight-line basis for the term of the respective contracts.

5. Intangible assets

The Company made use of the option envisaged by the standard not to apply IFRS 16 to intangible assets.

An intangible asset is a non-monetary asset, identifiable even if lacking physical appearance, from which it is probable that future economic benefits will originate. The asset is identifiable if:

- it can be separated or spun-off and sold, transferred, granted under licence, leased or exchanged;
- it derives from contractual rights or other legal rights irrespective of the fact that these rights are transferable or separable from other rights or obligations.

The asset is controlled by the company if the company has the power to avail itself of the economic future benefits deriving from the resource in question and can, also, limit access by third parties to said benefits. They are therefore recorded among the balance sheet assets only if:

- a) future economic benefits attributable to the asset in question are likely to emerge;
- b) the cost of the assets can be reliably measured.

If the conditions described above should occur, intangible assets are included among the balance sheet assets and recorded at cost, adjusted for any accessory charges. Otherwise, the cost of intangible assets is recorded in the income statement related to the year in which the cost was borne.

Intangible assets recorded in the financial statements are essentially represented by software. Furthermore, in accordance with the Group accounting standards and IAS/IFRS, the Company adopted the policy of capitalising the IT costs attributable to software development projects.

After initial recognition, software is recorded in the financial statements at cost net of total amortisation and accumulated losses in value.

The cost includes:

- the purchase price less trade discounts and allowances;
- any direct cost for preparing the asset for use.

Any expenses, determined and attributable to the asset reliably, subsequent to initial recognition, are capitalised only if they are able to generate future economic benefits.

Intangible assets with a definite useful life are amortised on the basis of the estimate made of their residual useful life and

recorded at cost net of total amortisation (using the straight-line method) and any impairment losses applicable. At the end of each accounting period, this residual useful life is subject to appraisal so as to ascertain the adequacy of the estimate. If there is objective evidence that an individual asset has suffered impairment, steps are taken to compare the book value of the asset and its recoverable value, equating to the greater between the fair value, less sales costs, and the related value in use, understood to be the current value of the future cash flows that are expected to derive from the asset.

In the event that the book value is greater than the recoverable value, a loss equating to the difference between the two values is recorded under item 190. "Net value adjustments/write-backs on intangible assets".

If the value of a previously written down intangible asset, other than goodwill, is reinstated, the new amounts cannot exceed the net book value that would have been determined if no loss had been recorded for the impairment of the asset in previous years.

Amortisation is recorded in the income statement in item 190. "Net value adjustments/write-backs on intangible assets".

Intangible assets are derecognised from the balance sheet at the time of disposal or when future economic benefits from their use or disposal are no longer expected, and any difference between the disposal value and the book value is recorded in income statement item 250. Gains/losses on sale of investments.

6. Tax assets and liabilities

Income taxes are calculated in observance of current tax legislation. The tax liability (return) is the total amount of the current and deferred taxes included in the calculation of the net profit or loss for the year. Current taxes represent the amount of the income taxes payable (recoverable) referring to the taxable income (tax loss) for a year. Deferred taxes represent the amounts of the income taxes payable (recoverable) in future years, referable to taxable (deductible) timing differences.

Current tax assets include the advance payments and other tax credits for withholdings made or for tax credits for which a rebate has been requested from the competent tax authorities. By contrast, tax liabilities reflect the provisions necessary for covering the tax charges for taxation on the basis of current legislation. Deferred taxation is calculated by applying the "balance sheet liability method", taking into account the tax effects associated with the timing differences between the book value of the assets and the liabilities and their value for tax purposes, which determine taxable or deductible amounts in future periods.

Timing differences can be:

✓ taxable, i.e. timing differences which, when determining the taxable income (tax loss) for future years, will translate into taxable amounts when the book value of the asset or the liability will be realised or discharged; a deferred tax liability is recorded for these differences.

✓ deductible, in other words timing differences that, when determining the taxable income (tax loss) for future years, will translate into deductible amounts when the book value of the asset or the liability will be realised or discharged.

A deferred tax asset is recorded for all the deductible timing differences if it will be probable that taxable income will be generated against which the deductible timing difference can be used.

Deferred tax assets and liabilities are calculated using the tax rate envisaged in the periods when the assets will be realised or the liability will be discharged and will be offset when they are due to the same tax authority and when the right to offsetting is recognised by law. Current and deferred taxes are recorded in the income statement with the exception of those relating to items whose value adjustment is recorded as a matching balance to the equity and for which the tax effects are also recorded among the equity reserves. Deferred tax assets and deferred tax liabilities are not discounted back or offset.

7. Financial liabilities measured at amortised cost

Initial recognition takes place at the fair value of the liabilities, equating to the face value increased by any additional costs/income directly attributable to the individual transaction and not reimbursed by the creditor. Internal administrative costs are excluded.

Financial liabilities measured at amortised cost (item 10) include all the forms of funding vis-à-vis the system as well as amounts due to transferors. Payables include all the debt liabilities, other than trading liabilities.

The item mainly comprises payables due to banks for loans received, current account overdrafts and payables to transferors for loans/receivables acquired without recourse, in relation to the portion for which the price has not been paid to the transferor or all the risks and rewards have not been transferred. After initial recognition, subsequent measurement follows the amortised cost approach, using the effective interest rate method.

The related interest is recorded in the income statement under item 20. "Interest and similar expense".

Payables are derecognised from the financial statements when the related contractual obligations expire or are discharged.

8. Employee termination benefits

Employee termination benefits, disbursed by the employer to the employee when the employment relationship terminates, are one of the worker's rights regulated by Article 2120 of the Italian Civil Code and by Italian Laws no. 297/1982 and 296/2006. The provision has been recorded as a benefit subsequent to the employment relationship with defined benefits. The related liability is recorded in the financial statements on the basis of the amount to be paid to each employee and is valued using the actuarial method as a "defined benefit obligation", taking into account future due dates when the financial disbursement will actually occur. In particular, following Italian Law no. 296/2006 (2007 Budget Act), the amount recorded under the item "Employee termination benefits" refers solely to the defined benefit obligations connected with the benefits accrued up to a specific date within the first half of 2007, which may be different for every employee, valued by an independent actuary without applying the "pro-rata" of the service supplied. As a result, costs relating to work performed after said date are not considered for valuation purposes.

The actuarial method for calculating the employee termination benefits starts from the detailed situation, at the moment of recording, of each worker and envisages year after year, for each individual worker up until his/her departure, the development of this situation due to:

- ✓ the expected date of termination of the employment relationship, resignation, redundancy, death, inability to work or retirement (once the requirements have been met);
- ✓ for each worker that remains within the workforce, potential requests for advance salary payments are also taken into account.

9. Provision for risks and charges

A provision is recorded under "Provisions for risks and charges" (item 100) only when:

- a current obligation (legal or implicit) exists as the result of a past event;
- it is probable that the use of resources will be necessary for meeting the obligation;
- a reliable estimate can be made of the amount of the obligation.

The provision is represented by the liabilities that are expected to be incurred in order to discharge the obligation.

The provisions for risks and charges include:

- provisions for revocation disputes and third party disputes (including therein those made by staff and former employees);
- any other provision with a specific purpose;

No provision is made against potential and improbable liabilities.

The amount set aside to the provision for risks and charges is recorded in the income statement under item 170 “Net provisions for risks and charges”.

The afore-mentioned item includes the balance, positive or negative, between the provisions and any re-allocations to the income statement of the provisions deemed in excess.

If the provisions concern charges for employees, the income statement item concerned is item 160.a) “Administrative expenses: personnel expenses”.

The provisions made are reviewed at the end of each reporting period and adjusted to reflect the best current estimate. If it is no longer likely that the use of resources for producing economic benefits will be necessary to meet the obligation, the provision is reversed.

A.3 – DISCLOSURE ON THE TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

The company has not carried out any portfolio transfers during 2025.

A.4 – FAIR VALUE DISCLOSURE

Qualitative information

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

The fair value is the price that would be perceived for the sale of an asset, or that would be paid for the transfer of a liability in a regular transaction between market operators as of the measurements date (*IFRS 13*; § 9). In the event of financial instruments listed on active markets (fair value level 1), the fair value is determined as from the official prices of the most advantageous market to which the Company has access (Mark to Market). A financial instrument is considered as listed on an active market if the listed prices are readily and duly available in a price list and these prices represent effective market transactions that regularly take place in normal transactions.

For the purpose of classification in fair value level 2, if the official listing on an active market does not exist for a financial instrument in its entirety, but active markets exist for the parts it is comprised of, the fair value is determined on the basis of the pertinent market prices for the parts it is comprised of. If the market listings are not available, the Company resorts to measurement models (Mark to Model) in line with the methods generally accepted and used by the market. The measurement models include techniques based on the discounting of the future cash flows and on the estimate of the volatility and are subject to review both during their development and periodically, for the purpose of ensuring their full coherence with the objectives of the measurement.

These methods use inputs based on prices formed in recent transactions in the instrument subject to measurement and/or prices/listings of instruments with similar features in terms of risk profile. These prices/listings are, in fact, important for the purpose of determining the significant parameters, in terms of credit risk, liquidity risk, price risk and any other significant risk, relating to the instrument being measured.

The reference to these “market” parameters makes it possible to limit the discretion used in the measurement, at the same time ensuring the verifiability of the resulting fair value.

If, due to one or more risk factors, it is not possible to refer to market data, and therefore the financial instruments are classified in fair value level 3, the measurement models employed use estimates based on historical data as inputs.

The parameters that cannot be observed on the markets used for the measurement of the equity instruments that give rise to FV adjustments in the determination of the estimates, refer to the Net Asset Value (with the exclusion of any intangible fixed assets) whose calculation is based on data communicated directly by the Company (financial statements, reports, etc.).

Specifically, as at 31 December 2025, the Company recorded unlisted equity investments that are carried at cost under “Financial assets mandatorily measured at fair value” since these are capital instruments whose fair value cannot be measured reliably-

During 2025, no changes took place in the measurement techniques used for estimating the fair value of Levels 2 and 3 of the financial assets and liabilities measured at fair value.

With regard to the financial instruments recognised at amortised cost, with regard to the estimate of the fair value indicated in the Notes to the accounts, the following methods and assumptions have been applied:

- for cash and cash equivalents, the fair value is represented by the nominal or face value;
- for properties, the fair value was determined on the basis of the analysis of the market values of similar properties;
- with regard to the impaired financial assets, the fair value was adopted as equal to the estimated realisable value used for financial statement purposes;
- with regard to financial assets, as well as for other asset and liability items without a specific maturity, the book value essentially approximates the fair value.

A.4.2 Processes and sensitivity of the measurements

The unobservable parameters capable of influencing the measurement of the instruments classified as level 3 are represented by the estimates and the assumptions underlying the models used for measuring the investments in equities. With regard to these investments, no quantitative sensitivity analysis of the fair value with respect to the change in the non-observable inputs has been drawn up, since either the fair value has been obtained from third party sources without making any adjustment or it is the result of a model whose inputs are specific to the entity subject to measurements (e.g., equity values of the company) and in relation to which it is not reasonably possible to hypothesise alternative values.

A.4.3 Fair value hierarchy

IFRS 13 establishes a fair value hierarchy in relation to the degree of observability of the inputs of the valuation techniques adopted. In detail, the following levels are identified:

Level 1: valuations (without adjustments) taken from the active markets of the listings;

Level 2: inputs other than the listed prices as per the previous point, but in any event referring to parameters or prices that can be observed directly or indirectly on the market;

Level 3: inputs that are not based on market observations.

The classification of financial instruments measured at fair value and assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis is carried out with reference to the aforementioned indications. These parameters are also used for the transfer between the various levels that might become necessary during the year. There were no transfers between the fair value levels during 2025.

A.4.4 Other information

The Company has not availed itself of the possibility envisaged by IFRS 13, § 48 that makes it possible to “measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions.”

Quantitative information

A.4.5 Fair value hierarchy

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

(Thousands of euro)

	Total 31/12/2025			Total 31/12/2024		
Financial assets/liabilities measured at fair value	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit or loss	118		268	98		331
a) financial assets held for trading						
b) financial assets designated at fair value						
c) other financial assets mandatorily measured at fair value	118		268	98		331
2. Financial assets at fair value through other comprehensive income						-
3. Hedging derivatives						-
4. Property, plant and equipment						-
5. Intangible assets						-
Total	118	-	268	98	-	331
1. Financial liabilities held for trading						-
2. Financial liabilities designated at fair value						-
3. Hedging derivatives						-
Total	-	-	-	-	-	-

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

(Thousand of euro)

	Financial assets at fair value through profit or loss				Financial assets at fair value through comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	331	-	-	331		-	-	-
2. Increases	-	-	-	-	-	-	-	-
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits charged to:	-	-	-	-	-	-	-	-
2.2.1 Income statement	-	-	-	-	-	-	-	-
- of which gains	-	-	-	-	-	-	-	-
2.2.2 Shareholders' equity	X	X	X	X	-	-	-	-
2.3 Transfers to other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	63	-	-	63	-	-	-	-
3.1 Sales	-	-	-	-	-	-	-	-
3.2 Reimbursements	-	-	-	-	-	-	-	-
3.3 Losses charged to:	-	-	-	-	-	-	-	-
3.3.1 Income statement	-	-	-	-	-	-	-	-
- of which losses	-	-	-	-	-	-	-	-
3.3.2 Shareholders' Equity	X	X	X	X	-	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	63	-	-	63	-	-	-	-
4. Closing balance	268	-	-	268	-	-	-	-

A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (level 3)

There were no amounts in this section.

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

(Thousands of euro)

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	Total 31/12/2025				Total 31/12/2024			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	7,961,014	-	-	7,961,014	7,463,319	-	-	7,463,319
2. Property, plant and equipment held for investment purposes	1,229		1,229	-	1,181		1,181	-
3. Non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
Total	7,962,243	-	1,229	7,961,014	7,464,500	-	1,181	7,463,319
1. Financial liabilities measured at amortised cost	6,796,185	-	-	6,796,185	6,325,702	-	-	6,325,702
2. Liabilities associated with discontinued operations	-	-	-	-	-	-	-	-
Total	6,796,185	-	-	6,796,185	6,325,702	-	-	6,325,702

Key:

BV = Book value

L1 = Level 1

L2 = Level 2

L3 = Level 3

A.5 DISCLOSURE ON “DAY ONE PROFIT/LOSS”

The Company did not carry out any transactions that generated the “day one profit/loss”.

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

(Thousands of euros)

	Total 31/12/2025	Total 31/12/2024
a) Cash	2	2
b) Current accounts and demand deposits to banks	761	1,172
c) Demand deposits with Central Banks	-	-
Total	763	1,174

The item comprises cash and cash equivalents and revenue stamps at company headquarters. It implements the reclassification of on-demand receivables due from banks and Central banks, which are now included under "Cash and cash equivalents".

Section 2 – Financial assets at fair value through profit or loss – Item 20

2.1 Financial assets held for trading: breakdown by product

There were no amounts in this section.

2.2 Derivative financial instruments

There were no amounts in this section.

2.3 Financial assets held for trading: breakdown by debtor/issuer/counterparties

There were no amounts in this section.

2.4 Financial assets designated at fair value: breakdown by product

There were no amounts in this section.

2.5 Financial assets designated at fair value: breakdown by debtor/issuer

There were no amounts in this section.

2.6 Other financial assets mandatorily measured at fair value: breakdown by product

(Thousands of euro)

Items	Total 31/12/2025			Total 31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Others debt securities	-	-	-	-	-	-
2. Equity securities	118	-	201	98	-	201
3. Units of CIUs	-	-	-	-	-	-
4. Loans	-	-	67	-	-	130
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	67	-	-	130
Total	118	-	268	98	-	331

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

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

(thousands of euros)

	Total 31/12/2025	Total 31/12/2024
1. Equity instruments	319	298
<i>of which: banks</i>	-	-
<i>of which: other financial companies</i>	-	-
<i>of which: non-financial companies</i>	319	298
2. Debt securities	-	-
a) Public administration	-	-
b) Banks	-	-
c) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
d) Non-financial companies	-	-
3. UCI units	-	-
4. Loans	67	130
a) Public administration	-	-
b) Banks	-	-
c) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
d) Non-financial companies	67	130
e) Household	-	-
Total	386	429

Section 3 – Financial assets at fair value through other comprehensive income – Item 30

There were no amounts in this section.

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

4.1 Financial assets measured at amortised cost: breakdown by product of due from banks

(thousands of euro)

Breakdown	Total 31/12/2025						Total 31/12/2024					
	Book value			Fair value			Book value			Fair value		
	First and second level	Third level	of which: impaired financial assets purchased or originated	L1	L2	L3	First and second level	Third level	of which: impaired financial assets purchased or originated	L1	L2	L3
1. Deposits						-						
2. Current accounts												
3. Loans	25,759	-	-	-	-	25,759	23,092	-	-	-	-	23,092
2.1 Repurchase agreements												
2.2 Financial leasing												
2.3 Factoring	25,759	-	-	-	-	25,759	23,092	-	-	-	-	23,092
- with recourse	7,960					7,960	244					244
- without recourse	17,799					17,799	22,848					22,848
2.4 Other loans												
3. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
- structured securities												
- other debt securities												
4. Other assets												
Total	25,759	-	-	-	-	25,759	23,092	-	-	-	-	23,092

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

4.2 Financial assets measured at amortised cost: breakdown by product of due from financial companies

(Thousands of euro)

Breakdown	Total 31/12/2025						Total 31/12/2024					
	Book value			Fair Value			Book value			Fair Value		
	First and second level	Third level	of which: impaired financial assets purchased or originated	L 1	L 2	L 3	First and second level	Third level	of which: impaired financial assets purchased or originated	L 1	L 2	L 3
1. Loans	243,912	-	-	-	-	243,912	263,967	-	-	-	-	263,967
1.1 Repurchase agreement												
1.2 Financial Leasing												
1.3 Factoring	243,481	-	-	-	-	243,481	263,967	-	-	-	-	263,967
- with recourse	215,666					215,666	231,454					231,454
- without recourse	27,815					27,815	32,513					32,513
1.4 Other loans	431					431						
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities												
2.2 other debt securities												
3. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	243,912	-	-	-	-	243,912	263,967	-	-	-	-	263,967

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

4.3 Financial assets measured at amortised cost: breakdown by product of due from customers

(Thousands of euro)

Breakdown	Total 31/12/2025						Total 31/12/2024					
	Book value			Fair value			Book value			Fair value		
	First and second level	Third level	of which: impaired financial assets purchased or originated	L1	L2	L3	First and second level	Third level	of which: impaired financial assets purchased or originated	L1	L2	L3
1. Loans	7,655,111	36,232	-	-	-	7,691,343	7,124,841	51,419	-	-	-	7,176,260
1.1 Financial leasing												
of which: without final purchase option												
1.2 Factoring	7,484,236	35,636	-	-	-	7,519,872	6,921,954	50,342	-	-	-	6,972,346
- with recourse	280,087	17,764				297,851	305,004	20,339				325,343
- without recourse	7,204,149	17,872				7,222,021	6,616,950	30,003				6,647,003
1.3 Consumer credit												
1.4 Credit cards												
1.5 Loans on pledge												
1.6 Loans granted in relation to the payment services performed												
1.7 Other loans	170,875	596				171,471	202,887	1,077				203,914
of which: from enforcement of guarantees and commitments												
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 structured securities												
2.2 other debt securities												
3. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	7,655,111	36,232	-	-	-	7,691,343	7,124,841	51,419	-	-	-	7,176,260

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

The item "Financial assets measured at amortised cost" includes deferred income relating to the spreading of revenue, falling within the scope of IFRS 9, in line with the duration of the credit to which they refer.

4.4 Financial assets measured at amortised cost: breakdown by debtor/issuer of due from customers

(Thousands of euro)

Breakdown	Total 31/12/2025			Total 31/12/2024		
	First and second level	Third level	of which: impaired financial assets purchased or originated	First and second level	Third level	of which: impaired financial assets purchased or originated
1. Debt securities	-	-	-	-	-	-
a) Public Administration						
b) Other financial companies						
2. Loans to:	7,655,111	36,232		7,124,841	51,419	
a) Public Administration	491,647	7,858		426,468	16,883	
b) Other financial companies	6,755,703	28,196		6,634,555	34,130	
c) Households	407,761	178		63,818	406	
3. Other assets						
Total	7,655,111	36,232	-	7,124,841	51,419	-

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

(Thousands of euros)

	Gross value				impaired purchased or originated	Value adjustments			impaired purchased or originated	Overall partial write-off *
	First level	of which: instruments with low credit risk	Second stage	Third stage		First level	Second level	Third level		
Debt securities										
Loans	6,655,019		1,278,459	289,803		3,334	5,362	253,571		
Other assets										
Total 2025	6,655,019	-	1,278,459	289,803		3,334	5,362	253,571		-
Total 2024	6,483,877		936,123	296,362		3,015	5,084	244,944		-
of which: impaired financial assets purchased or originated	X	X				X				

* Value to be shown for information purposes

4.6 Financial assets at amortised cost: guaranteed assets

(Thousands of euro)

Breakdown	Total 31/12/2025						Total 31/12/2024					
	Due from banks		Due from financial companies		Due from customers		Due from banks		Due from financial companies		Due from customers	
	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG
1. Performing assets guaranteed by:	7,932	7,932	221,407	221,270	4,182,882	4,120,219	196	196	233,761	233,738	3,887,401	3,879,339
- Leased assets												
- Factoring receivables	7,930	7,930	213,165	213,065	293,886	289,688	196	196	226,385	226,362	304,278	298,161
- Mortgages												
- Pledges												
- Unsecured guarantees	2	2	8,242	8,205	3,888,996	3,830,531			7,376	7,376	3,583,123	3,581,178
- Derivatives on receivables												
2. Impaired assets guaranteed by:					117,619	18,184	-	-	-	-	125,975	25,578
- Leased assets												
- Factoring receivables					111,184	14,014					118,340	19,783
- Mortgages												
- Pledges												
- Unsecured guarantees					6,435	4,170					7,635	5,795
- Derivatives on receivables												
Total	7,932	7,932	221,407	221,270	4,300,501	4,138,403	196	196	233,761	233,738	4,013,376	3,904,917

VE = book value of exposures

VG = fair value of the guarantees

Section 5 – Hedging derivatives – Item 50

There were no amounts in this section.

