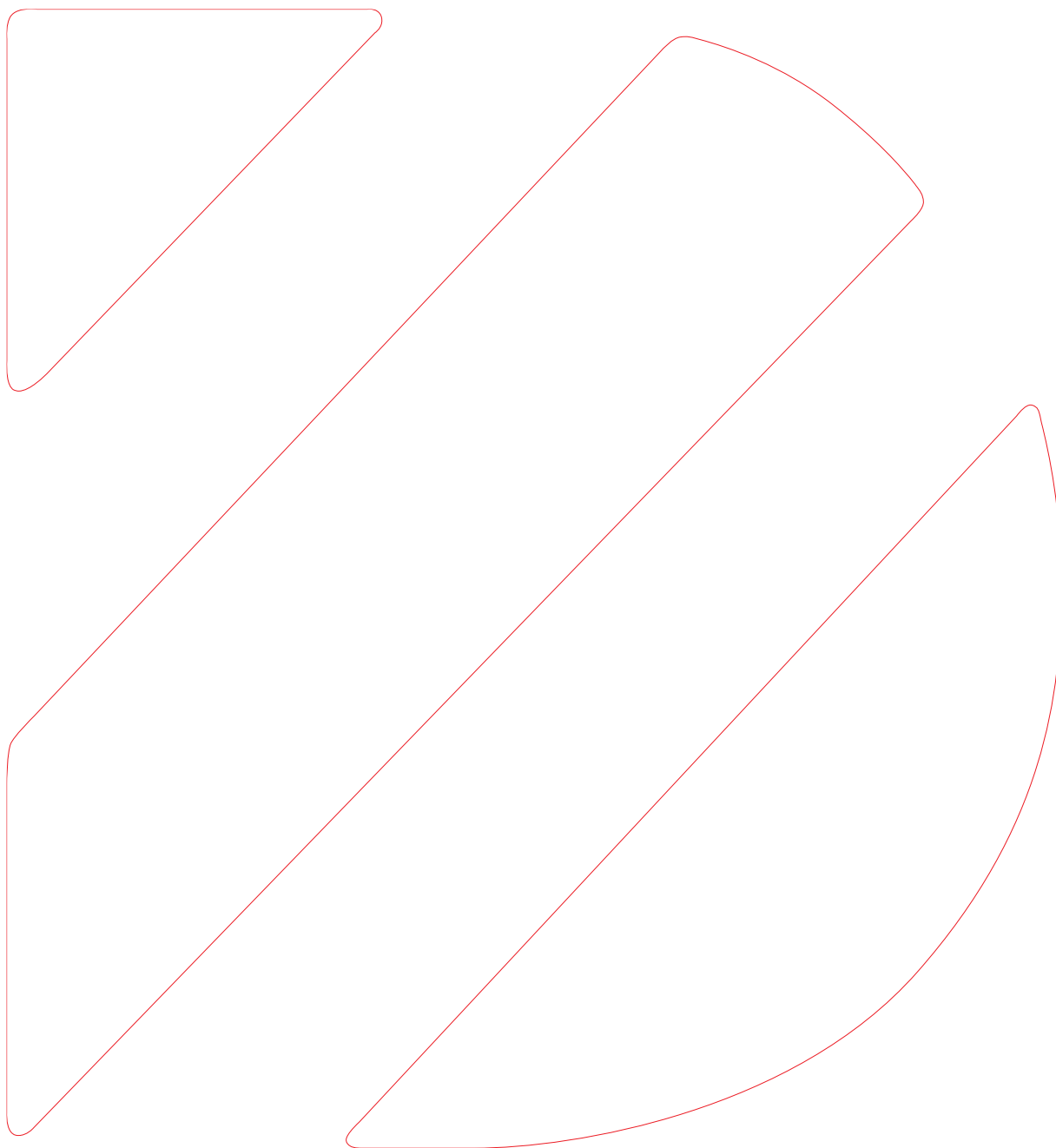




Consolidated Half-Year Financial Report at 30 June 2025

Desio, 5 August 2025

Officers

of Banco di Desio e della Brianza S.p.A.

Board of Directors

APPOINTED BY THE SHAREHOLDERS' MEETING OF 27 APRIL 2023
in office until the approval of the financial statements at 31.12.2025

<u>Chairman</u>	Stefano Lado
<u>Chief Executive Officer and General Manager</u>	Alessandro Maria Decio*
<u>Directors</u>	Graziella Bologna* Valentina Maria Carla Casella Paola Bruno Agostino Gavazzi* Tito Gavazzi Alessandra Maraffini Laura Tulli Gerolamo Gavazzi* Folco Trabalza (appointed meeting 18 April 2024)

* Members of the Executive Committee

Board of Statutory Auditors

APPOINTED BY THE SHAREHOLDERS' MEETING OF 27 APRIL 2023
in office until the approval of the financial statements at 31.12.2025

<u>Chairman</u>	Emiliano Barcaroli
<u>Statutory Auditors</u>	Rodolfo Anghileri Stefania Chiaruttini
<u>Alternate Auditors</u>	Stefano Antonini Silvia Re Erminio Beretta

General Management

<u>Chief Executive Officer and General Manager</u>	Alessandro Maria Decio
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Financial Reporting Manager as per Article 154-bis TUF

<u>Financial Reporting Manager</u>	Mauro Walter Colombo
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Independent Auditors

<u>Independent Auditors</u>	KPMG S.p.A.
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This document is a courtesy translation into English, for the convenience of international readers, of the "Relazione finanziaria semestrale consolidata al 30 giugno 2025" of Banco Desio Group in PDF format. In case of any discrepancies or doubts between the English and the Italian versions of the Report, the Italian version prevails.

Banco Desio Group Overview

Key figures and indicators at 30 June 2025 in relation to the targets of the "Beyond 26" plan

Profitability

Return on equity (ROE)

9.9%

(target ROE > 8% by 2026)

Cost/Income

59.3%

(target Cost/Income 55% by 2026)

Net profit

Euro 70 million

(target > Euro 115 million by 2026)

Net revenues

Euro 297 million

(target > Euro 620 million by 2026)

Reliability

NPL Ratio (Gross)

2.9%

(target NPL Ratio < 4% by 2026)

Liquidity Coverage Ratio (LCR)

205.2%

(target LCR > 150% by 2026)

Capital soundness

CET1 ratio Banco Desio Group

18.52%

(target CET1 ratio > 15% by 2026)

Payout ratio of June 2025

50%

(target at 50% by 2026)

Financial rating

Standard & Poor's

BBB-

Outlook STABLE

Fitch Ratings

BBB-

Outlook STABLE

Sustainability Rating

Standard Ethics Rating

EE / Strong

(growth target by 2026)

S&P Global ESG Score

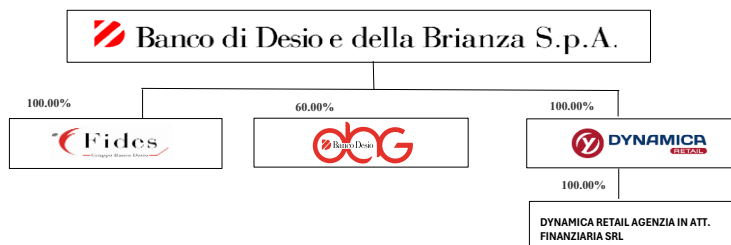
44 / Adequate

(target "40-60 Adequate" by 2026)

For more information on sustainability ratings/scores see
bancodesio.it/it/esg-e-sostenibilita/obiettivi/le-nostre-ambizioni

Group structure and territorial presence

The scope of consolidation of the Banco Desio Group at 30 June 2025 includes the following companies:



Dynamica Retail S.p.A. ("Dynamica Retail") and its subsidiary Dynamica Retail Agenzia in Attività Finanziaria S.r.l. ("Dynamica Agenzia") are included in the scope of consolidation as of 1 June 2024. On 23 June 2025, Banco Desio increased its controlling share from 89.23% to 100%.



Interim Report on Operations

Introduction

This Consolidated Half-Year Financial Report of the Banco Desio Group, consisting of the *Interim Report on Operations* and the *Condensed Half-Year Financial Statements*, has been prepared pursuant to Article 154-ter of Legislative Decree No. 58/1998 ("Testo Unico della Finanza" - Consolidated Law on Finance), implementing Legislative Decree No. 195 of 6 November 2007 (so-called "Transparency Directive"), including for the determination of half-year profit for the purposes of calculating Own Funds, and is prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to EC Regulation No. 1606 of 19 July 2002, as more specifically indicated in the subsequent disclosure on "Accounting policies".

In particular, the Consolidated Half-Year Financial Report is prepared in accordance with IAS 34 - *Interim Financial Reporting*, as well as the provisions of the Bank of Italy issued in Circular No. 262 of 22 December 2005 and subsequent updates.

The data and ratios included in the *Interim Report on Operations*, where traceable, refer to the Balance Sheet format of the *Condensed half-year financial statements* as well as to the reclassified Income Statement, as per the specific paragraph, which in turn was prepared starting from the Income Statement format of the *Condensed half-year financial statements*.

The balances shown in this document for the comparison period express the retroactive effects arising from the completion, in the reporting period, of the Purchase Price Allocation (PPA) related to the acquisition of the branches BU of Banca Popolare Puglia e Basilicata realised on 7 December 2024. As required by the accounting standard IFRS 3 *Business Combinations*, the Bank recognised adjustments to the provisional amounts recognised as if the accounting for the business combination had been completed at the acquisition date, and therefore adjusted the comparative information for the financial year 2024 (for further details, please refer to the following disclosure on "Comparability of financial statements").

This Consolidated Half-Year Financial Report is subject to a limited audit by KPMG S.p.A.

Group key figures, alternative performance indicators and other indicators

The alternative performance indicators (APIs) presented in this Report have been identified to facilitate understanding of Banco Desio Group's performance. APIs are not required by international accounting standards, represent supplementary information with respect to the measures defined under IAS/IFRS, and are in no way a substitute for them.

For each API, evidence of the calculation formula is provided, and the quantities used can be inferred from the information contained in the relevant tables and/or reclassified financial statements contained in the "Results" section of this Report.

These indicators are based on the European Securities and Markets Authority (ESMA) guidelines of 5 October 2015 (ESMA/2015/1415), incorporated in Consob Communication No. 0092543 of 3 December 2015. Adhering to the indications contained in the update of document "ESMA 32-51-370 – Questions and answers – ESMA Guidelines on Alternative Performance Measures (APMs)", published on 17 April 2020, no changes were made to the APIs and no new ad hoc indicators were introduced to separately highlight the effects of international geopolitical crises and the Covid-19 epidemic.

Balance sheet values

Amounts in Euro thousands	30.06.2025	31.12.2024 Restated	abs.	Changes	%
Total assets	18,595,894	18,635,496	-39,602		-0.2%
Financial assets	4,462,580	4,289,496	173,084		4.0%
Cash and cash equivalents ⁽¹⁾	666,328	1,019,658	-353,330		-34.7%
Loans with banks ⁽²⁾	445,737	402,347	43,390		10.8%
Loans to customers ⁽²⁾	12,253,807	12,036,529	217,278		1.8%
of which Loans to ordinary customers	12,105,413	12,036,529	68,884		0.6%
of which Loans to institutional customers	148,394	-	148,394		n.s.
Tangible assets ⁽³⁾	228,751	230,253	-1,502		-0.7%
Intangible assets	43,257	44,053	-796		-1.8%
Payables to banks	709,239	798,673	-89,434		-11.2%
Payables to customers ^{(4) (5)}	12,636,104	13,222,342	-586,238		-4.4%
Securities issued	2,954,184	2,584,873	369,311		14.3%
Equity (including Profit for the period)	1,446,802	1,448,909	-2,107		-0.1%
Own Funds	1,450,216	1,413,947	36,269		2.6%
Total indirect inflows	22,914,295	22,534,481	379,814		1.7%
of which Indirect inflows from ordinary customers	14,701,018	14,396,060	304,958		2.1%
of which Indirect inflows from institutional customers	8,213,277	8,138,421	74,856		0.9%

⁽¹⁾ At 30 June 2025, Cash and cash equivalents included the current accounts, demand deposits and the amount on demand of Euro 0.5 billion relating to cash in excess of the commitment to maintain the compulsory reserve, invested in overnight deposits (Euro 0.9 billion at the end of the previous period).

⁽²⁾ pursuant to Circular 262, the balance of the financial statements item includes Held-to-collect (HTC) debt securities recognised at amortised cost, which are shown under financial assets in these summaries, and does not include current accounts and demand deposits recognised under Cash and cash equivalents.

⁽³⁾ the balance of the item at 31 December 2024 includes the right of use (RoU Asset) amounting to Euro 56.5 million in respect of operating leases falling under the scope of IFRS 16 Leases, which came into effect as of 1 January 2019.

⁽⁴⁾ the balance of the item does not include the liability recognised in the item Payables to customers in the financial statements in respect of operating leases falling within the scope of IFRS 16.

⁽⁵⁾ including inflows repurchase agreements with institutional customers in the amount of Euro 726 million (Euro 1.2 billion at 31 December 2024)

Income statement values ⁽⁶⁾

Amounts in Euro thousands	30.06.2025	30.06.2024	abs.	Changes	%
Operating income	299,121	314,373	-15,252		-4.9%
of which Net interest income	176,471	192,147	-15,676		-8.2%
Operating expenses	177,379	162,127	15,252		9.4%
Result from operations	121,742	152,246	-30,504		-20.0%
Charges related to the banking system	0	6,855	-6,855		-100.0%
Current result after taxes	70,386	76,545	-6,159		-8.0%
Non-recurring result after taxes	0	1,347	-1,347		-100.0%
Profit (loss) for the period attributable to the Parent company	70,386	78,088	-7,702		-9.9%

⁽⁶⁾ from Reclassified Income Statement.

Equity, economic and risk ratios

	30.06.2025	31.12.2024 Restated	Changes abs.
Equity/Total assets	7.8%	7.8%	0.0%
Equity/Loans to customers	11.8%	12.0%	-0.2%
Equity/Payables to customers	11.4%	11.0%	0.4%
Equity/Securities issued	49.0%	56.1%	-7.1%
Common Equity Tier1 (CET1)/Risk-weighted assets ^{(7) (8)}	18.5%	17.1%	1.4%
Total Tier 1 capital (T1)/Risk-weighted assets ^{(7) (8)}	18.5%	17.1%	1.4%
Total Own funds/Risk-weighted assets (Total capital ratio) ^{(7) (8)}	19.6%	17.8%	1.8%
Financial assets/Total assets	24.0%	23.0%	1.0%
Loans with banks/Total assets	2.4%	2.2%	0.2%
Loans to customers/Total assets	65.9%	64.6%	1.3%
Loans to customers/Direct inflows from customers	78.6%	76.1%	2.5%
Payables to banks/Total assets	3.8%	4.3%	-0.5%
Payables to customers/Total assets	68.0%	71.0%	-3.0%
Securities issued/Total assets	15.9%	13.9%	2.0%
Direct inflows from customers/Total assets	83.8%	84.8%	-1.0%
	30.06.2025	30.06.2024	Changes abs.
Operating expenses/Operating income (Cost/Income ratio)	59.3%	51.6%	7.7%
(Operating expenses + Banking-related expenses)/Operating income (Cost/Income)	59.3%	53.8%	5.5%
Net interest income/Operating income	59.0%	61.1%	-2.1%
Result from operations/Operating income	40.7%	48.4%	-7.7%
Current result after taxes/Equity - annualised ^{(9) (10)}	9.9%	9.8%	0.1%
Profit for the year/Equity ⁽⁹⁾ (R.O.E.) - annualised ^{(10) (11)}	9.9%	9.4%	0.5%
Current result before taxes/Total assets (R.O.A.) - annualised ⁽¹⁰⁾	1.1%	1.1%	0.0%
	30.06.2025	31.12.2024	Changes abs.
Net bad loans/Loans to customers	0.3%	0.3%	0.0%
Net non-performing loans/Loans to customers	1.6%	1.6%	0.0%
% Coverage of bad loans	72.2%	76.2%	-4.0%
% Coverage of bad loans before write-offs	72.3%	76.4%	-4.1%
% Total coverage of non-performing loans	46.2%	50.4%	-4.2%
% Coverage of non-performing loans before write-offs	46.3%	50.6%	-4.3%
% Coverage of performing loans	0.96%	1.02%	-0.06%

Structure and productivity data

	30.06.2025	31.12.2024	Changes abs.	%
Number of employees	2,525	2,535	-10	-0.4%
Number of branches	276	281	-5	-1.8%
<i>Amounts in Euro thousands</i>				
Loans to customers per employee ⁽¹²⁾	4,843	4,887	-44	-0.9%
Direct inflows from customers per employee ⁽¹²⁾	6,162	6,418	-256	-4.0%
	30.06.2025	30.06.2024	Changes abs.	%
Operating income per employee ⁽¹²⁾ - annualised ⁽¹⁰⁾	234	254	-20	-7.9%
Result from operations per employee ⁽¹²⁾ - annualised ⁽¹⁰⁾	94	113	-19	-16.8%

⁽⁷⁾ Consolidated equity ratios calculated for Banco Desio. The ratios referred to the prudential supervisory scope of Brianza Unione at 30 June 2025 are: Common Equity Tier1 13.5%; Tier 1 14.2%; Total Capital Ratio 16.1%.

⁽⁸⁾ Equity ratios at 30.06.2025 are calculated by applying the transitional provisions introduced by EU Regulation 2024/1623 - CRR3 (art. 468); ratios calculated without application of these provisions are as follows: Common Equity Tier1 18.5%; Tier 1 18.5%; Total capital ratio 19.5%

⁽⁹⁾ net of the result for the period.

⁽¹⁰⁾ the 2024 year-end figure at 30.06.2024 is shown.

⁽¹¹⁾ the annualised ROE at 30.06.2025 does not consider the annualisation of the Net non-recurring operating result.

⁽¹²⁾ based on the number of employees as the arithmetic mean between the period-end figure and the previous year-end figure.

Macroeconomic Scenario

The macroeconomic framework

International Scenario

The global economy is moving slowly as it awaits the outcome of trade negotiations between the US and its main partners, especially China, and faces a state of transition due to the general global economic slowdown that could give rise to different scenarios.

In the US, GDP remained broadly stable (-0.1% on the previous quarter) while government bond yields remain high driven by the Trump administration's budget proposal and fears of new inflationary pressures due to tariffs. The Federal Reserve maintains a wait-and-see attitude, as economic activity and the labour market show only slight signs of slowing down, while inflation still remains above the 2% target. In May 2025, inflation remained stable compared to April, showing no upward trend.

In this transitional phase, it is important to assess current data with caution. The expectation is that the US economy will slow down significantly this year and next, without entering recession by showing a broadly stable level of inflation, but potentially impacted by tariff policies, the depreciation of the dollar, and tensions in the Middle East. The scenario is, therefore, one of quasi-stagflation: weak growth and above-target inflation, with interest rates in the coming months close to current levels.

Inflation in the Euro Area was largely contained, although price increases in the service area remain present but are declining significantly. With the latest rate cut, which brought the deposit rate down to 2%, the ECB expects inflation to be close to 2% (largely dependent on lower energy costs and the appreciation of the euro) and real rates close to zero. Growth is expected to be slightly above 1% over the three-year period, in an ideal equilibrium potential. Finally, the forecast includes an increase in public spending on defence and infrastructure.

Tensions could emerge from the misalignment of interest rates between the US and EMU. Ten-year yields at 4.5% in the US and 2.5% on German bonds could strengthen the euro, further squeezing growth and inflation in the Euro Area. In an extreme scenario, global liquidity tensions could emerge, with yields on US government bonds rising and with a figure at the helm of the Fed aligned with presidential preferences that could raise inflation expectations, depreciate the dollar and raise medium/long-term interest rates.

As for China, trade negotiations with the US seem to highlight the fragility of the Chinese economy, which relies on new technologies and manufacturing expansion to boost exports. At the same time, several US business sectors, for which China is a key market, are pushing for an agreement. However, despite its aggressive policies, China may not reach its 5% growth target this year or next.

Meanwhile, in this cyclical phase, Italy is showing particular resilience thanks to its political stability and prudent management of public accounts, which favours, within a framework of regulatory stability, the descent of interest rates on loans. Growth in the first quarter was slightly above expectations, with GDP accelerating (+0.3%), supported by domestic demand, with consumption growing thanks to a resilient labour market and investments financed by resources from the NRRP (National Recovery and Resilience Plan). Against this backdrop of slowing international trade, the Italian economy is less exposed to global trade tensions than other countries and could benefit from the announced increases in public spending at European level.

United States

The effects of US trade policy in the Q1-2025 GDP figures show stability (-0.1% on the previous quarter) due to decelerating private consumption and strong import growth. Consumption reflects expectations of reduced purchasing power and an economic slowdown, while the acceleration of imports (+9.3%) is linked to companies' attempt to anticipate the rise in tariffs, confirmed by the contribution of inventories to GDP growth of 0.6pp.

Household and business confidence remains low: in April and May, the manufacturing PMI index fell (below the 50 mark), while the services index fluctuated. The labour market remains robust, with more than 100 thousand new jobs created per month in April and May, and wages continue to outpace inflation, boosting households'

real disposable income. Despite higher tariffs, overall inflation in May was 2.4%, while core inflation has remained at 2.8% since March. However, households' inflation expectations remain high, with inflation expectations above 7% at 1 year and higher than 4.5% at 5 years. As mentioned, the forecast of a slowdown in the US economy is confirmed with higher tariffs reflected in import prices and along the domestic supply chain, keeping inflation around 3% until next year. Real disposable income growth is expected to decelerate, reducing household consumption, while higher costs of imported products due to tariffs and the weakening dollar will also slow down investment. No significant effects are expected from the budgetary policy of increasing net expenditure.

Japan

In the first quarter of 2025, Japanese GDP contracted slightly (-0.2% annualised QoQ), mainly due to negative net exports (-0.8%) as domestic demand grew by 0.8%, contributing positively to growth. Consumption remained stagnant due to low household confidence linked to high inflation. However, the labour market is in good shape and negotiated wages will grow by 3.8 %, higher than inflation and YoY growth, which could push up prospective consumption growth. Non-residential investment increased by 1.1%, thanks to government incentives. However, uncertainties on global trade are a significant drag.

Monetary policy has slowed down the normalisation of interest rates due to fears of an economic slowdown. The BoJ avoided further rate hikes and slowed down tapering to avoid a steepening of the interest rate curve. Fiscal policy will focus on reducing public debt, offering less support to the economy than in recent years. Overall, growth prospects are modest, with concerns coming from foreign trade and the delicate balance between debt and interest rates, which could destabilise financial markets if investors lose confidence.

Emerging economies

In the first quarter of 2025, China's economy grew by 5.4%, mainly due to the impact of government stimulus and the growth of exports to the US. The latter is linked to the prospect of tariff increases by the US administration, which has prompted importers to anticipate purchases. In fact, in April and May, exports to the US fell sharply, while those to other Asian countries increased significantly. As a result, industrial production slowed down after a growth peak in March. Domestic demand grew in terms of retail sales (+6.4%). However, the incentives were not enough to revitalise the car market and change its perceived weakness. The service sector, on the other hand, is growing steadily at around 5%. The weakness in demand is evidenced by falling food prices and stagnating non-food prices. Investments are weighed down by the crisis-ridden real estate sector and mainly supported by state-owned enterprises with further domestic demand support policies announced but not yet implemented. The trade issue with the US remains crucial, with the risk of a return to heavy reciprocal tariffs that could undermine GDP growth. Overall, the signs of economic improvement are not enough to dispel uncertainties about the growth prospects of the Chinese economy in the medium term. The government's GDP growth target of 5% is expected to be missed in 2025-2026.

In the first quarter of 2025, India recorded GDP growth of 7.4 %, which is stronger than in the quarters of 2024. The figure is, however, influenced by the collapse of imports (-10% trend), while the other GDP components maintained a linear development, with consumption growth around 6% and a healthy services sector. Growth in steel and cement consumption is decelerating, and freight transport indicators are difficult to interpret due to US tariff policies. The manufacturing and services PMI indicators show record growth, with strong foreign demand boosting employment and inflationary pressures. Inflation remained positive (2.82% in May) and allowed a 50 bp rate cut by the central bank. Fiscal policy is expected to remain conservative, with a small tax cut planned for the next two years that should benefit consumption, thanks also to low inflation, while the labour market remains stable. Investment may be affected by global uncertainty especially for trade, but it is supported by public infrastructure investment, falling interest rates and India's attractiveness as a new global manufacturing base. The distancing of the US from the Chinese economy could benefit India and open the way for new foreign investments.

Euro Area

In the first quarter of 2025, Euro Area (EMU) GDP increased by 0.6% compared to the previous quarter, marking the sixth consecutive increase. The assumed growth for 2025 is 1.1%, higher than the 0.8% recorded for the whole of 2024. Ireland contributed significantly to this growth; without it, the increase would have been 0.5%. All major sectors showed positive dynamics: services (contribution of 0.2 percentage points for saleable and 0.1 for public), manufacturing (0.2 percentage points) and construction.

The economies of the main EMU countries recorded a favourable situation: Spain saw growth of 0.6%, followed by Germany (0.4%), Italy (0.3%) and France (0.1%). Compared to the same period of the previous year, Italy's GDP increased by 0.7 percentage points, higher than that of Germany and France, however lower than that of Spain and the EMU average.

In the second quarter, qualitative indicators in the region were very volatile due to uncertainties arising from US trade policies. Although the deterioration in April was temporary, it was not fully recovered in May. June anticipations indicate substantial stability compared to May.

Italy

In the first quarter of 2025, Italy's GDP grew by 0.3%, thanks to a positive contribution from both domestic demand (0.4 percentage points) and foreign demand (0.1 percentage points), while the change in inventories had a negative impact. Domestic demand improved only partly due to household spending (0.1 percentage points) and mainly due to investment, which saw an increase in all components, including residential housing, expanding after four quarters of contraction and still 86% above pre-pandemic levels. The non-residential component, buoyed by the implementation of the NRRP, recorded its seventh consecutive growth, being about 43% higher than at the end of 2019. The foreign component showed a good improvement in both exports and imports, both supported by goods and services. On the supply side, economic activity was mainly boosted by industry, with all its components improving, except for energy, and manufacturing recording its second consecutive increase (1.1% over the fourth quarter).

The capital market and the banking system in Italy

Money and financial markets

At its June 2025 meeting, the Governing Council of the European Central Bank decided once again to cut key interest rates by 25 basis points. The decision was taken following an updated assessment of inflation expectations and the effectiveness of monetary policy. Inflation is approaching the 2% target in the medium term, with forecasts indicating an average rate of 2.0% in 2025, 1.6% in 2026 and again 2.0% in 2027. The European Central Bank warned that although the first quarter of 2025 was stronger than expected, the outlook for the rest of the year remains weak. Trade uncertainties weigh on private investment, while public investment in defence and infrastructure will support growth. Rising real incomes and a robust labour market will also boost consumption and the economy's resilience to global shocks.

In May 2025, for the third consecutive time, the Federal Reserve decided to keep interest rates unchanged, confirming the range between 4.25% and 4.50%. The FOMC (Federal Open Market Committee) will continue to closely monitor macroeconomic data, the evolution of the economic outlook and the balance of risks, in order to achieve maximum employment and long-term inflation of 2%.

Regarding interest rate movements, the 3-month Euribor declined (2.09% from 2.25% the previous month) and fell below 2% in early June; the 10-year IRS rate, on the other hand, stood at 2.54% (essentially unchanged on a monthly basis). On the bond markets, 10-year benchmark rates increased in the USA (4.42% formerly 4.28%) and in the Euro Area; in detail, in Germany the benchmark rate settled at 2.57% (formerly 2.50%), while in Italy it was 3.61% (formerly 3.50% the previous month and 3.82% twelve months prior).

International share prices recorded positive trend dynamics on a monthly basis. In detail, the Dow Jones Euro Stoxx rose 6.9% month-on-month (+5.1% y/y), the Standard & Poor's 500 rose 8.3% (+10.9% y/y), the Nikkei 225 rose 8.8% (-2.9% y/y). The main European stock exchange indices showed positive monthly performances; the

FTSE Mib rose 10.3% (+14.9% y/y), in France the Cac40 rose 5.8% (-3.7% y/y), in Germany the Dax30 rose 10.7% (+27.5% y/y). With reference to the main banking indices, the indicators showed upward monthly trends: the Italian FTSE Banks rose by 11.8% month-on-month (+44.3% y/y), the Dow Jones Euro Stoxx Banks by 12.2% (+35.6% y/y) and the S&P 500 Banks rose by 11.6% month-on-month (+20.3% y/y).

Banking markets

With reference to the banking market, in May 2025, the annual trend in inflows from resident customers was positive (+2.9%). Within this, customer deposits increased (+3.5%), while bonds were down (-1.3%). The growth of volumes was accompanied by a decrease in the cost of total remuneration (0.95%, formerly 1.26% in June 2024). On the lending front, the latest available data show growth in loans in the private sector (+0.7%); the sector is influenced by the dynamics of loans to businesses (stable year-on-year) and the growth in loans to households (+1.3%, supported by home purchases and consumer credit). The dynamics of credit to the productive sector continue to be influenced by the trend in investments and the business cycle, which, despite the public support introduced, remains moderate and fluctuating. In May 2025, lending rates to households and businesses decreased (4.07% formerly 4.81% in June 2024). Within these, the rate on loans to households for house purchases stood at 3.19% (formerly 3.61% in June 2024), while loans to businesses stood at 3.64% (formerly 5.21% in June 2024).

Distribution channels

The Banco Desio Group is present in 11 regions in Italy: Lombardy, Piedmont, Veneto, Emilia Romagna, Liguria, Umbria (under the Banca Popolare di Spoleto brand), Lazio, Tuscany, Marche, Abruzzo and Sardinia. This distribution network is complemented by the network of agents and brokers operating throughout the country, which is used by the subsidiary Fides and, as of 1 June 2024, Dinamica Retail S.p.A.

During the first half of 2025, as part of the rationalisation and optimisation of the distribution model, the Banco Desio Group closed 5 branches in geographical overlap, by transferring relationships to the closest geographically located branches.

Therefore, at 30 June 2025, the distribution structure consisted of 276 branches (compared to the previous year-end figure of 281), 48 financial stores opened under the banner of the subsidiary Fides and 20 financial stores under the Dinamica banner (respectively 50 and 21 at 31 December 2024).

In addition, with reference to the subsidiaries Fides and Dinamica, the signing is noted of 12 and 13 Credit Brokerage Agreements, respectively, to support the multi-channel distribution logic (respectively 11 and 13 at 31 December 2024).

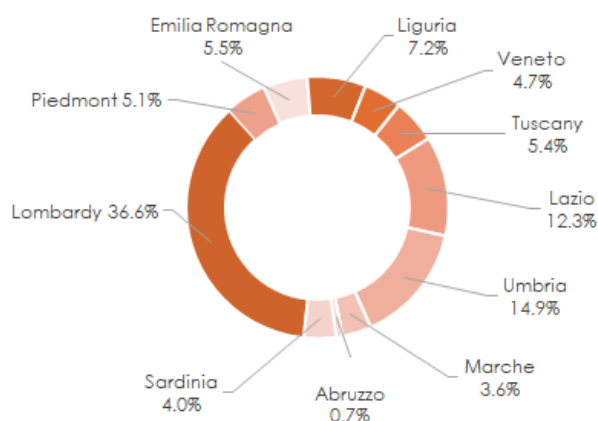
In the current context, which is constantly and rapidly changing, Italian banking customers are becoming increasingly digital. In particular, there has been double-digit growth in internet usage and self channels in recent years. To respond to customer needs and in line with the latest market trends, the Bank is continuing with the creation of a balanced omnichannel strategy integrated with the overall service model that takes into account both market characteristics and customer segmentation.

The organisational model provides in particular for:

- the organisation of a distribution network divided into territorial Areas, each of which is supervised by an Area Manager, who assumes the role of the main commercial contact person in the territory, with a clear hierarchical reporting to the Company Managers and the Branch Network with the support of the Company Manager and the Retail Specialist; in addition, there is a central structure for the commercial and operational coordination of the Small Business segment, with the consequent creation of new professional network figures of "POE Managers" and "Family POE Managers";
- hierarchical and functional reporting of Private Bankers to their respective Private Area Managers, who in turn are coordinated by the Private Banking Area reporting directly to the Wealth Management Department.
- hierarchical and functional reporting to the Financial Advisors Area, reporting directly to the Wealth Management Department.

The following graph provides details of the territorial presence of the distribution network by region.

Graph No. 1 - DISTRIBUTION NETWORK % BREAKDOWN OF BANCO DESIO BRANCHES BY REFERENCE REGIONS



The table below provides a breakdown of the Group's branches with an indication of those with financial advisors and private bankers at the end of the first half of the year, in comparison with the final balance for the year 2024.

Table No. 1 - BREAKDOWN OF GROUP BRANCHES WITH INDICATION OF PRESENCE OF FINANCIAL ADVISORS AND PRIVATE BANKERS

Breakdown by region	30.06.2025					31.12.2024				
	Banco Desio Branches	of which branches with financial advisors	of which branches with private bankers	Fides Shops	Dynamica Financial Shops	Banco Desio Branches	of which branches with financial advisors	of which branches with private bankers	Fides Shops	Dynamica Financial Shops
Lombardy	101	8	27	5	-	101	8	28	5	-
Piedmont	14	6	4	5	1	14	5	4	5	1
Emilia Romagna	15	8	5	3	2	15	8	5	3	2
Liguria	20	4	4	-	-	23	2	4	-	-
Veneto	13	3	2	-	-	13	3	2	-	-
Friuli Venezia Giulia	-	-	-	1	-	-	-	-	1	-
Tuscany	15	-	4	5	-	15	-	3	6	-
Lazio	34	4	2	3	4	34	3	2	3	5
Umbria	41	4	4	2	-	41	5	4	2	-
Marche	10	5	2	4	-	11	6	2	4	-
Abruzzo	2	-	-	3	1	2	-	-	3	1
Molise	-	-	-	-	1	-	-	-	-	-
Sardinia	11	-	-	2	1	12	-	-	2	1
Basilicata	-	-	-	-	1	-	-	-	-	1
Calabria	-	-	-	5	3	-	-	-	5	3
Campania	-	-	-	2	2	-	-	-	3	3
Apulia	-	-	-	2	-	-	-	-	2	-
Sicily	-	-	-	6	4	-	-	-	6	4
Total	276	42	54	48	20	281	40	54	50	21

Significant corporate events

Agreement between EIB and Banco Desio to support innovative investments by SMEs and MidCaps

On 21 January 2025, it was announced that the European Investment Bank (EIB) and Banco Desio had signed an agreement for a total of Euro 200 million that aims to make new finance totalling Euro 400 million available for innovative investments by Italian SMEs and MidCaps. The first Euro 60 million tranche was signed on 21 January.

Under the agreement signed, Banco Desio will guarantee the disbursement of a further ceiling of the same amount, making a total of Euro 120 million available to companies in this first phase. The loan, with a duration of 24 months, aims to allocate at least 30% of the resources to projects that contribute to promoting innovation and digitalisation.

Both SMEs (companies with up to 249 employees at consolidated level) and MidCaps (companies with up to 2,999 employees at consolidated level), which need to finance investments in innovation or the purchase of innovative assets with a minimum term of 24 months, can have access to the new credit line with more favourable interest rates.

Capital decision for the Banco Desio Group and the CRR Brianza Unione Group

On 31 January 2025, it was announced that the Bank of Italy communicated to Banco Desio and the financial parent company Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. its decision on capital at the conclusion of the periodic prudential review process ("SREP"), maintaining the capital requirements for the "CRR" Brianza Unione Group at consolidated level unchanged from 2024, as reported below:

- CET 1 ratio of 7.60%, comprising a binding measure of 5.10% (of which 4.5% against the regulatory minimum requirements and 0.60% against the "SREP" requirements) and the remainder from the capital conservation buffer component;
- Tier 1 ratio of 9.30%, comprising a binding measure of 6.80% (of which 6% against the regulatory minimum requirements and 0.80% against the "SREP" requirements) and the remainder from the capital conservation buffer component;
- Total Capital ratio of 11.50%, comprising a binding measure of 9% (of which 8% against the regulatory minimum requirements and 1% against the "SREP" requirements) and the remainder from the capital conservation buffer component.

The improvement in capitalisation levels recorded by Banco Desio made it possible to maintain ample buffers with respect to Supervisory requirements, confirming the Group's strengthened solidity, which is such as to support external growth initiatives in line with the Business Plan.

Also taking into account the results of the inspections on anti-money laundering and transparency, the Bank of Italy recommended a review of the overall functionality of the internal control system, which were duly reported to the Supervisory Authority on 30 June 2025.

Approval of the financial statements and allocation of the 2024 result

The Ordinary Shareholders' Meeting of 17 April 2025 approved the financial statements at 31 December 2024 and the corresponding profit allocation with the distribution to shareholders of a dividend of Euro 0.4566¹ for each of the ordinary shares outstanding at the "record date". In accordance with the Stock Exchange calendar,

¹In consideration of the purchases of treasury shares in execution of the Buy-Back programme in progress at the record date, Banco Desio held 2,466,192 treasury shares in its portfolio on that date. Therefore, the number of shares outstanding on that date was 131,896,857 shares, down from the same number on 11 March 2025 (formerly 132,589,857 shares outstanding as indicated in the "Proposal for approval of the financial statements and allocation of net profit" in the Draft Financial Statements at 31 December 2024). Taking into account the amount of the dividend per share equal to Euro 0.4566 to be allocated to each of the 131,896,857 outstanding shares, the dividend paid out to Shareholders amounted to Euro 60,224,104.91, a decrease of Euro 316,423.80 compared to the amount indicated in the "Proposal for approval of the financial statements and allocation of net profit", which was allocated to increase the Statutory Reserve.

the dividend was paid on 30 April 2025, against the ex-dividend of coupon 33, while the "ex-dividend" date, for the purposes of share prices, and the "record date" were 28 May and 29 April 2025, respectively.

The same Ordinary Shareholders' Meeting also approved (a) the Annual report on remuneration policy and compensation paid, (b) the annual incentive plan called "2025 Incentive System", based on the assignment of "Phantom Shares", intended for the Chief Executive Officer and General Manager as well as the remaining Key Personnel of the Group, and (c) the integration, upon the reasoned proposal of the Board of Statutory Auditors, of the fee of the independent auditors KPMG S.p.A. for the engagement to certify compliance of the non-financial statement conferred as per Article 3, paragraph 10, of Legislative Decree No. 254/2016 for the period 2021-2029.

Completion of the share buyback programme

On 12 March 2024, the Board of Directors of Banco Desio had submitted to the Shareholders' Meeting, which met on 18 April 2024, the proposal to authorise the purchase and sale of treasury shares pursuant to the combined provisions of articles 2357 and 2357-ter of the Civil Code, article 132 of Legislative Decree No. 58/1998, as well as the applicable supervisory provisions. The authorisation, expiring on 12 July 2025, was aimed at the purchase of a maximum of 4,030,891 treasury shares, equal to 3% of the capital, for a maximum total amount of Euro 20.2 million.

On 27 May 2025, the total maximum amount having been reached, the programme was completed before the aforementioned deadline as a result of market purchases and price trends. At 30 June 2025, Banco Desio held 2,888,242 treasury shares, corresponding to 2.15% of the total number of shares issued (compared to 4,030,891 shares authorised for repurchase), for a total countervalue of Euro 20,199,995.79 (within the authorised limit of Euro 20,200,000).

Agreement for the distribution of investment insurance products with Italiana Assicurazioni S.p.A.

On 17 April 2025, Banco Desio announced to the market the signing of a strategic partnership with Italiana Assicurazioni S.p.A., a company belonging to the Reale Group, one of the leading insurance groups operating in Italy and with a solid international presence.

The agreement envisages a commercial collaboration of a preferential nature, lasting ten years, aimed at integrating and completing the Banco Desio current insurance product offering with innovative and highly competitive solutions. The proposed catalogue will include the main types of IBIP products, including Class I, Class III, Class V and Multi-class, providing customers with greater investment diversification and solutions that meet their security and return needs.

The choice of Italiana Assicurazioni is the result of an in-depth and structured competitive selection process, which involved more than a dozen of the leading national and European life insurance companies. The Italiana proposal stood out for the high quality of its product range, for the innovation of the insurance solutions offered and for an efficient, reliable and perfectly integrated service model with Banco Desio operations, all to the benefit of the Group's customers.

Authorisation to the use of the A-IRB internal credit risk measurement system

On 9 December 2024, the Bank of Italy had started supervisory inspections at Banco Desio aimed at verifying the effective implementation of the "Preliminary remedial actions" relating to the A-IRB internal credit risk measurement system referred to in the press release published on 31 May 2023.

The inspections were completed in January 2025; although a number of findings were identified for which corrective action was required within six months, they resulted in a positive outcome of the authorisation process.

On 25 June 2025, Banco Desio therefore informed the market that the Bank of Italy had authorised the Group to use the A-IRB internal credit risk measurement system ("retail" and "corporate" exposures) starting from the supervisory reports of 30 June 2025.

The authorisation to use the A-IRB system constitutes a significant point of arrival of a long journey, in which the Banco Desio Group (as part of an innovative pool project resulting from collaboration with two other major banks in the area and the outsourcer Cedacri) has progressively improved its credit risk measurement and management systems.

The use of the A-IRB system will allow Banco Desio to be even more competitive in the territories where the Group operates, providing a further incentive to increase support to families and businesses.

Creation of the "Consumer Credit Hub"

Consistent with the "Beyond26" business plan, with a resolution of the Board of Directors of Banco Desio of 24 June 2025, a project was launched for the creation of a single hub, specialising in the sector of salary-backed loans, to be realised by the end of the current financial year 2025 through the merger by incorporation of Dynamica Retail S.p.A. into Fides S.p.A.; the creation of a hub specialised in the sector of salary-backed loans will allow the Group to position itself among the leading market operators in the sector, with the development of considerable synergies, both from an economic and organisational point of view. On the business side, conditions will be created for the expansion and diversification of origination channels and the product catalogue. Another focal point is the evolution of the digital offer.

Sustainability and climate-environmental risk

During the reporting period, Banco Desio continued to implement the "Masterplan E(SG)" transformation programme for the progressive integration of sustainability factors (particularly climate and environmental sustainability) into the decision-making system, as reported in previous financial years.

Sustainability factors have become a cornerstone of the 2024-2026 "Beyond26" Business Plan, given the Group's increased awareness of the resulting impacts and opportunities for the competitive and regulatory context, strategies, business model, and objectives, in relation to its role in supporting SMEs and families in the transition to an economy that combines economic, environmental, and social sustainability.

In implementing project activities, in line with the plan, during the reporting period, the key aspects emerging from the dialogue with the National Supervisory Authority were highlighted. In particular, in defining the business plan for 2025, the best practices of the Less Significant Institutions (LSI) that the Bank of Italy published in May 2025 were evaluated and considered, to the extent necessary to pursue the ESG objectives of the business plan.

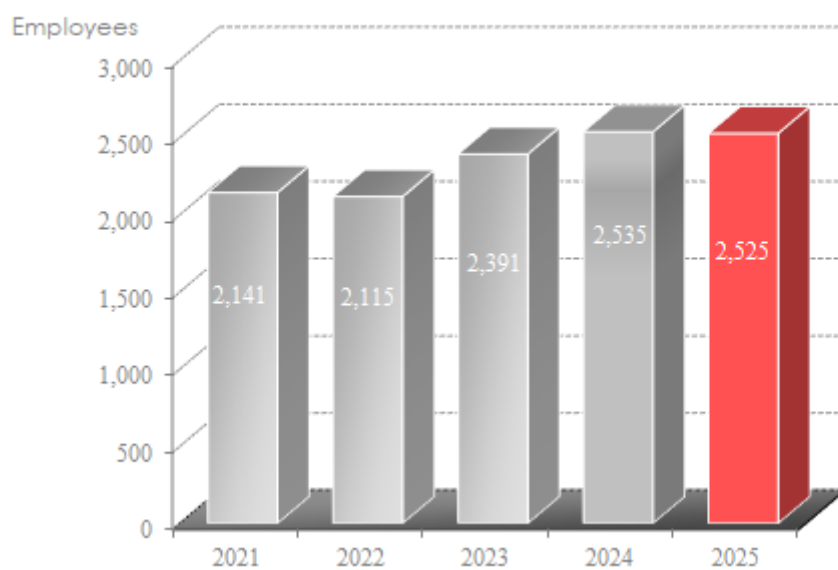
Through the marked sustainability connotation of the new "Beyond26" Business Plan, called "ESG Infusion", the Group aims to become the best proximity bank in Italy also thanks to innovation, digital and proximity to customers.

Human resources

At 30 June 2025, the Group employed 2,525 people, a decrease of 10 resources compared to the previous year-end figure.

The development of the Group's workforce in recent years is depicted in the following graph.

Graph No. 2 - GROUP EMPLOYEE TRENDS IN RECENT YEARS



The following tables provide details of the Group's total resource and related dynamics over the reporting period.

Table No. 2 - BREAKDOWN OF GROUP EMPLOYEES BY QUALIFICATION

No. Employees	30.06.2025					31.12.2024				
	Women	Incidence %	Men	Incidence %	Total	Women	Incidence %	Men	Incidence %	Total
Group employees	1,111	44.0%	1,414	56.0%	2,525	1,109	43.7%	1,426	56.3%	2,535
Executives	5	16.1%	26	83.9%	31	5	16.1%	26	83.9%	31
Middle managers	401	31.8%	861	68.2%	1,262	401	31.6%	868	68.4%	1,269
Remaining personnel	705	57.2%	527	42.8%	1,232	703	56.9%	532	43.1%	1,235
External collaborators	30	25.4%	88	74.6%	118	35	28.7%	87	71.3%	122
Financial advisors	11	15.9%	58	84.1%	69	11	16.4%	56	83.6%	67
Other collaborators	19	38.8%	30	61.2%	49	24	43.6%	31	56.4%	55
Total resources	1,141	43.2%	1,502	56.8%	2,643	1,144	43.1%	1,513	56.9%	2,657

Table No. 3 - ENTRIES OF GROUP RESOURCES BY QUALIFICATION IN THE HALF-YEAR

No. Employees	30.06.2025					30.06.2024				
	Women	Incidence %	Men	Incidence %	Total	Women	Incidence %	Men	Incidence %	Total
Group employees	11	50.0%	11	50.0%	22	54	43.2%	71	56.8%	125
Executives	-	n.s.	-	n.s.	-	1	20.0%	4	80.0%	5
Middle managers	2	28.6%	5	71.4%	7	20	37.0%	34	63.0%	54
Remaining personnel	9	60.0%	6	40.0%	15	33	50.0%	33	50.0%	66
External collaborators	11	35.5%	20	64.5%	31	14	48.3%	15	51.7%	29
Financial advisors	1	16.7%	5	83.3%	6	3	27.3%	8	72.7%	11
Other collaborators	10	40.0%	15	60.0%	25	11	61.1%	7	38.9%	18
Total resources	22	41.5%	31	58.5%	53	68	44.2%	86	55.8%	154

Table No. 4 - EXITS OF GROUP RESOURCES BY QUALIFICATION IN THE HALF-YEAR

No. Employees	30.06.2025					30.06.2024				
	Women	Incidence %	Men	Incidence %	Total	Women	Incidence %	Men	Incidence %	Total
Group employees	10	31.3%	22	68.8%	32	18	64.3%	10	35.7%	28
Executives	-	n.s.	-	n.s.	-	1	50.0%	1	50.0%	2
Middle managers	3	15.0%	17	85.0%	20	7	58.3%	5	41.7%	12
Remaining personnel	7	58.3%	5	41.7%	12	10	71.4%	4	28.6%	14
External collaborators	15	44.1%	19	55.9%	34	10	55.6%	8	44.4%	18
Financial advisors	1	25.0%	3	75.0%	4	1	33.3%	2	66.7%	3
Other collaborators	14	46.7%	16	53.3%	30	9	60.0%	6	40.0%	15
Total resources	25	37.9%	41	62.1%	66	28	60.9%	18	39.1%	46

Table No. 5 - BREAKDOWN OF GROUP RESOURCES BY AREA

No. Employees	30.06.2025					31.12.2024				
	Women	Incidence %	Men	Incidence %	Total	Women	Incidence %	Men	Incidence %	Total
General Management and operational support	303	42.3%	414	57.7%	717	312	43.4%	407	56.6%	719
Employees	284	42.5%	384	57.5%	668	288	43.4%	376	56.6%	664
Other collaborators	19	38.8%	30	61.2%	49	24	43.6%	31	56.4%	55
Distribution network	838	43.5%	1,088	56.5%	1,926	832	42.9%	1,106	57.1%	1,938
Employees	827	44.5%	1,030	55.5%	1,857	821	43.9%	1,050	56.1%	1,871
of which Private Bankers	21	25.6%	61	74.4%	82	19	24.7%	58	75.3%	77
Financial advisors	11	15.9%	58	84.1%	69	11	16.4%	56	83.6%	67
Total resources	1,141	43.2%	1,502	56.8%	2,643	1,144	43.1%	1,513	56.9%	2,657

Operating performance

The collection of savings: customers' assets under administration

Total customer assets under administration at 30 June 2025, amounted to approximately Euro 38.5 billion, an increase of about Euro 0.2 billion (+0.4%) compared to the balance at the end of 2024, attributable to the positive trend in indirect inflows (+1.7%), partially offset by the trend in direct inflows (-1.4%).

The following tables show the development of funding in the reporting period and the breakdown of direct and indirect funding, respectively.

Table No. 6 - TOTAL INFLOWS FROM CUSTOMERS

Amounts in Euro thousands	30.06.2025 Incidence %		31.12.2024 Incidence %		Changes	
					Value	%
Payables to customers	12,636,104	32.8%	13,222,342	34.5%	-586,238	-4.4%
Securities issued	2,954,184	7.7%	2,584,873	6.7%	369,311	14.3%
Direct inflows	15,590,288	40.5%	15,807,215	41.2%	-216,927	-1.4%
Inflows from ordinary customers	14,701,018	38.2%	14,396,060	37.5%	304,958	2.1%
Inflows from institutional customers	8,213,277	21.3%	8,138,421	21.3%	74,856	0.9%
Indirect inflows	22,914,295	59.5%	22,534,481	58.8%	379,814	1.7%
Total inflows from customers	38,504,583	100.0%	38,341,696	100.0%	162,887	0.4%

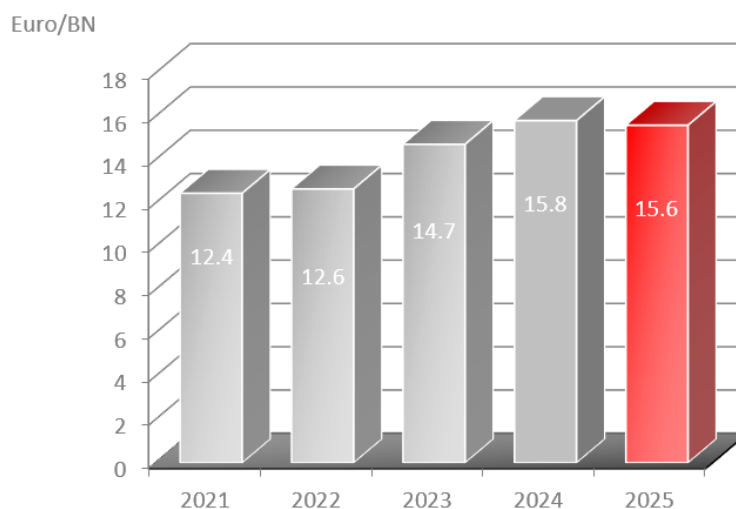
Direct inflows

Direct inflows amounted to about Euro 15.6 billion, down 1.4% compared to 31 December 2024, due to the decrease in payables to customers (-4.4%), partially offset by the growth in securities issued (+14.3%).

Table No. 7 - DIRECT INFLOWS

Amounts in Euro thousands	30.06.2025 Incidence %		31.12.2024 Incidence %		Changes	
					Value	%
Payables to customers	12,636,104	81.1%	13,222,342	83.6%	-586,238	-4.4%
Current accounts and deposits	10,831,548	69.5%	10,979,573	69.5%	-148,025	-1.3%
current accounts and demand deposits	9,949,232	63.8%	10,126,755	64.1%	-177,523	-1.8%
fixed-term deposits and restricted current accounts	882,316	5.7%	852,818	5.4%	29,498	3.5%
Repurchase agreements and securities lending	733,752	4.7%	1,207,009	7.6%	-473,257	-39.2%
Loans and other payables	1,070,804	6.9%	1,035,760	6.5%	35,044	3.4%
Securities issued	2,954,184	18.9%	2,584,873	16.4%	369,311	14.3%
bonds at amortised cost and liabilities measured at fair value	2,954,160	18.9%	2,584,824	16.4%	369,336	14.3%
certificates of deposit and other securities	24	0.0%	49	0.0%	-25	-51.0%
Direct inflows	15,590,288	100.0%	15,807,215	100.0%	-216,927	-1.4%

Graph No. 3 - TREND IN DIRECT INFLOWS IN RECENT YEARS



On the funding side, during the first half of the year, inflows were raised through the placement of Euro 100 million of the Covered Bond 3% 10/9/2029 (bringing the total amount of the issue to Euro 600 million) and an issue of a Covered Bond in Private Placement format of Euro 100 million, maturing in 15 years (18/6/2040) at a rate of 3.6%.

In addition, the usual placement of its own bonds to retail customers continued for a total of Euro 165 million issued in the first half of the year (also in green and callable format).

Funding activities carried out in the first half of 2025 with Cassa Depositi e Prestiti (for an outstanding total of Euro 390 million) also increased during the half, with a consequent increase in funding to be allocated to SMEs and Mid-Caps operating throughout Italy and in all production sectors.

Indirect inflows

Indirect inflows recorded a balance of Euro 22.9 billion (+1.7%). Inflows from ordinary customers amounted to Euro 14.7 billion, an increase of 2.1% compared to the end of the previous year, attributable to the performance of assets under administration (+3.2%) and assets under management (+1.5%).

The table below provides details of the aggregate under consideration, highlighting the changes over the time period considered.

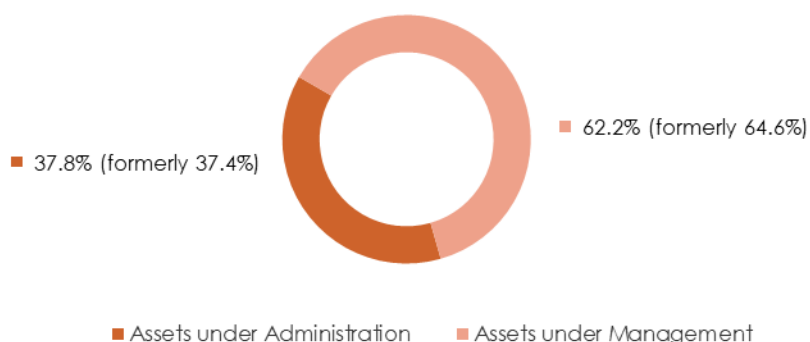
Amounts in Euro thousands	30.06.2025 Incidence %		31.12.2024 Incidence %		Changes	
					Value	%
Assets under Administration	5,557,909	24.3%	5,387,484	23.9%	170,425	3.2%
Assets under Management	9,143,109	39.9%	9,008,576	40.0%	134,533	1.5%
Asset management	1,452,412	6.3%	1,436,103	6.4%	16,309	1.1%
Mutual funds and Sicav	4,697,262	20.5%	4,544,952	20.2%	152,310	3.4%
Banking-insurance products	2,993,435	13.1%	3,027,521	13.4%	-34,086	-1.1%
Inflows from ordinary customers	14,701,018	64.2%	14,396,060	63.9%	304,958	2.1%
Inflows from institutional customers ⁽¹⁾	8,213,277	35.8%	8,138,421	36.1%	74,856	0.9%
Assets under Administration	7,463,731	32.6%	7,403,456	32.9%	60,275	0.8%
Assets under Management	749,546	3.2%	734,965	3.2%	14,581	2.0%
Indirect inflows ⁽¹⁾	22,914,295	100.0%	22,534,481	100.0%	379,814	1.7%

⁽¹⁾ inflows from institutional customers includes securities on deposit underlying the Bancassurance segment of ordinary customers in the amount of approximately Euro 2.09 billion (about Euro 2.11 billion at 31.12.2024).

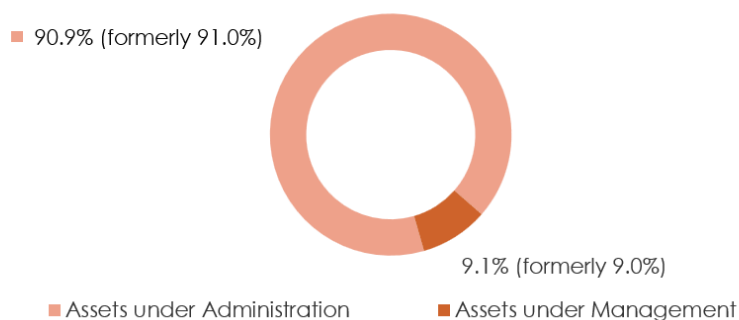
The in-depth investigations conducted on investments held by customers (securities, funds, asset management, etc.) relating to issuers based in Russia, Belarus and Ukraine, or in any case having the rouble as their issuing currency, have not so far revealed any significant risk profiles.

