

MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

RCSL n. B112885



Interim financial statements
for the six months ended 30 June 2026

MEDIOBANCA INTERNATIONAL (LUXEMBOURG)

SOCIÉTÉ ANONYME

SHARE CAPITAL € 10,000,000.00

HEAD OFFICE: 4, BOULEVARD JOSEPH II – L-1840 LUXEMBOURG



Board of Directors Meeting
29 July 2026

www.mediobancaint.lu

BOARD OF DIRECTORS

		Term expires	Location
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ROCCO COSIMO DAMIANO DI LEO	MANAGING DIRECTOR & CEO	2026	LUXEMBOURG
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LARA PIZZIMIGLIA	DIRECTOR	2026	ITALY

INDEPENDENT AUDITOR

PRICEWATERHOUSECOOPERS Assurance Société Coopérative

LUXEMBOURG

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MANAGEMENT REPORT



Mediobanca International (Luxembourg) S.A.

Head Office: 4, Boulevard Joseph II, L-1840 Luxembourg

MPS Group

Share capital: € 10,000,000 fully paid up

FINANCIAL SITUATION AS AT 31 DECEMBER 2025

MANAGEMENT REPORT

DEVELOPMENT IN MACROECONOMIC SCENARIO

The first half of 2026 was characterized by a significant deterioration in the geopolitical environment, particularly following the escalation of the conflict in Iran and the closure of the Strait of Hormuz. This led to sharp increases in oil and fertilizer prices, disruptions to global supply chains, and heightened inflationary pressures. Tensions in the Middle East also caused the leading shipping operators to suspend transit through the Suez Canal, further exacerbating supply chain challenges.

In response, major economies implemented supportive fiscal measures, including energy price containment initiatives in Europe and strategic oil reserve releases in the United States. These actions, together with investments in defence and energy transition infrastructure, helped sustain global growth despite elevated uncertainty.

On the commercial side, during the period under review US trade policies, including new tariffs and the non-renewal of the USMCA agreement (trade agreement with Canada and Mexico), increased uncertainty for businesses and investors. Against this backdrop, the IMF revised its 2026 global growth forecast slightly downward to 3.0%, compared with 3.1% previously and 3.3% growth recorded in 2025.

The US economy remained resilient in the first half of 2026, growing by 2.1% annualized QoQ, supported by strong domestic demand and investments in artificial intelligence despite pressure on household incomes from higher energy prices. In contrast, Eurozone growth stalled (0.0% QoQ in 1Q), as the Middle East conflict exacerbated existing structural weaknesses. China posted solid growth, driven by exports and investments in AI and green technologies, although momentum moderated in 2Q amid weak domestic demand and ongoing difficulties in the real estate sector. Overall, high-frequency indicators suggest that the global economy continued to expand at a moderate pace during the period.

Global equity markets delivered positive returns in 1H 2026 despite heightened volatility caused by geopolitical tensions, trade uncertainty and intense investment activity in the technology sector. The MSCI World (+8.3%), Euro Stoxx 600 (+8.4%) and S&P 500 (+9.6%) all posted solid gains, supported by resilient corporate earnings and continued investor interest in technology and artificial intelligence.

Asian markets also performed positively, with China's CSI 200 rising 7.5% despite weaker domestic demand and ongoing real estate sector challenges. The strongest performance came from Japan, where the Nikkei 225 surged 39.2%, driven by export growth supported by a weaker yen, improving corporate profitability and expectations of monetary policy normalization.

During the first half of 2026, sovereign bond yields rose globally, reflecting higher inflationary pressures, expectations of tighter monetary policy, and increased risk premia. In the US, the 10-year Treasury yield increased from 4.17% to 4.47%, while the 2-year yield rose more sharply from 3.48% to 4.18%, leading to a significant flattening of the yield curve.

Looking ahead, the global economic outlook remains closely linked to developments in the Middle East. A de-escalation of tensions could ease energy-related inflationary pressures and support confidence, whereas a further escalation may weigh on growth and intensify inflation risks.

* * *

Eurozone growth slowed significantly in early 2026, with GDP increasing by 0.5% YoY in 1Q, reflecting structural weaknesses, energy dependence and a challenging external environment. Germany and France underperformed due to manufacturing sector difficulties (in the automotive industry in particular), political uncertainty and the impact of geopolitical tensions, while Spain remained the strongest major economy (2.7% growth in 1Q), supported by domestic demand and tourism.

Growth prospects were revised downward across the region, with the ECB lowering its 2026 Eurozone GDP forecast to 0.8%. The weaker outlook reflects the effects of the Middle East conflict, persistent structural challenges and the impact of US trade policies on European exports.

On the prices side, Eurozone inflation accelerated during 1H 2026, mainly driven by higher energy prices, with headline inflation rising from 1.7% in January to a peak of 3.1% in May before easing to 2.8% in June. Core inflation remained more stable but showed persistent underlying price pressures, leading the ECB to project average inflation of 3.0% for 2026, above its 2% target.

In response, the ECB adopted a more restrictive monetary policy, raising its deposit rate from 2.0% to 2.25% in June, the first increase since 2023. Sovereign bond yields moved higher, particularly at the short end of the curve, resulting in a flattening of the German yield curve. Meanwhile, the Italian BTP-Bund spread remained relatively contained (around 77 bps at end-June), supported by favourable market conditions and continued investor confidence.

* * *

Italy outperformed the Eurozone in early 2026, with GDP growing by 0.8% YoY in 1Q, supported by resilient domestic consumption, strong employment levels, the strength of the services sector and helped by the reduced exposure of the country's exports to competition from Asian countries. Investment growth remained positive but moderate, reflecting the gradual phase-out of incentives linked to the NRRP, while public spending remained broadly stable.

On the prices side, inflation increased significantly during the first half of the year, mainly due to higher energy prices, although core inflation eased, indicating more limited underlying inflationary pressures than in the wider Eurozone (up from 1.0% YoY in January to a high of 3.2% in May, before falling back to 3.0% at end-June 2026). This supported a cautious approach by the Bank of Italy toward monetary tightening.

Looking ahead, the Italian economy retains a cautiously positive outlook for the second half of 2026 and for the following two-year period, benefiting from the ongoing effects of NRRP-related investments. However, risks remain elevated, particularly due to geopolitical tensions in the Middle East, their impact on energy prices, and uncertainty surrounding US trade policies, which could affect growth and inflation prospects.

Luxembourg's GDP growth is expected to reach 0.7% in 2026 and 1.3% in 2027, supported by higher public and corporate investment and continued strength in the financial sector. Economic conditions had started to improve after a lengthy period of subdued growth; however, the escalation of tensions in the Middle East and the associated rise in energy prices have weakened the near-term outlook. Geopolitical uncertainty will weigh on employment and private investment in the second and third quarters of 2026, Household consumption is projected to slow in 2026 due to higher inflation in mid-2026. Energy prices increased by 17.7%, fuel prices by 28.8% and heating oil by 75.5% in the year to April 2026. The situation is expected recovering in 2027 as conditions improve and wage indexation helps preserve real incomes. Downside risks are mainly linked to financial market volatility.

The fiscal deficit widened significantly in 2025 due to higher social welfare and public-sector personnel expenses. Key policy priorities include ensuring pension system sustainability, containing social security and public-sector spending, and implementing the medium-term fiscal plan. Promoting a shift from internal combustion engine vehicles to more sustainable commuting options would help reduce exposure to global energy price fluctuations. In addition, a comprehensive strategy to enhance skills and innovation would support the country's long-term economic competitiveness. Recent policy measures to support housing supply could accelerate the recovery in construction activity.

Luxembourg has one of the highest GDP per capita levels in the OECD and maintains strong productivity overall. However, it is among the few OECD economies that experienced a decline in multifactor productivity between 2010 and 2022, mainly due to weak productivity growth outside the financial sector. In addition, the labor force participation rate of residents remains slightly below that of many OECD countries.

Boosting investment, particularly in research and development (R&D), and accelerating the adoption of digital technologies would support productivity growth and innovation. In parallel, ongoing efforts to ease product market regulations, especially in professional services, are expected to enhance efficiency and productivity throughout the economy.

GENERAL PRINCIPLES OF DRAWING UP THE MANAGEMENT REPORT

The Bank's financial statements have been drawn up in accordance with the IAS/IFRS international accounting standards as adopted by EU, and in line with the structure of the Mediobanca¹ as disciplined by the circular of Bank of Italy no. 262 of 22 December 2005 as amended from time to time (for further details please refer to Part B of the notes to the financial statements – accounting policies).

Notwithstanding the above, the management report includes a reclassified statement of financial position and a reclassified statement of comprehensive income (cf. below) with a view to support management commentaries and evaluations over the results achieved during the 6 months period. The reconciliation with the primary statements, as required by the reference regulations, is presented in Annex I.

The management report also contains some Key Performance Indicators which are deemed useful and appropriate to provide additional qualitative and quantitative metrics on the performance achieved by the institution over the 6 months period.

¹ Please refer to page 35 for the definition of “Parent bank”.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

In order to further illustrate the result of the period and support management commentaries, the statement of financial position has been reclassified based on criteria shared with the Parent Company (for further details please refer to Annex I). Comparative figures from the previous annual report have been restated on a consistent basis.

	30/06/2026	31/12/2025	Chg.
	€m	€m	%
Cash and cash equivalents	241,6	415,6	-41,9%
Cash available at Central Bank	17,0	14,2	19,7%
Loans to banks	4.474,0	4.359,6	2,6%
Loans to customers	3.384,2	3.299,6	2,6%
Trading securities	219,3	229,5	-4,4%
Investment securities and Banking book	95,8	68,4	40,1%
Derivatives	77,5	67,3	15,1%
Equity investments	4,2	4,2	0,0%
Tangible assets	0,7	0,8	-12,5%
Other assets	17,6	9,8	80,0%
TOTAL ASSET	8.531,9	8.469,0	0,7%
Amount due to customers	76,7	76,6	0,1%
Debt securities issued	5.506,5	5.260,9	4,7%
Amount due to banks	2.454,6	2.640,1	-7,0%
Derivatives	35,3	50,3	-29,8%
Provisions for risks and charges	0,6	0,7	-11,4%
Other liabilities	22,6	14,6	54,9%
Net equity	418,5	418,4	0,0%
Net profit	17,1	7,4	131,2%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8.531,9	8.469,0	0,7%

ASSETS

On the balance-sheet side, total assets amounted to € 8,53bn at 30 June 2026 (€ 8,47bn in Dec-25), with the main items reflecting the following performances:

- There was a broad-based increase in volumes, with Loans granted to customer rising by € 85m and Loans and advances to financial institution up by € 115m;
- Cash and cash equivalents decrease from € 415,6m as of 31 December 2025 to € 241,6m as of 30 June 2026.

Loans to banks – the carrying value of Loans to bank has slightly increased compared to December 2025 from € 4.360m to € 4.474m (+2,6%) mainly as a consequence of liquidity reinvestment by means of money market instruments. In details:

- Term deposits with Mediobanca increased of 11,5% compared to Dec-25, to 1.635m;
- The repo transactions with the Mediobanca (through which HQLA securities were received), aimed at strengthening the LCR metric, has increased from € 152m to € 174m over the 6 months;
- Other money market operations are negligible in term of outstanding carrying value;
- The overall increase in the other items was partially offset by a € 75m decrease in Loans and Receivables to Banks, which declined from € 2.738m to € 2.663m.

	30/06/2026	31/12/2025	Chg.
	€m	€m	%
Term deposits	1.634,7	1.466,5	11,5%
Repo transactions	173,8	152,3	14,1%
Other money market operations	2,8	3,0	-3,9%
Loans and receivables (banks)	2.662,7	2.737,8	-2,7%
Loans to banks	4.474,0	4.359,6	2,6%

Loans to customer – the carrying value of loans to customers has increased compared to December 2025 of +2,6%, from € 3.300m to € 3.384m. This increase in volumes has concerned both the Loans measured at amortised cost (€ +68m) and the Loans measured at FVTPL (€ +17m).

In terms of net credit exposure of the Bank (i.e. amounts to corporate clients excluding the portion secured by financial guarantees issued by the Mediobanca and/or the direct exposures towards the Mediobanca), an increase is observed from € 966,9m (of which € 1.154,0m of stand-alone² exposures) at the end of December 2025 to € 805,5m (of which € 936,5m of stand-alone exposures) at the end of June 2026.

The net carrying value of non-performing exposures - defined as the book value after impairment recognition - amounts to zero as of the reporting date.

	30/06/2026	31/12/2025	Chg.
	€m	€m	%
Loans and receivables (customers) at AC	3.332,6	3.265,0	2,1%
Loans and receivables (customers) at FVTPL	51,6	34,6	49,0%
Loans to customers	3.384,2	3.299,6	2,6%

Investment – in September 2011, the Bank purchased via a share deal all the 1.000 shares of Jodewa S.à.r.l. (following renamed as Mediobanca International Immobilière S.à.r.l.) a company owning the building where the Bank has moved its head office in April 2012. At 30 June 2026 the management assessed the evolution of the real estate market and no indication of possible impairment occurred since the last assessment in February 2025.