Section 6 – Change in fair value of portfolio hedged items – Item 60

There were no amounts in this section.

Section 7 – Equity investments – Item 70

There were no amounts in this section.

Section 8 – Property, plant and equipment – Item 80

8.1 Property, plant and equipment for business use: breakdown of assets measured at cost

(thousands of euro)

Activities/Values	Total 31/12/2025	Total 31/12/2024
1. Owned assets	64	95
a) land		
b) buildings		
c) furniture	3	3
d) electronic equipment	61	92
e) other		
2. Rights of use acquired through leasing	7,012	7,601
a) land	-	-
b) buildings	7,012	7,601
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total	7,076	7,696
<i>of which: obtained through enforcement of guarantees received</i>	-	-

The decrease in buildings is due to the to the accounting treatment, in line with the provisions of the IFRS 16 accounting standard, of the right of use acquired in respect of the lease of the property located in Assago, which is used by the Company as work premises.

8.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

(thousands of euro)

Activities/Values	Total 31/12/2025				Total 31/12/2024			
	Balance sheet value	Fair Value			Balance sheet value	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Property assets	1,229	-	1,229	-	1,181	-	1,181	-
a) land		-		-		-		-
b) buildings	1,229		1,229		1,181		1,181	
2. Rights of use acquired through leasing	-	-	-	-	-	-	-	-
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	1,229	-	1,229	-	1,181	-	1,181	-
<i>of which: obtained through enforcement of guarantees received</i>	-	-	-	-	-	-	-	-

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

"Assets held for investment" are represented by the property located in Rome, via Vittorio Veneto 7, entirely leased to third parties.

8.3 Property, plant and equipment for business use: breakdown of revalued assets

There were no amounts in this section.

8.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

There were no amounts in this section.

8.5 Inventories of property, plant and equipment regulated by IAS 2: breakdown

There were no amounts in this section.

8.6 Property, plant and equipment for business use: changes during the year

(thousands of euro)

	Land	Buildings	Furniture	Electronic systems	Others	Total
A. Gross opening balances		8,191	1,670	1,400	-	11,261
A.1 Total net impairments	-	(590)	(1,667)	(1,308)	-	(3,565)
A.2 Net opening balances	-	7,601	3	92	-	7,696
B. Increases	-	-	-	1	-	1
B.1 Purchases	-	-	-	-	-	-
B.2 Capitalised improvement expenditure	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value charged to :	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from property held for investment purposes	-	-	X	X	X	-
B.7 Other changes	-	-	-	1	-	1
C. Decreases	-	589	-	32	-	621
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	588	-	32	-	620
C.3 Impairment losses charged to:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value charged to:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) tangible assets held for investment purposes	-	-	X	X	X	-
b) non-current assets and disposal groups held for sale	-	-	-	-	-	-
C.7 Other changes	-	1	-	-	-	1
D. Net closing balance	-	7,012	3	61	-	7,076
D.1 Total net impairments	-	(1,178)	(1,667)	(1,339)	-	(4,184)
D.2 Gross closing balance	-	8,190	1,670	1,400	-	11,260
E. Valuation at cost	-	7,012	3	61	-	7,076

The property, plant and equipment for business use of the company are all measured at cost. The purchase of the period in the buildings category is due to the recognition of the right of use acquired in respect of the lease of the property located in Assago, which is used by the Company as work premises.

A table showing the rights of use acquired in the lease of property, plant and equipment is shown below.

(thousands of euro)

	Land	Buildings	Furniture	Electronic systems	Others	Total
A. Gross opening balances		8,191				8,191
A.1 Total net impairments		(590)				(590)
A.2 Net opening balances		7,601				7,601
B. Increases	-	-				-
B.1 Purchases						-
B.2 Capitalised improvement expenditure						-
B.3 Write-backs						-
B.4 Positive changes in fair value charged to :	-					-
a) equity						-
b) income statement						-
B.5 Exchange gains						-
B.6 Transfers from property held for investment purposes			X	X	X	-
B.7 Other changes						-
C. Decreases	-	589			-	589
C.1 Sales						-
C.2 Depreciation		588				588
C.3 Impairment losses charged to:	-	-	-	-	-	-
a) equity						-
b) income statement						-
C.4 Negative changes in fair value charged to:	-	-	-	-	-	-
a) equity						-
b) income statement						-
C.5 Negative exchange differences						-
C.6 Transfers to:	-	-	-	-	-	-
a) tangible assets held for investment purposes			X	X	X	-
b) non-current assets and disposal groups held for sale						-
C.7 Other changes		1				1
D. Net closing balance	-	7,012	-	-	-	7,012
D.1 Total net impairments	-	(1,178)	0	0	-	(1,178)
D.2 Gross closing balance	-	8,190	-	-	-	8,190
E. Valuation at cost	-	7,012	-	-	-	7,012

The rights of use acquired in a finance lease refer to the lease contracts of the property located in Assago, which is used by the Company as work premises. The contract is concluded with the Company of the Diamante RE Group.

8.7 Property, plant and equipment held for investment: changes during the year

(Thousands of euro)

	Total	
	Land	Buildings
A. Opening balances		1,181
B. Increases	-	176
B.1 Purchases		
B.2 Capitalised improvement expenses		176
B.3 Net positive fair value changes		
B.4 Reversals of impairment losses		
B.5 Positive exchange rate differences		
B.6 Transfers from operating properties		
B.7 Other changes		
C. Decreases	-	128
C.1 Sales		
C.2 Depreciation		128
C.3 Negative changes in fair value		
C.4 Impairment losses		
C.5 Exchange rate losses		
C.6 Transfers to:		
(a) operating properties		
b) non-current assets and disposal groups held for sale		
C.7 Other changes		
D Closing balance	-	1,229
E. Measurement at fair value		1,229

The property, plant and equipment held for investment of the company are all measured at cost.

The value of the land for the property located in Rome (Via V. Veneto) has not been spun-off, since Ifitalia does not own the entire building.

8.7.1 Property, plant and equipment held for investment for rights of use acquired: changes during the year

There were no amounts in this section.

8.8 Inventories of property, plant and equipment regulated by IAS 2: changes during the year

There were no amounts in this section.

8.9 Commitments to purchase property, plant and equipment

There were no amounts in this section.

Property, plant and equipment: depreciation

Category	Depreciation percentage
Land	no depreciation
Buildings	from 1.25% a 10%
Furniture	20%
IT equipment	from 11.11% to 33.33%
Other	from 14.29% to 25%
Other : works of art	no depreciation

Section 9 – Intangible assets – Item 90

9.1 Intangible assets: breakdown

(thousands of euro)

Items/Valuation	Total 31/12/2025		Total 31/12/2024	
	Assets carried at cost	Assets carried at fair value	Assets carried at cost	Assets carried at fair value
1. Goodwill				
2. Other intangible assets				
of which: software	6,275		7,119	
2.1 owned	6,275	-	7,119	-
- internally generated	1,700		1,811	
- other	4,575		5,308	
2.2 rights of use acquired under leases				
Total 2	6,275	-	7,119	-
3. Assets related to financial leasing:				
3.1 unexercised assets				
3.2 assets withdrawn as a result of termination				
3.3 other assets				
Total 3	-	-	-	-
Total (1+2+3)	6,275	-	7,119	-
Total (T-1)	7,119	-	7,885	-

The IT costs attributable to internal software development projects amount to EUR 1700 thousand.

The internally generated intangible fixed assets also include “software licences” for EUR 471 thousand (EUR 638 thousand in 2024) and external “software development” for EUR 4,103 thousand (EUR 4,670 thousand in 2024). From 2022, a provision was set aside for the risks and charges to cover the write-off of certain software (intangible fixed assets) which should be carried out when the new IT platform "One Factoring" is introduced.

9.2 Intangible assets: changes during the year

(thousands of euro)

	Total
A. Opening balances	7,119
B. Increases	1,926
B.1 Purchases	1,926
B.2 Reversals of impairment losses	
B.3 Positive changes in fair value	-
- to equity	
- in income statement	
B.4 Other changes	
C. Decreases	2,770
C.1 Sales	
C.2 Depreciation	2,770
C.3 Value adjustments	-
- to equity	
- in income statement	
C.4 Negative changes in fair value	-
- in equity	
- in income statement	
C.5 Other changes	
D. Net closing balance	6,275

The purchases during the year, amounting to EUR 1,926 thousand refer to capitalisation of IT costs, of which EUR 637 thousand (EUR 742 thousand in 2024) refer to capitalisation of internal efforts.

9.3 Intangible assets: other information

There were no amounts in this section.

Value adjustments to intangible assets: amortisation

Category	depreciation percentage
Software	from 12.5% to 33.3%
Costs of conversion	12.5%
Cost of implementation	33.3%
Costs for regulatory constraints	directly charged to the income statement

Section 10 – Tax assets and tax liabilities - Asset item 100 and liability item 60

10.1 Tax assets: current and deferred: breakdown

(Thousands of euro)

	31/12/2025				31/12/2024			
	IRES	IRAP	OTHER	TOTAL	IRES	IRAP	OTHER	TOTAL
Current tax assets:								
- Tax advances	24,145	5,084	6	29,235	13,841	4,032	8	17,881
- Amounts withheld	12	-	-	12	24	-	-	24
- Tax credits pending rebate by the tax authorities	-	126	301	427	-	95	285	380
	24,157	5,210	307	29,674	13,865	4,127	293	18,285
Prepaid tax assets:								
- Writedowns of credits exceeding the deductible portion for the year	10,661	1,875	-	12,536	10,661	1,495	-	12,156
- Provisions for risks and charges	4,111	25	-	4,136	5,680	13	-	5,693
- Other	364	-	-	364	383	-	-	383
	15,136	1,900	-	17,036	16,724	1,508	-	18,232
Total	39,293	7,110	307	46,710	30,589	5,635	293	36,517

10.2 Tax liabilities: current and deferred: breakdown

(Thousands of euro)

	31/12/2025			31/12/2024		
	IRES	IRAP	TOTAL	IRES	IRAP	TOTAL
Current tax liabilities:						
- Taxes for the year	12,067	2,830	14,897	17,137	4,218	21,355
	12,067	2,830	14,897	17,137	4,218	21,355
Deferred tax liabilities:						
- Amortisation/depreciation of tangible fixed assets	-	-	-	-	-	-
- Capital Gain on participations	-	-	-	-	-	-
- Others	416	-	416	420	-	420
	416	-	416	420	-	420
Total	12,483	2,830	15,313	17,557	4,218	21,775

10.3 Change in deferred tax assets (matching balance in income statement)

Deferred tax assets have been recorded in the financial statements based on the assumption that taxable income will be generated against which the deductible timing differences can be used.

(thousands of euro)

	Total 31/12/2025	Total 31/12/2024
1. Opening balance	17,850	25,730
2. Increases	1,235	1,458
2.1 Deferred tax assets recognized during the year	856	1,458
a) related to previous years	15	-
b) due to change in accounting policies	-	-
c) write-backs	-	-
d) other	841	1,458
2.2 New taxes or increases in tax rates	379	-
2.3 Other increases	-	-
3. Decreases	2,413	9,339
3.1 Deferred tax assets eliminated during the year	2,413	9,339
a) reversals	2,413	9,339
b) written down as now considered irrecoverable	-	-
c) change in accounting policies	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
a) transformation into tax credits pursuant to Law 214/2011	-	-
b) other	-	-
4. Closing balance	16,672	17,849

The increase of EUR 1,235 thousand relates to: EUR 841 thousand for the current year's allocation to provisions for risks and charges; EUR 15 thousand for the prior years' IRAP DTA adjustment on personnel funds; and EUR 379 thousand for the value adjustment (+2%) of IRAP DTAs already recognised in the financial statements (primarily DTAs associated with write-downs on loans and receivables prior to 2015 and IFRS 9 FTA), which will reverse over the 2026-28 three-year period at a rate increased by 2%.

The decrease of EUR 2,413 thousand refers entirely to the year's use of provisions for risks and charges.

10.3.1 Change in deferred tax assets pursuant to Law 214/2011 (matching balance in income statement)

(thousands of euro)

	Total 31/12/2025	Total 31/12/2024
1. Opening balance	7,807	14,544
2. Increases	189	-
3. Decreases	-	6,737
3.1 Amounts reversed	-	6,737
3.2 Transformation into tax credits	-	-
a) from losses for the year	-	-
b) from tax losses	-	-
3.3 Other decreases	-	-
4. Closing balance	7,996	7,807

10.4 Changes in deferred tax liabilities (matching balance in income statement)

(thousands of euro)

	Total 31/12/2025	Total 31/12/2024
1. Opening balances	420	429
2. Increases	-	
2.1 Deferred taxes recognized during the year		
a) related to previous years		
b) due to change in accounting policies		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	4	9
3.1 Deferred tax liabilities eliminated during the year	4	9
a) reversals	4	9
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	416	420

10.5 Changes in deferred tax assets (matching balance under equity)

(thousands of euro)

	Total 31/12/2025	Total 31/12/2024
1. Opening balance	383	368
2. Increases	-	15
2.1 Deferred tax assets recognized during the year	-	15
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	-	15
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	19	-
3.1 Deferred tax assets eliminated during the year	19	-
a) reversals	19	-
b) written down as now considered irrecoverable	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	364	383

10.6 Changes in deferred tax liabilities (matching balance under equity)

There were no amounts in this section.

Section 11 – Non-current assets and disposal groups held for sale and associated liabilities – Asset item 110 and liability item 70

There were no amounts in this section.

Section 12 – Other assets – Item 120

12.1 Other assets: breakdown

(thousand of euro)

	31/12/2025	31/12/2024
Guarantee deposits	3	3
Amounts receivable for supply of services/advance payments	12	19
Loans to INPS	-	-
Items in transit	597	738
Securities credited to customers subject to collection services awaiting collection from the bank	41,322	47,230
Ecobonus credits	1	4,866
Other amounts receivable	4,418	7,412
Total	46,353	60,268

LIABILITIES

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

1.1 Financial liabilities measured at amortised cost: breakdown by product of payables

(Thousands of euro)

Items	Total 31/12/2025			Total 31/12/2024		
	due to banks	due to financial institutions	due to customers	due to banks	due to financial institutions	due to customers
1. Loans	5,458,688	246,350	-	5,231,730	257,756	-
1.1. Reverse repurchase agreements						
1.2 other	5,458,688	246,350	-	5,231,730	257,756	-
2. Leasing payables	-	-	7,255	-	-	7,732
3. Other payables	593,624	737	489,531	411,535	2,122	414,827
Total	6,052,312	247,087	496,786	5,643,265	259,878	422,559
Fair value - level 1						
Fair value - level 2						
Fair value - level 3	6,052,312	247,087	496,786	5,643,265	259,878	422,559
Total fair value	6,052,312	247,087	496,786	5,643,265	259,878	422,559

1.2 Financial liabilities measured at amortised cost: breakdown by product of securities issued

There were no amounts in this section.

1.3 Subordinated payables and securities

There were no amounts in this section.

1.4 Structured securities

There were no amounts in this section.

1.5 Lease payables

Cash outflows for leases are shown in the table below.

(Thousands of euro)

	Maturity bands for leasing cash flows					
	within 1 month	from 1 month to 6 months	from 6 months to 1 year	from 1 year to 2 years	over 2 years	Total
Leasing debts	165	81	248	513	6,248	7,255
Total	165	81	248	513	6,248	7,255

The duration of the payables derives from the term of the lease contract for the property located in Assago, which is 15 years.

Section 2 – Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by product

There were no amounts in this section.

2.2 Breakdown of financial liabilities held for trading: subordinated liabilities

There were no amounts in this section.

2.3 Breakdown of financial liabilities held for trading: structured securities

There were no amounts in this section.

2.4 Breakdown of financial liabilities held for trading: derivative financial instruments

There were no amounts in this section.

Section 3 – Financial liabilities designated at fair value – Item 30

There were no amounts in this section.

Section 4 – Hedging derivatives – Item 40

There were no amounts in this section.

Section 5 – Change in fair value of portfolio hedged items – Item 50

There were no amounts in this section.

Section 6 – Tax liabilities – Item 60

See section 10 under assets.

Section 7 – Liabilities associated with discontinued operations – Item 70

See section 11 under assets

Section 8 – Other liabilities – Item 80

8.1 Other liabilities: breakdown

(thousands of euro)

DESCRIPTION	Total 31/12/2025	Total 31/12/2024
Collections being registered	139,248	121,255
Amounts due to employees	1,312	1,386
Amounts due to the tax authorities	725	815
Amounts due to social security and welfare institutions	1,528	1,546
Payables and invoices to be received from suppliers and professionals	22,177	23,718
Liabilities due to transferors	5,897	5,946
Other payables	19,556	29,425
Advances from customers	50,889	56,607
Amounts due to former shareholders	262	
Residual holiday entitlement fund	542	599
Total	242,136	241,298

The balance of the "amounts due to former shareholders" item, amounting to EUR 262 thousand, represents the residual amount to be paid to former shareholders following the consolidation of shareholdings under the sole shareholder, BNP Paribas S.A.

Section 9 – Employee termination benefits – Item 90

9.1 “Employee termination benefits”: changes during the year

(thousands of euro)

	Total 31/12/2025	Total 31/12/2024
A. Opening balance	2,255	2,855
B. Increases	54	142
B.1 Provision for the year	54	87
B.2 Other changes		55
C. Decreases	721	742
C.1 Liquidations	645	742
C.2 Other changes	76	
D. Closing balance	1,588	2,255

Pursuant to Article 2120 of the Italian Civil Code, the liability to employees for employee termination benefits amounts to 1,680,377 and represents the actual obligation towards employees. As indicated in the accounting standards, the provision for employee termination benefits is calculated using the actuarial method and, as at 31 December 2025, amounts to EUR 1,588 thousand. The allocation for the year is EUR 38,165.

9.2 Other information

9.2.1 Description of the provision and related risks

Employee termination benefits, disbursed by the employer to the employee when the employment relationship terminates, are one of the worker's rights regulated by Article 2120 of the Italian Civil Code and by Italian Laws no. 297/1982 and 296/2006. The provision has been recorded as a benefit subsequent to the employment relationship with defined benefits. The related liability is recorded in financial statements based on the amount to be paid to each employee and is valued using the actuarial method as a “defined benefit obligation”, taking into account future due dates when the financial disbursement will actually occur. More specifically, Italian Law no. 296/2006 (2007 Budget Act) essentially states that the portion of employee termination benefits:

- accrued through the beginning of 2007 will remain in-house and must be disbursed to employees in accordance with statutory regulations, creating a liability to be recorded in the financial statements;
- accrued and accruing from the beginning of 2007 must, according to the employee's choice: a) be transferred to supplementary welfare funds; or b) be transferred to the INPS Treasury Fund.

Therefore, the amount recorded under the item “Employee termination benefits” refers solely to the defined benefit obligations connected with the benefits accrued up to a specific date within the first half of 2007 that is different for every employee, valued by an independent actuary without applying the “pro-rata” of the service supplied. As a result, costs relating to future work provided are not considered for valuation purposes.

The current method for calculating employee termination benefits starts from the detailed situation, at the moment of entry, of each worker and envisages each year, for each individual worker up until his/her departure, the development of the provision due to:

1. the expected date of termination of the employment relationship, resignation, redundancy, death, inability to work or retirement (once the requirements have been met);
2. for each worker that remains within the workforce, potential requests for advance salary payments are also taken into account.

9.2.2 Changes during the year of net defined benefit liabilities (assets) and reimbursement rights

The change in the provision for employee termination benefits is shown in Section 9 “Employee termination benefits – Item 90 – table 9.1 Employee termination benefits: changes during the year”.

The social security cost related to employment benefits, as illustrated above, is not set aside, but recorded directly in the income statement following the supplementary welfare reform, which provides for the allocation of accrued employee termination benefits to supplementary funds or the INPS Treasury Fund (Legislative Decree no. 252/2005 and Law no. 296/2006). The allocation for the year is recorded in the income statement under personnel costs.

9.2.3 Information on the fair value of assets serving the plan

Employee termination benefits are fully paid by the Company and there are no assets serving the plan.

9.2.4 Description of the principal actuarial assumptions

The liability recognised in the balance sheet is equal to the present value of the defined benefit obligations accrued as at 31 December 2025 estimated by an independent actuary.

The benefits owed by the Company were estimated based on developmental assumptions for the population of relevant personnel (forecast of length of employment with company, probability of early disbursements), in addition to the use of appropriate demographic and economic financial bases (mortality tables, monetary inflation). For 2025, the following parameters were used: discount rate 3.00%; inflation rate 1.9%; wage increase rate 2.6%; estimated employment duration 17 years.

Section 10 – Provisions for risks and charges – Item 100

10.1 Provisions for risks and charges: breakdown

(thousands of euro)

Items	Total 31/12/2025	Total 31/12/2024
1. Provisions for credit risk relating to commitments and guarantees issued	343	292
2. Provisions on other commitments and other guarantees issued		
3. Post retirement benefit obligations		
4. Other provisions for risks and charges	12,121	16,680
4.1 legal and tax disputes	9,658	13,512
4.2 personnel expenses	1,069	1,126
4.3 other	1,394	2,042
Total	12,464	16,972

The other provisions for risks and charges - "other" refer to the write-off of certain software (intangible fixed assets) to be carried out following the introduction of the new IT platform "One Factoring".

10.2 Provisions for risks and charges: changes during the year

(thousands of euro)

	Provisions on other commitments and other guarantees issued	Post retirement benefit obligations	Other provisions for risks and charges	Total
A. Opening balance	-	-	16,680	16,680
B. Increases	-	-	2,080	2,080
B.1 Provision for the year			2,080	2,080
B.2 Changes due to the passing of time			-	-
B.3 Changes due to the changes in the discount rate			-	-
B.4 Other changes			-	-
C. Decreases	-	-	6,639	6,639
C.1 Utilisations for the year			5,090	5,090
C.2 Changes due to the changes in the discount rate			-	-
C.3 Other changes			1,549	1,549
D. Closing balance	-	-	12,121	12,121

Significant provisions for operational risk were mainly made considering transaction assumptions with transferor customers to settle ongoing disputes.