The following graph shows the breakdown of indirect inflows from ordinary and institutional customers by segment at 30 June 2025, while the next one focuses on the components of assets under management in the same period, showing how there is an increasing incidence of inflows towards mutual funds and sicav.

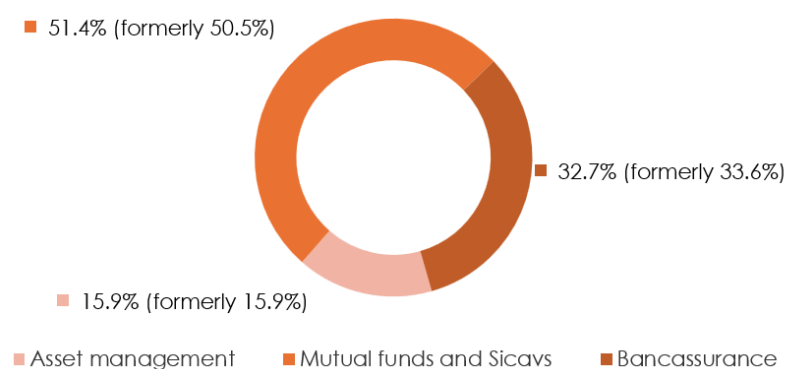
Graph No. 4 - BREAKDOWN OF INDIRECT INFLOWS FROM ORDINARY CUSTOMERS BY SEGMENT AT 30.06.2025



Graph No. 5 - BREAKDOWN OF INDIRECT INFLOWS FROM INSTITUTIONAL CUSTOMERS BY SEGMENT AT 30.06.2025



Graph No. 6 - BREAKDOWN OF INDIRECT INFLOWS BY ASSET UNDER MANAGEMENT COMPONENTS AT 30.06.2025



The first half of the year presented a mixed scenario for investors. Markets remained broadly resilient. However, volatility resurfaced, driven largely by geopolitical risks, tariff-related uncertainties and the unpredictability of the Trump administration.

In particular, two prominent developments caught investors' attention: a weaker US dollar and increasing pressure on the US sovereign curve. The Federal Reserve recent change in tone was notable, as it suspended further rate cuts, halting the bond rally seen early in the first quarter of 2025.

Some technology-related investments, such as the growth of US data centres, boosted GDP in the first three months of the year by about 1%, although the slowdown in the widening current account deficit led to negative overall growth. In Europe, however, the Central Bank cut the cost of money by 25 basis points in June, bringing the deposit rate to 2.0%. This is the eighth consecutive cut since June 2024. President Lagarde hinted that the easing cycle is nearing its end, with inflation expected to be close to 2% in 2026. However, the ECB path remains vulnerable to global macroeconomic shocks: at the moment, the threshold for further cuts is higher and will require stronger justifications.

In this context, an exposure equal to that of the benchmark in share management was maintained. Geographically, the US, while continuing to be the main weight, was brought underweight, in favour of Europe. Japan is neutral. Among sectors, the preference for technology, basic resources and financials remained stable.

In bond management, the overweight of spread bonds at the expense of government bonds is confirmed. In particular, the largest exposure was to the financial sector and emerging markets, while the interest rate risk remained slightly above the benchmark.

Loans to customers

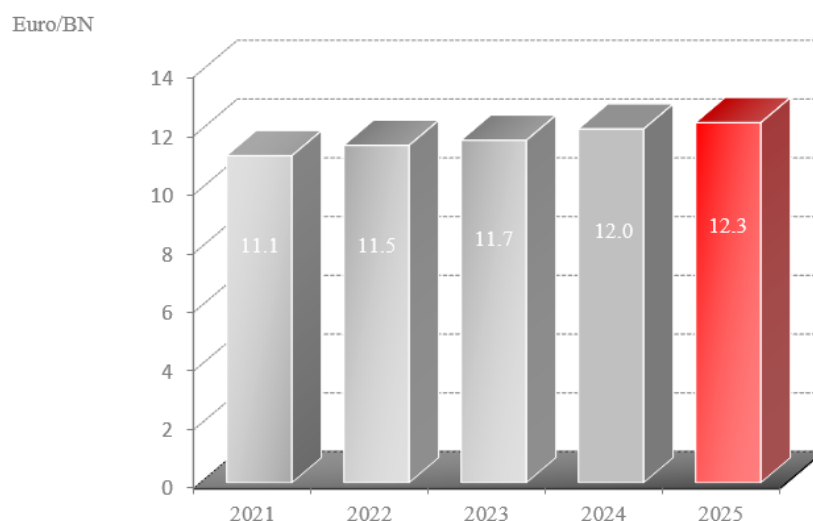
The total value of loans to customers at 30 June 2025 amounted to around Euro 12.3 billion, up compared to the balance at the end of 2024 (+1.8%), referring mainly to loans to ordinary customers (+0.6% compared to the balance for the comparison period).

On the overall portfolio, the Credit Department continued its monitoring activities, whose analysis of the positions revealed an increase in the deterioration of existing credit facilities - albeit at levels in line with the pre-pandemic period - on which risk containment and management actions were activated.

Monitoring the positions most directly or indirectly exposed to the current political and economic situation is one of the primary drivers of attention in order to ensure the highest quality of the loan portfolio over time and, at the same time, identify the best solutions to allow companies to continue their business. It is also noted that the Bank obtained an EIF credit line which, combined with the MCC guarantees, allowed SMEs to apply for access to government-guaranteed financing to address liquidity needs related to the ongoing economic and financial turmoil.

The graph below shows the overall trend in loans to customers in recent years, which shows a growth rate over the last five years of +2.4%, due to the growth in volumes in the six months under review, partly offset by the contraction in non-performing loans in previous years.

Graph No. 7 - TREND IN LOANS TO CUSTOMERS IN RECENT YEARS



The changes in balances in the items making up loans by technical form are summarised in the table below.

Table No. 9 - LOANS TO CUSTOMERS

Amounts in Euro thousands	30.06.2025	Incidence %	31.12.2024	Incidence %	Changes	
					Value	%
Mortgages	7,707,528	63.0%	7,850,492	65.2%	-142,964	-1.8%
fixed rate	4,883,431	39.9%	4,909,756	40.8%	-26,325	-0.5%
variable rate	879,860	7.2%	754,485	6.3%	125,375	16.6%
mixed rate ⁽¹⁾	1,944,237	15.9%	2,186,251	18.1%	-242,014	-11.1%
Current accounts	981,593	8.0%	913,574	7.6%	68,019	7.4%
Repurchase agreements and securities lending	148,394	1.2%	-	0.0%	148,394	n.s.
Finance lease	159,212	1.3%	155,882	1.3%	3,330	2.1%
Credit cards, personal loans and salary-backed loans	2,187,184	17.8%	1,972,492	16.4%	214,692	10.9%
Other transactions	1,069,896	8.7%	1,144,089	9.5%	-74,193	-6.5%
Loans to customers	12,253,807	100.0%	12,036,529	100.0%	217,278	1.8%

⁽¹⁾ This category of loans includes loans the interest rate of which may change from fixed to variable at maturities and/or conditions set in the contract.

The sub-item "Other transactions" includes financing transactions other than those indicated in the previous sub-items (e.g. bullet loans, advances on invoices and bills subject to collection, import/export advances and other miscellaneous items).

Within the breakdown of gross loans, including guarantees, the percentage incidence of utilisations attributable to the first customers at the end of the first half of the current year continues to express a high degree of risk fractioning.

Table No. 10 - CREDIT CONCENTRATION RATIOS ON TOP CUSTOMERS

Number of customers	30.06.2025	31.12.2024
Top 10	1.15%	1.12%
Top 20	1.99%	1.90%
Top 30	2.70%	2.59%
Top 50	3.89%	3.74%

Disposals of NPLs amounting to Euro 49 million (Euro 13 million utp and Euro 36 million bad loans) realised in the first half of the year further reduced the gross NPL ratio to 2.9% (3.1% at end 2024). The improvement of the asset mix (higher proportion of utp) led to the physiological reduction of the overall coverage of impaired loans to 46.2% (formerly 50.4%).

At 30 June 2025, the coverage on non-performing loans net of government guarantees (MCC and SACE) was 50.9% (formerly 57.3% at 31 December 2024).

The table below summarises the gross and net indicators of credit risk and the relative coverage levels (the values shown therein are grossed up by the amount related to the lower fair value of the impaired acquired loans of the Lanterna perimeter in the previous year).

Table No. 11 - INDICATORS OF THE RISKINESS OF LOANS TO CUSTOMERS AND RELATED HEDGES

Amounts in Euro thousands	30.06.2025					
	Gross exposure	Incidence % of total loans	Value adjustments	Coverage ratio	Net exposure	Incidence % of total loans
Bad loans	129,504	1.0%	(93,447)	72.2%	36,057	0.3%
Unlikely to pay	215,318	1.7%	(72,379)	33.6%	142,939	1.2%
Impaired past-due exposures	21,258	0.2%	(3,171)	14.9%	18,087	0.1%
Total impaired	366,080	2.9%	(168,997)	46.2%	197,083	1.6%
Stage 1 exposures	10,542,646	84.1%	(19,806)	0.19%	10,522,840	85.9%
Stage 2 exposures	1,631,269	13.0%	(97,385)	5.97%	1,533,884	12.5%
Performing exposures	12,173,915	97.1%	(117,191)	0.96%	12,056,724	98.4%
Total loans to customers	12,539,995	100.0%	(286,188)	2.3%	12,253,807	100.0%

Amounts in Euro thousands	31.12.2024					
	Gross exposure	Incidence % of total loans	Value adjustments	Coverage ratio	Net exposure	Incidence % of total loans
Bad loans	153,205	1.2%	(116,733)	76.2%	36,472	0.3%
Unlikely to pay	213,213	1.7%	(74,925)	35.1%	138,288	1.2%
Impaired past-due exposures	19,107	0.2%	(2,757)	14.4%	16,350	0.1%
Total impaired	385,525	3.1%	(194,415)	50.4%	191,110	1.6%
Stage 1 exposures	10,248,270	83.0%	(20,048)	0.20%	10,228,222	85.0%
Stage 2 exposures	1,719,496	13.9%	(102,299)	5.95%	1,617,197	13.4%
Performing exposures	11,967,766	96.9%	(122,347)	1.02%	11,845,419	98.4%
Total loans to customers	12,353,291	100.0%	(316,762)	2.6%	12,036,529	100.0%

The main indicators of the coverages of non-performing loans are summarised below, also considering for outstanding bad loans the amount of direct write-downs made over the years, and those of performing loans.

Table No. 12 - INDICATORS ON COVERAGE OF LOANS TO CUSTOMERS

% Coverage of non-performing and performing loans	30.06.2025	31.12.2024
% Coverage of bad loans	72.16%	76.19%
% Coverage of bad loans before write-offs	72.34%	76.39%
% Total coverage of non-performing loans	46.16%	50.43%
% Coverage of non-performing loans before write-offs	46.29%	50.59%
% Coverage of performing loans	0.96%	1.02%

The securities portfolio and the interbank position

The securities portfolio

At 30 June 2025, the Bank's total financial assets amounted to approximately Euro 4.5 billion, up +4.0% compared to the previous year-end figure of Euro 4.3 billion.

The table below provides details of the aggregate under consideration, highlighting the changes over the time period considered.

Table No. 13 - FINANCIAL ASSETS: COMPOSITION OF THE GROUP'S OWNERSHIP PORTFOLIO

Amounts in Euro thousands	30.06.2025	Incidence %	31.12.2024	Incidence %	Changes Value	%
Securities portfolio and derivatives (FVTPL)	234,232	5.2%	211,480	4.9%	22,752	10.8%
Debt securities	10,017		3,125			
Equity securities	5,750		4,953			
Mutual funds and SICAV	193,966		188,740			
Trading and hedging derivatives	24,499		14,662			
Banking book (FVOCI)	1,135,107	25.4%	1,000,061	23.3%	135,046	13.5%
Debt securities	1,121,565		986,854			
Equity securities	13,542		13,207			
Financial assets at amortised cost (AC)	3,093,241	69.4%	3,077,955	71.8%	15,286	0.5%
Debt securities (*)	3,093,241		3,077,955			
Financial assets	4,462,580	100.0%	4,289,496	100.0%	173,084	4.0%
of which Securities Portfolio	4,438,081	99.5%	4,274,834	99.7%	163,247	3.8%

(*) Includes senior securities from the sale of own non-performing loans

The first half of 2025 was a period of complex economic and financial dynamics, characterised by initial expectations of monetary easing that clashed with new geopolitical and trade policy uncertainties. The performance of global markets showed significant divergence, with Europe showing greater equity resilience than the US, in a context of asynchronous monetary policies and trade tensions.

The Governing Council of the ECB continued its monetary easing policy with a further cut in key interest rates by 25 basis points on 5 June 2025. The deposit rate thus fell to 2.00%.

The Federal Reserve Bank, instead, remained on hold due to the uncertainty arising from the chaotic trade and fiscal policies implemented by the Trump presidency.

The US administration's aggressive use of a new import tariff system was the primary catalyst for market volatility. On 2 April 2025 ("Liberation Day"), the duties were indeed announced: a basic duty of 10% on most imports as of 5 April 2025, with higher country-specific rates as of 9 April 2025. These have been described as "the most

significant US trade protectionist action since the 1930s". Previously, in January and February 2025, tariffs were implemented on steel and aluminium, and duties targeted at China, Canada and Mexico. A 25% tax rate on imported cars came into force on 3 April 2025.

In the course of the months, the duties have undergone significant changes and sudden postponements, so that the future scenario cannot be clearly defined.

These uncertainties heavily impacted the performance of the US dollar, which has depreciated by around 10% against the Euro since the beginning of the year, and fostered considerable volatility in the stock markets.

Of note is a marked out-performance, albeit with marked fluctuations, of the European stock markets against the US indices, especially in the post "Liberation Day" period. This differential becomes even more pronounced when the exchange rate effect is taken into account.

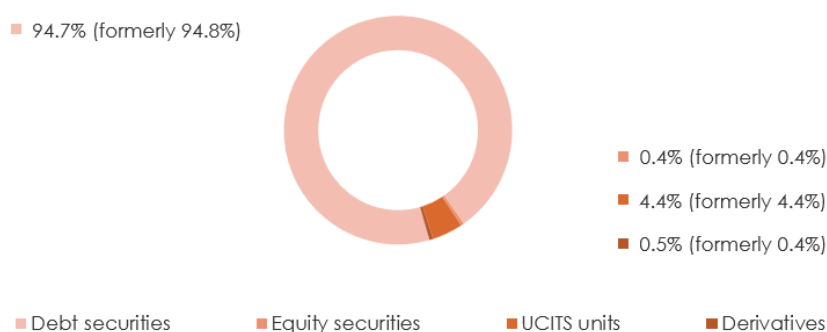
On the Euro interest rate front, there was mainly a steepening of the curves conditioned by future spending plans, planned primarily by Germany, which, combined with the US policy of tariffs, led to estimates of higher future price pressures.

The management of the Held to Collect portfolio pursued a reinvestment strategy for maturing securities, resulting in a slight increase in the invested amount and a reduction in duration (2.4% gross of hedges), resulting in particular from reinvestment in securities with short residual life.

Considerable attention was paid to capital consumption, limiting investment in securities with any degree of subordination very significantly.

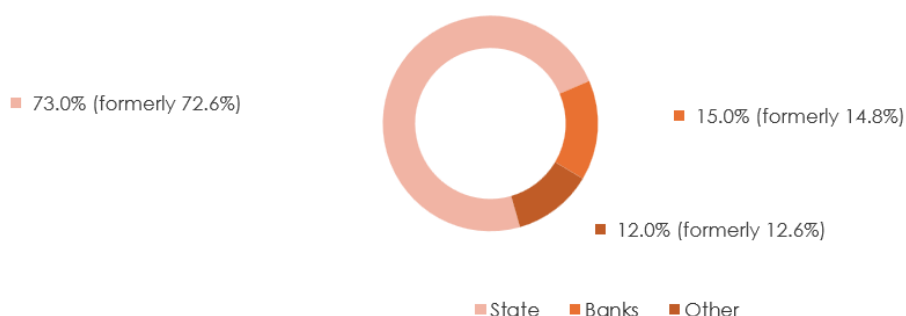
Of note is the good generation of gains by the portfolios, which compensates for the physiological reduction in interest income brought about by the ECB reduction in interest rates.

Graph No. 8 - % **BREAKDOWN OF FINANCIAL ASSETS AT 30.06.2025 BY SECURITY TYPE**



With reference to the issuers of securities, the overall portfolio at the end of the half-year consisted of 73.0% government securities, 15.0% securities of primary banking issuers and the remainder of other issuers, as shown graphically below.

Graph No. 9 - % BREAKDOWN OF FINANCIAL ASSETS AT 30.06.2025 BY ISSUER TYPE



It should be noted that there are no investments in the proprietary portfolio in financial instruments of issuers based in Russia, Belarus and Ukraine, or in financial instruments with the rouble as the issuing currency.

Exposures held in sovereign debt securities

With reference to document No. 2011/266 published on 28 July 2011 by the European Securities and Markets Authority (ESMA) concerning the disclosure relating to sovereign risk to be included in the annual and semi-annual financial reports prepared by listed companies that adopt IAS/IFRS, the positions referring to 30.06.2025 are detailed below, bearing in mind that, according to the indications of the aforementioned European Supervisory Authority, "sovereign debt" is to be understood as bonds issued by central and local governments and government entities, as well as loans granted to them.

Table No. 14 - SOVEREIGN DEBT SECURITIES: COMPOSITION BY PORTFOLIO AND ISSUER

Amounts in Euro Thousands		30.06.2025						31.12.2024					
		Italy	France	Spain	USA	Romania	Total	Italy	France	Spain	USA	Total	
Financial assets held for trading	Nominal value					2,000	2,000						
	Carrying amount					1,232	1,232						
Financial assets measured at fair value through other comprehensive income	Nominal value	1,091,000			4,266	5,000	1,100,266	976,000			4,813	980,813	
	Carrying amount	1,090,230			4,358	4,406	1,098,994	961,611			4,884	966,495	
Financial assets measured at amortised cost	Nominal value	1,980,790	92,000	65,000			2,137,790	1,968,290	95,500	65,000		2,128,790	
	Carrying amount	1,992,275	92,008	65,334			2,149,617	1,978,144	95,080	65,405		2,138,629	
Sovereign debt securities ⁽¹⁾	Nominal value	3,071,790	92,000	65,000	4,266	7,000	3,240,056	2,944,290	95,500	65,000	4,813	3,109,603	
	Carrying amount	3,082,505	92,008	65,334	4,358	5,638	3,249,843	2,939,755	95,080	65,405	4,884	3,105,124	

⁽¹⁾ this representation does not include, at 30.06.2025, the investment in HTC securities issued by Invitalia for Euro 3,613 million (Euro 3,521 million at 31.12.2024) and in HTC securities issued by Amco-Ass Mng Co SpA for Euro 2,541 million (Euro 2,598 million at 31.12.2024) and RAI for Euro 1,042 million (Euro 1,020 million at 31.12.2024)

Table No. 15 - **SOVEREIGN DEBT SECURITIES: COMPOSITION BY PORTFOLIO, ISSUER AND RESIDUAL MATURITY**

Amounts in Euro thousands		Italy	Spain	France	USA	Romania	30.06.2025	
							Nominal value	Carrying amount
Financial assets held for trading	up to 1 year					-	-	-
	1 to 3 years					-	-	-
	3 to 5 years					-	-	-
	over 5 years	-				2,000	2,000	1,232
	Total	-	-	-	-	2,000	2,000	1,232
Financial assets measured at fair value through other comprehensive income	up to 1 year	340,000	-	-	-	-	340,000	341,588
	1 to 3 years	410,000	-	-	4,266	-	414,266	424,838
	3 to 5 years	206,000	-	-	-	5,000	211,000	209,725
	over 5 years	135,000	-	-	-	-	135,000	122,843
	Total	1,091,000	-	-	4,266	5,000	1,100,266	1,098,994
Financial assets measured at amortised cost	up to 1 year	390,000	-	92,000	-	-	482,000	484,220
	1 to 3 years	404,790	-	-	-	-	404,790	404,611
	3 to 5 years	375,000	20,000	-	-	-	395,000	402,411
	over 5 years	811,000	45,000	-	-	-	856,000	858,375
	Total	1,980,790	65,000	92,000	-	-	2,137,790	2,149,617
Sovereign debt securities	up to 1 year	730,000	-	92,000	-	-	822,000	825,808
	1 to 3 years	814,790	0	-	4,266	-	819,056	829,449
	3 to 5 years	581,000	20,000	-	-	5,000	606,000	612,136
	over 5 years	946,000	45,000	-	-	2,000	993,000	982,450
	Total	3,071,790	65,000	92,000	4,266	7,000	3,240,056	3,249,843

Derivative financial instruments

The global economic and political context has been under severe stress over the past years, ultimately caused by the recent war events.

Taking into account the monetary policy adopted by the European Central Bank, Banco Desio has put in place a strategy to hedge its assets by setting up Micro Fair Value Hedge and Macro Fair Value Hedge transactions.

The aggregate of net trading derivatives corresponds to the imbalance between the derivatives included in the financial statements item 20 a) of assets "Financial assets at fair value through profit or loss - held for trading" and 20 of liabilities "Financial liabilities held for trading"; this aggregate consists mainly of derivatives on interest rates, currencies traded with customers and forward currency transactions.

The table below provides details of the aggregate under consideration, highlighting the changes over the time period considered.

Table No. 16A - **GROUP DERIVATIVE FINANCIAL INSTRUMENTS: CARRYING AMOUNT**

Amounts in Euro thousands	Carrying amount 30.06.2025	31.12.2024	Changes	
			Value	%
Net hedging derivative financial instruments	4,904	-6,709	11,613	n.s.
hedging financial assets	21,501	12,578	8,923	70.9%
hedging financial liabilities	-16,597	-19,287	2,690	-13.9%
Net trading derivative financial instruments	108	130	-22	n.s.
financial assets held for trading	2,998	2,084	914	43.9%
financial liabilities held for trading	-2,890	-1,954	-936	47.9%
Net derivative financial instruments	5,012	-6,579	11,591	n.s.

Table No. 16B - **GROUP DERIVATIVE FINANCIAL INSTRUMENTS: NOTIONAL VALUE**

Amounts in Euro thousands	Notional value 30.06.2025	31.12.2024	Changes	
			Value	%
Hedging derivative financial instruments	1,205,000	1,055,000	150,000	14.2%
hedging financial assets	520,000	420,000	100,000	23.8%
hedging financial liabilities	685,000	635,000	50,000	7.9%
Trading derivative financial instruments	266,318	475,988	-209,670	-44.0%
financial assets held for trading	130,917	219,907	-88,990	-40.5%
financial liabilities held for trading	135,401	256,081	-120,680	-47.1%
Total derivative financial instruments	1,471,318	1,530,988	-59,670	-3.9%

Item "Trading financial instruments" refers to the fair value of derivative financial instruments discontinued, for which the hedging relationship was discontinued, and to the fair value of swap and outright contracts that are subject to natural hedges.

Net interbank position

The Group's net interbank position at 30 June 2025 was a credit position of about Euro 0.3 billion, compared to a credit balance of about Euro 0.5 billion at the end of the previous year.

The table below provides a breakdown of the net interbank position.

Table No. 17 - **GROUP NET INTERBANK POSITION**

Amounts in Euro thousands	30.06.2025		31.12.2024		Changes
		Incidence %		Incidence %	Value
Loans with central banks	652,178	-233.3%	987,239	-202.9%	-335,061
Loans with banks	336,558	-120.4%	298,108	-61.3%	38,450
Current accounts and demand deposits	50,598	-18.1%	48,657	-10.0%	1,941
Fixed-term deposits	11,968	-4.3%	12,048	-2.5%	-80
Loans and other receivables	273,992	-98.0%	237,403	-48.8%	36,589
Payables to central banks	-	0.0%	-	0.0%	-
Payables to banks	709,238	253.7%	798,673	164.1%	-89,435
Current accounts and demand deposits	15,581	5.6%	17,268	3.5%	-1,687
Repurchase agreements and securities lending	323,191	115.6%	345,170	70.9%	-21,979
Loans and other payables	370,466	132.5%	436,235	89.7%	-65,769
Net interbank position	279,498	100.0%	486,674	100%	-207,176

The ECB and the Fed have continued to reduce their balance sheets in recent years; in particular, the Bank completed the repayments (by natural maturity) of the remaining tranches of TLTRO III during 2024. At 30 June 2025, there were therefore no longer any TLTRO loans outstanding.

The following table shows details of securities and loans that can be refinanced with the European Central Bank.

Table No. 18 - **SECURITIES AND LOANS ELIGIBLE FOR REFINANCING WITH THE ECB**

Amounts in Euro thousands	30.06.2025		31.12.2024		Changes	
		Incidence %		Incidence %	Value	%
Guarantee Value	1,341,193	100.0%	1,469,759	100.0%	-128,566	-8.7%
Committed Portion	20,000	1.5%	-	0.0%	20,000	n.s.
Portion available	1,321,193	98.5%	1,469,759	100.0%	-148,566	-10.1%

At 30 June 2025, there were resources available in the centralised treasury, in the so-called Pooling, resources relating to securities and loans eligible for refinancing with the European Central Bank, quantifiable in a total amount, net of the expected haircuts, of Euro 1,341 million available for Euro 1,321 million (at 31 December 2024, the Pooling account contained total resources of Euro 1,470 million fully available).

Equity and capital adequacy

Equity attributable to the Parent Company at 30 June 2025, including the profit for the period, totalled Euro 1,446.8 million, compared to Euro 1,448.9 million in 2024. The decrease of Euro 2.1 million is attributable to the positive overall profitability trend for the period of Euro 73.1 million, offset by the payment of the dividend for the financial year 2024 Euro and the repurchase of treasury shares.

The table below shows the reconciliation of the Parent Company's equity and profit for the period with the corresponding values at the consolidated level at 30 June 2025, also explaining the equity and economic effects related to the consolidation of subsidiaries and associates.

Table No. 19 - **RECONCILIATION BETWEEN EQUITY AND NET RESULT OF THE PARENT COMPANY AND CONSOLIDATED FIGURES AT**

Amounts in Euro thousands	Equity	of which Profit for the period
Balances of the Parent Company Banco Desio	1,444,645	74,903
Effect of the consolidation of subsidiaries	2,105	-1,943
Effect of equity valuation of associates	52	146
Dividends for the period	-	-2,720
Consolidated balances of the Banco Desio Group	1,446,802	70,386

Capital requirements and related ratios at 30 June 2025 are determined in application of the new prudential framework set forth in Regulation (EU) No. 1623/2024 (the so-called CRR3 Regulation), which came into force on 1 January 2025, and determining the capital requirements for credit risk with the application of the A-IRB models (as per the communication of 25 June 2025 with which Banco Desio informed the market that the Bank of Italy had authorised the Group to use the internal system for measuring A-IRB credit risk - "retail" and "corporate" exposures - starting from the supervisory reports of 30 June 2025).

Banco Desio applies the prudential filter on the gains/losses on government securities classified in the IFRS 9 portfolio of Financial assets measured at fair value through other comprehensive income (Article 468 of the CRR), as communicated to the Bank of Italy on 20 September 2024.

The calculation of the consolidated Own Funds and prudential requirements that are subject to submission to the Bank of Italy as part of the Prudential Supervisory Reporting (COREP) and Statistical Reporting (FINREP) is performed with reference to Brianza Unione di Luigi Gavazzi e Stefano Lado S.A., which, according to European regulations, is the financial parent company of the banking group. This section therefore sets out the results of this calculation, relating to the prudential consolidation perimeter of the company Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. (the financial parent company).

On 31 January 2025, Banco Desio disclosed the capital decision taken by the Bank of Italy at the conclusion of the periodic prudential review Process ("SREP"), keeping the capital requirements for the "CRR" Brianza Unione Group at consolidated level unchanged from 2024, as shown below:

- **CET 1 ratio of 7.60%**, comprising a binding measure of 5.10% (of which 4.50% against the minimum regulatory requirements and 0.60% against the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component;
- **Tier 1 ratio of 9.30%**, comprising a binding measure of 6.80% (of which 6.00% against the minimum regulatory requirements and 0.80% against the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component;

- **Total Capital ratio of 11.50%**, comprising a binding measure of 9.00% (of which 8.00% against the minimum regulatory requirements and 1.00% against the additional requirements determined as a result of the SREP) and the remainder from the capital conservation buffer component.

The Group is also required to comply with the systemic risk buffer ratio (SyRB) set at 30 June 2025 at 1% of credit and counterparty risk-weighted exposures to residents of Italy; this additional CET1 requirement with respect to the total RWAs is equal to 0.77%.

Consolidated own funds calculated on the financial parent company Brianza Unione amounted to Euro 1,191.8 million at 30 June 2025 (CET1 + AT1 at Euro 1,051.3 million + T2 at Euro 140.5 million) compared to Euro 1,196.4 million at the end of the previous year. The Common Equity Tier1 capital ratio was 13.5% (12.6% at 31 December 2024). The Tier1 ratio was 14.2% (13.3% at 31 December 2024), while the Total Capital ratio was 16.1% (15.1% at 31 December 2024).

	30.06.2025	
	Application of transitional regime FVOCI	Without transitional regime FVOCI
OWN FUNDS		
Common Equity Tier 1 (CET1) capital	997,374	
Common Equity Tier 1 (CET1) capital without application of transitional provisions		994,982
Tier 1 capital	1,051,297	
Tier 1 capital without application of transitional provisions		1,048,905
Total own funds	1,191,771	
Total own funds without application of transitional provisions		1,189,380
RISK ASSETS		
Risk-weighted assets	7,415,107	
Risk-weighted assets without application of transitional provisions		7,415,107
SUPERVISORY RATIOS		
Common Equity Tier 1 capital/risk-weighted assets (CET1 capital ratio)	13.451%	
CET 1 capital/Risk-weighted assets (CET1 capital ratio) without application of transitional provisions		13.418%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	14.178%	
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) without application of transitional provisions		14.146%
Total own funds/risk-weighted assets (Total capital ratio)	16.072%	
Total own funds/Risk-weighted assets (Total capital ratio) without application of transitional provisions		16.040%

Consolidated Own Funds calculated on the other hand for the Banco Desio Group, after pay out forecasts, as per dividend policy, amounted to Euro 1,450.2 million at 30 June 2025, (CET1 + AT1 to Euro 1,373.4 million + T2 to Euro 76.8 million), compared to Euro 1,413.9 million at the end of the previous year. The Common Equity Tier1 ratio and Tier1 ratio were 18.5% (both 17.1% at 31 December 2024), while the Total Capital ratio was 19.6% (17.8% at 31 December 2024).

	30.06.2025	
	Application of transitional regime FVOCI	Without transitional regime FVOCI
OWN FUNDS		
Common Equity Tier 1 (CET1) capital	1,373,402	
<i>Common Equity Tier 1 (CET1) capital without application of transitional provisions</i>		1,368,760
Tier 1 capital	1,373,402	
<i>Tier 1 capital without application of transitional provisions</i>		1,368,760
Total own funds	1,450,216	
<i>Total own funds without application of transitional provisions</i>		1,445,574
RISK ASSETS		
Risk-weighted assets	7,415,111	
<i>Risk-weighted assets without application of transitional provisions</i>		7,415,111
SUPERVISORY RATIOS		
Common Equity Tier 1 capital/risk-weighted assets (CET1 capital ratio)	18.522%	
<i>CET 1 capital/Risk-weighted assets (CET1 capital ratio) without application of transitional provisions</i>		18.459%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	18.522%	
<i>Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio) without application of transitional provisions</i>		18.459%
Total own funds/risk-weighted assets (Total capital ratio)	19.558%	
<i>Total own funds/Risk-weighted assets (Total capital ratio) without application of transitional provisions</i>		19.495%

The soundness of the Group with respect to the requirements was confirmed.

MREL

Finally, as regards the Minimum Requirement for Own Funds and Eligible Liabilities (MREL), the Banco Desio Group, on a consolidated basis, will have to comply with the following requirements:

- MREL in terms of TREA (Total Risk Exposure Amount) of 17.76% (excluding the CBR Combined Buffer Requirement);
- MREL in terms of LRE (Leverage Ratio Exposure) of 5.33%.

With regard to the date from which the MREL requirement will be binding, the Supervisory Authority confirmed the transitional period until 1 January 2027. No additional subordination requirements were attached.

Reclassified income statement

In order to provide a more consistent view of management performance, a reclassified Income Statement has been prepared with respect to the *Condensed half-year financial statements*, which forms the basis for specific comments.

The criteria for creating the schedule are summarised as follows:

- explication of two aggregates of accounting items, defined as "Operating Income" and "Operating Expenses", the algebraic balance of which determines the "Result from Operations";
- division of Profit (Loss) for the period between "Current result after tax" and "Non-recurring Profit (Loss) after taxes";
- "Operating income" also includes the balance of item 230, "Other operating income/expenses", albeit net of tax recoveries for stamp duty on customers' statements and securities deposits and substitute tax on m/l-term loans, recoveries on legal expenses as well as amortisation of leasehold improvements, reclassified respectively as a reduction to item 180b) "Other administrative expenses" and as an increase to item 220 "Net value adjustments/reversals on intangible assets" under "Operating expenses";
- time value components of impaired financial assets (calculated on the basis of the original effective interest rate) and interest adjustments related to non-performing loans are reclassified from "Net interest income" to "Cost of credit";
- the balance of item 100a) "Gains (Losses) on sale or repurchase of financial assets at amortised cost" of "Operating income" is reclassified, net of the component of gains (losses) on debt securities at amortised cost, to the specific item "Cost of credit" (where item 130a) "Net value adjustments for impairment of loans" is also included), following "Result from operations";
- the balance of item 110, "Net result of other financial assets and liabilities at fair value through profit or loss" of "Operating income" for the portion referring to units of closed-end UCITS subscribed as a result of the sale of non-performing loans is reclassified to the specific item "Cost of credit" (where item 130a) "Net value adjustments for impairment of loans" is also included), following the "Result from operations";
- the component of the expected loss on securities at amortised cost included in the balance of item 130a) "Net value adjustments for impairment of financial assets at amortised cost", is reclassified to item 130b) "Net value adjustments/reversals on securities owned" (where the balance of net credit risk adjustments on securities at fair value through other comprehensive income is included);
- charges for operating leases falling within the scope of application of IFRS16 "Leases", recognised in the accounts under item "20. Interest expenses and similar charges" and under item "210 Net value adjustments on tangible assets" are reclassified under item "190 b) Other administrative expenses";
- provisions relating to actions for revocation on disputed loans are reclassified from item 200 "Net provisions for risks and charges - other" to item "Cost of credit", both of which are subsequent to "Result from operations";
- ordinary contributions to the Resolution Fund ("SRM") and Deposit Guarantee Scheme ("DGS") are transferred from item "190 b) Other administrative expenses" to the item "Banking system expenses";
- provisions and expenses of an extraordinary or "one-off" nature are reclassified under the item "Allocations to provisions for risks and charges, other allocations, one-off expenses and revenues";
- the tax effect on non-recurring Profit (Loss) is reclassified, together with tax components of an extraordinary nature, from item 300 "Income taxes on current operations" to item "Income taxes on non-recurring items".

The profit for the period amounted to Euro 70.4 million, down compared to the result of the previous period of 9.9%.

Table No. 20 - RECLASSIFIED INCOME STATEMENT

Items				Changes	
Amounts in Euro thousands		30.06.2025	30.06.2024	Value	%
10+20	Net interest income	176,471	192,147	-15,676	-8.2%
70	Dividends and similar income	567	589	-22	-3.7%
40+50	Net commissions	107,559	109,743	-2,184	-2.0%
80+90+100+	Net result of financial assets and liabilities	12,496	9,919	2,577	26.0%
110					
230	Other operating income/expenses	2,028	1,975	53	2.7%
Operating income		299,121	314,373	-15,252	-4.9%
190 a	Personnel expenses	-116,828	-107,259	-9,569	8.9%
190 b	Other administrative expenses	-53,506	-48,439	-5,067	10.5%
210+220	Net value adjustments on tangible and intangible assets	-7,045	-6,429	-616	9.6%
Operating expenses		-177,379	-162,127	-15,252	9.4%
Result from operations		121,742	152,246	-30,504	-20.0%
130a+100a	Cost of credit	-11,150	-16,768	5,618	-33.5%
130 b	Net value adjustments on own securities	254	847	-593	-70.0%
140	Gains/losses from contractual amendments without derecognition	-101	16	-117	n.s.
200 a	Net allocations to provisions for risks and charges - commitments and guarantees given	225	787	-562	-71.4%
200 b	Net allocations to provisions for risks and charges - other	-1,506	-14,115	12,609	-89.3%
	Charges related to the banking system	-	-6,855	6,855	-100.0%
250	Gains (Losses) on investments	146	138	8	5.8%
Current result before taxes		109,610	116,296	-6,686	-5.7%
300	Income taxes on current operations	-39,224	-39,751	527	-1.3%
Current result after taxes		70,386	76,545	-6,159	-8.0%
	Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues	-	-82	82	-100.0%
Non-recurring result before taxes		-	-82	82	-100.0%
	Income taxes on non-recurring items	-	1,429	-1,429	-100.0%
Non-recurring result after taxes		-	1,347	-1,347	-100.0%
330	Profit (Loss) for the year	70,386	77,892	-7,506	-9.6%
340	Profit (Loss) for the period attributable to minority interests	-	-196	196	-100.0%
350	Profit (Loss) for the period attributable to the Parent Company	70,386	78,088	-7,702	-9.9%

In order to facilitate the reconciliation of the reclassified Income Statement with the figures in the financial statements, a reconciliation statement is provided below for each period, showing the numbers corresponding to the aggregate items in the statements and the balances subject to the reclassifications made.

Table No. 21 - RECONCILIATION OF FINANCIAL STATEMENTS AND RECLASSIFIED INCOME STATEMENT AT 30.06.2025

Items	From Financial Statements										Reclassified statement
	Re-classifications										
		Non-performing loans valuation effects	Recovery of taxes/expenses	Expected loss on securities at amortised cost	Amortisation for leasehold improvements	Gains (Losses) on sale or repurchase of receivables	Allocations to provisions for risks and charges other allocations, "one-off" expenses and	System charges	Reclassification s IFRS 16 - Leases	Personnel expenses	Net allocations to provisions for risks and charges - other
Amounts in Euro thousands	30.06.2025										30.06.2025
10+20 Net interest income	177,258	-1,513							726		176,471
70 Dividends and similar income	567										567
40+50 Net commissions	107,559										107,559
80+90+100+ Net result of financial assets and liabilities	11,586					910					12,496
110											
230 Other operating income/expenses	21,847		-20,224		405						2,028
Operating income	318,817	-1,513	-20,224		405	910			726		299,121
190 a Personnel expenses	-116,828									-	-116,828
190 b Other administrative expenses	-67,336		20,224						-6,394		-53,506
210+220 Net value adjustments on tangible and intangible assets	-12,388				-405				5,668		-7,045
Operating expenses	-196,472		20,224		-405				-726		-177,379
Result from operations	122,345	-1,513				910					121,742
130a+100a Cost of credit	-11,628	1,513		-201		-910	76				-11,150
130 b Net value adjustments on own securities	53			201						254	254
140 Gains/losses from contractual amendments without derecognition	-101										-101
200 a Net allocations to provisions for risks and charges - commitments and guarantees given	225										225
200 b Net allocations to provisions for risks and charges - other	-1,430						-76				-1,506
Charges related to the banking system											
250 Gains (Losses) on investments	146										146
Current result before taxes	109,610										109,610
300 Income taxes on current operations	-39,224										-39,224
Current result after taxes	70,386										70,386
Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues											
Non-recurring result before taxes											
Income taxes on non-recurring items											
Non-recurring result after taxes											
Profit (Loss) from discontinued operations after taxes											
Profit (Loss) for the year	70,386										70,386
Profit (Loss) for the period attributable to minority interests											
Profit (Loss) for the period attributable to the Parent Company	70,386										70,386

TABLE 22 - RECONCILIATION OF FINANCIAL STATEMENTS AND RECLASSIFIED INCOME STATEMENT AT 30.06.2024

Items	From Financial Statements	Reclassifications							Reclassified statement			
		Non-performing loans valuation effects	Recovery of taxes/expense \$	Expected loss on securities at amortised cost	Amortisation for leasehold improvements	Gains (Losses) on sale or repurchase of receivables	Allocations to provisions for risks and charges / other allocations, "one-off" expenses and	System charges		Reclassifications IFRS 16 - Leases	Personnel expenses	Income taxes
Amounts in Euro thousands												
10+20	Net interest income	193,812	-2,288						623		192,147	
70	Dividends and similar income	589									589	
	Gains (Losses) on investments in associates											
40+50	Net commissions	109,743									109,743	
80+90+100	Net result of financial assets and liabilities	3,100				6,819					9,919	
+110												
230	Other operating income/expenses	20,550	-17,733		531	-1,373					1,975	
	Operating income	327,794	-2,288	-17,733	531	6,819	-1,373		623		314,373	
190 a	Personnel expenses	-107,259									-107,259	
190 b	Other administrative expenses	-71,277	17,733				478	10,832	-6,205		-48,439	
210+220	Net value adjustments on tangible and intangible assets	-11,480			-531				5,582		-6,429	
	Operating expenses	-190,016	17,733		-531		478	10,832	-623		-162,127	
	Result from operations	137,778	-2,288			6,819	-895	10,832			152,246	
30a+100a	Cost of credit	-11,113	2,288	-801		-6,819	-323				-16,768	
130 b	Net value adjustments on own securities	46		801					847			
140	Gains/losses from contractual amendments without derecognition	16							16			
200 a	Net allocations to provisions for risks and charges - commitments and guarantees given	787									787	
200 b	Net allocations to provisions for risks and charges - other	-14,438					323				-14,115	
	Charges related to the banking system							-6,855			-6,855	
250	Gains (Losses) on investments	138									138	
	Current result before taxes	113,214					-895	3,977			116,296	
300	Income taxes for the year on current operations	-38,281							-1,470		-39,751	
	Current result after taxes	74,933					-895	3,977	-1,470		76,545	
260	Net result of fair value measurement of tangible and intangible assets											
	Allocations to provisions for risks and charges, other allocations, "one-off" expenses and revenues						3,895	-3,977			-82	
	Non-recurring profit (loss) before taxes						3,895	-3,977			-82	
	Income taxes for the year on non-recurring items									1,429	1,429	
	Non-recurring profit (loss) after taxes						3,895	-3,977		1,429	1,347	
320	Profit (Loss) from discontinued operations after taxes	2,959					-3,000			41		
330	Profit (loss) for the period	77,892									77,892	
340	Profit (Loss) for the period attributable to minority interests	-196									-196	
350	Profit (Loss) for the period attributable to the Parent Company	78,088									78,088	

The main cost and revenue components of the reclassified income statement are analysed below, commenting, where necessary, on cases of comparison on a non-homogeneous basis

Operating income

The core revenue items from operations decreased by approximately Euro 15.3 million (-4.9%) compared to the comparison period, amounting to Euro 299.1 million. The performance is attributable to the decrease in net interest income of euro 15.7 million (-8.2%), which was affected by market rate dynamics, and in net commissions of Euro 2.2 million (-2.0%), partially offset by the growth in the net result of financial assets and liabilities of Euro 2.6 million (+26.0%) and in other operating income and expenses of Euro 0.1 million (+2.7%).

Operating expenses

Overall operating expenses, which include personnel expenses, other administrative expenses, and net value adjustments on tangible and intangible assets, amounted to about Euro 177.4 million (Euro 162.1 million in the comparison period), reflecting an increase of Euro 9.6 million (+8.9%) in personnel expenses, Euro 5.1 million (+10.5%) in other administrative expenses, and Euro 0.6 million (+9.6%) in net value adjustments on tangible and intangible assets. The development of the aggregate expresses the contribution of the branches BU acquired on 7 December 2024, as well as the effect of the renewal of the employment contract.

Result from operations

Consequently, *the result from operations* at 30 June 2025 amounted to Euro 121.7 million, -20% over the comparison period.

Current result after taxes

From the *result from operations* of Euro 121.7 million, we arrive at the *current result after tax* of Euro 70.4 million, down 8.0% compared to that of Euro 76.5 million in the comparison period, mainly due to:

- the cost of credit (given by the balance of *Net value adjustments for impairment of financial assets at amortised cost and gains (losses) on sale or repurchase of receivables*), amounting to approximately Euro 11.1 million (roughly Euro 16.8 million in the previous period);
- *net value adjustments on own securities* positive for Euro 0.3 million (positive for Euro 0.8 million in the comparison period);
- *net allocations to provisions for risks and charges* of negative Euro 1.3 million (negative Euro 13.3 million in the comparison period, which also included the transparency risk assessment);
- *charges related to the banking system*, which amounted to Euro 6.9 million in the comparison period, related to the Interbank Deposit Protection Fund (DGS), which in 2024, reached the target level collected through ordinary contributions;
- gains on investments amounting to approximately Euro 0.1 million, in line with the comparison period;
- *income taxes on current operations* of Euro 39.2 million (formerly Euro 39.8 million).

Non-recurring operating result after taxes

At 30 June 2025, a non-recurring operating result of zero was recorded.

In the comparison period, the item *Non-recurring operating result after taxes* was positive for Euro 1.3 million, essentially made up of:

- charges related to the extraordinary contribution to the Deposit Guarantee Scheme ("DGS") in the amount of Euro 4.0 million, the recognition of which was brought forward with respect to previous years, to reflect the different dynamics with which the 2024 contribution was requested;
- the gross positive component of Euro 3.0 million achieved by way of price adjustment on the basis of targets assessed one year from the closing date, based on the agreements signed with Worldline with reference to the "Aquarius" transaction carried out in the previous year;
- the provisional badwill of Euro 1.4 million resulting from the provisional purchase price allocation (PPA) process relating to Dynamica Retail, effective as of 1 June 2024 (please refer to the section "Significant corporate events during the period" above);
- charges of Euro 0.5 million related to the costs of the agreement signed with Banca Popolare di Puglia e Basilicata S.C.p.A. ("BPPB") for the acquisition of a business unit consisting of 14 bank branches (see "Significant corporate events during the period" above);

after the related positive tax effect of Euro 1.4 million.

Result for the period attributable to minority interests

At 30 June 2025, the result for the period attributable to minority interests was nil (negative for Euro 0.2 million in the comparison period) due to the effect of the change in the shareholding in Dynamica, which went from 89.23% to 100% at the reporting date (ref. paragraph "Change in the scope of consolidation").

Result for the period attributable to the Parent Company

The sum of the *current result* and the *non-recurring profit*, both after taxes, considering the result attributable to minority interests, determines the profit for the period attributable to the Parent Company at 30 June 2025 of Euro 70.4 million.

Performance of subsidiaries

In order to allow for a disaggregated reading of the operating performance previously analysed at consolidated level, the summary data with the balance sheet, income statement, risk and relevant structure ratios (APIs) of the companies consolidated on a line-by-line basis are illustrated below, with the relative notes, with the exception of Desio OBG and Dinamica Agenzia in consideration of their nature.

Banco di Desio e della Brianza S.p.A.

Balance sheet values

Amounts in Euro thousands	30.06.2025	31.12.2024	Changes	
			abs.	%
Total assets	18,040,690	18,002,150	38,540	0.2%
Financial assets	4,403,613	4,224,735	178,878	4.2%
Cash and cash equivalents ⁽¹⁾	665,708	1,019,141	-353,433	-34.7%
Loans with banks ⁽²⁾	409,539	379,091	30,448	8.0%
Loans to customers ⁽²⁾	11,775,470	11,475,028	300,442	2.6%
of which Loans to ordinary customers	11,627,076	11,475,028	152,048	1.3%
of which Loans to institutional customers	148,394	0	148,394	n.s.
Tangible assets ⁽³⁾	225,449	226,864	-1,415	-0.6%
Intangible assets	35,906	36,579	-673	-1.8%
Payables to banks	436,251	483,251	-47,000	-9.7%
Payables to customers ⁽⁴⁾ ⁽⁵⁾	12,406,756	12,965,064	-558,308	-4.3%
Securities issued	2,954,183	2,584,873	369,310	14.3%
Equity (including Profit for the period)	1,444,645	1,441,799	2,846	0.2%
Own Funds	1,461,746	1,420,100	41,646	2.9%
Total indirect inflows	22,914,295	22,534,481	379,814	1.7%
of which Indirect inflows from ordinary customers	14,701,018	14,396,060	304,958	2.1%
of which Indirect inflows from institutional customers	8,213,277	8,138,421	74,856	0.9%

⁽¹⁾ At 30 June 2025, Cash and cash equivalents included the current accounts, demand deposits and the amount on demand of Euro 0.5 billion relating to cash in excess of the commitment to maintain the compulsory reserve, invested in overnight deposits (Euro 0.9 billion at the end of the previous period)

⁽²⁾ pursuant to Circular 262, the balance of the financial statements item includes Held-to-collect (HTC) debt securities recognised at amortised cost, which are shown under financial assets in these summaries, and does not include current accounts and demand deposits recognised under Cash and cash equivalents

⁽³⁾ the balance of the item at 30 June 2025 includes the right of use (RoU Asset) amounting to Euro 53.6 million in respect of operating leases falling under the scope of IFRS16 Leases, which came into effect as of 1 January 2019

⁽⁴⁾ the balance of the item does not include the liability recognised in the item Payables to customers in the financial statements in respect of operating leases falling within the scope of IFRS16

⁽⁵⁾ Including inflows repurchase agreements with institutional customers in the amount of Euro 726 million (Euro 1.2 billion at 31 December 2024)

Income statement values ⁽⁶⁾

Amounts in Euro thousands	30.06.2025	30.06.2024	Changes	
			abs.	%
Operating income	285,541	302,683	-17,142	-5.7%
of which Net interest income	159,631	178,243	-18,612	-10.4%
Operating expenses	166,133	155,689	10,444	6.7%
Result from operations	119,408	146,994	-27,586	-18.8%
Charges related to the banking system	-	6,855	-6,855	-100.0%
Current result after taxes	74,903	78,293	-3,390	-4.3%
Non-recurring result after taxes	-	-26	26	-100.0%
Profit (loss) for the year	74,903	78,267	-3,364	-4.3%

⁽⁶⁾ from reclassified Income Statement

Equity, economic and risk ratios

	30.06.2025	31.12.2024	Changes abs.
Equity/Total assets	8.0%	8.0%	0.0%
Equity/Loans to customers	12.3%	12.6%	-0.3%
Equity/Payables to customers	11.6%	11.1%	0.5%
Equity/Securities issued	48.9%	55.8%	-6.9%
Common Equity Tier1 (CET1)/Risk-weighted assets ⁽⁷⁾	20.8%	18.8%	2.0%
Total Tier 1 capital (T1)/Risk-weighted assets ⁽⁷⁾	20.8%	18.8%	2.0%
Total Own funds/Risk-weighted assets (Total capital ratio) ⁽⁷⁾	21.9%	19.6%	2.3%
Financial assets/Total assets	24.4%	23.5%	0.9%
Loans with banks/Total assets	2.3%	2.1%	0.2%
Loans to customers/Total assets	65.3%	63.7%	1.6%
Loans to customers/Direct inflows from customers	76.7%	73.8%	2.9%
Payables to banks/Total assets	2.4%	2.7%	-0.3%
Payables to customers/Total assets	68.8%	72.0%	-3.2%
Securities issued/Total assets	16.4%	14.4%	2.0%
Direct inflows from customers/Total assets	85.1%	86.4%	-1.3%

	30.06.2025	30.06.2024	Changes abs.
Operating expenses/Operating income (Cost/Income ratio)	58.2%	51.4%	6.8%
(Operating expenses + Banking-related expenses)/Operating income (Cost/Income ratio)	58.2%	53.7%	4.5%
Net interest income/Operating income	55.9%	58.9%	-3.0%
Result from operations/Operating income	41.8%	48.6%	-6.8%
Current result after taxes/Equity - annualised ^{(8) (9)}	10.5%	10.0%	0.5%
Profit for the year/Equity ⁽⁸⁾ (R.O.E.) - annualised ^{(9) (10)}	10.5%	9.4%	1.1%
Current result before taxes/Total assets (R.O.A.) - annualised ⁽⁹⁾	1.2%	1.1%	0.1%

	30.06.2025	31.12.2024	Changes abs.
Net bad loans/Loans to customers	0.3%	0.3%	0.0%
Net non-performing loans/Loans to customers	1.6%	1.6%	-0.1%
% Coverage of bad loans	72.4%	76.5%	-4.1%
% Coverage of bad loans before write-offs	72.6%	76.7%	-4.2%
% Total coverage of non-performing loans	46.9%	51.3%	-4.4%
% Coverage of non-performing loans before write-offs	47.0%	51.4%	-4.4%
% Coverage of performing loans	0.98%	1.05%	-0.06%

Structure and productivity data

	30.06.2025	31.12.2024	Changes abs.	%
Number of employees	2,393	2,408	-15	-0.6%
Number of branches	276	281	-5	-1.8%
<i>Amounts in Euro thousands</i>				
Loans to customers per employee ⁽¹¹⁾	4,905	4,848	57	1.2%
Direct inflows from customers per employee ⁽¹¹⁾	6,399	6,569	-170	-2.6%

	30.06.2025	30.06.2024	Changes abs.	%
Operating income per employee ⁽¹¹⁾ - annualised ⁽⁹⁾	236	254	-18	-7.1%
Result from operations per employee ⁽¹¹⁾ - annualised ⁽⁹⁾	97	114	-17	-14.9%

⁽⁷⁾ Equity ratios at 30.06.2025 are calculated by applying the transitional provisions introduced by EU Regulation 2024/1623 - CRR3 (art. 468); ratios calculated without application of these provisions are as follows: Common Equity Tier1 20.7%; Tier 1 20.7%; Total capital ratio 21.9%

⁽⁸⁾ net of the result for the period

⁽⁹⁾ the 2024 year-end figure at 30.06.2024 is shown

⁽¹⁰⁾ the annualised ROE at 30.06.2025 does not consider the annualisation of the Net non-recurring operating result and dividends of the subsidiaries

⁽¹¹⁾ based on the number of employees as the arithmetic mean between the period-end figure and the previous year-end figure

The profit for the period amounted to Euro 74.9 million, down compared to the result of the previous period of 4.3%.

The total value of loans to customers at 30 June 2025 amounted to around Euro 11.8 billion, up compared to the balance at the end of 2024 (+2.6%), referring mainly to loans to ordinary customers (+1.3% compared to the balance for the comparison period).

Equity at 30 June 2025, including the profit for the period, amounted to Euro 1,444.6 million, compared to Euro 1,441.8 million in 2024. The positive change of Euro 2.8 million is attributable to the positive overall profitability trend for the period of Euro 77.6 million, partially offset by the payment of the dividend for the financial year 2024 and the purchase of treasury shares.

The capital calculated according to the supervisory regulations, defined as Own Funds, after the payout forecasts, as per the dividend policy, amounted to Euro 1,461.7 million at 30 June 2025, (CET1 + AT1 to Euro 1,384.9 million + T2 to Euro 76.8 million), compared to Euro 1,420.1 million at the end of the previous year.

Fides S.p.A.

Balance sheet values

Amounts in Euro thousands	30.06.2025	31.12.2024	Changes	
			abs.	%
Total assets	1,576,945	1,460,273	116,672	8.0%
Loans with banks	38,982	27,456	11,526	42.0%
Loans to customers	1,522,775	1,416,320	106,456	7.5%
Tangible assets	2,815	2,811	4	0.1%
Intangible assets	1,616	1,714	-98	-5.7%
Payables to banks	1,319,105	1,182,707	136,398	11.5%
of which Payables to group banks	1,319,105	1,182,707	136,398	11.5%
Payables to customers	184,591	205,901	-21,311	-10.3%
Equity (including Profit for the year)	62,207	60,568	1,639	2.7%
Own Funds	60,332	57,524	2,808	4.9%

Income statement values ⁽¹⁾

Amounts in Euro thousands	30.06.2025	30.06.2024	Changes	
			abs.	%
Operating income	13,983	13,060	923	7.1%
of which Net interest income	13,159	11,738	1,421	12.1%
Operating expenses	6,622	5,809	813	14.0%
Result from operations	7,361	7,251	110	1.5%
Current result after taxes	4,045	3,932	113	2.9%
Non-recurring result after taxes	-	-	-	-
Profit for the year	4,045	3,932	113	2.9%

⁽¹⁾ from reclassified Income Statement

Equity, economic and risk ratios

	30.06.2025	31.12.2024	Changes abs.
Equity/Total assets	3.9%	4.1%	-0.2%
Equity/Loans to customers	4.1%	4.3%	-0.2%
Equity/Payables to banks	4.7%	5.1%	-0.4%
Total Own funds/Risk-weighted assets (Total capital ratio)	7.7%	8.0%	-0.3%
Loans to customers/Total assets	96.6%	97.0%	-0.4%
Payables to banks/Total assets	83.6%	81.0%	2.6%
	30.06.2025	30.06.2024	Changes abs.
Operating expenses/Operating income (Cost/Income ratio)	47.4%	44.5%	2.9%
Net interest income/Operating income	94.1%	89.9%	4.2%
Result from operations/Operating income	52.6%	55.5%	-2.9%
Current result after taxes/Equity ⁽²⁾ - annualised ⁽³⁾	13.9%	15.3%	-1.4%
Profit for the year/Equity ⁽²⁾ (R.O.E.) - annualised ⁽³⁾ ⁽⁴⁾	13.9%	15.3%	-1.4%
Current result before taxes/Total assets (R.O.A.) - annualised ⁽³⁾	0.8%	0.8%	0.0%
	30.06.2025	31.12.2024	Changes abs.
Net bad loans/Loans to customers	0.1%	0.1%	0.0%
Net non-performing loans/Loans to customers	0.6%	0.6%	0.0%
% Coverage of bad loans	63.9%	60.9%	3.0%
% Total coverage of non-performing loans	33.2%	31.8%	1.4%
% Coverage of performing loans	0.14%	0.14%	0.0%

Structure and productivity data

	30.06.2025	31.12.2024	Changes abs.	%
Number of employees	73	67	6	9.0%
Amounts in Euro thousands	30.06.2025	31.12.2024	Changes abs.	%
Loans to customers per employee ⁽⁵⁾	21,754	21,459	295	1.4%
Amounts in Euro thousands	30.06.2025	30.06.2024	Changes abs.	%
Operating income per employee ⁽⁵⁾ - annualised ⁽³⁾	400	398	2	0.5%
Result from operations per employee ⁽⁵⁾ - annualised ⁽³⁾	210	217	-7	-3.2%

⁽²⁾ net of the result for the year

⁽³⁾ the 2024 year-end figure at 30.06.2024 is shown

⁽⁴⁾ the annualised ROE at 30.06.2025 does not consider the annualisation of the Net non-recurring operating result

⁽⁵⁾ based on the number of employees as the arithmetic mean between the period-end figure and the previous year-end figure

At the reporting date, the parent company Banco di Desio e della Brianza S.p.A. wholly owned the company.