Derivatives – this item increased from € 67m at the end of Dec-25 to € 77m at the end of Jun-25 and is composed by:

² The sum of drawn and undrawn exposure to be considered net of credit risk.

- fair value of credit derivatives negotiated with Mediobanca (or embedded in other financial instruments) which amounts to € 76m (+14,8%);
- fair value of hedging derivatives, increased from € 1,5m to € 2m.

It is worth mentioning that the Bank is not taking any speculative position in derivatives and the aforementioned variation was de facto compensated by an equivalent decrease of the carrying value of financial liabilities valued at fair value through profit or loss.

	30/06/2026	31/12/2025	Chg.
	€m	€m	%
Trading Derivatives	75,5	65,8	14,8%
Hedging derivatives	2,0	1,5	30,7%
Derivatives	77,5	67,3	15,1%

Other assets – this item of the reclassified statement of financial position increased from € 10m at the end of Dec-25 to € 18m at the end of Jun-26 and is composed by:

- Tax assets, increased due to advance payments for Net Wealth Tax due in the last 6 months;
- Transitory accounts, increased from Dec-25 by 108,9%, at 11m.

	30/06/2026	31/12/2025	Chg.
	€m	€m	%
Tax assets	6,9	4,6	47,8%
Transitory accounts and other receivables	10,7	5,2	108,5%
Other assets	17,6	9,8	79,8%

LIABILITIES

On the liabilities side, the following variations are worth noting:

Amounts to customers – the carrying value of amount due to customers showed no significant variation during the six months:

- Time deposits remained substantially stable compared to Dec-25;
- Other items are immaterial in term of amount and substantially unchanged over the six-month period.

	30/06/2026	31/12/2025	Chg.
	€m	€m	%
Time deposits	75,3	75,2	0,1%
Repo transactions	0,8	0,7	13,0%
Leasing	0,6	0,7	-8,6%
Amount due to customers	76,7	76,6	0,1%

Debt securities issued – the carrying value of debit securities issued increased by +4,7% from 5.261m to 5.507m.

- Notes issued under the existing medium-term programmers showed no significant variation: “non structured notes” decline (€ -76m) was substantially compensated by “structured notes” and “debt securities valued at FVO” increase (€ +30m and € +41m respectively);
- Borrowings under the commercial paper program stands at € 1.775m, approx. +16,5%;
- The change in fair value of hedged debt instruments valued at amortised costs amounted to € -1,5m (compared to € -0,4m at Dec 2025), remaining immaterial overall.

	30/06/2026	31/12/2025	Chg.
	€m	€m	%
Debt securities issued - non structured	3.506,5	3.582,2	-2,1%
Debt securities issued - structured	113,5	83,2	36,4%
Debt securities valued at FVO	112,6	71,9	56,6%
Commercial papers	1.775,4	1.524,0	16,5%
CFV notes issued	-1,5	-0,4	282,5%
Debt securities issued	5.506,5	5.260,9	4,7%

Amount due to bank – the carrying value of Amount due to bank decreased from € 2.640m (Dec-25) to € 2.455m (Jun-26). This was primarily attributable to Loans to Banks, which declined from € 2.615m to €2.402m, reflecting the increase in Debt Securities Issued.

The cash collateral received under two-way credit support annex (CSA) agreement with Mediobanca contributed by € 50m (+106,4% over the 6 months).

Derivatives – while the carrying value of Trading derivatives decreased from € 48,4m (Dec-25) to € 31,5m (Jun-26) as a consequence of the mark to market value of the financial and credit derivative contracts negotiated with Mediobanca or embedded in other financial instruments, the fair value of hedging derivative instruments increased of € 1,9m.

It is worth mentioning that the Bank is not taking any speculative position in derivatives.

	30/06/2026	31/12/2025	Chg.
	€m	€m	%
Trading Derivatives	31,5	48,4	-34,8%
Hedging derivatives	3,8	1,9	98,4%
Derivatives	35,3	50,3	-29,8%

Other liabilities – this item of the reclassified statement of financial position, who is composed of (i) tax liabilities and (ii) transitory accounts and other payables, increased from € 14,6m (Dec-25) to € 22,7m (Jun-26).

More in details, the positive result over the 6 months led to a € +5,4m increase in the tax provision during the period with an exposure toward fiscal authorities stood at € 10,2m in Jun-26.

Transitory accounts and other payables increased of approx. +€ 2,7m.

	30/06/2026	31/12/2025	Chg.
	€m	€m	%
Tax liabilities	10,1	4,8	111,4%
Other payables	12,5	9,8	27,3%
Other liabilities	22,6	14,6	55,0%

Provisions for risks and charges – This item of the reclassified statement of financial position remains in line with December 2025 (€ 0,6m), due to loan commitments remained stable over the FY as well as the portfolio credit quality.

Net equity – The entire profit for the financial year ended 31 December 2025 was distributed as a dividend to Mediobanca. As a consequence, no changes were recorded over the six-month period.

RESTATED STATEMENT OF COMPREHENSIVE INCOME

In order to further illustrate the result of the period and support management commentaries, the statement of comprehensive income has been reclassified based on criteria shared with the Parent Company (for further details please refer to Annex I). Comparative figures from the previous annual report have been restated on a consistent basis.

In the reclassified statement of comprehensive income, revenues are indicated without sign whereas expenses are preceded by the ‘minus’ sign.

	IH 2026	IH 2025	Chg.
	€m	€m	%
Net interest income	8,3	8,6	-4,0%
Net fee and commission income	-0,2	1,2	-117,4%
INCOME FROM BANKING ACTIVITIES	8,1	9,8	-17,3%
Net profit from Trading, FV measurement and Net gains on disposals/repurchases	3,2	-0,1	n.a.
Net profit (loss) from hedging	-0,1	0,0	-328,6%
Other operating income (expenses)	0,2	0,2	-6,3%
TOTAL REVENUES	11,4	9,9	15,1%
Personnel expenses	-1,8	-1,8	-2,5%
Other administrative expenses	-3,4	-3,6	-3,9%
OPERATING EXPENSES	-5,2	-5,4	-3,5%
Loans impairment	-0,3	0,0	n.a.
Other profit (losses)	16,6	4,0	310,9%
PROFIT BEFORE TAX	22,5	8,6	162,2%
Fiscal Provision	-5,4	-0,5	898,2%
NET PROFIT	17,1	8,0	112,6%

Net interest income – net interest income decreased from € 8,6 to € 8,3m. During the reference period, the different components performed as follows:

- Interest income from lending activities stands at € 120,8m (€ 115,4m in June 25) mainly driven by the growth in the business (€ +115m of loans to corporate and € +85m of loans to banks), despite decline in average yields. Depo Facility in Central Bank and current accounts contributed for €4,0m, in line with Jun 25;
- Interest expense from borrowing activities increased from € -111m to € -117m, primarily driven by higher intercompany funding costs (€ -6,9 million YoY). The impact was only partially mitigated by bond market financing, which benefited from lower interest rates, resulting in savings of € +0,3m yoy despite higher funding volumes;
- The abovementioned effects were further supported by the positive performance of treasury activities equals to € 4,7m (+10%), with a net contribution of € +5m from CLO securities due to higher volumes compared to previous year and a feeble contribution from MB's Time Deposits, into which the funding generated by commercial papers under the Neu CP programme is invested (net margin: € -0,4m).

	IH 2026	IH 2025	Chg.
	€m	€m	%
Interest income - lending	120,8	115,4	4,6%
Interest expense - funding	-117,2	-111,1	5,5%
Net interest income (expense) - Treasury	4,7	4,3	10,0%
Net interest income	8,3	8,6	-4,0%

Net fee and commission income – Net Fee Income is close to zero (€ +1,2m in June 25) due to a weaker performance of fee income, particularly from upfront fees (from € +4,2m in Jun-25 to €+2,0m in Jun-26).

On the payables side, the Bank records the impact of an extraordinary structuring fee (€1,8m) paid to MB SpA relating to the restructuring and maturity extension of € 0,8 bn note. Fee expenses take into account, inter alia, the intercompany reversal of estimated costs relating to the branches, resulting in a total impact of €2,2m.

	IH 2026	IH 2025	Chg.
	€m	€m	%
Fee and commission income	7,2	9,0	-19,7%
Fee and commission expense	-7,4	-7,8	-5,2%
Net fee and commission income (expense)	-0,2	1,2	-117,4%

Net profit (loss) from Trading, the Fair Value measurement of assets/liabilities and Net gains (losses) on disposals/repurchases – these items in the reclassified income statement amounts to € 3,2m in June 26 (€ -0,1m in June 2025).

The foregoing was essentially a consequence of the following:

- a negative impact of € -1,1m (€ -0,5m in June 2025) from derivatives, included interest income on swap derivative used to hedge the corporate lending portfolio (€ 0,3m);
- a positive contribution € +0,4m (+60,8%) from the exchange rates exposures revaluation. The forex effect was entirely offset across all balance sheet components in currency, both on the asset and liability sides due to effective management of the currency component.
- net fee income generated by securities lending (collateral based) amounts to € +0,9m in line with the previous figures.
- a positive contribution of € +2,5m (€ -1,0m in June 2025) from fair value measurement of assets and liabilities, of which € +3,1m realised and € -0,6m unrealised;
- gain realised on disposal of financial asset and liabilities at amortised cost equals to € +0,5m (€ +0,2m in June 2025).

	IH 2026	IH 2025	Chg.
	€m	€m	%
Derivatives - realised gains and losses	2,8	-0,3	n.a.
Derivatives - unrealised gains and losses (mtm)	-3,9	-0,2	n.a.
Forex gains and losses	0,4	0,2	60,8%
Securities lending/borrowing	0,9	1,0	-4,4%
Net profit (loss) from fair value measurement of assets/liabilities	2,5	-1,0	n.a.
Net gains (losses) on disposals/repurchases	0,5	0,2	187,2%
Net profit from Trading, FV measurement and Net gains on disposals/repurchases	3,2	-0,1	n.a.

Operating costs – this item of the reclassified statement of comprehensive income decreased from € -5,4m in June 2025 to € -5,2m in June 2026. In details:

- expenditure on salaries totalled € -1,8m, remaining broadly in line with the corresponding period in 2025;
- administrative expenses slightly decreased from € -3,4m to € -3,3m largely driven by lower outsourcing expenses (€ +66k yoy) and external audit and regulatory expenses (€ +63k yoy); the aforementioned positive impact was partially offset by higher advisory costs (€ 50k yoy).
- Amortisation of tangible assets remains stable compared to the last year; it's entirely attributable to the depreciation of the right-of-use asset under the accounting principle IFRS16.

	IH 2026	IH 2025	Chg.
	€m	€m	%
Personnel expenses	-1,8	-1,8	-2,5%
Administrative expenses	-3,3	-3,5	-4,4%
Amortisation	-0,1	-0,1	0,9%
Operating costs	-5,2	-5,4	-3,6%

Loans impairment – Impairment provisions for credit exposures, including net adjustments to provisions for risk and charges, record a negative impact of € -0,3m (vs nil in Jun-25), mainly driven by higher drawn customer loans during IH26 and reflecting the deterioration in the credit ratings of two counterparties.

Focusing on the loan portfolio, total impairment amounts to €-3,9m (€-2,9m in Jun-25) and is mainly composed of:

- ST1: impairment increased of €+0,2m YoY, mainly due to higher volumes and the revision of the overlay framework to incorporate geo-political risk (instead of US tariffs) and climate-related risk
- ST2: impairment increased of € +0,8m YoY, reflecting a transition from Stage 1 to Stage 2 of two counterparties
- ST3: no exposures impairment

Other profit (loss) – It worth noting that, during the 6 months, the Bank recorded a positive result of € +17,2m related to the Polus investment fund, before forex impact (€ 5,3m in June 2025), of which € +16m unrealised. The result was only partially mitigated by the intercompany reversal of € -0,6m due to the equalization mechanism with the parent company.

	IH 2026	IH 2025	Chg.
	€m	€m	%
Other gains (losses) on TP Adj	-0,6	-1,3	-53,2%
Dividends and similar income	1,2	0,0	n.a.
Net profit (loss) on other financial assets mandatorily valued at FV	16,0	5,3	200,6%
Other profit (losses)	16,6	4,0	310,9%

Fiscal provision – tax provision equals to € -5,4m (€ -0,5m in Jun-25) driven by a strong Profit Before Tax of € 22,5m. million (€ +8,6m in Jun-25). It should be noted that the June 2025 pro-forma tax provision benefited from the deductibility of AT1-related expense; as of the current reporting date, this effect has not yet been recognized.

Throughout the observation period, Mediobanca International's liquidity indicators amounted to 201,5% (compared with 203,1% at 31 December 2025) for the LCR and to 107,6% (compared with 109,2% at 31 December 2025) for the NSFR. The two ratios have been calculated using a methodology which is consistent with the Group internal regulations.