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

(thousands of euro)

	Provisions for credit risk relating to commitments and guarantees issued				
	First level	Second level	Third Level	impaired acquired or originated	Total
1. Commitments to disburse funds					-
2. Financial guarantees issued	222	117	4	-	343
Total	222	117	4	-	343

10.4 Provisions on other commitments and other guarantees given

There were no amounts in this section.

10.5 Defined benefit in-house pension funds

There were no amounts in this section.

10.6 Provisions for risks and charges - other provisions

(thousands of euro)

	Total 31/12/2025	Total 31/12/2024
Personnel provisions:		
- redundancy incentive		-
- other employee benefits	1,068	1,126
Total	1,068	1,126

Provisions for employee benefits, referred to as "other employee benefits", represent the provisions that the Company has recorded in the financial statements in relation to employee incentive plans.

These plans are related to the achievement of results at both company and individual employee level.

Section 11 – Equity – Items 110, 120, 130, 140, 150, 160 and 170

Summary

(thousands of euro)

SHAREHOLDERS' EQUITY	Total 31/12/2025	Total 31/12/2024
110. Share capital	55,900	55,900
140. Valuation reserves	61,799	61,799
150. Reserves	852,105	794,807
a) income reserves	853,264	795,966
b) other reserves	(1,158)	(1,158)
160. Valuation reserves	(960)	(1,009)
180 Profit (loss) for the year	33,275	58,204
Total shareholders' equity	1,002,119	969,701

11.1 Share Capital: breakdown

(thousands of euro)

Type	Amount
1. Share capital	
1.1 Ordinary shares	55,900
1.2 Other shares	-

On 28 October 2025, the Shareholders' Meeting resolved to consolidate the shares in the share capital, by cancelling their nominal value of EUR 1 each and consolidating them at a ratio of 1 new share for every 100,000 existing shares, without a reduction in share capital.

Following the transaction and taking into account the current ownership structure, the 55,844,447 shares held by the shareholder BNP Paribas SA were converted into 558 new shares. The remaining fractional shares held by the other shareholders were partially liquidated for a total amount of EUR 644,127. The residual amount due to shareholders, equal to EUR 261,776, is recognised under the item "Amounts due to former shareholders", pending instructions for the relative liquidation.

The transaction resulted in a change in equity and the recognition of a payable to former shareholders, with no effects on the total value of the share capital.

11.2 Treasury shares: breakdown

There were no amounts in this section.

11.3 Equity instruments: breakdown

There were no amounts in this section.

11.4 Share premium: breakdown

(thousands of euro)

Type	Amount
Share premium	
Share premium from ordinary shares	61,799

The share premium has not changed compared to 31 December 2024.

11.5 Other information

Breakdown and changes in Reserves

(thousands of euro)

	Legal reserve	Statutory reserve	Other	Total
A. Opening balance	11,180	784,786	(1,158)	794,807
B. Increases	-	58,204	-	58,204
B.1 Allocations of profits		58,204		58,204
B.2 Other changes				-
C. Decreases	-	906	-	906
C.1 Utilisations				-
hedging of losses				-
distribution				-
transfer to capital				-
C.1 Other changes		906		906
D. Closing balance	11,180	842,084	(1,158)	852,106

The increase in the Statutory Reserve, equal to EUR 852,106 thousand as at 31 December 2025, was determined by the allocation of the profit for the 2024 financial year, in accordance with the provisions of the Articles of Association.

The decrease in the reserve is attributable to its use for the liquidation of non-convertible shares held by other former third-party shareholders, following the share consolidation approved during the year.

Breakdown and changes in Valuation Reserves

(thousands of euro)

	Financial assets at fair value through other comprehensive income	Tangible assets	Intangible assets	Hedging of financial flows	Special revaluation laws	Financial liabilities at fair value with an impact on income statement (changes of creditworthiness)	Other	Total
A. Opening balances	-	-	-	-	-	-	(1,009)	(1,009)
B. Increases	-	-	-	-	-	-	49	49
B.1 Positive fair value changes								-
B.2 Other increases							49	
C. Decreases	-	-	-	-	-	-	-	-
C.1 Negative fair value changes								-
C.1 Other decreases								-
D. Closing balances	-	-	-	-	-	-	(960)	(960)

With regards to the provisions of Article 2427 no. 7-bis of the Italian Civil Code, the following table provides an analytical breakdown of equity items by origin, potential use and distribution.

(thousands of euro)

Ifitalia S.p.A. - Financial Statements as at 31 December 2025			
	Amount	Potential use	Amount available
Share capital	55,900	-	-
Capital reserve:			
Share premium reserve	61,799	A-B-C	61,799
Profit reserve:			
Legal reserve	11,180	B	
Statutory reserve	842,084	A-B-C	842,084
Other reserve:			
Stock options/Dspp/Freeshares reserve	102	A-B-C	102
FTA Reserve and Goodwill	(8,159)	A-B-C	(8,159)
Merger surplus	1,029	A-B-C	1,029
Reserve ex "property revaluation"	5,870	A-B-C	5,870
Valuation reserve	(960)	-	(1)
Profit for the year	33,275	A-B-C	33,275
Total	1,002,119	-	935,999
Non-distributable share	66,120		
Residual distributable share	935,999		935,999

Other information

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

(thousands of euro)

	Notional value on commitments and financial guarantees issued				Total 31/12/2025	Total 31/12/2024
	First stage	Second stage	Third stage	Impaired acquired or originated		
1. Commitments to disburse funds	221,262	125,873	-	-	347,135	157,388
a) Public Administrations	27,216	99,758	-	-	126,974	36,120
b) Banks	-	-	-	-	-	-
c) Other financial institutions	-	-	-	-	-	-
d) Non-financial institutions	194,046	26,115	-	-	220,161	121,196
e) Families	-	-	-	-	-	72
2. Financial guarantees issued	71,385	7,502	14	-	78,901	126,958
a) Public Administrations	1,107	4	-	-	1,111	1,198
b) Banks	-	-	-	-	-	2,802
c) Other financial institutions	-	-	-	-	-	-
d) Non-financial institutions	69,437	7,328	14	-	76,779	120,143
e) Families	841	170	-	-	1,011	2,815

2. Other commitments and other guarantees given

There were no amounts in this section.

3. Financial assets subject to offsetting in financial statements, or subject to framework offsetting agreements or similar agreements

There were no amounts in this section.

4. Financial liabilities subject to offsetting in financial statements, or subject to framework offsetting agreements or similar agreements

There were no amounts in this section.

5. Securities lending

There were no amounts in this section.

6. Information on joint control assets

There were no amounts in this section.

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 Interest and similar income: breakdown

(Thousands of euro)

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31/12/2025	Total 31/12/2024
1. Financial assets at fair value through profit or loss:	-	-	-	-	-
1.1 Financial assets held for trading				-	-
1.2 Financial assets designated at fair value				-	-
1.3 Other financial assets mandatorily measured at fair value				-	-
2. Financial assets at fair value through other comprehensive income:			X	-	-
3. Financial assets measured at amortised cost:	-	200.799	-	200.799	272.129
3.1 Loans to banks		749	X	749	600
3.2 Loans to financial companies		14.276	X	14.276	27.009
3.2 Loans to customers		185.774	X	185.774	244.520
4. Hedging derivatives	X	X		-	-
5. Other assets	X	X		-	-
6. Financial liabilities	X	X	X		
Total	-	200.799	-	200.799	272.129
of which: interest income on impaired financial assets		2.665		2.665	3.150
of which: interest income on leasing					-

1.2 Interest and similar income: other information

The interest in item “Financial assets measured at amortised cost” essentially refers to interest accrued for factoring activities on payments, advances to transferors and on extensions granted to factored debtors.

1.2.1 Interest income on foreign currency financial assets

Interest income on foreign currency financial assets totalled EUR 11,056 thousand and refers to loans to customers.

1.3 Interest and similar expense: breakdown

(thousands of euro)

Items/Technical forms	Deposits	Securities	Other transactions	Total 31/12/2025	Total 31/12/2024
1. Financial liabilities measured at amortised cost	119,920	-	-	119,920	170,308
1.1 Deposits from banks	108,926	X	X	108,926	155,749
1.2 Deposits from financial companies	10,722	X	X	10,722	14,269
1.3 Deposits from customers	272	X	X	272	290
1.4 Securities issued	X		X	-	-
2. Financial liabilities held for trading				-	-
3. Financial liabilities designated at fair value				-	-
4. Other liabilities	X	X		-	-
5. Hedging derivatives	X	X		-	-
6. Financial assets	X	X	X	-	-
Total	119,920	-	-	119,920	170,308
<i>of which: interest expense related to leasing debts</i>	<i>272</i>			<i>272</i>	<i>290</i>

1.4 Interest and similar expense: other information

Interest paid to banks consists of interest paid on funding received.

Interest paid to financial businesses is related to securitisation activities.

1.4.1 Interest expense on foreign currency financial assets

Interest expense on foreign currency liabilities amounted to EUR 10,607 thousand and refers mainly to foreign currency funding transactions.

Section 2 – Fees and commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

(thousands of euro)

Types of service/Amounts	Total 31/12/2025	Total 31/12/2024
a) financial lease transactions	-	-
b) factoring transactions	53,953	56,483
c) consumer credit	-	-
d) guarantees given	-	-
e) services:	-	-
- fund management for third parties	-	-
- exchange brokerage	-	-
- distribution of products	-	-
- other	-	-
f) collection and payment services	-	-
g) servicing in securitisation transactions	-	-
h) other commission	2,574	8,798
Total	56,527	65,281

2.2 Fee and commission expense: breakdown

(thousands of euro)

Detail/Sectors	Total 31/12/2025	Total 31/12/2024
a) guarantees received	382	510
b) distribution of services to third parties		
c) collection and payment services	855	899
d) other commissions of brokerage	13,605	13,455
Total	14,842	14,864

Section 3 – Dividends and similar income – Item 70

There were no amounts in this section.

Section 4 – Net result from trading – Item 80

4.1 Net result from trading: breakdown

(thousands of euro)

Transactions/Income components	Capital gains (A)	Profit on trade (B)	Capital losses (C)	Loss on trade (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading	-	-	-	-	-
1.1 Debt securities					-
1.2 Equity instruments					-
1.3 UCI units					-
1.4 Loans					-
1.5 Other					-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities					-
2.2 Deposits					-
2.3 Other					-
3. Financial assets and liabilities: exchange differences	X	X	X	X	(300)
4. Derivative instruments	-	-	-	-	-
4.1 Financial derivatives					-
4.2 Credit derivatives					-
<i>of which: natural hedging related to the fair value</i>	X	X	X	X	
Total	-	-	-	-	(300)

Section 5 – Net result from hedging – Item 90

There were no amounts in this section.

Section 6 – Profit (loss) from disposal or repurchase – Item 100

There were no amounts in this section.

Section 7 – Net result of other financial assets and liabilities at fair value through profit or loss – Item 110

There were no amounts in this section.

Section 8 – Net value adjustments/write-backs for credit risk – Item 130

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

													(thousands of euro)	
Transactions/Income components	Value adjustments						Writebacks				Total 31/12/2025	Total 31/12/2024		
	First level	Second level	Third level		Impaired acquired or originated		First level	Second level	Third level	Impaired acquired or originated				
			Write-off	Other	Write-off	Other								
1. Loans to banks		(5)	-	-			-		-			(5)	(2)	
impaired loans acquired or originated		-	-	-			-		-					
- for leasing														
- for factoring														
- other loans														
Other loans		(5)	-	-			-		-			(5)	(2)	
- for leasing														
- for factoring		(5)	-	-	-				-			(5)	(2)	
- other loans		-							-					
2. Loans to financial institutions	(25)		(1)						1			(26)	(394)	
impaired loans acquired or originated		-		-						-				
- for leasing														
- for factoring														
- other loans	(25)													
Other loans			(1)									(26)	(394)	
- for leasing														
- for factoring	(25)		(1)									(26)	(394)	
- other loans		-	-	-						-				
3. Loans to consumers	(268)	(309)	(355)	(34.473)						11.489		(23.916)	(11.045)	
impaired loans acquired or originated		-	-	-						-				
- for leasing														
- for factoring														
- for consumer credit														
- other loans														
Other loans	(268)	(309)	(355)	(34.473)						11.489		(23.916)	(11.045)	
- for leasing														
- for factoring	(268)	(309)	(355)	(34.473)						11.489		(23.916)	(11.045)	
- for consumer credit														
- loans on pledge														
- other loans		-	-	-						-				
Totale	(293)	(314)	(356)	(34.473)						11.489		(23.947)	(11.441)	

8.2 Net value adjustments/write-backs for credit risk relating to financial assets at fair value through other comprehensive income: breakdown

There were no amounts in this section.

Section 9 – Gains/losses on contract modifications without eliminations – Item 140

There were no amounts in this section.

Section 10 – Administrative expenses – Item 160

10.1 Personnel expenses: breakdown

(thousands of euro)

Type of expense/Amounts	Total 31/12/2025	Total 31/12/2024
1) Employees	19,038	18,891
a) salaries and wages	12,535	12,369
b) social security contributions	3,836	3,845
c) leaving indemnity		
d) social security and welfare costs		
e) provision for termination benefits	54	87
f) provisions for post-retirement benefits and similar obligations:	-	-
- defined contribution		
- defined benefit		
g) payments to external supplementary pension funds:	1,684	1,744
- defined contribution	1,684	1,744
- defined benefit		
h) other expenses (net)	929	846
2) Other active employees	536	476
3) Directors and Statutory Auditors	152	144
4) Staff retirement		
5) Recovery of expenses for employees seconded to other companies	(306)	(245)
6) Expense reimbursements for employees of third parties seconded to the company	4,733	4,566
Total	24,154	23,831

10.2 Average number of employees by category

	Total 31/12/2025	Total 31/12/2024
a) Employees	235	238
1) Managers	5	5
2) Middle managers	110	109
3) Remaining employees	120	123
b) Other personnel	33	35
Total	269	273

10.3 Other administrative expenses: breakdown

(thousands of euro)

Type of expense/Balances	T total 31/12/2025	T total 31/12/2024
Indirect duties and taxes	769	750
Sundry services rendered by third parties	12,523	12,276
Sundry services rendered by third parties (IT)	12,353	12,154
Sundry services rendered by third parties (Internal Auditing)	170	122
Fees for professionals	3,518	3,036
Fees for consultancy	1,001	426
Fees for legal and notarial costs	2,095	2,025
Fees for debt collection	334	468
Compensation to independent Auditors	88	117
Costs relating to properties/furniture	762	695
Postal, printed matter, surveillance of premises and stock values	888	944
Management expenses GFCC	794	836
Advertising and entertainment	319	305
Searches and information	1,621	1,591
Other expenses	6,034	6,732
TOTAL	27,228	27,165

The compensation for services rendered by the Independent Auditors for audit activities in 2025, net of VAT, is EUR 84 thousand (EUR 95 thousand in 2024).

Section 11 – Net provisions for risks and charges – Item 170

11.1 Net provisions for credit risk relating to commitments to grant funds and financial guarantees given: breakdown

(thousands of euro)

Operations/Income components		Value adjustments		Writebacks		T total 31/12/2025	T total 31/12/2024
		Specific	Portfolio	Specific	Portfolio		
A.	Guarantees issued		(51)			(51)	119
B.	Derivatives on receivables					-	-
C.	Commitments to grant loans					-	-
D.	Other transactions					-	-
E.	Total	-	(51)			(51)	119

11.2 Net provisions relating to other commitments and other guarantees given: breakdown

There were no amounts in this section.

11.3 Other net provisions for risks and charges: breakdown

(thousands of euro)

Analysis	Total 31/12/2025	Total 31/12/2024
PROVISIONS	(2,080)	(4,674)
Legal disputes	(1,424)	(3,734)
Revocation actions	-	-
Pending disputes	(1,424)	(3,734)
Personnel charges	-	-
Other provisions	(656)	(940)
USES	3,642	4,441
Legal disputes	2,338	4,441
Revocation actions	-	-
Pending disputes	2,338	4,441
Personnel charges	-	-
Other uses	1,304	-
INTEREST FROM DISCOUNTING BACK	-	-
Legal disputes	-	-
Revocation actions	-	-
Pending disputes	-	-
Total	1,563	(233)

Section 12 – Net value adjustments/write-backs on property, plant and equipment – Item 180

12.1 Net value adjustments/write-backs on property, plant and equipment: breakdown

(thousands of euro)

Assets/Income component	Depreciation (A)	Value adjustments for impairment (B)	Write-backs (C)	Net result (A+B)-C
A. Property, plant and equipment				
A.1 Owned	620	-	-	620
- for business use	32			32
- granted under operating lease	588			588
A.2 For investment	128	-	-	128
- for business use	128			128
- granted under operating lease				-
A.3 Inventories	X			-
Total	748	-	-	748

Section 13 – Net value adjustments/write-backs on intangible assets – Item 190

13.1 Net value adjustments/write-backs on intangible assets: breakdown

(Thousands of euro)

Assets/Income components	Depreciation (A)	Value adjustments for impairment (B)	Write-backs (C)	Net result (A)+(B)-(C)
1. Intangible assets different from goodwill:	2,770	-	-	2,770
of which: software	2,770			2,770
1.1 owned	2,770			2,770
1.2 acquired under financial lease				-
2. Assets pertaining to financial lease				-
3. Assets granted under operating lease				-
Total	2,770	-	-	2,770

Section 14 – Other operating income and expenses – Item 200

14.1 Other operating expenses: breakdown

(Thousands of euro)

Analysis	Total 31/12/2025	Total 31/12/2024
Other charges		
Losses for sundry causes		
Other charges	(745)	(610)
Total	(745)	(610)

14.2 Other operating income: breakdown

(Thousands of euro)

Analysis	Total 31/12/2025	Total 31/12/2024
Other income		
Rental income	417	463
Other income	4,591	2,104
Total	5,008	2,567

Section 15 – Profit (Loss) from equity investments – Item 220

There were no amounts in this section.

Section 16 – Net result of valuation at fair value of property, plant and equipment and intangible assets – Item 230

There were no amounts in this section.

Section 17 – Goodwill impairment – Item 240

There were no amounts in this section.

Section 18 – Gains/losses on sale of investments – Item 250

There were no amounts in this section.

Section 19 – Income taxes for the year on current operations – Item 270

19.1 Income taxes for the year on current operations: breakdown

(thousands of euro)

	Total 31/12/2025	Total 31/12/2024
1. Current taxes (-)	(14,898)	(21,356)
2. Changes in current taxes of previous years (+/-)	154	(59)
3. Reduction in current taxes for the year (+)		
3.bis Reduction in current taxes for the year for tax credits of which under Law no. 214/2011 (+)		
4. Change in deferred taxes (+/-)	(1,178)	(7,880)
5. Change in deferred taxes (+/-)	4	9
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(15,918)	(29,286)

19.2 Reconciliation between the theoretical tax liability and the effective tax liability in the financial statements

(thousands of euro)

Analysis	Ires	Irap
Economic result useful for calculating taxation	49,193	49,193
Permanent, undeductible differences	567	2,691
Permanent, untaxable differences	(184)	(839)
Total taxable income	49,576	51,045
Theoretical tax rate	27.50%	5.55%
Theoretical tax liability/recovery	(13,633)	(2,832)
Other differences	(40)	588
Effective tax liability as per financial statements	(13,673)	(2,244)

Section 20 – Profit (loss) from discontinued operations, net of taxes – Item 290

There were no amounts in this section.

Section 21 – Income statement: other information

21.1 - Detailed breakdown of interest income and commission income

(thousands of euro)

Transactions/Income components	Interest income			Commission income			Total 31/12/2025	Total 31/12/2024
	Banks	Financial institutions	Customers	Banks	Financial institutions	Customers		
1. Financial leasing	-	-	-	-	-	-	-	-
- property assets							-	-
- movable assets							-	-
- operating assets							-	-
- intangible assets							-	-
2. Factoring	749	12.694	187.356	162	3.120	53.245	253.610	337.410
- on current receivables	748	12.464	186.470	162	3.120	50.646	253.610	327.707
- on future receivables			257			25	282	148
- on receivables acquired definitely							-	-
- on receivables acquired under nominal value							-	-
- for other loans	1	230	629			2.574	3.434	9.555
3. Consumer credit	-	-	-	-	-	-	-	-
- personal loans							-	-
- targeted finance							-	-
- loans on salaries							-	-
4. Loans on pledge	-	-	-	-	-	-	-	-
5. Guarantees and commitments	-	-	-	-	-	-	-	-
- commercial							-	-
- financial							-	-
Total	749	12.694	187.356	162	3.120	53.245	257.326	337.410

21.2 - Other information

There were no amounts in this section.

PART D – OTHER INFORMATION

Section 1 – Specific references to transactions carried out

A. LEASES (LESSOR)

There were no amounts in this section.

B. FACTORING AND TRANSFER OF LOANS/RECEIVABLES

B.1 Gross and book values

B.1.1 Factoring transactions

(Thousands of euro)

Items/Amount	Total 31/12/2025			Total 31/12/2024		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing assets	7.762.142	8.666	7.753.476	7.217.112	8.099	7.209.013
- exposures to transferors (with recourse):	507.179	3.466	503.713	540.990	4.288	536.702
- factoring of future receivables	4.345	24	4.321	2.205	4	2.201
- other	502.834	3.442	499.392	538.785	4.284	534.501
- exposures to transferred debtors transferors (without recourse)	7.254.963	5.200	7.249.763	6.676.122	3.811	6.672.311
2. Impaired assets	287.569	251.933	35.636	293.190	242.848	50.342
2.1 Non-performing	228.854	212.765	16.089	222.982	203.318	19.664
- exposures to transferors (with recourse)	160.122	149.606	10.516	153.907	139.383	14.524
- factoring of future receivables	2.286	-	2.286	2.331	1.943	388
- other	157.836	149.606	8.230	151.576	137.440	14.136
- exposures to transferred debtors (without recourse)	68.732	63.159	5.573	69.075	63.935	5.140
- purchases below nominal value	-	-	-	-	-	-
- other	68.732	63.159	5.573	69.075	63.935	5.140
2.2 Unlikely to pay	53.866	37.994	15.872	63.616	38.232	25.384
- exposures to transferors (with recourse)	21.238	14.071	7.167	18.763	12.968	5.795
- factoring of future receivables	-	-	-	-	-	-
- other	21.238	14.071	7.167	18.763	12.968	5.795
- exposures to transferred debtors (without recourse)	32.628	23.923	8.705	44.853	25.264	19.589
- purchases below nominal value	-	-	-	-	-	-
- other	32.628	23.923	8.705	44.853	25.264	19.589
2.3 Past due positions	4.849	1.174	3.675	6.592	1.298	5.294
- exposures to transferors (with recourse)	101	20	81	25	5	20
- factoring of future receivables	-	-	-	-	-	-
- other	101	20	81	25	5	20
- exposures to transferred debtors (without recourse)	4.748	1.154	3.594	6.567	1.293	5.274
- purchases below nominal value	-	-	-	-	-	-
- other	4.748	1.154	3.594	6.567	1.293	5.274
Total	8.049.711	260.599	7.789.112	7.510.302	250.947	7.259.355

B.1.2 Purchase transactions for impaired receivables other than factoring

There were no amounts in this section.