Current result after taxes at 30 June 2025 amounted to approximately Euro 4.0 million, up compared to the profit of Euro 3.9 million in the comparison period; operating income amounted to Euro 14.0 million, up Euro 0.9 million compared to 30 June 2024, operating expenses to Euro 6.6 million (formerly Euro 5.8 million), the result from operations to Euro 7.4 million (formerly Euro 7.3 million). Cost of credit of about Euro 1.3

million and taxes of Euro 2.1 million (respectively formerly Euro 0.8 million and Euro 1.9 million) lead to the result for the period.

Loans to customers increased from Euro 1,416.3 million at the end of 2024 to Euro 1,522.8 million at the reporting date, with a positive change of Euro 106.5 million (+7.5%).

Equity at 30 June 2025 including the result for the period amounted to Euro 62.2 million, compared to Euro 60.6 million in 2024 (due to the allocation of the result at 31 December 2024, and the trend in overall profitability for the period). Regulatory Own funds went from Euro 57.5 million at the end of 2024 to Euro 60.3 million.

Dynamica Retail S.p.A.

Balance sheet values

Amounts in Euro thousands	30.06.2025
Total assets	95,939
Loans with banks	2,263
Loans to customers	61,956
Tangible assets	386
Intangible assets	209
Payables to banks	5,739
<i>of which Payables to group banks</i>	5,416
Payables to customers	58,818
Equity (including Profit for the year)	10,702
Own Funds	4,851

Income statement values ⁽¹⁾

Amounts in Euro thousands	30.06.2025
Operating income	8,761
<i>of which Net interest income</i>	20
Operating expenses	-4,719
Result from operations	4,042
Current result after taxes	590
Non-recurring result after taxes	0
Profit for the year	590

⁽¹⁾ from reclassified Income Statement

Equity, economic and risk ratios

	30.06.2025
Equity/Total assets	11.2%
Equity/Loans to customers	17.3%
Equity/Payables to banks	186.5%
Total Own funds/Risk-weighted assets (Total capital ratio)	9.7%
Loans to customers/Total assets	64.9%
Payables to banks/Total assets	6.0%
	30.06.2025
Operating expenses/Operating income (Cost/Income ratio)	53.9%
Net interest income/Operating income	0.2%
Result from operations/Operating income	46.1%
Current result after taxes/Equity ⁽²⁾ - annualised	11.7%
Profit for the year/Equity ⁽²⁾ (R.O.E.) - annualised ⁽³⁾	11.7%
Current result before taxes/Total assets (R.O.A.) - annualised	2.5%
	30.06.2025
Net bad loans/Loans to customers	0.2%
Net non-performing loans/Loans to customers	3.8%
% Coverage of bad loans	65.9%
% Total coverage of non-performing loans	20.8%
% Coverage of performing loans	0.27%

Structure and productivity data

	30.06.2025
Number of employees	56
<i>Amounts in Euro thousands</i>	30.06.2025
Loans to customers per employee ⁽⁴⁾	1,087
<i>Amounts in Euro thousands</i>	30.06.2025
Operating income per employee ⁽⁴⁾ - annualised	307
Result from operations per employee ⁽⁴⁾ - annualised	142

⁽²⁾ net of the result for the year;

⁽³⁾ the annualised ROE at 30.06.2025 does not consider the annualisation of the Net non-recurring operating

⁽⁴⁾ based on the number of employees as the arithmetic mean between the period-end figure and the previous year-end figure.

On 23 June 2025, as better described in the following paragraph "Changes in the scope of consolidation", following the completion of the purchase of the shares of Dynamica Retail S.p.A., previously held by minority shareholders, Banco Desio increased its controlling interest from 89.23% to 100%.

At 30 June 2025, the *Current result after taxes* was positive by about Euro 0.6 million, up from the negative result of Euro 0.4 million in the comparison period; the *result from operations* was positive by Euro 4.0 million. *Cost of credit* and *net allocations* negative for a total of about Euro 2.9 million and *taxes* negative for Euro 0.6 million led to the result for the period.

Loans to customers amounted to Euro 62.0 million at the reporting date.

Equity at 30 June 2025, including the result for the period, totalled Euro 10.7 million. Regulatory own funds at 30 June 2025 amounted to Euro 4.9 million.

Other information

Treasury shares and parent company shares

At 30 June 2025, the Bank held 2,888,242 treasury shares purchased as part of the treasury share purchase programme authorised by the Shareholders' Meeting of Banco Desio on 18 April 2024 at the proposal of the Bank's Board of Directors, following the authorisation provision issued on 12 July 2024 by the Bank of Italy pursuant to Articles 77 and 78 of Reg. EU No. 575/2013 ("CRR").

As specified in the previous disclosure on "Significant corporate events", as part of Banco Desio share buyback programme ("BuyBack Programme"), on 27 May 2025, the maximum total amount of treasury shares defined was reached, thus reaching, as a result of the purchases made on the market and the price trend, the completion of the programme before the deadline defined in the authorisation provision of the Bank of Italy.

Financial rating

On 15 May 2025, the international rating agency Fitch Ratings, following its annual rating review, upgraded the Long-Term Issuer Default Rating (IDR) to 'BBB-' from 'BB+' and the Viability Rating (VR) to 'bbb-' from 'bb'. The outlook is stable.

In the Agency's opinion, the improvement of the rating to investment grade reflects the ability of Banco Desio to steadily achieve the strategic objectives set in recent years and to achieve adequate revenue diversification and more resilient profitability even in a market context characterised by falling interest rates.

Banco Desio also improved its financial indicators by preserving good asset quality while creating significant capital buffers.

The updated Ratings are therefore as follows:

- Long-term IDR: improved to "BBB-" Outlook Stable
- Viability Rating: improved to "bbb-"
- Short term IDR: improved to "F3"
- Government Support Rating: confirmed at "No Support"
- Deposit Rating BT: confirmed at "F3"
- Deposit Rating MLT: improved to "BBB"

Sustainability Rating

On 10 April 2025, the latest update of the Corporate SER rating assigned by the agency Standard Ethics was announced, which confirmed the "EE / Strong" rating, with a positive long-term outlook.

This confirms the Banco Desio position among the best-performing companies in its sector, as shown on its institutional website, at www.bancodesio.it, in the section "Home / About us / Governance / Governance System / Corporate Governance Report", where the ratings/score assigned by the most accredited sustainability rating agencies are reported (bancodesio.it/it/esg-e-sostenibilita/obiettivi/le-nostre-ambizioni).

Existence of the conditions of Articles 15 and 16 of the "Market Regulation"

The conditions set forth in Articles 15 and 16 of the "Market Regulations," adopted with Consob resolution No. 20249 of 28 December 2017, remain in place, specifically referring to the company Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A., the parent company of Banco di Desio e della Brianza S.p.A., as can be inferred from the description of the company reported in the Banco Desio "Annual Report on Corporate Governance and Shareholder Structure" required by Article 123-bis of the TUF and made available on the website at www.bancodesio.it, in the section "Home / About Us / Governance / Governance System / Corporate Governance Report".

Related party transactions

For a description of the procedures regulating Related party transactions (pursuant to Article 2391-bis of the Italian Civil Code) and/or with Connected Parties (pursuant to Article 53 of the Consolidated Law on Banking), please refer to section 5 of the Annual Corporate Governance Report, made available, pursuant to Article 123-bis of the Consolidated Law on Finance, on the Banco Desio website at www.bancodesio.it, in the section "Home / About Us / Governance / Governance System / Corporate Governance Report". For further information, reference is made to the specific section of the Condensed consolidated half-year financial statements.

Information on incentive plans

Within the framework of the remuneration policy, of particular importance are the short-term incentive and the long-term incentive, incentive plans that involve personnel in the achievement of company and Group objectives, both short and medium to long term.

The short-term incentive is a management lever to enhance the contribution of staff and recognise individual merit. The long-term incentive supports the 2024-2026 "Beyond 26" Business Plan and aligns management's interests with those of the Group's relevant stakeholders.

In particular, the most recent incentive plans adopted by Banco Desio at Group level are based on the assignment of "phantom shares" relating to Banco Desio to the Chief Executive Officer and General Manager and to the remaining key personnel of Banco Desio and its subsidiary Fides.

Further information is contained in the specific section "Payment agreements based on own equity instruments", while detailed information on the Group's remuneration policy is contained in the "Annual report on remuneration policy and compensation paid", drawn up in compliance with the supervisory provisions and made available, pursuant to art. 123-ter of the TUF, at www.bancodesio.it, in the section "Home / Remuneration reports".

Outlook and main risks and uncertainties

Based on the results achieved in the reporting period, it is deemed reasonable to assume that positive results will be achieved in the current year, provided that the macroeconomic scenario and/or the Group's reference markets do not show any significant adverse critical events beyond management's control.

Among the main instability factors that could influence the Banco Desio commercial and funding strategy, the inflation trend remains the variable of greatest interest and significance for the effects it is having on monetary policy decisions.

Also in 2025, the Banco Desio Group, in line with the guidelines of the "Beyond 26" Business Plan, continues to work to support its customers through an effective and efficient offer of products and services and to pursue levels of profitability and capitalisation in line with the best peers in the sector.

The Group's mission therefore continues to develop around its customers with the aim of supporting households and SMEs in their activities and savings management through planned growth in loans and assets under management.

Within the guidelines of the Business Plan, the Bank is oriented to strengthening its economic and financial efficiency, confirming the objective of bringing the main profitability ratios in line with the system's best performance while maintaining a strong focus on the quality of loans.

Also for 2025, the ambition remains to make the configuration of the Banco Desio Group even more clearly defined as an independent group recognised for financial solidity, economic resilience, quality of services offered and with a strategy increasingly focused on innovation, digital, application of ESG criteria and proximity to customers.

In the previous disclosure relating to the "Macroeconomic scenario", the macroeconomic and financial market trends are described from which the related contextual risks can be inferred, while the controls on the company's management of the various types of risks are illustrated in the subsequent disclosure relating to "Information on risks and related hedging policies".

In consideration of the Bank's capital solidity, the growing operational management with reference to the main commercial priorities of the strategic plan, the careful management of credit quality and the low NPL ratio confirming the commercial strength and resilience of the Banco Desio Group despite a constantly evolving monetary and macroeconomic context, the consolidated half-year financial report at 30 June 2025 has therefore been prepared with a view to business continuity.

Desio, 5 August 2025

The Board of Directors

Condensed consolidated half-year financial statements

Financial Statements

CONSOLIDATED BALANCE SHEET

Asset items	30.06.2025	31.12.2024 restated	Changes	
			abs.	%
10. Cash and cash equivalents	666,328	1,019,658	(353,330)	-34.7%
20. Financial assets measured at fair value through profit or loss	212,731	198,902	13,829	7.0%
a) Financial assets held for trading	13,293	9,213	4,080	44.3%
c) Other financial assets mandatorily measured at fair value	199,438	189,689	9,749	5.1%
30. Financial assets measured at fair value through other comprehensive income	1,135,107	1,000,061	135,046	13.5%
40. Financial assets measured at amortised cost	15,742,187	15,468,174	274,013	1.8%
a) Loans with banks	1,032,629	955,533	77,096	8.1%
b) Loans to customers	14,709,558	14,512,641	196,917	1.4%
50. Hedging derivatives	21,501	12,578	8,923	70.9%
60. Value adjustment of financial assets with macro hedges (+/-)	(10,832)	1,661	(12,493)	n.s.
70. Investments	4,917	5,134	(217)	-4.2%
90. Tangible assets	228,751	230,253	(1,502)	-0.7%
100. Intangible assets	43,257	44,053	(796)	-1.8%
of which:				
- goodwill	15,322	15,322		
110. Tax assets	89,180	105,062	(15,882)	-15.1%
a) current	1,597	13,679	(12,082)	-88.3%
b) deferred	87,583	91,383	(3,800)	-4.2%
130. Other assets	462,767	549,960	(87,193)	-15.9%
Total assets	18,595,894	18,635,496	(39,602)	-0.2%

Liabilities and equity items	30.06.2025	31.12.2024 restated	Changes	
			absolute	%
10. Financial liabilities measured at amortised cost	16,357,927	16,664,203	(306,276)	-1.8%
a) Payables to banks	709,239	798,673	(89,434)	-11.2%
b) Payables to customers	12,694,504	13,280,657	(586,153)	-4.4%
c) Securities issued	2,954,184	2,584,873	369,311	14.3%
20. Financial liabilities held for trading	2,890	1,954	936	47.9%
40. Hedging derivatives	16,597	19,287	(2,690)	-13.9%
60. Tax liabilities	18,655	12,691	5,964	47.0%
a) current	7,513	1,151	6,362	552.7%
b) deferred	11,142	11,540	(398)	-3.4%
80. Other liabilities	664,157	384,969	279,188	72.5%
90. Employee severance indemnity (TFR)	15,060	19,646	(4,586)	-23.3%
100. Provisions for risks and charges	73,802	83,289	(9,487)	-11.4%
a) commitments and guarantees given	3,189	3,531	(342)	-9.7%
c) other provisions for risks and charges	70,613	79,758	(9,145)	-11.5%
120. Valuation reserves	15,360	12,633	2,727	21.6%
150. Reserves	1,294,418	1,228,157	66,261	5.4%
160. Share premiums	16,145	16,145		
170. Share capital	70,693	70,693		
180. Treasury shares (-)	(20,200)	(5,625)	(14,575)	259.1%
190. Minority interests (+/-)	4	548	(544)	-99.3%
200. Profit (loss) for the year (+/-)	70,386	126,906	(56,520)	-44.5%
Total liabilities and equity	18,595,894	18,635,496	(39,602)	-0.2%

The balances shown in the statement of assets and liabilities of the Balance Sheet and in the related tables for the comparison period have been restated following the completion of the Purchase Price Allocation (PPA) related to the acquisition of the branches of Banca Popolare Puglia e Basilicata on 7 December 2024. As required by IFRS 3, the Group recognised the adjustments to the provisional amounts recognised as if the accounting for the business combination had been completed at the acquisition date, and then adjusted the comparative information for the financial year 2024. (ref. explanatory note "Comparability of financial statements" in the General part of the Accounting policies.

CONSOLIDATED INCOME STATEMENT

Items	30.06.2025	30.06.2024	Changes	
			absolute	%
10. Interest and similar income	285,119	330,227	(45,108)	-13.7%
of which: interest income calculated using the effective interest rate method	226,979	225,659	1,320	0.6%
20. Interest and similar expense	(107,861)	(136,415)	28,554	-20.9%
30. Net interest income	177,258	193,812	(16,554)	-8.5%
40. Commission income	115,224	117,171	(1,947)	-1.7%
50. Commission expenses	(7,665)	(7,428)	(237)	3.2%
60. Net commissions	107,559	109,743	(2,184)	-2.0%
70. Dividends and similar income	567	589	(22)	-3.7%
80. Net trading result	2,020	2,253	(233)	-10.3%
90. Net hedging result	(70)	(22)	(48)	218.2%
100. Gains (losses) on sale or repurchase of:	9,176	6,803	2,373	34.9%
a) financial assets measured at amortised cost	5,344	4,362	982	22.5%
b) financial assets measured at fair value through other comprehensive income	3,791	2,380	1,411	59.3%
c) financial liabilities	41	61	(20)	-32.8%
110. Net result of other financial assets and liabilities measured at fair value through profit or loss	460	(5,934)	6,394	n.s.
b) other financial assets mandatorily measured at fair value	460	(5,934)	6,394	n.s.
120. Net banking income	296,970	307,244	(10,274)	-3.3%
130. Net value adjustments/reversals for credit risk related to:	(11,575)	(11,067)	(508)	4.6%
a) financial assets measured at amortised cost	(11,628)	(11,113)	(515)	4.6%
b) financial assets measured at fair value through other comprehensive income	53	46	7	15.2%
140. Gains/losses from contractual amendments without derecognition	(101)	16	(117)	n.s.
150. Net result from financial operations	285,294	296,193	(10,899)	-3.7%
180. Net result from financial and insurance operations	285,294	296,193	(10,899)	-3.7%
190. Administrative expenses:	(184,164)	(178,536)	(5,628)	3.2%
a) personnel expenses	(116,828)	(107,259)	(9,569)	8.9%
b) other administrative expenses	(67,336)	(71,277)	3,941	-5.5%
200. Net allocations to provisions for risks and charges	(1,205)	(13,651)	12,446	-91.2%
a) commitments for guarantees given	225	787	(562)	-71.4%
b) other net allocations	(1,430)	(14,438)	13,008	-90.1%
210. Net value adjustments/reversals on tangible assets	(9,693)	(9,320)	(373)	4.0%
220. Net value adjustments/reversals on intangible assets	(2,615)	(2,160)	(455)	21.1%
230. Other operating expenses/income	21,847	20,550	1,297	6.3%
240. Operating costs	(175,830)	(183,117)	7,287	-4.0%
250. Gains (Losses) on investments	146	138	8	5.8%
290. Profit (Loss) from current operations before taxes	109,610	113,214	(3,604)	-3.2%
300. Income taxes for the year on current operations	(39,224)	(38,281)	(943)	2.5%
310. Profit (Loss) from current operations after taxes	70,386	74,933	(4,547)	-6.1%
320. Profit (Loss) from discontinued operations after taxes	-	2,959	(2,959)	-100.0%
330. Profit (Loss) for the year	70,386	77,892	(7,506)	-9.6%
340. Profit (Loss) for the year attributable to minority interests	-	(196)	196	-100.0%
350. Profit (Loss) for the year attributable to the parent company	70,386	78,088	(7,702)	-9.9%
	30.06.2025	30.06.2024		
Basic earnings per share (Euro)	0.53	0.58		
Diluted earnings per share (Euro)	0.53	0.58		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items	30.06.2025	30.06.2024
10. Profit (Loss) for the year	70,386	77,892
Other income components net of taxes without reversal to the income statement		
20. Equity securities measured at fair value through other comprehensive income	171	-
70. Defined benefit plans	(104)	260
Other income components net of taxes with reversal to the income statement		
150. Financial assets (other than equity securities) measured at fair value through other comprehensive income	2,669	(561)
200. Total other income components net of taxes	2,736	(301)
210. Comprehensive income (Item 10+200)	73,122	77,591
220. Consolidated comprehensive income attributable to minority interests	-	-
230. Consolidated comprehensive income attributable to the parent company	73,122	77,591

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 June 2025

	Balance at 31.12.2024	Changes in opening balances	Balance at 01.01.2025	Allocation of previous year result		Changes in the year									Group equity at 30.06.2025	Minority interests at 30.06.2025
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions							Comprehensive income 30.06.2025		
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests			
Capital:																
a) ordinary shares	70,693		70,693												70,693	
b) other shares																
Share premiums	16,145		16,145												16,145	
Reserv es:																
a) of profits	1,210,692		1,210,692	65,325											1,276,017	
b) other	18,709		18,709	670		(430)							(544)		18,401	
Valuation reserv es:	12,624		12,624											2,736	15,360	
Equity instruments																
Treasury shares	(5,625)		(5,625)					(14,575)							(20,200)	
Profit (Loss) for the year	124,856	1,363	126,219	(65,995)	(60,224)									70,386	70,386	
Group equity	1,447,546	1,363	1,448,909		(60,224)	(430)		(14,575)						73,122	1,446,802	
Minority interests	548		548										(544)		4	

The balances shown in the "Change in opening balances" column include the effects deriving from the completion of the Purchase Price Allocation (PPA) connected to the acquisition of the branches BU of Banca Popolare Puglia e Basilicata completed on 7 December 2024. As required by IFRS 3, Banco Desio recognised the adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date and therefore proceeded to amend the comparative information for the financial year 2024 (ref. explanatory note "Comparability of financial statements" in the General part of the Accounting policies of the Consolidated Half-Year Financial Report at 30 June 2025).

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 June 2024

	Balance at 31.12.2023	Changes in opening balances	Balance at 01.01.2024	Allocation of prev ious year result		Changes in the year									Group equity at 30.06.2024	Minority interests at 30.06.2024
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions							Comprehensive income 30.06.2024		
							Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Changes in equity interests			
Capital:																
a) ordinary shares	70,693		70,693												70,693	
b) other shares																
Share premiums	16,145		16,145												16,145	
Reserv es:																
a) of profits	1,008,099		1,008,099	202,653											1,210,752	
b) other	15,553		15,553	2,317		(67)							760		17,472	
Valuation reserv es:	3,178		3,178											(301)	2,877	
Equity instruments																
Treasury shares																
Profit (Loss) for the year	240,361		240,361	(204,970)	(35,391)									77,892	78,088	
Group equity	1,354,015		1,354,015		(35,391)	139							(327)	77,591	1,396,027	
Minority interests	14		14			(206)							1,087		895	

The allocation of the previous year's result to reserves in the amount of Euro 202,653 thousand includes the allocation of Euro 46,700 thousand to the restricted reserve pursuant to Article 26 of Decree Law No. 104 of 10 August 2023 in lieu of the payment of the extraordinary tax (so-called "extra-profits tax") approved by the Ordinary Meeting of 18 April 2024.

CONSOLIDATED CASH FLOW STATEMENT

	30.06.2025	30.06.2024
A. OPERATING ACTIVITIES		
1. Operations	85,131	114,666
- interest income collected (+)	271,271	311,361
- interest expense paid (-)	(107,115)	(134,692)
- dividends and similar income (+)	567	589
- net commissions (+/-)	103,924	106,956
- personnel expenses (-)	(110,010)	(101,904)
- net premiums collected (+)		
- other insurance income/expenses (+/-)		
- other costs (-)	(73,549)	(66,890)
- other revenues (+)	39,264	34,568
- taxes and duties (-)	(39,221)	(38,281)
- costs/revenues related to discontinued operations net of tax effect (+/-)		2,959
2. Liquidity generated (absorbed) by financial assets	(297,426)	(222,678)
- financial assets held for trading	(3,984)	(5,880)
- financial assets designated at fair value		
- other assets mandatorily measured at fair value	(9,569)	(10,486)
- financial assets measured at fair value through other comprehensive income	(128,799)	(115,488)
- financial assets measured at amortised cost	(297,321)	(179,818)
- other assets	142,247	88,994
3. Liquidity generated (absorbed) by financial liabilities	(63,311)	(325,674)
- financial liabilities measured at amortised cost	(306,385)	(366,221)
- financial liabilities held for trading	936	(520)
- financial liabilities designated at fair value		
- other liabilities	242,138	41,067
Net liquidity generated (absorbed) by operating activities (A)	(275,606)	(433,686)
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by		
- sales of investments		
- dividends collected on investments		
- sales of tangible assets		
- sales of intangible assets		
- sales of subsidiaries and business units		
2. Liquidity absorbed by	(4,687)	(7,510)
- purchases of investments		
- purchases of tangible assets	(2,869)	(5,717)
- purchases of intangible assets	(1,818)	(1,793)
- purchases of subsidiaries and business units		
Net liquidity generated (absorbed) by investment activities (B)	(4,687)	(7,510)
C. FINANCING ACTIVITIES		
- issues/purchases of treasury shares	(14,575)	
- issues/purchases of equity instruments		
- distribution of dividends and other purposes	(60,224)	(35,391)
- sale/purchase of minority control		
Net liquidity generated (absorbed) by financing activities (C)	(74,799)	(35,391)
NET LIQUIDITY GENERATED (ABSORBED) DURING THE YEAR (A+B+C)	(355,092)	(476,587)

RECONCILIATION

	30.06.2025	30.06.2024
Cash and cash equivalents at the beginning of the year	1,019,658	1,655,187
Total net liquidity generated/absorbed during the year	(355,092)	(476,587)
Cash and cash equivalents: effect of exchange rate changes	1,762	1,777
Cash and cash equivalents at the end of the year	666,328	1,180,377

Notes

ACCOUNTING POLICIES

GENERAL PART

Declaration of compliance with international accounting standards

These condensed consolidated half-year financial statements of the Banco Desio Group, prepared pursuant to Article 154-ter of Legislative Decree No. 58/1998 and for the purpose of determining equity, have been prepared in accordance with the IAS/IFRS in force at the reporting date, issued by the International Accounting Standards Board (IASB) with the related interpretations of the IFRS Interpretations Committee (formerly IFRIC) and endorsed by the European Commission, as established by EU Regulation No. 1606 of 19 July 2002.

In particular, the content of the condensed half-year financial statements complies with the applicable international accounting standard for interim financial reporting (*IAS 34 - Interim Reporting*), as well as the provisions issued in implementation of Article 9 of Legislative Decree No. 38/2005 including the provisions provided by the Bank of Italy with Circular No. 262 of 22 December 2005.

General preparation criteria

The Condensed consolidated half-year financial statements consist of the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement and Notes, which include fair value disclosures, details of the main balance sheet and income statement aggregates, information on risks and hedging policies, information on related party transactions and sector information (in addition to the accompanying equity information). The Condensed consolidated half-year financial statements are also accompanied by the Directors' Consolidated Report on Operations.

For the preparation of the financial statements and the contents of the Notes, reference was made to the provisions provided by the Bank of Italy in Circular No. 262 "*Banks' financial statements: formats and rules for preparation*" of 22 December 2005 and subsequent updates were applied. Interpretative and supporting documents on the application of accounting standards issued by regulatory and supervisory bodies and standard setters were also considered, insofar as applicable.

The condensed consolidated half-year financial statements are drawn up for the purpose of clarity and give a true and fair view of the assets and liabilities, financial position and results of operations of the period of the Banco Desio Group on a going concern basis, respecting the principle of accrual basis, giving preference to the principle of economic substance over form in the recognition and representation of operating events.

The accounting standards adopted in preparing this document, as far as the classification, recognition, measurement, and derecognition of financial assets and liabilities as well as the methods for recognising revenue and costs are concerned, have not changed compared to the ones used in preparing the previous financial statements at 31 December 2024.

The individual financial statements used to prepare these condensed consolidated half-year financial statements are those prepared by the subsidiaries at the same reporting date, adjusted where necessary to bring them into line with the IAS/IFRS adopted by the Parent Company.

The amounts in the Financial Statements and the figures in the Notes are expressed - unless otherwise indicated - in Euro thousand.

Scope and methods of consolidation

Subsidiaries

The condensed consolidated half-year financial statements include the balance sheet and income statement results of the Parent Company Banco di Desio e della Brianza S.p.A. and its direct and indirect subsidiaries, including structured entities, in accordance with IFRS 10 *Consolidated financial statements*.

According to the aforementioned standard, the control requirement is the basis for the consolidation of all types of entities, including structured entities, and is fulfilled if the following three requirements are simultaneously present on the part of the investor:

- power of decision over the entity's relevant activities;
- exposures, or rights, to variable returns arising from the relationship with the entity;
- ability to exercise its power to affect the amount of its returns, due to its relationship with the entity (link between power and returns).

More specifically, IFRS 10 requires that, in order to have control, the investor must have the ability to direct the relevant activities of the entity, whether by law or by mere fact, and must also be exposed to the variability of outcomes that result from that power.

In light of the regulatory references outlined above, the Group must therefore consolidate all types of entities if all three control requirements are met.

Generally, when an entity is directed by voting rights, control results from holding more than half of said rights.

In other cases, the determination of the scope of consolidation requires consideration of all factors and circumstances that give the investor the practical ability to unilaterally conduct the relevant activities of the entity (de facto control). To this end, it is necessary to consider a number of factors, such as, but not limited to:

- the purpose and design of the entity;
- the identification of relevant activities and how they are managed;
- any right held by means of contractual agreements that attribute the right to govern the relevant activities, such as the power to determine the financial and management policies of the entity, the power to exercise the majority of voting rights in the decision-making body or the power to appoint or remove the majority of the body with decision-making functions;
- any potential voting rights that can be exercised and are considered substantial;
- involvement in the entity in the role of agent or principal;
- nature and dispersion of any rights held by other investors.

The following provides more detailed considerations on the scope of entities under sole control at the reporting date, separately for companies governed by voting rights and structured entities.

Companies governed by voting rights

With reference to the Group's situation at the reporting date, account is taken of all companies in which a majority of the voting rights in the ordinary meeting are held as sole subsidiaries, as no evidence was found that other investors have the practical ability to direct the relevant activities.

Consolidated structured entities

Control of structured entities, i.e. entities for which voting rights are not considered relevant to establish control,

is deemed to exist where the Group has contractual rights to manage the relevant assets of the entity and is exposed to the variable returns of those assets.

On this basis, the structured entities that required consolidation for the purposes of the condensed consolidated half-year financial statements at the reporting date were represented only by Desio OBG S.r.l., a special purpose company for securitisation transactions originated by the Group.

At the reporting date, the analyses carried out on the investments held by the Group in mutual and similar funds led to the exclusion of the existence of control over them; no funds were therefore included in the scope of consolidation.

Investments in jointly controlled companies and companies under significant influence

Associates, i.e. companies subject to significant influence, are considered to be non-controlled companies in which significant influence is exercised. Significant influence is presumed to be exercised in all cases where the company holds 20% or more of the voting rights and, irrespective of the share held, where there is the power to participate in the management and financial decisions of the investee companies by virtue of particular legal ties, such as shareholders' agreements, the purpose of which is for the participants in the agreement to ensure representativeness in the management bodies and to safeguard the unity of management direction, without however having control.

Investments in jointly controlled companies and companies under significant influence are valued using the equity method, based on the most recent available financial statements of the associate/jointly controlled company, appropriately adjusted for any significant events or transactions.

With reference to the Group's situation at the reporting date, Anthilia Capital Partner SGR is considered to be under significant influence, as evidence has been found for which Banco Desio has the power to participate in the company's management and financial decisions by virtue of the partnership agreements signed.

Investments in wholly-controlled subsidiaries

Company names	Registered office	Type of relation	Ownership percentage	
Fides S.p.A.	Rome	1	Banco Desio	100.00
Dynamica Retail S.p.A.	Rome	1	Banco Desio	100.00
Dynamica Retail Agenzia in Attività Finanziaria S.r.l.	Rome	1	Dynamica Retail S.p.A.	100.00
Desio OBG S.r.l. (*)	Conegliano	1	Banco Desio	60.00

Key

Type of relation:

1 = majority of voting rights at the ordinary meeting, 4 = other forms of control

(*) Special purpose companies of securitisation transactions originated by the Group

Changes in the scope of consolidation

The only change in the scope of consolidation compared to the 2024 Financial Statements concerns the subsidiary Dynamica Retail, of which the Parent Company, on 23 June 2025, acquired the remaining 1,331,247 shares held by minority shareholders; this resulted in an increase in the controlling interest from 89.23% to 100%.

Significant evaluations and assumptions in determining the scope of consolidation

The scope of consolidation is determined in accordance with the provisions of the international accounting standard IFRS 10. The Parent Company, therefore, consolidates an entity when the three elements of control (1. power over the acquired enterprise; 2. exposure, or rights, to variable returns from involvement with it; 3. ability to use power to influence the amount of those returns) are satisfied.

Generally, when an entity is directed by voting rights, control results from holding more than half of the voting rights. In other cases, the assessment of control is more complex and involves a greater use of judgement, as it requires consideration of a set of circumstances that may establish the existence of control over the entity.

Investments in wholly-owned subsidiaries with significant minority interests

Minority interests, availability of minority votes and dividends distributed to minorities

Company names	Minority interests %	Dividends distributed to minorities
Desio OBG S.r.l.	40.00	-

Investments with significant minority interests: accounting information

Company names	Total assets	Cash and cash equivalents	Financial assets	Tangible and intangible assets	Financial liabilities	Equity	Net interest income	Net banking income	Operating costs	Profit (loss) from current operations before taxes	Profit (loss) from current operations after taxes	Profit (loss) of groups of assets held for sale after taxes	Profit (loss) for the year (1)	Other income components net of taxes (2)	Comprehensive income (3) = (1) + (2)
Desio OBG S.r.l.	68	53	-	-	-	10	-	52	(52)	-	-	-	-	-	-

Significant restrictions

There are no restrictions (e.g. legal, contractual and regulatory restrictions) on the Parent Company's ability to access or utilise the Group's assets and settle its liabilities, such as, specifically, restrictions on the ability of the Parent Company or its subsidiaries to transfer cash or restrictions on the transfer of funds in the form of dividends, loans or advances granted to (or by) other Group companies.

Other information

The consolidation criteria, as defined in IFRS 10, are regulated as follows:

- wholly-owned subsidiaries: assets, liabilities, equity, "off-balance sheet transactions", costs and revenues are integrated into the relevant components of the consolidated financial statements, according to the line-by-line consolidation method. Any positive difference emerging from the comparison between the carrying amount of each investment and the respective fraction of the residual subsidiary's equity after any allocation to its own item is recognised as goodwill and subject to the so-called impairment test procedure;
- associates: investments in associates are consolidated using the equity method (this criterion is applicable

at the date of these financial statements as the Parent Company acquired the investment in Anthilia Capital Partners SGR S.p.A. which, by virtue of the partnership agreements signed, is configured as an interest in an associate).

Other aspects

New accounting standards/interpretations or amendments of existing ones

The Official Journal of the European Union of 28 May 2025 published Commission Regulation (EU) 2025/1047 amending Regulation (EU) 2023/1803 concerning International Financial Reporting Standard 9 (IFRS 9) and International Financial Reporting Standard 7 (IFRS 7). In particular, the amendments introduced, which take effect as of 1 January 2026, contain (i) criteria for the classification of financial assets whose cash flows could change upon the occurrence or non-occurrence of contractual contingent events other than those related to credit risk (e.g. financing with ESG objectives) and the related financial statement disclosures, (ii) the treatment of liabilities settled through electronic payment systems, and (iii) additional disclosure requirements to enhance transparency for investors, particularly with regard to equity instruments measured at fair value through other comprehensive income. The Bank is assessing the potential impacts of the new provisions.

Use of estimates and assumptions in preparing the condensed half-year financial statements

The preparation of the financial statements also requires the use of estimates and assumptions that can have a significant effect on the values recorded in the balance sheet and income statement, as well as on the disclosures in the financial statements.

The use of such estimates implies the use of available information and the adoption of subjective evaluations, also based on historical experience, for the formulation of reasonable assumptions for the recognition of operating events. By their very nature, it is therefore not possible to exclude the possibility that the assumptions made, however reasonable, may not be confirmed in the future scenarios in which the Group will operate. Future results may therefore differ from the estimates made for the purpose of preparing the balance sheet and income statement at the reporting date, and adjustments to the carrying amount of assets and liabilities recognised in the balance sheet that cannot be foreseen or estimated at present may be necessary.

The main cases for which subjective estimates and evaluations are used are:

- in the valuation models and parameters used to perform impairment tests on investments and intangible assets with indefinite life (goodwill);
- the quantification of impairment losses on loans and financial assets in general;
- the determination of the fair value of financial instruments to be used for financial statement reporting purposes;
- the use of valuation models for recording the fair value of financial instruments not listed in active markets;
- the quantification of personnel provisions and provisions for risks and charges;
- estimates and assumptions regarding recoverability of deferred tax assets.

The description of the accounting policies applied to the main aggregates of the financial statements provides more information on the subjective assumptions and assessments used in the preparation of this Consolidated half-year report.

Risks and uncertainties in the current macroeconomic and geopolitical context

Among the main factors of uncertainty that could affect the future scenarios in which the Banco Desio Group will find itself operating, one should not underestimate the negative effects on the global and Italian economies directly or indirectly connected to the continuation of war conflicts (particularly in Europe and the Middle East),

geopolitical tensions, the tightening of trade policies (with the application/announcement of duties) and, last but not least, the trend in inflation, which remains a significant variable due to the effects it is having on monetary policy decisions.

In this regard, an illustration is provided below of the estimation processes that require the use of significant elements of judgement in the selection of underlying hypotheses and assumptions and the consequent application solutions adopted by the Group, aligning them with the evolution of the context observed from time to time, aware of its role in providing the necessary support to its stakeholders, people and businesses, in the current context characterised by significant factors of uncertainty and volatility.

Sustainability risk

Banco Desio defines sustainability risk as the risk of a significant negative effect on its performance, including financial and reputational effects, due to current or future environmental, social and governance (ESG) events or conditions. Sustainability risk is thus considered a cross-cutting driver of existing risks (the conventional prudential supervisory risks) as outlined in the Bank's risk taxonomy, which can further exacerbate the risks the Bank is already facing. The Bank may be exposed to sustainability risk through its own operations and strategic commitments and by the activities of its various upstream and downstream counterparts in the value chain.

Credit risk is considered the type of risk most materially affected by long-term sustainability drivers, of which climate risk is currently the most pressing of all ESG-related drivers that can influence the Bank's credit risk. In terms of risks arising from financial activities, climate-related risks were considered the most relevant for the Bank's lending activities. Climate risk covers transition risks, which are the risks associated with the transition to a low-carbon economy, and physical risks resulting from projected climate change, including both long-term changes (chronic changes) and event-driven changes (acute changes) in weather patterns. Credit risk will be affected by both of these climate-related risks in the medium and long term, and efforts are being made to improve the long-term view of climate risk in the various commodity sectors.

During 2024, Banco Desio refined its analysis of climate-environmental risk transmission channels on financial risks, in compliance with the risk taxonomy defined by the European and National Supervisory Authorities, taking into account the Bank's operational, dimensional and organisational complexity. Following the analysis of transmission channels, the Group conducted a financial materiality analysis with the aim of identifying risks and opportunities that have or can be expected to have a significant influence on the Bank's development, its financial position, results of operations, cash flows, in the short, medium or long term.

On the basis of the evidence that emerged, Banco Desio then carried out the assessment analysis focused on the evaluation of (opportunities and) risks arising from climate-environmental factors (physical and transition), functional to the quantification of the relative impact on the company's assets. The identification, monitoring and assessment of climate-environmental risks is therefore integrated into the overall financial risk management process already overseen by the Bank. The aforementioned analyses are conducted on the company's assets (e.g. loans, real estate pledged as collateral, real estate owned) using ESG scores provided by external info-providers taking into account different climate scenarios. In detail, the scores are based on the specific geospatial coordinates of the legal and production sites of the companies, the real estate securing the loans and the real estate owned by the Bank, and take into account the level of sensitivity to different climate-environmental factors according to the sector the counterparties belong to.

The Bank will continue to refine its assessment methodology as more data on climate risks become available to support the identification of both transition and physical risks for the purpose of determining financial significance; however, the conclusions did not lead to adjustments to staging or modelled expected credit losses, as impacts occur over a longer period of time than loan maturities. In the preparation of this Half-Year Financial Report, both transition and physical risks are managed through model and post-model adjustments that cover risks related to the climate-environmental component as a whole.

For further information, please refer to the information provided in the subsequent disclosure relating to the "Inclusion of environmental climate risk (physical and transition)" in the paragraph "Methods for measuring expected losses" contained in the "Information on risks and related hedging policies" section of these Notes, corresponding to the section dedicated to credit risk.

The ascertainment analyses conducted as of the reporting date therefore entailed an update of the framework for determining the expected losses on credit exposures recognised in the balance sheet assets to include climate-environmental risk; on the other hand, other valuation frameworks (e.g., financial instruments, impairment tests, etc.) were not updated as a result of the aforementioned ascertainment analyses.

Determination of expected losses on credit exposures recorded under assets in the balance sheet

With regard to valuation, it should be noted that IFRS 9 *Financial Instruments* expressly requires an entity to estimate expected credit losses by considering all available current and future information that is deemed reasonable and supportable.

The European regulatory and supervisory authorities and standard setters (the Authorities) that have spoken out on the subject have been unanimous in suggesting extreme caution in changing valuation scenarios, starting with the phase of most acute uncertainty in 2020.

In consideration of the persistence of the underlying reasons, the choices identified at the time during 2020 for the preparation of the financial reports remain confirmed which, in light of the performance of the reference macroeconomic context, have been subject to calibration and refinement over time due to the evolution of the general and sector macroeconomic framework.

The Group analysed the evaluation aspects in alignment with the indications of the various regulators, taking into account the indications contained in the documents published by various international institutions (ESMA, EBA, BCE-SSM, IFRS Foundation), aiming to achieve a balance between the need to avoid excessively pro-cyclical hypotheses in the models used to estimate expected credit losses and the need to ensure that the risks related to the macroeconomic context to which the Group is (or will be) exposed are adequately reflected in the accounting and prudential assessments.

Therefore, taking into account the elements of macroeconomic change still present in the current market context, the Group has prudentially considered not updating the macroeconomic forecasts used to estimate expected losses with respect to those considered in preparing the 2024 financial statements.

The main characteristics of the model for determining the expected loss, of the macroeconomic scenarios incorporated therein and of the management overlay interventions, in which the effects of climate change are already considered, are described in more detail in the following part "Information on risks and related hedging policies" to which reference is made.

The determination of the expected losses on the impaired loan portfolio (stage 3) also involves significant elements of judgement, with particular reference to the estimate of the flows deemed recoverable and the relative timing of recovery. During the reporting period, appropriate actions were taken in order to adequately manage the contingent macroeconomic context and still ensure the correct classification and assessment of recoverability of exposures classified as impaired with a consequent impact on the cost of impaired loans for the period, taking into account the disposals that have occurred in the meantime and possible future derisking opportunities in line with its NPL strategy.

In light of the foregoing, it cannot be excluded that different methodologies, parameters, and assumptions in determining the recoverable amount of credit exposures (influenced, moreover, by possible alternative recovery strategies of the same, decided by the competent corporate bodies, as well as the evolution of the reference economic-financial and regulatory context) may result in different valuations with respect to those made for the purposes of preparing these financial statements.

For the updates introduced in the measurement of expected losses on non-impaired exposures, please refer to the paragraph "Expected losses measurement model on non-impaired exposures" in the part "Information on risks and related hedging policies" below.

Fair value measurement of financial instruments

For the purposes of this financial disclosure, the fair value measurement of financial instruments was updated on the basis of current market conditions, in line with IFRS 13 *Fair value measurement* and the Group's Fair Value Policy.

In particular, for investments at fair value that derive their value directly, in the case of listed securities, or indirectly, in the case of convertible investments or investments closely linked to listed instruments/valued at market multiples, from market prices (thus valued using methods attributable to fair value levels 1 and 2), valuations were updated on the basis of stock market prices.

The use of significant judgements in the valuation of financial instruments in the portfolio should be considered rather marginal in view of the fact that the Group continues to maintain a very prudent allocation, so that the use of valuation models to measure the fair value of financial instruments not listed on active markets (level 3), which are essentially units of closed-end fund UCITS, concerns a very small portion of the investments held. With particular reference to closed-end investment funds classified among the financial instruments mandatorily measured at fair value, the economic effects of updating the valuation on the basis of the latest available information (NAV, business plan, etc.) were recognised in accordance with the Group's Fair Value Policy.

For qualitative and quantitative information on how fair value is determined, please refer to "Fair value disclosures" below of this Consolidated half-year financial report.

Recognition of potential impairment triggers for investments, intangible assets with indefinite useful life (goodwill) and intangible assets with definite useful life (intangible assets)

Pursuant to IAS 36 *Impairment of assets*, investments, goodwill and intangible assets must be subjected to impairment testing at least annually to verify the recoverability of their value. In addition, the standard states that the results of the annual test may be considered valid for subsequent infra-annual valuations, provided that the probability that the recoverable amount of intangible assets is less than their carrying amount is considered remote. This judgement may be based on an analysis of the events and circumstances that have changed since the most recent annual impairment test conducted.

The impairment process, defined in the relevant Group policy, is aimed at verifying that the carrying amount of the Cash Generating Units (or CGU, which for the Banco Desio Group coincide with the legal entities) does not exceed the related recoverable amount, understood as the greater of the value obtainable from continued use (value in use) and the possible market sale price (fair value net of selling costs, or exchange value) of the CGU itself.

At the reporting date, an analysis was therefore conducted to exclude the possible existence of impairment indicators, such as to cast doubt on the recoverability of the relative carrying amounts, for which reference should be made to the subsequent sections "Investments - Item 70" and "Intangible assets - Item 100" contained in the "Information on the Consolidated Balance Sheet" of this Consolidated Half-Year Financial Report.

Estimating the recoverability of deferred tax assets

Balance sheet assets also include significant Deferred Tax Assets (DTA) mainly arising from temporary differences between the date certain corporate costs are recognised in the income statement and the date on which the same costs may be deducted, as well as arising from tax loss carry-forwards.

According to the provisions of IAS 12 *Income taxes*, recognition of these assets and their subsequent maintenance in the financial statements presupposes a judgement of probability as to their recovery, which must also take into account the tax regulations in force at the time the financial statements were drawn up.

In detail, deferred tax assets that meet the requirements of Law 214/2011 are automatically convertible into tax credits in the event of the recognition of a "statutory loss", a "tax loss" for IRES purposes and a "negative net production value" for IRAP purposes; their recovery is therefore certain, as it is independent of the ability to generate future profitability.

For the remaining tax assets that cannot be converted into tax credits, the assessment of the likelihood of recovery must be based on reasonable income forecasts inferable from the approved strategic and forecast plans, also taking into account that for IRES purposes, the tax law provides for the carry-forward of tax losses without any time limit. Such a judgement is a complex exercise, particularly when it relates to DTA on tax loss carry-forwards, the very existence of which could be an indicator of not having sufficient taxable income in the future to recover them. According to the provisions of IAS 12 Income Taxes, the aforementioned assessment of recoverability (the so-called probability test) requires careful recognition of all evidence supporting the likelihood of having sufficient taxable income in the future.

The analysis of the main assumptions considered in order to verify the possible existence of assumptions (so-called trigger events) that would entail the need to re-perform the impairment tests of investments consolidated on a line-by-line basis gave a negative result; consequently, it was not necessary to develop updated performance forecasts compared to those considered for the last annual financial statements.

For qualitative information on the method of verifying the recoverability of deferred tax assets, please refer to the following section "Tax assets - Item 110", contained in the section below "Information on the consolidated balance sheet" of this Consolidated half-year financial report.

Estimating provisions for risks and charges

The complexity of the corporate situations and transactions underlying the pending litigations, together with the interpretative issues regarding the applicable legislation, require significant judgement in estimating the liabilities that may arise upon settlement of the pending litigations. The difficulties of assessment affect both the *an* and the *quantum* as well as the timing of the eventual manifestation of the liability and are particularly evident when the proceedings initiated are at an early stage and/or the relevant investigation is ongoing.

The peculiarity of the subject matter of the litigation and the consequent absence of case law referring to comparable disputes, as well as the different orientations expressed by judicial bodies, both at the various levels of the litigation proceedings and by bodies of the same level over time, make it difficult to assess contingent liabilities even when provisional judgements issued following the first levels of proceedings are available. Historical experience shows that in several cases, the decisions taken by the judges at first instance have been completely overturned in the appeal or cassation judgements and this both in favour of and against the taxpayers.

In this context, the classification of contingent liabilities and the consequent valuation of the necessary provisions is based on non-objective elements of judgement that require the use of sometimes extremely complex estimation procedures. Therefore, it cannot be excluded that following the issuance of final judgements, the provisions for risks and charges set aside for contingent liabilities related to legal and tax disputes may prove to be deficient or surplus.

For information on the main risk positions related to litigation (revocation actions and pending lawsuits), please refer to the section "Provisions for risks and charges - Item 100" contained in the disclosure below "Information on the consolidated balance sheet" of this Consolidated half-year financial report.

Estimating employee benefit obligations

The determination of the liabilities associated with employee benefits, with particular reference to defined benefit plans and long-term benefits, involves a certain degree of complexity; the results of the valuation depend, to a large extent, on the actuarial assumptions used, which are both demographic (such as employee mortality and turnover rates) and financial (such as discount rates and inflation rates).

Therefore, the judgement made by management in selecting the most appropriate technical basis for the valuation of the case is fundamental, and is influenced by the socio-economic context in which the Group operates, as well as the performance of the financial markets.

Listed below are the main actuarial assumptions used at the date of these financial statements, compared with those used for the previous two financial years:

Demographic assumptions	30.06.2025	31.12.2024	31.12.2023
Employee mortality rate	determined by the General Accounting Office of the State called RG48, broken down by gender		
Frequency and amount of employee severance indemnity advances		4.00%	
Turnover frequencies		2.50%	
Financial assumptions	30.06.2025	31.12.2024	31.12.2023
Iboxx Euro Corporate AA discount rate 5-7 years (*)	2.91%	2.93%	3.42%
Inflation rate	2.00%	2.00%	3.04%

(*) Iboxx Euro Corporate AA 7-10 years index for 2023

It should be noted that the above list of evaluation processes is provided for the sole purpose of giving the reader a better understanding of the main areas of uncertainty, but is in no way intended to suggest that alternative assumptions might be more appropriate at present.

For further details, please refer to the section "Employee severance indemnity - Item 90" contained in the disclosure "Information on the consolidated balance sheet" of this Consolidated half-year financial report.

Targeted Longer Term Refinancing Operations – TLTRO III

TLTRO III are financing operations conducted by the European Central Bank aimed at maintaining favourable bank credit conditions.

The accounting treatment of these transactions is not directly traceable to any IAS/IFRS accounting standards. Accordingly, based on the provisions of IAS 8 Accounting Standards, Changes in Accounting Estimates and Errors, Banco Desio has established an accounting policy whereby the provisions of IFRS 9 Financial Instruments were deemed applicable.

Banco Desio reimbursed the last TLTRO III tranches during 2024 (on their natural maturity date), so that the related interest expense was not recognised at 30 June 2025, which instead amounted to Euro 18.6 million at 30 June 2024.

Contribution to the Resolution Fund (SRM) and the Deposit Guarantee Scheme (DGS)

During the financial year 2015, the European Directives governing the resolution mechanisms of banks belonging to the European Union and the operation of deposit guarantee schemes came into force. In particular:

- directive 2014/59/EU (Bank Recovery and Resolution Directive), transposed into national law by Legislative Decree No. 180 of 16 November 2015, defines the resolution rules and provides for the activation of resolution mechanisms through the establishment of "ex ante" Contribution Funds, whose target level to be reached by 31 December 2024 is 1% of the amount of protected system deposits;

- directive 2014/49/EU (Deposit Guarantee Schemes Directive), transposed into national law by Legislative Decree No. 30 of 15 February 2016, provides that national deposit protection funds (in Italy, the Deposit Guarantee Scheme - FITD) shall endow themselves with funds commensurate with guaranteed deposits, to be established through an ex-ante contribution system until reaching, by 2024, the target level of 0.8% of guaranteed deposits.

The ordinary contributions to the SRM and DGS ended respectively in 2023 and 2024, unless further funds are requested later as an extraordinary measure or due to a revision of the target allocation.

At 30 June 2025, there were no charges relating to the aforementioned ordinary and extraordinary contributions, which in the comparison period, had been recognised in the income statement under item "180 b) Other administrative expenses", as indicated in the Bank of Italy's communication of 19 January 2016.

Sales related to the "Held to Collect" business model

During the half-year, profits were achieved from the sale of bonds held in the HTC portfolio for Euro 5.5 million (recorded in item "100. Gains (losses) on sale or repurchase of: a) financial assets measured at amortised cost"). The sales transactions with a nominal value of Euro 212.5 million took place in compliance with the turnover thresholds set for the HTC portfolio (turnover at 30 June 2025 of 4.2% compared to the 10% threshold value).

Since these exposures are classified as "Financial assets measured at amortised cost", i.e. in the portfolio held with the objective of collecting the contractual cash flows (so-called "Held to Collect" or "HTC"), IFRS 9 requires that they be sold subject to certain thresholds of significance or frequency, near maturity, in the presence of increased credit risk, or in the occurrence of exceptional circumstances of liquidity stress.

The management of debt securities classified in the HTC and "Held To Collect and Sell" (or "HTCS") portfolios continues in line with the choices made previously; therefore, no change in the business model occurred during the reference period that would have led to reclassifications of the portfolio.

Option for National Tax Consolidation

The companies of the Banco Desio Group (with the exception of Desio OBG S.r.l., due to its nature as an SPV) adopted the so-called "national tax consolidation", governed by Articles 117-129 of the Consolidated Law on Income Taxes (TUIR), introduced into tax legislation by Legislative Decree No. 344/2003. It consists of an optional regime, by virtue of which the total net income or tax loss of each subsidiary participating in the tax consolidation - together with withholdings, deductions and tax credits - are transferred to the parent company, which is determined to have a single taxable income or a single tax loss carry-forward (resulting from the algebraic sum of its own profits/losses and those of the participating subsidiaries) and, consequently, a single tax liability/credit.

Comparability of Financial Statements

In accordance with IAS 34 *Interim financial statements*, the condensed consolidated half-year financial statements must include, in addition to the financial statements at the reporting date, comparative statements for the following reporting periods:

- the balance sheet at the end of the previous year;
- the income statement, the statement of comprehensive income, the statement of changes in equity, and the cash flow statement for the corresponding interim period of the previous year.

Comparative information for the previous year is provided for each balance sheet and income statement, unless an accounting standard or interpretation permits or provides otherwise. The data for the comparison period can be adjusted where necessary to ensure comparability of information for the current period.

During the first half of the year, the Purchase Price Allocation (PPA) related to the acquisition of the branches BU of Banca Popolare Puglia e Basilicata was completed. As required by IFRS 3 *Business Combinations*, Banco Desio recognised the resulting adjustments (so-called "retrospective adjustments") as if the accounting for the business

combination had been completed at the acquisition date and has therefore amended the comparative information for the year 2024 as shown below.

Reconciliation of Published Consolidated Balance Sheet at 31 December 2024 and Restated Consolidated Balance Sheet at 31 December 2024

Euro/000			
Asset items	31.12.2024 Published	Retrospective adjustments	31.12.2024 Restated
10. Cash and cash equivalents	1,019,658		1,019,658
20. Financial assets measured at fair value through profit or loss	198,902		198,902
a) Financial assets held for trading	9,213		9,213
c) Other financial assets mandatorily measured at fair value	189,689		189,689
30. Financial assets measured at fair value through other comprehensive income	1,000,061		1,000,061
40. Financial assets measured at amortised cost	15,468,174		15,468,174
a) Loans with banks	955,533		955,533
b) Loans to customers	14,512,641		14,512,641
50. Hedging derivatives	12,578		12,578
60. Value adjustment of financial assets with macro hedges (+/-)	1,661		1,661
70. Investments	5,134		5,134
90. Tangible assets	230,253		230,253
100. Intangible assets	42,016	2,037	44,053
of which:			
- goodwill	15,322		15,322
110. Tax assets	105,062		105,062
a) current	13,679		13,679
b) deferred	91,383		91,383
130. Other assets	549,960		549,960
Total assets	18,633,459	2,037	18,635,496

Euro/000			
Liabilities and equity items	31.12.2024 Published	Retrospective adjustments	31.12.2024 Restated
10. Financial liabilities measured at amortised cost	16,664,203		16,664,203
a) Payables to banks	798,673		798,673
b) Payables to customers	13,280,657		13,280,657
c) Securities issued	2,584,873		2,584,873
20. Financial liabilities held for trading	1,954		1,954
40. Hedging derivatives	19,287		19,287
60. Tax liabilities	12,017	674	12,691
a) current	1,151		1,151
b) deferred	10,866	674	11,540
80. Other liabilities	384,969		384,969
90. Employee severance indemnity (TFR)	19,646		19,646
100. Provisions for risks and charges	83,289		83,289
a) commitments and guarantees given	3,531		3,531
c) other provisions for risks and charges	79,758		79,758
120. Valuation reserves	12,633		12,633
150. Reserves	1,228,157		1,228,157
160. Share premiums	16,145		16,145
170. Share capital	70,693		70,693
180. Treasury shares (-)	(5,625)		(5,625)
190. Minority interests (+/-)	548		548
200. Profit (loss) for the year (+/-)	125,543	1,363	126,906
Total liabilities and equity	18,633,459	2,037	18,635,496

Reconciliation of Published Consolidated Half-Year Income Statements for the year 2024 and Restated Consolidated Half-Year Income Statements for the year 2024

The published Half-Year Income Statement 2024 did not need to be restated, as the combination in question took effect in December 2024.