ALTERNATIVE PERFORMANCE MEASURES

The results achieved at the end of the financial year are accompanied by the soundness of the capital ratios (CET1 ratio is equal to 13,1%), the adequacy of liquidity indicators (already in line with all Basel 3 requirements) and the low risk profile of our business model (cf. below):

CAPITAL RATIOS

	6 months to	
	30/06/2026	31/12/2025
Common Equity Tier1 Capital Ratio (in %)	13,1	13,3
Total Capital Ratio (in %)	18,4	19,0
Leverage Ratio (in %)	4,5	4,5
Total risk exposure amount (in Euro million)	2.430,6	2.372,1

LIQUIDITY RATIOS

	6 months to	
	30/06/2026	31/12/2025
Liquidity Coverage Ratio (in %)	201,5	203,1
Net Stable Funding Ratio (in %)	107,6	109,2

PROFITABILITY RATIOS

	6 months to	
	30/06/2026	31/12/2025
ROE - Return On Equity (in %)	5,4	2,3
ROA - Return On Assets (in %)	0,2	0,1

CORPORATE GOVERNANCE STATEMENT

The Board and Management of Mediobanca International (Luxembourg) S.A. are committed to maintaining the highest standards of corporate governance. Decision making and governance comply with the institution's Articles of Association, the Law of 5 April 1993 (as amended), and other applicable legislation.

The corporate bodies are as follows:

- General meeting of Shareholders;
- Board of Directors;
- Authorised Management, in charge of the day-to-day management of the Bank;
- Audit Committee, in charge of assisting the Board in fulfilling its responsibilities in the areas of financial information, internal control, including internal audit as well as the control by the Approved Statutory Auditor;
- Credit Committee, empowered to pass resolutions in respect of lending transactions and financial investments.

pp. BOARD OF DIRECTORS

CHAIRMAN

(Mr. Giovanni Mancuso)

STATEMENT OF DIRECTORS' RESPONSIBILITIES



MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

Statement of Directors' responsibilities

To the best of our knowledge, the financial statements of MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A. (the “Bank”) give a true and fair view of the statement of the financial position and the statement of the comprehensive income of the Bank in accordance with applicable accounting standards. The management report includes a fair view of (I) the Bank’s development, (II) its position, and (III) a description of the opportunities and risks relevant to the Bank that arose during the period ended 30 June 2026.

Luxembourg, 29 July 2026

The Board of Directors

Giovanni Mancuso

Rocco Cosimo Damiano Di Leo

Massimo Amato

Erika Botticella

Vanessa Labérenne

Piero Pezzati

Lara Pizzimiglia

FINANCIAL STATEMENTS AS AT 30 JUNE 2026



STATEMENT OF FINANCIAL POSITION

ASSETS		30.06.2026	31.12.2025
		€	€
10.	Cash and cash equivalents	241.547.036	415.585.771
20.	Financial assets measured at fair value through profit or loss	442.273.619	398.302.914
	<i>a) Financial assets held for trading</i>	294.910.704	295.311.420
	<i>b) Financial assets designated at fair value</i>	51.538.917	34.601.275
	<i>c) Other financial assets mandatorily at fair value</i>	95.823.998	68.390.219
40.	Financial assets measured at amortised cost	7.823.689.949	7.638.810.271
	<i>a) Due from banks</i>	4.491.054.762	4.373.797.152
	<i>b) Due from customers</i>	3.332.635.187	3.265.013.119
50.	Hedging derivatives	1.960.192	1.495.032
70.	Investments	4.150.000	4.150.000
90.	Tangible assets	730.371	837.443
110.	Tax assets	6.863.681	4.639.235
	<i>a) Current</i>	6.863.681	4.639.235
	<i>b) Deferred</i>	—	—
130.	Other assets	10.739.660	5.136.699
Total assets		8.531.954.508	8.468.957.365

The accompanying notes form an integral part of the financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY		30.06.2026	31.12.2025
		€	€
10.	Financial liabilities measured at amortised cost	7.925.246.366	7.905.745.716
	<i>a) Due to banks</i>	2.454.554.067	2.640.061.579
	<i>b) Due to customers</i>	76.792.663	76.687.081
	<i>c) Securities in issue</i>	5.393.899.636	5.188.997.056
20.	Trading liabilities	31.510.464	48.314.476
30.	Financial liabilities designated at fair value	112.560.746	71.895.645
40.	Hedging derivatives	3.771.056	1.911.736
60.	Tax liabilities	10.167.450	4.780.203
	<i>a) Current</i>	10.167.450	4.780.203
	<i>b) Deferred</i>	—	—
80.	Other liabilities	12.483.379	9.834.382
100.	Provisions for risks and charges	617.613	653.047
120.	Revaluation reserves	-248.268	-318.302
140.	Equity instruments-AT1	100.000.000	100.000.000
150.	Reserves	308.736.639	308.751.223
160.	Share capital	10.000.000	10.000.000
200.	Profit (Loss) of the year	17.109.063	7.389.239
Total liabilities and Shareholders' equity		8.531.954.508	8.468.957.365

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS

Profit or Loss items		30.06.2026	30.06.2025 ¹
		€	€
010.	Interest and similar income	150.015.291	143.690.114
	<i>of which: interest income calculated according to the effective interest method</i>	<i>122.535.144</i>	<i>116.831.965</i>
020.	Interest and similar charges	-138.315.562	-133.520.493
030.	Net interest income	11.699.729	10.169.621
040.	Fee and commission income	8.824.656	10.592.859
050.	Fee and commission expenses	-8.735.604	-9.793.577
060.	Net fee and commission income	89.052	799.282
070.	Dividends and similar income	1.212.636	—
080.	Net trading income (expenses)	-5.920.406	1.622.833
090.	Net hedging income (expenses)	-80.983	35.471
100.	Gains (losses) on disposal or repurchase of:	554.033	163.015
	<i>a) Financial assets measured at amortised cost</i>	<i>205.941</i>	<i>163.015</i>
	<i>b) Financial assets valued at fair value through other comprehensive income</i>	<i>—</i>	<i>—</i>
	<i>c) Financial liabilities</i>	<i>348.092</i>	<i>—</i>
110.	Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss	20.331.567	936.799
	<i>a) Financial assets and liabilities designated at fair value</i>	<i>2.254.575</i>	<i>824.964</i>
	<i>b) Other financial assets mandatorily measured at fair value</i>	<i>18.076.992</i>	<i>111.835</i>
120.	Total income	27.885.628	13.727.021
130.	Net write-offs (write-backs) for credit risk:	-374.189	-316.176
	<i>a) Financial assets measured at amortised cost</i>	<i>-374.189</i>	<i>-316.176</i>
	<i>b) Financial assets measured at fair value through other comprehensive income</i>	<i>—</i>	<i>—</i>
140.	Gains (losses) from contractual modifications without derecognition.	—	—
150.	Net income from financial operations	27.511.439	13.410.845
190.	Administrative expenses	-5.108.185	-5.246.407
	<i>a) Personnel costs</i>	<i>-1.755.485</i>	<i>-1.806.024</i>
	<i>b) Other administrative expenses</i>	<i>-3.352.700</i>	<i>-3.440.383</i>
200.	Net adjustments to provisions for risks and charges	35.434	307.445
210.	Net adjustments to tangible assets	-105.530	-108.889
230.	Other operating income (expenses)	183.341	191.621
290.	Profit (loss) of the ordinary activity before tax	22.516.499	8.554.615
300.	Income tax on the ordinary activity	-5.407.436	-541.764
330.	Profit (loss) for the period	17.109.063	8.012.851

The accompanying notes form an integral part of the financial statements.

1- For the purposes of these financial statements, the reporting period has been restated to reflect the period from 1 January 2025 to 30 June 2025.

STATEMENT OF OTHER COMPREHENSIVE INCOME

Comprehensive income statement items		30.06.2026	30.06.2025 ²
010.	Profit (loss) for the period	€ 17.109.063	€ 8.012.851
	Other income items after tax without transfers through profit or loss	43.291	174.173
020.	Equity securities designated at Fair Value through other comprehensive income	—	—
030.	Financial liabilities designated at Fair Value through profit or loss (changes in own credit quality)	43.291	174.173
	Other income items after tax without transfers through profit or loss	—	—
200.	Total other income items after tax	43.291	174.173
210.	Total comprehensive income for the year, net of tax (Item 10+200)	17.152.354	8.187.024

The accompanying notes form an integral part of the financial statements.

2- For the purposes of these financial statements, the reporting period has been restated to reflect the period from 1 January 2025 to 30 June 2025.

STATEMENT OF CHANGES IN EQUITY FROM 31.12.2025 TO 30.06.2026 (in €)

	Balance as of December 31, 2025	Allocation of the profit for the previous period		Changes in reserves	Transactions involving equity				Other Comprehensive income of the period	Balance as of June 30, 2026
		Reserves	Dividends and other fund applications		Additional Tier 1	New shares issued	Treasury shares derivatives	Stock options and others		
Share capital	10.000.000	—	—	—	—	—	—	—	—	10.000.000
a) ordinary shares	10.000.000	—	—	—	—	—	—	—	—	10.000.000
b) other shares	—	—	—	—	—	—	—	—	—	—
Profit brought forward	—	—	—	—	—	—	—	—	—	—
Reserves	308.751.223	—	—	-26.743	—	—	—	12.160	—	308.736.640
a) legal reserve	1.000.000	—	—	—	—	—	—	—	—	1.000.000
b) free reserve	273.182.949	—	—	589.107	—	—	—	12.160	—	273.784.216
c) special reserve ⁽¹⁾	34.568.275	—	—	-615.850	—	—	—	—	—	33.952.425
Valuation reserves	-318.302	—	—	26.743	—	—	—	—	43.291	-248.268
Own shares	—	—	—	—	—	—	—	—	—	—
Capital instruments	100.000.000	—	—	—	—	—	—	—	—	100.000.000
Profit (loss) of the period	7.389.239	—	-7.389.239	—	—	—	—	—	17.109.063	17.109.063
Total equity	425.822.160	—	-7.389.239	—	—	—	—	12.160	17.152.354	435.597.435

The accompanying notes form an integral part of the financial statements. The allocation of prior year result to the **NWT reserve** results is in line with the resolution taken by the AGM of April 2026.

(1) Luxembourg resident companies are subject to a Net Worth Tax ('NWT') of 0.5% of taxable wealth. This charge may be reduced provided the following conditions have been respected: (i) a special reserve account equivalent to five-times the net wealth tax charge for the year is recorded following the decision of the Shareholders meeting, and (ii) the reserve will be maintained for a period of at least five years.

STATEMENT OF CHANGES IN EQUITY FROM 30.06.2025 TO 31.12.2025 (in €)

	Balance as of June 30, 2025	Allocation of the profit for the previous period		Changes in reserves	Transactions involving equity				Other Comprehensive income of the period	Balance as of December 31, 2025
		Reserves	Dividends and other fund applications		Additional Tier 1	New shares issued	Treasury shares derivatives	Stock options and others		
Share capital	10.000.000	—	—	—	—	—	—	—	—	10.000.000
a) ordinary shares	10.000.000	—	—	—	—	—	—	—	—	10.000.000
b) other shares	—	—	—	—	—	—	—	—	—	—
Profit brought forward	—	—	—	—	—	—	—	—	—	—
Reserves	314.521.344	—	—	-5.747.350	—	—	—	-22.771	—	308.751.223
a) legal reserve	1.000.000	—	—	—	—	—	—	—	—	1.000.000
b) free reserve	287.511.645	—	—	-14.305.925	—	—	—	-22.771	—	273.182.949
c) special reserve ⁽¹⁾	26.009.700	—	—	8.558.575	—	—	—	—	—	34.568.275
Valuation reserves	-346.195	—	—	-1.750	—	—	—	—	29.643	-318.302
Own shares	—	—	—	—	—	—	—	—	—	—
Capital instruments	100.000.000	—	—	—	—	—	—	—	—	100.000.000
Profit (loss) of the period	18.314.850	—	-18.314.850	—	—	—	—	—	7.389.239	7.389.239
Total equity	442.489.999	—	-18.314.850	-5.749.100	—	—	—	-22.771	7.418.882	425.822.160

The accompanying notes form an integral part of the financial statements.

(1) Luxembourg resident companies are subject to a Net Worth Tax ('NWT') of 0.5% of taxable wealth. This charge may be reduced provided the following conditions have been respected: (i) a special reserve account equivalent to five-times the net wealth tax charge for the year is recorded following the decision of the Shareholders meeting, and (ii) the reserve will be maintained for a period of at least five years.

(2) FTA - Refers to "first time adoption" of the new accounting principle IFRS9 application.