B.2 – Breakdown by residual life

B.2.1 – With recourse factoring transactions: advances and “total loans/receivables”

(thousands of euro)

Maturity	Advances		Total loans/receivables	
	2025	2024	2025	2024
- on demand	125,260	143,592	263,566	287,272
- up to 3 months	267,130	272,175	693,687	652,544
- 3 to 6 months	69,101	65,749	128,740	150,848
- 6 months to 1 year	22,323	41,082	38,052	55,926
- beyond 1 year	37,663	34,443	196,705	52,732
- unspecified duration	-	-		
Total	521,477	557,041	1,320,750	1,199,322

B.2.2 – Without recourse factoring transactions: exposures

(thousands of euro)

Time bands	Exposures	
	2025	2024
- at sight	426,479	407,483
- up to 3 months	4,984,441	4,475,539
- over 3 months	928,324	1,033,634
- 6 months to 1	218,460	244,114
- over 1 year	295,886	212,264
- indefinite	414,045	329,280
Total	7,267,635	6,702,314

B.2.3 – Purchase transactions for impaired receivables other than factoring

There were no amounts in this section.

B.3 – Other information

B.3.1 – Turnover of factored loans/receivables

(Thousands of euro)

Items	Total 31/12/2025	Total 31/12/2024
1. Without-recourse transactions	29,539,682	28,383,269
<i>of which: purchases below the nominal value</i>	-	-
2. With-recourse transactions	3,328,836	2,675,773
Total	32,868,518	31,059,042

Table drawn up in accordance with the standards illustrated in section A.2.3. “Loans/receivables – Classification”.

B.3.2 – Collection services

(Thousands of euro)

Items	Total 31/12/2025	Total 31/12/2024
<i>Loans and receivables collected in the year</i>	1,524,004	676,440
<i>Amount of loans and receivables at year end</i>	544,020	169,393

B.3.3 – Nominal value of factoring contracts for future loans/receivables

(Thousands of euro)

Items	Total 31/12/2025	Total 31/12/2024
<i>Flow of factoring contracts for future in the year</i>	193,823	11,901
<i>Amount of the contracts at year end</i>	228,758	85,660

The unused margin intended as the difference between the maximum amount of loans/receivables that can be purchased and the amount of loans/receivables purchased, as at 31 December 2025, amounted to EUR 9,929 thousand (EUR 1,245 thousand at the end of 2024).

C. CONSUMER CREDIT

There were no amounts in this section.

D. GUARANTEES GIVEN AND COMMITMENTS

D.1 Value of guarantees (secured or unsecured) given and commitments

(Thousands of euro)

Transactions	Amount 31/12/2025	Amount 31/12/2024
1) Financial guarantees given upon first request	78,901	126,958
a) Banks		2,802
b) Financial Companies	-	-
c) Costumers	78,901	124,156
2) Other financial guarantees given	-	-
a) Banks	-	-
b) Financial Companies	-	-
c) Costumers	-	-
3) Commercial guarantees issued	-	-
a) Banks	-	-
b) Financial Companies	-	-
c) Costumers	-	-
4) Irrevocable commitments to reimburse funds	183,299	157,388
a) Banks	-	-
i) certain to be called on	-	-
ii) uncertain to be called on	-	-
b) Financial Companies	-	-
i) certain to be called on	-	-
ii) uncertain to be called on	-	-
c) Costumers	183,299	157,388
i) certain to be called on	-	-
ii) uncertain to be called on	183,299	157,388
5) Commitments underlying credit derivatives: protection sales	-	-
6) Assets made to guarantee third party obligations	-	-
7) Other irrevocable commitments	-	-
a) to give guarantees	-	-
b) others	-	-
Total	262,200	284,346

D.2 Loans recorded in the financial statements due to enforcement

(Thousands of euro)

Exposures	31/12/2025			31/12/2024		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing assets						
- from guarantees	-	-	-	-	-	-
- commercial						
- financial						
2. Impaired assets						
- from guarantees	92,301	(81,489)	10,812	102,642	(81,668)	20,974
- commercial						
- financial	92,301	(81,489)	10,812	102,642	(81,668)	20,974
Total	92,301	(81,489)	10,812	102,642	(81,668)	20,974

D.3 Guarantees given (secured or unsecured): status of risk undertaken and quality

(Thousands of euro)

Type of assumed risk	Not impaired guarantees issued				Impaired guarantees issued: non-performing				Other impaired guarantees			
	Counterguaranteed		Other		Counterguaranteed		Other		Counterguaranteed		Other	
	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions
Guarantees issued with assumption of risk of initial loss - financial guarantees upon first request - other financial guarantees - commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees issued with assumption of mezzanine type risk - financial guarantees upon first request - other financial guarantees - commercial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Pro rata guarantees issued - financial guarantees upon first request - other financial guarantees - commercial guarantees	-	-	78,887	(257)	-	-	-	-	-	-	14	(3)
	-	-	78,887	(257)	-	-	-	-	-	-	14	(3)
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	78,887	(257)	-	-	-	-	-	-	14	(3)

D.4 Guarantees given (secured or unsecured): amount of counter-guarantees

There were no amounts in this section.

D.5 Number of guarantees given (secured or unsecured): status of risk undertaken

There were no amounts in this section.

D.6 Guarantees given (secured or unsecured): with risk-taking on the first losses and mezzanine type: amount of underlying assets

There were no amounts in this section.

D.7 Guarantees given (secured or unsecured) in the process of being enforced: stock data

There were no amounts in this section.

D.8 Guarantees given (secured or unsecured) in the process of being enforced: flow data

There were no amounts in this section.

D.9 Changes in impaired guarantees given (secured or unsecured): non-performing

There were no amounts in this section.

D.10 Changes in impaired guarantees given (secured or unsecured): other

(thousands of euro)

Amount of the changes	Financial guarantees upon first request		Other financial guarantees		Commercial guarantees	
	Counterguaranteed	Other	Counterguaranteed	Other	Counterguaranteed	Other
(A) Initial gross value	-	2	-	-	-	-
(B) Increases:	-	14	-	-	-	-
- (b1) transfers from performing guarantees	-	-	-	-	-	-
- (b2) transfers from other impaired guarantees	-	-	-	-	-	-
- (b3) other increases	-	14	-	-	-	-
(C) Decreases:	-	(2)	-	-	-	-
- (c1) outgoings to performing guarantees	-	-	-	-	-	-
- (c2) outgoings from other impaired guarantees	-	-	-	-	-	-
- (c3) enforcement	-	-	-	-	-	-
- (c4) other decreases	-	(2)	-	-	-	-
(D) Gross final value	-	14	-	-	-	-

D.11 Changes in unimpaired guarantees given (secured or unsecured)

(thousands of euro)

Amount of the changes	Financial guarantees upon first request		Other financial guarantees		Commercial guarantees	
	Counterguaranteed	Other	Counterguaranteed	Other	Counterguaranteed	Other
(A) Initial gross value	-	126,956	-	-	-	-
(B) Increases:	-	28,813	-	-	-	-
- (b1) Guarantees given	-	5,567	-	-	-	-
- (b2) other increases	-	23,246	-	-	-	-
(C) Decreases:	-	(76,882)	-	-	-	-
- (c1) Guarantees not enforced	-	-	-	-	-	-
- (c2) transfers to impaired guarantees	-	-	-	-	-	-
- (c3) other decreases	-	(76,882)	-	-	-	-
(D) Gross final value	-	78,887	-	-	-	-

D.12 Changes in value adjustments/total provisions

There were no amounts in this section.

D.13 Assets pledged as guarantee for own liabilities and commitments

There were no amounts in this section.

D.14 Fee and commission income and expense on guarantees given (secured or unsecured) during the year: total value

There were no amounts in this section.

D.15 Distribution of guarantees (secured or unsecured) given by sector of economic activities of the guaranteed debtors (amount guaranteed and underlying asset)

(thousands of euro)

Type of risk assumed	Given guarantees with first loss risk-taking		Given guarantees with mezzanine risk-taking		Given guarantees pro-quota
	Amount guaranteed	Underlying asset	Amount guaranteed	Underlying asset	Amount guaranteed
- Subgroup 1: SAE 430 - Non financial institutions - Production companies					65,528
- Subgroup 2: SAE 245 - Banking system					
- Subgroup 3: SAE 492 - Other non financial institutions					1,020
- Subgroup : Others					12,353
T total	-	-	-	-	78,901

D.16 Geographic distribution of guarantees (secured or unsecured) given by region of residence of the guaranteed debtors (amount guaranteed and underlying asset)

(thousands of euro)

Type of risk assumed	Given guarantees with first loss risk-taking		Given guarantees with mezzanine risk-taking		Given guarantees pro-quota
	Amount guaranteed	Underlying asset	Amount guaranteed	Underlying asset	Amount guaranteed
- Region 1 North-West Italy					25,158
- Region 2 Centre Italy					20,197
- Region 3 North-East Italy					15,600
- Region 4 South Italy and islands					11,495
- Region 5 Others					6,451
T total	-	-	-	-	78,901

D.17 Distribution of guarantees (secured or unsecured) given by sector of economic activities of the guaranteed debtors (number of guaranteed entities)

There were no amounts in this section.

D.18 Geographic distribution of guarantees (secured or unsecured) given by region of residence of the guaranteed debtors (number of guaranteed entities)

There were no amounts in this section.

D.19 Stock and trend of the number of associates

There were no amounts in this section.

E. PAYMENT SERVICES AND ISSUING OF ELECTRONIC MONEY

There were no amounts in this section.

F. OPERATIONS WITH THIRD-PARTY FUNDS

There were no amounts in this section.

G. LOAN TRANSACTIONS SECURED BY PLEDGE

There were no amounts in this section.

H. COVERED BONDS

There were no amounts in this section.

I. OTHER ASSETS

There were no amounts in this section.

Section 2 – Securitisation transactions, disclosure on the structured entities not consolidated in the accounts (other than vehicle companies not for securitisations) and sales of assets.

A. Securitisation transactions

There were no amounts in this section.

B. Disclosure on the structured entities not consolidated in the accounts (other than vehicle companies for securitisations)

There were no amounts in this section.

C. Sale transactions

There were no amounts in this section.

Section 3 – Information on risks and related hedging policies

3.1 CREDIT RISK

QUALITATIVE INFORMATION

1. General aspects

Factoring activities involve numerous services that can be structured in various ways by means of the with- and without-recourse factoring of commercial loans and receivables.

A peculiar feature of factoring transactions is the correlated involvement for various reasons of three parties, which can be classified, in brief, as:

- The Factor (transferee);
- The Client (transferor);
- The Debtor (transferred party).

If observed from the standpoint of the underlying services, it is therefore a composite product, where the credit management, the guarantee of the debtor's solvency and the disbursement of advances on loans/receivables accepted under factoring can be combined in various ways.

Therefore, the risk assessment of factoring transactions must be carried out by means of preliminary analysis of numerous factors such as: the solvency of the transferred debtors, the degree of fragmentation of the risk, the characteristics of the underlying commercial relationship, the transferor's ability to repay – in the event of disbursement of advances – also in light of the figures of the Bank of Italy's Credit Reference Bureau and the financial statements, ratings – on the party and/or associated companies, connections or simple dependence on Groups, supply difficulties, technological innovation that could place a product out of the market, etc.

Clearly, these are appraisals that can only partly overlap with lending activities carried out by banks, indispensable for permitting an adequate control of the credit risk that partly expresses itself in aspects¹ not present in banking activities.

¹ Measurement of the asset risk: a wider concept of the measurement of creditworthiness of the individual debtors factored, since it refers to the interaction of the individual names within the factored portfolio, whose risk profile is determined by the concentration of the debtors and their domestic-export nature, the ageing, DSO and payment terms, payment methods, statistics on bad debt, etc.;

Measurements of the "factorability" risk, associated with the nature and the characteristics of the supply relationship being factored, which influences the tendency of the transferred receivables to self-liquidate, especially with reference to a hypothetical terminal phase of said relationship. This risk is appreciable from the analysis of the subject matter of the supply and the type of debtors involved, the invoicing process and the statistics relating to the invoices (number, amounts...), the contracts, etc.

Measurement of the concentration risk of the relationship, falls between the asset risk and the factorability risk, since in the factoring transaction one of the most significant risk mitigation factors is represented by the large number of commercial relationships with the party granted credit that can be placed under observation and on which it is possible to intervene. In fact, adequate diversification not only permits the portfolio factored to "survive" the default

With regard to the provision of the above services, the factor may undertake the credit risks in different ways, which can be, in turn, broken down into certain elementary types:

- credit risk, represented by the risk of loss due to default of the transferor or debtor²;
- dilution risk is the risk that the amount of a receivable decreases through the granting of receivables, in cash or another form, in favour of the debtor;
- commingling risk, which emerges in loan/receivable acquisition transactions each time the funds due to the Factor may be confused with those of the transferor.

The internal control system set up by the company proposes to mitigate the manifestation of the above risks, which could lead to losses should they arise. The credit risk control model applied by the Company implements the regulatory updates defined by both the Regulator and the Group.

2. Credit risk management policies

2.1 Organisational aspects

The Head of the Risk Division holds the position of Head of the Risk Control Function and, in this capacity, reports hierarchically to the Board of Directors; the Risk Division is integrated into the RISK organisational model of the BNP Paribas Group, with the consequent close link and reporting of the Head to the Factoring Global CRO of BNPP, with which it acts in close coordination.

The Risk Regulatory and Transversal Project point of contact, who follows project management activities concerning internal and external regulatory adjustments/changes and management activities in the field of IT planning and cost control, reports to the Chief Risk Officer. The remaining units of the Division are at line level.

Risk Division

- oversees the processes relating to the assumption of credit risk and ensures the maintenance of the customer portfolio quality over time in keeping with the corporate and BNP Paribas Group objectives and strategies;
- expresses a credit opinion on credit proposals, change of status to impaired risk, adequacy of provisions where envisaged by the delegations of authority and procedures in force;
- ensures constant monitoring of credit risks and those envisaged as part of the ICAAP process for the relevant areas of responsibility;
- ensures, in coordination with the competent BNP Paribas Group Functions, the definition and maintenance of the methods and instruments aimed at identifying, measuring, assessing and handling the credit risks;
- ensures, in coordination with the competent BNP Paribas Group Functions, the monitoring of the Company's operational risks in its role as second line of defence and the coordination of the activities carried out by the first line of defence.
- monitors outsourced risk activities.

of one or more debtors, but also contributes towards isolating and containing any problematic issues linked to the commercial transactions underlying the factored receivables and limits the impact of potential fraud.

Measurement of the facility risk, associated with the contractual and operating features of the factoring transaction that contribute to determining the related risk profile. It requires the assessment of the reason for the technical form proposed and the opinion on the ongoing operations (e.g., global transfer vs. spot transfer, confidential vs. disclosed, QN vs. recognition, invoice forwarding method, accompanying documents, dunning).

Where several products are offered and/or several transactions for which the customer undertakes the dual role of transferor and transferred debtor, these situations may give rise - from a conceptual standpoint - to a correlation risk between the transactions, understood as the possibility of unexpected changes in the overall risk of the transaction due to correlation between the risks deriving from the characteristics of the various transactions offered to the customer (the latter being particularly complex to identify and quantify).

The structures of the Risk Division are shown below.**RISK ORM – Operational Risk Management**

The function was established as an internal structure in the last quarter of 2018.

The Risk Division is responsible for defining and supervising the overall operational risk management framework in its role as "second line of defence" together with Compliance, Legal, Tax and Finance to the extent of their direct concern. Risk ORM is the structure in charge of this role that is carried out, in summary, in the following activities:

- ensure the dissemination and monitoring of compliance with the regulations, directives and methods of the Group in the field of Operational Risks, the assessment of the consequent choices regarding the methods and tools used and the assistance/consultancy on the matter to all company structures;
- supervise the qualification/quantification of historical operational risk incidents (HI Quality Review) by proposing any mitigation actions;
- ensure the definition of the mapping of the Company's operational risks (RCSA Risk & Control Self-Assessment), by supervising the activities carried out by OPC (Operational Permanent Controllers) and by Divisions/Structures for the relevant areas of responsibility and guaranteeing methodological support;
- ensure the definition of the Company's control plan, by supervising the activities carried out by the Risk Owner Company Structures for the relevant areas of responsibility and guaranteeing methodological support;
- ensure the supervision of the finding monitoring activities and recommendations issued by the periodic inspections (Inspection Générale), by the Regulator, by the Control Bodies and of the relevant corrective actions;
- ensure the effective implementation of strategies, frameworks and risk mitigation actions with the first line of defence, through the follow-up of action plans and the independent control of the activities carried out, either through tests of the controls carried out by the first line of defence or, if deemed relevant, any other type of controls;
- contribute to the dissemination of the culture and awareness of operational risk and to the formation of the risk mitigation framework;
- express an independent and alert view of the level of risk and the status of the operational risk mitigation framework;
- ensure internal management reporting to the Company's Control Bodies, to BNL SpA and to the Parent Company for matters falling within its competence;
- ensure the implementation of the outsourcing system by the first line of defence
- organise and coordinate the implementation of the Data Protection & Privacy mechanism (jointly with the DPO of the Italian territory);
- With reference to the internal and external fraud protection system:
 - ensure, in accordance with the Group guidelines, the coordination of initiatives for the management of fraud reports as well as assistance/consultancy on the matter;
 - ensure the implementation of the systems required for the prevention, identification, control and monitoring of the internal and external fraud protection system, as well as the coordination or direct management of investigations;
 - contribute to the training of personnel on the culture of prevention and defence against the risk of fraud.

Risk Monitoring Department

The purpose of the structure is to see to the definition, planning and implementation of controls aimed at monitoring credit risk. Specifically:

1) it defines, plans and implements credit control activities. In this area, the Department:

- carries out checks regarding the lending process and the management of the relationship and collections based on internal regulations;
- monitors the process and the merits of the assignment and revisions of ratings and reports periodic worsening in statistical ratings for the purpose of suitable management/review of the positions;
- makes sure that the facilities granted are regularly used with respect to the resolution reached at the time and the progression of the risk elements expressed by the development of the relationship;

- checks the process of allocating for impaired accounts; monitors the achievement of lending objectives in the activities of disbursement and management of lending positions, reporting any critical issue to the Functions concerned;
- monitors the achievement of the lending objectives in the activities of disbursement and management of lending positions, reporting any critical issue to the Functions concerned;
- controls the consistency of the risk status classifications of the positions according to the guidelines of BNP Paribas Group and the Banking System, reporting any misalignment to the competent Functions.

2) it ensures, working with the Business Lines, the effectiveness of the process of watchlist/doubtful management to define and implement the corrective actions on positions subject to systematic supervision;

3) it contributes, in line with the rules of the BNP Paribas Group and together with the competent Functions, to the planning, application and maintenance of the procedures aimed at overseeing the credit risks;

4) it ensures that specific reports regarding the results of the control activities carried out and the corrective actions for the identified anomalies are prepared for the Senior Management and/or the boards;

5) it reports any operational risk found as part of its permanent control activities.

6) it performs Client Audit activities, in line with BNP Paribas Group rules, collaborating with other company Functions in order to gather the information necessary for implementing the process.

The structure carries out these activities on a monthly, quarterly, half-yearly and yearly basis, based on the type of control to be carried out.

The activities are carried out based on the Plan of activities, which includes both controls on performance and on merits and correctness of form, broken down by type of process:

- Assumption and Review of credit risk;
- Credit risk management;
- Collection of impaired loans.

Risk Management Department

The Structure carries out two main activities, model development and performance analysis and reporting:

- Model development: for the models developed by Ifitalia, it takes care of the estimation, maintenance and development of the methods aimed at measuring credit risk, ensuring the correct local implementation and acknowledgement, where applicable, of the guidelines of the Parent Company BNP Paribas. For Models developed by BNL and adopted by Ifitalia, it performs analyses on the performance of the models on the specific Ifitalia portfolios, both during first-time adoption and in case of changes or updates by the BNL tasked functions, checking whether any adaptations are required to ensure correct implementation at entity level.
- Performance analysis and reporting:
 - It ensures the monitoring of the performance and estimates produced by the local models used for management purposes within the credit process as well as the policy engines (systematic supervision and scoring). It sees to the rationale of the quality control system for the relevant areas of responsibility (internal risk models); on the basis of the results of the checks carried out, it directs and manages the follow-up of the anomalies found. It prepares periodic reports for the Company's Governance and Control Bodies on the control activities carried out (performance and data quality);

- It provides quarterly reporting on the Risk Appetite Framework, which defines the risk profile considered acceptable by the Company in the medium to long term. In particular, for each type of risk to be assumed, risk objectives, early warnings and operating limits are established under both normal and stress conditions;
- Asset Quality Monitoring: it analyses the quality of assets through a system of reports at various levels of detail to allow Senior Management and Top Management to see changes in the main risk variables under their control or affected by their actions.