Statutory Audit

These condensed consolidated half-year financial statements are subjected to a limited audit by KPMG S.p.A. in execution of the shareholders' resolution of 23 April 2021 that assigned this company the assignment for the years from 2021 to 2029 included.

PART RELATING TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS

The measurement criteria described below, used in the preparation of this document, are in accordance with the IAS/IFRS endorsed by the European Commission in force at the reporting date and are applied on a going concern basis.

For transactions involving the purchase and sale of standardised financial assets, i.e. contracts for which delivery takes place within a time frame established by regulations or market conventions, reference is made to the settlement date.

1 - Financial assets measured at fair value through profit or loss (FVTPL)

Classification criteria

This category comprises financial assets other than those classified among the *Financial assets measured at fair value through other comprehensive income* and *Financial assets measured at amortised cost*. This item, in particular, includes:

- financial assets held for trading, mainly consisting of debt and equity securities and the positive value of derivative contracts held for trading purposes;
- financial assets that must be measured at fair value, represented by financial assets that do not meet the requirements for measurement at amortised cost or fair value with an impact on comprehensive income. These are financial assets whose contractual terms do not exclusively provide for principal repayments and interest payments on the amount of principal to be repaid (SPPI test failed) or which are not held as part of a business model whose objective is the holding of assets for the purpose of collecting contractual cash flows ("HTC") or whose objective is achieved by both collecting contractual cash flows and selling financial assets ("HTCS");
- financial assets designated at fair value, i.e., financial assets so defined upon initial recognition and where the conditions exist. In this case, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss only if doing so eliminates or significantly reduces a measurement inconsistency.

In particular, the following are recognised under this item:

- debt securities and loans that do not belong to the "HTC" or "HTCS" business models (which are therefore included in an "Other/Trading" business model) or that do not pass the SPPI test;
- equity instruments that do not qualify as control, connection and joint control instruments held for trading purposes or for which the designation at fair value through other comprehensive income was not opted for upon initial recognition (so-called "FVOCI option");
- UCITS units.

This item also includes derivative contracts, recognised as financial assets held for trading, which are shown as assets if the fair value is positive and as liabilities if the fair value is negative. Positive and negative present values arising from outstanding transactions with the same counterparty may only be offset if there is a current legal right to offset the amounts recognised in the books and it is intended to settle the offset positions on a net basis.

According to the general rules in IFRS 9 on reclassification of financial assets (except for equity securities for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from the category measured at fair value through profit or loss into one of the other two categories under IFRS 9 (*Financial assets measured at amortised cost* or *Financial assets measured at fair value through other comprehensive income*). The transfer value is the fair value at the time of reclassification and the effects of the reclassification operate prospectively from the date of reclassification. In this case, the effective interest rate of the reclassified financial asset is recalculated based on

its fair value at the date of reclassification and this date is considered as the initial recognition date for the allocation to the different credit risk stages (stage assignment) for impairment purposes.

Recognition criteria

Financial assets are initially recognised on the settlement date for debt and equity securities and on the subscription date for derivative contracts.

Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, which corresponds to the consideration paid, without considering transaction costs or income directly attributable to the instrument itself, which are recognised in the Income Statement.

Measurement criteria

Subsequent to initial recognition, financial assets measured at fair value through profit or loss are measured at fair value. The effects of applying this measurement criterion are charged to the Income Statement.

The fair value of a financial instrument quoted in an active market is determined using its market quotation. In the absence of an active market, commonly used estimation methods and valuation models are used, which take into account all risk factors related to the instruments and which are based on market data. For equity securities not listed in an active market, the cost criterion is used as an estimate of fair value only in a residual manner and limited to a few circumstances, i.e. where valuation methods are not applicable, or where there is a wide range of possible fair value estimates, where cost is the most significant estimate.

Derecognition criteria

Financial assets are derecognised only if the sale has resulted in the transfer of substantially all the risks and rewards associated with the assets. If, on the other hand, a significant portion of the risks and rewards relating to the transferred financial assets have been retained, they continue to be recognised in the financial statements, even though, legally, title to the assets has been effectively transferred.

In the event that the substantial transfer of risks and rewards cannot be ascertained, financial assets are derecognised if no control is retained over them. Otherwise, the preservation, even in part, of this control entails retaining the assets in the financial statements to the extent of the residual involvement, measured by the exposure to changes in the value of the transferred assets and to changes in their cash flows.

Finally, transferred financial assets are derecognised if the contractual rights to receive the related cash flows are retained, with the simultaneous assumption of an obligation to pay those flows, and only those flows, without material delay to other third parties.

2 - Financial assets measured at fair value through other comprehensive income (FVOCI)

Classification criteria

Financial assets that meet both of the following conditions are included in this category:

- the financial asset is held according to a business model whose objective is achieved both through the collection of contractually agreed cash flows and through sale (HTCS), and
- the contractual terms of the financial asset provide, at certain dates, for cash flows consisting solely of payments of principal and interest on the principal amount to be repaid (SPPI test passed).

Also included in this item are equity instruments, not held for trading purposes, for which the option to designate them at fair value through other comprehensive income (FVOCI option) was exercised upon initial recognition.

In particular, the following are recognised under this item:

- debt securities that are attributable to an HTCS business model and have passed the SPPI test;
- equity interests, not qualifying as controlling, associated and jointly controlled, that are not held for trading

purposes, for which the option to designate at fair value through other comprehensive income ("FVOCI option") has been exercised.

According to the general rules in IFRS 9 on reclassification of financial assets (except for equity securities for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be highly infrequent, the financial assets may be reclassified from the category measured at fair value through other comprehensive income into one of the other two categories under IFRS 9 (*Financial assets measured at amortised cost* or *Financial assets measured at fair value through profit or loss*). The transfer value is the fair value at the time of reclassification and the effects of the reclassification operate prospectively from the date of reclassification. In the case of reclassification from this category to the amortised cost category, the cumulative gain (loss) recognised in the valuation reserve is deducted from the fair value of the financial asset at the date of reclassification. In the case of reclassification to the fair value category through profit or loss, the cumulative gain (loss) previously recognised in the valuation reserve is reclassified from equity to profit (loss) for the year.

Recognition criteria

The initial recognition of financial assets is made on the settlement date for debt and equity securities.

Upon initial recognition, assets are recognised at fair value through other comprehensive income, including transaction costs or income directly attributable to the instrument itself.

Measurement criteria

Subsequent to initial recognition, assets measured at fair value through other comprehensive income, other than equity securities, are measured at fair value with the impact of the application of amortised cost, the effects of impairment and any exchange rate effect recognised in the Income Statement, while other gains or losses arising from a change in fair value are recognised in a specific equity reserve until the financial asset is derecognised. Upon total or partial disposal, the cumulative gain or loss in the valuation reserve is reversed, in whole or in part, to the Income Statement.

Equity instruments for which the choice was made to classify them in this category are measured at fair value and the amounts recognised in a specific equity reserve are not to be subsequently transferred to the Income Statement, even in the event of disposal. The only component referring to the equity securities in question that is recorded in the income statement is represented by the related dividends.

Fair value is determined on the basis of the criteria already illustrated for *Financial assets measured at fair value through profit or loss*.

Financial assets measured at fair value through other comprehensive income are subject to the test of significant increase in credit risk (impairment) required by IFRS 9, in the same way as *Assets at amortised cost*, with the consequent recognition of a value adjustment in the Income Statement to cover expected losses. More specifically, on instruments classified as stage 1 (i.e. on financial assets at the time of origination, if not impaired, and on instruments for which there has not been a significant increase in credit risk with respect to the date of initial recognition), a one-year expected loss is recognised at each reporting date. Conversely, for instruments classified as stage 2 (performing for which there has been a significant increase in credit risk since initial recognition) and stage 3 (impaired exposures), an expected loss is recognised for the entire residual life of the financial instrument. Equity securities are not subject to the impairment process.

Derecognition criteria

Financial assets are derecognised on the basis of the criteria already illustrated for *Financial assets measured at fair value through profit or loss*.

3 - Financial assets measured at amortised cost

Classification criteria

Financial assets (in particular loans and debt securities) that meet both of the following conditions are included in this category:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractually agreed cash flows (HTC), and
- the contractual terms of the financial asset provide, at certain dates, for cash flows consisting solely of payments of principal and interest on the principal amount to be repaid (SPPI test passed).

In particular, the following are recognised under this item:

- loans with banks in the various technical forms that meet the requirements set out in the previous paragraph;
- loans to customers in the various technical forms that meet the requirements set out in the previous paragraph;
- debt securities that meet the requirements set out in the previous paragraph.

According to the general rules of IFRS 9 on the reclassification of financial assets, reclassifications to other categories of financial assets are not permitted unless the entity changes its business model for managing financial assets. In such cases, which are expected to be highly infrequent, financial assets may be reclassified from the category measured at amortised cost into one of the other two categories provided by IFRS 9 (*Financial assets measured at fair value through other comprehensive income* or *Financial assets measured at fair value through profit or loss*). The transfer value is the fair value at the time of reclassification and the effects of reclassification operate prospectively from the date of reclassification. Gains or losses resulting from the difference between the amortised cost of the financial asset and its fair value are recognised in the income statement in the case of reclassification to *Financial assets measured at fair value through profit or loss*, and in Equity, in the valuation reserve, in the case of reclassification to *Financial assets measured at fair value through other comprehensive income*.

Recognition criteria

The initial recognition of financial assets takes place on the settlement date in the case of debt securities and on the disbursement date in the case of loans. Upon initial recognition, assets are recognised at fair value, including transaction costs or income directly attributable to the instrument itself.

In particular, as far as loans are concerned, the disbursement date normally coincides with the contract signature date. If this is not the case, a commitment to disburse funds is entered into when the contract is signed and closes on the date of disbursement. The loan is recognised on the basis of its fair value, which is equal to the amount disbursed, or subscription price, including costs/income directly attributable to the individual loan and determinable from the origin of the transaction, even if settled at a later date.

Costs which, although having the aforementioned characteristics, are reimbursed by the debtor counterparty or fall under normal internal administrative costs are excluded.

Measurement criteria

Subsequent to initial recognition, these financial assets are measured at amortised cost, using the effective interest rate method: the asset is recognised at an amount equal to the initial recognition value less principal repayments, plus or minus the cumulative amortisation (calculated using the effective interest rate method) of the difference between this initial amount and the amount at maturity (typically attributable to costs/income allocated directly to the individual asset) and then netted with value adjustments.

The effective interest rate is identified by calculating the rate that equals the present value of the future cash

flows of the asset, for principal and interest, to the amount disbursed including costs/income attributable to the financial asset. This method of accounting, using a financial logic, allows the economic effect of costs/income directly attributable to a financial asset to be distributed over its expected residual life.

The amortised cost method is not used for assets (measured at historical cost) whose short duration makes the effect of applying the discounting logic negligible, for those without a defined maturity and for revocable loans.

The measurement criteria are closely linked to the inclusion of the instruments under review in one of the three stages of credit risk provided for by IFRS 9, the last of which (stage 3) comprises impaired financial assets and the remaining (stages 1 and 2) performing financial assets.

With reference to the accounting representation of the above valuation effects, the value adjustments referring to this type of asset are recognised in the Income Statement:

- at the time of initial registration, in an amount equal to the expected twelve-month loss;
- at the time of the subsequent valuation of the asset, where the credit risk has not significantly increased since initial recognition, in relation to changes in the amount of expected loss adjustments over the following twelve months;
- at the time of the subsequent valuation of the asset, where the credit risk has been significantly increased compared to initial recognition, in connection with the recognition of value adjustments for expected losses over the entire residual contractual life of the asset;
- at the time of the subsequent valuation of the asset, where the "materiality" of this increase has subsequently ceased to exist, in connection with the adjustment of cumulative value adjustments to reflect the change from an expected loss over the entire residual life of the instrument ("lifetime") to one at twelve months.

The financial assets in question, if performing, are subjected to a valuation, aimed at defining the value adjustments to be recognised in the financial statements, at the level of the individual loan relationship (or "tranche" of security), according to the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD), derived from the internal rating models in use (Credit Rating System) suitably adjusted to take into account the provisions of IFRS 9.

If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset (classified as "impaired", like all other relationships with the same counterparty) and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the loss, to be recognised in the Income Statement, is defined on the basis of an analytical valuation process or determined by homogeneous categories and, therefore, attributed analytically to each position and takes into account forward-looking information with the inclusion of possible alternative recovery scenarios ("disposal scenario").

Impaired assets include financial instruments that have been assigned the status of bad loans, unlikely to pay or past-due/overdrawn for more than 90 days according to Bank of Italy rules, consistent with IAS/IFRS and European supervisory regulations.

The expected cash flows take into account the expected recovery times and the presumed realisable value of any guarantees.

The original effective rate of each asset remains unchanged over time even if there has been a restructuring of the relationship resulting in a change in the contractual rate and even if the relationship becomes, in practice, non-interest bearing.

If the reasons for the impairment loss are removed as a result of an event occurring after the impairment was recognised, a reversal of the impairment loss is recognised in the Income Statement. The reversal may not exceed the amortised cost that the financial instrument would have had in the absence of previous adjustments.

Reversals related to the passage of time are recognised in net interest income.

Receivables for accrued interest on impaired assets are only recognised when they are actually collected.

In some cases, during the life of the financial assets under review and, in particular, the receivables, the original contractual terms are subject to subsequent modification at the will of the parties to the contract. When, during the life of an instrument, the contractual terms are changed, it is necessary to determine whether the original asset should continue to be recognised in the financial statements or whether, on the contrary, the original instrument should be derecognised and a new financial instrument should be recognised.

In general, changes in a financial asset lead to its derecognition and the recognition of a new asset when they are "material". The assessment of the "materiality" of the change must be made considering both qualitative and quantitative elements. In some cases, in fact, it may be clear, without recourse to complex analyses, that the changes introduced substantially alter the characteristics and/or contractual flows of a given asset while, in other cases, further analyses (also of a quantitative nature) will have to be carried out in order to appreciate the effects of the same and to ascertain whether or not it is necessary to proceed with the derecognition of the asset and the recognition of a new financial instrument.

The (qualitative-quantitative) analyses aimed at defining the "materiality" of the contractual changes made to a financial asset will therefore have to consider:

- the purposes for which the modifications were made: for example, renegotiations for commercial reasons and granting due to financial difficulties of the counterparty:
 - the former, aimed at "retaining" the customer, involve a debtor who is not in a situation of financial difficulty. This includes all renegotiation transactions that are aimed at adjusting the onerousness of the debt to market conditions. Such transactions entail a change in the original terms of the contract, usually requested by the debtor, which relates to aspects connected to the onerousness of the debt, with a consequent economic benefit for the debtor. As a general rule, it is considered that whenever the bank renegotiates in order to avoid losing its customer, such renegotiation should be regarded as material because, if it were not carried out, the customer would be able to obtain financing from another intermediary and the bank would suffer a decrease in expected future revenues;
 - the second, carried out for "credit risk reasons" (forbearance measures), are attributable to the bank's attempt to maximise the cash flow recovery of the original loan. The underlying risks and rewards, after modification, are normally not substantially transferred and, consequently, the accounting representation is that made through "modification accounting" - which implies immediate recognition in the income statement item "140. "Gains/losses from contractual amendments without derecognition" of the difference between the carrying amount and the present value of the modified cash flows discounted at the original interest rate - and not through derecognition;
- the presence of specific objective elements ("triggers") affecting the characteristics and/or contractual flows of the financial instrument (such as, by way of example only, a change of currency or a change in the type of risk to which one is exposed, when correlated to equity and commodity parameters), which are deemed to lead to derecognition in consideration of their impact (expected to be significant) on the original contractual flows.

Derecognition criteria

Financial assets are derecognised on the basis of the criteria already illustrated for *Financial assets measured at fair value through profit or loss*.

Recognition criteria of income components

The measurement criterion at amortised cost generates a shift of transaction costs and ancillary revenues in the income statement over the life of the financial asset instead of changing the income statement in the year of

initial recognition.

Interest that accrues over time as a result of discounting non-performing loans is recognised in the income statement under interest income.

The effects of analytical and collective valuations are recognised in the income statement.

The original value of the loan is reinstated when the reasons for the value adjustment cease to exist, with the effects being recognised in the income statement.

In the case of receivables acquired through a business combination, any higher value recognised in the consolidated financial statements upon initial recognition is released to the income statement over the life of the receivable in accordance with its amortisation schedule or in full in the year in which the receivable is extinguished.

Loans subject to fair value hedging transactions are measured at fair value, and changes in value are recognised in the income statement under "Net hedging result", similar to changes in the fair value of the hedging instrument.

4 - Hedging transactions

The Banco Desio Group avails itself of the possibility, envisaged at the time of the introduction of IFRS 9, to continue to fully apply the provisions of IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for all types of hedges (both specific hedges and macro-hedges).

Classification criteria

The purpose of hedging transactions is to neutralise certain risks of potential loss on financial assets or liabilities through specific financial instruments, the use of which is intended to cushion the effects on the income statement of the hedged financial instruments.

The type of hedge used can be of the type:

- Fair Value Hedge (specific fair value hedge): the objective is to hedge the risk of changes in the fair value of the hedged instrument (an unrecognised asset, liability or firm commitment exposed to changes in fair value attributable to a particular risk that may impact the income statement, including the risk of changes in foreign currency exchange rates);
- Cash Flow Hedge: the objective is to hedge the change in cash flows attributable to particular risks of the instrument in the financial statements (highly probable asset, liability or planned transaction exposed to changes in cash flows attributable to a particular risk that may impact the income statement).

Recognition criteria

Derivative instruments, including hedging instruments, are initially recognised and subsequently measured at fair value.

The recognition of hedging transactions presupposes:

- the involvement of counterparties outside the Banco Desio Group;
- a specific designation and identification of the hedging and hedged financial instruments used in the transaction;
- the definition of the risk management objectives pursued, specifying the nature of the risk hedged;
- the passing of the effectiveness test at the start of the hedging relationship and prospectively, with specific measurement methods and periodicity;
- the preparation of formal documentation, including the hedge report.

Measurement criteria

A hedging transaction is defined as effective when changes in the fair value (or future cash flows) of the hedging financial instrument offset changes in the hedged financial instrument within the 80% - 125% range established by IAS 39.

Effectiveness tests are performed at each annual or interim reporting date, both retrospectively, to measure actual results at the date, and prospectively, to demonstrate expected effectiveness for future periods.

If the tests do not confirm the effectiveness of the hedge and taking into account internal policy, hedge accounting is discontinued from that moment on, the hedging derivative contract is classified as a trading instrument and the hedged financial instrument regains the measurement criterion corresponding to its classification in the financial statements.

Recognition criteria of income components – fair value hedges

Changes in the fair value of hedging derivatives and hedged financial instruments (for the portion attributable to the hedged risk) are recognised in the income statement; this also applies when the hedged item is measured at cost.

This offsetting is recognised through the recognition in the income statement, under item 90 "Net result of hedging activities", of changes in value referring both to the hedged item (as regards changes produced by the underlying risk factor) and to the hedging instrument. The difference, if any, therefore constitutes the net economic effect.

Recognition criteria of income components – cash flow hedges

The gain or loss on the hedging instrument must be accounted for as follows:

- the portion of gain/loss defined as effective is recognised in equity with an offsetting entry to valuation reserves;
- the ineffective portion of the hedge is recognised in the income statement.

Specifically, the lower of the cumulative gain/loss on the hedging instrument since inception of the hedge and the cumulative change in fair value (present value of expected cash flows) on the hedged item since inception of the hedge must be recognised in equity. Any residual gain or loss on the hedging instrument or ineffective component is recognised in the income statement.

Derecognition criteria

Hedge transactions are discontinued when the effectiveness requirements are no longer met, when they are terminated, when the hedging instrument or the hedged instrument matures, is terminated or sold.

If the hedged instrument is subject to amortised cost measurement, the difference between the fair value determined at the date of discontinuing the hedging relationship and the amortised cost is allocated over its remaining term.

5 - Investments

Classification criteria

This item includes interests held in associates or jointly controlled entities, which are governed by IAS 28. Other non-controlling interests follow the treatment set out in IFRS 9 and are classified as *Financial assets measured at fair value through profit or loss (FVTPL)* or *Financial assets measured at fair value through other comprehensive income (FVOCI)*.

Considered to be subject to significant influence (associates) are entities in which at least 20% of the voting rights are held (including "potential" voting rights) or in which, despite holding a lower percentage of voting

rights, there is the power to participate in the determination of the financial and management policies of the investee by virtue of particular legal ties such as participation in syndicate agreements.

Entities are considered to be jointly controlled (joint ventures) when, on a contractual basis, control is shared with one or more other parties, or when the unanimous consent of all parties sharing control is required for decisions concerning relevant activities.

Recognition criteria

Investments are recorded on the settlement date. Initial recognition is at cost including directly attributable incidental expenses. For investments in foreign currencies, conversion into Euro is done using the exchange rate prevailing on the settlement date.

Measurement criteria

The criterion for measurement after initial recognition is equity.

At each reporting date, objective evidence that the investment has suffered an impairment loss (impairment test) is ascertained.

An impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the net selling price (i.e. the amount obtainable from the sale of the asset in a hypothetical transaction between third parties, net of disposal costs) and its value in use (i.e. the present value of the expected future cash flows that are expected to arise from the permanent use and disposal of the asset at the end of its useful life).

To complete the impairment test process, taking into account the internal policy, a "stress test" of some key parameters considered in the valuation model is also carried out in order to bring the recoverable amount to the carrying amount.

In relation to the provisions of IAS 36, the impairment test must be carried out annually; furthermore, at each interim reporting date, a check is made for the possible existence of assumptions that lead to the need to carry out the impairment test again: in particular, certain quantitative and qualitative indicators of presumed impairment of the investment (trigger event) are monitored.

Value adjustments due to impairment, if any, are to be recognised as a balancing entry in the income statement.

If the reasons for the impairment loss are removed as a result of an event occurring after the impairment was recognised, a reversal of the impairment loss is recognised in the income statement.

Derecognition criteria

Investments are derecognised when the contractual rights to the cash flows from the financial assets expire or when they are sold with the substantial transfer of all associated risks and rewards.

Recognition criteria of income components

Dividends are recognised when the right to receive payment accrues. Gains/losses on sale are determined on the basis of the difference between the carrying amount of the investment on a weighted average cost basis and the transaction price, net of directly attributable incidental expenses.

6 - Tangible assets

Classification criteria

Tangible assets comprise land, properties, plant, furniture and furnishings, and other equipment. These are tangible assets held to be used in the provision of services (assets held for functional use), and to be leased to third parties (assets held for investment purposes) and which are expected to be used for more than one financial year. Also included are rights of use acquired under leases and relating to the use of a tangible asset

(for lessee companies), assets granted under operating leases (for lessor companies).

Recognition criteria

Tangible assets are initially recorded at purchase cost, including incidental expenses incurred in the acquisition and commissioning of the asset.

On the occasion of the first adoption of IAS/IFRS, the exemption provided by IFRS 1 Article 16 was used, opting for the valuation of properties at fair value as a substitute for cost at 1 January 2004. After that date, the cost model was adopted for the valuation of properties.

Extraordinary maintenance costs of an incremental nature are charged to increase the value of the assets to which they relate. Other routine maintenance costs are recognised directly in the income statement.

In application of IFRS 16, leases are accounted for on the basis of the right-of-use model, whereby, at the inception date, the lessee has a financial obligation to make payments due to the lessor to compensate for its right to use the underlying asset during the lease term.

When the asset is made available to the lessee for its use (initial date), the lessee recognises both the liability and the asset consisting of the right of use.

Measurement criteria

Tangible assets are stated in the financial statements at purchase cost, including incidental expenses incurred, less any depreciation charged and any impairment losses incurred, with the exception of artistic heritage, which is valued using the revaluation method.

For tangible assets subject to valuation by the revaluation method:

- if the carrying amount of an asset is increased as a result of a revaluation, the increase must be recognised in other comprehensive income and accumulated in equity under the item revaluation reserve; conversely, if it reverses a decrease in value of the same asset previously recognised in the income statement, it must be recognised as income;
- if the carrying amount of an asset is decreased as a result of a revaluation, the decrease must be recognised in other comprehensive income as a revaluation surplus to the extent that there is a positive valuation reserve with respect to that asset; otherwise, the decrease must be recognised in the income statement.

Tangible assets are systematically depreciated, using the straight-line method, at technical-economic rates that are representative of the remaining useful life of the assets. An exception is made for land and works of art, which are not subject to depreciation given their indeterminate useful life, and in consideration of the fact that their value will not normally decrease with the passage of time. Extraordinary maintenance costs of an incremental nature are depreciated in relation to the remaining useful life of the assets to which they relate.

Any impairment indicators are to be checked annually. If the carrying amount of an asset is found to be higher than its recoverable amount, that carrying amount is adjusted accordingly with a balancing entry in the income statement.

If the reasons that led to the recognition of the loss cease to exist, a reversal of the impairment loss is made, which may not exceed the value that the asset would have had, net of calculated depreciation, in the absence of previous impairment losses.

With regard to the asset consisting of the right of use, which is accounted for according to IFRS 16, it is measured using the cost model according to IAS 16 Property, Plant and Equipment; in this case, the asset is subsequently depreciated and subject to an impairment test if impairment indicators emerge.

Derecognition criteria

Tangible assets are derecognised when they are disposed of.

Recognition criteria of income components

Depreciation and impairment losses, if any, are recognised in the income statement under net value adjustments on tangible assets.

7 - Intangible assets

Classification criteria

Goodwill and other intangible assets are recognised as intangible assets if they are identifiable and originate from legal or contractual rights (technology-based intangible assets or those related to customer relationships arising from business combinations). Also included are rights of use acquired under leases and relating to the use of an intangible asset (for lessees) and assets granted under operating leases (for lessors). Renovation costs of buildings not owned (so-called leasehold improvements) are recorded under *Other assets*.

Recognition criteria

Goodwill represents the positive difference between the purchase cost and the fair value of assets and liabilities acquired in business combinations. It is recognised as an intangible asset when it is effectively representative of the future economic benefits of the assets acquired.

Other intangible assets are recognised at cost, and only if they meet the requirements of independent identifiability and separation from goodwill, probable realisation of future economic benefits, and reliable measurability of cost.

Measurement criteria

Intangible assets are shown in the financial statements at purchase cost, including incidental expenses incurred, less accumulated amortisation and any impairment losses incurred.

For intangible assets with definite useful life, amortisation is calculated on a straight-line basis using technical-economic rates representative of the remaining useful life.

Goodwill is not subject to amortisation due to its indefinite useful life, and is subject to an annual impairment test. For this purpose, the cash-generating unit to which goodwill is to be allocated is identified. Within the Banco Desio Group, cash-generating units (CGUs) correspond to legal entities.

The amount of the impairment, if any, is determined on the basis of the difference between the carrying amount of goodwill and its recoverable amount, whichever is lower. This recoverable amount is equal to the higher of the fair value of the expected cash-generating unit, net of any costs to sell, and its value in use.

Any value adjustments due to impairment are to be recognised with a balancing entry in the Income Statement, with no possibility of subsequent reversals.

Costs for vacating non-owned premises are amortised at rates determined by the duration of the corresponding lease (including renewal).

Derecognition criteria

Intangible assets are derecognised when they are disposed of or when future economic benefits are no longer expected.

Recognition criteria of income components

Amortisation and any impairment losses are recognised in the income statement under net value adjustments on intangible assets.

Value adjustments related to renovation costs of non-owned premises are recognised in the income statement under other operating expenses.

8 - Non-current assets and groups of assets held for sale

Classification criteria

Non-current assets/liabilities and groups of assets/liabilities whose carrying amount is expected to be recovered through sale rather than through continued use are classified under the asset item "Non-current assets and groups of assets held for sale", and under the liability item "Liabilities related to assets held for sale".

Recognition criteria

To be classified in the above items, the assets or liabilities (or disposal group) must be immediately available for sale and there must be active and concrete plans such that their disposal within one year from the date of classification as an asset held for sale is highly probable.

Measurement criteria

Following classification in this category, these assets are measured at the lower of their carrying amount and their relative fair value, net of costs to sell, except for certain types of assets - e.g., all financial instruments within the scope of IFRS 9 - for which IFRS 5 requires that the measurement criteria of the relevant accounting standard continue to be applied.

If assets held for sale are depreciable, the depreciation process ceases as from the year of classification as non-current assets held for sale.

Income and expenses attributable to groups of assets and liabilities held for sale, if they are attributable to discontinued operations (as defined by IFRS 5), are shown in the income statement, net of the tax effect, under item "320. Profit (Loss) from discontinued operations after taxes", while those relating to individual non-current assets held for sale are recognised in the most appropriate income statement item.

The term "discontinued operations" is to be understood as meaning an important autonomous business unit or geographical area of activity, even if it is part of a single coordinated disposal programme, rather than a subsidiary acquired exclusively with a view to its resale.

Derecognition criteria

Non-current assets and groups of assets held for sale are derecognised from the financial statements upon disposal.

9 - Current and deferred taxation

Income taxes for the year are computed by estimating the tax burden on an accrual basis, consistent with the manner in which the costs and revenues that generated them are recognised in the financial statements. In addition to current taxation, which is determined in accordance with current tax regulations, there is also deferred taxation, which arises as a result of temporary differences between the carrying amounts and the corresponding tax values. Taxes thus represent the balance of current and deferred income taxes for the year.

Deferred tax assets are recognised when their recovery is probable, i.e. when it is expected that sufficient taxable income will be available in the future to recover the asset. They are recognised as assets in the balance sheet under *Tax assets - deferred tax assets*.

Deferred tax liabilities, on the other hand, are recognised as liabilities in the balance sheet under *Tax liabilities - deferred tax liabilities*.

Likewise, current taxes not yet paid are separately recognised under *Tax liabilities - current*. In the case of overpayments on account, the recoverable receivable is recorded under *Tax assets - current*.

In cases where deferred tax assets and deferred tax liabilities relate to transactions that have directly affected equity without affecting the income statement, they are recognised as a balancing entry in equity, affecting specific reserves (e.g. valuation reserves) when provided for.

10 - Provisions for risks and charges

Provisions for risks and charges for commitments and guarantees given

The sub-item of provisions for risks and charges under review includes provisions for credit risk recognised against commitments to disburse funds and guarantees given that fall within the scope of application of the impairment rules under IFRS 9. For these cases, the same methods of allocation between the three stages of credit risk and calculation of the expected loss shown with reference to financial assets measured at amortised cost or at fair value through other comprehensive income are adopted in principle.

Other provisions for risks and charges

Provisions for risks and charges include allocations made for legal or employment-related obligations, or disputes, including tax disputes, that are the result of past events, for which it is probable that economic resources will be used to fulfil the obligations, provided that a reliable estimate of the amount can be made.

Provisions respect the best estimate of future cash flows needed to fulfil the obligation existing at the reporting date. In cases where the time effect is a relevant aspect, the amounts set aside are discounted by considering the estimated maturity of the obligation. The discount rate reflects current assessments of the present value of money, taking into account the specific risks associated with the liability.

The valuation of employee seniority bonuses is carried out by independent external actuaries, and follows the same calculation logic already described for the provision for employee severance indemnity. Actuarial gains and losses are all recognised immediately in the income statement.

Recognition criteria of income components

The allocation is recognised in the Income Statement.

The effects of the passage of time for discounting future cash flows are recorded in the Income Statement under allocations.

11 - Financial liabilities measured at amortised cost

Classification criteria

Payables to banks, *Payables to customers* and *Securities issued* include the various forms of interbank and customer funding, repurchase agreements and inflows through certificates of deposit, bonds and other inflow instruments issued, net of any amounts repurchased. They also include payables recorded by the company as a lessee in the context of lease transactions.

Recognition criteria

These financial liabilities are first recognised on the date the contract is signed, which normally coincides with the time of receipt of the sums collected or the issue of the debt securities. Initial recognition is based on the fair value of the liabilities, normally equal to the amount collected or the issue price, plus any additional costs/income directly attributable to the individual funding or issuance transaction.

Measurement criteria

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. An exception are short-term liabilities, for which the time factor is negligible, which remain recorded at the amount collected. Lease payables are revalued when there is a lease modification (e.g. a change in the scope of the contract), which is not accounted for/considered as a separate contract.

Derecognition criteria

Financial liabilities are derecognised when they have expired or extinguished. Derecognition also occurs when previously issued bonds are repurchased; the difference between the carrying amount of the liability and the amount paid to purchase it is recognised in the income statement.

The placing of own securities on the market after their repurchase is regarded as a new issue with registration at the new placement price.

12 - Financial liabilities held for trading

Recognition and classification criteria

Financial instruments allocated to this item are recognised at the subscription or issue date at a value equal to the fair value of the instrument, without taking into account any transaction costs or income directly attributable to them.

Derivative trading instruments with a negative fair value are recognised in this item.

Valuation and recognition criteria of income components

Financial liabilities held for trading are measured at fair value with the effects recognised in the Income Statement.

Derecognition criteria

Financial liabilities held for trading are derecognised when the contractual rights to the related cash flows expire or when the financial liability is transferred with the transfer of substantially all risks and rewards of ownership.

14 - Currency transactions

Recognition criteria

Transactions in foreign currencies are accounted for on initial recognition, in the currency of account, by applying the exchange rate in force at the date of the transaction to the foreign currency amount.

Measurement criteria

At each annual or interim reporting date, foreign currency items in the financial statements are valued as follows:

- monetary items are converted at the exchange rate on the closing date;
- non-monetary items measured at cost are translated at the exchange rate on the date of the transaction;
- non-monetary items measured at fair value are translated at the closing date exchange rate.

Recognition criteria of income components

Exchange differences deriving from the settlement of monetary items or from the translation of monetary items using rates other than the initial translation rate, or the closing rate at the end of prior periods, are recorded in the Income Statement for the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, the exchange difference component of that gain or loss is also recognised in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the income statement, the exchange difference component of that gain or loss is also recognised in the income statement.

16 - Other Information

Cash and cash equivalents

This item comprises legal tender, including foreign banknotes and divisional currencies, current accounts and "demand" deposits with central banks, with the exception of the compulsory reserve, as well as demand loans with banks. The latter definition includes liquidity that can be withdrawn at any time without notice or with 24 hours or one working day's notice.

The item is recorded at face value. For foreign currencies, the face value is converted into Euro at the closing exchange rate at the end of the period.

Value adjustment of financial assets and financial liabilities subject to macro hedging

These items include, respectively, changes in the fair value of financial assets and liabilities subject to macro hedging against interest rate risk, based on their respective balance, whether positive (item "60. Value adjustment of financial assets subject to macro hedging") and negative (item "50. Value adjustment of financial liabilities subject to macro hedging"), whose economic balancing entry is item "90. Net hedging result", as well as for specific fair value hedges.

Other assets

This item includes assets that cannot be allocated to other balance sheet asset items. The item may include but is not limited to:

- gold, silver and precious metals;
- accrued assets other than that to be capitalised on the relevant financial assets, including those arising from contracts with customers in accordance with IFRS 15;
- receivables related to the provision of non-financial goods or services;
- tax debit items other than those recorded under item "110. Tax assets"
- tax credits related to the "Heal Italy" and "Relaunch" Decree Laws acquired as a result of transfers by direct beneficiaries or previous purchasers.

Any remaining balances (of "debit balance") of in transit and suspended items not allocated to the relevant accounts may also be included, provided they are of an insignificant amount overall.

Other liabilities

This item includes liabilities that cannot be allocated to other balance sheet liability items.

This item includes but is not limited to:

- payment agreements that IFRS 2 requires to be classified as payables;
- payables connected with the payment of non-financial goods and services;
- accrued liabilities other than those to be capitalised on the relevant financial liabilities, including those arising from contracts with customers in accordance with IFRS 15;
- miscellaneous tax credit items other than those recognised under item "60. Tax liabilities" related, for example, to the activity of a tax withholding agent.

Employee severance indemnity (TFR)*Measurement criteria*

The provision for employee severance indemnity is valued in the financial statements using actuarial calculation techniques.

The valuation is entrusted to independent external actuaries, using the projected unit credit method. The amount thus determined represents the present value, calculated in a demographic-financial sense, of the benefits due to the employee (severance pay) for the seniority already accrued, obtained by re-proportioning the total present value of the obligation to the period of work already performed at the valuation date, taking into account the probability of resignations and requests for advances.

To determine the discount rate, reference is made to an index representative of the yield of a basket of securities of primary companies that issue securities in the same currency as that used for the payment of benefits to employees (so-called high quality corporate bonds). In line with the prevailing orientation, an "AA" class index was chosen.

Recognition criteria of income components

The provision for employee severance indemnity, resulting from the actuarial valuation, as required by IAS 19, is recorded as an offsetting entry to the valuation reserves for the actuarial gain (loss) component, and as an offsetting entry to the income statement under allocations, for other components such as interest accrued due to the passage of time (discounting).

Valuation reserves

This item includes valuation reserves of financial assets measured at fair value through other comprehensive income (FVOCI), cash flow hedge derivatives, valuation reserves established in application of special laws in past years, and actuarial valuation reserves for employee benefits in application of IAS 19. Also included are the effects resulting from the application of fair value as a deemed cost of tangible assets made on the first-time adoption of IAS/IFRS.

Recognition of costs and revenues

Revenues may be recognised:

- at a specific time, when the entity performs the obligation to do by transferring the promised good or service to the customer, or
- over time, as the entity performs the obligation to do by transferring the promised good or service to the customer.

The asset is transferred when, or during the period in which, the customer acquires control of it. In particular:

- accrued interest is recognised pro rata temporis on the basis of the contractual interest rate or the effective interest rate if amortised cost is applied. Interest income (or interest expense) also includes positive (or negative) differentials or margins accrued up to the reporting date on financial derivative contracts:
 - a) hedging of interest-bearing assets and liabilities;
 - b) classified in the Balance Sheet in the trading book, but operationally linked to financial assets and/or liabilities measured at fair value (fair value option);
 - c) operationally connected with assets and liabilities classified in the trading book and which provide for the settlement of differentials or margins at multiple maturities.

It should also be noted that in the financial statements, the item interest income (or interest expense) also includes the amortisation, accrued during the year, of fair-value differences recognised with reference to business combination transactions, due to the higher or lower profitability recognised for assets classified under receivables and liabilities classified under payables and securities issued. However, in the event of the extinguishment of such loans (acquired through a business combination), any higher value recognised on initial recognition is released in full in the year in which the loan is extinguished with an impact on the Income Statement (item *Net value adjustments/reversals for credit risk related to financial assets measured at amortised cost*);

- any default interests, in accordance with the terms of the relevant agreement, are recognised in the Income Statement only when actually received;
- dividends are recognised in the Income Statement when the right to receive payment arises, it is probable that the economic benefits arising from them will flow to the Bank and the amount can be reliably measured;
- commissions for revenues from services are recognised, based on the existence of contractual agreements, in the period in which the services are provided. Commissions considered in amortised cost for the purpose of determining the effective rate are recognised under interest;

- revenues or costs arising from the intermediation of financial trading instruments, determined by the difference between the transaction price and the fair value of the instrument, are recognised in the income statement when the transaction is recognised if the fair value can be determined by reference to recent parameters or transactions observable on the same market on which the instrument is traded (level 1 and level 2 of the fair value hierarchy). If these values are not readily ascertainable, or if they have reduced liquidity (level 3), the financial instrument is recorded at an amount equal to the transaction price, less the trade margin; the difference with respect to the fair value flows to the Income Statement over the life of the transaction through a progressive reduction, in the valuation model, of the correction factor associated with the reduced liquidity of the instrument;
- gains and losses arising from the trading of financial instruments are recognised in the Income Statement when the sale is completed, based on the difference between the consideration paid or received and the carrying amount of the instruments;
- revenues from the sale of non-financial assets are recognised when the sale is completed, i.e. when the obligation to do so is fulfilled vis-à-vis the customer.

Costs are recognised in the Income Statement on an accrual basis; costs related to obtaining and fulfilling contracts with customers are recognised in the Income Statement in the periods in which the relevant revenues are recognised. If the association between costs and revenues can be made in a generic and indirect manner, costs are recorded over several periods using rational procedures and on a systematic basis. Costs that cannot be associated with income are recognised immediately in the income statement.

It should also be noted that the costs related to the Contributions to the Resolution Fund (SRM) and the Deposit Guarantee Scheme (DGS) are recognised in the income statement under item "180 b) Other administrative expenses" taking into account the IFRIC 21 interpretation and the Bank of Italy's communication of 19 January 2016. In particular, the contribution (DGS) is accounted for upon the occurrence of the "binding fact" resulting from the provisions of the new FITD Statutes, according to which the Fund constitutes financial resources until the target level is reached, through ordinary contributions of member banks on 30 September of each year.

Share-based payments or phantom shares

These are payments to employees, as consideration for work performed, settled by means of equity instruments, which consist, for example, of the allocation of:

- rights to subscribe to paid-in capital increases (stock options);
- rights to receive shares or phantom shares (so-called "phantom shares") upon reaching certain targets.

For accounting purposes, in accordance with IFRS 2, payments based on "phantom shares" adopted by Banco Desio are configured as "cash settled" plans, to be recognised on the basis of the fair value of the services received.

In view of the difficulties in directly estimating the fair value of the services received in return for the grant of shares, it is possible to measure the value of the services received indirectly by reference to the fair value of the equity instruments at the date of their grant.

Personnel incentive plans based on treasury shares are therefore recognised in the income statement (item "190. a) Personnel expenses") against a corresponding increase in shareholders' equity (item "100. c) other provisions for risks and charges"), based on the fair value of the financial instruments granted at the grant date and according to the accrual criterion of the service provided.

In particular, when the shares granted are not immediately "usable" by the employee, but will be when the employee has completed a specific period of service, the company recognises the cost, as consideration for the service rendered, over the vesting period.

For the subsidiaries, too, the incentive plans based on the Parent Company's "phantom shares", and not on treasury shares, are configured as "cash settled" plans. Pursuant to IFRS 2, in the respective company financial statements and with a view to the consolidated financial statements, the accrued cost is therefore recognised under personnel expenses as a balancing entry to increase item "100. c) other provisions for risks and charges for the cash component" and to increase item "150. Reserves" for the equity component) settled through the Parent Company's "phantom shares".

Repurchase agreements, securities lending and contangos

Repurchase agreements or contangos, whereby the Group sells securities to third parties with the obligation to repurchase them at the maturity date of the transactions at a predetermined price, are recorded under liabilities to banks or to customers depending on the counterparty. Similarly, repurchase agreements or contangos, whereby the Group purchases securities from third parties with the obligation to resell them at the maturity date of the transactions at a predetermined price, are accounted for as loans with banks or customers (accounting category of "Financial assets measured at amortised cost"), depending on the counterparty. The difference between the spot and forward prices of the aforementioned transactions is accounted for as interest (payable or receivable, as the case may be) and recorded on an accrual basis over the life of the transaction. Securities lending transactions in which the collateral is cash that is fully available to the lender are recognised in the financial statements in the same way as the aforementioned repurchase agreements.

In the case of securities lending transactions with collateral in the form of other securities, or without collateral, the lender and borrower continue to recognise in the assets side of the balance sheet, respectively, the security lent and the security given as collateral. The remuneration for such operations is recognised by the lender under item "40. Fee and commission income" and by the borrower under item "50. Fee and commission expense".

Securitisation

Exposures to securitisations (in the form of junior securities or deferred purchase prices) are allocated to Financial assets measured at fair value through profit or loss. However, if the relationship between the originator company and the securitisation special purpose vehicle (i.e. the segregated assets managed by the latter) falls within the definition of control² defined by IFRS 10, the latter is included in the Banco Desio Group's scope of consolidation.

Financial assets measured at amortised cost include, according to their relevant composition, loans to customers in securitisation transactions subsequent to 1 January 2004, for which the requirements of IFRS 9 for derecognition are not met, or for transactions in which loans are assigned to a securitisation special purpose company and in which, even in the presence of the formal transfer of legal title to the loans, control over the cash flows deriving from the loans and the substance of the risks and rewards is maintained.

The consideration received for the sale of these receivables, net of the securities issued by the special purpose vehicle and repurchased by the originator, is allocated to Financial liabilities measured at amortised cost.

Leases

IFRS 16 defines a lease as that contract, or part of a contract, under which the lessor grants the lessee the right to use an identified asset (ROU - "Right of Use") for a certain period of time in exchange for a certain fee. The key elements in defining whether a contract, or any part of it, meets the definition of a lease are that the asset is identified, that the lessee has the right to control the use of the asset, and that the lessee receives substantially all of the economic benefits.

² According to this definition, an investor controls an investment entity when it has power over the relevant assets of that entity, is exposed to variable returns from its relationship with that entity, and has the ability to affect those returns by exercising power over it.

Recognition in the lessee's financial statements

If the Group acts in the capacity of lessee, the IFRS 16 accounting model provides for the recognition of a liability in the balance sheet based on the present value of future lease payments to be made over the contractual term, with the right to use the leased asset recognised as an asset.

In detail, the date of initial recognition of the asset and liability in the company's balance sheet corresponds to the effective date of the contract, i.e. the date on which the asset is made available to the lessee.

On that date, the lessee recognises:

- under "Tangible Assets", the asset for the right of use, determined by the sum of the following values:
 - present value of future payments (value of recognised liability);
 - initial direct costs (such as, for example, agent costs);
 - lease fees paid in advance (maxi-fee);
 - estimate of any costs for removal and restoration, recognised in accordance with IAS 37;
 - net of any lease incentives received by the lessor;
- under "Financial liabilities measured at amortised cost", the financial liability, equal to the present value of the lease payments due. The discount rate used is equal to the incremental borrowing rate on the contract date.

In identifying a lease contract, the Banco Desio Group avails itself of the option granted by IFRS 16 to disregard "short-term" contracts, i.e. those with a maturity of less than 12 months, and "low value" contracts, i.e. those with a value of the assets as new of less than Euro 5,000. This option may be exercised on a contract-by-contract basis, in which case the costs of the fees are recognised directly in the income statement when they accrue.

With reference to the term of the lease, in addition to the non-cancellable period in which the Group cannot avoid paying the lease instalments, options to extend the lease term are considered if it is reasonably certain that they will be exercised by the Group, taking into account all facts and circumstances. In particular, with reference to contracts that provide for the tenant's option to renew the lease at the end of the first term, the Group considers the initial term of the lease (e.g. 12-year term for 6-year + 6-year leases) and, once this term has expired, the next first renewal period (e.g. the next 6 years), where there is no reasonable evidence that this could lead to a further renewal period or, vice versa, to the end of the contract. Furthermore, the lease is assumed to be renewed in the next period if in the 18 months prior to the expiry of the first or subsequent renewal period, the lessee has not given notice of termination to the lessor.

After registration:

- the right of use must be measured at cost according to IAS 16 and subject to amortisation and possible impairment over the term of the contract or the useful life of the asset;
- the liability is measured at amortised cost, i.e. it is increased as interest expense accrues and gradually reduced as royalty payments are made.

In the event of a change in the lease payments due, the liability must be restated, with a balancing entry against the right-of-use asset. The modification may result in the registration of a separate lease (if the subject matter of the existing contract increases) or in the modification of the existing contract (so-called "lease modification"). In the presence of a lease modification, it is necessary to recognise the change in the lease liability at the effective date of the modification, as a balancing entry to the right-of-use asset, with the exception of gains and losses arising from the cancellation (partial or total) of the lease, which flow to the income statement.

Recognition in the lessor's financial statements

If the Group acts as lessor, the IFRS 16 accounting model requires a distinction to be made between assets granted under finance leases and assets granted under operating leases, depending on the different accounting treatment applicable to the two cases.

In detail, a lease is classified as a financial lease if it transfers substantially all risks and rewards to the lessee. A financial lease is, in effect, a financing contract whereby the leasing company acquires, in lieu of the lessee, an asset by assigning the right of use to the lessee.

Recognition in the lessor's financial statements takes place using the financial method, by recording a receivable in the amount of the principal portion of the lease payments to be received (increased by non-recovered "up-front" external transaction costs and reduced by "up-front" transaction revenues that contribute to the remuneration of the receivable), as if it were a financing transaction.

Subsequently, the loan is measured at amortised cost, which is equal to the initial recognition value less principal repayments, less or increased by the amortisation - calculated using the effective interest rate method - of the difference between the amount disbursed and the amount repayable on maturity, typically attributable to costs/income directly allocated to the individual loan. Loans are subject to the rules of impairment. For more details on the accounting rules for loans measured at amortised cost, please refer to point "3. Financial assets measured at amortised cost" of this part A.2.

In the case of operating leases, the lessor's financial statements continue to show the leased assets and the lease payments are recognised as revenues in the income statement. At Group level, this is the case for real estate owned and leased; in this case, these properties continue to be recognised as "Tangible assets held for investment purposes", according to the relevant valuation criterion (cost). In the income statement, the income from the lease of these assets flows into the item "other operating income".

Off-balance sheet credit exposures - guarantees given and commitments

Off-balance sheet credit exposures consist of guarantees given and commitments to disburse funds on predefined terms and conditions that involve the assumption of a credit risk and fall within the scope of the impairment provisions of IFRS 9.

The initial recognition value of guarantees given is equal to the fair value, which normally corresponds to the amount received when the guarantee was issued.

Subsequently, guarantees given are valued at the higher of the amount recognised at initial recognition, net of any amortised portion, and the amount estimated to be required to fulfil the obligation.

For the purpose of calculating the expected loss, use was made of the same methods of allocation to the three stages of credit risk provided for by IFRS 9 and already described in part "3 - Financial assets measured at amortised cost" and "2 - Financial assets measured at fair value through other comprehensive income" as well as in part "16 - Other information, Methods for determining impairment of financial assets".

As shown in part "10 - Provisions for risks and charges", the provisions related to the impairment of guarantees given and commitments to disburse funds are entered under balance sheet item "100. Provisions for risks and charges: a) commitments and guarantees given", in accordance with the provisions of Bank of Italy Circular No. 262; the balancing entry is income statement item "200. Net allocations to provisions for risks and charges: a) commitments and guarantees given".

Methods for determining impairment of financial instruments IFRS 9

At each balance sheet or interim reporting date, loans and debt securities classified as "Financial assets measured at amortised cost" and "Financial assets measured at fair value through other comprehensive income" - as well as off-balance sheet exposures represented by commitments to disburse funds and guarantees given - must be subject to an impairment process, aimed at estimating expected credit losses (ECL).

General aspects of the impairment model

According to the Expected Credit Losses calculation model, losses must be recognised not only by reference to objective evidence of impairment losses already manifested at the valuation date, but also on the basis of the expectation of future impairment losses that have not yet occurred.

In particular, the ECL model provides that the aforementioned instruments must be classified into three distinct "stages", according to their absolute or relative credit quality with respect to the initial disbursement, to which correspond different criteria for measuring expected losses. In detail:

- Stage 1: comprises the performing financial assets, whether originated or acquired, for which no significant deterioration in credit risk ("SICR - Significant Increase in Credit Risk") has been observed since initial recognition;
- Stage 2: includes performing financial assets that at the valuation date have experienced a significant deterioration in credit risk (SICR) since initial recognition, although not impaired;
- Stage 3: includes all exposures for which there are one or more events capable of negatively impacting cash flows (evidence of impairment), i.e. exposures that are considered impaired.

For Stage 1 exposures, the expected loss is recognised, at initial recognition and at each subsequent reporting date, over a time horizon of up to one year; for Stage 2 and 3 exposures, expected losses are recognised over a time horizon that considers the entire remaining life of the instrument (lifetime).

An exception to the above is represented by financial assets considered impaired since their acquisition or origination (so-called "POCI - Purchased or Originated Credit Impaired"), for which reference should be made to the section on "Purchased or originated impaired financial assets".

The perimeter of the exposures classified in Stage 3 corresponds to that of impaired exposures, identified on the basis of the definitions established by supervisory regulations (Bank of Italy Circular No. 272 "Accounts Matrix") and recalled by Bank of Italy Circular No. 262 "Banks' financial statements: formats and rules for preparation", as they are considered consistent with IAS/IFRS accounting regulations, in terms of objective evidence of impairment. In detail, the aforementioned circulars identify the following categories of impaired assets:

- Bad loans: represent on and off-balance sheet exposures to borrowers that are unable to meet their payment obligations – even if their insolvency has not been established by a court of law – or in equivalent conditions, regardless of any loss forecasts formulated by the Bank;
- Unlikely to pay: represent on-balance-sheet and off-balance-sheet exposures for which the conditions for the debtor's classification as bad loans do not exist and for which it is considered unlikely that, without recourse to actions such as the enforcement of collateral, the debtor will meet its credit obligations in full (in principal and/or interest). This assessment is conducted independently of the presence of any overdue and unpaid amounts (or instalments). Classification among unlikely to pay is not necessarily linked to the explicit presence of anomalies, such as non-repayment, but is linked to the existence of elements indicative of a situation in which the debtor is at risk of default (e.g. a crisis in the industrial sector in which the debtor operates);
- Past-due and/or overdrawn impaired exposures: on-balance sheet exposures, other than those classified as bad loans or unlikely to pay, which, at the reporting date, have been past due and/or overdrawn for more than 90 days, according to the materiality thresholds set out in the aforementioned regulations. For the Group, past-due and/or overdrawn impaired exposures are determined by reference to the position of the individual debtor.

In addition, Bank of Italy regulations, in line with EBA standards, introduced the definition of "Forborne Exposures". In particular, these are exposures benefiting from forbearance measures, which consist of concessions, in terms of modification and/or refinancing of a pre-existing loan, to a borrower solely because of, or to prevent, its

financial distress that could adversely affect its ability to fulfil its original contractual commitments, and which would not have been granted to another debtor with a similar risk profile not in financial distress. Such forbearances must be identified at the individual facility level and may relate to exposures of debtors classified in both performing and non-performing (impaired) status.

For exposures with forbearance measures, which are classified as unlikely to pay, the return to performing exposures, and in particular to "Stage 2" exposures, can only take place after one year has elapsed from the time of granting (the so-called "probation period") and all other conditions set out in paragraph 157 of the EBA ITS are met.

In any event, renegotiated exposures should not be considered forborne when the borrower is not in a situation of financial difficulty: these are renegotiations granted for commercial reasons.

Impairment losses on performing financial instruments

For performing financial assets, i.e. those assets not considered impaired as defined above, it is necessary to assess, at each reporting date, the presence of a Significant Increase in Credit Risk (SICR), by comparing the credit risk associated with the financial instrument at the time of valuation with that at the time of disbursement or acquisition. This comparison is made using both quantitative and qualitative criteria. More specifically, in order to ascertain the existence of a significant deterioration in credit quality and the consequent passage of the financial instrument from Stage 1 to Stage 2, the Banco Desio Group has identified the following criteria ("Stage Assignment"):

- relative quantitative criteria, based on statistical observations or on changes in PD above a certain threshold considered to be a backstop indicator, deemed to be an expression of a significant increase in credit risk over time;
- absolute qualitative criteria, represented by the identification of trigger events or the exceedance of absolute thresholds within the credit monitoring process;
- backstop indicators, i.e. credit "delinquency" factors, the manifestation of which suggests that a significant increase in credit risk has occurred, unless there is evidence to the contrary.

For further details on the model used to determine expected losses on non-impaired exposures, with particular reference to the stage assignment criteria, the method of calculating risk parameters, the macroeconomic forecast scenarios and the relative probabilities of occurrence, please refer to the paragraph "Methods for measuring expected losses" contained in the "Information on risks and related hedging policies" section of these Notes, corresponding to the section dedicated to credit risk.

Impairment losses on impaired financial instruments

As illustrated above, for impaired financial assets, to which a probability of default of 100% is associated, the amount of value adjustments for expected losses relating to each loan is equal to the difference between its carrying amount (interim situation) at the time of valuation (amortised cost), and the present value of expected future cash flows, calculated by applying the original effective interest rate or a reasonable approximation thereof where the original rate is not directly available. Cash flows are estimated on the basis of the expected recovery over the entire life of the asset (lifetime), taking into account the estimated realisable value of any guarantees.

In order to estimate the expected cash flows and related timing, the loans under review are subject to an analytical valuation process. For certain homogeneous categories of non-performing loans, the valuation processes provide for loss forecasts to be based on "lump-sum" calculation methodologies, to be analytically traced back to each individual position. The perimeter of exposures subject to a lump-sum valuation process is represented:

- by bad loans and unlikely to pay with exposure less than or equal to an established materiality threshold of Euro 25 thousand;
- by the total of impaired past-due exposures regardless of the exposure materiality threshold. In particular, these are loans with continuous overdrafts or late payments, automatically identified by the Group's IT procedures, according to the aforementioned rules of the Supervisory Authority.

On the other hand, the analytical valuation provides for different minimum loss criteria depending on the counterparty's risk status at the time of quantification (Bad loans, Unlikely to pay, Past-Due), the type of exposure (Secured, Unsecured), and the presence of guarantees other than mortgages (sureties, pledges, trusts). In detail, for securitised exposures, the valuation is based on the valuation of the underlying assets (collateral) and the application of appropriate haircuts according to the type of real estate collateral, while for unsecured exposures, the loss forecast is defined as a complement to the recovery curves based on the observation of internal time series, taking into account any mitigating elements deriving from the presence of other guarantees. In addition, the so-called time value, i.e., the time estimated for recovery of the loan differentiated according to vintage, and the probability of transition to bad loan status (Danger Rate) for exposures classified as Unlikely to pay, are taken into account for loss forecasting purposes.