CASH FLOW STATEMENT - Direct Method (€'000)

	Amount	
	30/06/2026	30/06/2025
A. Cash flow from (used in) operating activity	-166.651	13.694
1. Operating activity	-19.058	516
– interests received (+)	156.430	174.924
– interests paid (-)	-132.880	-173.306
– dividends received and similar(+)	1.213	—
– net fees and commissions received/paid (+/-)	-3.124	-58
– dividends and similar income (+)	—	—
– net premium income (+)	—	—
– cash payments to employees (-)	-1.569	-1.205
– other expenses paid (-)	-10.288	3.167
– other income received (+)	-26.284	-1.975
– taxes and duties (+/-)	-2.556	-1.031
2. Cash generated/absorbed by financial assets	-82.210	-588.234
– financial assets held for trading	10.000	-86.808
– financial assets designated at fair value	-23.150	-1.623
– Other financial assets mandatorily measured at fair value	-9.357	-11.243
– financial assets measured at amortised cost	-62.781	-491.028
– other assets	3.078	2.468
3. Cash generated/absorbed by financial liabilities	-65.383	601.412
– financial liabilities measured at amortised cost	-107.821	617.414
– Trading liabilities	-1.951	—
– financial liabilities designated at fair value	41.534	-17.036
– other liabilities	2.855	1.034
B. Cash flow from (used in) investment activity	—	—
1. Cash generated from:	—	—
– disposal of shareholdings	—	—
– disposal of tangible assets	—	—
– disposal of intangible assets	—	—
2. Cash absorbed by:	—	—
– purchase of shareholdings	—	—
– purchase of tangible assets	—	—
– purchase of intangible assets	—	—
C. Cash flow from (used in) funding activity	-7.389	—
– issuance/acquisition of T1 capital instruments	—	—
– distribution of dividends and other purposes	-7.389	—
– issuance/acquisition of T2 capital instruments	—	—
Net cash inflow (outflow) during the fiscal year	-174.040	13.694

	Amount	
	30/06/2026	30/06/2025
Cash and cash equivalents: opening balance	415.586	356.164
Total cash inflow (outflow) during year	-174.040	13.694
Cash and cash equivalents: closing balance	241.546	369.858

NOTES TO THE FINANCIAL STATEMENTS



PART A – CORPORATE INFORMATION

Corporate matters

Mediobanca International (Luxembourg) S.A. (hereinafter also referred as the ‘Bank’) was incorporated under the laws of Luxembourg on 21 December 2005 as a “Société Anonyme” (i.e. as a joint stock company formed under the Commercial Companies Law 1915, as amended) with registered office located in, 4 Boulevard Joseph II, (Luxembourg).

Nature of the bank’s business

Mediobanca International is mostly focused on structured lending transactions and the related activity of buying and selling on the secondary market.

Corporate lending: the business handles loans to corporates, which are generally medium-to-long term, and are granted with a view to meeting our clients' needs for financing in relation either to specific investments or to structural needs generated by growth. Loans may be disbursed to all kinds of corporate clients, whether industrial or service-oriented, European or non-European, large or mid-size. Larger facilities may be syndicated to a selected number of trusted banking counterparties or with the broader involvement of international banks.

Structured finance: the business is focused on transactions involving a considerable degree of financial leverage and limited recourse to the originator. Such deals usually arise as a result of industrial or infrastructure capital spending requirements, or of acquisitions of listed or non-listed companies launched inter alia with the backing of institutional investors. Such facilities are often structured in complex fashion, including in terms of contracts and guarantees, in order to maintain the risk profile of the transaction within limits that are acceptable to the banking community. Because of their size, such loans are often syndicated.

Export finance: the business provides financial support to Italian exporters of goods and services to non-Italian counterparties usually located in emerging markets. It may take the form of financing with the benefit of insurance covers and interest rate subsidies from SIMEST, SACE or other European export credit agencies. The structuring of these transactions, which are often part-syndicated to other banking counterparties, goes hand-in-hand with advisory services provided to clients in respect of commercial negotiations with government organizations granting the insurance cover and/or interest rate subsidy.

The Bank raises funds on international markets, via the issuance of medium-long term or short-term financial instruments under the terms of specific programmes (Notes, Structured Notes, Certificates, Warrants, Negotiable European Commercial Papers, Euro-Commercial Papers) fully guaranteed by the Parent Bank. Mediobanca S.p.A. guarantees a plafond of funding which could be drawn in different ways (i.e. overdraft on current accounts, medium-long term loans, money-market transactions) and provides treasury services as well.

Outsourcing

Since inception, the Bank has outsourced a significant part of its activities to the Parent and to other Group’s affiliates under the terms of specific servicing agreements.

Interim financial statements

The Bank's financial year runs from 1 January to 31 December.

This interim report was not audited nor reviewed by the statutory auditor.

Parent Bank

The Bank is a wholly-owned subsidiary of Mediobanca – Banca di Credito Finanziario S.p.A., (hereafter “Mediobanca S.p.A.” or “Parent Bank”), having its registered office in Piazzetta Enrico Cuccia n.1, Milan, Italy.

Following the acquisition completed in September 2025, the Mediobanca Group is controlled by Banca Monte dei Paschi di Siena S.p.A., which therefore represents the ultimate parent entity of the Group (hereafter “Ultimate Parent Bank”).

Mediobanca S.p.A. is the leading investment bank in Italy and helped for over seventy years clients grow, offering high-quality advisory services and providing finance in all its various forms, from more traditional bank credit to the most sophisticated solutions available on capital markets.

The Bank utilized the exemption provided by article 83 of Luxembourg Law on the annual and consolidated accounts of credit institutions (Law of 17 June 1992). The financial statements of the Bank are included in the consolidated financial statements of the Ultimate Parent Bank. The Ultimate Parent Bank does not object to the Bank not presenting consolidated financial statements. The consolidated financial statements are compliant with International Financial Reporting Standards as adopted by EU and available at the registered office of the Ultimate Parent Bank.

Group Direction and Coordination

The Bank belongs to the MPS Group and is controlled by Banca Monte dei Paschi di Siena S.p.A., which exercises management and coordination activities.

The following provides key figures from the latest Financial Statements (2025) approved by the parent company.

Name: BANCA MONTE DEI PASCHI DI SIENA S.p.A.

Registered Office: Piazza Salimbeni, 3 - Siena

Other information: Share Capital € 7.453.450.788,44 (fully paid capital)

Registered in the Arezzo-Siena Companies Register, registration number and tax code 00884060526

VAT Group MPS – 01483500524

Member of the Interbank Deposit Protection Fund. Registered in the Register of Banks under n. 5274

Monte dei Paschi di Siena Banking Group, registered in the Register of Banking Groups

Key financial statement figures of the Ultimate parent Company Banca Monte dei Paschi di Siena S.p.A. as of December 31, 2025

	Euro unit
BANCA MONTE DEI PASCHI DI SIENA S.p.A.	
Summary data as of 31.12.2025	
Total Assets	145.173.894.384
Total Liabilities	117.151.839.838
Total Equity	28.022.054.546
Profit (Loss) from current operations	2.048.945.329
Income taxes for the financial year	1.055.871.124
Profit (Loss) for the financial year	3.104.816.453

The key figures for Banca Monte dei Paschi di Siena S.p.A. presented in the summary statement above, required by Article 2497-bis of the Italian Civil Code, were extracted from the related financial statements for the year ended December 31, 2025 (the latest available). For a complete and accurate understanding of Banca Monte dei Paschi di Siena S.p.A.'s financial position as of December 31, 2025, as well as the company's results for the year ended on that date, please refer to the financial statements, which, along with the independent auditors' report, are available in the forms and ways required by law.

PART B – MATERIAL ACCOUNTING POLICIES

Section 1

Statement of compliance with the International Financial Accounting Reporting Standards (IFRS)

The stand-alone financial statements of the Bank are prepared in accordance with the International Financial Accounting Reporting Standards (IFRS) and the International Accounting Standards (IAS) promulgated by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Commission in accordance with the procedure laid down in Article 6 of the Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002. The interim financial statements as at 30 June 2026 have been prepared based on the template of the Parent Bank which, in turn, was based on the “Instructions for drawing up separate and consolidated financial statements for banks and financial companies that head banking groups”, issued by the Banca d’Italia (Bank of Italy) through Circular no. 262 of 22 December 2005 – 8th update of 29 October 2021, as subsequently amended – which sets out the structure of the financial statements, as well as the content of the notes to the account.

Section 2

General principles for preparation

The financial statements comprise:

- statement of financial position;
- statement of profit or loss;
- statement of other comprehensive income;
- statement of changes in equity;
- the statement of cash flows, prepared according to the direct method;
- the notes to the financial statements

During the financial period, the European Commission approved the following regulations, effective 1 January 2026, the following Regulations came into force:

- Regulation (EU) 2025/1047 of 27 May 2025 (published in the Official Journal of the European Union on 28 May 2025), brought some amendments to IFRS 9 and IFRS 7. These amendments provide certain clarifications regarding the classification of financial assets meeting environmental, social, and governance (ESG) and similar characteristics, and changes to the methods for settling liabilities through electronic payment systems. They also impose disclosure requirements aimed at increasing investor transparency regarding investments in equity instruments measured at fair value through other comprehensive income and in financial instruments with contingent characteristics, such as those related to ESG targets. These amendments are effective for annual periods beginning on or after 1 January 2026. The aforementioned amendment had no significant impact on the financial position and results of operations of Mediobanca and its subsidiaries;

- Regulation (EU) 2025/1266 of 30 June 2025 (published in the Official Journal of the European Union on 1 July 2025), brought some amendments to IFRS 9 and IFRS 7. Amendments to the two principles were enacted to help companies better communicate the financial effects of contracts related to nature-dependent electricity, often structured as power purchase agreements. These amendments apply to financial years beginning on or after 1 January 2026, and have no impact on the financial position and results of operations of Mediobanca and its subsidiaries;
- Commission Regulation (EU) 2025/1331 of 9 July 2025 (published in the Official Journal of the European Union on 10 July 2025), approved the Annual Improvements Volume 11 issued by the IASB on 18 July 2024, which contains some improvements to the principles with clarifications, simplifications, corrections and minor amendments to the IFRS accounting principles aimed at improving their consistency. The following accounting standards were affected: IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 7 “Financial Instruments: Disclosures” and the related Guidance on implementing IFRS 7, IFRS 9 “Financial Instruments,” IFRS 10 “Consolidated Financial Statements,” and IAS 7 “Statement of Cash Flows.” These amendments apply to financial years beginning on or after 1 January 2026 and have no impact on the consolidated position of Mediobanca and its subsidiaries as at 30 June 2026.

During the half year under review, the European Commission published Regulation (EU) 2026/338 of 16 February 2026, which endorsed IFRS 18 "Presentation and Disclosure in Financial Statements," published by the IASB on 9 April 2024, replacing IAS 1 "Presentation of Financial Statements." The new standard establishes the requirements for presentation and disclosure of information in financial statements with the aim of making it more transparent and comparable and ensuring it faithfully represents an entity's assets, liabilities, equity, revenues, and expenses. The main changes compared to IAS 1 concern the classification of income and expenses into five categories (operating, investing, financing, income taxes, and discontinued operations) based on the entity's principal business activities. The identification of these categories, both at the Group level and for each individual reporting entity within the Group, is crucial for the correct classification of income and expenses within the profit or loss account for the period. The inclusion of new line items relating to interim results (referred to as subtotals): operating profit; profit before financing and income taxes; increased requirements regarding the aggregation and disaggregation of information based on the characteristics that financial items share or do not share; and the presentation of goodwill in a separate asset line item on the Balance Sheet. Furthermore, the standard introduced the concept of Management-defined Performance Measures (MPMs), understood as income statement subtotals other than those required by IFRS 18 or specifically required by other IFRS accounting standards, which are used in public disclosures other than the financial statements to reflect management's view of the company's financial performance. With regard to MPMs, the standard also introduces specific disclosure requirements to be provided in a specific section of the Notes to the Financial Statements, including the reconciliation with IFRS subtotals and a description of the reasons behind their use. Lastly, the new standard involves limited amendments to other standards, including IAS 7 “Statement of Cash Flows,” IAS 33 “Earnings per Share,” and IAS 34 “Interim Financial Reporting.” It will be effective from 1 January 2027, with the requirement to submit comparative information for the previous financial year; under IAS 34, entities will be required to present its income statement in accordance with the requirements of IFRS 18 for the first half of 2027.

The changes introduced by IFRS 18 regarding the presentation of the profit and loss account and financial disclosures should be appropriately coordinated with Bank of Italy Circular No. 262, currently being updated. The Bank of Italy conventionally assumes that the primary activity of a banking group is to

provide loans and invest in financial assets and that, where the scope of consolidation also includes controlled insurance companies, it also includes the provision of insurance services. The Parent Company has established a specific project for the correct adoption of the new standard and adaptation of its processes and procedures. Aside from the impact of a different presentation of data, the introduction of this standard is not expected to have any impact on the financial position, results of operations, or cash flows of Mediobanca and its subsidiaries.

Furthermore, it should be noted that on June 26, the IASB published the amendment to IAS 28, "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures." The document clarifies which entities are eligible to apply the fair value option under IAS 28 of investments in associates and joint ventures; this clarification meets the need to standardize the use of this option and the resulting effects on the profit and loss account under the new IFRS 18. The amendments to IAS 28 will come into effect upon first-time adoption of IFRS 18.

None of the above amendments will have any material impact on the financial statements when adopted.

Corporate Sustainability Reporting Directive (CSRD)

Following the enactment of Directive (EU) No. 2022/2464 as regards corporate sustainability reporting (the "Corporate Sustainability Reporting Directive", or the "CSRD") and the adoption of the European Sustainability Reporting Standards (the "ESRS"), the Group has implemented a structured ESG disclosure and reporting framework aimed at identifying the relevant areas of activity and information required for the preparation of its Sustainability Statement, in accordance with the applicable regulatory requirements. MBIL, as a contributing entity, fulfils its disclosure obligations through the Group's CSRD-compliant sustainability reporting. All required information is provided to the parent company and incorporated into the Group's consolidated ESRS disclosures; therefore, MBIL does not issue a standalone CSRD report.