As part of the ICAAP controls, it collaborates with the Finance Division for the part under the responsibility of the Risk Division in carrying out the stress tests required by the regulations as well as ensuring monitoring during the year of the second pillar risks falling within the Risk Division perimeter considered significant for the company.

It provides information support to management to enable: the tasked functions to implement the process of controlling the size of the impairment and flat-rate provisions (known as Action Plan); an aid to the latter's formulation of budget forecasts for the cost of credit risk; to define/set credit policies decided at local level.

The structure collaborates with the IT Division, as far as they are responsible, in relation to the development and maintenance of the databases necessary for the implementation of their analysis objectives.

Credit Risk Analysis

The Credit Risk Analysis structure, through its Transferor Risk Assessment and Debtor Risk Assessment structures, has the following responsibilities:

- seeing to the independent and autonomous assessment of the credit proposal, through the formulation of Risk Opinions, in accordance with the policies, procedures and processes of the company and of the BNP Paribas Group, taking into account the risk profile of the loan portfolio concerned, while also paying attention to any reputational risks;
- seeing to the independent assessment of the ESG (Environmental, Social and Governance) risk profile, in accordance with the relevant sector policies, BNP Paribas Group procedures and dedicated exclusion and monitoring lists;
- ensuring the consistency and quality of risk measures for the relevant counterparties (review of ratings assigned through statistical models, known as override, or judgemental assignment of ratings to risk counterparties falling within the scope of application of this method according to the processes and policies in force at the time);
- assessing proposals for status changes to impaired risk, as well as intervention plans (requests for extensions, repayment plans, settlements, etc.) formulated by the Business Lines and BNL Workout, issuing the related Risk Opinion;
- assessing the adequacy of the proposed provisions on impaired risks and the departure proposals put forward compared to the Company Allocation Standards;
- ensuring the compliance of operations and the correct application of internal rules in the decision-making process (delegated powers, classification of exposures and guarantees, consistency of assessment tools, company relationships, etc.);
- participating in the systematic supervision process and in the identification of risk deterioration situations (WL) as well as in the WL, Doubtful and Workout committees;
- collaborating in the periodic assessment of the quality of Ifitalia's credit portfolio;
- collaborating in the definition of credit policies and portfolio strategies useful for controlling the cost of risk;
- collaborating in the improvement of credit procedures and processes and in the validation of new relevant products and/or activities;
- ensuring the dissemination as part of the Business Lines and the Risk Division of the tools and notions developed by the corresponding structure of BNL, GFCC or BNP Paribas;
- collaborating in the management of relations with Credit Insurance Companies and seeing to the activities of requesting insurance limits, the relevant replies and the management of reports of revocation or reduction of insurance coverage received.

The following outsourcings are currently contractually formalised:

- to the independent structure "RISK ORM ICT" of BNL S.p.A., the second-level control activities falling within the ICT operational risk perimeter;
- to the independent structure "RISK IRC Italy" of BNL S.p.A., the second-level control activities related to local Probability of Default models.

2.2 Management, Measurement and Control Systems

Internal Rating System (IRS)

The Company calculates the capital requirement under the Standardised Approach, using the Internal Rating System within the credit process and risk management framework, as per the decision formalised to the Bank of Italy in 2021.

The basic and highest level regulations governing the governance methods for the adoption, extension and management of the internal rating system defined as "Governance of the internal rating system" were approved by the Board of Directors and has been progressively enforced in company processes.

Ifitalia has had an internal rating system since 2005 and, over the years, this system has undergone a gradual evolution as well as maintenance.

The rating models expressed by the aforementioned engines express a value that classifies the counterparties according to the BNPP Master Scale. The ordinal scale has 10 values in the performing perimeter (in addition to 2 notches for each value except 10, which has 3) and 2 in the non-performing perimeter.

The principle of the uniqueness of the rating value is always safeguarded through a process of integration of these values with those expressed by the BNP Paribas banking network, which are used, whenever present, as drivers in the credit process.

The internal rating system as a whole is subject to a framework of controls described in the application rules that support correct application in company processes.

2.3 Credit risk management policies

Reporting

The reporting process drawn up by the Risk Management Dept. takes the form of periodic disclosure to the first levels of responsibility of business management, to the Strategic Supervision and Control Bodies and to the BNP Paribas Group's RISK function and contains, among other things, qualitative-quantitative information on portfolio risk and the level of sector concentration. In compliance with the credit policies expressed by the Group, periodic disclosure has also been prepared for the process Owners, with the aim of facilitating observance of the indicated limits and permitting periodic reporting. Additional reports are drawn up by the Risk Monitoring Dept. and intended for Senior Management – subject to discussion if necessary with the process Owners – with the aim of informing Senior Management on observance of certain aspects of the credit process deemed to be particularly critical, also in relation to the indications received from the Parent Company.

Delegation system

The system of lending powers systematically supplements the use of the rating in the credit authorisation process with depth in the structure for exercising the authorisation in relation to the expected loss levels.

The decision-making process, taking into account Ifitalia's merger within the BNP Paribas Group, has adopted the Group model.

This model entails the involvement of two organisation chains in the credit granting process: a "commercial chain³" and a "risk chain⁴". According to this process, all lending resolutions relating to the transferor and debtor risk are made by the commercial chain, which avails itself of the support of a team of specialised credit risk analysts, who express credit opinions (known as risk opinions) on the credit proposals developed.

By means of this constant and joint assessment of the transferor proposal, by the commercial chain and the risk chain, the credit process has been defined as "4 Eyes".

The 4 Eyes organisational process applies at every decision-making level, from the lowest (Local areas) up to the General Management and, in the event of disagreement between the commercial opinion and the risk opinion, the concept of resolution escalation applies at all levels, on the basis of which the decision is referred to the higher decision-making body. In the presence of specific characteristics of the operation accurately detailed in the relevant internal procedures (type of product, risk profile of the transferor and counterparty, presence of specific "supports", etc.), the Risk Division defined ex ante the pre-requisites applicable to the simplified procedures for assessing the transferor/debtor.

³ "Commercial chain" means the business units of the Sales Division tasked with initial approval/decision-making activities.

⁴ "Risk chain" means the business units of the Risk Division tasked with credit risk assessment activities in the initial approval process.

Resolution escalation applies each time the risk opinions express a more restrictive (or negative) lending opinion with respect to the proposed transaction and the decision-making body identified by the lending powers does not intend to comply with the risk opinion expressed.

Both with regard to the without-recourse debtor and transferor role, the power delegations take into account not only the absolute amounts but also the internal rating values and the characteristics of the transaction (risk category).

In any event, the collective Decision-Making Bodies (Credit Committee and Board of Directors) are entrusted all the risks involving greater amounts, which are also subject to review by the Parent Company for the largest amounts or that, due to lender type, are reserved for the exclusive competence of the Board of Directors.

Lending policies

A set of “Specific Credit Policies”, approved by the Board of Directors, supplements the strategic guidelines formulated by the Parent Company’s Risk Policy Committee (RPC) as regards specific local aspects, aimed at supporting and guiding the factoring activities at Group level.

The “Specific Credit Policies” concern aspects such as:

- coordination at Group level of the risk assumption methods, taking account of sector performance, default risk of the counterparty, and the aspects inherent in managing the relationship;
- methods of assumption and review of without-recourse debtor risk for specific brackets of amounts and segments;
- methods of assumption of transferor risk with regard to specific types of products and/or credit underlyings.

The implementation of strategies as well as the implementation of the “Specific Credit Policies” are subject to verification and reporting to the company governance bodies, according to specifically defined processes.

Supervision of performing and past due loans/receivables

“Systematic Supervision” is the set of management rules and processes for the individual risk positions of transferor and debtor counterparties, hereinafter referred to as “Customers”, aimed at ensuring constant reporting and assessment of risk, the consequent classification and the timely and effective application of management strategies designed to minimise the impact from risk increase, with a view to preserving the quality of these credit assets.

The Systematic Supervision process - whose general principles have been approved by the Board of Directors in a specific Policy - entails:

- on-going classification of Customers, by virtue of which the Customer base must be permanently classified in relation to the current and forecast risk, making a distinction between low risk customers and high risk ones;
- focus on customers subject to increasing risk, whose main objective is the anticipatory handling of the deterioration of the loan quality as well as its permanent and on-going monitoring;
- action plans, focused on the reduction/reclassification of the risk vis-à-vis high risk Customers.

The party enters the Systematic Supervision process when:

- it is possible to apply a risk assessment and consequent management action to the same;
- a limit is granted or resolved or when an exposure emerges;
- it is reclassified as performing or Forborne Unlikely to Pay (IPA), or Management Unlikely to Pay (IPG) from a status of Arrears Unlikely to Pay (IPM) and Non-Performing.

Conversely, it leaves the process when:

- it no longer has dealings with Ifitalia;
- the position is classified as Arrears Unlikely to Pay (IPM) and Non-Performing.

Depending on the relevance of the level of risk and/or the performance or management anomalies identified, the positions are subject to specific action plans and placed on watch lists. The most significant positions are regularly reviewed by the Risk Monitoring Committee.

Organisation of the Committees

For the purpose of ensuring an integrated management of the processes, the Company has established an organisational structure that envisages the meeting of Committees where the relevant company functions are occasionally called to provide their contribution through an integrated approach.

In particular:

Credit Committee

It decides on the granting of loans and authorises their disbursements, within the limits of the powers granted.

It expresses opinions on proposals pertaining to the higher decision-making bodies.

The Credit Committee meets in "ordinary" and "integrated" sessions. In the "integrated" session, the Credit Committee resolves solely on granting loans that exceed the powers of the "ordinary" session, without prejudice to the powers reserved exclusively to the Board of Directors.

Debtor Committee

It is a body that analyses and resolves with competence over all matters relating to problem loans/receivables with the exclusion of active operations.

In this context, within the limits of the powers granted by the Board of Directors, the Committee resolves, at the suggestion of the structure managing the relation, on:

- status changes with regard to transferor customers and debtors without recourse;
- risk provisions made on a judgemental basis;
- operations referring to positions classified as "Restructured Unlikely to Pay", "Arrears Unlikely to Pay", "Agreed Unlikely to Pay" or "Non-performing" as better defined in the Delegation System;
- deviation from global allocations compared to the standard on those classified as Past Due (PD) Forborne Unlikely to Pay (IPA).

The Committee also expresses opinions on proposals pertaining to the higher decision-making bodies.

Product, Activities, Exceptional Transactions Committee

This is an analysis and decision-making body that operates with the aim of assessing, validating and authorising new products, including services and agreements, and the implementation of exceptional activities and transactions, including operations that, although based on "Standard Products", due to the extraordinary size of the volumes involved (whether receivables, total number of invoices and/or per debtor, number of debtors, etc.) cannot be managed according to current practice and require organisational, operational or system adjustments/implementations.

The Committee also assesses and expresses an opinion on outsourcing projects concerning Essential Services Provision (ESP) with critical level 4 (Critical Arrangements according to the Group classification) as well as on outsourcing projects with even lower critical level if at least one of the members of the Pre-Validation Workshop (Pre-NAC) deems it appropriate. However, the Board of Directors must pass the outsourcing project before it is launched.

Risk Monitoring Committee

It is an analysis and decision-making body that ensures the integrated supervision of significant risks, also with a view to valuation of the level of adequacy of the available capital.

This Committee is the venue in which business management discusses the valuation of risks carried out by the competent Functions and assesses the mitigation action proposed by the responsible Functions, individually or jointly.

Furthermore, the company control Functions share the results of the respective activities within said Committee.

The Committee therefore represents one of the main venues in which - for its areas of responsibility - control is exercised by the Risk Control Functions and represents a point of business synthesis that ensures a single view of risks.

The Committee is structured into internal Sessions with different areas of responsibility and composition. For each session, the attendees are identified in relation to the topics covered and their respective expertise. As part of each Session, the members of the Committee invite representatives of the relevant structures in relation to the topics discussed.

Each structure can identify the names of persons who have the right to replace the attendees in the Sessions.

Specifically, the Committee is responsible for:

- examining the trends in the quality of assets in the portfolio and assessing the action/initiatives for the mitigation of the risks and for the amendment of the developmental trends of the activities for the containment of the risks and the RWAs;
- as part of the internal rating system, it ensures the examination of the changes in the risk measures applied in the company, as well as a periodic integrated view of the outcome of the data quality and data integrity controls related to the use of the system;
- assessing the corrective action plans proposed by the competent functions for the positions included on the watchlists on a consistent basis with the processes defined at BNP Paribas Group level;
- providing a global and systematic vision of the situation within the sphere of the permanent control system and operational risk, including "RISK ICT and Cyber";
- validating the Operational Plans for Control of the risks, prepared by the responsible functions, to be submitted for the approval of the Board of Directors;
- ensuring, through a dedicated session, the coordination and monitoring of the system of defence against the risk of fraud;
- ensuring, through a dedicated session, the coordination and monitoring of the outsourcing risk management system;
- supporting the Business Continuity manager in the recognition, sharing and validation of the information and the initiatives aimed at the maintenance of the Business Continuity solutions;
- supervising, in an integrated manner, the current and forecast trend of the risk profile by monitoring the metrics of the Risk Appetite Framework;
- ensuring an integrated communication flow on the significant risks: gathering together and examining the reports relating to the trend of the adequacy of the available capital (ICAAP) and of the significant risks drawn up by the competent company Functions; communicating the outcome of the discussions to the BoD, formalised in specific reports;
- assessing the management of non-notification relationships with repayment into a restricted account that have past-due receivables;
- assessing the potential risks relating to collections and/or forecasts of reversals of revenues and/or requests for reimbursements from the transferor counterparties and/or debtors in addition to the lawsuits and positions subject to possible bankruptcy clawback.

ESG Committee

The ESG Committee, established in 2024, is a cross-functional body that meets quarterly and is responsible for translating the Board's policies on ESG issues into action and for steering and monitoring their progress.

Techniques for mitigating the credit risk

The mitigation of credit risk in the factoring transactions is essentially entrusted to an efficient and effective process for checking the ability of the debtor to pay the trade receivable acquired on maturity, which, since 2016 has been increasingly accompanied by insurance on without-recourse debtor risk, previously contracted essentially on foreign transactions and for transactions with specific customers. This choice is consistent with the strategies implemented within the factoring hub of BNP

Paribas Group, where normally the assumption of without-recourse debtor risk is accompanied by an insurance guarantee or a guarantee from a foreign correspondent.

The compliance of correspondents and insurers is subject to periodic assessment.

Nevertheless, as regards unsecured and secured guarantees, the Company has already organised itself, defining tasks and responsibilities inherent to the definition of:

- standard forms for the types of guarantees normally assumed;
- processes for gathering the subscription of guarantees;
- processes for the control, custody and registration of the guarantees.

The organisational and technological processes take into due account the necessary functional distinction that must be assigned among the party that defines the standard texts, the party that collects the guarantees, and the party that checks/holds/validates them.

The credit protection usually undertaken is unsecured (unfunded). The use of secured (funded) credit protection instruments is typically associated with protection of already impaired loans/receivables and, therefore – contrary to banking activities - is more of an exception than a usual risk mitigation instrument.

2.4 2025 Projects

The main projects in 2025 concern the subscription of the top-up Capital Relief policy with the aim of optimising the RWA on the scope of transferor customers included in the policy itself, who have already taken out an insurance policy and subsequently formalised the transfer of its benefits to Ifitalia.

3. Impaired credit exposures

Classification of impaired assets

The definition of impaired credit exposures is described by the company in a procedure that identifies the detection methods/criteria of the status of the counterparty.

This identification may be automatic (subjects in impaired past due status) or evaluated (arrears unlikely to pay and non-performing loans).

Subjects defined in past due/impaired status

Starting from 1 January 2021 and in line with the Group's operational guidelines, Ifitalia adopted the new European default criteria outlined in the EBA GL 2016/07 guidelines. The adoption of these criteria led to a revision of the overdue detection rules for both "transferor" and "debtor" customers and in particular:

- in the case of "transferor" customers, the days past due are calculated from the day on which there is an overrun, i.e. the exposure to the customer is greater than the amount of receivables transferred with recourse and the amount of this overrun exceeds the materiality thresholds established by the regulator. If this condition persists for 90 days, the customer is automatically reclassified to Past Due.
- in the case of "debtor" customers, the days past due are calculated from the 90th day on which the amounts due for principal, interest and commissions have not been paid and their amount has exceeded the materiality thresholds established by the Regulator. In the payments defined in the credit agreement have been suspended and the due dates have been changed subject to a specific agreement formalised with the Company, the counting of the days past due follows the new repayment plan.

The materiality thresholds defined by the Regulator distinguish the exceeding of two different limits:

- relative threshold: equal to 1% of the past due exposure of the total risk exposure of the counterparty;
- absolute threshold: equal to EUR 100 for SMEs and EUR 500 for companies, Bodies or other Institutions.

The adoption of the new default criteria was communicated with an information letter to the contractualised customers. Therefore, for factoring transactions, the exposures recognised on parties pursuant to IAS/IFRS are "past due assets" when both conditions of persistence and materiality are met at the same time.

Subjects defined as arrears unlikely to pay and non-performing loans

- Unlikely to pay: the classification of counterparties in this category is the result of the company's opinion as to the unlikelihood that, without recourse to actions such as enforcement of the guarantees, the debtor/transferor fully meets his/her credit obligations (in terms of principal and/or interest). This assessment is made independently from the presence of any amounts (or instalments) past due and not paid. Therefore, it is not necessary to await the explicit symptom of anomaly (non-payment), if elements exist that imply a situation of counterparty default risk (for example, a crisis in the industrial sector in which it operates). Exposures to local authorities (municipalities and provinces) in a state of financial rebalancing may come into this category. All cash and off-balance-sheet exposures to a counterparty in this situation are referred to as "unlikely to pay" unless the conditions for classification as non-performing are met.
- Non-performing loans: this category includes all cash and off-balance-sheet exposures vis-à-vis a party in a state of insolvency (even if not legally ascertained) or in essentially equivalent situations, irrespective of any loss forecasts made by the company. The exposures whose anomalous situation is attributable to profiles pertaining to country risk are excluded.

Return to performing

The counterparty can leave the non-performing status:

- when the exposures are fully discharged, including interest on arrears;
- if, once the conditions for maintaining the position as Non-performing no longer exist, it is returned to performing/Unlikely to pay by means of a specific resolution passed by the Positions delegated for this purpose;
- in case of full loss transfer of the position not recovered in whole or in part.

The counterparty can leave the unlikely to pay status:

- when the entire exposure classified as Unlikely to pay has been discharged;
- by resolution of the decision-making body granted the right to do so.

The counterparty can leave the impaired past due status:

- the automatic positions do not require a resolution for the return to performing (BON/Bonis), in that the exit from this status is managed directly by the information system that checks on a monthly basis the absence of the conditions of materiality and persistence of the past due positions that determined the placement or the end of the "cure period".

Procedures for defining, managing and controlling anomalous items at Group level

The status coordination activity is transversal to all the entities of the BNPP group in order to achieve a homogeneous reclassification of the status of the customer. Alignment is a process that needs to be coordinated from the moment the state changeover is prepared for all the statuses being assessed. The status alignment process is not automatic but always subject to coordinated evaluation by the Group entities.

Management and recovery process for impaired loans not yet due

The monitoring of the recovery process on impaired loans within the 'workout' scope (statuses other than past due and unlikely to pay that do not require the activation of legal and/or judicial recovery actions) is overseen by the Disputes & Default structure, which also uses third parties to whom the recovery activities are outsourced. The outsourcers currently entrusted with the activity are BNL – Workout (for positions with counterparty risk – GBV higher than EUR 150 thousand, so-called "Big Tickets") and FIRE SpA (for positions with GBV lower than or equal to EUR 150 thousand). As these activities are outsourced,

the individual responsible for the Outsourced Services is the Head of the Collection & Recovery Structure, which includes the Disputes & Default structure.

Disputes & Default, also through the aforementioned outsourcers, implements recovery strategies that take into account:

- the status of the position and counterparties resulting from the data in its possession at the time the documentation is received and subsequently acquired;
- the effective amount to be recovered;
- the presence of external sources of reimbursement that may be considered.

In relation to the above, it periodically takes steps to formulate collection forecasts and to quantify the amount of provisions deemed adequate in light of the status of the position when the forecasts are formulated and each time there are new elements that allow to change it.

The recovery activity is mainly focused on relations requiring legal/judicial actions, although some positions are also managed out of court when the amounts and the cost/benefit assessments suggest it.

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

Exposures falling under the categories of "Non-performing exposures with forbearance measures" and "Forborne performing exposures" as defined in the ITS are credit exposures subject to concessions (forbearance).

Forbearance measures are represented by concessions/rescheduling with counterparties that are, or are expected to be, in difficulty in meeting the originally agreed deadlines (financial difficulties).

Exposures must not be treated as forborne when the debtor is not in financial difficulty (no subjective requirement).

The valuation component from which the opinion of state of difficulty at the time of the request for concession/rescheduling arises is necessary to determine whether the measures put in place are to be understood as forbearance measures.

A concession measure is referable to any of the following actions:

- a) a change in the previous contractual terms and conditions that the counterparty had to comply with and that counterparty is considered unable to comply with in the absence of the previous contractual terms and conditions due to financial difficulties (debt management problems) and that would not have been granted had the counterparty not been in such difficulties;
- b) a total or partial refinancing/rescheduling of debt that would not have been granted had the counterparty not been in financial difficulty.

A concession measure can result in a loss for the bank/intermediary but this is not an absolute precondition. Therefore, a forbearance measure does not necessarily involve a loss.

In the business application, the focus is placed on the subjective assessment of the state of difficulty of the counterparty requesting the concession measure (forbearance measures) from which the requirement of placing the counterparty among the Non-performing or Performing forbearance measures can derive - together with the existence of certain objective assumptions.

In particular, to ensure the above, the following guidelines are defined:

- 1) The concession measures must be due to two distinct and alternative circumstances:
 - 1.1 commercial reasons (trade concessions), i.e. problems related to the underlying supply and/or commercial policies of the purchaser and/or sector specificity in the absence of a state of difficulty and therefore of the counterparty;
 - 1.2 change in deadlines resulting from a lack of funds in the presence of a state of difficulty of the counterparty (non-commercial concessions).
- 2) Some reasons constitute rebuttable presumption or absolute presumption of the sub case.
- 3) The treatment must be differentiated between the debtor role (without recourse) and the transferor role (with recourse), meaning that:
 - 3.1 the debtor role without recourse is a debtor counterparty where there are receivables without recourse;
 - 3.2 the transferor role with recourse is a transferor counterparty where there are exposures with recourse.