Consistently with the objectives for the transfer of impaired credit exposures, established from time to time by the Board of Directors, the quantification of the expected losses of the aforementioned exposures includes forward-looking elements, through the introduction of specific sale scenarios, where the Group's NPL strategy envisages that the recovery of the aforementioned exposures may take place through a sale on the market, with a view to pursuing a derisking strategy aimed at reducing the NPL ratio, i.e., the percentage of impaired exposures with respect to the total exposures.

Consequently, the estimate of the expected losses of these positions reflects not only the expected recovery through ordinary operations (work out) but also the presence, appropriately calibrated, of the sales scenario and therefore of the related cash flows.

For further details on the model used to determine expected losses on impaired exposures, with particular reference to the stage assignment criteria, the method of calculating risk parameters, the macroeconomic forecast scenarios and the relative probabilities of occurrence, please refer to the paragraph "Methods for measuring expected losses" contained in the "Information on risks and related hedging policies" section of these Notes, corresponding to the section dedicated to credit risk.

Considerations of climate-environmental risk

As indicated in the previous disclosure on "Sustainability Risk", during 2024, the Bank conducted the analysis of the transmission channels of climate-environmental risks on financial risks and the assessment analysis focused on the evaluation (of opportunities) of risks arising from climate-environmental factors (physical and transition), functional to the quantification of the relative impact on corporate assets. Credit risk turned out to be the conventional prudential supervisory risk most materially affected by climate-environmental factors (physical and transition), which were considered in quantifying the relative impact on the company's assets, for which reference should be made to the note "Inclusion of climate-environmental risk (physical and transition)" in the paragraph Methods for measuring expected losses" contained in the part "Information on risks and related hedging policies" of these Notes, under the section on credit risk.

Purchased or originated impaired financial assets

If, upon initial recognition, a credit exposure classified in the items "Financial assets measured at fair value through profit or loss" or "Financial assets at amortised cost" is impaired, it qualifies as a "Purchase or Originated Impaired Credit Impaired Financial Asset" (POCI).

An asset is considered impaired on initial recognition if the credit risk is very high and, in the case of purchase, the price has been paid at a significant discount to the outstanding contractual debt. These assets are initially

recognised at Stage 3, with the possibility of reclassification to Stage 2. Thus, an expected loss will be recognised on them using an impairment model based on lifetime ECL.

With reference to the criteria for initial recognition, measurement and derecognition, reference is made to as illustrated under the asset headings into which they can be classified, except as specified below, with reference to the method of determining amortised cost and impairment.

In detail, the amortised cost and consequently the interest income is calculated using a credit-adjusted effective interest rate. With respect to the determination of the effective interest rate, the aforementioned credit adjustment consists of taking into account expected credit losses over the entire remaining life of the asset when estimating future cash flows.

In addition, the assets under consideration also provide for a special treatment with regard to the impairment process, as they are always subject to the determination of an expected loss over the life of the financial instrument; therefore, after initial recognition, gains or losses arising from any change in the expected loss over the life of the loan with respect to the initial loss must be recognised in the income statement. It is therefore not possible for the calculation of expected losses for such assets to be made using a time horizon of one year.

Tax credits related to the "Heal Italy" and "Relaunch" Decree Laws acquired as a result of transfers by direct beneficiaries or previous purchasers (e.g. ecobonus)

Decree Laws No. 18/2020 (so-called "Heal Italy") and No. 34/2020 (so-called "Relaunch") have introduced into the Italian legal system tax incentive measures connected with both investment expenditure (e.g. eco and sismabonus) and current expenditure (e.g. rents of premises for non-residential use). These tax incentives are applied to households or businesses, they are commensurate with a percentage of the expenditure incurred (which in some cases even reaches 110%) and are disbursed in the form of tax credits or tax deductions (with an option to convert them into tax credits). The main features of these tax credits are (i) the possibility of using them for offsetting, (ii) transferability to third-party purchasers and (iii) non-refundability by the tax authorities.

The accounting of tax credits acquired from a third party (transferee of the tax credit) is not subject to a specific international accounting standard. IAS 8 requires that, in cases where there is an event not explicitly covered by an IAS/IFRS accounting standard, management should establish an accounting policy that ensures relevant and reliable disclosure of such transactions.

To this end, the Bank, taking into consideration the indications expressed by the Supervisory Authorities, has adopted an accounting policy that makes reference to the accounting rules set forth by IFRS 9, applying by analogy its provisions that are compatible with the characteristics of the transaction and considering that the tax credits in question are, in substance, similar to a financial asset. The Bank acquires the credits according to its tax capacity, with the aim of holding them and using them for future offsets; therefore, these credits are attributable to a Hold to Collect business model and recognised at amortised cost, with the remuneration reflected in the net interest income during the recovery period. The valuation of these credits must be performed considering the utilisation flows through the estimated future offsets. However, the accounting framework provided by IFRS 9 for calculating expected losses is not applicable to this specific case, i.e., ECL is not calculated on these tax credits, as there is no counterparty credit risk, considering that the realisation of the credit occurs through offsetting with payables and not through collection.

Given that purchased tax credits do not represent tax assets, government grants, intangible assets or financial assets under international accounting standards, the most appropriate classification for the purposes of presentation in the financial statements is the residual classification under Other Assets in the balance sheet.

Business combination transactions: purchase price allocation

Introduction

The general process required by IFRS 3 *Business Combinations* for accounting for business combinations, i.e. transactions or other events in which a company acquires control of one or more businesses and provides for

the consolidation of the assets, liabilities and contingent liabilities acquired at their respective fair values, including any identifiable intangible assets not already recognised in the financial statements of the acquired company, is described below.

According to IFRS 3³, first of all, the specific analysis required for the identification of the characteristics of a "business activity (or Business)", with respect to the perimeter acquired, must be conducted in order to then proceed to the identification of a business combination to be accounted for on the basis of the so-called Acquisition Method.

The entity then proceeds to the qualitative analysis of the characteristics of what was acquired to verify the simultaneous presence of i. Factors of production, ii. Processes, iii. Production as defined by IFRS 3 itself, in particular with respect to the concept of Substantive Process.

Subsequently, on the basis of the Acquisition Method, it is necessary, with reference to the date of acquisition of control, to allocate the price of the combination (Purchase Price Allocation - PPA) by recognising the assets acquired and liabilities (including contingent liabilities) assumed at their relative fair values and, if applicable, minority interests at their relative fair values, as well as identifying the intangible assets implicit previously not recognised in the accounts of the acquired company. Any difference arising between the price paid for the acquisition (also measured at fair value and taking into account any "contingent consideration") and the fair value (net of tax effects) of the assets and liabilities acquired, if positive, determines goodwill to be recognised in the balance sheet; if negative, it determines an impact that must be recognised in the income statement as a positive component (so-called "badwill" or negative goodwill).

IFRS 3 allows the final allocation of the cost of the combination to be made within twelve months of the acquisition date.

Fair value of assets and liabilities acquired

In accounting for a business combination, the entity determines the fair value of the assets, liabilities and contingent liabilities, which is recognised separately only if, at the acquisition date, that value meets the following criteria:

- in the case of an asset other than an intangible asset, it is probable that any future economic benefits will flow to the acquirer;
- in the case of a liability other than a contingent liability, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- in the case of an intangible asset (IAS 38) or a contingent liability (IAS 37), its fair value can be measured reliably.

Financial assets and liabilities must be measured at fair value at the date of the business combination, even if they are measured according to other criteria in the financial statements of the acquired company. In the case of financial instruments not listed on active markets, the methods for determining fair value described in Part A.4 below apply, adopting the most appropriate internal valuation model for the individual instrument in question.

Identification of intangible assets

Based on the characteristics of the acquired company, it is necessary to investigate whether assets not already recognised as assets should be accounted for separately, such as intangible assets related to customer relationships (customer-related intangible or client relationship) and marketing (brand name).

³ The amendments made to IFRS 3 by Endorsement Regulation 2020/551 have i. amended paragraph 3 and ii. introduced paragraphs B7 - B12D substantially revising the definition of "business" for the purpose of identifying transactions qualifying as "business combinations".

Customer-related intangible assets: fall into the category of intangible assets because, although not always arising from contractual rights like marketing-related intangible assets, they can be separated and can be reliably valued.

This category includes:

- customer lists: consist of all the information held on customers (data base containing names, contact details, order history, demographic information, etc.) which, because they can be rented and exchanged, have a value recognised by the market; they cannot be considered intangible assets if they are considered so confidential that their sale, rental or other exchange is prohibited in the combination agreement;
- contracts with customers and customer relationships established as a result thereof: contracts with customers satisfy the contractual/legal requirement to constitute an intangible asset even if their sale or transfer separately from the acquired business is prohibited in the combination agreement; for this purpose, contacts established as a matter of practice with customers, irrespective of the existence of a formal contract, and all non-contractual relationships are also relevant, provided that they are separable and independently assessable;
- customer relationships of a non-contractual nature: this category includes all intangible assets that, because they are separable and transferable separately from the acquired company, can be valued individually and recognised as intangible.

Marketing-related intangible assets: trademarks, trade names, service marks, collective marks, quality marks insofar as they derive from contractual rights or are usually separable. These assets take into account that set of productive conditions economically related to trade name, relational capacity, distribution strength.

An intangible asset must initially be measured at cost. If it is acquired in a Business Combination, its cost is the fair value at the date of acquisition of control.

Fair value reflects market expectations about the likelihood that the future economic benefits inherent in the asset will flow to the controlling entity. An entity shall assess the probability of future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Accounting standards do not specifically prescribe the valuation method to be used to measure the fair value of these assets. However, among the possible methods that can be used, they favour those that refer to observable market prices. In the absence of this, accounting standards allow the use of valuation models, which must in any case incorporate generally used and market-recognised assumptions.

The determination of fair value in the case of customer-related intangible assets is based on the discounting of flows representing the income margins generated by the deposits over a period expressing the expected residual life of the relationships in place at the date of acquisition.

Generally, both market methods and methods based on flows from the management of the brand itself and on the basis of a market royalty are used for brand valuation.

Determination of goodwill ("badwill" or negative goodwill)

Goodwill represents the residual amount of the acquisition cost, as it is the excess of the cost of the Business Combination over the net fair value of the identifiable assets, liabilities and contingent liabilities (including intangibles and contingent liabilities that qualify for recognition).

It represents the consideration paid by the acquirer in anticipation of future economic benefits arising from assets that cannot be individually identified and separately recognised, effectively incorporating the value of expected synergies, the acquired company's image, know-how, professionalism, procedures and other indistinct factors.

Goodwill acquired in a business combination is not amortised. The entity verifies annually, i.e. at the end of the year in which the combination occurred and whenever there is an indication that the value of the asset may have deteriorated, that the amount recognised is not impaired (impairment test).

If the residual amount resulting from the allocation of the purchase value is negative, so-called badwill, it is recognised as a benefit in the income statement under item 230 "Other operating expenses/income".

Criteria for segment reporting

The Banco Desio Group's segment reporting, in compliance with the disclosure requirements of IFRS 8, is based on the elements that management uses in the internal reporting system through which it monitors performance and makes operational decisions on the resources to be allocated.

The organisational and management structure of the Group is divided into the following sectors: Banking and Parabanking.

For the purposes of preparing this information, the results of operations and assets attributed to the various business segments are determined in accordance with the accounting standards used in the preparation and presentation of the consolidated financial statements. Using the same reporting criteria allows easier reconciliation of sectoral data with consolidated data. It should also be noted that, in order to represent the results more effectively and to better understand the components that generated them, the balances for each reportable segment are shown gross of consolidation adjustments and intercompany eliminations; a specific column entitled "Consolidation adjustments" allows for reconciliation to the consolidated figure.

A.3 DISCLOSURE OF TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

A.3.1 Reclassified financial assets: change in business model, carrying amount and interest income

Type of financial instrument	Portfolio of provenance	Portfolio of destination	Date of reclassification	Reclassified carrying amount	Interest income recorded in the year (pre-tax)
Debt securities	HTCS	HTC	01.10.2018	3,843	n.a.

With reference to the reclassified financial assets still recognised as assets at the financial statements reference date, the column "Reclassified carrying amount" shows the amount transferred from the HTCS accounting portfolio to the HTC accounting portfolio (of original Euro 1,045,956 thousand), including the related cumulative OCI valuation reserve at 30 September 2018, negative for approximately Euro 287 thousand (of original Euro 51,459 thousand, gross of the related tax effect), which at the date of reclassification was removed from equity as a balancing entry to the fair value of the reclassified financial assets which, as a result, are recognised as if they had always been measured at amortised cost.

A.3.3 Reclassified financial assets: change in business model and effective interest rate

As already reported in previous years, following the Parent Company's change of business model at the end of the third quarter of 2018, the HTC portfolio is the portfolio with the most significant financial instrument position compared to the HTCS portfolio.

In 2020, the operating limits of the HTCS portfolio and the trading portfolio were updated in order to make their composition as close as possible to the management purposes of the business models in light of the developments in the financial market context in the meantime.

During 2023, the eligibility criteria for sales of financial assets managed with the HTC business model applied to the proprietary securities portfolio were reviewed. In this regard, an analysis was conducted to, among other things, review the approach adopted by the Parent Company against current best market practices.

Taking into account the update mentioned above, the management of debt securities classified in the HTC and HTCS portfolios continues in line with the choices made previously; therefore, no change in the business model occurred during the reference year that would have led to a reclassification of the portfolio.

INFORMATION ON FAIR VALUE

Qualitative information

In IFRS 13 "Fair Value Measurement", fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants (exit price). The definition of fair value in IFRS 13 makes it clear that the measurement techniques are market based and not entity specific.

The stated accounting standard requires disclosure of both information regarding measurement techniques and parameters used to value assets and liabilities measured at fair value on a recurring or non-recurring basis after initial recognition, and information regarding the effects on comprehensive income of valuing instruments measured using unobservable parameters to an effective extent.

When no price is observable for an identical asset or liability, fair value is measured by applying a measurement technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

According to IFRS 13 and for the purpose of determining the fair value of OTC derivatives, counterparty risk must be considered.

The fair value hierarchy has 3 levels. Highest priority is given to listed (unadjusted) prices in active markets for identical assets or liabilities (Level 1 data) and lowest priority to unobservable inputs (Level 2 and 3 data). The fair value hierarchy prioritises the inputs to measurement techniques and not the techniques used to measure fair value. A fair value measurement developed using a present value technique could therefore be classified in Level 2 or Level 3, depending on the significant inputs to the entire measurement and the level of the fair value hierarchy in which those inputs are classified.

Fair value determined with level 1 inputs

Fair value is *level 1* if determined on the basis of listed prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A listed price in an active market provides the most reliable evidence of fair value and, when available, should be used without adjustment.

An active market is one in which transactions in the asset or liability occur with sufficient frequency and volume to provide useful pricing information on an ongoing basis.

The key elements are as follows:

- Identification of the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability;
- whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.

The main market is the one with the largest volume and the highest level of assets or liabilities. In its absence, the most advantageous market is the one that maximises the amount that would be received for selling the asset or minimises the amount that would be paid for transferring the liabilities.

Fair value levels 2 and 3: measurement techniques and inputs used

The fair value of financial assets and liabilities is determined using measurement techniques related to the type of financial instrument measured.

For *Level 2* fair value, measurements supported by external info providers and internal applications using directly or indirectly observable inputs for the asset or liability are used, and include:

- listed prices for similar assets or liabilities in active markets;

- listed prices for identical or similar assets or liabilities in inactive markets;
- data other than observable listed prices for the asset or liability, for example:
 - o interest rates and yield curves observable at commonly intervals;
 - o implied volatilities;
 - o credit spreads;
- input corroborated by the market.

For Level 3 fair value, unobservable inputs are used for the asset or liability. The use of such inputs, including those from internal sources, is permissible where observable market information useful for estimation is not available and must reflect the assumptions market participants would make in determining the price.

For Level 3 fair value and with specific reference to OTC derivatives in foreign currencies, the input inherent in the credit spread for non-institutional customers is provided by the internal rating model, which classifies each counterparty into risk classes with homogeneous probability of default.

It is also worth noting the application of the Credit Value Adjustment (CVA) model for OTC derivatives with the aim of highlighting the impact of the counterparty's credit quality, an intrinsic factor in the pricing of bond instruments but not in derivatives. The method implemented consists of determining the fair value by discounting the positive Mark to Market (MTM) of the derivative with the credit spread weighted by the residual life of the instrument.

In relation, on the other hand, to OTC derivatives with negative Mark to Market (MTM), the model applied is the Debit Value Adjustment (DVA) with the aim of highlighting the impact of the quality of creditworthiness. The model involves applying the same CVA discount formula to the negative value (MTM) of the derivative with the inclusion of the bank's credit spread.

It should be noted that, in applying both models (CVA and DVA) and for the purpose of determining the impact of the counterparty's credit quality, i.e. the quality of its creditworthiness, the credit risk-reducing effect of collateralisation agreements (CSA) is taken into account.

The fair value of non-financial assets and liabilities (receivables and payables) is determined using the DCF (discounted cash flow) method of analysis; the module in use allows for the consistent integration of market elements, financial characteristics of the transaction and credit risk components into the fair value measurement.

With reference to "assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis" for which fair value is provided for note disclosure purposes only, the following should be noted:

- for loans, the fair value is calculated for positions performing beyond the short term using a measurement technique that provides for the discounting of expected cash flows considering, other than the free risk rate, the credit risk of the relationship (in terms of PD and LGD recorded in the internal rating models in use), while for non-performing and short-term performing positions, the carrying amount is considered a reasonable approximation of the fair value. In general, they are classified as Level 3, unless the significance of the observable inputs with respect to the entire valuation exceeds a pre-determined threshold (Level 2), or in the case of discontinued operations/transactions in progress at the reporting date (Level 1). Taking into account the current credit market context, with particular reference to non-performing loans, this fair value (Level 2 and 3), determined by taking into account multi-scenario assumptions involving the combination of internal management and the so-called "disposal scenario", might not represent the eventual exit price in view of a certain margin of uncertainty in any event inherent in the price formation components considered by a potential third-party purchaser;
- payables and certificates of deposit issued by Group banks are stated at their carrying amount, which is a reasonable approximation of fair value (Level 3);

- for bonds issued by Group banks, fair value is calculated using the discounted cash flow method, applying a credit spread (Level 2);
- tangible assets held for investment purposes: fair value is determined on the basis of an estimate made using a series of information sources relating to the real estate market and making the appropriate adjustments/increases in relation to parameters such as location, size, age, intended use of the premises and extraordinary maintenance, as well as by comparison with the estimate made by independent external experts (Level 3).

Valuation processes and sensitivities

The measurement techniques and inputs selected are used on a constant basis over time, unless circumstances arise that make it necessary to replace or modify them, such as: the development of new markets, the availability and/or unavailability of new information, or improvements in the measurement techniques themselves.

the process of evaluating financial instruments consists of the steps summarised below:

- for each asset class, market parameters and the manner in which these data are to be incorporated and utilised are identified;
- the market parameters used are checked both with regard to their integrity and in the way they are used;
- the methodologies used for valuations are compared with market practices in order to identify possible developments and define changes to valuations.

With reference to the financial instruments subject to fair value measurement on a recurring basis classified in Level 3, the sensitivity analysis is not provided due to their nature and, in any case, the irrelevance of the data except as indicated below.

Fair value hierarchy

With regard to financial assets and liabilities measured at fair value on a recurring basis, the classification based on the above hierarchy of levels reflects the significance of the inputs used in the valuations.

The loss of active market qualification for an asset or liability results in a change in the measurement technique and inputs used, causing the fair value to be ranked lower in the hierarchy.

The chosen measurement technique is used consistently over time, unless circumstances arise that make it necessary to replace it with another more significant one, such as the development of new markets, the availability of new information, or changes in market conditions. This implies that an asset or liability valued at different times may be classified at a different level of the hierarchy.

The application of the principles adopted for the determination of levels takes place monthly.

Other information

There is no further information beyond that given above.

Quantitative information

Fair value hierarchy

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

Financial assets/liabilities measured at fair value	30.06.2025			31.12.2024		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	53,613	5,625	153,493	50,883	1,203	146,816
a) Financial assets held for trading	10,297	593	2,403	7,143	691	1,379
b) Financial assets designated at fair value	-	-	-	-	-	-
c) Other financial assets mandatorily measured at fair value	43,316	5,032	151,090	43,740	512	145,437
2. Financial assets measured at fair value through other comprehensive income	1,121,565	10,345	3,197	986,853	10,000	3,208
3. Hedging derivatives	-	21,501	-	-	12,578	-
4. Tangible assets	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	1,175,178	37,471	156,690	1,037,736	23,781	150,024
1. Financial liabilities held for trading	-	586	2,304	-	689	1,265
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	16,597	-	-	19,287	-
Total	-	17,183	2,304	-	19,976	1,265

Key

L1 = Level 1

L2 = Level 2

L3 = Level 3

Investments measured on the basis of unobservable parameters (level 3) constitute a limited portion of all Assets measured at fair value (11.44% at 30 June 2025 compared to 12.38% the previous year). These investments consist almost entirely of investments in UCITS mandatorily measured at fair value.

At 30 June 2025, the impact of the application of the Credit Value Adjustment and the Debit Value Adjustment on the balance sheet values was not calculated as all derivative contracts in place are backed by collateralisation agreements with counterparties to mitigate credit risk (CSA agreements).

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Tangible assets	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	146,816	1,379	-	145,437	3,208	-	-	-
2. Increases	20,014	2,403	-	17,611	-	-	-	-
2.1. Purchases	13,488	8	-	13,480	-	-	-	-
2.2. Profits recognised in:	6,526	2,395	-	4,131	-	-	-	-
2.2.1. Income Statement	6,526	2,395	-	4,131	-	-	-	-
- of which gains	6,518	2,395	-	4,123	-	-	-	-
2.2.2. Equity	-	X	X	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	13,337	1,379	-	11,958	11	-	-	-
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Reimbursements	6,787	-	-	6,787	-	-	-	-
3.3. Losses recognised in:	6,547	1,379	-	5,168	-	-	-	-
3.3.1. Income Statement	6,547	1,379	-	5,168	-	-	-	-
- of which losses	6,533	1,365	-	5,168	-	-	-	-
3.3.2. Equity	-	X	X	-	-	-	-	-
3.4. Transferred to other levels	-	-	-	-	11	-	-	-
3.5. Other decreases	3	-	-	3	-	-	-	-
4. Closing balance	153,493	2,403	-	151,090	3,197	-	-	-

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

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	1,265	-	-
2. Increases	2,304	-	-
2.1 Issuances	-	-	-
2.2. Losses recognised in:	2,304	-	-
2.2.1. Income Statement	2,304	-	-
- of which losses	2,304	-	-
2.2.2. Equity	X	-	-
2.3. Transfers from other levels	-	-	-
2.4. Other increases	-	-	-
3. Decreases	1,265	-	-
3.1. Reimbursements	-	-	-
3.2. Repurchases	-	-	-
3.3. Profits recognised in:	1,265	-	-
3.3.1. Income Statement	1,265	-	-
- of which gains	1,265	-	-
3.3.2. Equity	X	-	-
3.4. Transfer to other levels	-	-	-
3.5. Other decreases	-	-	-
4. Closing balance	2,304	-	-

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 levels

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	30.06.2025				31.12.2024			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortised cost	15,742,187	2,749,049	216,087	11,124,930	15,468,174	2,736,046	168,551	12,567,970
2. Tangible assets held for investment purposes	3,896	-	-	5,337	3,356	-	-	5,337
3. Non-current assets and groups of assets held for sale	-	-	-	-	-	-	-	-
Total	15,746,083	2,749,049	216,087	11,130,267	15,471,530	2,736,046	168,551	12,573,307
1. Financial liabilities measured at amortised cost	16,357,927	-	2,955,572	13,403,766	16,664,203	-	2,572,034	14,079,379
2. Liabilities related to assets held for sale	-	-	-	-	-	-	-	-
Total	16,357,927	-	2,955,572	13,403,766	16,664,203	-	2,572,034	14,079,379

Key

CA = Carrying amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

INFORMATION ON THE "DAY ONE PROFIT/LOSS"

IFRS9 - Financial Instruments requires that the initial recognition value of a financial instrument is equal to its fair value, which is usually the transaction price (i.e. the amount disbursed for financial assets and the amount received for financial liabilities). This statement is verified for transactions in instruments listed in an active market. If the market for such a financial instrument is not active, the fair value of the instrument must be determined using measurement techniques. If there is a difference (so-called "day one profit/loss") between the transaction price and the amount determined at initial recognition through the use of measurement techniques, and this difference is not immediately recognised in the income statement, it is necessary to provide the disclosures required by paragraph 28 of IFRS 7 indicating the accounting policies adopted to recognise the differences thus determined in the Income Statement, subsequent to the initial recognition of the instrument.

In relation to the operations performed and on the basis of the internal measurement methods currently in use, the fair value of financial instruments at initial recognition generally coincides with the transaction price. However, if a difference has been recognised between the transaction price and the amount determined through the use of measurement techniques, this difference is recognised immediately in the Income Statement.

MAIN BALANCE SHEET AND INCOME STATEMENT AGGREGATES

ASSETS

Cash and cash equivalents - Item 10

1.1 Cash and cash equivalents: breakdown

	30.06.2025	31.12.2024
a) Cash	72,730	88,001
b) Current accounts and demand deposits with central banks	543,000	883,000
c) Current accounts and demand deposits with banks	50,598	48,657
Total	666,328	1,019,658

Asset item 10. "Cash and cash equivalents" mainly consists of the amount on demand for Euro 543 million (Euro 883 million at December 2024) relating to the excess liquidity with respect to the commitment to maintain the Compulsory Reserve at the reference date invested in Overnight deposits.

Financial assets measured at fair value through profit or loss - Item 20

2.1 Financial assets held for trading: breakdown by type

Items/Values	30.06.2025			31.12.2024		
	L1	L2	L3	L1	L2	L3
A. On-balance sheet assets						
1. Debt securities	4,888	-	-	2,531	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	4,888	-	-	2,531	-	-
2. Equity securities	5,284	-	-	4,472	-	-
3. UCITS units	124	-	-	126	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	10,296	-	-	7,129	-	-
B. Derivative instruments						
1. Financial derivatives	1	593	2,403	14	691	1,379
1.1 for trading	1	593	2,403	14	691	1,379
1.2 related to the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 for trading	-	-	-	-	-	-
2.2 related to the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	1	593	2,403	14	691	1,379
Total (A+B)	10,297	593	2,403	7,143	691	1,379

Key

L1= Level 1

L2= Level 2

L3= Level 3

Item 20 "Financial assets held for trading" comprises:

- a) on-balance sheet assets held for trading purposes;
- b) the positive value of derivative contracts put in place for trading purposes.

The changes in the item "A. On-balance-sheet assets" are connected to the ordinary turnover in the trading portfolio.

Specifically, the amount shown under item "B. Derivative Instruments" refers mainly to the fair value of derivative financial instruments that are discontinued, for which the hedging relationship was ceased, and to the fair value of swap and outright contracts that are subject to natural hedges.

The criteria adopted for the classification of financial instruments into the three levels of the "fair value hierarchy" are set out in Section "A.4 Information on fair value" of Part A "Accounting Policies" of the Notes to the Financial Statements above.

All financial instruments recorded under financial assets held for trading are valued at their fair value.

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

Items/Values	30.06.2025	31.12.2024
A. On-balance sheet assets		
1. Debt securities	4,888	2,531
a) Central banks	-	-
b) Public administrations	1,232	-
c) Banks	2,453	2,322
d) Other financial companies	1,203	209
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity securities	5,284	4,472
a) Banks	-	543
b) Other financial companies	611	215
of which: insurance companies	-	-
c) Non-financial companies	4,673	3,714
d) Other issuers	-	-
3. UCITS units	124	126
4. Loans	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total (A)	10,296	7,129
B. Derivative instruments		
a) Central counterparties	198	317
b) Other	2,799	1,767
Total (B)	2,997	2,084
Total (A+B)	13,293	9,213

The change in item "1. Debt Securities b) Public administrations" is attributable to the presence in the portfolio at 30 June 2025 of a debt security with a European Union Member State as issuer.

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

Items/Values	30.06.2025			31.12.2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities	-	4,566	563	-	31	563
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	4,566	563	-	31	563
2. Equity securities	-	466	-	-	481	-
3. UCITS units	43,316	-	150,527	43,740	-	144,874
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	43,316	5,032	151,090	43,740	512	145,437

Key

L1 = Level 1

L2 = Level 2

L3 = Level 3

The item "Financial assets mandatorily measured at fair value" mainly includes UCITS units not intended for trading purposes; these instruments by their nature do not pass the SPPI test (solely payments of principal and interests) required by IFRS 9 "Financial Instruments".

In particular, item "3. UCITS units" includes units of closed-end funds subscribed as a result of sales of non-performing loans to the funds themselves; the fair value of fund units (level 3) is determined by applying the bank's policies for this type of financial instrument.

It is also noted that item "3. UCITS units" includes at the reference date units for Euro 19,728 thousand relative to the following funds subscribed by Banco Desio:

- Planetarium Fund - Anthilia White,
- Planetarium Fund - Anthilia Yellow,
- Anthilia Gap.

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

	30.06.2025	31.12.2024
1. Equity securities	466	481
of which: banks	-	-
of which: other financial companies	466	481
of which: non-financial companies	-	-
2. Debt securities	5,129	594
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	5,129	594
of which: insurance companies	-	-
e) Non-financial companies	-	-
3. UCITS units	193,843	188,614
4. Loans	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	199,438	189,689

The value of item "1. Equity Securities" of Euro 466 thousand refers to the investment in Yolo Group.

The change in item "2. Debt securities" is attributable to the subscription of a "senior" note for Euro 4,500 thousand to finance a business initiative for the development of a data centre in Italy; other institutional investors subscribed to "mezzanine" and "junior" notes.

Financial assets measured at fair value through other comprehensive income - Item 30

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by type

Items/Values	30.06.2025			31.12.2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities	1,121,565	-	-	986,853	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	1,121,565	-	-	986,853	-	-
2. Equity securities	-	10,345	3,197	-	10,000	3,208
3. Loans	-	-	-	-	-	-
Total	1,121,565	10,345	3,197	986,853	10,000	3,208

Key

L1 = Level 1

L2 = Level 2

L3 = Level 3

Item "30. Financial assets measured at fair value through other comprehensive income" includes:

- the bond portfolio not held for trading purposes and not held with the exclusive intention of collecting contractual cash flows;
- shares in non-subsidiaries and non-associates for which there was adoption of the so-called "FVOCI option".

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Items/Values	30.06.2025	31.12.2024
1. Debt securities	1,121,565	986,853
a) Central banks	-	-
b) Public administrations	1,098,995	966,495
c) Banks	19,549	19,318
d) Other financial companies	1,982	-
of which: insurance companies	-	-
e) Non-financial companies	1,039	1,040
2. Equity securities	13,542	13,208
a) Banks	10,000	10,000
b) Other issuers:	3,542	3,208
- other financial companies	2,224	2,224
of which: insurance companies	-	-
- non-financial companies	1,318	984
- other	-	-
3. Loans	-	-
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	1,135,107	1,000,061

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and total value adjustments

		Gross amount					Total value adjustments				
		First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	Total partial write-offs
Debt securities		1,121,792	1,121,792	-	-	-	227	-	-	-	-
Loans		-	-	-	-	-	-	-	-	-	-
Total	30.06.2025	1,121,792	1,121,792	-	-	-	227	-	-	-	-
Total	31.12.2024	987,134	987,134	-	-	-	280	-	-	-	-

Financial assets measured at amortised cost - Item 40

4.1 Financial assets measured at amortised cost: composition by type of loans with banks

Type of transactions/Values	30.06.2025						31.12.2024					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
A. Loans with Central Banks	109,178	-	-	-	-	109,178	104,239	-	-	-	-	104,239
1. Fixed-term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserve	109,178	-	-	X	X	X	104,239	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans with banks	923,451	-	-	597,946	51,674	250,382	851,294	-	-	596,011	15,135	247,064
1. Loans	285,961	-	-	-	-	250,382	249,451	-	-	-	-	247,064
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Fixed-term deposits	11,968	-	-	X	X	X	12,048	-	-	X	X	X
1.3. Other loans:	273,993	-	-	X	X	X	237,403	-	-	X	X	X
- Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Loans for leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	273,993	-	-	X	X	X	237,403	-	-	X	X	X
2. Debt securities	637,490	-	-	597,946	51,674	-	601,843	-	-	596,011	15,135	-
2.1 Structured securities	9,436	-	-	3,931	5,557	-	3,775	-	-	3,839	-	-
2.2 Other debt securities	628,054	-	-	594,015	46,117	-	598,068	-	-	592,172	15,135	-
Total	1,032,629	-	-	597,946	51,674	359,560	955,533	-	-	596,011	15,135	351,303

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

The balance of the item "A. Loans with Central Banks" includes the amount of the Compulsory reserve with the Bank of Italy. The punctual balance, within the framework of compliance with the average maintenance level required by the regulations, may deviate, even with significant variations, in relation to the Bank's contingent treasury needs.

The Bank's commitment to maintain the compulsory reserve amounted to Euro 109.4 million at 30 June (Euro 105.2 million commitment at December 2024).

The balances of item "B. Loans with banks" are shown net of value adjustments resulting from the application of models to determine the expected loss on the "held-to-collect" debt securities portfolio in application of accounting standard "IFRS9 - Financial Instruments".

Loans with banks do not include any loans that can be classified as impaired assets.

On the other hand, this item of the financial statements does not show the amount on demand of Euro 543 million (Euro 883 million at the end of the previous period) relating to cash in excess of the obligatory reserve at the reporting date as it is invested in overnight deposits and therefore reported under item 10. "Cash and cash equivalents".

Item "2. Debt securities" includes securities held under the "held to collect" business model, i.e. held with the intention of collecting contractual cash flows.

The segmentation into stages is done in accordance with the following requirements of the accounting standard "IFRS 9 Financial Instruments" in force since 1 January 2018:

- a) stage 1 for exposures with performance in line with expectations;
- b) stage 2 for exposures with performance below expectations, i.e., that have experienced a significant increase in credit risk relative to when they originated (i.e. were purchased);
- c) stage 3 for non-performing exposures.

4.2 Financial assets measured at amortised cost: breakdown of loans to customers by type

Type of transactions/Values	30.06.2025						31.12.2024					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
1. Loans	12,053,333	192,654	7,820	-	-	10,727,927	11,841,832	189,062	5,635	-	-	12,111,307
1. Current accounts	961,986	19,336	271	X	X	X	897,877	15,242	455	X	X	X
2. Reverse repurchase agreements	148,394	-	-	X	X	X	-	-	-	X	X	X
3. Mortgages	7,555,902	144,625	7,001	X	X	X	7,697,096	148,812	4,584	X	X	X
4. Credit cards, personal loans and salary-backed loans	2,170,014	17,170	-	X	X	X	1,958,913	13,579	-	X	X	X
5. Loans for leases	154,957	4,255	-	X	X	X	151,508	4,374	-	X	X	X
6. Factoring	79,818	2,310	-	X	X	X	88,675	1,759	-	X	X	X
7. Other loans	982,262	4,958	548	X	X	X	1,047,763	5,296	596	X	X	X
2. Debt securities	2,373,489	82,262	-	2,151,103	164,413	37,443	2,476,112	-	-	2,140,035	153,416	105,360
1. Structured securities	14,470	-	-	-	14,589	-	4,494	-	-	-	4,525	-
2. Other debt securities	2,359,019	82,262	-	2,151,103	149,824	37,443	2,471,618	-	-	2,140,035	148,891	105,360
Total	14,426,822	274,916	7,820	2,151,103	164,413	10,765,370	14,317,944	189,062	5,635	2,140,035	153,416	12,216,667

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

Gross loans totalled Euro 12,358,148 thousand (Euro 12,350,338 thousand at the end of the previous year), of which Euro 12,173,915 thousand (Euro 11,967,766 thousand at the end of the previous year) related to performing loans and Euro 364,233 thousand (Euro 382,572 thousand at the end of the previous year) to non-performing loans.

The overall value adjustments relating to the same loans amount to Euro 284,341 thousand (Euro 313,809 thousand at the end of the previous year), of which 167,150 thousand (Euro 191,462 thousand at the end of the previous year) relating to non-performing loans and Euro 117,191 thousand (Euro 122,347 thousand at the end of the previous year) to performing loans.

The table also includes the amounts of transferred receivables that were not written off and constituted eligible assets for the Guaranteed Bank Bonds (G-Bonds) issue programme; at 30 June 2025, these receivables amounted to Euro 2,422,609 thousand (Euro 2,298,229 thousand at 31 December 2024).

It is also noted that the sub-item "Mortgages" includes the amount of mortgages collateralised with the European Central Bank (through the A.Ba.Co. procedure) for Euro 1,764,991 thousand (Euro 1,939,843 thousand at the end of the previous year).

The item "Credit cards, personal loans and salary-backed loans" includes the receivables for personal loans and salary-backed loans of the subsidiary Fides for Euro 1,464,995 thousand, including the receivables transferred and not derecognised to the vehicle company Coppedè SPV Srl and Fauno SPV Srl, together with the receivables for personal loans and salary-backed loans of the subsidiary Dinamica for Euro 71,034 thousand, which include the receivables transferred and not derecognised to the vehicle company Rainbow SPV. This item also includes receivables that the Parent Company acquired from the subsidiary Dinamica Retail as part of a specific transfer agreement signed between the parties.

On the other hand, the sub-item "Other loans" includes financing transactions other than those indicated in the other sub-items (e.g. bullet loans, advances on invoices and bills subject to collection, import/export advances and other miscellaneous items).

This item also includes interest counted at 30 June and due on 1 March of the year subsequent to the year in which it accrued following the application of the rules for the computation of interest in banking transactions defined in Decree No. 343/2016 of the MEF, implementing Article 120 paragraph 2 of the Consolidated Law on Banking (T.U.B.).

The item "of which purchased or originated impaired" includes those financing lines originated as part of "forbearances" made on non-performing loans.

The fair value of loans is calculated for performing positions over the short term using a measurement technique that involves discounting expected cash flows considering the credit risk of the relationship, while for non-performing and short-term performing positions the carrying amount is considered a reasonable approximation of fair value. Considering the current context of the credit market, with particular reference to non-performing loans, this fair value may not represent the eventual exit price in consideration of a certain margin of uncertainty in any case inherent in the price formation components considered by a potential third-party purchaser.

Item "2. Debt securities" includes securities held under the "held to collect" business model, i.e. held with the intention of collecting contractual cash flows. The value of debt securities is shown net of value adjustments resulting from the application of the models to determine the expected loss on the "held-to-collect" debt securities portfolio in application of accounting standard "IFRS9 - Financial Instruments".

This portfolio includes Euro 82,262 thousand of senior securities issued by the securitisation vehicle "2Worlds s.r.l." and Euro 1,985 thousand of senior securities issued by the securitisation vehicle "Buonconsiglio 4 s.r.l." following the transfer of non-performing loans, pursuant to Decree Law No. 18/2016 (so-called GACS), which took place in 2018 and 2021, respectively. At the reporting date, the exposure to the vehicle company 2Worlds s.r.l., although fully guaranteed by the Italian State, was classified as "non-performing" (Step 3) due to the underperformance of the transaction, in terms of collections, while the exposure to the vehicle company Buonconsiglio 4 s.r.l. was classified as "performing" (Step 1) due to the good performance of the transaction.

4.3 Financial assets measured at amortised cost: breakdown by debtor/issuer of loans to customers

Type of transactions/Values	30.06.2025			31.12.2024		
	First and second stage	Third stage	Purchased or originated impaired	First and second stage	Third stage	Purchased or originated impaired
1. Debt securities	2,373,489	82,262	-	2,476,112	-	-
a) Public administrations	2,156,812	-	-	2,145,769	-	-
b) Other financial companies	151,144	82,262	-	265,649	-	-
of which: insurance companies	6,751	-	-	-	-	-
c) Non-financial companies	65,533	-	-	64,694	-	-
2. Loans to:	12,053,333	192,654	7,820	11,841,832	189,062	5,635
a) Public administrations	419,487	1,738	219	383,231	1,499	222
b) Other financial companies	357,029	122	18	249,682	145	-
of which: insurance companies	10,285	-	-	9,801	-	-
c) Non-financial companies	4,938,843	121,144	3,042	5,077,830	121,416	2,240
d) Households	6,337,974	69,650	4,541	6,131,089	66,002	3,173
Total	14,426,822	274,916	7,820	14,317,944	189,062	5,635

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

		Gross amount				Total value adjustments				Total partial write-offs	
		First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage		Purchased or originated impaired
Debt securities		2,982,585	2,924,171	35,499	84,721	-	1,173	5,932	2,459	-	-
Loans		10,938,163	61,649	1,627,600	356,810	10,952	20,044	97,247	164,156	3,132	871
Total	30.06.2025	13,920,748	2,985,820	1,663,099	441,531	10,952	21,217	103,179	166,615	3,132	871
Total	31.12.2024	13,599,391	2,997,195	1,806,222	378,792	7,524	27,533	104,603	189,730	1,889	1,242

The table provides the breakdown of exposures measured at amortised cost (both to banks and customers) and the related value adjustments in the three stages with increasing levels of credit risk (due to changes over time) provided for in IFRS 9 "Financial Instruments". In particular, the segmentation into stages takes place according to the following requirements:

- stage 1 for exposures that perform in line with expectations;
- stage 2 for exposures that perform below expectations, i.e., that have experienced a significant increase in credit risk relative to when they originated (i.e., were purchased);
- stage 3 for non-performing exposures.

The stage allocation is relevant for the application of the impairment calculation model based on expected losses, determined on the basis of past events, current conditions and reasonable and "supportable" future forecasts. In particular, the expected loss calculation model is characterised by the following aspects:

- expected loss calculation horizon of one year (stage 1) or lifetime (stages 2 and 3);

- inclusion of forward-looking components, i.e. expected changes in the macroeconomic scenario, in the impairment calculation model.

With reference to debt securities only, the so-called "low credit risk exemption", under which exposures are identified as low credit risk exposures and therefore to be considered in stage 1 if, at each reporting date, they are rated investment grade or better (or similar quality), regardless of whether or not the rating has deteriorated since the time of purchase of the security.

Hedging derivatives - Item 50

5.1 Hedging derivatives: breakdown by hedge type and level

	30.06.2025				31.12.2024			
	Fair Value			NV	Fair Value			NV
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value	-	21,501	-	520,000	-	12,578	-	420,000
2) Cash Flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash Flows	-	-	-	-	-	-	-	-
Total	-	21,501	-	520,000	-	12,578	-	420,000

Key

NV = Notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

Banco Desio has put in place a strategy to hedge its assets.

In particular, the item includes:

- the fair value of derivative financial instruments put in place to hedge the interest rate risk of financial assets classified in the held-to-collect portfolio (fair value hedge);
- the fair value of derivative financial instruments put in place to hedge fluctuations in market rates, in relation to fixed-rate mortgages with performing credit status concluded with customers in order to carry out "hedge accounting" according to an approach defined as Dynamic Macro Fair Value Hedge.

It should also be noted that, in 2023, the Bank joined the Clearing service for OTC interest rate derivatives by identifying the central counterparty (Eurex Clearing) for clearing derivative transactions.

During the first half of 2025, the subscription of three new swap positions was finalised.

Value adjustments of financial assets with macro hedge - Item 60

6.1 Value adjustment of hedged assets: breakdown by hedged portfolio

Value adjustment of hedged assets/Values	30.06.2025	31.12.2024
1. Positive adjustment	1,006	13,217
1.1 of specific portfolios:	1,006	13,217
a) financial assets measured at amortised cost	1,006	13,217
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Negative adjustment	(11,838)	(11,556)
2.1 of specific portfolios:	(11,838)	(11,556)
a) financial assets measured at amortised cost	(11,838)	(11,556)
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	(10,832)	1,661

The adjustment of the value of financial assets subject to macro hedging refers mainly to fair value adjustments of the loan portfolios identified as hedged deriving from Macro Fair Value Hedge relationships.

Investments - Item 70

The balance of the item refers to the investment in the company Anthilia Capital Management SGR S.p.A.

7.1 Investments: information on shareholdings

Company names	Registered office	Operational office	Investment %	Availability of votes %
B. Companies subject to significant influence				
Anthilia Capital Partners SGR S.p.A.	Milan	Milan	15.000	15.000

7.2 Significant investments: carrying amount, fair value and dividends received

Company names	Carrying amount	Fair value	Dividends received
B. Companies subject to significant influence			
Anthilia Capital Partners SGR S.p.A.	4,917	-	313
Total	4,917	-	313

7.3 Significant investments: accounting information

Company names	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenues	Net interest income	Value adjustments and reversals on tangible and intangible assets	Profit (loss) from current operations before taxes	Profit (loss) from current operations after taxes	Profit (Loss) from discontinued operations after taxes	Profit (loss) for the year (1)	Other income components net of taxes (2)	Comprehensive income (3) = (1) + (2)
B. Companies subject to significant influence														
Anthilia Capital Partners SGR S.p.A.	X	6,548	3,650	1,043	4,053	6,184	X	X	1,124	711	-	711	-	711

Recognition of potential triggers for impairment of investments

For the aforementioned investment, the recognition in accordance with the provisions of IAS 36 of potential impairment triggers (internal and external), based on the evolution that occurred during the half-year of the main factors for measuring the recoverable amount of the Cash Generation Unit - CGU of allocation (profitability of the CGU/entity, cost of equity and capital requirements), did not reveal any evidence that would cast doubt on the recoverability of the relative carrying amount.

In this regard, it should be noted that verifying the recoverability of the investment in question is a complex exercise, the results of which are affected by the valuation methodologies adopted, as well as the underlying parameters and assumptions that may need to be modified to take into account new information or developments not foreseeable at the date of preparation of this Report.

7.6 Significant assessments and assumptions to establish the existence of joint control or significant influence

In accordance with IAS 28 *Investments in Associates and Joint Ventures*, significant influence is the power to participate in determining the financial and operating policies of an investee without having control or joint control over it. IAS 28 also introduces a relative presumption of significant influence whenever the investor owns - directly or indirectly - 20% or more of the voting rights. If the investment is 20% or more, the onus will be on the investor to prove the absence of significant influence. Conversely, where the investment is less than 20%, the onus will be on the investor to prove the existence of significant influence.

The existence of significant influence is usually indicated by the occurrence of one or more of the following circumstances:

- a) representation on the board of directors, or equivalent body, of the investee company;
- b) participation in decision-making, including participation in decisions on dividends or other profit distributions;
- c) presence of material transactions between the entity and the investee;
- d) interchange of management personnel; or
- e) provision of essential technical information.

With reference to the investment in Anthilia Capital Management SGR S.p.A. (Anthilia), of which Banco Desio has subscribed to a number of ordinary shares equal to 15% of its share capital, account was taken of the contents of (i) the partnership agreements (investment agreement and commercial framework agreement) signed on 4 November 2021 between Banco Desio, Anthilia and its parent company Anthilia Holding S.r.l. (and subsequent amendments thereto, see below) and (ii) the shareholders' agreement signed on the same date and subsequent amendments between Banco Desio and Anthilia Holding S.r.l. concerning Banco Desio rights and obligations in relation to the corporate governance of the AMC and the transfer of its shareholding. From the overall contents of these agreements, the strategic value of the relationship was inferred, qualifying the power to participate in the determination of the management policies of the investee as significant influence by virtue, in particular, of the weight on the decision-making process through representation on the Anthilia Board of Directors.

7.8 Commitments relating to investments in companies subject to significant influence

Amendments and updates to the Shareholders' Agreement with Anthilia Holding

In consideration of the mutual satisfaction for the overall results deriving from the Partnership, the Parties entered into negotiations aimed at renewing the agreements reached in 2021 with reference to the Partnership and signed, on 28 January 2025, an agreement aimed at extending the terms of exercise of the BDB Put Option and of the Anthilia Call Option, as provided for in the Investment Agreement, until 31 March 2025.

With the subsequent agreement dated 31 March 2025 (the "Agreement"), the Parties therefore regulated the terms and conditions for the renewal of the Partnership and, consequently, on the same date, they renewed and signed the Commercial Framework Agreement, the Amendment to the Shareholders' Agreement and the new Option Contract.

As part of the renewal of the Partnership, the Parties agreed, inter alia, to:

- (i) the cancellation of the capital increase to service the Anthilia SGR 2022-2025 Warrants and subject to their cancellation, the issue and assignment to Banco Desio of 842,578 warrants (the "Anthilia SGR 2025-2028 Warrants") convertible into a variable number of ordinary shares of the Company depending on the achievement of the Net Inflows targets produced by Banco Desio from 1 January 2025 to 31 December 2027 provided for in the relevant regulation (the "Anthilia SGR 2025-2028 Warrant Regulation"), with simultaneous resolution of the Warrant Capital Increase;
- (ii) the grant of put and call options, respectively in favour of Banco Desio and Anthilia Holding, on the entire investment held from time to time by Banco Desio in the Company, exercisable in the event of failure to achieve certain Net Inflows targets produced by Banco Desio from 1 January 2025 to 31 December 2027;
- (iii) the confirmation of a call option in favour of Anthilia Holding on the entire stake held from time to time by Banco Desio in the Company, exercisable in the event of a change of control over Banco Desio during the Partnership.

7.9 Significant restrictions

There are no significant restrictions (e.g. legal, contractual and regulatory restrictions) on the associate's ability to transfer funds to the Parent Company in the form of dividends, loan repayments or advances granted by the Parent Company.

Tangible assets - Item 90

9.1 Tangible assets for functional use: breakdown of assets measured at cost

Assets/Values	30.06.2025	31.12.2024
1. Owned assets	168,313	170,286
a) land	54,652	54,776
b) buildings	94,474	95,970
c) furniture	3,049	3,165
d) electronic equipment	5,083	5,759
e) other	11,055	10,616
2. Rights of use acquired through leases	56,542	56,611
a) land	-	-
b) buildings	55,400	55,337
c) furniture	-	-
d) electronic equipment	-	-
e) other	1,142	1,274
Total	224,855	226,897
of which: obtained through enforcement of guarantees received	-	-

The measurement criterion used for land and buildings is the revalued value at 1 January 2004 on first-time application of IAS. When fully operational, the criterion adopted is cost; this criterion is also adopted for all other tangible assets.

The estimated useful life for the main categories of assets is established as follows:

- buildings: 50 years,
- office furniture, furnishings and various equipment, armoured counters and compasses, alarm systems: 10 years,
- terminals and PCs, mixed-use: 4 years.

Within the individual types of assets, where necessary, certain types are identified to which further specified useful lives are attributed.

Depreciation is calculated on a straight-line basis for all classes of tangible assets, except for land and works of art, which are not depreciated.

Item "2. Rights of use acquired through leases" includes, in application of IFRS16 "Leases" effective from 1 January 2019, assets consisting of the rights of use that are the subject of lease agreements (so-called "Right of Use Assets" or "RoU Assets"), calculated as the sum of the lease liability, initial direct costs, payments made on or before the effective date of the agreement (net of any lease incentives received) and decommissioning and/or restoration costs.

9.2 Tangible assets held for investment purposes: breakdown of assets measured at cost

Assets/Values	30.06.2025				31.12.2024			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned assets	3,896	-	-	5,337	3,356	-	-	5,337
a) land	1,332	-	-	1,883	1,208	-	-	1,883
b) buildings	2,564	-	-	3,454	2,148	-	-	3,454
2. Rights of use acquired through leases	-	-	-	-	-	-	-	-
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	3,896	-	-	5,337	3,356	-	-	5,337
of which: obtained through enforcement of guarantees received	-	-	-	-	-	-	-	-

Key

L1 = Level 1

L2 = Level 2

L3 = Level 3

Commitments for purchases of tangible assets (IAS 16/74.c)

It should be noted that at the reporting date, there were no commitments for the purchase of tangible assets.

Intangible assets - Item 100

10.1 Intangible assets: breakdown by type of asset

Assets/Values	30.06.2025		31.12.2024 Restated	
	Definite duration	Indefinite duration	Definite duration	Indefinite duration
A.1 Goodwill		15,322		15,322
A.1.1 attributable to the Group		15,322		15,322
A.1.2 attributable to minority interests		-		-
A.2 Other intangible assets	27,935	-	28,731	-
of which: software	6,416	-	6,369	-
A.2.1 Assets measured at cost:	27,935	-	28,731	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	27,935	-	28,731	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	27,935	15,322	28,731	15,322

The Group's intangible assets are valued at cost.

Goodwill recorded in the financial statements, as it has indefinite useful life, is not subject to systematic amortisation but is subject to an impairment test at least once a year and in particular for the purpose of preparing the financial statements or whenever circumstances arise that lead to the expectation of a reduction in value (see section below "Analysis of trigger events for goodwill impairment tests").

Intangible assets with definite useful life include, for Euro 19,857 thousand, the intangible assets identified with reference to the so-called client relationships as a result of the Purchase Price Allocation (PPA) process connected to the acquisition of the branches BU from the BPER Group and the branches BU of Banca Popolare Puglia e Basilicata. The useful life was estimated on the basis of a time horizon of between 14 and 16 years.

Other intangible assets are amortised on a straight-line basis over their useful life, which for premises vacancy allowances is estimated to be equal to the duration of the lease agreement, for machine-related software is 4 years, and for application software is 4 or 5 years, depending on the useful life further specified within the asset class.

Recognition of potential triggers for impairment of goodwill

For the aforementioned goodwill, the recognition in accordance with the provisions of IAS 36 of potential impairment triggers (internal and external), based on the evolution that occurred during the half-year of the main factors for measuring the recoverable amount of the Cash Generation Unit - CGU of allocation (profitability of the CGU/entity, cost of equity and capital requirements), did not reveal any evidence that would cast doubt on the recoverability of the relative carrying amount.

In this regard, it should be noted that verifying the recoverability of the goodwill in question is a complex exercise, the results of which are affected by the valuation methodologies adopted, as well as the underlying parameters and assumptions that may need to be modified to take into account new information or developments not foreseeable at the date of preparation of this Report.

Recognition of potential triggers for impairment of intangible assets with definite useful life (intangible assets)

For the aforementioned intangible assets with definite useful life, the recognition in accordance with the provisions of IAS 36 of potential impairment triggers (internal and external), based on the evolution that occurred in the half-year period of the main factors for measuring the recoverable amount of the CGUs (volumes of the underlying CGU/entity, profitability of the CGU/entity, cost of equity), did not reveal any evidence that would cast doubt on the recoverability of the relative carrying amount.

In this regard, it should be noted that verifying the recoverability of the intangible assets with definite useful life in question is a complex exercise, the results of which are affected by the valuation methodologies adopted, as well as the underlying parameters and assumptions that may need to be modified to take into account new information or developments not foreseeable at the date of preparation of this Report.

10.3 Other information

It should be noted that at 30 June 2025, there were no commitments for the purchase of intangible assets at year-end.

Tax assets and tax liabilities - Item 110 of Assets and Item 60 of Liabilities

Tax assets and liabilities arising from the application of "deferred taxation" originate as a result of temporary differences between the balance sheet values in the financial statements and the corresponding tax values.

The theoretical tax rates applied to temporary differences are those in effect at the time of their absorption.

Deferred tax assets are recognised when their recovery is probable. In particular, it should be noted that they refer for an amount of Euro 34,975 thousand to taxes pursuant to Law No. 214/2011, which has given certainty to the recovery of the same, making the probability test envisaged by IAS 12 Income Taxes automatically fulfilled.

In this regard, it should be noted that the Parent Company Banco di Desio e della Brianza S.p.A. is not required to pay the annual guarantee fee for the convertibility of deferred tax assets pursuant to Law No. 214/2011 into tax credits, introduced by Article 11 of Decree Law No. 59/2016, as the taxable base, calculated in accordance with the regulatory provisions, is negative.