Changes in accounting policies since the previous annual publication

Standards effective for Mediobanca International (Luxembourg) S.A. from 1 January 2026:

Reference to balance sheet asset and liability classification, recognition, valuation, and derecognition phases and with regard to revenue and cost recognition methods, the accounting standards adopted for the preparation of these June 2026 financial statements remained unchanged compared to those adopted for the preparation of the December 2025 financial statements, except for the amendments to IFRS Accounting Standards applicable from 1 January 2026.

The following new standards and amendments became effective for annual reporting periods beginning on or after 1 January 2026 and have been applied by Mediobanca International (Luxembourg) S.A.:

- IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7, Annual Improvements to IFRS Accounting Standards – Volume 11, effective for reporting periods beginning on or after 1 January 2026.
- IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments, effective for reporting periods beginning on or after 1 January 2026.

All the above amendments have been endorsed by the European Union and are applicable to the Bank's financial statements for the period ended 30 June 2026.

New standards and amendments issued that are not yet effective and have not been early adopted by Mediobanca International (Luxembourg) S.A. as at 30 June 2026:

- IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The standard introduces new requirements for the presentation and disclosure of financial performance, including specified subtotals in the statement of profit or loss, as well as enhanced requirements regarding management-defined performance measures and the aggregation and disaggregation of information. IFRS 18 was endorsed by the European Union on 13 February 2026. The Bank is currently assessing the impact of the new standard on its financial statements.
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' effective for periods beginning on or after 1 January 2027. The Bank does not expect this standard to have an impact as it does not meet the scope criteria.
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates': Translation to a Hyperinflationary Presentation Currency, effective for annual reporting periods beginning on or after 1 January 2027. As at 30 June 2026, these amendments had not yet been endorsed by the European Union. The Bank does not expect these amendments to have a material impact on its financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures': Fair Value Option for Investments in Associates and Joint Ventures, issued in June 2026 and effective when an entity first applies IFRS 18. As at 30 June 2026, these amendments had not yet been endorsed by the European Union. The amendments clarify the eligibility criteria for applying the fair value option under IAS 28.
- IFRS 20 'Regulatory Assets and Regulatory Liabilities', issued in May 2026 and effective for annual reporting periods beginning on or after 1 January 2029. The standard applies to entities subject to specific types of rate regulation. As at 30 June 2026, IFRS 20 had not yet been endorsed by the European Union. The Bank does not expect this standard to have an impact as it does not meet the scope criteria.

Except for IFRS 18, for which the Bank is currently assessing the impact, none of the above standards and amendments are expected to have a material impact on the financial statements when adopted.

Global Minimum Tax:

With respect to the Global Minimum Tax, following the change in control, Banca Monte dei Paschi di Siena has assumed the role of the Ultimate Parent Entity (UPE) for the purposes of the applicable legislation set out in Legislative Decree No. 209/2023. As the UPE, it is responsible for determining, reporting and paying any Top-up Tax, as well as fulfilling all other compliance obligations required under the relevant legislation.

Section 3

Basis of preparation

The financial statements are prepared on the historical cost basis except for financial instruments valued at fair value through profit or loss and for derivatives concluded for hedging purposes, which are measured at fair value. The carrying amounts of recognized assets and/or liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

On the 2nd of December 2025, the Shareholders resolved to change the Bank's financial year-end from 30 June to 31 December in order to align its reporting timetable with that of its Parent. As a result, the financial year beginning on 1 July 2025 was closed early on 31 December 2025, resulting in a six-month transitional reporting period. From 1st January 2026 onwards, the Bank's financial statements are prepared on a 12-month basis, consistent with the reporting cycle of its Parent.

Due to the shortened reporting period, the amounts presented in these financial statements are not fully comparable with those of the previous twelve-month period.

The statement of financial position, the statement of profit or loss, statement of other comprehensive income and the statement of changes in equity are presented in Euro (€) and all values are rounded to the nearest Euro (functional currency is also Euro). Cash flow statement and notes to the financial statements are presented in Euro thousand unless otherwise stated.

The preparation of financial statements in accordance with IFRS as endorsed by the European Union requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The statement of financial position is structured by liquidity, based on bank's expectations regarding the recovery of assets and settlement of liabilities for each financial statement line items.

Due to rounding, numbers may not add up precisely to the totals provided across these financial statements.

Section 4

Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents³ comprise cash balances on hand, short-term highly liquid investments with maturities of three months or less when purchased, non-restricted current accounts with the Central Bank and current accounts.

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

Recognition: Financial assets represented by debt or equity instruments are initially recognised on the settlement date, while derivative contracts are recognised on the date of signature. In particular, any changes in the fair value of the asset to be received between the settlement date and the earlier arrangement date are recognised at the time of settlement, in the same way in which the asset acquired is recorded. Financial assets measured at fair value through profit or loss are initially recorded at fair value; unless stated otherwise, this is represented by the consideration paid for the transaction, without considering any related costs or income attributable to them, which are recorded directly in the income statement.

Classification:

a) **financial assets held for trading:** financial assets held for trading are assets which have been acquired principally for the purpose of being traded and comprise those whose business model is defined as "Other". This also includes debt securities, equities, loans held for trading purposes, and the positive value of derivatives held for trading, including those embedded in complex instruments (such as structured bonds), which are recorded separately.

b) **financial assets designated at fair value:** this category comprises the financial assets for which the fair value option has been exercised upon initial recognition, in accordance with IFRS 9 paragraph 4.1.5. Financial assets are recognized irrevocably at fair value through profit or loss if, and only if, their inclusion in this category eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring related financial liabilities at fair value through profit or loss, while the corresponding assets would be measured on a different basis. The designation is supported by an economic relationship between these assets and liabilities, sharing the interest rate risk that gives rise to changes in fair value that tend to offset each other and the Bank does not use hedge accounting. By applying the fair value option, the Bank represents the economic substance of the transactions and provides more relevant and reliable information, as required by IAS 8.

c) **other financial assets mandatorily measured at fair value:** this category includes financial assets which fail the SPPI test and therefore do not satisfy the requirements to be classified at amortized cost or at fair value through other comprehensive income. In particular, the units in mutual funds are here included as clarified by the IFRS Interpretation Committee⁴

³ According to the 7th update of Circular 262/2005 of Bank of Italy, in force from December 2021.

⁴ The IFRS Interpretation Committee's clarification rules out any possibility of such instruments being treated as equities.

The category also includes loans which do not guarantee full repayment of principal in the event of the counterparty's financial difficulties and which have therefore failed the SPPI test. The process followed to write down these positions is aligned with that used for other loans, on the grounds that the exposure is basically attributable to credit risk, with both the gross exposure and related provisioning stated.

Measurement and criteria for the recognition:

After initial recognition, these assets continue to be measured at fair value. If the fair value of derivatives classified as "financial assets held for trading" becomes negative, this caption is recognised as a financial liability. The positive components of income, represented by the interest income deriving from financial assets classified as "Financial assets measured at fair value through profit or loss", are recognised on an accruals basis in the "interest" captions of the income statement.

Gains and losses deriving from changes in the fair value of "Financial assets measured at fair value through profit or loss – financial assets held for trading" are recognised in income statement caption "Net income from trading activities".

Gains and losses deriving from changes in the fair value of "financial assets designated at fair value" are recognised in income statement caption "Net income on other financial assets and liabilities measured at fair value through profit or loss – financial assets and liabilities designated at fair value", while the other financial assets mandatorily measured at fair value are recognised in caption "Net income on other financial assets and liabilities measured at fair value through profit or loss – other financial assets mandatorily measured at fair value".

If the Bank sells a financial asset classified among the "Financial assets measured at fair value through profit or loss", it is derecognised on the transfer date (settlement date).

Financial assets measured at amortised cost

Financial assets measured at amortised cost include loans to customers and banks, debt securities and repo transactions that meet the following conditions:

- the financial instrument is held and managed on the basis of the *hold-to-collect* business model, i.e. with the goal of holding it to collect the contractually prescribed cash flows.
- the contractual cash flows represent exclusively the payment of capital and interest (and therefore meet the requirements of the SPPI test).

The business model of the Bank must reflect the management procedures of the financial assets at the portfolio level (and not at the individual instrument level) on the basis of the observable factors at the portfolio level (and not at the individual instrument level) such as:

- operating procedures adopted by management in the measurement of performance;
- type of risk and procedures for managing the risks undertaken, including portfolio turnover ratios;
- procedures for determining the mechanisms for the remuneration of managers.

The business model is based on reasonable expected scenarios (without considering "worst case" or "stress case") and in the presence of different cash flow trends from those expected initially. The Bank is not obligated to change the classification of the financial instruments in the portfolio but uses this

information for the purposes of classification of the new financial instruments. Upon first recognition, the Bank analyses contractual cash flows for the instrument as part of the SPPI test. In this connection, the Group has developed a standardized process for performing the test, which involves analysing the loans using a specific tool, developed internally, which is structured on the basis of decision-making trees. If the test is not passed, the tool will show that the assets should be recognized at fair value through profit and loss (FVTPL). The method by which loans are tested differs according to whether or not the asset concerned is a retail or corporate loan: at product level for retail loans, individually for corporate loans. An external info-provider is used to test debt securities; if, however, the results of the test are unavailable, the instrument is analysed using the SPPI tool. When contractual cash flows do not represent solely payments of principal and interest on the outstanding amount, the Bank mandatorily classifies the instrument at fair value through profit and loss.

At the initial recognition date, the financial assets are recorded at fair value inclusive of the costs/income directly attributable to the individual transactions and determinable from the origin even though they were liquidated at subsequent times. The recognition value does not, however, factor in costs with the above characteristics which are repaid separately by the borrower or may be classified as normal internal administrative expenses.

The instrument is recognized at amortised cost, i.e. the initial value minus/plus principal repayments, write-downs/write-backs and amortization - calculated with the effective interest rate method - of the difference between the amount disbursed and the amount repayable at maturity, adjusted to take into account the expected losses.

The amortised cost method is not used for short-term loans for which the time-discounting effect is negligible; these receivables are measured at the historical cost. The effective interest rate is identified calculating the rate that equals the present value of the future flows of the loan, for principal and interest, to the initial recognition value.

The original effective interest rate for each loan remains unchanged in subsequent years, even if new terms are negotiated leading to a reduction to below market rates, including non-interest-bearing loans. The relevant value adjustment is taken through the statement of profit or loss.

Following initial recognition, all financial assets recognized at amortised cost are subject to the impairment model based on the expected loss, i.e. performing as well as non-performing assets.

The impairment pertains to the losses expected to arise in the twelve months following the reporting date or, if there is a significant increase in the credit risk, the losses expected to arise along the residual maturity of the instrument. Both losses expected at twelve months and those over the residual maturity of the instrument can be calculated on an individual or collective basis according to the nature of the underlying portfolio.

The expected credit losses are recorded and released only insofar as the changes actually occur. For financial instruments held to be in default, the Group records an expected loss for the outstanding life of the instrument (similar to stage 2 above); while value adjustments are calculated for all the exposures split into different categories, factoring in forward-looking information which reflects macro-economic factors.

In accordance with IFRS9, financial assets at amortised cost are divided in three categories:

- *stage 1*: includes exposures at the date of initial recognition in the financial statements and as long as their credit rating does not undergo a significant deterioration. For these instruments, the expected loss

is to be calculated on the basis of default events that are possible within twelve months from the reporting date;

- *stage 2*: includes exposures that, while not impaired, underwent a significant deterioration in credit risk since the initial recognition date. In moving from stage 1 to stage 2, it is necessary to recognize the expected losses along the residual maturity of the instrument;
- *stage 3*: includes impaired exposures according to the regulatory definition. In moving to stage 3, exposures are evaluated on an individual basis, i.e. the value adjustment is calculated as the difference between the carrying amount at the date (amortised cost) and the present value of the expected cash flows, calculated applying the original effective interest rate. Expected cash flows take into account the expected collection times, the estimated realizable value of any guarantees, the costs expected to be incurred to recover the credit exposure with a forward-looking perspective which takes account of alternative recovery scenarios and developments in the economic cycle.

In the expected credit loss calculation model used by the Group, forward-looking information has been taken into consideration with reference to three possible macroeconomic scenarios (baseline, and two alternatives scenarios) which impact on the PD and the LGD, including possible disposal scenarios where the Group's NPL strategy aims at derisking through market sales. Intercompany exposures (and guarantees) are included as well in the expected credit loss calculation perimeter.

The Group's policy to establish the significant increase in credit risk takes into consideration qualitative and quantitative elements of each credit transaction or financial instrument and consideration is given in particular to elements determining the recognition of "forbearance measures", the "30 days past due" criterion or the identification of other backstops like the passage to watch list according to credit risk monitoring rules. The Group uses the simplified approach of the "low credit risk exemption" to a very limited extent.