QUANTITATIVE INFORMATION

1. Distribution of financial assets by portfolio and loan quality (book values)

(Thousands of euro)

Portfolios/quality	Non-performing	Unlikely to pay	Past due positions	Performing Past due positions	Other Assets	Total
1. Financial assets measured at amortised cost	16,686	15,872	3,674	454,899	7,469,883	7,961,014
2. Financial assets at fair value through other comprehensive income					-	-
3. Financial assets designated at fair value					-	-
4. Other financial assets mandatorily measured at fair value		67			319	386
5. Discontinued operations					-	-
Total 31/12/2025	16,868	15,939	3,674	454,899	7,470,202	7,961,400
Total 31/12/2024	20,278	25,977	5,293	513,034	6,899,165	7,463,748

2. Distribution of financial assets by portfolio and loan quality (gross and net values)

(Thousands of euro)

Portfolios/quality	Impaired				Performing			Total (net exposure)
	Gross Exposure	Total value adjustment	Net exposure	Overall partial write-off *	Gross Exposure	Total value adjustment	Net exposure	
1. Financial assets measured at amortised cost	289,803	(253,571)	36,232		7,933,478	(8,696)	7,924,782	7,961,014
2. Financial assets at fair value through other comprehensive income						-	-	-
3. Financial assets designated at fair value					X	X	-	-
4. Other financial assets mandatorily measured at fair value	67		67		X	X	319	386
5. Discontinued operations			-				-	-
Total 31/12/2025	289,870	(253,571)	36,299	-	7,933,478	(8,696)	7,925,101	7,961,400
Total 31/12/2024	296,492	(244,944)	51,548	-	7,420,000	(8,099)	7,412,199	7,463,748

3. Distribution of financial assets by overdue bands (book values)

(Thousands of euro)

Portfolios/quality	First level			Second level			Third level			Impaired acquired or originated		
	Up to 30 days	From 30 days to 90	Over 90 days	Up to 30 days	From 30 days to 90	Over 90 days	Up to 30 days	From 30 days to 90	Over 90 days	Up to 30 days	From 30 days to 90	Over 90 days
1. Financial assets measured at amortised cost	307,052	63,076	15,940	57,183	9,072	3,102	1,761	3,607	284,435			
2. Financial assets at fair value through other comprehensive income												
3. Financial assets held for sale												
Total 31/12/2025	307,052	63,076	15,940	57,183	9,072	3,102	1,761	3,607	284,435	-	-	-
Total 31/12/2024	320,460	63,664	17,948	52,541	56,643	2,155	3,073	1,778	291,511			

4. Financial assets, commitments to grant funds and financial guarantees given: changes in total value adjustments and in total provisions

(thousands of euro)

Causes/Risk status	Total value adjustments																		Total provisions on commitments to disburse funds and financial guarantees given			Total		
	Assets in the first status						Assets in the second status						Assets in the third status						Of which financial assets impaired acquired or originate					
	Loans to banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: single write-downs	of which: collective write-downs	Loans to banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: single write-downs	of which: collective write-downs	Loans to banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: single write-downs	of which: collective write-downs						
Opening Balance		3,015	-		-	3,015		5,084	-		-	5,084		244,944	-		244,944	-		-	223	70		253,336
Increases in financial assets acquired or originated																								-
Eliminations other than write-offs																								-
Net value adjustments/writebacks for credit risk (+/-)		(111)				(111)		(292)				(292)		25,430	-		25,430		(5)	11	4			25,037
Contract modifications without eliminations																								-
Changes in estimation method																								-
Write-off														(14,451)	-		(14,451)							(14,451)
Other changes		430				430		570				570		(2,352)	-		(2,352)		5	35				(1,312)
Closing balance		3,334	-		-	3,334		5,362	-		-	5,362		253,571	-	-	253,571	-	-	223	116	4		262,610
Recoveries from collections on financial assets written off														204			204							204
Write-offs recognised directly to the income statement														(355)			(355)							(355)

5. Financial assets, commitments to grant funds and financial guarantees given: transfers between different stages of credit risk (gross and nominal values)

(thousands of euro)

Portfolios/quality		Gross Value / Nominal Value					
		Transfer from first stage to second stage		Transfer from second stage to third stage		Transfer from first stage to third stage	
		From first status to second status	From second status to first status	From second status to third status	From third status to second status	From first status to third status	From third status to first status
1. Financial assets measured at amortised cost		1,663,447	962,169	27,121	8080	18,841	3,918
2. Financial assets at fair value through other comprehensive income							
3. Financial assets held for sale							
4. Commitments to grant loans and financial guarantees issued		92,976	42,234	392		842	135
Total 31/12/2025		1,756,423	1,004,403	27,513	8080	19,683	4,053
Total 31/12/2024		399,531	130,823	1,037	348	2,500	1,751

6. Credit exposures to customers, banks and financial businesses

6.1 Off-balance sheet credit exposures to banks and financial businesses: gross and net values

(Thousands of euro)

Types of exposures/Amounts	Gross Exposure				Total value adjustments and total provisions				Net Exposure	Overall partial write-off*
	First level	Second level	Third level	Impaired acquired or originated	First level	Second level	Third level	Impaired acquired or originated		
A. CASH EXPOSURES										
A1 On demand	761								761	
a) Impaired assets	X				X					
b) Performing assets	761		X				X		761	
A2 Other	263,186	6,580			(87)	(8)			269,671	
a) Doubtful 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 loans	X				X					
-of which forborne exposures	X				X					
d) Performing Past due loans	35,861	467	X		(18)		X		36,310	
-of which forborne exposures			X				X			
e) Other Performing Assets	227,325	6,113	X		(69)	(8)	X		233,361	
-of which forborne exposures			X				X			
TOTAL A	263,947	6,580			(87)	(8)			270,432	
B. OFF BALANCE SHEET EXPOSURES										
a) Impaired assets	X				X					
b) Performing assets			X				X			
TOTAL B										
TOTAL A+B	263,947	6,580			(87)	(8)			270,432	

6.2 Cash credit exposures to banks and financial businesses: changes in gross impaired exposures

There were no amounts in this section.

6.2bis Cash credit exposures to banks and financial businesses: changes in gross forborne exposures broken down by credit quality

There were no amounts in this section.

6.3 Impaired cash credit exposures to banks and financial businesses: changes in total value adjustments

There were no amounts in this section.

6.4 Off-balance sheet credit exposures to customers: gross and net values

Types of exposures/Amounts	Gross Exposure				Total value adjustments and total provisions				Net Exposure	Overall partial write-off*
	First level	Second level	Third level	Impaired acquired or originated	First level	Second level	Third level	Impaired acquired or originated		
A. CASH EXPOSURES										
a) Doubtful loans	X		230.745		X			(214.059)	16.686	
-of which forbome exposures	X		25.263		X			(22.325)	2.938	
b) Unlikely to pay	X		54.209		X			(38.338)	15.871	
-of which forbome exposures	X		12.691		X			(7.784)	4.907	
c) Impaired past due loans	X		4.849		X			(1.174)	3.675	
-of which forbome exposures	X		279		X			(69)	210	
d) Performing Past due loans		350.207	68.890	X	(232)	(275)	X		418.590	
-of which forbome exposures			X				X		-	
e) Other Performing Assets		6.041.626	1.202.989	X	3.015	(5.079)	X		7.236.521	
-of which forbome exposures			5.738	X		(27)	X		5.711	
TOTALE A		6.391.833	1.271.879	289.803	3.247	(5.354)	-	(253.571)	7.691.343	
B. OFF BALANCE SHEET EXPOSURES										
a) Impaired assets	X		14		X		(4)		10	
b) Performing assets		292.647	133.375	X	(223)	(116)	X		425.683	
TOTALE B		292.647	133.375	14	(223)	(116)	(4)	-	425.683	-
TOTALE A+B		6.684.480	1.405.254	289.817	(3.470)	5.470	(4)	(253.571)	8.117.036	-

* Value to be shown for information purposes.

6.5 Credit exposures to customers: changes in gross impaired exposures

(thousands of euro)			
Cause/Categories	Doubtful loans	Unlikely to pay	Impaired past due loans
A. Starting gross exposure	224,872	64,898	6,592
- of which: exposures sold, but not eliminated			
B. Increases	25,133	36,239	4,714
B.1 entries from performing exposures	6	33,409	3,579
B.2 entries from impaired financial assets acquired or originated	-	-	-
B.3 transfers from other categories of impaired exposure	24,421	2,830	-
B.4 contract modifications without eliminations	-	-	-
B.5 other increases	706		1,135
C. Decreases	(19,260)	(46,928)	6,457
C.1 exits to performing exposures	(923)	(2,832)	(2,659)
C.2 write-offs	(13,106)	(824)	(13)
C.3 collections	(5,231)	(17,141)	-
C.4 sale proceeds	-		-
C.5 losses on sale	-		-
C.6 transfers from other categories of impaired exposures	-	(23,498)	(3,753)
C.7 contract modifications without eliminations	-		-
C.8 other decreases	-	(2,633)	(32)
D. Gross final exposure	230,745	54,209	4,849
of which: exposures sold, but not eliminated			

6.5bis Cash credit exposures to customers: changes in gross forborne exposures broken down by credit quality

(Thousands of euro)

Cause/Categories	Forborne exposures: impaired	Forborne exposures: performing
A. Starting gross exposure of which: exposures sold, but not eliminated	46.365	12.850
B. Increases	4.847	859
B.1 entries from performing not forborne exposures	1.394	635
B.2 entries from performing forborne exposures	1624	X
B.3 entries from impaired forborne exposures	X	
B.4 entries from non impaired forbornes	1.312	
B.5 B.2 Financing covered by other granting measures	517	224
C. Decreases	(12.979)	(7.971)
C.1 exits to performing not forborne exposures	X	(1.098)
C.2 exits to performing forborne exposures		X
C.3 exits to impaired forborne exposures	X	(1.624)
C.4 write-offs	(2.078)	
C.5 collections		
C.6 sale proceeds	-	-
C.7 losses on sale	-	-
C.8 other decreases	(10.901)	(5.249)
D. Gross final exposure of which: exposures sold, but not eliminated	38.233	5.738

6.6 Impaired cash credit exposures to customers: changes in total value adjustments

(Thousands of euro)

Cause/Categories	Doubtful loans		Unlikely to pay		Impaired past due loans	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Initial total adjustments - of which: exposures sold, but not eliminated	204,596	21,648	39,050	9,266	1,298	37
B. Increases	27,403	3,996	12,581	1,855	15	69
B.1 value adjustments from impaired financial assets acquired or originated		X		X		X
B.2 other value adjustments	19,082		12,581	431		
B.3 losses on sale						
B.4 transfers from other categories of impaired exposure	8,321	551				
B.5 contract modifications without eliminations		X		X		X
B.6 other increases		3,445		1,424	15	69
C. Decreases	(17,940)	(3,319)	(13,293)	(3,337)	(139)	(37)
C.1 write-backs from valuation	(22)		(683)	(570)		
C.2 write-backs from collection	(4,036)		(1,272)			
C.3 gains on sale						
C.4 write-offs	(11,434)		(3,017)			
C.5 transfers from other categories of impaired exposures			(8,321)	(527)		(24)
C.6 contract modifications without eliminations		X		X		X
C.7 other decreases	(2,448)	(3,319)		(2,240)	(139)	(13)
D. Final total adjustments - of which: exposures sold, but not eliminated	214,059	22,325	38,338	7,784	1,174	69

7. Classification of financial assets, commitments to grant funds and financial guarantees given based on internal and external ratings

There were no amounts in this section.

7.1 Breakdown of financial assets, commitments to grant funds and financial guarantees given by external rating classes

(thousands of euro)

Exposures	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	300,192	1,770,270	691,101	262,419	116,115	3,519	5,079,665	8,223,281
- First level	275,595	1,602,639	625,322	206,089	113,032	-	3,832,342	6,655,019
- Second level	24,597	167,631	65,779	55,348	3,083	-	962,021	1,278,459
- Third level	-	-	-	982	-	3,519	285,302	289,803
- Impaired acquired or originated	-	-	-	-	-	-	-	-
B. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
- First level	-	-	-	-	-	-	-	-
- Second level	-	-	-	-	-	-	-	-
- Third level	-	-	-	-	-	-	-	-
- Impaired acquired or originated	-	-	-	-	-	-	-	-
C. Discontinued operations	-	-	-	-	-	-	-	-
- First level	-	-	-	-	-	-	-	-
- Second level	-	-	-	-	-	-	-	-
- Third level	-	-	-	-	-	-	-	-
- Impaired acquired or originated	-	-	-	-	-	-	-	-
Total (A + B + C)	300,192	1,770,270	691,101	262,419	116,115	3,519	5,079,665	8,223,281
<i>of which: impaired financial assets acquired or originated</i>								
D. Commitments to disburse funds and financial guarantees issued	563	64,075	30,431	32,014	-	-	298,953	426,036
- First level	563	64,075	30,430	31,021	-	-	166,558	292,647
- Second level	-	-	1	993	-	-	132,381	133,375
- Third level	-	-	-	-	-	-	14	14
- Impaired acquired or originated	-	-	-	-	-	-	-	-
Total (D)	563	64,075	30,431	32,014	-	-	298,953	426,036
Total (A + B + C + D)	300,755	1,834,345	721,532	294,433	116,115	3,519	5,378,618	8,649,317

Ifitalia uses the external ratings of the following ECAs:

	1	2	3	4	5	6
CERVED	A1.1, A1.2, A1.3	A.2.1, A.2.2, A.3.1	B.1.1, B.1.2	B.2.1, B.2.2	C.1.1	C.1.2, C.2.1

7.2 Distribution of financial assets, commitments to grant funds and financial guarantees given by internal rating class (gross values)

There were no amounts in this section.

8. Financial and non-financial assets obtained through the enforcement of guarantees received

There were no amounts in this section.

9. Lending concentration

9.1 Distribution of cash and off-balance sheet credit exposures by sector of economic activities of the counterparty

(Thousands of euro)

Exposure types/Balances	Public administration		Financial companies and banks		Financial companies (of which: other INSURANCE COMPANIES)		Non financial companies		Households	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. CASH EXPOSURES										
A.1 Doubtful loans	5,199	(14,127)					11,487	(196,185)		(3,747)
-of which forborne exposures	254	(459)					2,692	(21,763)	(8)	(103)
A.2 Unlikely to pay	2,528	(1,350)					13,281	(35,117)	62	(1,871)
-of which forborne exposures	202	(37)					4,693	(7,559)	12	(188)
A.3 Impaired past due positions	132						3,412	(1,130)	131	(44)
-of which forborne exposures							210	(69)	-	
A.4 Performing exposures	491,647	(174)	270,432	(95)	3,865		6,755,703	(8,372)	407,761	(55)
-of which forborne exposures	-						5,711	(27)	-	
TOTAL A	499,506	(15,651)	270,432	(95)	3,865	-	6,783,883	(240,804)	407,954	(5,717)
B. OFF BALANCE SHEET EXPOSURES										
B.1 Impaired assets	-						10	(4)	-	
B.2 Performing assets	128,045	(39)					296,631	(295)	1,007	5
TOTAL B	128,045	(39)					296,641	299	1,007	(5)
TOTAL (A+B) 31.12.2025	627,551	(15,690)	270,432	(95)	3,865	-	7,080,524	(241,103)	408,961	(5,722)
TOTAL (A+B) 31.12.2024	480,662	(17,522)	291,033	(84)	3,008	-	6,909,748	(230,482)	67,101	5,248

9.2 Distribution of cash and off-balance sheet credit exposures by counterparty's geographic area

(Thousands of euro)

Exposure types/Balances	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. CASH EXPOSURES										
A.1 Non performing	16,434	(213,625)	252	(434)	-	-	-	-	-	-
A.2 Unlikely to pay	13,756	(37,449)	1,039	(588)	1,076	(301)	-	-	-	-
A.3 Past due positions	3,295	(1,047)	380	(127)			-	-	-	-
A.4 Performing positions	6,152,176	(7,912)	1,304,936	(620)	336,931	(110)	68,628	(22)	62,872	(32)
TOTAL (A)	6,185,661	(260,033)	1,306,607	(1,769)	338,007	(411)	68,628	(22)	62,872	(32)
B. OFF BALANCE SHEET EXPOSURES										
B.1 Impaired assets	10	(4)	-	-	-	-	-	-	-	-
B.2 Performing positions	381,747	(285)	43,830	(54)	104	-	2	-	-	-
TOTAL (B)	381,757	(289)	43,830	(54)	104	-	2	-	-	-
TOTAL (A + B) 31/12/2025	6,567,418	(260,322)	1,350,437	(1,823)	338,111	(411)	68,630	(22)	62,872	(32)
TOTAL (A + B) 31/12/2024	6,062,460	(251,638)	1,316,165	(1,476)	253,807	(96)	74,552	(113)	41,560	(13)

9.2.1 Distribution of cash and off-balance sheet credit exposures by geographic area of counterparty resident in Italy

(Thousands of euro)

Exposure types/Balances	North-West		North-East		Centre		South and Islands	
	Net exposure	Total value adjustment	Net exposure	Total value adjustment	Net exposure	Total value adjustment	Net exposure	Total value adjustment
A. CASH EXPOSURES								
A.1 Non performing	1,948	(70,029)	1,164	(18,062)	3,858	(58,978)	9,464	(66,556)
A.2 Unlikely to pay	1,918	(5,595)	2,018	(5,455)	6,330	(16,058)	3,490	(10,341)
A.3 Past due positions	1,581	(526)	608	(202)	454	(146)	652	(173)
A.4 Performing positions	2,575,915	(3,020)	1,380,716	(1,033)	1,515,735	(3,253)	679,810	(606)
TOTAL (A)	2,581,362	(79,170)	1,384,506	(24,752)	1,526,377	(78,435)	693,416	(77,676)
B. OFF BALANCE SHEET EXPOSURES								
B.1 Impaired assets	2	(1)					8	(3)
B.2 Performing positions	88,046	(102)	74,745	(51)	157,295	(96)	61,661	(36)
TOTAL (B)	88,048	(103)	74,745	(51)	157,295	(96)	61,669	(39)
TOTAL (A+B) 31.12.2025	2,669,410	(79,273)	1,459,251	(24,803)	1,683,672	(78,531)	755,085	(77,715)
TOTAL (A+B) 31.12.2024	2,672,182	(69,361)	1,327,150	(26,617)	1,248,232	(72,556)	814,896	(83,104)

9.3 Significant exposures

(Thousands of euro)

SIGNIFICANT EXPOSURES		Book value	Weighted value
a	Amount	3,840,921	2,026,929
b	Number	22	22

10. Models and other methods for gauging and handling the credit risk

The company does not use internal models for gauging credit risk

11. Other quantitative information

Not applicable to the company

3.2 MARKET RISK

3.2.1 INTEREST RATE RISK

QUALITATIVE INFORMATION

1. General aspects

The interest rate risk deriving from the timing mismatch between asset and liability items associated with funding and lending transactions is handled by the Finance Division.

As part of its core activities, due to company policy, funding reflects the same market parameters to which the structure of the loans is linked.

In consideration of the types of lending and funding that characterise Ifitalia's activities, the risk of a change in the market rates has a marginal impact on the value of assets and liabilities.

QUANTITATIVE INFORMATION

Given that all funding is currently provided to the company by the Parent Company, the mismatch by maturity band with respect to the amount of the funding is marginal as at 31 December 2025.

1. Distribution by residual maturity (re-pricing date) of financial assets and liabilities

Currency: euro

(Thousands of euros)

Remaining items/duration	on demand	within 3 months	from 3 to 6 months	from 6 to 1 year	from 1 year to 5 years	from 5 years to 10 years	over 10 years	unspecified life
1. Assets	795,783	5,573,174	447,587	18,504	271,605	11,019	-	414,045
1.1 Government bonds								
1.2 credits	795,783	5,573,174	447,201	18,504	271,605	11,019		414,045
1.3 other activities			386					
2. Liabilities	456,354	4,803,091	382,263	8,540	242,078	3,056	-	481,892
2.1 debts	456,354	4,803,091	382,263	8,540	242,078	3,056		481,892
2.2 bonds issued								
2.3 other liabilities								
3. Financial derivatives	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								
Other derivatives	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								

Currency: other currencies

(Thousands of euros)

Remaining items/duration	on demand	within 3 months	from 3 to 6 months	from 6 to 1 year	from 1 year to 5 years	from 5 years to 10 years	over 10 years	unspecified life
1. Assets	39,121	364,613	10,579	15,553	578	-	-	-
1.1 Government bonds								
1.2 credits	39,121	364,613	10,579	15,553	578	-		
1.3 other activities								
2. Liabilities	180,057	218,628	6,582	13644	0	-	-	-
2.1 debts	180,057	218,628	6,582	13,644	0	-		
2.2 bonds issued								
2.3 other liabilities								
3. Financial derivatives	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								
Other derivatives	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								

2. Models and other methods for gauging and handling the interest rate risk

The interest rate risk is monitored on a quarterly basis by the Finance Division – Treasury Dept. The model used by Ifitalia to monitor interest rate risk is that indicated in the provisions contained in Bank of Italy Circular no. 288, whose model is based on the principle of a 200 bp shock.

At the end of 2025, the portfolio's sensitivity to interest rate risk for Ifitalia amounted to EUR 3.92 million, equal to 0.405% of the supervisory capital, below the 20% threshold.

3. Other quantitative information on interest rate risk

There were no amounts in this section.

3.2.2 PRICE RISK

The Company does not purchase or sell financial instruments other than trade receivables and therefore is not exposed to the market risks associated with the price volatility of said instruments.

3.2.3 EXCHANGE RISK

QUALITATIVE INFORMATION

1. General aspects

Exchange risk is negligible within the scope of core business activities since all assets acquired are matched by identical liabilities in the same currency and with the same duration features.