11.1 Deferred tax assets: breakdown

	IRES	IRAP	30.06.2025	31.12.2024
A) balancing item in income statement:				
Tax losses	3,776	-	3,776	3,873
Tax-deductible goodwill	2,050	415	2,465	2,609
Write-down of receivables from customers	40,055	5,869	45,924	45,924
Lump-sum provision for bad debts	305	-	305	305
Statutory depreciation of tangible assets	485	1	486	445
Provision for commitment guarantees and country risk	821	-	821	894
Provision for personnel expenses	7,458	1,287	8,745	10,090
Provision for lawsuits	3,476	-	3,476	3,540
Provision for bankruptcy revocation	382	77	459	487
Provision for miscellaneous charges	5,207	401	5,608	6,388
Tax allocation for employee severance indemnity	8	-	8	9
Other overheads deductible in the following year	-	-	-	28
Other	10,424	658	11,082	11,109
Total A	74,447	8,708	83,155	85,701
B) balancing item in equity:				
Tax allocation for employee severance indemnity	721	-	721	721
Impairment of securities classified at FVOCI	3,031	615	3,646	4,895
Tax-deductible goodwill	51	10	61	66
Total B	3,803	625	4,428	5,682
Total (A+B)	78,250	9,333	87,583	91,383

11.2 Deferred tax liabilities: breakdown

	IRES	IRAP	30.06.2025	31.12.2024 Restated
A) balancing item in income statement:				
Tax depreciation of tangible assets	-	13	13	13
Tax amortisation of goodwill	43	9	52	46
Tax amortisation on deferred charges (software)	-	-	-	-
Tax-insignificant intangibles	5,461	1,106	6,567	6,812
Other	2,654	391	3,045	3,275
Total A	8,158	1,519	9,677	10,146
B) balancing item in equity				
Tax allocation for employee severance indemnity	7	-	7	7
Revaluation of securities classified at FVOCI	1,174	237	1,411	1,340
Revaluation of investments	-	-	-	-
Revaluation of artistic heritage	39	8	47	47
Total B	1,220	245	1,465	1,394
Total (A+B)	9,378	1,764	11,142	11,540

Other assets - Item 130

13.1 Other assets: breakdown

	30.06.2025	31.12.2024
Tax credits		
- principal share	260,232	382,791
- interest share	-	-
Receivables from tax authorities for advances paid	39,124	31,017
Withholding taxes incurred	8	30
Negotiated cheques to be settled	18,067	13,249
Security deposits	13	12
Invoices issued for collection	160	121
Items being processed and in transit with branches	52,931	33,654
Leasehold improvements	5,612	5,860
Accrued and deferred assets	29,397	31,795
Other items	57,223	51,431
Total	462,767	549,960

The item "Tax credits" mainly refers:

- for Euro 245,936 thousand (Euro 369,311 thousand at the end of the previous year) to ecobonus/sismabonus tax credits acquired pursuant to Article 121 of Decree Law 34/2020 and recognised at amortised cost as indicated in the "Part relating to the main items of the financial statements", to which reference should be made;
- for Euro 11,503 thousand, to the credit related to the management of loans disbursed for the reconstruction after the earthquake in Central Italy in 2016 (Euro 10,197 thousand at the end of the previous year);
- for Euro 1,120 thousand, to the receivable related to the management of mortgages disbursed for reconstruction after the 2009 Abruzzo earthquake (value unchanged at the end of the previous year).

The amount of ecobonus/sismabonus tax credits purchased takes into account the assessment of the potential risk to which Banco Desio could be exposed following the preventive seizure of tax credits purchased over time (primary and secondary market) for a total of Euro 44.2 million, including the impossibility of offsetting them, for those that will be ascertained to be cases of fraud. In consideration of the position taken by the jurisprudence as to the non-usability of the tax credit due to conduct unrelated to the transferee, of the information acquired on the status of the investigations by the Public Prosecutor's Office, and of the legal and technical analysis conducted, the bank deemed it appropriate to cautiously maintain the overall allocation of Euro 31.2 million.

"Receivables from tax authorities for advances paid" refer to taxes for which greater advance payments made for law obligations have been made than the debt that will result from the specific declarations; in detail, they concern:

- the receivable for stamp duty paid virtually in the amount of Euro 35,123 thousand (Euro 23,285 thousand at the end of the previous year);
- the receivable for withholding tax on interest on deposits and current accounts in the amount of Euro 3,776 thousand (zero at the end of the previous period).

The item "Items being processed and in transit with branches" includes items relating to transactions that generally find definitive settlement in the first few days of the following month.

The most significant items are those relating to:

- F24 delegations for Euro 23,359 thousand (Euro 6,001 thousand at the end of the previous year);
- recovery of commissions for making funds available from customers for Euro 9,146 thousand (Euro 9,132 thousand at the end of the previous year);
- bank transfers awaiting settlement for Euro 5,119 thousand (Euro 1,215 thousand at the end of the previous year);
- SDD transaction settlement (direct debits) for Euro 2,237 thousand (Euro 2,235 thousand at the end of the previous year).

"Leasehold improvements" are subject to annual depreciation in relation to the remaining term of the lease.

The item "Accrued and deferred assets" includes those items that cannot be attributed to specific asset items; the main component of this item is deferred assets on administrative expenses.

The main items under "Other Items" include:

- sundry receivables pending collection in the amount of Euro 25,450 thousand (Euro 22,713 thousand at the end of the previous year), mainly due to receivables for stamp duty on account statements, receivables for services debited to customers on a quarterly basis, and interbank income;
- receivables from financial advisors in respect of entry bonuses in the amount of Euro 6,383 thousand relating to the portion accrued but not yet paid (Euro 6,899 thousand at the end of the previous year), and in the amount of Euro 5,936 thousand (Euro 4,857 thousand at the end of the previous year) relating to advances on entry bonuses for which an invoice has already been issued by the advisors;
- invoices to be issued for Euro 2,456 thousand (Euro 5,688 thousand at the end of the previous year).

LIABILITIES

Financial liabilities measured at amortised cost - item 10

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

Type of transactions/Values	30.06.2025				31.12.2024			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Payables to central banks	-	X	X	X	-	X	X	X
2. Payables to banks	709,239	X	X	X	798,673	X	X	X
2.1 Current accounts and demand deposits	15,581	X	X	X	16,791	X	X	X
2.2 Fixed-term deposits	-	X	X	X	477	X	X	X
2.3 Loans	420,256	X	X	X	465,525	X	X	X
2.3.1 Repurchase agreements	323,191	X	X	X	345,170	X	X	X
2.3.2 Other	97,065	X	X	X	120,355	X	X	X
2.4 Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease payables	-	X	X	X	-	X	X	X
2.6 Other payables	273,402	X	X	X	315,880	X	X	X
Total	709,239	-	-	709,239	798,673	-	-	798,673

Key

CA = Carrying amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

Item "2.3.1 Repurchase agreements" includes Long-Term Repo contracts on part of the portfolio's assets (eligible and non-eligible) entered into with leading market counterparties in order to optimise funding activities.

Item "2.3.2 Other" shows the liability related to the loan granted by JP Morgan Milan Branch as part of the Desio SME securitisation transaction.

The item "2.6 Other payables" is mainly composed of the payable to subscribers of Coppedè Notes related to the Coppedè and Fauno securitisation transaction for Euro 272,665 thousand having the subsidiary Fides as originator (Euro 315,047 thousand at the end of the previous year).

1.2 Financial liabilities measured at amortised cost: breakdown of payables to customers

Type of transactions/Values	30.06.2025				31.12.2024			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	9,949,232	X	X	X	10,126,755	X	X	X
2. Fixed-term deposits	882,316	X	X	X	852,818	X	X	X
3. Loans	1,521,605	X	X	X	1,950,313	X	X	X
3.1 Repurchase agreements	733,752	X	X	X	1,207,009	X	X	X
3.2 Other	787,853	X	X	X	743,304	X	X	X
4. Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease payables	58,400	X	X	X	58,315	X	X	X
6. Other payables	282,951	X	X	X	292,456	X	X	X
Total	12,694,504	-	-	12,694,504	13,280,657	-	-	13,280,657

Key

CA = Carrying amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

The item "3.1 Repurchase agreements" also includes Euro 7,295 thousand (Euro 9,882 thousand at the end of the previous financial year) relating to REPO financing carried out by the Intesa Group's "Duomo" company with underlying Class A bonds issued by Dyrect SPV srl as part of the Dyrect II and Direct III securitisation as well as Class A bonds issued as part of the Rainbow Spv Srl securitisation transaction.

Item "3.2 Loans: Other" represents the amount of outstanding loans with Cassa Depositi e Prestiti, which "balances" the amount of loans to customers granted for reconstruction following the 2009 earthquakes in Abruzzo.

Also noted is the loan facility granted by Cassa Depositi e Prestiti to the Banco for loans to the retail, SME and MID-CAP segments. In particular:

- Euro 398 million (Euro 362 million in the comparison period) related to the retail segment;
- Euro 390 million (Euro 382 million in the comparison period) related to the corporate segment (SMEs and MID-CAPs).

Item "5. Lease payables" are recognised, in application of IFRS16, liabilities associated with lease liabilities, consisting of the present value of payments still to be paid to the lessor at the measurement date.

The main items under item "6. Other payables" mainly refer to:

- payable to subscribers of Coppedè Notes related to the Coppedè securitisation transaction for Euro 175,907 thousand with the subsidiary Fides as originator (Euro 199,202 at the end of the previous year);
- payable to subscribers of Senior and Mezzanine Notes related to the Rainbow securitisation transaction for Euro 50,042 thousand (Euro 55,297 thousand at the end of the previous period) with the subsidiary Dinamica Retail as originator;

- bank drafts in the amount of Euro 45,977 thousand and drawing cheques in the amount of Euro 540 thousand (at the end of the previous year, bank drafts in the amount of Euro 34,540 thousand and drawing cheques in the amount of Euro 540 thousand).

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

Type of securities/Values	30.06.2025				31.12.2024			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	2,954,160	-	2,955,572	-	2,584,824	-	2,572,034	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	2,954,160	-	2,955,572	-	2,584,824	-	2,572,034	-
2. other securities	24	-	-	24	49	-	-	49
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	24	-	-	24	49	-	-	49
Total	2,954,184	-	2,955,572	24	2,584,873	-	2,572,034	49

Key

CA = Carrying amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

This item includes inflows represented by securities, which include bonds and certificates of deposit, whose carrying amount is determined using the amortised cost method (or at fair value if the security is hedged), thus including accrued amounts. Total inflows are shown net of repurchased securities.

The item "A.1.2 Bonds: other" includes the Guaranteed Bank Bonds (G-Bonds) totalling Euro 1,617 million issued.

Sub-item "A.2.2 Other securities: other" consists exclusively of short-term certificates of deposit and their accrued interest.

It should be noted that Banco Desio did not issue any subordinated bonds during the first half of the year.

1.4 Detail of item "10.c) Debt securities issued": subordinated securities

Bonds	Issue date	Maturity date	Currency	Rate	30.06.2025	31.12.2024
ISIN Code IT0005554644	06.07.2023	06.07.2033	Euro	TF	65,454	62,602
Total					65,454	62,602

Financial liabilities held for trading - Item 20

2.1 Financial liabilities held for trading: breakdown by type

Type of transactions/Values	30.06.2025					31.12.2024				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
		L1	L2	L3			L1	L2	L3	
A. On-balance sheet liabilities										
1. Payables to banks	-	-	-	-	-	-	-	-	-	-
2. Payables to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	-	-	-	-	-	-	-	-	-	-
B. Derivative instruments										
1. Financial derivatives	-	-	586	2,304	-	-	-	689	1,265	-
1.1 For trading	X	-	586	2,304	X	X	-	689	1,265	X
1.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 For trading	X	-	-	-	X	X	-	-	-	X
2.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	X	-	586	2,304	X	X	-	689	1,265	X
Total (A+B)	X	-	586	2,304	X	X	-	689	1,265	X

Key

NV = Nominal or notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

Fair Value * = Fair value calculated excluding changes in value due to changes in the issuer's creditworthiness since the issue date

Item 20 "Financial liabilities held for trading" essentially refers to the negative fair value of derivative financial instruments discontinued, for which the hedging relationship was discontinued, and to the fair value of swap and outright contracts that are subject to natural hedges.

Hedging derivatives - Item 40

4.1 Hedging derivatives: breakdown by hedge type and level

	Fair value			NV	Fair value			NV
	30.06.2025				31.12.2024			
	L1	L2	L3	30.06.2025	L1	L2	L3	31.12.2024
A. Financial derivatives	-	16,597	-	685,000	-	19,287	-	635,000
1) Fair value	-	16,597	-	685,000	-	19,287	-	635,000
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	16,597	-	685,000	-	19,287	-	635,000

Key

NV = Notional value

L1 = Level 1

L2 = Level 2

L3 = Level 3

Banco Desio has put in place a strategy to hedge its assets. The item includes:

- the fair value of the derivative financial instruments put in place to hedge the interest rate risk of fixed-rate debt securities classified in the held-to-collect portfolio (fair value hedge type coverage);
- the fair value of derivative financial instruments put in place to hedge fluctuations in market rates, in relation to fixed-rate mortgages with performing credit status concluded with customers in order to carry out "hedge accounting" according to an approach defined as Dynamic Macro Fair Value Hedge.

As of 2023, the Bank joined the Clearing service for OTC interest rate derivatives by identifying the central counterparty (Eurex Clearing) for clearing derivative transactions.

Tax liabilities - Item 60

The breakdown of and changes in tax liabilities are provided in Section 11 of Assets together with information on deferred tax assets.

Other liabilities - Item 80

8.1 Other liabilities: breakdown

	30.06.2025	31.12.2024
Payables to tax authorities	891	673
Amounts to be paid to the tax authorities on behalf of Third Parties	112,826	48,145
Social security contributions to be reimbursed	4,840	8,266
Shareholders dividend account	112	34
Suppliers	24,925	34,737
Amounts available to customers	15,127	15,666
Payments against provision on bills	79	55
Advance payments on overdue receivables	2,277	1,320
Items being processed and in transit with branches	48,868	15,570
Currency deviations on portfolio transactions	280,720	140,339
Payables to employees	1,628	1,543
Sundry creditors	146,989	101,778
Accrued and deferred liabilities	24,875	16,843
Total	664,157	384,969

The item "Amounts to be paid to the tax authorities on behalf of third parties" mainly includes items relating to F24 proxies to be paid on behalf of customers and amounts to be paid to the tax authorities relating to withholdings made by the Bank.

"Items being processed and in transit with branches" are items that generally find their final settlement in the first few days of the following period. The main among these items are those relating to:

- collections related to factoring transactions from customers in the amount of Euro 7,836 thousand (Euro 4,627 thousand at the end of the previous year);
- settlement of instalments collected in relation to loans transferred to Desio OBG and SME for Euro 4,916 thousand (Euro 2,808 thousand at the end of the previous year);
- transfers in process totalling Euro 7,243 thousand (Euro 1,489 thousand at the end of the previous year);
- CBILL channel provisions for Euro 2,848 thousand (Euro 1,277 thousand at the end of the previous year);
- items related to securities transactions subsequently settled on foreign markets for Euro 5,626 thousand (value equal to zero at the end of the previous financial year);
- items related to securities transactions subsequently settled in the amount of Euro 6,325 thousand (Euro 177 thousand at the end of the previous year);
- items related to the multi-cash platform at the Bank of Italy for the management of the offsetting of cash surpluses/requirements in the amount of Euro 1,250 thousand.

The amount of the item "Currency deviations on portfolio transactions" is the result of offsetting illiquid debit and illiquid credit items against different types of transactions involving both customer and correspondent bank accounts.

The item "Payables to employees" includes payables related to employee leaving costs totalling Euro 540 thousand (Euro 620 thousand at the end of the previous year) and the valuation of holidays and leave not taken totalling Euro 889 thousand (Euro 780 thousand at the end of the previous year).

The main items that make up the item "Sundry creditors" concern:

- outgoing transfers to be settled in the Clearing House in favour of current account holders of other banks totalling Euro 127,236 thousand (Euro 81,325 thousand at the end of last year),
- withdrawn bills for Euro 2,153 thousand (Euro 1,929 thousand at the end of the previous year);
- currency trading transactions for Euro 1,520 thousand (Euro 476 thousand last year).

Provisions for risk and charges - Item 100

10.1 Provisions for risks and charges: breakdown

Items/Components	30.06.2025	31.12.2024
1. Provisions for credit risk related to commitments and financial guarantees given	3,189	3,531
2. Provisions on other commitments and other guarantees given	-	-
3. Company pension funds	-	-
4. Other provisions for risks and charges	70,613	79,758
4.1 legal and tax disputes	12,210	12,469
4.2 personnel expenses	28,339	32,387
4.3 other	30,064	34,902
Total	73,802	83,289

Item "1. Provisions for credit risk related to commitments and financial guarantees given" include the provision for risks determined by applying the expected loss calculation models defined in the first-time adoption of "IFRS 9 Financial Instruments".

The sub-item "4.1 legal disputes" includes allocations set aside to cover expected losses on disputes, of which Euro 10,801 thousand for lawsuits (Euro 12,917 thousand at 31 December 2024) and Euro 1,382 thousand for bankruptcy revocatory actions (Euro 1,474 thousand at 31 December 2024).

The item "4.2 personnel expenses" mainly includes:

- for the bonus system for Euro 10,234 thousand (Euro 14,820 thousand at 31 December 2024);
- company bonuses and welfare for Euro 13,944 thousand (Euro 13,336 thousand at 31 December 2024), which includes the allocation made in 2024 for the redundancy plan for employees;
- seniority bonuses and additional holidays for Euro 4,119 thousand (Euro 4,126 thousand at 31 December 2024);

Item "4.3 others" mainly comprises:

- provisions for other operational risks, including:
 - a) Euro 6,284 thousand relating to the allocation made for operational risks linked to the situation of particular legal uncertainty that emerged following the ruling of the Constitutional Court, which declared the unconstitutionality of part of art. 11-octies, paragraph 2, of the Sostegni bis Decree (formerly Euro 7,131 thousand);
 - b) Euro 5,062 thousand to the provision for future commission reversals ("refund liability" on commissions paid for the placement of insurance policies to customers) to be paid to insurance companies in the event of early extinguishment of the contract (formerly Euro 4,863 thousand);

- provisions set aside for contractual incentives for financial advisors upon the accrual of certain conditions in the amount of Euro 12,690 thousand (Euro 12,653 thousand at 31 December 2024).
-

Group Equity - Items 120, 130, 140, 150, 160, 170 and 180

13.1 "Capital" and "Treasury shares": breakdown

	30.06.2025	31.12.2024
A. Capital	70,693	70,693
A.1 Ordinary shares	70,693	70,693
A.2 Savings shares		
A.3 Privileged shares		
B. Treasury shares	(20,200)	(5,625)
B.1 Ordinary shares	(20,200)	(5,625)
B.2 Savings shares		
B.3 Privileged shares		
Total	50,493	65,068

The fully subscribed and paid-up share capital of Banco Desio Brianza consists of 134,363,049 ordinary shares with no nominal value.

As part of Banco Desio share buyback programme ("BuyBack Programme"), on 27 May 2025, the maximum total amount of treasury shares defined was reached, thus reaching, as a result of the purchases made on the market and the price trend, the completion of the programme before the deadline defined in the authorisation provision of the Bank of Italy. At 30 June 2025, the Bank held 2,888,242 treasury shares.

Equity attributable to minority interests – Item 190

14.1 Detail of item 190 "Equity attributable to minority interests"

Company name	30.06.2025	31.12.2024
Investments in consolidated companies with significant minority interests	4	4
Desio OBG S.r.l.	4	4
Other investments	-	544
Dynamica Retail Spa	-	544
Total	4	548

On 23 June 2025, the Parent Company finalised the purchase of the 1,331,247 shares previously held by the minority shareholders of Dynamica Retail S.p.A., increasing its controlling interest from the previous 89.23% (outstanding at 31 December 2024) to 100%. At 30 June 2025, therefore, the fraction of consolidated equity attributable to shares or quotas pertaining to minority interests referred exclusively to the investment in Desio OBG S.r.l.

INCOME STATEMENT

Interest - Items 10 and 20

1.1 Interest and similar income: breakdown

Items/technical forms	Debt securities	Loans	Other transactions	30.06.2025	30.06.2024
1. Financial assets measured at fair value through profit or loss:	103	-	-	103	126
1.1 Financial assets held for trading	65	-	-	65	122
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	38	-	-	38	4
2. Financial assets measured at fair value through other comprehensive income	12,709	-	X	12,709	10,147
3. Financial assets measured at amortised cost:	38,053	224,458	-	262,511	300,885
3.1 Loans with banks	11,149	12,899	X	24,048	44,411
3.2 Loans to customers	26,904	211,559	X	238,463	256,474
4. Hedging derivatives	X	X	1,036	1,036	8,008
5. Other assets	X	X	8,760	8,760	11,061
6. Financial liabilities	X	X	X	-	-
Total	50,865	224,458	9,796	285,119	330,227
of which: interest income on impaired financial assets	-	2,466	-	2,466	3,438
of which: interest income on finance lease	X	3,390	X	3,390	4,278

Interest on "Financial assets at amortised cost" is stated net of default interest on impaired assets accrued and not collected in the reference period, because they are only shown in the financial statements once they have been collected. Overall, interest of this kind accrued at the end of June amounted to Euro 1,300 thousand (Euro 1,913 thousand in June last year).

On the other hand, interest on arrears referring to previous years and collected in the year totalled Euro 182 thousand (formerly Euro 382 thousand).

The performance of item "3. Financial assets measured at amortised cost" is affected by the dynamics of market rates. With reference to the balance of item "3.2 Loans to customers", it is noted that it includes the release of the time value component of impaired financial assets for Euro 2,407 thousand (formerly Euro 3,349 thousand) and negative interest adjustments on non-performing loans for approximately Euro 895 thousand (formerly Euro 1,061 thousand).

Item "5. Other assets" includes interest for Euro 8,343 thousand related to Eco and Sismabonus tax credits recognised by the Bank following their assignment by customers, the remuneration for which is recognised in interest income over the recovery period of the credits.

1.3 Interest and similar expense: breakdown

Items/technical forms	Payables	Securities	Other transactions	30.06.2025	30.06.2024
1. Financial liabilities measured at amortised cost	(69,950)	(37,754)	X	(107,704)	(135,702)
1.1 Payables to central banks	-	X	X	-	(18,609)
1.2 Payables to banks	(11,114)	X	X	(11,114)	(13,672)
1.3 Payables to customers	(58,836)	X	X	(58,836)	(76,780)
1.4 Securities outstanding	X	(37,754)	X	(37,754)	(26,641)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	(40)	(40)	(491)
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	(117)	(222)
Total	(69,950)	(37,754)	(40)	(107,861)	(136,415)
of which: interest expense on lease payables	(722)	X	X	(722)	(607)

In item "1.1 - Payables to central banks", in the reference period, interest expense accrued on TLTRO III loans obtained from the Eurosystem was recognised at the effective interest rate according to the amortised cost method. The last tranche of the TLTRO III loan expired in December 2024.

Item "1.2 – Payables to banks" includes interest expense relating to the loan granted by JP Morgan Milan Branch as part of the Desio SME securitisation transaction carried out in 2024 for Euro 2,394 thousand and the recognition of interest relating to the Notes related to the Coppedè and Fauno securitisation transaction with the subsidiary Fides as originator for Euro 5,105 thousand.

The decrease in item "1.3 - Payables to customers" is mainly attributable to:

- interest expense on current accounts of Euro 18,995 thousand (Euro 34,896 thousand last year);
- interest expense on repurchase agreements with counterparty Cassa Compensazione e Garanzia for Euro 9,564 thousand (Euro 15,632 thousand last year);
- interest expense on time deposits of Euro 9,714 thousand (Euro 13,833 thousand last year);

and is partially offset by interest on loans with counterparty Cassa Depositi e Prestiti for Euro 12,661 thousand (Euro 9,207 thousand last year).

Item "6. Financial assets" in the comparison period included interest expense on securities in the FVOCI portfolio.

1.5 Differentials relating to hedging transactions

Items	30.06.2025	30.06.2024
A. Positive differentials relating to hedging transactions	1,036	17,606
B. Negative differentials relating to hedging transactions	-	9,598
C. Balance (A-B)	1,036	8,008

The item mainly includes the interest differential relating to derivatives used to hedge the interest rate risk of financial assets classified in the held to collect portfolio (fair value hedge type).

Commissions - Items 40 and 50

2.1 Commission income: breakdown

Type of services/Values	30.06.2025	30.06.2024
a) Financial instruments	11,845	11,311
1. Placement of securities	2,042	2,416
1.1 On a firm and/or irrevocable commitment basis	-	-
1.2 Without irrevocable commitment	2,042	2,416
2. Receiving and sending orders and execution of orders on behalf of customers	3,839	3,354
2.1 Receiving and sending orders for one or more financial instruments	3,839	3,354
2.2 Execution of orders on behalf of customers	-	-
3. Other commissions related to activities linked to financial instruments	5,964	5,541
of which: trading on own account	-	-
of which: individual portfolio management	5,964	5,541
b) Corporate Finance	-	-
1. Mergers and acquisitions advisory services	-	-
2. Treasury services	-	-
3. Other commissions related to corporate finance services	-	-
c) Investment advisory activities	-	-
d) Compensation and settlement	-	-
e) Collective portfolio management	-	-
f) Custody and administration	1,189	1,031
1. Custodian bank	-	-
2. Other commissions related to custody and administration activities	1,189	1,031
g) Central administrative services for collective portfolio management	-	-
h) Fiduciary business	-	-
i) Payment services	56,177	62,679
1. Current accounts	42,942	43,106
2. Credit cards	1,991	6,685
3. Debit cards and other payment cards	2,785	3,128
4. Bank transfers and other payment orders	6,221	6,462
5. Other fees related to payment services	2,238	3,298
j) Distribution of third-party services	35,909	33,029
1. Collective portfolio management	21,308	19,446
2. Insurance products	14,237	13,179
3. Other products	364	404
of which: individual portfolio management	171	165
k) Structured finance	-	-
l) Servicing activities for securitisation transactions	1	-
m) Commitments to disburse funds	-	-
n) Financial guarantees given	1,291	1,204
of which: credit derivatives	-	-
o) Financing transactions	2,092	2,189
of which: for factoring transactions	780	906
p) Currency trading	946	913
q) Goods	-	-
r) Other commission income	5,774	4,815
of which: for management of multilateral trading systems	-	-
of which: for management of organised trading systems	-	-
Total	115,224	117,171

Item "i) Payment services" in the comparison period included under sub-item "2. Credit Cards" the amount of Euro 4,469 thousand related to fees for objectives received in the context of the commercial agreements signed with Worldline (with reference to the well-known "Aquarius" transaction for which specific reference is made to the previous Consolidated Financial Report at 31 December 2024).

The item for "other commission income" mainly includes:

- internet banking service fees of Euro 1,182 thousand (formerly Euro 1,136 thousand),
- commissions for business promotion contracts in the amount of Euro 1,272 thousand (formerly Euro 765 thousand),
- recovery of expenses on loan instalment collections of Euro 920 thousand (formerly Euro 881 thousand),
- commissions for other credit transactions rendered to customers amounting to Euro 857 thousand (formerly Euro 686 thousand),
- commissions on current accounts/deposit accounts for the certification of Euro 356 thousand (formerly Euro 308 thousand),
- recoveries on securities transactions for Euro 316 thousand (formerly Euro 289 thousand).

2.2 Commission expenses: breakdown

Type of services/Values	30.06.2025	30.06.2024
a) Financial instruments	(37)	(190)
of which: trading of financial instruments	(37)	(190)
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Compensation and settlement	-	-
c) Collective portfolio management	-	-
1. Own	-	-
2. Delegated to third parties	-	-
d) Custody and administration	(732)	(725)
e) Collection and payment services	(1,277)	(1,136)
of which: credit cards, debit cards and other payment cards	(369)	(391)
f) Servicing activities for securitisation transactions	-	-
g) Commitments to receive funds	-	-
h) Financial guarantees received	(679)	(755)
of which: credit derivatives	-	-
i) Off-premises offer of financial instruments, products and services	(3,515)	(3,711)
j) Currency trading	-	(1)
k) Other commission expenses	(1,425)	(910)
Total	(7,665)	(7,428)

The item "Other commission expenses" mainly includes:

- commissions recognised for "cash letter" services in the amount of Euro 360 thousand (formerly Euro 314 thousand),
- commissions recognised for brokerage services provided through digital channels for the disbursement of mortgages to customers for Euro 186 thousand (formerly Euro 97 thousand),
- servicing fees recognised for the placement of policies for Euro 164 thousand (formerly Euro 115 thousand),
- commissions recognised in connection with the service offered to customers of "POS Transaction Advance" in the amount of Euro 138 thousand, equal to zero in the comparison period,
- commissions paid to foreign banks for the management of foreign currency accounts in the amount of Euro 118 thousand (Euro 146 thousand last year).

Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

Items/Income	30.06.2025		30.06.2024	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	114	-	120	-
B. Other financial assets mandatorily measured at fair value	-	-	-	-
C. Financial assets measured at fair value through other comprehensive income	453	-	469	-
D. Investments	-	-	-	-
Total	567	-	589	-

The table shows the amount of dividends on minority interests classified as "*Financial assets measured at fair value through other comprehensive income*" and dividends on equity securities classified as "*Financial assets held for trading*".

Net trading result - Item 80

4.1 Net trading result: breakdown

Transactions/Income components	Gains (A)	Trading gains (B)	Losses (C)	Trading losses (D)	Net result [(A+B)-(C+D)]
1. Financial assets held for trading	350	978	(375)	(15)	938
1.1 Debt securities	71	129	(13)	(13)	174
1.2 Equity securities	279	813	(360)	(2)	730
1.3 UCITS units	-	-	(2)	-	(2)
1.4 Loans	-	-	-	-	-
1.5 Other	-	36	-	-	36
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange rate differences	X	X	X	X	1,211
4. Derivative instruments	205	2,761	(194)	(2,886)	(129)
4.1 Financial derivatives:	205	2,761	(194)	(2,886)	(129)
- On debt securities and interest rates	205	1,093	(191)	(915)	192
- On equity securities and stock indices	-	1,668	(3)	(1,971)	(306)
- On currencies and gold	X	X	X	X	(15)
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	X	X	X	X	-
Total	555	3,739	(569)	(2,901)	2,020

Item "1. Financial assets held for trading" shows the economic result attributable to financial assets held for trading.

Item "3 Financial assets and liabilities: exchange rate differences" shows the positive (or negative) balance of changes in the value of financial assets and liabilities denominated in foreign currencies, other than those held for trading purposes.

Item "4. Derivative Instruments" shows the economic result for the period, which is mainly attributable to derivatives discontinued in previous years, for which the hedging relationship was ceased, and swap and outright contracts that are subject to natural hedges.

Net hedging result - Item 90

5.1 Net hedging result: breakdown

Income components/Values	30.06.2025	30.06.2024
A. Income related to:		
A.1 Fair value hedging derivatives	14,085	24,373
A.2 Hedged financial assets (fair value)	-	-
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Cash flow hedging financial derivatives	-	-
A.5 Assets and liabilities in foreign currencies	-	-
Total hedging income (A)	14,085	24,373
B. Expenses related to:		
B.1 Fair value hedging derivatives	(748)	(76)
B.2 Hedged financial assets (fair value)	(13,407)	(24,319)
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Cash flow hedging financial derivatives	-	-
B.5 Assets and liabilities in foreign currencies	-	-
Total hedging expenses (B)	(14,155)	(24,395)
C. Net hedging result (A - B)	(70)	(22)
of which: hedging result on net positions	-	-

The item mainly shows the net result deriving from the hedging of the interest rate risk of financial assets classified in the held to collect portfolio (fair value hedge type). The various sub-items show the income components arising from the valuation process of both the hedged assets and liabilities and the related hedging derivatives.

Gains (Losses) on sale/repurchase - Item 100

6.1 Gains (Losses) on sale/repurchase: breakdown

Items/Income components	30.06.2025			30.06.2024		
	Profits	Losses	Net result	Profits	Losses	Net result
Financial assets						
1. Financial assets measured at amortised cost	6,659	(1,315)	5,344	4,973	(611)	4,362
1.1 Loans with banks	-	-	-	42	-	42
1.2 Loans to customers	6,659	(1,315)	5,344	4,931	(611)	4,320
2. Financial assets measured at fair value through other comprehensive income	4,399	(608)	3,791	2,716	(336)	2,380
2.1 Debt securities	4,399	(608)	3,791	2,716	(336)	2,380
2.2 Loans	-	-	-	-	-	-
Total assets (A)	11,058	(1,923)	9,135	7,689	(947)	6,742
Financial liabilities measured at amortised cost	-	-	-	-	-	-
1. Payables to banks	-	-	-	-	-	-
2. Payables to customers	-	-	-	-	-	-
3. Securities issued	51	(10)	41	61	-	61
Total liabilities (B)	51	(10)	41	61	-	61

This item in the financial statements includes the economic result from the sale of financial assets not included among those held for trading and among those measured at fair value through profit or loss, as well as the result from the repurchase of own securities.

Item "1.2 Loans to customers" also includes the economic effects from the sale of non-performing loans in the reference half-year for Euro 49 million.

Item "2. Financial assets measured at fair value through other comprehensive income" represents the economic effect of sales during the year, including the release of the related valuation reserves before the tax effect.

With reference to financial liabilities, under item "3. Securities issued" shows the result of gains/losses from the repurchase of own bonds.

Net result of other financial assets and liabilities measured at fair value through profit or loss - Item 110

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income components	Gains (A)	Realised gains (B)	Losses (C)	Realised losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets	5,363	280	(5,182)	-	461
1.1 Debt securities	2	-	-	-	2
1.2 Equity securities	-	-	(15)	-	(15)
1.3 UCITS units	5,361	280	(5,167)	-	474
1.4 Loans	-	-	-	-	-
2. Financial assets: exchange rate differences	X	X	X	X	(1)
Total	5,363	280	(5,182)	-	460

This item consists of the result of financial instruments that are mandatorily measured at fair value through profit or loss, even if not held for trading, due to the failure to pass the SPPI (Solely payments of principal and interests) test required by the standard. This item consists mainly of UCITS that by their nature do not have characteristics compatible with passing the test.

Net value adjustments/reversals for credit risk - Item 130

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

Transactions/Income components	Value adjustments (1)						Reversals (2)				30.06.2025	30.06.2024
	First stage	Second stage	Third stage		Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
			Write-offs	Other	Write-offs	Other						
A. Loans with banks	(38)	-	-	-	-	-	59	-	-	-	21	747
- Loans	(38)	-	-	-	-	-	-	-	-	-	(38)	194
- Debt securities	-	-	-	-	-	-	59	-	-	-	59	553
B. Loans to customers	(2,997)	(45)	(340)	(33,134)	(21)	-	8,141	44	16,703	-	(11,649)	(11,860)
- Loans	(538)	(45)	(340)	(33,134)	(21)	-	5,540	44	16,703	-	(11,791)	(12,108)
- Debt securities	(2,459)	-	-	-	-	-	2,601	-	-	-	142	248
Total	(3,035)	(45)	(340)	(33,134)	(21)	-	8,200	44	16,703	-	(11,628)	(11,113)

This item includes value adjustments and reversals recorded for the credit risk of assets measured at amortised cost (portfolio loans with banks and to customers including debt securities). With reference to "Value adjustments", the figure in the "Write-offs" column records losses on the definitive derecognition of loans classified as bad loans. The "Value Adjustments - Third Stage", determined by the analytical assessment of the probability of recovery on non-performing loans and the discounting of cash flows, refer to:

- Bad loans of Euro 8,901 thousand (Euro 10,097 thousand in June 2024);
- Unlikely to pay of Euro 22,264 thousand (Euro 22,457 thousand in June 2024);
- Past-due exposures of Euro 1,969 thousand (Euro 1,545 thousand in June 2024).

"Reversals - First and Second Stages" are determined on the amount of the performing loan portfolio.

The "Reversals - Third Stage" refer to:

- bad loans amortised in previous years and with actual recoveries higher than expected for Euro 227 thousand (Euro 242 thousand in June 2024);
- collections of loans previously written-down for Euro 10,297 thousand (Euro 9,308 thousand in June 2024);
- valuation reversals for Euro 6,179 thousand (Euro 7,660 thousand in June 2024).

Value adjustments on loans and debt securities are determined by applying the models for determining expected credit losses adopted by the Group in application of the accounting standard "IFRS9 Financial Instruments".

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

Transactions/Income components	Value adjustments (1)						Reversals (2)				30.06.2025	30.06.2024
	First stage	Second stage	Third stage		Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
			Write-offs	Other	Write-offs	Other						
A. Debt securities	(125)	-	-	-	-	-	178	-	-	-	53	46
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- To customers	-	-	-	-	-	-	-	-	-	-	-	-
- With banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(125)	-	-	-	-	-	178	-	-	-	53	46

This item includes value adjustments arising from the application of models to determine the expected loss on the "held-to-collect & sell" debt securities portfolio in application of accounting standard "IFRS9 - Financial Instruments".

Section 9 – Gains/(losses) from contractual amendments without derecognition – Item 140

9.1 Gains (losses) from contractual amendments: breakdown

This item includes the adjustment made to the carrying amounts of loans to customers that undergo changes in contractual cash flows without giving rise to derecognition in accordance with paragraph 5.4.3 and Appendix A of IFRS9.

Administrative expenses - Item 190

12.1 Personnel expenses: breakdown

Type of expense/Sectors	30.06.2025	30.06.2024
1) Employees	(113,591)	(104,267)
a) wages and salaries	(76,198)	(69,180)
b) social security contributions	(19,937)	(18,485)
c) employee severance indemnity	-	-
d) social security expenses	(11)	-
e) provision for employee severance indemnity	(351)	(334)
f) allocations to the provision for severance benefits and similar obligations:	-	-
- defined contribution	-	-
- defined benefits	-	-
g) contributions to external supplementary pension funds:	(7,621)	(6,998)
- defined contribution	(7,621)	(6,998)
- defined benefits	-	-
h) costs deriving from payment agreements based on own equity instruments	-	-
i) other employee benefits	(9,473)	(9,273)
2) Other personnel in activity	(1,461)	(1,279)
3) Directors and Statutory Auditors	(1,776)	(1,710)
4) Retired personnel	-	-
Total	(116,828)	(107,259)

The change in the item is mainly attributable to the category "a) wages and salaries" due to:

- the entry of new personnel following the acquisition of the business unit from Banca Popolare di Puglia e Basilicata in the so-called "Mercadante Transaction" in December 2024;
- the entry of Dynamica Retail into the group on 1 June 2024 (generating an impact of six months in 2025 and one month in 2024);
- the adjustments provided for in the national contract renewal for banking sector workers in September 2024 and June 2025.

Item "1.g - contributions to external supplementary pension funds: defined contribution" includes the portion of employee severance indemnity paid to the Treasury Fund and supplementary pension funds.

Details of item "1.i - other employee benefits" are provided in the table below.

12.4 Other employee benefits

	30.06.2025	30.06.2024
Appropriation for miscellaneous charges	(5,741)	(6,616)
Assistance fund contribution	(1,465)	(1,432)
Education and training expenses	(440)	(166)
Building fees for employee use	(36)	(43)
Exit incentives	-	1,000
Other	(1,791)	(2,016)
Total	(9,473)	(9,273)

The item "Appropriation for miscellaneous charges" mainly includes the provision for the employee bonus scheme; with reference to the charges related to the equity-based compensation plans (Phantom shares and the "2024-26 LTI" plan), please refer to the quantitative information contained in the section "Payment agreements based on own equity instruments".

The item "Exit incentives" in the comparison period included the adjustment of allocations made in previous years with reference to staff exit incentives.

The main components of the item "Other" include charges related to the provision of personnel catering services (ticket restaurant) in the amount of Euro 1,518 thousand (formerly Euro 1,454 thousand) and charges related to insurance premiums in favour of employees in the amount of Euro 134 thousand (formerly Euro 126 thousand).

12.5 Other administrative expenses: breakdown

	30.06.2025	30.06.2024
Indirect taxes and duties:		
-Stamp duties	(18,669)	(16,766)
-Other	(2,815)	(2,040)
Other expenses:		
-IT expenses	(14,615)	(13,612)
-Lease of buildings/assets	(1,318)	(1,072)
-Building, furniture and equipment maintenance	(5,694)	(4,862)
-Postal and telegraph	(598)	(603)
-Telephony and data transmission	(2,718)	(2,615)
-Electricity, heating, water	(2,079)	(2,271)
-Cleaning services	(1,113)	(1,217)
-Printers, stationery and consumables	(285)	(314)
-Transport costs	(771)	(766)
-Travel expenses	(867)	(710)
-Surveillance and security	(899)	(836)
-Advertising	(1,071)	(629)
-Information and records	(1,756)	(1,439)
-Insurance premiums	(706)	(797)
-Legal fees	(1,832)	(1,398)
-Professional consultancy fees	(5,027)	(4,375)
-Various contributions and donations	(75)	(151)
-Miscellaneous expenses	(4,428)	(14,804)
Total	(67,336)	(71,277)

The item "Lease of buildings/assets" includes charges for lease/rental contracts not included in the scope of IFRS 16 and, in particular, related to software.

The item "Travel expenses" includes expenses incurred and reimbursed to employees for travel expenses, list and mileage reimbursements.

The change in the item "Miscellaneous expenses" is mainly attributable to the ordinary and extraordinary contribution to the Interbank Deposit Protection Fund (DGS), which was zero at 30 June 2025 (Euro 10,832 thousand recorded at 30 June 2024).

This item mainly includes the following at 30 June 2025:

- the recognition of expenses to suppliers for various services for Euro 1,550 thousand (formerly Euro 3,181 thousand);
- category membership fees for Euro 581 thousand (formerly Euro 722 thousand);
- back office costs of Euro 523 thousand (formerly Euro 484 thousand);
- the recognition of expenses under the payment system for money transfers between banks and pooling management between EU banks for Euro 202 thousand (formerly Euro 200 thousand).

Net allocations to provisions for risks and charges – Item 200

13.1 Net allocations to provisions for other risks and charges: breakdown

	Allocations	Uses	30.06.2025	30.06.2024
Commitments for guarantees given	(297)	522	225	787
Charges for legal disputes	(2,120)	1,148	(972)	(589)
Other	(2,098)	1,640	(458)	(13,849)
Total	(4,515)	3,310	(1,205)	(13,651)

The item commitments for guarantees given represents the net allocation to the provision for risks determined by applying the expected loss calculation models defined in application of the accounting standard "IFRS9 Financial Instruments".

The item charges for legal disputes includes allocations set up during the year to cover expected losses in connection with lawsuits and bankruptcy revocatory actions.

At 30 June 2024, the item "Other" included prudential provisions relating to the assessment of potential operational risks to which the bank was exposed.

Net value adjustments/reversals on tangible assets - Item 210

14.1. Net value adjustments on tangible assets: breakdown

Assets/Income components	Depreciation (a)	Impairment (b)	Reversals (c)	Net result (a + b - c)
A. Tangible assets				
1 For functional use	(9,654)	-	-	(9,654)
- Owned	(3,983)	-	-	(3,983)
- Rights of use acquired through leases	(5,671)	-	-	(5,671)
A.2 Held for investment purposes	(39)	-	-	(39)
- Owned	(39)	-	-	(39)
- Rights of use acquired through leases	-	-	-	-
3 Inventories	X	-	-	-
Total	(9,693)	-	-	(9,693)

Value adjustments refer exclusively to depreciation calculated on the basis of the useful life of assets.

The item "Rights of use acquired through leases" includes the depreciation of assets consisting of the right of use that is the subject of the lease agreements (so-called "Right of Use Asset" or "RoU Asset") recognised in accordance with IFRS16 "Leases" and calculated as the sum of the lease liability, initial direct costs, payments made on or before the effective date of the agreement (net of any lease incentives received) and decommissioning and/or restoration costs.

Net value adjustments/reversals on intangible assets - Item 220

15.1 Net value adjustments on intangible assets: breakdown

Assets/Income components	Amortisation (a)	Impairment (b)	Reversals (c)	Net result (a + b - c)
A. Intangible assets	(2,615)			(2,615)
of which: software	(1,559)	-	-	(1,559)
A.1 Owned	(2,615)	-	-	(2,615)
- Generated internally by the company	-	-	-	-
- Other	(2,615)	-	-	(2,615)
A.2 Rights of use acquired through leases	-	-	-	-
Total	(2,615)	-	-	(2,615)

Value adjustments refer exclusively to amortisation calculated on the basis of the useful life of intangible assets.

Other operating income and expenses - Item 230

16.1 Other operating expenses: breakdown

	30.06.2025	30.06.2024
Amortisation for leasehold improvements	(476)	(611)
Losses on realisation of tangible assets	(12)	(2)
Charges on non-banking services	(781)	(688)
Total	(1,269)	(1,301)

16.2 Other operating income: breakdown

	30.06.2025	30.06.2024
Recovery of taxes from third parties	19,929	17,389
Recovery of charges on current accounts and deposits	858	897
Rent and fees receivable	41	50
Other expense recoveries	1,503	1,293
Profits on realisation of tangible assets		
Other	785	2,222
Total	23,116	21,851

The item "Recovery of taxes from third parties" mainly includes recoveries of stamp duty on current accounts, deposit accounts and other customer investments totalling Euro 17,955 thousand (formerly Euro 16,239 thousand) and recoveries of substitute tax totalling Euro 1,680 thousand (formerly Euro 984 thousand).

The item "Recovery of expenses on current accounts and deposits" includes recoveries for fast processing fees of Euro 328 thousand (formerly Euro 401 thousand) and other recoveries for miscellaneous customer communications for Euro 330 thousand (formerly Euro 315 thousand).

The item "Other expense recoveries" includes, in particular, recoveries related to legal expenses on bad loans in the amount of Euro 313 thousand (formerly Euro 254 thousand), recoveries of mortgage claim appraisal expenses for Euro 320 thousand (formerly Euro 268 thousand), recovery of preliminary expenses on mortgage files for Euro 477 thousand (formerly Euro 360 thousand).

The item "Other" mainly includes contingent assets not belonging to the above groupings.

Gains (losses) on investments - Item 250

17.1 Gains (losses) on investments: breakdown

Income component/Sectors	30.06.2025	30.06.2024
1) Joint ventures		
A. Income	-	-
1. Revaluations	-	-
2. Gains on sale	-	-
3. Reversals	-	-
4. Other income	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Impairment	-	-
3. Losses on sale	-	-
4. Other expenses	-	-
Net Result	-	-
2) Companies under significant influence	-	-
A. Income	146	138
1. Revaluations	146	138
2. Gains on sale	-	-
3. Reversals	-	-
4. Other income	-	-
B. Expenses	-	-
1. Write-downs	-	-
2. Impairment	-	-
3. Losses on sale	-	-
4. Other expenses	-	-
Net Result	146	138
Total	146	138

Item "2) A.1 Revaluations" and "2) B.1 Write-downs" show the economic result for the period of the associate Anthilia Capital Partners SGR SpA against the valuation of the investment using the equity method.

Income taxes for the year on current operations - Item 300

21.1 Income taxes for the year on current operations: breakdown

Income components/Values	30.06.2025	30.06.2024
1. Current taxes (-)	(37,182)	(23,887)
2. Changes in current taxes of previous years (+/-)	-	-
3. Decrease in current taxes for the year (+)	-	-
3.bis Decrease in current taxes for the year for tax credits pursuant to Law No. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(2,511)	(14,612)
5. Change in deferred tax liabilities (+/-)	469	218
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(39,224)	(38,281)

The 2025 Budget Law (Law No. 207 of 30/12/2024) provided for the rescheduling of the deductibility of past impairment losses on loans to customers, IFRS 9 FTA and amortisation on goodwill and, in particular, for the 2025 tax period, provided for the full suspension of the aforementioned deductions. This resulted, on the one hand, in a decrease in item "4. Change in deferred tax assets" (lower deferred tax assets cancelled) and, on the other hand, an increase in item "1. Current taxes" compared to the comparison period.

Profit/Loss from discontinued operations after taxes - Item 320

22.1 Profit (loss) from discontinued operations after taxes: breakdown

Income components/Sectors	30.06.2025	30.06.2024
1. Income	-	-
2. Expenses	-	-
3. Result of valuations of groups of assets and related liabilities	-	-
4. Realised gains (losses)	-	3,000
5. Taxes and duties	-	(41)
Profit (loss)	-	2,959

The balance of the item at 30 June 2024, relates to the adjustment collected from Banco Desio, as price adjustment defined on the basis of targets evaluated one year from the closing date, as provided for in the agreements with Worldline (with reference to the aforementioned "Aquarius" transaction).

22.2 Details of income taxes on discontinued operations

Income components/Values	30.06.2025	30.06.2024
1. Current taxation (-)	-	(41)
2. Changes in deferred tax assets (+/-)	-	-
3. Changes in deferred tax liabilities (+/-)	-	-
4. Income tax for the year (-1+/-2+/-3)	-	(41)

Profit (Loss) for the year attributable to minority interests – Item 340

23.1 Details of item 340 "Profit (Loss) for the year attributable to minority interests"

Company name	30.06.2025	30.06.2024
Other Investments		
Dynamica Retail Spa	-	(196)
Profit (Loss) for the year attributable to minority interests	-	(196)

The fraction of the consolidated profit (loss) for the year attributable to shares or quotas attributable to minority interests is not measured at 30 June 2025 due to the completion of the purchase of the 1,331,247 shares previously held by the minority shareholders of Dynamica Retail S.p.A., which resulted in an increase in the controlling interest from the previous 89.23% to 100%.

Earnings per share – Item 360

Assets/Income components	30.06.2025		30.06.2024	
	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Group net profit attributable to the different share classes (Euro thousand)	70,386	-	78,088	-
Average number of shares outstanding	132,328,198	-	134,363,049	-
Average number of potentially dilutive shares	-	-	-	-
Average number of diluted shares	132,328,198	-	134,363,049	-
Earnings per share (Euro)	0.53	-	0.58	-
Diluted earnings per share (Euro)	0.53	-	0.58	-

INFORMATION ON RISKS AND RELATED HEDGING POLICIES

Introduction

The Internal Control and Risk Management System consists of the set of rules, procedures and organisational structures aimed at enabling the identification, measurement, management and monitoring of the main risks. This system is integrated into the organisational and corporate governance structures adopted by the Group.

The guidelines of the system are defined in internal regulations. Detailed operational and informative provisions on the controls implemented, at the various levels, on corporate processes are contained in the specific function regulations and internal procedures.

Under the organisational model adopted by the Group, the Risk Management function reports directly to the Board of Directors and participates in the risk management process aimed at identifying, measuring, assessing, monitoring, preventing and mitigating as well as communicating the risks assumed or that may be assumed in the course of business. This function also performs the activity vis-à-vis the subsidiaries, in accordance with the relevant Service Agreements.

At least once a year, the Board of Directors approves the Group's "Risk Appetite Framework (RAF)" and "Corporate Risk Management Policy", which define the risk appetite, tolerance thresholds, limits as well as risk monitoring rules and methodologies. Within the framework of these documents, specific risk indicators with the relevant attention thresholds are provided for at the level of each legal entity, identifying the functions responsible for the specific control mechanisms and providing for dedicated information flows. The internal capital adequacy process (ICAAP) and the liquidity risk management and governance system (ILAAP) are also part of the Group's risk management system.

It should be noted, as reported in the "Significant corporate events" section above, that on 25 June 2025, Banco Desio informed the market that the Bank of Italy had authorised the Group to use the A-IRB internal credit risk measurement system ("retail" and "corporate" exposures) starting from the supervisory reports of 30 June 2025.

SECTION 1 - ACCOUNTING CONSOLIDATION RISKS

Quantitative information

A Credit Quality

A.1 Impaired and non-impaired credit exposures: amounts, value adjustments, trend, economic distribution

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amounts)

Portfolios/quality		Bad loans	Unlikely to pay	Impaired past-due	Non-impaired past-due exposures	Other non-impaired exposures	Total
1. Financial assets measured at amortised cost		36,057	142,939	100,350	68,231	15,394,610	15,742,187
2. Financial assets measured at fair value through other comprehensive income		-	-	-	-	1,121,565	1,121,565
3. Financial assets designated at fair value		-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value		-	-	-	-	5,129	5,129
5. Financial assets held for sale		-	-	-	-	-	-
Total	30.06.2025	36,057	142,939	100,350	68,231	16,589,535	16,868,881
Total	31.12.2024	36,471	138,288	16,351	94,477	16,169,471	16,455,058

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

Portfolios/quality	Impaired				Non-impaired			Total (net exposure)
	Gross exposure	Total value adjustments	Net exposure	Total partial write-offs*	Gross exposure	Total value adjustments	Net exposure	
1. Financial assets measured at amortised cost	448,954	(169,608)	279,346	871	15,587,367	(124,526)	15,462,841	15,742,187
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	1,121,792	(227)	1,121,565	1,121,565
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	5,129	5,129
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 30.06.2025	448,954	(169,608)	279,346	871	16,709,159	(124,753)	16,589,535	16,868,881
Total 31.12.2024	382,571	(191,461)	191,110	1,242	16,394,387	(130,470)	16,263,948	16,455,058

Portfolios/quality	Assets with evident poor credit quality		Other assets
	Accumulated losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	7,885
2. Hedging derivatives	-	-	21,501
Total 30.06.2025	-	-	29,386
Total 31.12.2024	-	-	17,193

SECTION 2 - PRUDENTIAL CONSOLIDATION RISKS

1.1 CREDIT RISK

Qualitative information

1. General Aspects

The bank's lending activities are developed in line with the management guidelines of the Business Plan and targeted at local economies mainly in the retail, small business and small-medium enterprise markets. To a lesser extent, lending is aimed at the corporate market.

In the activities aimed at private customers, small businesses (artisans, producer households, professionals), SMEs and corporates, and customers with financial company characteristics, the products essentially related to: loans and deposits, financial, banking and payment services, documentary credit, lease, factoring, financial, insurance and asset management products, and debit and credit cards.

Commercial policy is pursued mainly through the branch network on the basis of credit policies oriented towards supporting local economies. Particular attention is paid to maintaining the relationships established with customers and developing them both in the geographical areas where the bank is traditionally present and in the new markets of establishment with the aim of acquiring new market shares and facilitating growth in business volume. The subsidiaries, active in the provision of loans to private customers in the technical forms of salary-backed, advances on severance pay and personal loans, also make use of agents outside the parent company's sales network in the placement of its products. The bank also operates by adhering to the agreements stipulated between the Italian Banking Association, Trade associations and Entrepreneurial associations with the stipulation of Conventions aimed at providing credit support to companies with a view to safeguarding asset quality.

2. Credit risk management policies

2.1. Organisational aspects

Factors that generate credit risk relate to the possibility that an unexpected change in the creditworthiness of a counterparty, with respect to which exposure exists, generates a corresponding unexpected change in the value of the credit position. Therefore, not only the possibility of a counterparty's insolvency, but also the mere deterioration of creditworthiness must be considered a manifestation of credit risk.

The Group's organisational structure ensures an adequate process for monitoring and managing credit risk, with a logic of separation between business and control functions. The Parent Company's Board of Directors is exclusively responsible for determining guidelines affecting the general management of the bank's business, as well as, within this framework, decisions concerning strategic lines and operations and industrial and financial plans, and those concerning, again at the level of strategic supervision, the Internal Control and Risk Management System in accordance with the Prudential Supervisory Provisions in force from time to time. In line with the provisions of Bank of Italy Circular 285/2013, the Parent Company assigned the Risk Management Department the task of verifying and supervising the monitoring and credit recovery activities carried out by the competent corporate functions, envisaging the power to intervene, where necessary, on the classification of anomalous credit and the allocation of provisions.

2.2 Management, measurement and control systems

The credit risk management, measurement and control systems are developed in an organisational context that involves the entire credit process cycle, from the initial investigation phase to the periodic review and the final revocation and recovery phase.

In the credit investigation stages, the bank carries out both internal and external investigations on the customer to be entrusted, and arrives at the final decision to grant credit by also considering all the information relating to the economic subject, which is the result of direct knowledge of the customer and the economic context of operation.

In the credit disbursement process, the Group operates by having as its guiding principle both the spreading of risk among a multiplicity of customers operating in different business sectors and market segments, and the adequacy of the credit line in relation to the borrower's autonomous creditworthiness, the technical form of utilisation and the collateral that can be acquired.

The analysis and monitoring of credit risk is carried out with the support of specific operating procedures. The purpose of a timely monitoring system is to detect, as early as possible, signs of deteriorating exposures in order to take effective corrective action. To this end, credit exposures are monitored by means of the performance analysis of reports and the risk centre through dedicated procedures. This examination makes it possible to identify customers with anomalies in the conduct of the relationship as opposed to those with a regular pattern.

The Credit Department's monitoring activities continued on the customers entrusted: the analysis of the positions showed an increase compared to the previous quarters in the deterioration of existing loans - albeit at levels in line with the pre-pandemic period - on which risk containment and management actions were activated. Monitoring the indirectly most exposed positions is one of the first drivers of attention in order to ensure the best quality of the credit portfolio over time and, at the same time, to identify the best solutions to enable companies to continue their business.

As part of its corporate risk management policies, the Bank has established a system of operational limits and specific Key Risk Indicators (KRI). In the context of monitoring and control, when thresholds are exceeded, the Risk Management function activates internal procedures to intervene in order to maintain a level of risk appetite consistent with what is defined in the RAF and risk management policies.

Authorisation to the use of the A-IRB internal credit risk measurement system

On 25 June 2025, Banco di Desio e della Brianza announced to the market that the Bank of Italy authorised the Banco Desio Group (CRR Brianza Unione Group) to use the Advanced Internal Rating Based (A-IRB) approach to determine the capital requirement for credit risk, at consolidated and individual level, with reference to the regulatory asset classes "corporate exposures" and "retail exposures".

The Bank of Italy also authorised the gradual extension of the A-IRB method (so-called "roll-out") by granting the provisional exclusion from the calculation of the A-IRB method of exposure classes with respect to newly acquired business units for which a phased extension plan is envisaged (so-called "roll-out") according to pre-established timetables, as well as permanent partial use (so-called "PPU") of the Standardised Approach for certain exposure categories and the group and for all exposures related to the subsidiary Fides S.p.A., pursuant to Article 150 of the CRR. The authorisation made any financial benefit conditional on a series of preliminary remedial interventions that were completed within the following 18 months.