POCI (Purchased or Originated Credit Impaired) are receivables that are already impaired at the point in time when they are acquired or disbursed. At the initial recognition date they are recognized at amortized cost on the basis of an internal rate of return which is calculated using an estimate of the recovery flows expected for the item, and recovery flows are periodically updated in light of new evidence, with flows discounted using the above-mentioned internal rate of return.

Hedging transactions

For hedging transactions, since 1 July 2018 the Group has adopted the provisions of IFRS 9 and has chosen not to avail itself of the exemption provided which would have enabled it to continue applying IAS 39 previously in force to such operations rather than IFRS 9.

The types of hedging transactions which might be adopted by the Bank are as follows:

- *fair value hedges*, which are intended to offset the exposure of recognized assets and liabilities to changes in their fair value;
- *cash flow hedges*, which are intended to offset the exposure of recognized assets and liabilities to changes in future cash flows attributable to specific risks relating to the items concerned.

Hedging derivatives are recognized and measured at fair value. In particular:

- for *fair value hedging*, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument, both recognized in the statement of profit or loss, where a difference between the two emerges as a result of the partial ineffectiveness of the hedge;
- for *cash flow hedging*, the changes in fair value are recognized in net equity in the amount of the effective portion of the hedging, while the gain or loss deriving from the ineffective portion is recognized through the statement of profit or loss only as and when, with reference to the hedged item, the change in cash flow to be offset crystallizes.

Hedge accounting is permitted for derivatives where the hedging relationship is formally designated and documented and provided that the hedge is effective at its inception and is expected to be so for its entire life.

At the start of the hedging relationship, the Bank designates and formally documents the hedging relationship, indicating the risk management objectives and the strategy of the hedge. The documentation includes identification of the hedging instrument, of the hedged item, of the nature of the hedged risk and of how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of the sources of ineffectiveness of the hedge and of how it determines the hedging relationship). The hedging relationship meets the hedge accounting criteria if, and only if, all the following conditions are met:

- the existence of economic relationship between the hedged item and hedging instrument(s);
- the effect of credit risk does not prevail over the changes in value resulting from the economic relationship;
- the hedging ratio of the hedge is the same as that resulting from the amount of the hedged element that the entity effectively hedges and from the amount of the hedging instrument that the Bank effectively uses to hedge that amount of the hedged element. Nonetheless, that designation must not reflect an imbalance of the weightings of the hedged element and the hedging instrument that would make the hedge ineffective (irrespective of whether it is recognized) which could give rise to an accounting result that could conflict with the purpose of the accounting for hedging transactions.

Fair value hedges

As long as the fair value hedge meets the eligibility criteria, the fair value of the hedging instrument is recognized in the statement of profit or loss or under one of the other comprehensive income headings if the hedging instrument hedges an equity instrument for which the Bank chose to recognize the changes in fair value through OCI. The fair value on the hedged item are recognized as adjustments to the carrying amount of the hedge with balancing entry in the statement of profit or loss, even in cases where the item hedged is a financial asset (or one of its components) recognized at fair value with changes taken through OCI. However, if the item hedged is an equity instrument for which the entity has opted to recognize changes in fair value through OCI, the amounts remain in the other items in the comprehensive statement of other comprehensive income. Please refers to Heading 50 (Section 5 Assets) to Heading 40 (Section 4 Liabilities) for further information about outstanding hedges.

If the item hedged is an irrevocable commitment (or one of its components) not booked to the accounts, the cumulative change in the fair value of the item hedged resulting from its designation as such is recorded as an asset or liability with corresponding gain or loss recorded in the profit (loss) for the period.

The Bank applies the FV hedges to manage the interest rate risk and, more specifically, to hedge the exposure to fluctuations in the fair value of fixed rate debt instruments (not measured at fair value through profit or loss) resulting from changes in interest rates. As of 30 June 2026, the Bank holds FV hedge derivatives for a nominal value amount of €259.072k (€195.083k as of December 2025), hedging the corresponding bond issuance measured at amortized cost.

Cash flow hedges

As long as it meets the eligibility criteria, the cash flow hedge is accounted for as follows:

- The gain or loss on the hedge instrument in relation to the effective part of the hedge is taken through OCI in the cash flow reserve, whereas the ineffective part is taken directly through profit and loss.
- The cash flow reserve is adjusted to reflect the lower amount of:
 - the gain or loss accumulated on the hedge instrument since the hedge's inception; and
 - the cumulative change in fair value (versus the present value) of the item hedged (i.e. the present value of the cumulative change in the estimated future cash flows hedged) since the hedge's inception.

The amount accumulated in the cash flow hedge reserve must be reclassified from the cash flow hedge reserve to profit (loss) for the period as an adjustment due to reclassification in the same period or periods in which the estimated future cash flows hedged impact on the profit (loss) for the period (e.g. in periods when interest receivable or payable are recorded, or when the planned sale takes place). However, if the amount constitutes a loss and the entity does not expect to recover the whole loss or part of it in one or more future periods, the entity must classify the amount it does not expect to recover in the profit (loss) for the period (as an adjustment due to reclassification) immediately.

As at 30 June 2026, the Bank does not hold any cash flow hedged transaction.

Investments

The item includes the stakes held in subsidiaries.

A subsidiary in an entity controlled by the Bank. The Bank controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity.

The investments are initially measured at cost. When indicators of impairment are identified, the recoverable amount is estimated. This estimation considers observable market prices, where available, and the present value of expected future cash flows, including the terminal value. If the recoverable amount is lower than the carrying amount, the difference is recognized as an impairment loss in the profit and loss account, in accordance with IAS 36.

Tangible assets

These include land, business and investment properties, technical plants, furniture, furnishings and equipment of any type as well as assets used within financial lease agreements, although the lessor remains

their legal owner (at the end of this Financial Year the Bank does not have any tangible asset as listed above but only leasing contracts).

Leasing (IFRS16)

With reference to the transactions governed by IFRS 16 and the contracts which fall within its scope of application, the only leases have in place in this connection are for properties and company cars. Such leases normally have durations of more than twelve months, and typically contain renewal or termination clauses which both lessor and lessee can exercise in accordance with the provisions of law and/or specific contractual arrangements, if any.

The classification of an agreement as a lease⁵ (or containing an element of a lease) is based on the substance of the agreement at the date on which it is entered into. An agreement is or contains a lease if it envisages the use of a specific asset (or assets) and grants the “Right of Use” (RoU) on that asset (or assets) for an established period of time and in exchange for consideration (lease liabilities); therefore, rental and long-term rental agreements are defined as leases.

The right of use recognized under “tangible assets” is equal to the sum of the present value of future payments (corresponding to the present value of the liability recognized), of the initial direct costs, of any payment received in advance or at the start date of the lease (balloon instalment), of any incentive received from the lessor, and the estimate of any costs of removal or restoration of the asset underlying the lease.

This item is recognized against a liability posted under “liabilities measured at amortised cost” which corresponds to the present value of payments due for the lease; the incremental borrowing rate is equal to the internal rate of transfer at that date.

The duration of the lease agreement must consider not only the non-cancellable period established by the contract, but also extension options if it is deemed reasonably certain that they will be exercised. In particular, if there is a right to automatic renewal, it is necessary to consider past behaviors, the existence of company plans to dispose of the leased asset, and any other circumstance indicative of the existence of the reasonable certainty of renewal.

Subsequent to initial recognition, the right of use is depreciated throughout the term of the lease and, in certain circumstances, subject to adjustment for impairment. The liability is increased due to the accrual of interest expense and progressively reduced due to the payments made; if the payments are modified, the liability is redetermined against the right of use asset.

Derecognition of assets

A financial asset must be derecognized from the balance sheet if, and only if, the contractual rights to the cash flows deriving from it have expired, or if the asset has been transferred in compliance with IFRS9. In this case, the Bank verifies that the contractual rights to receive the cash flows from the asset are transferred or, alternatively, said rights are maintained, but at the same time, there is a contractual obligation

⁵ Lease agreements in which the Bank is lessor (if any) are broken down between finance leases and operating leases. An agreement is classified as a finance lease if it transfers all risks and rewards typical of ownership to the lessee. It is accounted for with the financial method, with the recognition in the Assets of a receivable the value of which is equal to the amount disbursed net of the principal amount of the lease instalments falling due and paid by the lessee, with interest income recognized in the income statement.

to pay them to one or more beneficiaries. It is necessary to verify that substantially all risks and rewards are transferred, and any rights and obligations originating from or maintained with the transfer, are, if the case warrants it, recognized separately as an asset or liability. If, on the contrary, the Bank maintains substantially all the risks and rewards, then the financial asset must continue to be recognized.

If the Bank has neither transferred nor maintained all risks and benefits, but at the same time has retained control of the financial asset, this continues to be recognized up to the residual interest retained in that asset.

Currently, the main transactions carried out by the Bank that do not determine the elimination of the underlying asset are credit securitization, repurchase and securities lending transactions.

In case of renegotiation of the financial assets measured at amortised cost, the Bank eliminates the instrument solely if the renegotiation entails such a change that the initial instrument has substantially become a new instrument. In these cases, the differences between the carrying amount of the original instrument and the fair value of the new instrument is recognized in the statement of profit or loss, taking into account any previous write-downs. The new instrument is classified in stage 1 for the purposes of the calculation of expected losses (barring those cases in which the new instrument is classified among the POCI).

If the renegotiation is not translated into substantially different cash flows, the Bank does not eliminate the instrument, however it will recognize in the statement of profit or loss the difference between the original carrying amount and the discounting of the expected cash flows at the original internal rate of return (taking into account any existing impairment provision).

Financial guarantees and loan commitments

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances, that means contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of *i*) the amount determined in accordance with the impairment provisions of IFRS 9, *b*) the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are firm commitments to provide loans or advances under pre-specified terms and conditions and are measured as the amount determined in accordance with the impairment provision of IFRS 9. Financial guarantee contracts and loan commitments are recognised in off-balance sheet. The Bank recognises loan commitments when it has fulfilled all its obligations and related contracts have been duly signed by all the counterparties involved.

The Bank recognises a loss allowance in compliance with IFRS 9.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include the items due to banks, due to customers and debt securities in issue less any repurchased amounts.

The initial recognition - upon collecting the amounts raised or issuing the debt securities - is carried out at fair value, equal to the amount collected net of the transaction costs directly attributable to the financial liabilities. Thereafter liabilities are stated at amortised cost on the basis of the original effective interest rate, with the exception of short-term liabilities which continue to be stated at the original amount collected.

Derivatives embedded in structured bonds are stripped out from the underlying contract and recognized at fair value when they are not closely correlated to the host instrument. Subsequent changes in the fair value of the derivatives are recognized through the statement of profit or loss. After separating the embedded derivatives, the remaining portion of the financial liability is measured at amortised cost.

Financial liabilities are derecognized upon expiry or repayment, even if buybacks of previously issued bonds are involved. The difference between the carrying value of the liabilities and the amount paid to repurchase them is recorded through the statement of profit or loss.

The sale on the market of own securities bought back (even in the form of repos and securities lending transactions) is treated as a new issue with recognition at the new sale price, without effects on the statement of profit or loss.

Financial liabilities valued at fair value through profit or loss (FVTPL)

They include the negative value of derivatives held for trading and of embedded derivatives present in any complex contracts. All liabilities held for trading are measured at fair value and changes are recognized in the statement of profit or loss.

Financial liabilities designated at fair value

This category comprises the financial liabilities for which the fair value option has been exercised upon initial recognition, in accordance with IFRS 9 paragraph 4.2.2. Financial liabilities are recognized irrevocably at fair value through profit or loss if, and only if, their inclusion in this category eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring related financial assets at fair value through profit or loss, while the corresponding liabilities would be measured on a different basis.

There is a perceived economic relation between these assets and liabilities, since the financial liabilities and financial assets, including options, IRS and CDS, share the risks, such as interest rate risk and/or credit risk, that give rise to changes in fair value that tend to offset each other, and the Bank does not use hedge accounting.

Fair value adjustments consistently reflect the influence of the Bank's own credit spread. To isolate the portion of fair value attributable to this factor, each security is evaluated at every reporting date using either a directly observable market price or a price derived from credit spreads of comparable instruments issued by the same entity. The valuation is then carried out using discounted cash flow techniques and an appropriate market discount curve. The resulting difference between these valuations quantifies the impact of the Bank's own credit spread. This methodology is applied consistently across all relevant securities.

The option to designate financial liabilities at fair value was used in accordance with IFRS 9 paragraph 4.2.2 and in compliance with the cases set forth by International Accounting Bodies, therefore, the following rules provided by IFRS 9 was applied:

- changes in fair value attributable to changes in the own credit quality must be recognized in the Statement of Other Comprehensive Income (Net Equity);
- other changes in fair value must be recognized through profit or loss;
- amounts stated in other comprehensive income will not flow through profit or loss.

This method cannot be applied, however, if the recognition of the effects of the liability credit risk in net equity would create or enlarge an accounting mismatch in profit and loss. In such cases, gains or losses related to the liability, including those caused as the effect of the change in the issuer's credit standing, must be measured through profit or loss.⁶

The correlation between the assets and liabilities instruments is continuously monitored, in accordance with the guidelines provided by IFRS 9.