QUANTITATIVE INFORMATION

1. Distribution by currency of assets, liabilities and derivatives

(thousands of euro)

Entries	Currencies					
	USA dollars	Pounds	Yen	Canadian dollars	Swiss francs	Other currencies
1. Financial assets	229,547	110,596	-	30,391	558	73,197
1.1 government bonds	-	-	-	-	-	-
1.2 equity securities	-	-	-	-	-	-
1.3 credits	229,547	110,596	-	30,391	558	73,197
1.4 other financial assets	-	-	-	-	-	-
2. Other assets	-	-	-	-	-	-
3. Financial liabilities	229,093	110,417	-	30,182	558	72,961
3.1 debts	229,093	110,417	-	30,182	558	72,961
3.2 bonds issued	-	-	-	-	-	-
3.3 other financial liabilities	-	-	-	-	-	-
4. Other liabilities	-	-	-	-	-	-
5. Derivatives	-	-	-	-	-	-
5.1 long positions	-	-	-	-	-	-
5.2 short positions	-	-	-	-	-	-
Total assets	229,547	110,596	-	30,391	558	73,197
Total liabilities	229,093	110,417	-	30,182	558	72,961
Unbalances (-/+)	454	179	-	209	-	236

2. Models and other methods for gauging and handling the exchange risk

As stated above, exchange risk is negligible since all assets acquired are matched by identical liabilities in the same currency and with the same duration features.

3. Other quantitative information on exchange risk

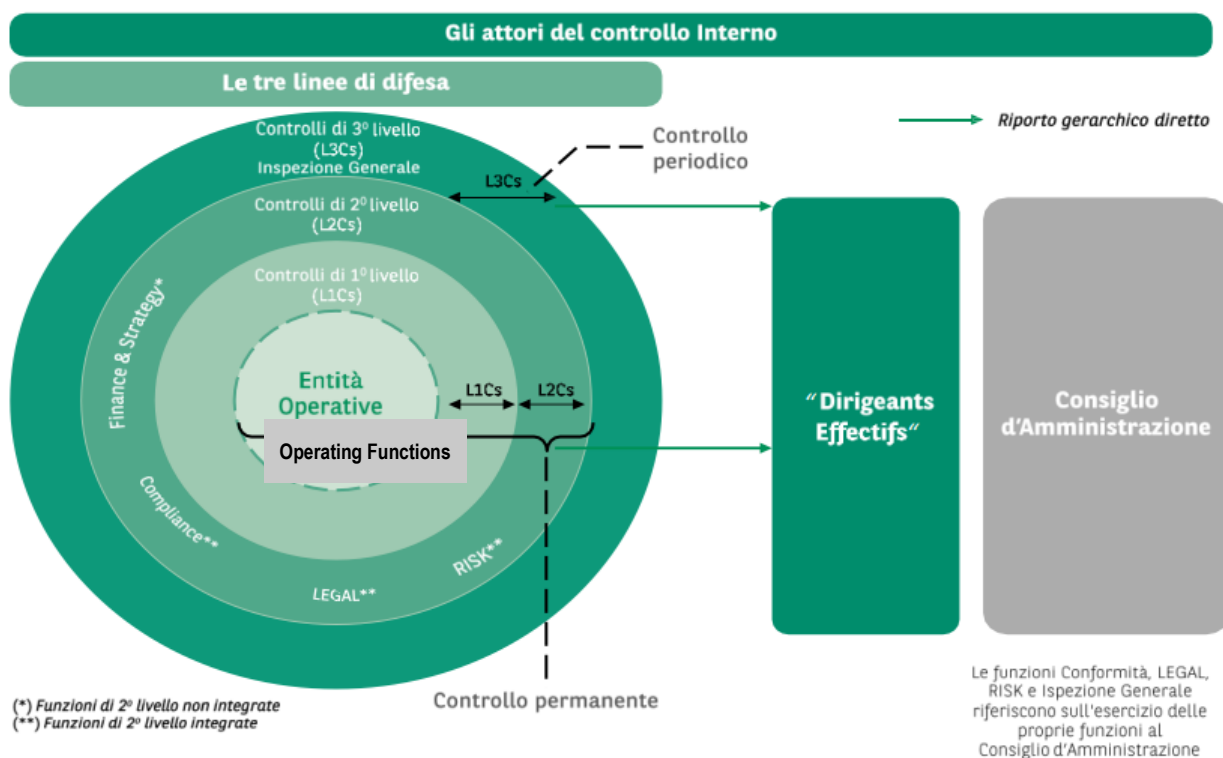
There were no amounts in this section.

3.3 OPERATIONAL RISK

QUALITATIVE INFORMATION

1. General aspects, management processes and methods for gauging the operational risk

The control model defined by the BNP Paribas Group allocates the Operational Risk tasks among three lines of defence and, limited to Permanent Controls, between the first and second lines of defence as summarised below.



The **permanent control system** is implemented by the Risk Division, which ensures its consistency and operation in accordance with the permanent control system provided for by the Parent Company BNP Paribas.

With reference to the regulatory framework, the activity is carried out on procedures that apply the Group's framework at the local level and are translated into policies, guidelines, operational implementation procedures, control plans and a reporting system.

The diagram below represents the overall breakdown of the components of the permanent control system:



The permanent control system consists of:

- **First level of control (LOD1)**, represented by the operating functions, which perform line activities and hierarchical controls, and the Operational Risk and Permanent Controls Department (OPC) which performs the role of permanent first level control. The first line of defence is responsible for:
 - o identifying and assessing the risks to which the assets are exposed;
 - o defining adequate control methods and ensuring their execution;
 - o identifying and implementing risk mitigation actions.
- **Second level of control (LOD2)**, responsible, through delegation from the Governing Body, for the organisation and proper operation of the risk management system and its compliance with laws and regulations in a number of areas (themes and/or processes) defined by their Responsibility Charter.

On the other hand, the periodic control is represented by the third level of control that is responsible for assessing risk management, control and corporate governance processes, as well as compliance with laws and regulations, and making proposals to strengthen their effectiveness.

With regard to operational risk, the distinction between control levels has been made fully operational in Ifitalia since 2018 with the operational start-up in the Risk Division of the **RISK ORM - Operational Risk Management** structure, which acts as a second line of defence in carrying out permanent control and operational risk management activities.

Operational risk includes multiple types of risk (human resources, legal, tax, information systems functionality, non-compliance, operational processes, etc.); its management requires specialist expertise to ensure its mitigation and, therefore, a plurality of second-level Functions.

The Functions exercising second-level control are:

- **RISK**, responsible for organising and supervising the global management framework for the risks to which the BNP Paribas Group is exposed, specifically credit and counterparty risk, market risk, funding and liquidity risk, interest rate risk and foreign exchange risk in the banking book, insurance risk and operational risk;
- **Compliance**, responsible for organising and supervising the compliance risk management system;
- **LEGAL**, responsible for organising and supervising the legal risk management system.

The general coordination of the lines of defence against all types of risk is ensured by the Risk Control Function (Risk Division), through its second-level control function, RISK ORM, which is responsible, inter alia, for defining the overall framework for managing Operational Risks and Permanent Controls.

On the other hand, the supervision, management and monitoring activities (also with reference to the ICAAP process) are carried out by the already mentioned Operational Risk and Permanent Controls Department (OPC) in coordination with the RISK ORM. The staff of the OPC Department, who do not participate in specific operating activities of the other Functions, are dedicated to executing Permanent Controls according to the formalities and the deadlines defined in the Plan of Controls and prepared "day by day" operational disclosure on the checks carried out, emerging issues, and any mitigation activities carried out. This information is sent to the operational management (Department Heads).

Within the Ifitalia internal control framework, the OPC Department is responsible for the follow-up of corrective actions resulting from audit missions carried out by Inspection Générale; the activity is reported to the Risk Division as the second line of defence. Inspection Générale is responsible for the final decision on the correct implementation of the corrective action resulting from the issue of specific recommendations.

The complementarity of the "Operational Risks" and "Permanent Controls" areas carries out its synergistic action in the identification, assessment and monitoring phase of the actual risk (the risk that takes into account the coverage of the procedures and the effectiveness of the controls) and in the definition phase of the corrective actions and the relative priorities, following the adoption of shared and common metrics and measurements.

The second line of defence implemented by RISK ORM, on the Chief Risk Officer's recommendation, has the mission of ensuring the correct application at local level of the Group's framework with reference to: the regulations, the way in which the risks to which the company is exposed are assessed.

Second-level control activities are carried out on the basis of a control plan (POC), which is revised annually in a risk-oriented logic, with reference to the verification of the method of identification and execution of controls implemented by OPC (**Independent Testing**).

In addition to the above planned activities, there are others related to:

- the **supervision** (Check & Challenge) of the implementation methods and the consistency of the assessments carried out as part of the process of assessing the risks relating to company processes known as **RCSA/Risk Control & Self Assessment**;
- the **supervision** (Check & Challenge) of the implementation methods with respect to Group standards of the information reported and the decisions taken by management with regard to all major **operational incidents** and, on a sample basis, those of lesser importance;
- the **supervision of the implementation of the anti-fraud defence system** through active participation in defining and setting up the defence framework in terms of regulations and tools in collaboration with the first line of defence;
- the **supervision of the implementation of the outsourcing risk management system** in collaboration with the first line of defence.

Information and coordination with management at the corporate level is carried out through Inter-functional Committees, the main one being the **Risk Monitoring Committee** during the Operational Risk and Permanent Controls session, the Outsourcing session and the Fraud session. The members and mission of the individual sessions of the Risk Monitoring Committee are set out in the Company Regulations in force at the time.

Method

Management of operational risk, in the definition adopted by BNP Paribas, is based on an alignment of cause analysis (internal process or external fact), event (incident), and effect (risk of economic loss). In particular, the BNP Group defined as an incident a real event that has actually taken place, of which it is possible to effectively describe the real causes and consequences, as well as to measure its economic impacts. Analysis of the frequency/impacts of the historic incidents and their evolution in perspective represents an underlying element for the development of the map of the risks.

- ✓ Finance Division is responsible for ensuring that incidents generating a significant financial impact are properly reported in the Company's financial documents; this Division also works with the Operational Risk and Permanent Controls Department to perform an accounting reconciliation of operating incidents. It is also responsible for calculating the capital requirements to be established in relation to the operational risks.

The Operational Risk Management Model within Ifitalia concerns the following processes:

- **Loss Data Collection Process:** activities for the identification, entry, and registration of historic incidents of Operational Risk through input to the Risk360 Group tool. The process, implemented by the first line of defence, is subject to a second-level control called Quality Review by RISK ORM, with the aim of ascertaining the correct identification of the causes and effects of the incident and the adequacy of the action plans identified. The application of the second-level control is implemented with a risk sensitive logic that takes into account the type of incident and its amount. Following the examination, RISK ORM could agree with the first line of defence on the implementation of an action plan.
- **RCSA/Risk Control & Self Assessment process:** assessment of the exposure to operational and non-compliance risks within Ifitalia. The mapping of the risks has been one of the qualifying elements for the adoption of the TSA model. It is based on an auto-diagnostic process for the identification, classification and prior valuation of the risks which corporate operations are potentially exposed to and as such, is a managerial operating instrument useful for the planning of the most appropriate mitigation measures for said risk.
The process, implemented by the first line of defence, is subject to a second-level control process called Check&Challenge that aims to ensure the correct identification of the relevant risks, their assessment before and after the application of the control system, as well as the identification of action plans. The process has its own

formalised governance, coordinated by the Risk Division, and ends with final approval by the Risk Monitoring Committee – Operational Risk and Permanent Controls Session and by the Board of Directors.

- **Permanent Control Plan of the first level of defence:** activation of permanent control procedures on areas at greatest operational risk identified in the RCSA Process and Control Plans defined at the level of the Factoring Sector; the outcomes of the controls are reported through the Risk360 Group application.
- **Permanent Control Plan of the second level of defence:** activated on the basis of a risk-oriented approach that takes into account several parameters (such as, by way of example: the historicity of the incidents with respect to the processes, indications of the business line, the results of the risk maps, new areas of activity, etc.). The analysis process is called Independent Testing and targets a sample of processes and controls. Following the examination, if necessary, RISK ORM could agree with the first line of defence of the corrective actions.
- **Issue Resolution Activities:** adoption of suitable corrective measures in relation to the critical areas indicated, to ensure the efficiency of the company procedures and processes (in terms of integration, variation or support). This action can be activated directly from the first line of defence (known as self-identified action plans) or derive from the activity carried out by the second line of defence as described above. Corrective actions identified as part of the execution of controls and the analysis of incidents are recorded and monitored through dedicated Group platforms.
- **Reporting:**
 Reporting activities assure operational risk monitoring and enable to assess the efficacy of the controls and hedging procedures.
 Reports are produced by the first and second line of defence in line with their scopes of responsibility.
 With reference to the first line of defence, the main report produced, is the *Permanent Controls and Operational Risks Report* that guarantees information on the outcomes of the controls carried out by the first level of defence and the results of the Loss Data Collection process. This report, issued every six months, is intended for the management present in the Risk Monitoring Committee - Operational Risk and Permanent Controls Session and the Board of Directors.
 With regard to the second line of defence, two main reports are produced:
 - The half-yearly report on the performance of the permanent second-level control activity with reference to the results of the independent tests, quality review, follow up of the action plans self-determined by the management and of the corrective actions defined in the context of the independent testing activities as well as the main key issues that may be relevant in the operational risk area on which the management may need to be updated. The report, issued every six months, is intended for the Risk Monitoring Committee - Operational Risk and Permanent Controls Session and the Board of Directors;
 - The annual report called *OR&C Report* submitted for validation by the General Manager and Chief Risk Officer, and intended for the Business Line, provides the Group with a general view of the company's internal control system.

QUANTITATIVE INFORMATION

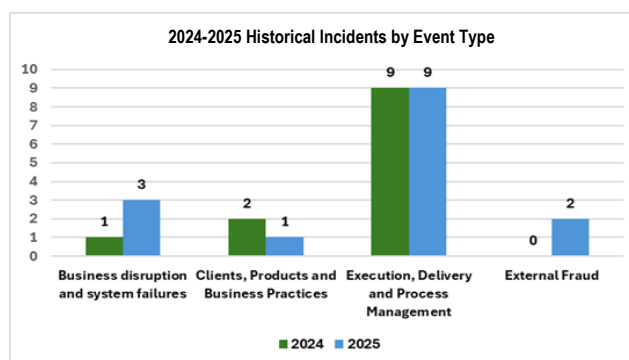
Assessment of the main sources and nature of risk events

In line with BNP Paribas Group guidelines, operational risk is defined as “the risk of loss resulting from inadequate or failed internal processes, or from external events, whether intentional, accidental or natural”.

This definition therefore includes not only incidents attributable to process errors, incorrect application of internal regulations or fraudulent events⁵, but also potential operating losses related to credit risk, such as legal disputes or management disputes over transactions, which may affect the recoverability of the credit, even if the debtor is financially solvent.

The absolute number of operational risk events (historical incidents) recorded in 2025 according to the type of loss event (Event Type) defined by the Basel II Committee is provided below. It should be noted that internal procedures require the recording of all incidents above a defined materiality threshold detected during the year, regardless of whether or not they resulted in an actual loss.

During 2025, 15 risk events were recorded compared to 12 in the previous year, which are summarised below:



Two external fraud incidents occurred in 2025⁶, unlike in 2024, when no incidents of this type were recorded.

⁵ Regardless of whether the loss is recorded in the accounts as credit risk

⁶ As at 31 December 2025, the related provisions were accounted for as credit risk.

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

1. General aspects, management processes and methods for gauging the liquidity risk

The policies for managing liquidity risk, i.e. the ability to fulfil, at any time, one's payment obligations at the set due dates, are an expression of the strategy defined by the Parent Company BNP Paribas, which is essentially based on centralised liquidity management for all Group companies.

QUANTITATIVE INFORMATION

1. Time distribution by residual maturity of financial assets and liabilities – Euro

Euro											
(thousands of euro)											
Items/Timeframe	On demand	Within 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years	Unspecified life
Cash assets	691.013	-	-	1.807.209	3.120.840	943.784	221.470	246.855	75.087	11.029	414.430
A.1 Government bonds											
A.2 Other debt securities											
A.3 Loans	691.013			1.807.209	3.120.840	943.784	221.470	246.855	75.087	11.029	414.044
A.4 Other assets											386
Cash liabilities	420.823	602.898	645.159	861.497	1.170.114	940.480	1.119.890	125.661	8.768	92	481.892
B.1 Deposits and current accounts	420.823	602.898	645.159	861.497	1.170.114	940.480	1.119.890	125.661	8.768	92	481.982
- Banks	371.187	598.633	636.692	843.391	1.057.211	874.318	1.117.676	118.900	8.768	92	22.396
- Financial institutions	35.464	4.265	8.467	17.941	112.903	66.081	1.966	-	-	-	-
- Customers	14.172			165		81	248	6.761			459.536
B.2 Debt securities											
B.3 Other liabilities											
Off balance sheet transactions	-	-	-	-	-	-	-	-	-	-	258
C.1 Financial derivatives with capital exchange											-
- Long positions											
- Short positions											
C.2 Financial derivatives without capital exchange											-
- Long positions											
- Short positions											
C.3 Deposits and loans to be received											-
- Long positions											
- Short positions											
C.4 Irrevocable commitments to grant funds											-
- Long positions											
- Short positions											
C.5 Financial guarantees issued											258
C.6 Financial guarantees received											

1. Time distribution by residual maturity of financial assets and liabilities – Other currencies

Other currencies

(thousands of euro)

Items/Timeframe	On demand	Within 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years	Unspecified life
Cash assets	33,390	-	-	67,315	256,208	53,641	19,312	578		-	-
A.1 Government bonds											
A.2 Other debt securities											
A.3 Loans	33,390			67,315	256,208	53,641	19,312	578			
A.4 Other assets											
Cash liabilities	180,057	1,251	30,295	6,906	180,177	6,582	13,644	-	-	-	-
B.1 Deposits and current accounts	180,057	1,251	30,295	6,906	180,177	6,582	13,644	-	-	-	-
- Banks	164,234	1,251	30,295	6,906	180,177	6,582	13,644				
- Financial institutions								-	-	-	
- Customers	15,823										
B.2 Debt securities											
B.3 Other liabilities											
Off balance sheet transactions	-	-	-	-	-	-	-	-	-	-	2
C.1 Financial derivatives with capital exchange	-	-	-	-	-	-	-	-	-	-	-
- Long positions											
- Short positions											
C.2 Financial derivatives without capital exchange	-	-	-	-	-	-	-	-	-	-	-
- Long positions											
- Short positions											
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-	-
- Long positions											
- Short positions											
C.4 Irrevocable commitments to grant funds	-	-	-	-	-	-	-	-	-	-	-
- Long positions											
- Short positions											
C.5 Financial guarantees issued											2
C.6 Financial guarantees received											

3.5 DERIVATIVE INSTRUMENTS AND HEDGING POLICIES

There were no amounts in this section.

Section 4 Equity Information

4.1 Company equity

4.1.1 Qualitative information

The Company's equity is made up of the aggregation of share capital, share premium reserve, reserves, valuation reserves and profit for the period.

For supervisory purposes, the capital aggregate significant for this purpose is determined based on the current provisions envisaged by the Bank of Italy and represents the reference oversight for prudential supervisory provisions.

In accordance with said provisions, the Company is obliged to maintain a comprehensive capital requirement, which is calculated as the sum of the requirements relating to the single risk types (known as "building block").

4.1.2 Quantitative information

4.1.2.1 Company equity: breakdown

The Company's equity as at 31 December 2025 amounted to EUR 1,002 thousand.

(thousands of euro)

Items/Balances	Total 31/12/2025	Total 31/12/2024
1. Share capital	55,900	55,900
2. Share premium	61,799	61,799
3. Reserves	852,105	794,807
- profit	853,264	795,966
a) legal reserve	11,180	11,180
b) statutory reserve	842,084	784,786
c) treasury shares		
d) other		
- other	(1,158)	(1,158)
4. (Treasury shares)		
5. Valuation reserves	(960)	(1,009)
- Equity instruments measured at fair value through other comprehensive income		
- Hedging of equity instruments measured at fair value through other comprehensive income		
- Financial assets (other than equity securities) measured at fair value through other comprehensive income		
- Property, plant and equipment		
- Intangible assets		
- Hedging of foreign investments		
- Cash flow hedges		
- Hedging instruments (elements not designated)		
- Exchange differences		
- Non current assets and disposal group held for sale		
- Financial liabilities designated at fair value through profit or loss (change in the Bank's creditworthiness)		
- Special revaluation laws		
- Actuarial gains (losses) relating to defined benefit pension plans	(960)	(1,009)
- Quote of the valuation reserves relating at equity		
6. Equity instruments		
7. Profit (loss) for the year	33,275	58,204
Total	1,002,119	969,702

4.1.2.2 Valuation reserves of financial assets at fair value through other comprehensive income: breakdown

There were no amounts in this section.

4.1.2.3 Valuation reserves of financial assets at fair value through other comprehensive income: changes during the year

There were no amounts in this section.

4.2 Own Funds and supervisory ratios

4.2.1 Own Funds

With the recent reform of Title V of the Consolidated Banking Law, which came into force on 11 July 2015, financial intermediaries are authorised by the Bank of Italy to carry out lending activities under any form and enrolled in the specific register envisaged by Article 106 of the consolidation act of banking and lending laws (TUB) (known as “consolidated register”, as amended by Italian Legislative Decree no. 141/2010).

These intermediaries are subject to a prudential supervisory regime equivalent to that of the banks, aimed at pursuing objectives of financial stability and safeguarding sound and prudent management, structured according to the principle of proportionality, so as to take into account the operational, size-related and organisational complexity of the operators as well as the nature of the activities carried out. The quantitative information on supervisory capital and risk assets presented below has been calculated based on instructions issued to take into account the application of IAS/IFRS accounting standards (“Prudential Filters” discipline).

4.2.1.1 Qualitative information

Regulation EU no. 575/2013 of 26 June 2013 (CRR) governs first and second pillar prudential requirements for credit institutions and investment firms, disclosure to the public (Pillar III), conditions for access to banking activity, the freedom of establishment and the freedom to provide services, as well as the prudential control processes and additional capital reserves.