By order of 24 June 2025, the Bank of Italy, on the basis of the results of the inspections conducted in connection with the preliminary remedial measures and the preliminary investigation activities, authorised the Banco Desio Group (CRR Brianza Unione Group) to the actual use for capital requirement calculation purposes, on an individual and consolidated basis, of the A-IRB internal credit risk measurement system for Banco Desio "Retail" and "Corporate" exposure classes, also applying the corrective factors, in terms of floors and add-ons, envisaged in the Order of 24 May 2023.

Following this authorisation, as of 30 June 2025, at consolidated and individual level, for exposures falling within the first validation perimeter, Supervisory Reporting is carried out according to the A-IRB methodology.

For the purposes of calculating the capital requirement for credit risks for exposures not included in the initial A-IRB validation scope, the bank follows the rules established by the legislation for the standardised approach, resorting, for certain counterparties, to the use of ratings provided by authorised external ECAI.

2.3 Methods for measuring expected losses

The general approach defined by IFRS 9 Financial Instruments to estimate impairment is based on a process designed to provide evidence of deterioration in the credit quality of a financial instrument at the reporting date compared to the date of initial recognition. The regulatory guidance on the allocation of receivables to

the various "stages" provided by the Standard ("staging" or "stage allocation") requires, in fact, that significant changes in credit risk be identified with reference to the change in creditworthiness from the initial recognition of the counterparty, the expected life of the financial asset, and other forward-looking information that may affect credit risk.

Consistent with IFRS 9, performing loans are therefore divided into two different categories:

- Stage 1: assets with no significant credit risk deterioration are classified in this bucket. For this Stage, the calculation of the expected one-year loss on a collective basis is envisaged;
- Stage 2: in this bucket are classified assets with a significant deterioration in credit quality between the reporting date and initial recognition. For this bucket, the expected loss must be calculated from a lifetime perspective, i.e. over the entire life of the instrument, on a collective basis.

As part of the ongoing monitoring process of the IFRS 9 application framework, given the current context, which is still affected by significant uncertainty, including the ongoing emergency related to the war between Russia and Ukraine that began in 2022, further international tensions developing in the Middle East since 2023, and the uncertain impact of US trade policies, it should be noted that in preparing this financial report, the Bank has taken into account the guidance contained in documents published by various international institutions (ESMA, EBA, ECB-SSM, IFRS Foundation), aiming to achieve a balance between the need to avoid excessively pro-cyclical assumptions in the models used to estimate expected credit losses and the need to ensure that the risks to which the Bank is (or will be) exposed are adequately reflected in the accounting and prudential assessments.

In this context, Banco Desio deemed it appropriate to not update the macroeconomic forecasts used to estimate expected losses to include current and prospective macroeconomic change elements provided by specialised providers.

Estimating the expected credit loss - Stage 1 and Stage 2

The Expected Credit Loss (ECL) calculation model for measuring the impairment of non-impaired instruments, differentiated according to whether the exposure is classified as a Stage 1 or Stage 2 exposure, is based on the following formula:

$$ECL = \sum_{t=1}^T PD_t \cdot EAD_t \cdot LGD_t \cdot (1 + r)^{-t}$$

where:

- PD_t represents the probability of default at each cash flow date. This is the probability of moving from performing to impaired status over the time horizon of one year (1-year PD) or over the entire life of the exposure (lifetime PD);
- EAD_t represents the counterparty exposure at each cash flow date;
- LGD_t represents the associated loss per counterparty at each cash flow date. This is the percentage of loss in the event of default, based on the historical experience observed over a given observation period, as well as the prospective evolution over the entire duration of the exposure (lifetime);
- r represents the discount rate;
- t represents the number of cash flows;
- T represents the total number of cash flows, limited to the next 12 months for stage 1 relationships, and referred to the entire remaining life for stage 2 relationships.

As represented in the section "Inclusion of forward-looking factors", the estimated PD curves are distinct for each selected macroeconomic scenario and are applied for the calculation of the ECL for each of these scenarios. The final expected loss measure is obtained by weighting the Expected Credit Loss measures conditional on the macroeconomic scenarios by their respective probabilities of occurrence.

The models used to estimate these parameters are derived from the corresponding parameters developed under the most recent regulatory guidelines, making specific adjustments to take into account the different requirements and purposes of the IFRS 9 impairment model compared to the regulatory model.

The definition of these parameters therefore took into account the following objectives:

- removal of elements provided for regulatory purposes only, such as the down-turn component considered in the regulatory LGD calculation to account for the adverse business cycle, the margins of conservatism provided for PD, LGD and EAD, and the add-on of indirect costs with the aim of avoiding a double-counting effect on the income statement;
- inclusion of current business cycle conditions (Point-in-Time risk measures) in place of a Through The Cycle (TTC) measurement required for regulatory purposes;
- introduction of forward-looking information concerning the future dynamics of macroeconomic factors (forward looking risk) considered potentially capable of influencing the debtor's situation;
- extension of the risk parameters to a multi-year perspective, taking into account the duration of the credit exposure to be assessed (lifetime).

The following provides more detailed information on how the Group determined the aforementioned IFRS 9 compliant risk parameters, with particular reference to how forward-looking factors were included.

In this regard, it should be pointed out that the updating of the historical series of parameters and, consequently, the recalibration of them is carried out on an annual basis.

Estimating the PD parameter

The PD parameters were appropriately calibrated, using satellite models, to reflect default rates under current (PiT) and forward-looking conditions. These parameters must be estimated not only with reference to the twelve-month horizon following the reporting date, but also in future years, in order to allow for the calculation of lifetime provisions.

For the Group, lifetime PD curves were created by multiplying 12-month rating migration matrices by segments and conditional on prospective macroeconomic scenarios, using a Markovian approach. Each rating class assigned to counterparties by internal models is associated with the corresponding lifetime PD curve. Below are the main methodological steps used to estimate the PD lifetime parameter:

- creating historical Point in Time (PiT) migration matrices for each risk segment defined by the rating models and, based on the average of these matrices, obtaining 3-year migration matrices for each risk segment. It should be noted that in order to reduce the default rate bias resulting from support policies, the migration matrix of 2020 has been deducted of the counterparties benefiting from moratoria;
- determination of future PiT migration matrices for the first three years following the reporting date, obtained on the basis of PiT migration matrices conditioned by selected macroeconomic scenarios, using satellite models (Merton method) capable of expressing the sensitivity of PD measures to changes in key economic quantities. These satellite models are differentiated by Business and Private segments and use segment-specific variables;
- obtaining the cumulative PD per rating class and scenario by means of a matrix product (Markov chain techniques) of the future PiT migration matrices for the first three years, as calculated above, while from the fourth year onwards, use is made of the 1-yr TTC matrix assumed constant in each period t , obtained by deconditioning the individual annual migration matrices observed over the last five years using the Merton-Vasicek method;
- generation of the cumulative lifetime PD curve as the average of the cumulative PD curves of each selected macroeconomic scenario weighted by their respective probabilities of occurrence.

Please refer to the following section "Inclusion of forward-looking factors" for further details on how the PD parameter was created.

Estimating the LGD parameter

The LGD parameters were appropriately calibrated, to reflect loss rates under current (PiT) and forward-looking conditions. These parameters are estimated not only with reference to the twelve-month horizon following the reporting date, but also in future years, in order to allow for the calculation of lifetime provisions.

For the Group, lifetime LGD curves are separated by segment and conditioned on macroeconomic outlook scenarios.

Each exposure through internal models is associated with the relative lifetime LGD curve. The main methodological steps used for the parameter estimation are as follows:

- point in Time (PiT) estimation of the probability of migration to Bad loan status (hereafter P-Soff) and of the loss rate in Bad loan status (hereafter LGS), based on historical data for the last 3 years for each risk segment;
- determination of the future P-Soff parameter for the first three years following the reporting date, obtained by conditioning it on the basis of some selected macroeconomic scenarios, through satellite models capable of expressing the sensitivity of the P-Soff measures with respect to variations in the main economic quantities. These satellite models are differentiated by Business and Private segments and use segment-specific variables;
- obtaining lifetime LGD by applying the PiT and forward-looking parameters for the first three years, as calculated above, in the LGD component model. From the fourth year onwards, the LGD TTC assumed constant in each period t is used, based on the parameters estimated from long-term averages.

Estimating the EAD

For cash exposures, the EAD parameter is, at each future payment date, the outstanding debt based on the amortisation schedule plus any unpaid and/or past-due instalments.

For off-balance sheet exposures, which are represented by guarantees and irrevocable or revocable commitments to disburse funds, the EAD is equal to the nominal value weighted by a credit conversion factor (CCF), determined in accordance with internal models and using the standard approach for the remaining exposures.

Inclusion of forward-looking factors

For the purpose of determining expected losses, the inclusion of forward-looking information is obtained by considering the effects on risk parameters resulting from different macroeconomic scenarios. In detail, the multiple possible alternative macroeconomic scenarios were reduced to a limited number of three scenarios (positive, basic and negative), which constitute the input of the so-called "satellite models". The use of the latter models makes it possible to define, by means of statistical regression techniques, the relationship between a limited number of significant macroeconomic variables, taken as a reference, and the decay rates of the various segments. The result of these estimates is used to create stress factors, broken down by scenario and risk segments.

In order to include separate prospective risk assessments by business segment and geographic area, "satellite models" of the PD are separated by business macro-sector for the Corporate segment and by geographic macro-area for the Private segment. Thus, the estimation of the aforementioned econometric relationship between the default rate and the explanatory macroeconomic variables is conducted with a higher level of granularity in order to capture the asymmetric impact of historical economic events on different sectors and geographic areas and to incorporate differentiated forecasting elements that more closely reflect the prospective riskiness of the portfolio.

Lastly, considering the persistence of uncertainty in the current economic context, also influenced by the ongoing war context and by inflationary shocks, and related economic effects, the mix of probabilities of occurrence was kept unchanged by placing side by side the "base" scenario considered most probable (with a 55% probability), a "negative" alternative scenario (with a 35% probability) and a "positive" one (with a 10% probability).

Inclusion of climate-environmental risk (physical and transition)

During 2024, the Bank conducted a specific project aimed at defining the interventions to be made on the internal models used to assess credit risk in order to incorporate the climate-environmental risk components consistently with the evidence deriving from the analysis of transmission channels and the assessment analysis focused on the assessment (of opportunities and) risks deriving from climate-environmental factors (physical and transition), functional to the quantification of the relative impact on corporate assets.

At the reporting date of this Consolidated Half-Year Financial Report, in order to take into account the risks arising from climate-environmental factors (model) in the calculation of expected losses (impairment) in application of the international accounting standard IFRS9, an adjustment was implemented to the modelling components of the risk parameters adopted (see the following point "In-Model Adjustment") accompanied, for a prudent coverage of expected losses in the current context of uncertainty about future scenarios, by post-model adjustments (see the following point "Post-Model Adjustment"), which determine an overall impact on the company's assets of Euro 12.2 million related to the climate-environmental component.

In this regard, further reference is made to (i) the note on "Sustainability Risk" in the section "Risks and uncertainties in the current macroeconomic and geopolitical context" contained in the *Accounting Policies* section of these Notes, and (ii) the paragraphs "Risk measurement and management" and "12.1.4 Materiality assessment" in the Consolidated Report on Operations of the 2024 Financial Statements.

In-Model Adjustment

In 2024, the Bank deemed it appropriate to update the modelling components of the PD and LGD risk parameters adopted to calculate the expected loss on the performing loan portfolio, by inserting in-model adjustments to reflect the climate-environmental risk (physical and transition) in the collective impairments. This approach was confirmed in June 2025.

In particular, the environmental climate correction was the result of the scoring process developed by a qualified external provider, i.e. physical risk in relation to individual real estate-backed exposures of the Private management segment and transition risk in relation to exposures of the Corporate management segment.

The framework therefore envisages applying managerial adjustments in cases where the score is "High" and "Very High", by penalising the probability of default (PD) and loss rates (LGD) used to calculate the ECL.

Below are the elements taken into consideration for the attribution of climate risk scores:

Physical Risk	Transition Risk
• Landslide • Flood • Wind (extreme wind events) • Fire • Extreme waves, storm surges • Occurrences of frost • Occurrences of heat (extreme heat events, even of short duration) • Heat wave • Aridity • Tsunami (non-climatic) • Seismic (non-climatic) • Soil erosion by precipitation • Coastal erosion • Sea level rise	• Regulatory, legislative and market aspects • Classification according to the EU Taxonomy and Subsequent Delegated Acts • Emission intensity analysis • Additional elements (waste, consumption and in general, relevance to DNSH, etc.)

Post-model adjustments

Consistent with the cautious approach applied in the performance monitoring of exposures, post-model adjustments (known as management overlays) for the allocation of stage 2 exposures and for the determination of expected losses on specific clusters have been maintained and updated as the geopolitical context and macroeconomic forecasts still present strong elements of uncertainty and volatility.

Focusing on ratings equal to or worse than the median class (rating 5), post-model adjustments (management overlays) were therefore defined to take into account for the transition into stage 2:

- for loans to companies, the sectoral attractiveness attributed by the Bank on the basis of specific sector studies;
- for loans to individuals, a Loan to Value > 50% combined with critical areas and high/very high physical risk.

With particular reference to the sectors considered less attractive, in continuity with the approach used at 31 December 2024, it was decided to keep in focus all the sectors that were classified as low attractiveness in the past (used as drivers for specific risk monitoring and containment actions in the context of credit policies) and to extend the classification to medium attractiveness sectors that showed higher default classifications in 2024, as detailed below:

Code	Sector	Attractiveness
from 1 to 3	Agriculture	LOW
from 13 to 15	Textiles and Clothing	LOW
24-25	Metallurgy	LOW
29	Automotive	LOW
35	Production and Supply of Electricity, Gas	MEDIUM (*)
from 41 to 45	Construction	LOW
47	Retail Trade	LOW
55	Accommodation and Catering	MEDIUM (*)
56	Accommodation and Catering	LOW
68	Real estate	LOW
70, 73, 77, 78, 80, 81, 82	Business Services	MEDIUM (*)
79, 90, 91, 92, 93	Recreational, Sporting Activities and Travel Agencies	LOW
46	Wholesale trade	MEDIUM (**)
28	Other Manufacturing	MEDIUM (**)

(*) Sector classified with low attractiveness in previous overlays

(**) Sector with highest default classification in the year 2024

Within the stage 2 positions, specific higher-risk clusters were identified for corporate loans to which increasing minimum coverage was applied.

In the definition of these clusters, the criteria already adopted for the staging overlay were used, supplemented to reflect greater caution on branches located in the provinces affected by the floods in Emilia-Romagna, Tuscany and Marche, on counterparties with an associated high/very high physical risk, on exposures with a public guarantee, and on other objective elements of stage 2 classification.

For the definition of the minimum coverage levels to be applied on the various clusters identified, in a range between 5.5% and 17.4%, the average coverage levels expressed by the model on different risk bands were taken as a reference. For the unsecured portion of loans with a clustered public guarantee, a minimum coverage percentage of 28.7% was introduced as the average between the coverage of impaired past-due loans (17.4%) and the coverage from unsecured corporate Utp policy (40%).

At 30 June 2025, post-model adjustments amount to Euro 67.7 million, including the aforementioned environmental climate risk (physical and transition).

Sensitivity analysis of expected losses

As represented in the section "Use of estimates and assumptions in preparing the financial statements" contained in the part "Accounting policies", the determination of impairment losses on loans involves significant elements of judgement, with particular reference to the model used to measure losses and the relative risk parameters, the triggers considered expressive of significant credit deterioration, and the selection of macroeconomic scenarios.

In particular, the inclusion of forward-looking factors turns out to be a particularly complex exercise, as it requires the formulation of macroeconomic forecasts, the selection of scenarios and their relative probabilities of occurrence, as well as the definition of a model capable of expressing the relationship between the aforementioned macroeconomic factors and the default rates of the exposures under assessment, as illustrated in the previous paragraph.

In order to assess how forward-looking factors may influence expected losses, it is deemed reasonable to perform a sensitivity analysis in the context of different scenarios based on consistent forecasts in the evolution of different macroeconomic factors. The countless interrelationships between individual macroeconomic factors are, in fact, such that a sensitivity analysis of expected losses based on a single macroeconomic factor is not very significant. The Group therefore deemed it reasonable to perform a sensitivity analysis considering a 70% probability of occurrence of the negative scenario, which would result in a further increase in value adjustments on the performing portfolio of about Euro 3.1 million gross.

2.4 Credit risk mitigation techniques

In the development of the operational process leading to the granting of credit, even in the presence of positive evaluations of the necessary requirements, the Group acquires whenever possible collateral and/or personal guarantees aimed at risk mitigation.

The collateral represented by mortgages, mainly referring to the technical form of mortgages (particularly on residential properties), appears predominant over all loans. Still at significant levels, there are also public guarantees such as guarantees and counter-guarantees issued by the Guarantee Fund for SMEs pursuant to Law 662/96, SACE or the European Investment Fund, as well as pledged guarantees on securities and/or money.

The guarantees received are drafted on contractual outlines, in line with industry standards and legal guidelines, approved by the competent corporate functions. The guarantee management process, in line with the requirements of the supervisory regulations, includes monitoring activities and specific checks aimed at verifying eligibility.

Public guarantees such as guarantees and counter-guarantees given by the Guarantee Fund for SMEs pursuant to Law No. 662/96 and by SACE were modelled in the calculation of the expected loss (ECL); an expected loss reflecting the risk of a public counterparty was also determined on the guaranteed portion of the exposure. A similar approach was adopted for financial guarantees eligible for prudential purposes.

3. Impaired credit exposures

3.1 Management strategies and policies

The current regulatory framework provides for the classification of impaired financial assets according to their critical status. In particular, there are three categories: "bad loans", "unlikely to pay" and "impaired past-due and/or overdrawn exposures".

- **Bad loans:** exposure to a party in a state of insolvency (even if not judicially adjudicated) or in substantially similar situations, irrespective of the loss projections made by the intermediary.
- **Unlikely to pay:** exposures for which the intermediary considers it unlikely that the borrower will perform in full without recourse to actions such as the enforcement of collateral, irrespective of the presence of amounts past-due and/or overdrawn.
- **Impaired past-due and/or overdrawn exposures:** exposures, other than those classified as bad loans or unlikely to pay, that are past-due and/or overdrawn continuously for more than 90 days.

There is also a type of "forborne exposures", referring to exposures subject to renegotiation and/or refinancing due to financial difficulties (manifest or about to manifest) of the client. Such exposures may constitute a subset of both non-performing loans (forborne exposures on impaired positions) and performing loans (forborne exposures on performing positions). The management of these exposures, in compliance with regulatory requirements with respect to timing and classification methods, is assisted through specific work processes and IT tools.

The Group has a policy that regulates the criteria and methods for the application of value adjustments which, depending on the type of non-performing loan, the original technical form and the type of collateral supporting it, establish the minimum percentages to be applied in determining loss forecasts. The management of the Parent Company's impaired exposures is delegated to a specific organisational unit, the NPL Area, which is responsible for identifying strategies to maximise recovery on individual positions and for defining the value adjustments to be applied to them. Only "impaired past-due/overdrawn" exposures subject to a lump-sum write-down and with a high probability of reclassification among "performing" exposures are managed by the function delegated to the monitoring of credit performance, which eventually classifies them among "unlikely to pay", transferring their management to the NPL Area.

The loss forecast represents the summary of several elements derived from different assessments (internal and external) of the capital adequacy of the principal debtor and any guarantors, and, in the case of UTP, also

takes into account the drivers used in defining the LGD parameter. The monitoring of loss forecasts is constant and related to the development of the individual position. The Risk Management function periodically monitors compliance with the doubtful outcome percentages envisaged by the policy for the management of non-performing loans, reporting any deviations to the competent functions for realignment interventions, and supervises the recovery activities of non-performing loans, whether managed directly by the functions in charge or through specialised external operators.

The time element inherent in the discounting of non-performing loans is determined by specific valuations, made for individual types of assets, prepared on the basis of information on individual court cases and updated periodically.

Consistent with the objectives of reducing the bank's stock of non-performing loans indicated in the business plan and in the NPL Management Plan, and with a view to maximising recoveries, the competent corporate functions define the best strategy for managing impaired exposures, which, on the basis of the subjective characteristics of the individual counterparty/exposure and internal policies may be identified in a review of contractual terms (forbearance), in the assignment to an internal recovery unit rather than to a specialised third-party operator, in the identification of the possibility of assigning the credit to third parties (at the level of individual exposure or within a complex of positions with homogeneous characteristics). In particular, during the course of the year, proactive monitoring of exposures continued, favouring the return and recovery of unlikely to pay (UTP) exposures, and also finalising hypotheses of disposal transactions to third parties formalised within the year, for exposures where the intervention of investors could be an improvement over the bank's ordinary risk containment actions. With regard to bad loans, credit recovery action was taken favouring outright solutions, where convenient, and also proceeding with the disposal of both mortgage and unsecured credit perimeters.

In execution of its capital management strategy, the Bank completed a programme of NPL disposals, particularly significant in recent years, with reference to both loans classified as bad loans and loans classified as UTP. Disposals of NPL amounting to Euro 49 million (Euro 13 million utp and Euro 36 million non-performing loans) realised in the reference half-year further reduced the gross NPL ratio to 2.9% (3.1% at end-2024).

The action of containing the stock of UTP is achieved through two actions:

1. prevention of incoming flows to UTP;
2. effective management of the impaired portfolio aimed at maintaining good recovery and/or return to performing status, together with a policy of targeted disposals aimed at optimising their countervalue.

Since corporate counterparties represent a significant share, in terms of volume, the focus is more on reducing transfers to UTP for this type of loan.

The operating methods and tools in use at Banco Desio, through which positions presenting credit anomalies and critical factors are identified and managed, are regulated and formalised in internal documentation. In particular, the monitoring activity is strongly focused on the trend analysis of individual risk positions intercepted on the basis of periodic and punctual checks, on the basis of systematic reports produced by the internal IT procedure (Credit Quality Manager) and detected by the Monitoring Dashboard. The latter tool, in addition to periodically photographing and monitoring the trend in anomalies, provides, for the purposes of control and possible intervention, an evaluation of individual branches, attributing to each one a ranking, calculated on the basis of risk indicators.

This reporting tool, also used to support the Parent Company's Top Management and Network, makes it possible to interpret, process and historicise data from various certified sources, in order to detect the credit quality of the Parent Company itself, the Territorial Areas, and the Branches.

Consistently with the disposal targets, established from time to time by the Board of Directors, the Group's exposures classified as bad loans or unlikely to pay may be assessed through the configuration of two different estimates of expected cash flows:

- the first, determined by assuming the recovery scenario from the debtor on the basis of internal activity, according to the ordinary valuation guidelines followed by the Group previously illustrated (work out scenario);
- the second assuming the scenario of recovery by means of disposal of credit (sale scenario), the estimate of which is derived from the amount defined for internal recovery.

The quantification of the expected losses of the aforementioned exposures may include forward-looking elements, through the introduction of specific sale scenarios, where the Group's NPL strategy envisages that the recovery of the aforementioned exposures may take place through a sale on the market, with a view to pursuing a derisking strategy aimed at reducing the NPL ratio, i.e., the percentage of impaired exposures with respect to the total exposures.

Consequently, the estimate of the expected losses of these positions will reflect not only the expected recovery through ordinary operations (work out) but also the presence, appropriately calibrated, of the sales scenario and therefore of the related cash flows.

As expressly provided for by the IASB ITG1, in determining expected losses, it is in fact possible to consider recoverable cash flows through sale, to the extent that it is possible to develop expectations and assumptions based on reasonable and demonstrable information (see in this regard the document: *"Meeting Summary - 11 December 2015 - Inclusion of cash flows expected from the sale on default of a loan in the measurement of expected credit losses"*).

In the event of the introduction of specific sale scenarios, the estimate of recoverable flows will therefore be equal to the weighted average of the probabilities assigned to the two scenarios of the estimates of the cash flows that the Group expects to receive in the two aforementioned scenarios. Expected losses will therefore be determined based on the difference between the gross value of the credit exposure and the estimated lower recoverable flows.

In these cases, the methodology for estimating expected losses therefore involves the following steps:

- the segmentation of the portfolio into different clusters considered relevant for the purposes of portfolio analysis, depending on the status (bad loans or unlikely to pay), the date of entry among impaired exposures (vintage), the amount of the exposures, and the existence of planned sales;
- the assignment of a different probability of disposal to each cluster, consistent with the achievement of the target level of disposals decided by the competent bodies;
- the determination of recovery flows through the sale, based on an internal model of discounting recoverable cash flows, based on the discounted cash flow technique, according to certain parameters deemed representative from the perspective of the potential purchaser, with the objective of arriving at a price for the hypothetical sale of each cluster, appropriately calibrated to take into account comparable transactions observed on the market.

Given that the exposures subject to probable disposal may not be individually identifiable at the reporting date, the model requires that a probability of disposal be associated with each loan.

The expected loss of the exposures under review is therefore equal to the probability-weighted average of the estimated recoverable cash flows in the two scenarios (workout and sale).

The assignment of probabilities to the various scenarios is based on the segmentation of the Group's overall portfolio of loans classified as bad loans or unlikely to pay according to the main characteristics that influence the value attributed by the market to loans of this type (vintage, amount of exposure).

The allocation of probabilities to the various clusters is guided by the amount of the target disposals approved by the Board of Directors from time to time. In other words, the probabilities are assigned to the various clusters in such a way that the sum of the total nominal values of each cluster multiplied by the relative probability of disposal (hereinafter also "expected value of disposal") is equal to the aforementioned target disposal amount

approved by the Board of Directors. The probabilities assigned to the various clusters are therefore variable over time and can range from a minimum of 0%, for those positions that are considered to be excluded from sale due to their intrinsic characteristics, up to a maximum of 90%, assigned to the cluster in which the loans that are considered most likely to be sold (scheduled sales) are placed. The composition of the clusters also varies over time depending on the evolution of market appetite for the various types of exposures and the consequent suitability assessments carried out by the competent Bank bodies.

For target volumes of disposals preparatory to maintaining NPL Ratio levels already achieved, the transactions are considered to be of a physiological nature, resulting in the application of only the internal workout scenario in determining expected losses.

For the determination of the recovery flows through sale, the valuation method used is based on a process of discounting the recoverable cash flows ("discounted cash flows"), which takes into consideration the main parameters that are normally considered by potential purchasers when defining the purchase price, appropriately calibrated to take into account comparable transactions observed on the market. In more detail, the factors considered in the estimation process are: the estimated recoverable amount consistent with the value estimated in the workout scenario; the costs that the purchaser will have to incur to recover the receivable; the estimated recovery time, based on market information (e.g. average court times); the expected rates of return from purchasers; and specific market factors also defined according to the type of sale transaction put in place.

It should be noted that the method illustrated above does not apply to any loans that, at the date of preparation of the financial statements, are already analytically identified as held for sale, in relation to which the conditions provided for by IFRS 5 for classification in the portfolio of assets held for sale are met. The valuation of these loans is carried out considering only the sale scenario, to which a 100% probability is assigned, and assuming as a reference the sale prices or, in any case, the information contained in the agreements finalised with the counterparties (binding offers).

3.2 Write-offs

Impaired exposures for which there is no possibility of recovery (either total or partial) are subject to write-off in accordance with the policies in force at the time, approved by the Group's Board of Directors. Among the strategies identified for the containment of non-performing loans, a management approach based on "single name" disposals was also envisaged for unlikely to pay, with particular reference to loans managed with a view to liquidation or total return (gone concern).

With reference to the indicators used to assess recovery expectations, the Group has adopted specific policies for the analytical assessment of non-performing loans that envisage specific adjustment percentages, distinguishing the presence and type of underlying guarantees (real or personal), the submission of customers to a specific procedure (blank agreements; liquidation agreements; continuing agreements; over-indebtedness crisis; pursuant to Articles 67 and 182 of the Bankruptcy Law).

3.3 Purchased or originated impaired financial assets

As indicated by the accounting standard "IFRS 9 - Financial Instruments", in some cases, a financial asset is considered impaired upon initial recognition because the credit risk is very high and, in the case of purchase, it is acquired at a significant discount (compared to the initial disbursement value). In the event that the financial assets in question, based on the application of the classification drivers (i.e. SPPI test and Business model), are classified as assets measured at amortised cost or at fair value through other comprehensive income, they are classified as 'Purchased or Originated Credit Impaired Assets' (in short, 'POCI') and are subject to special treatment. Specifically, value adjustments equal to the lifetime Expected Credit Loss (ECL) are recognised against them from the date of initial recognition and throughout their life. In light of the foregoing, POCI financial assets are initially recognised as impaired assets, subject to the possibility of being subsequently moved to performing loans, in which case an expected loss equal to the lifetime ECL will continue to be recognised. A "POCI" financial asset is therefore qualified as such in the signalling and expected loss calculation (ECL) processes.

4. Financial assets subject to trade renegotiations and forbore exposures

In the face of the debtor's credit difficulties, exposures may be subject to modifications of the contractual terms in favour of the debtor in order to make their repayment sustainable. Depending on the subjective characteristics of the exposure and the reasons behind the debtor's credit difficulties, the changes may act in the short term (temporary suspension of the payment of the principal of a loan or extension of a maturity) or in the long term (extension of the term of a loan, revision of the interest rate) and lead to the classification of the exposure (both performing and impaired) as "forborne". Forborne exposures are subject to specific grading provisions, as set forth in the EBA ITS 2013-35 transposed into the Group's lending policies; if the forbearance measures are applied to performing exposures, they are taken into account in the process of assigning the internal management rating and are included in the group of stage 2 exposures. All exposures classified as forborne are included in specific monitoring processes by the relevant corporate functions.

Specifically, these functions, through the support of appropriate IT procedures, monitor the effectiveness of the measures granted, detecting improvements or deteriorations in the client's financial situation after the concession. If, at the end of the monitoring period, the position meets all the criteria laid down in the relevant regulations, it is no longer considered a forborne loan; conversely, it continues to be a forborne exposure.

The commercial network may, if it sees fit, revise the terms applied to customer exposures even in the absence of financial difficulties, within the scope of the autonomy in force at the time.

In that case, the exposure does not fall within the category of forborne exposures.

Quantitative information

Credit Quality

A.1.4 Prudential consolidation - On- and off-balance sheet credit exposures to banks: gross and net amounts

Type of exposures/values	Gross exposure				Total value adjustments and allocations				Net exposure	Total partial write-offs*
	First stage	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired		
A. ON-BALANCE SHEET CREDIT EXPOSURES										
A.1 ON DEMAND	593,632	593,632			34	34			593,598	-
a) Impaired	-	X	-	-	-	X	-	-	-	-
b) Non-impaired	593,632	593,632			34	34			593,598	-
A.2 OTHER	1,055,399	1,052,946	-	-	768	768	-	-	1,054,631	-
a) Bad loans	-	X	-	-	-	X	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	X	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	X	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	X	-	-	-	-
c) Impaired past-due exposures	-	X	-	-	-	X	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	X	-	-	-	-
d) Non-impaired past-due exposures	-	-	-	X	-	-	-	X	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	X	-	-
e) Other non-impaired exposures	1,055,399	1,052,946	-	X	768	768	-	X	1,054,631	-
- of which: forborne exposures	-	-	-	X	-	-	-	X	-	-
TOTAL (A)	1,649,031	1,646,578	-	-	802	802	-	-	1,648,229	-
B. OFF-BALANCE SHEET CREDIT EXPOSURES										
a) Impaired	-	X	-	-	-	X	-	-	-	-
b) Non-impaired	361,244	11,164			1	1			361,243	-
TOTAL (B)	361,244	11,164	-	-	1	1	-	-	361,243	-
TOTAL (A+B)	2,010,275	1,657,742	-	-	803	803	-	-	2,009,472	-

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

Type of exposures/values	Gross exposure					Total value adjustments and allocations					Net exposure	Total partial write-offs*
	First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired			
A. ON-BALANCE SHEET CREDIT EXPOSURES												
a) Bad loans	128,932	X	-	126,837	2,095	92,875	X	-	91,843	1,032	36,057	871
- of which: forborne exposures	11,646	X	-	11,330	317	7,504	X	-	7,385	119	4,142	-
b) Unlikely to pay	214,043	X	-	208,747	5,296	71,104	X	-	69,148	1,956	142,939	-
- of which: forborne exposures	69,852	X	-	66,781	3,071	23,992	X	-	22,831	1,161	45,860	-
c) Impaired past-due exposures	105,979	X	-	105,948	31	5,629	X	-	5,624	5	100,350	-
- of which: forborne exposures	2,307	X	-	2,307	-	455	X	-	455	-	1,852	-
d) Non-impaired past-due exposures	70,401	32,436	37,961	X	4	2,170	110	2,060	X	-	68,231	-
- of which: forborne exposures	1,529	-	1,529	X	-	167	-	167	X	-	1,362	-
e) Other non-impaired exposures	15,618,674	13,982,409	1,625,176	X	3 525	121,817	20,555	101,119	X	138	15,496,857	-
- of which: forborne exposures	52,040	-	51,593	X	447	6,021	-	5,986	X	35	46,019	-
TOTAL (A)	16,138,029	14,014,845	1,663,137	441,532	10,951	293,595	20,665	103,179	166,615	3,131	15,844,434	871
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Impaired	23,707	X	-	23,707	-	1,816	X	-	1,816	-	21,891	-
b) Non-impaired	4,565,031	3,694,576	120,518	X	-	1,372	491	882	X	-	4,563,659	-
TOTAL (B)	4,588,738	3,694,576	120,518	23,707	-	3,188	491	882	1,816	-	4,585,550	-
TOTAL (A+B)	20,726,767	17,709,421	1,783,655	465,239	10,951	296,783	21,156	104,061	168,431	3,131	20,429,984	871

A.2 Classification of exposures based on external and internal ratings

A.2.1 Prudential consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees given: by external rating classes (gross amounts)

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	92,026	412,342	3,397,962	624,490	94,747	37,754	11,402,303	16,061,624
- First stage	92,026	392,624	3,332,315	520,260	66,763	14,710	9,565,516	13,984,214
- Second stage	-	19,718	60,281	97,842	27,984	23,044	1,413,634	1,642,503
- Third stage	-	-	5,364	6,388	-	-	412,204	423,956
- Purchased or originated impaired	-	-	2	-	-	-	10,949	10,951
B. Financial assets measured at fair value through other comprehensive income	4,363	-	929,436	19,044	-	-	168,949	1,121,792
- First stage	4,363	-	929,436	19,044	-	-	168,949	1,121,792
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	-	-	-	-	-	-	-	-
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (A+B+C)	96,389	412,342	4,327,398	643,534	94,747	37,754	11,571,252	17,183,416
D. Commitments to disburse funds and financial guarantees given	50,888	273,450	365,874	140,577	29,511	21,186	2,955,497	3,836,983
- First stage	50,888	268,413	356,294	130,863	28,845	20,392	2,837,333	3,693,028
- Second stage	-	5,037	8,796	8,671	666	794	96,479	120,443
- Third stage	-	-	784	1,043	-	-	21,685	23,512
- Purchased or originated impaired	-	-	-	-	-	-	-	-
Total (D)	50,888	273,450	365,874	140,577	29,511	21,186	2,955,497	3,836,983
Total (A+B+C+D)	147,277	685,792	4,693,272	784,111	124,258	58,940	14,526,749	21,020,399

The assignment of external ratings refers to positions in the Group's own securities portfolio and to financing positions for which the Cerved External Credit Assessment Institution (ECAI) has assigned a credit risk rating.

Below is a reconciliation table between the rating classes indicated in Table A.2.1 and those provided by the ECAI Moody's and Mode Finance, the agencies to which the Group refers to determine its external ratings.

Creditworthiness classes	Moody's Rating	Mode Finance
1	from Aaa to Aa3	from EA1 to EA2-
2	from A1 to A3	from EA3+ to EA3-
3	from Baa1 to Baa3	from EB1+ to EB1-
4	from Ba1 to Ba3	from EB2+ to EB2-
5	from B1 to B3	from EB3+ to EB3-
6	Caa1 and below	EC1+ and below

A.2.2 Prudential consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees given by internal rating classes (gross amounts)

The Group uses internal rating models to assign credit ratings to Corporate Enterprises, Retail Enterprises and Individuals. These models are used to calculate the collective valuations of the Banco Desio Group's performing loans. The internal rating system provides ten creditworthiness classes for performing customers, with the exception of "Financial" and "Institutional" counterparties for which it provides 8 creditworthiness classes.

Internal ratings are currently used to calculate the capital requirements of the Banco Desio Group (CRR Brianza Unione Group) for regulatory segments that have obtained validation for the application of the IRB methodology.

The internally rated portfolios included in the calculation of the prudential requirements are Corporate no SME, Corporate SME, Retail no SME and Retail SME. The table above shows the distribution of exposures by rating class of the credit counterparties for which the rating is calculated.

The "Unrated" column includes both exposures to counterparties without an internal rating and exposures to customers belonging to segments for which there is no rating model. The share of the portfolio assessed by rating models is about 62.2%.

The following table shows the weight of each rating class in relation to total exposures for performing exposures belonging to the aforementioned exposure segments.

Exposures	Internal rating classes				
	1 to 4	5 to 6	7 to 10	Financial and Institutional	Total
On-balance sheet exposures	62.66%	29.48%	4.38%	3.48%	100%
Off-balance sheet exposures	69.27%	10.65%	2.43%	17.65%	100%

Large exposures

With reference to the supervisory regulations in force, the situation at 30 June 2025 was as follows.

Description	Nominal Amount	Weighted Amount	Number of positions
Large exposures	7,431,264	320,538	6

The positions recorded refer to:

- exposures to the Italian State for advance/deferred taxation and government bonds;
- guarantees provided by the Guarantee Fund Law No. 662 of 23.12.1996;
- participation in the capital of the Bank of Italy;
- repurchase agreements with Cassa di Compensazione e Garanzia;
- exposures with Crédit Agricole for liquidity deposited as part of the covered bond transaction, for debt securities and long term repo spread;
- guarantees provided by SACE.

1.2 MARKET RISKS

1.2.1 INTEREST RATE RISK AND PRICE RISK - SUPERVISORY TRADING BOOK

Qualitative information

A. General Aspects

Unexpected changes in market rates, in the presence of differences in the maturity and timing of interest rates on assets and liabilities, lead to a change in the net interest flow and thus in the net interest income. Moreover, such unexpected fluctuations expose the Group to changes in the economic value of assets and liabilities.

The Group has adopted a strategy to consolidate a return in line with the budget while ensuring a low risk profile through a low portfolio duration.

B. Interest rate risk and price risk management processes and measurement methods

In exercising its powers of management and coordination, the Parent Company's Board of Directors issued specific provisions on controls.

The trading activities of the Parent Company's Finance Area are subject to operating limits as set out in the "Risk Policy" and in the texts of internal regulations; in order to contain market risk, specific limits are set on consistency, sensitivity (duration), profitability (stop loss) and Value at Risk (VaR). A specific reporting system is the tool to provide the organisational units involved with adequate information.

The monitoring of indicators and operating limits is carried out, as a first-level control, on an ongoing basis by the Finance Area, while the Risk Management Department performs second-level monitoring, activating any escalation procedures in the event of overruns in accordance with internal regulations.

For the quantification of generic and specific risks, the Group has adopted a model based on the concept of Value at Risk (VaR) in order to express in summary form and in monetary terms the maximum probable loss of a static portfolio with reference to a specific time horizon and a specific confidence level under normal market conditions. This methodology has the advantage of allowing the aggregation of positions taken relating to risk factors of a heterogeneous nature; it also provides a summary number that, being a monetary expression, is easily used by the organisational structure concerned. The VaR model uses the Monte Carlo simulation technique where, given the appropriate assumptions and correlations, it estimates, by calculating a series of possible revaluations, the value of the portfolio and, given the vector of expected portfolio returns, determines the desired percentile of the distribution. The model uses a 95% confidence interval with a time period of 1 day. The application used to calculate VaR is the Bloomberg info-provider.

The internal model is not used for the calculation of market risk capital requirements.

Quantitative information

Supervisory trading book: internal models and other methodologies for sensitivity analysis

The monitoring carried out up to the third quarter on the supervisory trading book shows a structure with low market risks. The Monte Carlo simulation VaR at 30.06.2025 amounted to Euro 86 thousand, representing 0.61% of the trading book.

1.2.2. INTEREST RATE RISK AND PRICE RISK - BANKING BOOK

Qualitative information

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

Interest rate risk is measured by the Risk Management Department. The activity is carried out for the Parent Company, which covers almost the entire banking book. All of the Group's commercial activity related to the transformation of maturities of assets and liabilities in the financial statements, the securities portfolio, treasury operations and the respective hedging derivatives are monitored using Asset and Liability Management (A.L.M.) methodologies through the ERMAS5 application.

The analyses conducted make it possible to measure the impacts produced by changes in the interest rate structure expressed in terms of both the change in the economic value of assets and the net interest income. The results of the banking book for financial statements purposes are presented here, excluding from the analysis financial instruments in the supervisory trading book.

The variability of the interest margin, determined by positive and negative changes in rates over a 365-day time horizon, it is estimated through the Full Evaluation at the FTP rate via the Ermas5 application. Changes in the economic value of assets and liabilities are analysed by applying sensitivity analysis approaches. As of September 2024, the Bank has set up mandatory reporting on interest rate risk in the banking book.

Analyses are also performed by considering non-parallel shifts in the yield curve and the application of behavioural models of demand deposits. In the simulation analysis, it is possible to predict specific scenarios of changes in market rates.

The global economic and political context has been under severe stress over the past two years, caused by recent war events, inflation trends and the global macroeconomic scenario.

As mentioned above, the European Central Bank, in order to respond to a series of exogenous shocks, implemented a restrictive monetary policy by raising interest rates in 2022 and 2023; in the second half of 2024, the central bank began a policy of downward adjustment of interest rates in view of achieving inflation targets.

In this context of variable rates, the Group put in place a strategy to hedge its assets, through the subscription of hedging derivative financial instruments.

It should also be noted that, in 2023, the Bank joined the Clearing service for OTC interest rate derivatives by identifying the central counterparty (Eurex Clearing) for clearing derivative transactions.

For further details, see "Section 5 - Hedging derivatives - Item 50 of the Notes to the Financial Statements".

Quantitative information

Banking book - internal models and other methodologies for sensitivity analysis

The Bank's management and strategic approach is aimed at considering the volatility of net interest income and the overall economic value of own funds.

The risk exposure is not critical, remaining within the limit defined in the prudential supervisory regulations. The breakdown of items in the financial statements in terms of maturity date and repricing, however, shows some peculiarities arising from the current market context, which continues to record an increase in demand and short-term inflows; all this has led to a physiological decrease in the average duration of liabilities, while assets have not undergone any substantial changes in terms of average duration.

The Group regularly performs scenario and stress analyses to estimate the possible impact of changes in market rates on the interest margin, over a one-year time horizon, and on the economic value, as required by European regulations.

With the aim of refining these analyses by taking into account the actual repricing speed of items with no contractual maturity, the adoption of a behavioural estimation model for demand items was approved to replace the model in Annex C of Circular No. 285. The model was validated by the Group's internal validation function.

With regard to the analysis of the impact on economic value, the methodology used is based on the integration of the results of the management model that represents balance sheet items in terms of volumes and repricing buckets, including the results of the behavioural model of demand items, applying a methodology in line with the approach described in Annex C of Circular 285.

In this simplified revaluation approach, the impact of rate hikes would decrease the economic value of the banking book, while a decrease in rates would produce an increase.

The Bank has implemented Fair Value hedging transactions with macro-hedge and micro-hedge approach to manage the interest rate risk of the banking book (for further details, refer to the Section "Accounting hedging policies" below).

It should also be noted that, in the first half of 2023, the Bank joined the Clearing service for OTC interest rate derivatives by identifying the central counterparty (Eurex Clearing) for clearing derivative transactions.

1.2.3. EXCHANGE RATE RISK

Qualitative information

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

The Group is exposed to exchange rate risk as a result of its trading activities on foreign exchange markets and its investment and fund-raising activities with instruments denominated in a currency other than the domestic currency.

Exposure to exchange rate risk is marginal. With reference to Italian banks only, exchange rate transactions are handled by the Parent Company's Finance Area.

Exchange rate risk is managed through operational limits both by currency area and by concentration on each individual currency. In addition, daily and annual operational stop/loss limits are set.

B. Exchange rate risk hedging activities

The Group's primary objective is to prudently manage exchange rate risk, always taking into account the possibility of seizing market opportunities, and therefore transactions involving exchange rate risk are managed through appropriate hedging strategies.

Quantitative information

2. Internal models and other sensitivity analysis methods

The exchange rate risk profile assumed by the Group is insignificant, considering the currency exposure of the items present and the related hedges implemented through derivative financial instruments.

1.3 DERIVATIVE INSTRUMENTS AND RELATED HEDGING POLICIES

1.3.2 Accounting hedges

Qualitative information

A. Fair value hedging

The Group has put in place fair value hedging transactions with a micro-hedge and macro-hedge approach to manage the interest rate risk of the banking book.

B. Cash flow hedging

With a view to reducing exposure to adverse changes in expected cash flows, the Bank carries out cash flow hedging; the objective is to stabilise the cash flows of the hedged instrument with the flows of the hedging instrument.

D. Hedging instruments

Derivatives are used as hedging instruments, represented by interest rate swaps used to hedge interest rate risk only.

E. Hedged items

To date, the hedged instruments relate to the following categories:

- liabilities (bonds issued) through specific micro-hedges
- fixed-rate loans (bonds) through specific micro-hedges
- fixed-rate loans (financing) through macro-hedges

Derivatives are used as hedging instruments, represented by interest rate swaps used to hedge interest rate risk only.

The Bank has set up a model capable of managing hedge accounting in line with the reference regulations dictated by international accounting standards. The methodology used to perform the effectiveness tests is the Dollar Offset Method (hedge ratio) on a cumulative basis.

1.4. LIQUIDITY RISK

Qualitative information

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

Liquidity risk is managed through the Parent Company's Finance Area with the aim of verifying the Group's ability to meet its liquidity needs by avoiding situations of excessive and/or insufficient availability, with the consequent need to invest and/or raise funds at unfavourable rates compared to market rates.

Periodic monitoring and reporting on liquidity risk is the responsibility of the Risk Management function in accordance with the risk tolerance threshold determined in the Liquidity Risk Management Policy. Treasury activities consist of the procurement and allocation of available liquidity through the interbank market, open market operations, repurchase agreements and derivatives.

The objective of operational liquidity management is to ensure the Group's ability to meet expected or unforeseen cash payment commitments in a "going concern" context over a short-term time horizon not exceeding 3 months. The scope of the daily operating liquidity report refers to items with a high level of volatility and a strong impact on the monetary base. The monitoring and control of compliance with operational limits is carried out through the acquisition of information from collection and payment transactions, the management of accounts for services and the trading of financial instruments in proprietary portfolios.

The calculation of counterbalancing capacity makes it possible to supplement the report with all free assets that can be readily used either to be eligible for refinancing with the ECB or to be demobilised. In addition to the application of the haircuts determined by the ECB for eligible securities and A.Ba.Co. financing, appropriate discount factors (broken down by security type, rating, currency) are also prepared for all securities that are not eligible but are nevertheless considered negotiable, appropriately positioned in time intervals.

Further support for liquidity risk management comes from the monitoring of structural liquidity with the primary objective of maintaining an adequate dynamic relationship between medium- to long-term liabilities and assets.

Operations are measured with Asset and Liability Management (A.L.M.) methodologies by means of the ERMAS5 application, which, by developing all the cash flows of operations, makes it possible to assess and manage any liquidity needs of the bank generated by the imbalance of inflows and outflows in the different periods.

The analysis of overall structural liquidity is developed on a monthly basis using the Gap Liquidity Analysis technique, i.e. the imbalances per settlement date of capital flows in the predefined time horizon are highlighted.

In order to assess the impact of adverse events on risk exposure, stress tests are conducted at the consolidated level; the events considered, in particular, are:

- outflow of payable accounts on demand defined as "non-core";
- lack of inflow of contractual items (mortgages, leases, personal loans) and "on demand" due to the increase in non-performing loans;
- impairment of the proprietary securities portfolio (Held to collect and sell "HTCS" and Held to collect "HTC");
- repurchase of bonds issued;
- use of available margins on revocable credit lines (call risk).

For the purposes of the analysis, three types of scenarios are considered:

1. Idiosyncratic, defined as loss of confidence by the Group's market;
2. Market, defined as loss resulting from exogenous events and as the impact of a general economic decline;
3. Combined, joint combination of scenarios 1 and 2.

The simulation horizon for all simulated scenarios is 1 month, the period in which the Bank will have to cope with the crisis before initiating structural measures.

In relation to funding policy, the Group's funding strategy, given the current financial economic situation, is directed towards a stabilisation of short-term inflows from ordinary customers, favouring retail customers over wholesale customers, and a greater recourse to medium/long-term structural funding operations, through issues of covered bonds, securitisations, securities lending and derivative transactions.

In particular, in light of the new and less favourable conditions related to the TLTRO operations already in place with the Central Bank, the Bank has entered into Long Term Repo contracts with leading market counterparties on part of the portfolio assets (eligible and not), planning to increase recourse to this source of funding.

The Group's liquidity at 30 June 2025 is largely under control with an LCR (Liquidity Coverage Ratio) indicator of 205.18%.

1.5. OPERATIONAL RISKS

Qualitative information

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

Operational risk means the risk of loss resulting from inadequate or failed internal processes, human resources and systems, or from exogenous events, including legal risk (see EU Regulation 575/2013).

The Group uses the above definition of operational risk within its approved and formalised Operational Risk Management Model.

In this context, a specific operational risk management macro-process (defined as Operational Risk Management - ORM Framework) was defined, which consists of the following steps:

- Identification: detection, collection and classification of information on operational risks;
- Assessment: evaluation in economic terms of the detected operational risks related to the company's operations;
- Monitoring and reporting: structured collection and organisation of results in order to monitor the development of operational risk exposure;
- Mitigation and control: risk transfer and business process improvement.

The following operational processes have been formalised to support the operational risk management model:

- Loss Data Collection - structured process for the collection of operational losses realised within the Bank;
- Risk Self Assessment – structured process for assessing potential operational risks aimed at having an overall view of operational risk events represented by company macro-process;
- Determination of the SMA capital requirement - Banco Desio calculates the capital requirement using the "Standardised Measurement Approach" method. The Bank, in order to comply with the relevant regulatory requirements, has adopted an IT tool for the definition of the capital requirement according to SMA and activities are underway to finalise the related process.

The Risk Management Department, within the framework of what is defined in the internal regulations, structured an adequate monitoring and reporting activity on operational risks, integrating it with the dictates of the supervisory regulations on the subject of coordination between control functions. With regard to the detrimental events collected in the Database of Corporate Operational Losses (DBPOA), a reporting system was implemented to provide all the information concerning these events: number of events, amount of gross losses and any recoveries. This reporting was also integrated with the findings of the Risk Self Assessment process.

In line with the relevant regulations, the results of the Loss Data Collection process are communicated via a COREP flow to the Bank of Italy.

With regard to the management and monitoring of outsourcing risk, a risk assessment methodology connected to third parties was defined and implemented.

Information security and data protection are priorities of Banco Desio, which attaches central importance to risk management strategies by continuously adopting measures that comply with current privacy provisions, security regulations and the main industry standards, with the aim of guaranteeing the protection of information systems from events that could have a negative impact on Banco Desio e della Brianza and the rights of those concerned.

The management, control and measurement of IT and security risks, including cyber risk, is embedded in the broader system of internal controls and risk management adopted by Banco Desio.

With reference to the main operational and organisational safeguards currently in place to ensure data security and protection, it should be noted that Banco Desio has adopted.

- an ICT Risk Assessment process aimed at identifying and measuring exposure to IT and security risk. This process includes the assessment of risks arising from the bank's information system acquired in full-outsourcing from Cedacri S.p.a.;
- a system of key risk indicators to continuously monitor exposure to the main cyber threats in terms of data security, including: events involving the violation of corporate information security rules and practices (i.e. computer fraud, attacks through the Internet and malfunctions and disruptions), fraudulent attempts targeting virtual banking channels, and potential malware phenomena detected on e-mail or web vectors;
- a process for assessing third parties and the organisational and technological safeguards they implement to ensure, among other aspects, IT security and business continuity within the scope of the services provided both at the contracting stage and throughout the entire life cycle of the relationship;
- a DPIA (Data Protection Impact Assessment) process, aimed at assessing the necessity and proportionality of privacy processing, evaluating and managing any risks to the rights and freedoms of data subjects, and establishing the need to implement mitigation measures in the face of any shortcomings found in the existence and effectiveness of adequate physical, organisational and technological safeguards;
- internal training on information security, data protection regulations and how to process and protect data;
- anti-fraud procedures being progressively strengthened with respect to the evolving dynamics of cyber-attack techniques;
- security incident management procedures;
- application and infrastructure change management procedures;
- threat alerting systems also through the use of SOC - Security Operation Centre - services by specialised operators;
- a daily monitoring service of ICT security performance by means of a rating system (external evaluation by a specialised operator used worldwide).

With reference to the most recent regulatory developments (i.e. DORA Regulation), the following main interventions were carried out with an impact on the relevant internal regulations in the field of IT Operation and IT Risk Management as well as on the tools supporting the processes:

- ✓ strengthening the Information and Security Risk management framework by implementing new process elements (i.e. qualitative-quantitative impact assessment on key business processes in relation to identified cyber risk scenarios, evaluation of new DORA compliant control areas both in terms of design and effectiveness testing, evaluation of legacy systems);
- ✓ identification of a methodology for the identification of so-called Critical or Important Functions (CIF), as defined by the DORA Regulation;
- ✓ strengthening of the Business Impact Analysis (BIA) methodology;
- ✓ strengthening the incident management and security event management process (including early warnings);
- ✓ creation of synergies in the management of the so-called ICT "value chain" through the implementation and constant development of supporting IT tools, with the aim of making IT Operations and Risk Management processes more efficient through information integration and data exchange.

Logical Security Management

In response to the extraordinary needs that have emerged in connection with the geopolitical context of reference and with a view to continuous improvement, the Group has:

- strengthened security measures against cyber attacks in line with the initiatives declared in the specific investment plan stated in the "IT Security Plan" document;
- maintained and updated the policy rules in firewall systems and Office 365 controls using advanced analysis tools;
- developed further synergies with the SOC (Security Operation Center) with the adoption of new control systems based on AI engines with the activation of cloud systems for the protection of mobile users and Internet browsing;
- revised anti-spam policies by activating domain configurations and their monitoring (periodic control activity);
- strengthened corporate e-mail protection systems in light of increasingly sophisticated channel attacks with the acquisition of advanced market tools;
- planned a specific training programme for all Banco Desio internal users on cyber security with particular focus on phishing, smishing and vishing attacks;
- strengthened the regulatory framework in terms of security with the drafting of a set of documents inspired by international best practices in the field of Information Security (ISO27001) and with a view to adapting to the DORA Regulation;
- enhanced vulnerability management topics with the definition of processes for managing and assessing vulnerabilities in information systems also with a view to complying with the RTS of the DORA Regulation;
- revised the Fraud Management processes to collect evidence of online banking transactions and prepare related reporting for the Legal and Control functions, with a project to integrate a transaction monitoring solution identified among the best market players.

Business Continuity Management

In particular, business continuity management ensured the business continuity of critical and systemic processes through the identification of business continuity resources and the possibility of smart working, providing all identified personnel with laptop and smartphone devices. The new standards implemented within the Business Impact Analysis (BIA) and the Inherent Risk Analysis (RIA) have led to a more accurate and detailed methodology in business continuity resilience analysis. Tests were also carried out to ensure the propriety of procedures in the following areas: internal information systems (including connectivity), external systems (i.e. IT outsourcer Cedacri S.p.A.) where both "on the bubble" testing (carried out in an isolated environment with no interdependencies between systems and channels) and the testing of digital channels, financial markets and electricity delivery systems were performed. In addition, communication and crisis management plans were defined and tested in a simulation organised with the involvement of top management.

Risk related to administrative responsibilities

In order to guard against the risk of offences being committed pursuant to Legislative Decree No. 231/2001 "Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality", the Group Companies have adopted a prevention organisational model. Supervision of the effective implementation of these models has been delegated to a specific internal body.

Risks related to pending litigation

As far as legal risk is concerned, the individual company functions, in their relations with customers, operate with standard contractual schemes, which are in any case assessed in advance by the relevant departments. Thus,

it should be noted that most of the lawsuits pending at the reference date are included in the context of disputes concerning usury and anatocism claims and early repayment.