Tax assets and liabilities

Income taxes are recognized in the statement of profit or loss, with the exception of tax payable on items debited or credited directly to net equity. Provisions for income taxes are determined on the basis of a prudential forecast of current, advance and deferred tax charge. In particular, deferred tax assets and liabilities are determined on the basis of the temporary differences - without time limits - between the carrying value attributed to an asset or a liability according to statutory criteria and the corresponding value assumed for tax purposes.

Deferred tax assets are recorded in the financial statements to the extent to which there is a probability that they will be recovered.

Deferred tax liabilities are recorded in the balance sheet with the exception of tax-suspended reserves, if the size of the reserves available already subjected to taxation is such that it may be reasonably assumed that no transaction will be carried out on the bank's own initiative that might lead to their being taxed.

Tax assets and liabilities are adjusted as and when any changes occur in the regulatory framework or in the applicable tax rates, inter alia to cover the costs that might arise in connection with assessments by or disputes with the tax revenue authorities.

Contributions to resolution funds are accounted for according to IFRIC21.

Provisions for risks and charges

These pertain to risks tied to the operations of the Bank, not necessarily connected with the missed repayment of receivables, which may entail future costs, that can be estimated reliably. If the time element is significant, allocations are discounted using current market rates. Provisions are recognized in the statement of profit or loss.

Allocated provisions are periodically reviewed, and if it becomes improbable that possible costs may be incurred, allocations are wholly or partly reversed to the benefit of the statement of profit or loss.

Withdrawals are only made from provisions to cover the expenses for which the provision was originally made.

This heading also includes credit risk provisions in respect of commitments to disburse funds and guarantees issued falling within the scope of application of the rules on impairment introduced by IFRS9.

In such cases the same staging and expected loss calculation criteria are used for both financial assets recognized at amortised cost and/or fair value through other comprehensive income.

⁶ This case concerns the related portfolio of assets and liabilities concerning the business model for managing the funding of equity-linked certificates aiming to eliminate the accounting mismatch.

Pension plans

The Bank operates a defined contribution pension plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Bank by the employees and is recorded as an expense under personnel costs. The Bank has no defined benefit obligation regarding post employee benefit to be recognized under IAS19.

Stock Options, Performance Shares and Long-Term Incentives

Stock option, performance share and long-term incentive (LTI) schemes operated on behalf of Group staff members and collaborators are treated as a component of labour costs.

Schemes which involve payment through the award of shares are measured through profit or loss, with a corresponding increase in net equity, based on the fair value of the financial instruments allocated at the award date, thus spreading the cost of the scheme throughout the period of time in which the requirements in terms of service have been met and the performance targets, if any, have been achieved.

The overall cost of the scheme is recorded in each financial year up to the date on which the plan vests, so as to reflect the best possible estimate of the number of shares that will actually vest. Requirements in terms of service and performance targets are not considered in determining the fair value of the instruments awarded, but the probability of such targets being reached is estimated by the Group and this is factored into the decision as to the number of instruments that will vest. Conversely, market conditions will be included in establishing the fair value, whereas conditions unrelated to the requirements in terms of service are considered “non-vesting conditions” and are reflected in the fair value established for the instruments, and result in the full cost of the scheme being recorded in the income statement immediately in the event that no service requirement and/or performance conditions have been met.

In the event of performance or service conditions not being met and the benefit failing to be allocated as a result, the cost of the scheme is written back. However, if any market conditions fail to be reached, the cost must be recorded in full if the other conditions have been met.

Foreign currency transactions

Foreign currency transactions are recorded applying to the foreign currency amount the exchange rate prevailing on the date of the transaction.

Assets and liabilities denominated in currencies other than the Euro are translated into Euros using exchange rates prevailing at the dates of the transactions. Differences on monetary items due to translation are recorded through the statement of profit or loss, whereas those on non-monetary items are recorded according to the valuation criteria used in respect of the category they belong to (i.e. at cost, through the profit and loss account or on an equity basis).

Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when the Bank has a legally enforceable right to offset the recognized amounts and the transactions are intended to be settled on a net basis or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements; therefore, the related assets and liabilities are presented gross in the statement of financial position.

Fair value

The Group has laid down precise guidelines regarding three key aspects: independent calculation of Fair Value, conducted by the Group's control units; the adoption of any Fair Value adjustments to consider aspects of uncertainty/ liquidity; and classification of financial instruments according to a Fair Value hierarchy based on the level of uncertainty of the valuation. In addition to the book fair value, which affects both the balance sheet and the income statement, the Group is required to make prudent valuation adjustments in order to calculate prudential requirements.

In line with the international accounting standards, the fair value of financial instruments stated in the financial statements is the so-called exit price, i.e. the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (exit price), regardless of whether such price is directly observable or estimated using another valuation technique (IFRS 13 §24).

Fair value, therefore, is “the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators at the measurement date”.

The Fair Value hierarchy of an instrument is a direct consequence of the Fair Value estimation approach: in principle, a financial instrument is considered to be listed on an active market if its price represents its current exchange value in normal, effective and regular market operations.

If the market is not active, the fair value of the instrument being estimated is measured by using market prices for similar instruments on active markets (comparable approach) or, in the absence of similar instruments, using a valuation technique that uses market and non-observable information (observable/unobservable inputs).

Related guidelines and implementation Directives were defined in compliance with the main international regulations (IFRS 13 and CRR art 105) and corroborated by a benchmarking test⁷; the main activities for calculating the exit price of the financial instruments in the portfolio are shown below.

In particular, the following levels are distinguished:

- Level 1: measurements based on (uniform, unadjusted) quoted prices taken from an active market for the individual financial instrument being measured.
- Level 2: measurements based on valuation techniques using inputs that can be observed directly (prices) or indirectly (price derivatives) on the market. In this case, fair value is measured through a comparable approach or the use of a pricing model that does not leave overly ample margins for subjectivity, normally used by other financial operators and based on inputs that can be observed on the market or estimated internally with a limited impact on fair value.
- Level 3: measurements based on valuation techniques using significant inputs that cannot be observed on the market and/or complex pricing models subject to uncertainty. In this case, fair value is determined on the basis of assumptions concerning future cash flows, which could yield different estimates for the same financial instrument by different valuers.

⁷ It should be emphasized that the accuracy and consistency of these guidelines are subject to rigorous supervision by the Group Audit unit, which verifies the effectiveness and adequacy thereof. Furthermore, a specific internal validation unit has been established, i.e. the Quantitative Risk Methodologies (QRM), which focuses on the validation of the quantitative methods used

Where the input data used to measure an asset or a liability are of different levels, determination of the fair value level is guided by the significance of the input data (IFRS 13, para. 73).

Fair Value Adjustment

Fair value adjustment is defined as the quantity to be added to, or subtracted, from the price observed on the market or the theoretical price generated by the model, to ensure that the fair value reflects the price that can be realized in a market transaction which is effectively possible. The guidelines defined in the Fair Value policy fully reflect the requirements defined by accounting standard IFRS 13, according to which the valuation of financial instruments should use the exit price method and allow for corrections to be made to the valuations in specific circumstances.

Fair value adjustments have an impact on profit or loss and take into account market liquidity, the uncertainties of parameters, the financing costs, and the complexity of the valuation models used in the absence of shared market practices. The scope of fair value adjustments includes, among others, the following categories:

- Market Price Uncertainty (MPU): this consists in uncertainties in valuations based on market quotations;
- Closed-Out Cost (COC): this indicates uncertainties regarding the liquidity cost that the Group may incur in the event of a partial or total sale of an asset measured at fair value;
- Model Risk (MR): adjustments aimed at mitigating the risk of discrepancy with respect to market practice in the valuation of a product in relation to the choice and implementation of the valuation model.

Credit Value Adjustment and Debt Value Adjustment

Credit and Debt Value Adjustments (CVA and DVA) are incorporated into the valuation of derivatives to reflect the impact of the counterparty's credit risk and the Bank's credit quality. In particular:

- CVA is a negative quantity which considers scenarios in which the counterparty might fail (bankruptcy) before the Bank, while amounts are still receivable (positive MTM) by the Bank from the counterparty;
- DVA is a positive quantity which considers scenarios in which the Bank itself might fail before the counterparty, while amounts are still payable (negative MTM) to the counterparty

CVA and DVA are calculated taking into consideration any counterparty risk mitigation agreements that have been entered into, in particular collateral and netting agreements for each counterparty. The CVA/DVA methodology used by Mediobanca is based on the following inputs:

- Expected positive exposure (EPE) and expected negative exposure (ENE) of the valuation of the derivatives, deriving from simulation techniques;
- PD (probability of default (PD), derived from historical PD readings or those implied in market prices for credit default swaps or bond securities;
- Loss given default (LGD) based on the estimated value of recovery in the event of the counterparty going bankrupt, as defined in specific analysis conducted by the Bank itself or the recovery rates conventionally utilized for credit default swap prices.

Furthermore, the fair value of non-collateralized derivatives may be influenced by the Bank's cost of funding. To take account of this aspect, some adjustments are calculated to reflect the different cost of funding (Funding Value Adjustments), using a discount curve representative of the average funding level of banks participating in the European corporate derivative market.

1. Fair value Hierarchy: Observability and materiality of inputs

The Observability Levelling and Day-one Profit Directive, as specified in IFRS 13 and Bank of Italy Circulars and No. 262 and in IFRS 13, requires a hierarchy of levels reflecting the significance of inputs used in the valuations. These inputs, called "valuation inputs," are the market data used to estimate the fair value of financial instruments. The term "valuation input" refers to the market data used to estimate the fair value of instruments. To estimate the fair value of instruments, the Group uses valuation techniques that are adequate to the circumstances and for which sufficient data are available. Valuation techniques can be based on various approaches, including:

- market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- cost approach (or current method), which reflects the amount that would currently be required to replace an asset's service capacity;
- income approach, which converts future amounts (e.g. cash flows or revenues and expenses) into a single discounted amount through, for example: present value methods and option pricing models.

These valuation methods may use different types of inputs, which may be observable or unobservable. Prices quoted in active markets are classified as "observable inputs". In other cases, the information is considered observable when the valuation is based on market information obtained from sources independent of the Group or from actual transactions. Under IFRS 13, paragraph B34, some examples of markets from which observable inputs can be derived include the following:

- exchange markets: In an exchange market, closing prices are both readily available and generally representative of fair value. An example of such a market is the London Stock Exchange.
- dealer markets: In a dealer market, dealers stand ready to trade (either buy or sell for their own account), thereby providing liquidity by using their capital to hold an inventory of the items for which they make a market. Typically, bid and ask prices (representing the price at which the dealer is willing to buy and the price at which the dealer is willing to sell, respectively) are more readily available than closing prices. Over-the-counter markets (for which prices are publicly reported) are dealer markets. Dealer markets also exist for some other assets and liabilities, including some financial instruments, commodities and physical assets.
- brokered markets: In a brokered market, brokers attempt to match buyers with sellers but do not stand ready to trade for their own account. Brokers do not use their own capital to hold an inventory of the items for which they make a market, but they know the prices bid and asked by the respective parties. Prices of completed transactions are sometimes available. Brokered markets include electronic communication networks, in which buy and sell orders are matched, and commercial and residential real estate markets.;

All cases in which it is not possible to demonstrate the observability of inputs are classified as "unobservable inputs" and, in particular, when the information on which the valuation techniques are

based reflects the Group's judgement formulated using the best information available in such circumstances.

Under IFRS 13, para. 67, valuation techniques used to measure fair value should maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

In more detail, based on their observability and considering additional criteria, inputs can be classified into three different levels.

Level 1 inputs:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and it is the price to be used preferentially to measure financial assets and liabilities held by the Bank. If a quoted price recorded on an active market is available, alternative valuation techniques based on quotes for comparable instruments or quantitative models cannot be used and the instrument is classified as a "Level 1 instrument" in its entirety. The objective is to reach a price at which a financial instrument would be traded at the reporting date (without altering the instrument) on an active market considered to be the main one or the most advantageous one for the Bank and to which it has immediate access.

Level 2 inputs:

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in markets that are not active.

Inputs other than quoted prices that are observable for the asset or liability, for example:

- (i) Interest rates and yield curves observable at commonly quoted intervals.
- (ii) Implicit volatility.
- (iii) Credit spread.
- (iv) Market-corroborated inputs.

Level 2 inputs may require adjustments for example relating to:

- the condition or location of the asset;
- the extent to which inputs relate to items that are comparable to the asset or liability;
- the volume or level of activity in the markets within which the inputs are observed.

If there is no public quotation on an active market for the price of the financial instrument as a whole, but active markets exist for its components, Fair Value will be calculated by reference to the relevant market prices for those components. In this case, valuation will not be based on active market quotations for the financial instrument in question, but on observable market inputs or through the use of inputs that are not observable but are supported and confirmed by market data.

The use of this approach does not exclude the use of a calculation method, or rather, of a pricing model, through which it is possible to establish the correct price of the transaction at the reference date, in an ideal and independent trading environment justified by normal market considerations.