In line with the decision to extend from time to time the requirements of the prudential regime for banks to financial intermediaries, the Bank of Italy updated Circular no. 288/2015 several times, implementing the CRR2 prudential regulation of banks in December 2020 and taking into account, at the same time, the changes made to counter the economic shock caused by the COVID-19 pandemic. The reference to EU initiatives to facilitate post-pandemic recovery was reflected in Regulation (EU) 873/2020 (Quick-Fix) of 26 June 2020, containing amendments to Regulations (EU) no. 575/2013 (CRR) and no. 876/2019 (CRR2).

The measures introduced as early as 2020 have eased certain capital requirements, such as the more favourable treatment of software assets that, under certain conditions, are no longer deducted from equity, as well as loans backed by pensions and salaries, which benefit from subsidised risk weights and, last but not least, loans granted to small and medium-sized enterprises (SMEs), for which the support measures have been extended, broadening the scope of cases that may result in reduced capital absorption by the borrowing institution.

Lastly, starting from 1 January 2025, Regulation (EU) 2024/1623 (CRR3) and Directive (EU) 2024/1619 of 31 May 2024 (CRDVI), have become applicable. These measures have implemented standard guidelines, aimed at increasing risk sensitivity, improving comparability between the various banks and strengthening the stability of the global financial system.

The matter is implemented by means of implementing provisions codified in European Commission Regulations, the preparation of which is entrusted to the European Banking Authority (EBA). These provisions, harmonised at European level, have been endorsed by the Bank of Italy with Circulars no. 285 of 17 December 2013 and no. 286 of 17 December 2013, which contain the prudential rules applicable to Italian banks and banking groups. Subsequently, the updates introduced by the new regulatory regime will also be implemented by Circular no. 288 of 3 April 2015.

In its “Communication of 4 December 2024. Voluntary application to financial Intermediaries of the provisions set forth in Regulation (EU) 2024/1623 (CRR3)”, the Bank of Italy has allowed ‘Article 106’ Intermediaries – in line with the principle of equivalent supervision and upon explicit request on a voluntary basis (OPT-IN) – to bring forward the implementation of the

new "Basel IV" framework starting from 1 January 2025. This possibility was accepted and exercised by Ifitalia, as it belongs to the BNP Paribas Group.

Returning to the regulatory contents, it should be recalled that Own Funds (or Supervisory Capital) consist of the following capital aggregates:

1. Tier 1 Capital, which, in turn, is composed of:

- Common Equity Tier 1 (CET1);
- Additional Tier 1 (AT1);

2. Tier 2 Capital (T2).

4.2.1.2 Quantitative information

(thousands of euro)

	Total 31/12/2025	Total 31/12/2024
A. Tier 1 capital ((Common Equity Tier 1) before application of prudential filters	966,891	907,487
B. Prudential filters applied to tier 1 capital :	-	-
B.1 Positive prudential filters IAS/IFRS (+)		
B.2 Negative prudential filters IAS/IFRS (-)		
C. Tier 1 capital gross of elements to be deducted (A+B)	966,891	907,487
D. Elements to be deducted from Tier 1 capital		
E. Tier 1 capital (C-D)	966,891	907,487
F. Additional Tier 1 capital (Additional Tier 1 - AT1) before application of prudential filters		
G. Prudential filters of Tier 2 capital:	-	-
G.1 Positive prudential filters IAS/IFRS (+)		
G.1 Negative prudential filters IAS/IFRS (-)		
H. Additional Tier 1 capital (Additional Tier 1 - AT1) gross of elements to be deducted (F+G)	-	-
I. Elements to be deducted from Additional Tier 1 capital		
L. Total Tier 2 (TIER 2) (H-I)	-	-
M. Elements to be deducted of T1 and T2		
N. Regulatory Capital (E+L-M)	966,891	907,487

4.2.2 Capital adequacy

4.2.2.1 Qualitative information

Within the Company, the Finance Division carries out constant monitoring of the evolution of the aggregate useful for supervisory purposes with respect to the performance of the various risk profiles for the purpose of achieving an adequate balance in the overall structure, taking into account an effective composition between the components of Own Funds.

4.2.2.2 Quantitative information

The elements indicated above are subject to the following limits:

- Common Equity Tier 1 must be equal, at all times, to at least 4.5% of risk-weighted assets;
- Total Supervisory Capital (or Own Funds), equal to Tier 1 Capital plus Tier 2 Capital must be equal, at all times, to at least 6% of risk-weighted assets.

As at 31 December 2025, the company's capitalisation level was in line with the requirements:

- CET 1 and Tier 1 Capital Ratios equal 14.59%;
- Total Capital Ratio came to 14.59%.

(thousands of euro)

Categories/Balances	Unweighted amounts		Weighted amounts / requirements	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
A. RISK ASSETS				
A.1 Credit and counterpart risk	8,326,501	7,809,892	6,332,024	6,020,425
B. SUPERVISORY CAPITAL REQUIREMENTS				
B.1 Credit and counterpart risk			379,845	361,153
B.2 Payment services requirement			-	-
B.3 Issuance of electronic money requirement			-	-
B.4 Specific prudential requirements			17,832	21,155
B.5 Total prudential requirements			397,677	382,308
C. RISK ASSETS AND SUPERVISORY RATIOS				
C1 Risk-weighted assets			6,629,276	6,373,074
C2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			14.59%	14.24%
C3 Capital/Risk-weighted assets (Total capital ratio)			14.29%	14.24%

Section 5 – Analytical statement of comprehensive income

(thousands of euro)

	ITEMS	T total 31/12/2025	T total 31/12/2024
10.	Profit (Loss) for the year	33,275	58,204
	Other income components without reversal to income statement connected with:		
20.	Equity instruments measured at fair value through other comprehensive income:	-	-
	a) fair value changes		
	b) transfer to other components of equity		
30.	Financial liabilities designated at fair value through profit or loss (change in the Bank's creditworthiness):	-	-
	a) fair value changes		
	b) transfer to other components of equity		
40.	Hedging of equity instruments designated at fair value through other comprehensive income:	-	-
	a) fair value changes (hedge instrument)		
	b) fair value changes (hedging instrument)		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined benefit plans	67	(54)
80.	Non current assets held for sale		
90.	Share of reserves from valuation of investments carried at equity		
100.	Income taxes relating at other income components without reversal to profit or loss	(18)	15
	Other income components with reversal to income statement connected with:		
110.	Hedging of foreign investments:	-	-
	a) fair value changes		
	b) transfer to income statement		
	c) other changes		
120.	Exchange differences:	-	-
	a) value changes		
	b) transfer to income statement		
	c) other changes		
130.	Cash flows hedges:	-	-
	a) fair value changes		
	b) transfer to income statement		
	c) other changes		
	of which: result of net positions		
140.	Hedging instruments (elements not designated):	-	-
	a) value changes		
	b) transfer to income statement		
	c) other changes		
150.	Financial assets (other than equity securities) at fair value through other comprehensive income:	-	-
	a) fair value changes		
	b) transfer to income statement	-	-
	- adjustments from impairment		
	- profit/ loss from realisation		
	c) Other changes		
160.	Non-current assets and disposal groups held for sale	-	-
	a) changes in fair value		
	b) reclassification to profit or loss		
	c) other changes		
170.	Portion of valuation reserves of equity-accounted investees	-	-
	a) changes in fair value		
	b) reversal to income statement	-	-
	- impairment adjustments		
	- realised gains/losses		
	c) other changes		
180.	Income taxes relating at other income components with reversal to profit or loss		
190.	Total other income components	49	(39)
200.	Comprehensive income (Item 10+190)	33,324	58,165

Section 6 – Transactions with related parties

The introduction of the international accounting standards involves the application of the provisions relating to disclosure on transactions with related parties established by IAS 24.

6.1 Information on the remuneration of executives with strategic responsibilities

(thousands of euro)

	Total	Total
	31/12/2025	31/12/2024
Directors	55	46
Auditors	97	98
Total	152	144

6.2 Loans and guarantees given in favour of directors and statutory auditors

There were no amounts in this section.

6.3 Information on transactions with related parties

Reference should be made to the comments in the corresponding item of the Report on Operations – intercompany transactions and those with “related parties”.

Income statement transactions for the period and balance sheet balances as at 31 December 2025 between the Parent Company and other BNPP Group companies, deriving from financial or trade transactions, are presented below.

(thousands of euro)

Counterpart	IFITALIA creditor	IFITALIA debtor	Factoring receivables	Guarantees received (*)	Guarantees given	Derivative liability
A) PARENT COMPANY	21,072	5,131,361	-	-	-	-
BNP PARIBAS SUCC. MILANO	21,072	5,130,297				
BNP PARIBAS PARIS		1,064				
B) BNPP GROUP COMPANIES	972	1,187,931	64,199	282,755		-
ARTIGIANCASSA SPA						
ARVAL SERVICE LEASE						
ARVAL SERVICE LEASE ITALIA SPA		291	55,026			
AXEPTA SPA (EX- BNL POSITIVITY SRL)						
BANCA NAZIONALE DEL LAVORO SPA	961	928,000	6,452	282,755		
BANQUE MAROCAINE POUR LE COMMERCE ET L'INDUSTRIE			4			
BNL FINANCE SPA						
BNPP CARDIF VITA COMPAGNIA DI ASSICURAZIONE E RIASSICURAZIONE SPA						
BNPP FACTOR		247	26			
BNPP FORTIS	11	2,372				
BNPP REAL ESTATE			56			
BUSINESS PARTNER ITALIA SCPA						
CARDIF ASSURANCES RISQUES DIVERS			110			
CNH INDUSTRIAL CAPITAL EUROPE			5			
FINDOMESTIC BANCA SPA			1,351			
TIERRE SECURITISATION SRL		246,350				
TURK EKONOMI BANKASI AS						
BNPP Real Estate Advisory Italy SPA						
Diamante Re SRL		7,257				
Sviluppo HQ Tiburtina SRL			113			
SNC Natiocredimurs						
Servizio Italia SPA			1			
TEB Faktoring AS			1			
BNPP Lease Group Leasing Solutions SPA			134			
BNPP SA Dublin Branch - IE						
BNPP Partners for Innovation Italia SRL		3,390				
Financit SPA			10			
BNPP 3 Step IT		24				
BNPP Faktoring Spolka ZOO			13			
BNPP Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA			862			
BNPP Commercial Finance Ltd			25			
BNPP Factor Madrid Branch - ES			10			
BCC Vita SPA						
C) ASSOCIATED COMPANIES						
Total	22,044	6,319,292	64,199	282,755		-

(*) Including guarantees provided to cover the exceeding of risk concentration limits.

(thousands of euro)

Counterpart	Interest and similar income	Interest and similar expense	Commission income	Commission expense	Dividends	Derivatives	Administrative expenses	Other operating income and charges	Gains on disposal of investments
A) PARENT COMPANY		(91.906)					(4.541)		
B) BNPP GROUP COMPANIES	2	(25.484)	119	(2.200)			(17.088)	(594)	
C) ASSOCIATED COMPANIES									
Total	2	(117.390)	119	(2.200)	-	-	(21.629)	(594)	-

Section 7 – Leases (Lessee)

Qualitative disclosure

In applying IFRS 16, Ifitalia considered it applicable only in relation to the lease contract for the space in the building in Assago to which the Company moved its headquarters in April 2022. The contract was signed with Diamante Re, a company belonging to the BNP Paribas Group, and has a duration of 15 years. Based on this contract, the relevant right-of-use and the corresponding financial liability were calculated. Ifitalia has other lease contracts in place with the company BNL Spa for the sales outlets located in the various Italian regions; however, in consideration of the insignificant amounts and ongoing organisational changes that require them to be closed or restructured, these contracts were excluded from IFRS 16.

Quantitative information

1. Annual changes of rights of use for leases

(thousands of euro)

	Total
A. Gross opening balances	8,191
A.1 Total net impairments	(590)
A.2 Net opening balances	7,601
B. Increases	-
B.1 Purchases	-
B.2 Capitalised improvement expenditure	-
B.3 Reversals	-
B.4 Positive changes in fair value booked to:	-
B.5 Positive exchange rate differences	-
B.6 Transfers from real estate held for investment purposes	-
B.7 Other variations	-
C. Decreases	589
C.1 Sales	-
C.2 Depreciation	588
C.3 Imputed losses booked to:	-
C.4 Negative changes in fair value attributed to:	-
C.5 Negative exchange rate differences	-
C.6 Relocation to:	-
C.7 Other variation	1
D. Net closing balances	7,012
D.1 Net impairment	(1,178)
D.2 Gross final balances	8,190

2. Cash flows by maturity bands of lease payables

(Thousands of euro)

	Leasing cash flow maturity bands					
	within 1 month	from 1 month to 6 months	from 6 months to 1 year	from one year to 2 years	over 2 years	Total
Lease liabilities	165	81	248	513	6,248	7,255
Total	165	81	248	513	6,248	7,255

Section 8 – Other disclosure

8.1 Contributions received from the Public Administration

Companies that receive grants, contributions, paid assignments and economic advantages of any kind from public administrations, or in any case from public resources, are required to publish these amounts in the notes to the accounts of the financial statements and consolidated financial statements, if any. This is what the annual law for the market and competition provides in compliance with a series of disclosure and transparency obligations (Article 1, paragraph 125 et seq., Law no. 124/2017).

Following the Assonime Circular of 11 February 2019, in particular, with reference to the type of disbursements covered by the obligation to publish them in the notes to the financial statements and the way in which they are reported, the Company decided to refer to the National Register of State Aid, in the presence of numerous interpretational issues that lead to the conclusion that further action at the regulatory level is desirable.

Here is the web address to access the information:

<https://www.rna.gov.it/RegistroNazionaleTrasparenza/faces/pages/TrasparenzaAiuto.jspx>

As reported by the National Register of State Aid, in 2025 Ifitalia did not request contributions; moreover, it did not receive any reimbursements for financed training.

Ifitalia had contributions in the field of human resources management amounting to EUR 136,387.64, broken down as follows:

- Contributions for new hires/stabilisations, introduced by the 2018 Stability Law (Law no. 205/2017): EUR 46,538.73;
- Contributions for the Ordinary Section of the Solidarity Fund - benefits: Interministerial Decree 83486 of 28/07/2014 – Article 10, paragraph 2 of EUR 25,819.08;
- Article 8 of Italian Law Decree no. 203 of 30 September 2005, converted, with amendments, by Italian Law no. 248 of 2 December 2005. Compensating measures for companies that contribute the employment termination benefits to supplementary pensions of EUR 64,029.83. (See Chiara's e-mail: "De minimis aid").

Financial Statement Data for the Parent Company BNP Paribas

With reference to the matters envisaged by Article 2497-bis, paragraph 4 of the Italian Civil Code, regarding disclosure on management and coordination activities, tables are presented below containing a summary of the highlights taken from the last set of financial statements as at 31 December 2024 approved by BNP Paribas S.A. in its capacity as direct parent company.

4

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
Profit and loss account for the year ended 2024

The Board of directors of BNP Paribas approved the Group consolidated financial statements on 3 February 2025.

The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2024 and 2023. In accordance with Annex I of European Delegated Regulation (EU) n° 2019/980 as amended by Delegated Regulation (EU) n° 2020/1273, the consolidated financial statements for the year ended 31 December 2022 are provided in the Universal registration document filed with the Autorité des Marchés Financiers on 22 March 2024 under number D.24-0158.

On 18 December 2021, the Group concluded an agreement with BMO Financial Group for the sale of 100% of its retail and commercial banking activities in the United States operated by the BancWest cash-generating unit. The terms of this transaction fall within the scope of application of IFRS 5 relating to groups of assets and liabilities held for sale (see note 8.e *Discontinued activities*) leading to isolate the "Net income from discontinued activities" on a separate line. A similar reclassification is made in the statement of net income and changes in assets and liabilities recognised directly in equity and in the cash flow statement.

Following the receipt of regulatory approvals, the transaction was finalised on 1 February 2023.

4.1 Profit and loss account for the year ended 2024

In millions of euros	Notes	Year to 31 Dec. 2024	Year to 31 Dec. 2023
Interest income	2.a	83,020	79,542
Interest expense	2.a	(63,496)	(60,484)
Commission income	2.b	16,196	15,011
Commission expense	2.b	(5,495)	(5,190)
Net gain on financial instruments at fair value through profit or loss	2.c	11,569	10,346
Net gain on financial instruments at fair value through equity	2.d	209	28
Net gain on derecognised financial assets at amortised cost		55	66
Net income from insurance activities	5.a	2,396	2,320
of which insurance revenue		9,711	8,945
Insurance service expenses		(7,502)	(6,786)
Investment return		11,554	10,254
Net finance income or expenses from insurance contracts		(11,367)	(10,093)
Income from other activities	2.e	21,922	18,560
Expense on other activities	2.e	(17,545)	(14,325)
REVENUES FROM CONTINUING ACTIVITIES		48,831	45,874
Operating expenses	2.f	(27,803)	(28,713)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	4.l	(2,390)	(2,243)
GROSS OPERATING INCOME FROM CONTINUING ACTIVITIES		18,638	14,918
Cost of risk	2.g	(2,999)	(2,907)
Other net losses for risk on financial instruments	2.h	(202)	(775)
OPERATING INCOME FROM CONTINUING ACTIVITIES		15,437	11,236
Share of earnings of equity-method entities	4.k	701	593
Net gain on non-current assets	2.i	(191)	(104)
Goodwill	4.m	241	-
PRE-TAX INCOME FROM CONTINUING ACTIVITIES		16,188	11,725
Corporate income tax from continuing activities	2.j	(4,001)	(3,266)
NET INCOME FROM CONTINUING ACTIVITIES		12,187	8,459
Net income from discontinued activities	8.e	-	2,947
NET INCOME		12,187	11,406
Net income attributable to minority interests		499	431
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		11,688	10,975
Basic earnings per share	8.a	9.57	8.58
Diluted earnings per share	8.a	9.57	8.58

4

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Balance sheet at 31 December 2024

4.3 Balance sheet at 31 December 2024

<i>In millions of euros, at</i>	<i>Notes</i>	31 December 2024	31 December 2023
ASSETS			
Cash and balances at central banks		182,496	288,259
Financial instruments at fair value through profit or loss			
Securities	4.a	267,357	211,634
Loans and repurchase agreements	4.a	225,699	227,175
Derivative financial instruments	4.a	322,631	292,079
Derivatives used for hedging purposes	4.b	20,851	21,692
Financial assets at fair value through equity			
Debt securities	4.c	71,430	50,274
Equity securities	4.c	1,610	2,275
Financial assets at amortised cost			
Loans and advances to credit institutions	4.e	31,147	24,335
Loans and advances to customers	4.e	900,141	859,200
Debt securities	4.e	146,975	121,161
Remeasurement adjustment on interest-rate risk hedged portfolios		(758)	(2,661)
Investments and other assets related to insurance activities	5.c	286,849	257,098
Current and deferred tax assets	4.i	6,215	6,556
Accrued income and other assets	4.j	174,147	170,758
Equity-method investments	4.k	7,862	6,751
Property, plant and equipment and investment property	4.l	50,314	45,222
Intangible assets	4.l	4,392	4,142
Goodwill	4.m	5,550	5,549
TOTAL ASSETS		2,704,908	2,591,499
LIABILITIES			
Deposits from central banks		3,366	3,374
Financial instruments at fair value through profit or loss			
Securities	4.a	79,958	104,910
Deposits and repurchase agreements	4.a	304,817	273,614
Issued debt securities and subordinated debt	4.a	104,934	83,763
Derivative financial instruments	4.a	301,953	278,892
Derivatives used for hedging purposes	4.b	36,864	38,011
Financial liabilities at amortised cost			
Deposits from credit institutions	4.g	66,872	95,175
Deposits from customers	4.g	1,034,857	988,549
Debt securities	4.h	198,119	191,482
Subordinated debt	4.h	31,799	24,743
Remeasurement adjustment on interest-rate risk hedged portfolios		(10,696)	(14,175)
Current and deferred tax liabilities	4.i	3,657	3,821
Accrued expenses and other liabilities	4.j	136,955	143,673
Liabilities related to insurance contracts	5.d	247,699	218,043
Financial liabilities related to insurance activities	5.c	19,807	18,239
Provisions for contingencies and charges	4.n	9,806	10,518
TOTAL LIABILITIES		2,570,767	2,462,632
EQUITY			
Share capital, additional paid-in capital and retained earnings		118,957	115,809
Net income for the period attributable to shareholders		11,688	10,975
Total capital, retained earnings and net income for the period attributable to shareholders		130,645	126,784
Changes in assets and liabilities recognised directly in equity		(2,508)	(3,042)
Shareholders' equity		128,137	123,742
Minority interests	8.b	6,004	5,125
TOTAL EQUITY		134,141	128,867
TOTAL LIABILITIES AND EQUITY		2,704,908	2,591,499

AUDITORS' REPORT

International Factors Italia S.p.A.

Financial Statement as of December 31, 2025

Independent auditor's report pursuant to articles 14 and 19-bis of Legislative Decree n. 39, dated 27 January 2010

Independent auditor's report pursuant to articles 14 and 19-bis of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholder of
International Factors Italia S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of International Factors Italia S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 43 of Legislative Decree no. 136/2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

As required by the law, the explanatory notes include the financial information of the entities that exercise management and coordination over the Company.
Such financial information has not been audited by us.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 43 of Legislative Decree no. 136/2015, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and,

when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n. 39 dated 27 January 2010

The Directors of International Factors Italia S.p.A. are responsible for the preparation of the Report on Operations of International Factors Italia S.p.A. as at December 31, 2025, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations, with the financial statements;
- express an opinion on the compliance of the Report on Operations with the applicable laws and regulations;
- issue a statement on any material misstatements in the Report on Operations.

In our opinion, the Report on Operations is consistent with the financial statements of International Factors Italia S.p.A. as at December 31, 2025.

Furthermore, in our opinion, the Report on Operations complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milano, 10 april 2026

EY S.p.A.

Signed by: Francesca Amatimaggio, partner

This report has been translated into the English language solely for the convenience of international readers.