As part of its operations, the Group is involved in legal proceedings in the presence of which, where deemed appropriate by the competent corporate functions, specific loss provisions are assessed. The following table summarises the litigation in progress at the end of the reporting period with the relevant provisions:

	Number	Claim	Allocated provisions
Lawsuits for revocation	6	Euro 8.3 million	Euro 1.4 million
Other lawsuits	1,800	Euro 78.3 million	Euro 11.6 million

The main disputes, with claim exceeding Euro 1 million, outstanding at the reporting date are described below:

- Claim of Euro 42.0 million. The Bank's credit, which was assigned to another company in December 2017, was admitted to the bankruptcy liabilities for a total of Euro 1,125,000 placed, as per the application, in the mortgage lien class. On 28 May 2020, a letter of formal notice was received from the Bankruptcy Curatorship formulating a request for compensation, quantifying the damages to the extent now claimed. Identical action had also been taken against the other banks already entrusted. The communication stated that the Bank, although aware of the insolvency of the bankrupt company, would continue the existing fiduciary relationship and approved the disbursement of new credit (in part intended to pay off previously suspended loans). An external lawyer was immediately instructed to respond to the Curator with a prompt and firm denial of all claims. Subsequent to the aforementioned bankruptcy warning, a formal writ of summons was served on the Bank and the Credit Institutions involved for 31 January 2022 before the Court of Rome. The claim for damages and the sum are reconfirmed as well as the grounds for the claim. The Bank's CTP carried out a preliminary expert opinion in which it states that the attributability to the Bank of the damage as determined by the claimant must (also) be excluded. At the hearing of 31 October 2022, the Bankruptcy Curatorship insisted on the court expert (CTU) and the production order of the files relating to the investigations carried out by the institutions involved in the disbursement of the loans; the defendant banks, including Banco Desio, objected as instrumental and irrelevant in light of the documentary evidence already filed. The judge at the hearing for the discussion of evidence ordered the CTU to be sworn in on 10 February 2025; the institutes then filed the accounting documents useful for the preliminary investigation. During the expert proceedings, the CTU proposed to the parties that an attempt at conciliation be made. The parties are in dialogue with the aim of reaching a settlement agreement;
- Claim of Euro 7.3 million. The Curatorship, by summons served in 2013, summoned before the Court of Perugia the merged company Banca Popolare di Spoleto together with Banca delle Marche and Monte dei Paschi di Siena in order to ascertain and declare the nullity and/or ineffectiveness and/or non-enforceability against the Curatorship of the claim and, therefore, to order them, jointly and severally, to pay the amount. The claim appears to be unfounded, as also confirmed by the trustee lawyer who was instructed to represent in court. The Bank, together with the other two banks, on 2 December 2009 (approximately three years prior to the declaration of bankruptcy on 21 March 2013), had granted a credit line to the bankrupt company, usable in the technical form of an advance on contracts with public entities and/or public administration, in the amount of Euro 1 million by each bank; the deed of concession expressly agreed to the revolving nature of the advance granted. The Court of Perugia, in its first instance judgement rejecting the first two claims, upheld the claim relating to the revocatory action and, as a result, declared the ineffectiveness of the credit assignment agreement, sentencing the three banks jointly and severally to return to the bankruptcy the sum of Euro 21.9 million plus legal interest and costs. The banks proceeded to appeal the first instance judgement, which is considered unfounded in fact and in law, the enforceability of which was suspended in the meantime by the Court of Appeal. The appeal is under decision;

- Claim of Euro 5.5 million. The plaintiff, admitted to the procedure for the extraordinary administration of large companies in crisis pursuant to the "Marzano Law", had already brought an initial action against Banco Desio in May 2022, asking the Court of Rome for a bankruptcy revocation for Euro 0.7 million. Towards the end of December 2022, the Special Administrators had a second writ of summons served, this time relating to a claim for damages for a total sum of Euro 389.3 million calculated on the basis of the worsening of the company's equity deficit (or net equity) from 31 December 2015 to 31 December 2017. The claim for damages was brought jointly and severally against a pool of 32 credit institutions and factoring companies, including the Bank, an auditing company and members of the plaintiff's management board and supervisory board. In light of the initial investigations carried out, given the fact that the case is only at the beginning, the Bank at present considers the counterparty's claims to be substantially unfounded in consideration of the fact that the information acquired during the preliminary investigation phase that led to the granting of the unsecured loan granted in July 2016 was not such as to reveal elements of economic-financial instability of the counterparty, which was in a phase of development of its business with investments in the concessions sector (also abroad and also through the acquisition of companies with specific know-how). The case was interrupted due to the death of one of the lawyers. The plaintiff filed an appeal for the reinstatement of the case and the Court set the first hearing for 25 February 2025 during which, the Judge - having acknowledged the non-receipt of the proof of service of the summons on one of the defendants (which does not appear, as of today, to have entered an appearance in court) and the request for a postponement of the hearing - adjourned the case, without prejudice to the rights of the first hearing, to 1 July 2025; at the aforementioned hearing, the Judge, in light of the settlement reached between the procedure and the defendants, declared the partial extinction of the case limited to these parties (including Banco Desio) and adjourned the case to 18 November 2025 to verify the completion of the notification of the summons to the non-constituted defendant Banco Do Brasil S.A.;
- Claim of Euro 3.6 million. The Bankruptcy Curatorship sued the merged company Banca Popolare di Spoleto before the Court of Perugia - Specialised Section for Companies (first hearing set for 4 November 2019) requesting the ascertainment of the annulment pursuant to Article 2377 of the Italian Civil Code of the resolution of the shareholders' meeting of Banca Popolare di Spoleto S.p.A. of 7 May 2019 that approved the Merger Project by incorporation of the same into Banco di Desio e della Brianza S.p.A. for lack of information and inconsistency in the determination of the exchange ratio between the shares of the two banks, and therefore an order to compensate the bankruptcy for the alleged damage that it would have caused as a result of the inconsistency of the exchange ratio, a damage quantified by the counterparty in Euro 3.6 million or in the greater or lesser sum that will result in justice. Notwithstanding the fact that, pursuant to Article 2504-quater of the Italian Civil Code, since the registration of the deed of merger has now been executed, the invalidity of the deed of merger can no longer be pronounced, the Bank appeared in court, reaffirming the appropriateness of the exchange ratio established for the transaction. The court expert (CTU) ordered in the course of the proceedings to verify the appropriateness of the share exchange in the context of the company merger in question, proposed, on the basis of considerations that are, moreover, debatable in matters of company valuations, the restitution by the Bank to the Bankruptcy of the amount of approximately Euro 0.9 million by way of compensation. The judge at the hearing on 10 November 2022 for closing arguments remitted the case for decision. In a first instance judgement, the Bank was ordered to pay the amount of Euro 939,349. The Bank appealed against the judgement as unfounded in fact and in law. The appeal is under decision;
- Claim of Euro 2.6 million. The counterparty sued the Bank before the Court of Brescia to obtain the restitution of the sum deriving from the loss suffered by investing in Boost WTI Oil 3x Leverage ETP and Boost Natural Gas 3x Leverage ETP. The plaintiff has been a customer of the Bank since 2011, and has opened an administered custody account under which it made several trades in financial instruments before concentrating most of its investments in the two disputed financial instruments. The plaintiff, among the various objections relating to its profiling, to the Bank's advice on financial instruments, to the Bank's alleged surreptitious management of its investments, complains that the two financial instruments were advised by the Bank and that the relevant product sheet did not contain the explanation that at a certain percentage loss, said financial instruments would be withdrawn from the market and reimbursed at the lowered value,

which happened on 8 March 2020, generating the loss highlighted by the plaintiff. The contract is correctly signed with a customer profiling for which the investments made are appropriate/adequate. The case under decision was remanded for preliminary investigation for testimony and subsequently, an expert opinion was arranged. The case is pending;

- Claim of Euro 1.8 million. This is an objection to a writ of execution totalling Euro 28.1 million for a pooled bank loan to which the Bank is exposed for Euro 1.8 million. The judge, by order served on 10 December 2024, decided not to grant the suspension "*inaudita altera parte*" and set the hearing for cross-examination for 16 January 2025, which was then adjourned to 23 January 2025; at that hearing, after the parties had been cross-examined as to the enforceability and validity of the title, the judge reserved the decision. Subsequently, by order dated 5 February 2025, the judge adjourned the first appearance hearing to 15 May 2025. At that hearing, the judge reserved the right to decide on the preliminary enquiries proposed by the plaintiff, to which the defendants, including the Bank, duly objected;
- Claim of Euro 1.6 million. The plaintiff disputes a current account closed on 6 December 2017 for transfer to bad loans with negative balance totalling Euro 310,217. The counterparty sues the Bank on the basis of an econometric report drawn up for the sole purpose of having the competent court verify the application of non-contractual, allegedly unlawful or in any event illegal rates, as well as the alleged exceeding of the usury threshold rate. Again according to the counterparty, it was precisely by virtue of the aforementioned reporting of bad loans that the plaintiff had seen its credit gradually reduced, both by the credit institutions and by its suppliers. This economic and financial difficulty, according to the counterparty's arguments, would therefore have caused an alleged pecuniary damage, quantified by the counterparty in a total amount of Euro 1.4 million, as well as an alleged non-pecuniary damage quantified in Euro 85 thousand for each year of reporting, to be settled also on an equitable basis. Dissolving the reserve taken at the hearing of 17 January 2022, the Judge only partially admitted the evidence articulated, adjourning the hearing to 4 July 2022 where the Bank, as ordered by the Judge, produced the original of the current account contract and the related documentation, while the counterparty insisted on the request for a court expert (CTU). The Bank, after objecting to the unfoundedness of what was pleaded *ex adverso*, requested an adjournment for the statement of conclusions. The Judge ordered a graphological court expert report (CTU) to be verified at the hearing on 24 April 2024, ordering the safekeeping of the original produced in the files. At that hearing the judge reserved the right to decide on the further preliminary enquiries proposed by the plaintiff;
- Claim of Euro 1.6 million. The plaintiff sued Banco Desio before the Court of Teramo to obtain the restitution of Euro 1.6 million as a result of transactions deemed null and void involving asset management and a deed of pledge to guarantee a company. The counterparty contends that it never ordered the sale of financial instruments for a total amount of Euro one million from an asset management company (a sale that was allegedly ordered by a person who was not authorised to do so, the legal representative of the guaranteed company), the amount of which was allegedly used to open two new asset management accounts to guarantee the company's credit lines, which the counterparty claims it never established, and that it was consequently forced to reclaim amounts of Euro 460,000 in order to repay the company's credit lines. The case is in pre-trial proceedings and a hearing has been set for 28 October 2025 for the examination of witnesses;
- Claim of Euro 1.5 million. The plaintiff brought an action against our bank before the Court of Spoleto to obtain the restitution of Euro 1.5 million, which it considers to have been unlawfully received by the Bank, mainly for: anatocism, ultra-lever interest, maximum overdraft commission, fast investigation commission (civ), commission for making funds available, commissions and expenses not agreed upon with reference to two ordinary current accounts and the relative credit lines. A CTU was ordered at the first hearing on 15 April 2025.

Risks related to pending tax litigation

On 1 July 2025, the Milan Provincial Directorate II of the Revenue Agency (the "Office") notified the Bank of the Notice of Correction and Liquidation ("the Notice"), issued for the purposes of the registration tax levied on the

sale of the business compendium of the BPER Group to Banco Desio (comprising two business units consisting of 40 former BPER Banca branches, formerly Banca Carige, and 8 former Banco di Sardegna branches, known as the "Lanternina Transaction").

The Notice ascertains a higher value of the two business units and therefore a higher registration tax of Euro 0.578 million, plus the related penalties of Euro 0.598 million, for a total of Euro 1.176 million plus interest. The reasons given in the Notice, which the Bank assessed with the support of qualified consultants, are to be considered inadequate and unfounded. It is therefore the Bank's intention to challenge the Notice.

Quantitative information

The number of prejudicial events recorded by the Group at 30 June 2025 amounted to 2,244 events, the numerosity of which was mainly due to the legal uncertainty caused by the so-called "Lexitor judgement" managed by the subsidiaries Fides and Dinamica Retail. The result of the process of collecting prejudicial events is summarised in the table below:

Event Type	% Events	% gross loss on total	% net loss on total	% Recoveries
INTERNAL FRAUD Losses due to acts of fraud, embezzlement, circumvention of statutes, laws or company policies (excluding incidents of discrimination), involving at least one internal member of the bank	0.04%	0.05%	0.05%	0.00%
EXTERNAL FRAUD Losses due to acts of fraud, embezzlement, circumvention of statutes, laws or company policies (excluding incidents of discrimination) perpetrated by third parties	0.67%	3.33%	3.13%	12.30%
LABOUR AGREEMENT AND WORKPLACE SAFETY Losses due to actions in breach of labour laws and agreements, health and safety in the workplace, and compensation for accidents or incidents of discrimination	0.18%	8.12%	8.20%	0.00%
RELATIONAL ACTIVITY RELATED TO CLIENTS, PRODUCTS AND CHANNELS Losses due to failure (unintentional or negligent) to perform professional commitments made with clients (including fiduciary and adequate investment information requirements)	76.43%	67.35%	68.02%	0.00%
DAMAGE TO ASSETS This category includes events of natural origin or due to actions by external parties that cause damage to the bank's tangible assets	0.31%	1.77%	1.27%	29.07%
BUSINESS INTERRUPTION AND SYSTEM FAILURES Losses resulting from the blocking of computer systems or line connections	0.09%	0.03%	0.03%	0.00%
ORDER EXECUTION, PRODUCT DELIVERY AND PROCESS MANAGEMENT	22.28%	19.15%	19.30%	0.18%
TOTAL Banco Desio e della Brianza Group	100.00%	100.00%	100.00%	0.98%

The gross operating loss amounted to Euro 3,680 thousand, on which, during the reporting period, provisions of Euro 2,206 thousand and recoveries of Euro 36 thousand were made; consequently, the net operating loss amounted to Euro 3,644 thousand.

BUSINESS COMBINATIONS INVOLVING COMPANIES OR BUSINESS UNITS

Retrospective adjustments to the acquisition of the branches BU from Banca Popolare di Puglia e Basilicata (BPPB)

On 6 December 2024, having obtained the necessary authorisations from the competent authorities, the strategic agreement was executed whereby Banco Desio acquired from Banca Popolare Puglia e Basilicata S.C.p.A. ("BPPB") the business compendium, consisting of the business comprising 14 bank branches, referred to in the Agreements signed between the parties as of 16 May 2024 (Mercadante Transaction). The definitive transfer agreement provided for the transfer of the business unit with legal effect on 7 December 2024.

The Mercadante Transaction is in line with the objectives of the Banco Desio Group's strategic plan aimed at further consolidating its vocation as a local bank focused on priority customer segments, namely SMEs, affluent and wealth management. The acquisition qualifies as a business combination to be accounted for under International Financial Reporting Standard (IFRS) 3 Business Combinations, having met the conditions required by the same standard for the identification of an acquired business.

The total consideration agreed for the sale and purchase of the business unit was Euro 18.8 million, while the net asset imbalance of the entire business unit was Euro 21.6 million. Compared to what was reported in the 2024 Financial statements, both amounts were adjusted by Euro 2.9 million on the basis of the agreements agreed between the parties due to the price adjustment related to the capital endowment of the business unit (related to CET 1).

For the purpose of preparing this Half-Year Financial Report, a definitive Purchase Price Allocation (PPA) was made (in accordance with IFRS 3 Business Combinations), which resulted in a "gain from a bargain purchase", or goodwill or negative goodwill. Considering this result within the same PPA, the agreements reached in the meantime with the counterparty were taken into account, in which the aforementioned adjustment was also recognised.

The determination of the impact of the PPA process required the support of qualified independent experts, through whom the fair value at the acquisition date of certain balance sheet items was determined, also with the support of Banco Desio internal structures. The remaining balance sheet items were valued internally by Banco Desio structures.

With reference to the measurement period within which to obtain the information necessary to perform the fair value measurement of the acquiree's identifiable assets and liabilities and to terminate the PPA process, IFRS 3 requires this period to end as soon as the acquirer has received all the necessary information in existence at the acquisition date or has determined that more information cannot be obtained to perform the measurements of the acquired items. In any case, the evaluation period may not extend beyond one year from the date of acquisition.

With regard to the transaction in question, the valuation period and, consequently, the PPA process, ended on 5 August 2025, the date of approval by the Board of Directors of Banco Desio individual and consolidated results for the half-year ended 30 June 2025, since, on that date, all activities to identify the assets and liabilities acquired (including contingent liabilities) and to measure their fair value were completed. In particular, EY (a leading independent expert active in the fields of Enterprise Risk Management and Financial Advisory) considered that it had all the necessary elements to determine the fair value of the Performing Loan and Intangible Assets, thus concluding its estimation activities.

Accounting treatment of the transaction

The transaction described qualifies as a business combination for the purposes of IFRS 3, having satisfied the conditions required by said standard for the identification of an acquired "business".

More specifically, the agreements signed during 2024 between Banco Desio and BPPB, the provisions of which were confirmed by the definitive contract of 6 December 2024, highlighted how the subject of the agreements themselves was the transfer of a perimeter of bank "Branches", defined as a set of rights, obligations and legal relationships relating to (or connected with): (i) contracts entered into with the relevant customers, (ii) employment relationships relating to employees working at the branches, (iii) leases and utility contracts relating to them, and (iv) ownership of (or rights in rem or beneficial interest in) movable and immovable tangible assets used by the branch. With respect to the characteristics of the acquired compendium, it is therefore possible to identify⁴:

- Production factors: contracts with customers (and consequent loans, direct and indirect inflows), employees (as an "organised workforce with the necessary skills, knowledge or experience") and premises (owned or leased properties) and equipment necessary for the provision of banking services.
- Processes: all those connected with the provision of banking services to customers (i.e. processes such as: credit disbursement, credit monitoring, provision of payment services, provision of financial and investment services), as well as the development of the same (acceptance process). These processes are considered "substantial" within the meaning of IFRS 3 because, since the business unit is already "in production" at the date of aggregation, it is performed by employees who already have the necessary skills, knowledge or experience in banking (also understood as customer relations) and who cannot be replaced without significant cost, effort or delay to the ability to continue to generate "output from banking"⁵.
- Output: understood as the ability to generate revenue not only in the form of interest, but also of commissions from banking services provided to customers.

It is therefore pointed out that the so-called "concentration test" provided for in paragraph B7A and B7B of IFRS 3 (as in force from 1 January 2020), indicated as optional, was not applied as the qualitative analysis above on the components of the compendium transferred showed sufficient evidence to conclude that what was acquired represented a business.

Having qualified the transaction as a business combination, the acquisition method envisaged by IFRS 3 therefore applies, as better described in Part A.2 of the Notes to the Financial Statements at 31 December 2024, to which reference should be made for details.

According to IFRS 3, the business combination should be recognised on the date on which the acquirer actually obtains control over the acquired assets; specifically, the acquisition date has been identified with the legal effectiveness of the transfer of the BU (as resulting from the transfer agreement). In fact, as of 6 December 2024, the preliminary IT migrations had already been completed, in relation to the BU acquired by BPPB.

Presented below are the balance sheet values of the BU acquired on 7 December 2024 and the related adjustments for the fair value measurement of the assets acquired and liabilities assumed as part of the Purchase Price Allocation process or PPA⁶.

⁴ As required by IFRS 3 B7

⁵ IFRS 3 B12C: If a set of activities and assets has an output at the acquisition date, the acquired process (or group of processes) is considered substantial if, when applied to one or more acquired inputs: a) it is crucial to the ability to continue generating output and the acquired inputs include an organised workforce with the necessary skills, knowledge or experience to carry out that process (or group of processes); or b) it contributes significantly to the ability to continue to generate output and: i) it is considered unique or scarce; or ii) it cannot be replaced without significant cost, effort or delay to the ability to continue generating output.

⁶ In particular, for the determination of the effects of the fair value valuation, 31 December 2024 was taken as the reference date, as the use of the 7 December date would have entailed the need to incur "undue cost or effort" explicitly excluded by international accounting standards, also and above all in consideration of the insignificance of the economic and equity effects between the two dates

Euro/000

Asset items	BPPB Branch	FV Differences	Acquisition FV
40. Financial assets measured at amortised cost	292,212	2,315	294,527
a) loans with banks	36,049	-	36,049
b) loans to customers	256,163	2,315	258,478
90. Tangible assets	2,536	(716)	1,820
100. Intangible assets	-	2,037	2,037
130. Other assets	1,038	-	1,038
Total assets	295,786	3,636	299,422

[A]

Euro/000

Liabilities and equity items	BPPB Branch	FV Differences	Acquisition FV
10. Financial liabilities measured at amortised cost	273,681	(716)	272,965
b) payables to customers	273,681	(716)	272,965
60. Tax liabilities	-	674	674
b) deferred	-	674	674
80. Other liabilities	86	-	86
90. Employee severance indemnity (TFR)	424	-	424
100. Provisions for risks and charges	9	-	9
a) commitments and guarantees given	9	-	9
Total liabilities	274,200	(42)	274,158

[B]

At the date of approval of these financial statements, the acquired equity balances have been definitively determined, measured at fair value with the support of external consultants. More specifically:

- Performing loans: the portfolio under evaluation is attributable to medium- and long-term operations. Since there is no active market for this type of instrument, the Bank adopted an internal valuation model that, in accordance with IFRS 13 Fair Value Measurement, was able to replicate the price charged in a regular market sale transaction. The currently prevailing market methodology for this valuation is the Discounted Cash Flow (DCF) method, in which cash flows are discounted at an appropriate discount rate that incorporates an estimate of the main risk factors. More specifically, future cash flows were determined by considering capital and interest flows, representative of the contractual plan of the individual relationships.

The discount rate applied was obtained as the sum of four components: (i) the level of risk-free interest rates, observed on the various tenors of the curve, (ii) the cost of funding, corresponding to the remuneration curve of the Banco Desio cost of liquidity, (iii) the early repayment rate and (iv) the level of the average credit spread, determined on the basis of the probability of default (PD) and loss given default (LGD) class and the average residual financial duration of the individual transaction. The credit spread considered both the expected loss component, starting from the PD and LGD levels derived from the application of Banco Desio's models, and the unexpected loss component, starting from the regulatory capital of the positions acquired and the cost of capital estimated internally by Banco Desio.

Overall, the performing loans assessed mark-to-model amounted to approximately Euro 222.1 million. The valuation process led to the conclusion that the (gross) carrying amount acquired at the reference date can be considered a reasonable approximation of fair value in accordance with IFRS 13, taking into account that the minimum delta obtained from the valuation range can be considered insignificant with respect to the portfolio under analysis. Also with regard to short-term transactions (understood as transactions on demand or with a residual duration of less than 12 months), the carrying amount (gross) acquired at the reference date was considered a reasonable approximation of fair value in accordance with IFRS 13, taking into account that the discounting of future cash flows is not very significant even in the presence of changes in reference market rates. As a result, the valuation process of the performing loans resulted in the recognition of an overall fair value higher than the relative carrying amount, for a total of Euro 2.3 million, referring to the value adjustments recognised in the transferor's financial statements.

- Non-performing loans: since there is no active market for this type of instrument, also in this case the determination of fair value assumes to replicate the price that would be received in a regular market transaction, thus defining a valuation framework as homogeneous as possible with the situations actually

found on the market. In this regard, the analyses carried out led to the conclusion that the carrying amount (net) acquired at the reporting date can be considered a reasonable approximation of fair value in accordance with IFRS 13, taking into account that the acquired impaired portfolio is overall small and consists of Euro 5.0 million UTP and Euro 1.7 million Past Due.

- **Tangible assets:** these are attributable to movable property and equipment in the amount of Euro 0.3 million. The analysis activities performed led to the conclusion that the carrying amount acquired at the reference date can be considered a reasonable approximation of fair value in accordance with IFRS 13, taking into account the nature and low value of the tangible assets in question.
- **Right of use and lease liabilities:** for the acquired lease liabilities (relating to real estate assets) the valuation methodology of Banco Desio at 07 December 2024 was applied, as required by paragraphs 28A and 28B of IFRS 3. This revaluation led to the recognition of Euro 1.5 million on "Tangible assets" for rights of use and, speculatively, on "Payables to customers" for leases (compared to Euro 2.2 million for the seller).
- **Intangible assets:** at the date of preparation of this Half-Year Financial Report, the Bank concluded the analyses aimed at identifying the intangibles originating from the so-called client relationship, not already recognised in the transferor's financial statements. Based on the examination conducted, it emerged that there are the preconditions for enhancing the direct inflows component acquired (asset under management and asset under administration). The necessary investigations were carried out to identify all the information useful for the most adequate valorisation of these intangible assets, the explicit value of which was determined using a "Multi-period Excess Earning Method - MEEM" model, as per best practices market.

The estimate of the value of the intangibles was conducted, with the support of external consultants, discounting the expected net economic flows over a defined time horizon. The net cash flows of intangible assets were estimated by taking into account volumes, net margins, operating costs and capital absorption related to the operational risk associated with intangible assets. The cost of capital, which is equal to the rate of return on equity required by shareholders for investments with similar risk characteristics, was used to discount the projected net cash flows related to intangible assets. This rate was estimated using the CAPM (Capital Asset Pricing Model) method. The useful life of intangibles was estimated on the basis of the churn rates of acquired customers.

Based on the above, the analyses led to the recognition of new intangible assets, offset by an increase in goodwill, for a total of Euro 2.0 million, gross of the related deferred tax liabilities of Euro 0.7 million.

- **Direct inflows:** the characteristics of the direct inflows acquired (substantially represented by demand or short-term items) allow its fair value to be considered substantially equal to its carrying amount.
- **Contingent liabilities:** the recognition of any risks implicit in the acquired complex, as well as the fair value valuation of the contingent liabilities associated with them, as well as the fair value measurement of the legal risks associated with the disputes rooted in the acquired subsidiaries led, at the date of preparation of this Half-Year Financial Report, to the identification of no such situations and therefore, to the non-estimation of contingent liabilities.
- **Fiscal effects:** for the purposes of preparing these financial statements, the economic result of the business combination (classified as an acquisition of a business unit) has been given fiscal relevance for the purposes of direct IRES taxes accruing for the reporting period (2024), in line with the tax regime applicable to the equity and economic components emerging from the PPA process carried out upon the acquisition of the BU in question. The resulting current tax expense was determined to be a total of Euro 1.5 million, taking into account the insignificance of the intangibles valuation process for tax purposes.

Recognition and measurement of a gain from a purchase at favourable prices

Depending on the choices made, the difference between the assets acquired on 7 December 2024 and the acquisition cost is shown below, so as to identify the result of the PPA process.

Euro/000		
Recognition and measurement of a gain from a purchase at favourable prices	Final PPA, BPPB BU	
Assets at carrying amounts at 7 December 2024	21,586	[C] = [A] - [B]
Fair value adjustment effects of accounting items	3,678	[D]
of which loans to customers	2,315	
of which tangible assets (rights of use)	(716)	
of which intangible assets	2,037	
of which payables to customers (lease payables)	716	
of which tax-related effects	(674)	
Net unbalance at fair value at acquisition date	25,264	[E] = [C] + [D]
Acquisition cost (fee transferred)	18,786	[F]
of which Base Price	21,691	
of which Price Adjustment CET1	(2,905)	
Badwill at the date of acquisition resulting from the PPA	6,478	[G] = [E] - [F]
Current taxes on taxable badwill	(1,536)	
Badwill after taxes	4,942	

In order to represent the economic and financial effects resulting from the final PPA process compared to the previous provisional PPA process, reflected in the 2024 Financial Statements, the comparison between the two PPA processes is presented below, and thus, in the last column, the relevant retrospective adjustments.

Euro/000	[1]	[2]	[1] - [2]
Recognition and measurement of a gain from a purchase at favourable prices	Final PPA	Provisional PPA	Retrospective adjustments
Assets at carrying amounts at 7 December 2024	21,586	24,491	(2,905)
Fair value adjustment effects of accounting items	3,678	-	3,678
of which loans to customers	2,315	-	2,315
of which tangible assets (rights of use)	(716)	(716)	-
of which intangible assets	2,037	-	2,037
of which payables to customers (lease payables)	716	716	-
of which tax-related effects	(674)	-	(674)
Net unbalance at fair value at acquisition date	25,264	24,491	773
Acquisition cost (fee transferred)	18,786	21,691	(2,905)
of which Base Price	21,691	21,691	-
of which Price Adjustment CET1	(2,905)	-	(2,905)
Badwill at the date of acquisition resulting from the PPA	6,478	2,800	3,678
Current taxes on taxable badwill	(1,536)	(770)	(766)
Badwill after taxes	4,942	2,030	2,912

The comparison between the final PPA, which expressed a badwill of Euro 6.5 million (before accrued taxation), and the provisional PPA contained in the 2024 Financial Statements, which expressed a badwill of Euro 2.8 million, shows a higher badwill of Euro 3.7 million (before accrued taxation) which, in application of paragraph 49 of IFRS 3, is subject to recognition⁷ in terms of retrospective adjustments to the accounting period ended 31 December 2024, as represented in the following reconciliation tables.

⁷ Also taking into account the correlated adjustment of the collective relating to the acquired loan portfolio of Euro 2.3 million (before accrued taxation)

Retrospective adjustments and restatement of the 2024 Financial Statements

During the first half of the year, the Purchase Price Allocation (PPA) related to the acquisition of the branches BU of Banca Popolare Puglia e Basilicata was completed. As required by IFRS 3, Banco Desio recognised the adjustments to the provisional amounts shown above as if the accounting for the business combination had been completed at the acquisition date and therefore adjusted the comparative information for the year 2024, as illustrated below.

Reconciliation of Published Consolidated Balance Sheet at 31 December 2024 and Restated Consolidated Balance Sheet at 31 December 2024

Euro/000				
Asset items		31.12.2024 Published	Retrospective adjustments	31.12.2024 Restated
10.	Cash and cash equivalents	1,019,658		1,019,658
20.	Financial assets measured at fair value through profit or loss	198,902		198,902
	a) <i>Financial assets held for trading</i>	9,213		9,213
	c) <i>Other financial assets mandatorily measured at fair value</i>	189,689		189,689
30.	Financial assets measured at fair value through other comprehensive income	1,000,061		1,000,061
40.	Financial assets measured at amortised cost	15,468,174		15,468,174
	a) <i>Loans with banks</i>	955,533		955,533
	b) <i>Loans to customers</i>	14,512,641		14,512,641
50.	Hedging derivatives	12,578		12,578
60.	Value adjustment of financial assets with macro hedges (+/-)	1,661		1,661
70.	Investments	5,134		5,134
90.	Tangible assets	230,253		230,253
100.	Intangible assets	42,016	2,037	44,053
	of which:			
	- goodwill	15,322		15,322
110.	Tax assets	105,062		105,062
	a) <i>current</i>	13,679		13,679
	b) <i>deferred</i>	91,383		91,383
130.	Other assets	549,960		549,960
Total assets		18,633,459	2,037	18,635,496

Euro/000

Liabilities and equity items		31.12.2024 Published	Retrospective adjustments	31.12.2024 Restated
10.	Financial liabilities measured at amortised cost	16,664,203		16,664,203
	a) Payables to banks	798,673		798,673
	b) Payables to customers	13,280,657		13,280,657
	c) Securities issued	2,584,873		2,584,873
20.	Financial liabilities held for trading	1,954		1,954
40.	Hedging derivatives	19,287		19,287
60.	Tax liabilities	12,017	674	12,691
	a) current	1,151		1,151
	b) deferred	10,866	674	11,540
80.	Other liabilities	384,969		384,969
90.	Employee severance indemnity (TFR)	19,646		19,646
100.	Provisions for risks and charges	83,289		83,289
	a) commitments and guarantees given	3,531		3,531
	c) other provisions for risks and charges	79,758		79,758
120.	Valuation reserves	12,633		12,633
150.	Reserves	1,228,157		1,228,157
160.	Share premiums	16,145		16,145
170.	Share capital	70,693		70,693
180.	Treasury shares (-)	(5,625)		(5,625)
190.	Minority interests (+/-)	548		548
200.	Profit (loss) for the year (+/-)	125,543	1,363	126,906
Total liabilities and equity		18,633,459	2,037	18,635,496

Reconciliation of Published Consolidated Half-Year Income Statements for the year 2024 and Restated Consolidated Half-Year Income Statements for the year 2024

The published Half-Year Income Statement 2024 did not need to be restated, as the combination in question took effect in December 2024.

RELATED PARTY TRANSACTIONS

1. Information on compensation of Key Managers

For information on the remuneration of those who have the power and responsibility, directly or indirectly, for the planning, management and control of the Bank's activities, a definition that includes directors, members of the control bodies and key managers, please refer to the "Report on the Remuneration Policy and compensation paid" at 31 December 2024 prepared pursuant to Article 123-ter TUF and published on the website at www.bancodesio.it.

2. Information on related party transactions

The Internal Procedure ("Internal Regulation") for the management of transactions with related parties and parties included in the scope of application of Article 136 of the Consolidated Law on Banking, adopted in compliance with Consob Regulation No. 17221/2010 as updated by Resolution No. 21624/2020, and supplemented at the time in compliance with the Prudential Supervisory Provisions on risk activities and conflicts of interest in respect of parties connected with the Bank or the Banking Group pursuant to Article 53 of the Consolidated Law on Banking and most recently supplemented in compliance with the 35th update of Bank of Italy Circular No. 285 and related enactment in implementation of the EU Directive so-called CRD5, is described in the "Annual Corporate Governance Report" at 31 December 2024. The Procedure itself is published, in compliance with the aforementioned Regulation, on the website at www.bancodesio.it, section "About us/Governance/Corporate Documents/Related Parties".

Whereas, pursuant to article 5 of Consob Regulation No. 17221/2010 and Article 154-ter of the Consolidated Law on Finance referred to therein, periodic information must be provided:

- a. on individual "major" transactions concluded during the reporting period, meaning those transactions which, even cumulatively, exceed the thresholds laid down in Annex 3 of the aforementioned Regulation⁸;
- b. on any other individual related party transactions, as defined pursuant to Article 2427, paragraph 2, of the Italian Civil Code, concluded during the reporting period, which have materially affected the financial position or results of the Group;
- c. on any changes or developments in related-party transactions described in the last annual report that had a material effect on the Group's financial position or results, during the reporting period, there were no transactions worthy of note except for the acquisition by the Bank on 23 June 2025, of the residual portion of the share capital of Dynamica Retail SpA held by the minority shareholders, for which reference should be made to the section above on "Changes in the scope of consolidation", thereby achieving a 100% stake in the aforementioned company, as well as in its subsidiary, Dynamica Retail Agenzia in Attività Finanziaria Srl.

Referring for further details to the "Significant corporate events" section above, it should be noted that the project aimed at creating a single hub, specialised in the sector of salary-backed loans, has been launched, to be realised by the end of the current year 2025 through the merger by incorporation of Dynamica Retail S.p.A. into Fides S.p.A.

Related party transactions are generally governed by market-equivalent or standard conditions and are in any case justified in the interest of the group to which they belong. The comparison with market-equivalent or standard conditions is indicated in the periodic reporting to the Corporate Bodies of the transactions carried out.

⁸ with regard to the materiality index of the value of related party transactions, the Internal Procedure refers to a materiality threshold of Euro 37.5 million (corresponding to 5% of the consolidated regulatory capital recorded at the date of adoption of the Procedure itself).

In this context, there were no transactions outstanding at 30 June 2025 that presented particular risk profiles with respect to those assessed in the context of ordinary banking operations and related financial activities or that in any case presented atypical/unusual profiles worthy of note.

The following paragraphs summarise - in a prudential logic of unitary management of potential conflicts of interest - the relationships existing with the Parent Company, the Associate and other Related Parties pursuant to Article 53 of the Consolidated Law on Banking and/or Article 2391-bis of the Italian Civil Code (comprising entities treated pursuant to article 136 of the Consolidated Law on Banking in accordance with the regulations, including internal regulations in force), highlighting in particular the balances of current accounts and securities portfolios at the end of the half-year.

Parent Company

On 3 July 2023, Banco Desio entered into, with the Parent Company Brianza Unione di Luigi Gavazzi e Stefano Lado S.A.p.A. ("Brianza Unione"), an agreement for the subscription by the latter of a 10Y non-call 5Y Subordinated Tier 2 Bond in the amount of Euro 60 million.

The issue of the Subordinated Tier 2 Bond by Banco Desio was simultaneous with the issue by Brianza Unione of a private placement bond with the same characteristics, fully subscribed by professional investors.

The two issues of Tier 2 Subordinated Bond - still outstanding - are placed in the broader context of a transaction aimed at determining the assignment of a Tier 2 liability within the framework of the prudential regulations applicable pursuant to the CRR for the purposes of individual and consolidated prudential supervision, respectively Banco Desio and the Banco Desio Banking Group (the "Transaction").

For details on the Transaction, reference is made to the information document, drawn up by Banco Desio pursuant to and for the purposes of Article 5 of the RPT Regulation made available to the public, within the legal terms, at the Banco Desio registered office, on the INFO storage platform (at the address www.info.it), as well as on the Banco Desio website (section About us/Governance/Corporate documents/Related parties).

At 30 June 2025, accounts payable (to customers) to the Parent Company Brianza Unione di Luigi Gavazzi e Stefano Lado SapA amounted to a total of Euro 577.3 million, of which Euro 576.1 million, relating to securities portfolios.

With the same Company, the service agreement was renewed, regulating the reciprocal rights and obligations inherent to the accounting and reporting activities delegated to Banco Desio in relation to prudential consolidation pursuant to Articles 11 and 99 of EU Regulation No. 575/2013 (CRR). The fees in favour of the latter are small in amount and were in any case determined using the same methodology as the similar agreements with the Subsidiaries. It should be noted that this transaction also falls within the scope of application of Article 136 of the Consolidated Law on Banking by virtue of the offices held by certain Officers, as set forth in the following paragraph "Transactions with Officers and with parties related to them".

Associates

It is recalled that on 29 June 2022, after obtaining the necessary legal authorisations, the Partnership Agreements for the entry of Banco Desio in the share capital of Anthilia Capital Partners SGR S.p.A. ("Anthilia" or the "SGR") were executed. By virtue of the size of the investment held in the aforementioned company - equal to 15% of the SGR share capital - and of the contents of the partnership agreements entered into (investment agreement, commercial framework agreement, shareholders' agreements), there is currently an associated investment with the aforementioned company.

The Bank is also one of the main investors in the "Anthilia GAP - Special Situation Fund". The investment transaction (up to a maximum amount of Euro 23,000,000) in the aforementioned alternative investment fund was submitted to the Related and Connected Party Transactions Committee for its prior opinion in consideration of the "non-

ordinary" nature of the transaction. For the sake of completeness, we report subscriptions for a countervalue of Euro 7,000,000 in the open-end Planetarium Fund - Anthilia White and Planetarium Fund - Anthilia Yellow.

For further details, please refer to as described in the Notes of this report under "Equity Investments - Item 70".

Transactions with Officers and with parties related to them⁹

With regard to the entrustment transactions approved in the first half of 2025 pursuant to art. 53 of the Consolidated Law on Banking (also in accordance with the new provisions introduced by the Legislative Decree transposing Directive 2013/36/EU, so-called CRD IV) and/or Article 2391-bis of the Italian Civil Code (comprising parties treated pursuant to Article 136 of the Consolidated Law on Banking, in compliance with the regulations, including internal regulations in force), it should be noted that these were mainly ordinary credit disbursement transactions to Group Officers and/or parties related to them (meaning directors, statutory auditors and key managers in the Bank and in subsidiaries). These ties did not affect the application of the normal criteria for assessing creditworthiness. The total amount granted on the 35 positions outstanding at 30 June 2025 was about Euro 9.9 million and the related utilisations totalled about Euro 3.9 million.

With regard to the inflows relationships held directly with the Officers, as well as with related parties, it should also be noted that the total balances at 30 June 2025 amounted to approximately Euro 306.9 million in amounts due to customers (including approximately Euro 279.1 million in securities portfolios).

Excluded from the above calculations are transactions and balances relating to the Parent Company referred to in the paragraph above and to subsidiaries and associates.

The details of the aforementioned entrustment and inflows relationships referred to in this paragraph are set out in the following table:

	Balances at 30.06.2025 (in Euro/million)
<u>Entrustment transactions:</u>	
Amount granted	9.9
Amount used	3.8
<u>Collection transactions:</u>	
Amount of current accounts and savings deposits (a)	27.8
Amount of securities portfolios (b)	279.1
Total (a+b)	306.9

In accordance with Consob Resolution No. 15519 of 27 July 2006, it should be noted that the overall impact of the balances, indicated in the previous paragraphs, from an equity, financial and economic perspective, is substantially marginal.

⁹ Related parties within the meaning of Article 53 of the Consolidated Law on Banking (including parties treated in accordance with Article 136 of the Consolidated Law on Banking) and/or Article 2391-bis of the Italian Civil Code (other than the Parent Company and subsidiaries/associates).

PAYMENT AGREEMENTS BASED ON OWN EQUITY INSTRUMENTS

A. QUALITATIVE INFORMATION

1. Description of payment agreements based on own equity instruments

1.1 Remuneration linked to incentive systems: share-based compensation plans

Banco di Desio e della Brianza S.p.A., in its capacity as Parent Company, prepares the annual Report on the remuneration policy and compensation paid pursuant to the current provisions on remuneration and incentive policies and practices of the Bank of Italy (Circular No. 285/2013, 37th update of 24 November 2021, Part One, Title IV, Chapter 2 "Remuneration and incentive policies and practices"), art.123-ter of Legislative Decree 58/1998 ("Consolidated Law on Finance" or "TUF") and subsequent amendments, and of art. 84-quater of Consob Resolution No. 11971/1999, as amended ("Issuers' Regulation").

The remuneration policy ("Policy") represents an important management lever, for the purposes of attracting, motivating and retaining management and personnel and of directing their conduct towards a logic of containment of the risks assumed by the intermediary (including legal and reputational risks) and of protection and customer loyalty, with a view to correct conduct and management of conflicts of interest. It is also instrumental in the pursuit of sustainable success, which is embodied in the creation of long-term value for the benefit of shareholders while taking into account the interests of all stakeholders relevant to the Group.

The 2025 Policy defines the guidelines of the Group's personnel remuneration and incentive systems with the aim of fostering the pursuit of long-term strategies, objectives and results, consistent with the general framework of governance and risk management policies while respecting liquidity and capitalisation levels. With reference to ESG (Environmental, Social, Governance) factors, the 2025 Policy, continuing the path begun in previous years, further strengthens the correlation between the variable remuneration of management and personnel and the strategic actions inherent to ESG issues - also with the identification of specific KPIs - as outlined in the company Masterplan. The Banco Desio Group's remuneration policy is gender-neutral.

The Group's employee remuneration provides for a variable component (incentive) linked to the annual incentive system (Short Term Incentive), the recognition of which is subject to the simultaneous positive verification of predefined access conditions (gates) consisting of capital adequacy, liquidity adequacy and profitability indicators. After the gates have been checked, however in advance of any disbursements, the amount of economic resources actually available is determined on the basis of the economic results achieved, defined and monitored, consistent with the Group's Risk Appetite Framework.

The incentive for key personnel identified in the year 2025 is paid over five or six years, divided into an up-front portion and four or five annual deferred portions subject to the positive verification of future conditions. The up-front portion regardless of the beneficiary is equal to:

- 60% of the recognised incentive in cases where the individual annual variable remuneration is less than Euro 436 thousand;
- 40% of the recognised incentive, in cases where the annual individual variable remuneration is equal to or greater than Euro 436 thousand.

The value of Euro 436 thousand represents a particularly high level of variable remuneration for the Group, determined in accordance with the criterion established by the Bank of Italy's Supervisory Provisions.

Of the up-front portion of the incentive, 50% is recognised in "Banco Desio phantom shares" representing ordinary shares of Banco Desio. Deferred portions consist of:

- four deferred annual portions in the four-year period following the year in which the up-front portion accrues, 50% in Banco Desio phantom shares, for the key personnel not indicated in the previous point;

- five deferred annual portions over the five-year period following the year in which the up-front portion is accrued, for 55% in Banco Desio phantom shares, for key senior personnel if the amount of the annual individual variable remuneration recognised is equal to or greater than Euro 436 thousand;

As provided for in the Bank of Italy's Supervisory Provisions, in cases where the individual annual variable remuneration is less than or equal to the materiality threshold of Euro 50 thousand and at the same time less than or equal to one-third of the total annual individual remuneration, the relevant amount recognised is paid in cash and in a lump sum.

In order to align interests between management and shareholders (and support the Beyond 26 Strategic Plan) by remunerating the Group's strategic resources based on medium to long-term value creation, the Group has the Long Term Incentive (LTI) plan correlated to the performance to be achieved in the three-year period 2024-2026, which is alongside the Short Term Incentive (STI) 2025 plan.

The "LTI 2024-2026" Plan is intended for approximately 40 managerial roles of the Group (including those belonging to control functions, through dedicated KPIs), selected on the basis of the level of the position and the impact on the business, including the Chief Executive Officer and Key Executives of the Parent Company and Fides, considered fundamental for their respective skills for the implementation and success of the 2024-2026 "Beyond 26" Strategic Plan, approved by the Board of Directors on 23 November 2023, with the right to identify any additional ones due to organisational changes or with a view to attraction and retention (the "Recipients"). The incentive related to the LTI Plan (LTI incentive) also provides for the assignment of "Banco Desio phantom shares" that will take place at the end of the performance period, in 2027, following the verification of the achievement of results in the Vesting period.

For the Short-Term Incentive and Long-Term Incentive Plans, there is a one-year retention period for vested shares (up-front and deferred), which begins at the time of vesting; actual recognition to the beneficiary occurs at the end of this period.

Both the up-front portion and deferred portions are subject to malus and claw-back mechanisms, as set out in the Policy.

In addition to the remuneration plans based on Parent Company phantom shares, relating to the 2025 Short Term Incentive Plan and the 2024-2026 Long Term Incentive Plan, the Ordinary Shareholders' Meeting of Banco di Desio e della Brianza S.p.A. held on 17 April 2025 approved:

- the remuneration policy for the 2025 financial year contained in Section I of the "2025 Report on the remuneration policy and compensation paid in 2024" and
- the report on the amounts paid in the year 2024 contained in Section II of the same "2025 Report on the remuneration policy and amounts paid in 2024".

For more detailed information, refer to the contents of the documents "2025 Report on remuneration policy and compensation paid 2024" and "Information document relating to the Plan "2025 incentive system" based on the assignment of phantom shares" and "Information document relating to the long-term incentive plan "LTI 2024-2026" based on the assignment of phantom shares", published on the corporate website at www.bancodesio.it.

1.2 Share-based compensation plans from previous years

On 11 February 2025, the Board of Directors of Banco Desio acknowledged the vesting, in the 2025 financial year, of the equity component of the deferred short-term incentive portions, relating to the incentive plans based on the assignment of Banco Desio phantom shares currently in force and approved on the basis of previous shareholder resolutions.

For further details on the methods and terms for allocating shares under the aforementioned Plans, please refer to the relevant "Information Documents" published on the institutional website at www.bancodesio.it.

1.3 Representation of share-based compensation plans

The remuneration components for key personnel described above (STI 2022, STI 2023, STI 2024 and LTI 2024-2026), which envisage payment based on Banco Desio phantom shares, are configured as "cash settled" group plans in accordance with the provisions of accounting standard IFRS 2 Share-based payments.

These share-based payments are recognised in the consolidated financial statements under the balance sheet liability item 'Provisions for risks and charges' with a balancing entry in the income statement under 'Personnel expenses'.

Subsidiaries, on the other hand, account for the cost for the period in their separate financial statements under the income statement item "Personnel expenses" as balancing entry of the item "Reserves" in equity.

B. QUANTITATIVE INFORMATION

2. Other information

With reference to the resolution passed by the Board of Directors of Banco Desio on 11 March 2025 in relation to the share-based compensation plan approved by the ordinary Shareholders' Meeting of 18 April 2024, a total of 62,206 Banco Desio phantom shares were assigned to 8 beneficiaries (7 employees of Banco Desio and 1 of the subsidiary Fides), of which (i) 37,324 related to the upfront portion and (ii) 24,882 related to the deferred portions in the following three years, the vesting of which remains subject to the Plan rules, including the positive verification of future consolidated conditions as well as the absence of misconduct. It should be noted that the Parent Company Banco Desio recognised 57,051 Banco Desio phantom shares to its 7 beneficiaries, of which 34,231 related to the up-front portion and 22,820 related to the deferred portions as specified above.

2.1 Economic Impacts

With regard to share-based incentive schemes for the key personnel, for the first half of the year 2025, the Group allocated an expected charge of Euro 0.97 million to be substantially attributable to the Parent Company's "Phantom Shares 2025 Plan" and a lower charge of Euro 0.6 million to adjust the "Phantom Shares 2024 Plan". On the other hand, the "LTI 2024-2026" Plan at 30 June 2025 showed an expected expense of Euro 1.0 million and a lower expense of Euro 0.3 million for adjustment of the bonus pool valuation in 2025 compared to the charge allocated at the end of 2024.

SEGMENT REPORTING

The Banco Desio Group operates by carrying out traditional credit intermediation, asset management, and the offer of life and non-life bancassurance products.

Consistent with the internal reporting system on the basis of which management monitors performance and makes operational decisions on resources to be allocated, segment reporting takes into account the organisational and management structure described below.

The "banking" sector includes the Group bank network, i.e. the Parent Company Banco di Desio e della Brianza S.p.A., and the vehicle company "Desio OBG S.r.l.", set up specifically for the covered bond issue programme.

The "para-banking" sector includes Fides S.p.A. and Dinamica Retail S.p.A., financial intermediaries registered in the register pursuant to Article 106 of the Consolidated Law on Banking, as well as Dinamica Retail Agenzia in attività finanziaria S.r.l.

The column "consolidation adjustments" includes consolidation entries and intragroup eliminations, with the exception of entries relating to the definitive Purchase Price Allocation (PPA) determined at the date of acquisition (1 June 2024) of Dinamica Retail S.p.A and Dinamica Retail Agenzia attributed to the "para-banking" sector to which they refer.

The total of the three columns as described above represents the balance of the Banco Desio Group as per the consolidated half-year situation.

Income statement figures	Banking	Parabanking	Consolidation adjustments	Total 30.06.2025
Margin on financial and insurance operations ⁽¹⁾	307,697	23,044	(12,025)	318,716
Structural costs ⁽²⁾	(185,297)	(11,451)	276	(196,472)
Allocations and adjustments ⁽³⁾	(10,942)	(3,454)	1,616	(12,780)
Gains (Losses) on investments valued at equity	-	-	146	146
Gains (Losses) on disposal of investments	-	-	-	-
Profit (Loss) from current operations before taxes	111,458	8,139	(9,987)	109,610

Balance sheet figures	Banking	Parabanking	Consolidation adjustments	Total 30.06.25
Financial assets	4,403,613	58,967		4,462,580
Loans with banks ⁽⁴⁾	359,561	35,586	(8)	395,139
Loans to customers ⁽⁴⁾	11,775,471	1,545,484	(1,067,148)	12,253,807
Payables to banks	436,251	1,324,844	(1,051,856)	709,239
Payables to customers	12,462,097	240,898	(8,491)	12,694,504
Securities issued	2,954,184	-	-	2,954,184
Indirect inflows, administered and managed	22,914,295			22,914,295

Income statement figures	Banking	Parabanking	Consolidation adjustments	Total 30.06.2024
Margin on financial and insurance operations ⁽¹⁾	318,428	13,243	(3,861)	327,810
Structural costs ⁽²⁾	(183,640)	(6,568)	192	(190,016)
Allocations and adjustments ⁽³⁾	(23,057)	(1,801)	140	(24,718)
Gains (Losses) on investments valued at equity			138	138
Gains (Losses) on disposal of investments				
Profit (Loss) from current operations before taxes	111,731	4,874	(3,391)	113,214

Balance sheet figures	Banking	Parabanking	Consolidation adjustments	Total 31.12.2024
Financial assets	4,224,734	64,762	-	4,289,496
Loans with banks ⁽⁴⁾	330,952	22,751	(13)	353,690
Loans to customers ⁽⁴⁾	11,475,028	1,438,604	(877,103)	12,036,529
Payables to banks	483,251	1,184,929	(869,507)	798,673
Payables to customers	13,020,253	270,071	(9,667)	13,280,657
Securities issued	2,584,873	-	-	2,584,873
Indirect inflows, administered and managed	22,534,481			22,534,481

⁽¹⁾ including other operating expenses/income and gains/losses from contractual amendments without derecognition

⁽²⁾ administrative expenses, net adjustments on tangible and intangible assets

⁽³⁾ net value adjustments for impairment of loans and financial assets, allocations to provisions for risks and charges, goodwill

⁽⁴⁾ net of debt securities held to collect (HTC) recognised at amortised cost and shown under financial assets

Certification pursuant to Article 154-bis, paragraph 5-ter of Legislative Decree No. 58/98 to the condensed half-year financial statements

**CERTIFICATION OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL
STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14
MAY 1999 AS AMENDED AND SUPPLEMENTED**

1. The undersigned Alessandro M. Decio, as Chief Executive Officer of Banco di Desio e della Brianza S.p.A., and Mauro W. Colombo, as Financial Reporting Manager of Banco di Desio e della Brianza S.p.A., certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998:
 - the adequacy in relation to the characteristics of the company and
 - the effective application of the administrative and accounting procedures as the basis for preparation of the condensed consolidated half-year financial statements, in the first half of 2025.
2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements at 30 June 2025 was based on a process defined by Banco di Desio e della Brianza S.p.A. in accordance with the Internal Control Integrated Framework (CoSo), which represents a generally accepted reference standard at an international level.
3. The undersigned further certify that:
 - 3.1 the condensed consolidated half-year financial statements:
 - a. are prepared in compliance with the applicable international accounting standards endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council, of 19 July 2002;
 - b. correspond to the information contained in the accounting ledgers and records;
 - c. provide a true and fair representation of the equity, economic and financial situation of the Issuer and the whole of the companies included in the scope of consolidation.
 - 3.2 the interim report on operations includes a reliable analysis of references to important events that occurred in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of the information regarding related party transactions.

Desio, 5 August 2025

The CEO

Alessandro Decio

The Financial Reporting Manager

Mauro Walter Colombo

Certification of the Independent Auditors on the condensed half-year financial statements

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative)

Report on review of condensed interim consolidated financial statements

*To the shareholders of
Banco di Desio e della Brianza S.p.A.*

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Banco Desio Group, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2025. The parent's directors of Banco Desio e della Brianza S.p.A. are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the IFRS Accounting Standard applicable to interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

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

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



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Banco Desio Group*Report on review of condensed interim consolidated financial statements**30 June 2025***Conclusions**

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

Milan, 6 August 2025

KPMG S.p.A.

(Signed on the original)

Alessandro Nespoli
Director of Audit

Annex

QUARTERLY DEVELOPMENT OF THE CONSOLIDATED INCOME STATEMENT

Items	Q2 2025	Q1 2025	Q2 2024	Q1 2024
10. Interest and similar income	138,260	146,859	156,918	173,309
of which: interest income calculated using the effective interest rate method	111,535	115,444	106,052	119,607
20. Interest and similar expense	(51,437)	(56,424)	(62,924)	(73,491)
30. Net interest income	86,823	90,435	93,994	99,818
40. Commission income	58,029	57,195	61,048	56,123
50. Commission expenses	(3,797)	(3,868)	(830)	(6,598)
60. Net commissions	54,232	53,327	60,218	49,525
70. Dividends and similar income	97	470	127	462
80. Net trading result	729	1,291	551	1,702
90. Net hedging result	37	(107)	198	(220)
100. Gains (losses) on sale or repurchase of:	5,853	3,323	2,461	4,342
a) financial assets measured at amortised cost	3,619	1,725	2,443	1,919
b) financial assets measured at fair value through other comprehensive income	2,219	1,572	8	2,372
c) financial liabilities	15	26	10	51
110. Net result of other financial assets and liabilities measured at fair value through profit or loss	1,202	(742)	(2,798)	(3,136)
b) other financial assets mandatorily measured at fair value	1,202	(742)	(2,798)	(3,136)
120. Net banking income	148,973	147,997	154,751	152,493
130. Net value adjustments/reversals for credit risk related to:	(6,797)	(4,778)	(9,549)	(1,518)
a) financial assets measured at amortised cost	(6,831)	(4,797)	(9,413)	(1,700)
b) financial assets measured at fair value through other comprehensive income	34	19	(136)	182
140. Gains/losses from contractual amendments without derecognition	(72)	(29)	11	5
150. Net result from financial operations	142,104	143,190	145,213	150,980
180. Net result from financial and insurance operations	142,104	143,190	145,213	150,980
190. Administrative expenses:	(93,275)	(90,889)	(83,498)	(95,038)
a) personnel expenses	(58,177)	(58,651)	(53,510)	(53,749)
b) other administrative expenses	(35,098)	(32,238)	(29,988)	(41,289)
200. Net allocations to provisions for risks and charges	(1,743)	538	(13,529)	(122)
a) commitments for guarantees given	(21)	246	147	640
b) other net allocations	(1,722)	292	(13,676)	(762)
210. Net value adjustments/reversals on tangible assets	(4,878)	(4,815)	(4,714)	(4,606)
220. Net value adjustments/reversals on intangible assets	(1,337)	(1,278)	(1,085)	(1,075)
230. Other operating expenses/income	11,850	9,997	11,457	9,093
240. Operating costs	(89,383)	(86,447)	(91,369)	(91,748)
250. Gains (Losses) on investments	47	99	88	50
290. Profit (Loss) from current operations before taxes	52,768	56,842	53,932	59,282
300. Income taxes for the year on current operations	(19,032)	(20,192)	(18,139)	(20,142)
310. Profit (Loss) from current operations after taxes	33,736	36,650	35,793	39,140
320. Profit (Loss) from discontinued operations after taxes	-	-	2,959	-
330. Profit (Loss) for the year	33,736	36,650	38,752	39,140
340. Profit (Loss) for the year attributable to minority interests	342	(342)	(196)	-
350. Profit (Loss) for the year attributable to the parent company	33,394	36,992	38,948	39,140