Level 3 inputs:

Level 3 inputs are not directly observable inputs that are used to measure the Fair Value in the event that relevant observable inputs are not available, making it possible to estimate a closing price even in situations of low market activity for the asset or liability as at the measurement date. The Bank estimates unobservable inputs using the best information available in the circumstances, which could include its own data, considering all information on the assumptions of market participants that is reasonably available. Unlike Level 2 inputs, in this case the inputs must be internally estimated according to quantitative methods, such as the use of historical series and comparable underlying instruments. Both Level 2 and Level 3 inputs may be used for a certain instrument. In this case, the final classification of the instrument is defined by applying the materiality assessment. There are two stages in the process of determining the levels and observability of inputs. In the first stage, a level is assigned to all inputs applied in the instrument valuation model. In the second stage, the materiality of the various inputs used to determine the relevance of unobservable inputs on the overall valuation of the instrument is verified.

Materiality is a crucial step in establishing whether unobservable inputs (Level 2 or 3) are meaningful to the entire measurement of the instrument. This materiality analysis also extends to inputs used to calculate any adjustments, such as the Fair Value Adjustment (FVA) or the Credit Value Adjustment (CVA).

In summary, the observability and materiality process ensure that the Fair Value of financial instruments is classified correctly based on the significance of the inputs used, ensuring an adequate valuation of the Bank's financial assets and liabilities.

2. Assets and liabilities measured at fair value on a recurring basis

This section provides disclosure on the measurement techniques and inputs used for assets and liabilities measured at fair value on a recurring basis, by fair value level.

Level 1

This level comprises all instruments quoted on active markets or for which quotations are available on an ongoing basis. The former instance covers cash equity instruments, funds and listed derivatives⁸ (futures and options with equity, interest rates and sovereign debt as the underlying) traded on regulated markets for which an official price was available⁹. The second instance covers liquid debt securities for which quotations are available on an ongoing basis, and ABS and CLOs for which tradable quotations are available at the reporting date.

Level 2

- Bonds: securities traded on less liquid markets that show bid/ask spreads above adequate levels are classified as Level 2; as are instruments not traded on active markets that are marked to model using the implied credit spread curves obtained from Level 1 or Level 2 instruments, to which a further spread

⁸ Provided that the quotation, following the IPV process, is considered to be effectively liquid.

⁹ The current bid price is used for financial assets and the current ask price for financial liabilities.

is added to reflect their illiquidity. The model makes maximum use of observable inputs and minimum use of non-observable inputs. In this way, only if the credit spread curve applied is representative, the bonds are categorized as Level 2. In fair value measurement, fair value adjustments can be used in cases where there is reduced liquidity and model risk, to compensate for the lack of observable market inputs;

- Derivatives: the fair value of derivatives not traded on an active market derives from application of mark-to-model measurement techniques. In accordance with the definitions provided in paragraphs 3, 61 and 67 of IFRS 13, where possible the Bank uses models that maximize observable parameters, which are preferable to models where the use of unobservable parameters is predominant. When there is an active market for the input parameters to be used for the different components of the valuation model, the fair value is established on the basis of their market quotations. Hence an OTC derivative that mainly uses observable inputs deriving from Level 1 instruments (quoted prices, as established in paragraphs 76-80 of IFRS 13) or Level 2 instruments (interest rate curves, implicit volatilities and credit spreads, as stipulated in paragraph 82 of IFRS 13) is classified as Level 2. These derivatives include:
 - Plain vanilla instruments, such as options with equity or exchange rates, interest rate swaps, cap & floor, credit default swaps and credit default indexes as underlying;
 - Exotic instruments which use more complex models such as exotic equity options, structured forex including derivatives embedded in notes issued by Mediobanca whose characteristics replicate those referred to above;
 - Issues of certificates with credit derivatives or shares as underlying (basket or single name), including the issuer credit risk which is thus factored into the total calculation of the fair value.

The instruments referred to above are classified as Level 2 when the fair value component calculated using models based on observable inputs is adjudged to be predominant.

The observability of an input parameter depends on the type of product, and on the adequacy of the parameters used. In both cases the relevant issuers are the availability of quotes, expiry and level of moneyiness.

Level 3

- Bonds: instruments whose fair value is determined using prices that cannot be corroborated are classified as Level 3, as are instruments not traded on active markets which are marked to model using the credit spread curves implicitly derived from Level 1 or Level 2 instruments, to which a spread is added in order to factor in their unobservable illiquidity. Fair value adjustments may be used in recognizing such instruments at fair value when there is low liquidity, in order to compensate for the lack of observable market parameters for the Level 3 positions;
- Asset-backed securities, CLOs and loans: the measurement process relies on info-providers which effectively collect market prices. Basically, ABS are categorized as Level 3, with the exception of those for which a bid/ask contribution can be provided with the respective quantities on an ongoing basis, in which case they are categorized as Level 1;
- Credit exposures which, based on the characteristics of their cash flows, are recognized at fair value (IFRS 9, SPPI criteria - Solely Payments of Principal and Interest): specific valuation methodologies

are adopted to represent the individual exposure's characteristics, seeking to maximize use of observable market data;

- Equities and UCITS: equities and UCITS are categorized as Level 1 when quoted prices are available on an active market considered to be liquid, and Level 3 when there are no quoted prices or when quoted prices have been suspended indefinitely and for which an internal model is used in order to determine the fair value.
- Derivatives: when the valuation of an OTC derivative has been materially affected by unobservable parameters it is classified as Level 3. Such derivatives include:
 - Plain vanilla instruments, such as options with equity as the underlying and long expiries, or dividends on which there is no market consensus and options on equity baskets (indexes and single name);
 - Equity certificates for which the valuation inputs show a high degree of uncertainty (as it emerges during the Independent Price Verification process) in terms of volatility or future dividends;
 - Exotic instruments that use certain payoffs (i.e. Knock-in/Knock-out reverse notes) on a single security (or baskets) for which the valuation inputs are not directly observable;
 - Bespoke CDO tranches.

3. Assets and liabilities not measured at fair value

The fair value of the financial assets and liabilities measured at amortized cost and classified as “Financial assets measured at amortized cost” (loans to banks and customers) or as “Financial liabilities measured at amortized cost” (payables to banks and customers and debt securities in issue) is relevant only for information purposes in line with IFRS 7 requirement

- In such cases the fair value is calculated only for the purpose of meeting the Bank's responsibilities in terms of providing market disclosure and has no impact on the book value of the investment, on the profit and loss account or on net equity. Such instruments are not normally traded, and their fair value is thus measured on the basis of internal inputs not directly observable on the market.
- The fair value of corporate loans is measured using the Discounted Cash Flow Method i.e., adding, at the measurement date, the value of future cash flows discounted with appropriate rates to reflect the credit risk of the counterparty. The credit spread is determined using industry curves representing the counterparty (rating, geography, industry). For corporate receivables, loans to counterparties with official ratings are categorized as Level 2; in all other cases as Level 3. The same applies to retail loans (i.e., mortgage loans and consumer credit).
- For on-demand or short-term receivables and payables, their book value is considered a good approximation of their fair value.
- Bonds issued by Mediobanca are categorized as Level 1 fair value if quoted in an active market (considering the market price as the input); if there are no quoted prices, fair value is categorized as Level 2 and is determined using the discounted cash flow method at a market interest rate adjusted for the Group's issuer risk (with a distinction being made between senior and subordinated risks). The fair value of our naked derivatives is also categorized as Level 2 when the Group proceeds to the split-off of the embedded derivatives whose fair value level is determined as described above.

Valuation processes and sensitivity analysis (IFRS 13)

As required by IFRS 13, quantitative information on the significant non-observable inputs used for the assessment of Level 3 instruments is provided below.

Uncertainties of the inputs and impact on the Mark-to-Market method

Non-observable inputs	Quantification of parameter uncertainty (Variation for 1 bps of the Associated Risk Parameter)	MtM +/- delta (€/k) 30 June 2026	MtM +/- delta (€/k) 31 December 2025
Implied volatility	Defined as a standard deviation from the consensus provided by the independent data provider. For underlying instruments for which no data is contributed, a proxy is derived from the underlying instruments for which data is contributed.	—	—
Equity-equity correlation	Defined as a standard deviation from the consensus provided by the independent data provider. For underlying instruments for which no data is contributed, a proxy is derived from the underlying instruments for which data is contributed.	—	—
Credit Spread	For financial guarantees with specific underlyings, credit spread curves are not observable. For these instruments, proxy curves obtained from prices of the underlyings are therefore used.	-0,5	-0,4

Measurement techniques - Equity, receivables, interest rate and exchange rate products

Product	Measurement technique	Non-observable inputs	Fair value (*) Assets 30 June 2026 (€m)	Fair value (*) Liabilities 30 June 2026 (€m)	Fair value (*) Assets 31 December 2025 (€m)	Fair value (*) Liabilities 31 December 2025 (€m)
OTC equity basket options, best off worst of, equity autocallable multiasset options	Black-Scholes model, local volatility model	Implied volatility Equity-equity correlation ¹	8,51	-0,01	15,06	—
Financial Guarantees	Arbitrage Free Credit Spread Model	Credit Spread and Recovery Rate ²	0,88	-2,75	1,06	-3,21

(*) The carrying amount shown above is equal to the full fair value of structures and includes fair value adjustments.

¹ Equity-equity correlation is a measurement of the correlation between two equity-based underlying instruments. Variations in the correlation levels may impact an instrument's fair value positively or negatively, depending on the correlation type. Equity-equity correlations are less observable than volatility, because no correlation products are quoted on any regulated markets. For this reason, correlations are more subject to data uncertainties.

² The contractual form is structured as a guarantee on specific underlying instruments for which there are no observable input parameters.

The main factors contributing to transitions between fair value levels include changes in market conditions and refinements in the measurement models and/ or the non-observable inputs.

Fair value of an instrument may transition from Level1 to Level2 or vice versa mainly as a result of the loss (increase) in significance of the price expressed by the active market of the instrument.

Conversely, transfers from Level2 to Level3 or vice versa mainly arise as a result of the loss (increase) in significance of inputs, in particular the predominance of non-observable inputs over observable inputs.

Fair Value Hierarchy: Quantitative information

Assets and liabilities measured at fair value, breakdown by fair value hierarchy (€/k)

Financial assets/liabilities measured at fair value	30/06/2026			31/12/2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	-	102.188	340.085	-	59.751	338.552
a) financial assets held for trading	-	66.196	228.714	-	49.698	245.614
b) financial assets designated at fair value	-	35.992	15.547	-	10.053	24.548
c) other financial assets mandatorily measured at fair value	-	-	95.824	-	-	68.390
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Hedging derivatives	-	1.960	-	-	1.495	-
4. Tangible assets	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	-	104.148	340.085	-	61.246	338.552
1. Financial liabilities held for trading	-	28.780	2.730	-	45.104	3.210
2. Financial liabilities designated at fair value	-	88.531	24.030	-	31.352	40.544
3. Hedging derivatives	-	3.771	-	-	1.912	-
Total	-	121.082	26.760	-	78.368	43.754

The Bank is mainly concentrated on complex transactions (Level 2 and Level 3) which, even in this context of greater uncertainty, have not undergone significant changes. There have been no transfers of financial assets or liabilities measured at fair value between Level 2 and Level 1 during the period between January and June 2026.

Level 2 assets increased mainly due to the increase in financial assets held for trading (+ € 16.498k) and financial assets designated at fair value (+ € 25.939k) as of June 2026. Level 2 liabilities also increased significantly, mainly due to the increase in financial liabilities designated at fair value (+ € 57.179k), partially offset by the decrease in financial liabilities held for trading (- € 16.324k).

Level 3 liabilities decreased from € 43.754k as of December 2025 to € 26.760k as of June 2026, mainly due to the reduction in financial liabilities designated at fair value (- € 16.514k). Level 3 assets remained substantially stable, increasing slightly from € 338.552k to € 340.085k.

Financial assets mandatorily measured at fair value on level 3 increased from €68.390k to €95.842k due to an increase in the value of the investment into the closed alternative fund (under Luxembourg law) Polus Special Situations Fund¹⁰ (PSSF) managed by the Polus Capital Management.

¹⁰ The Fund qualifies as Alternative Investment Fund and invests in loans, debt and equity of entities in financial distress and other special situations (corporate or asset-backed), predominantly in Europe

Annual changes in financial assets measured at fair value on a recurring basis (Level 3) - in €/k

30/06/2026	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 amount	338.552	245.614	24.548	68.390	-	-	-	-
2. Increases	49.918	18.949	3.535	27.434	-	-	-	-
2.1. Purchases	28.724	17.473	1.894	9.357	-	-	-	-
2.2. Gains recognized in:	21.194	1.476	1.641	18.077	-	-	-	-
2.2.1. Income statement	21.194	1.476	1.641	18.077	-	-	-	-
- of which, capital gains	-	-	-	-	-	-	-	-
2.2.2. Net equity	-	-	-	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	48.384	35.848	12.536	-	-	-	-	-
3.1. Disposal	12.124	12.124	-	-	-	-	-	-
3.2. Redemptions	20.637	20.342	295	-	-	-	-	-
3.3. Losses recognized in:	2.218	2.218	-	-	-	-	-	-
3.3.1. Income statement	2.218	2.218	-	-	-	-	-	-
- of which, capital losses	-	-	-	-	-	-	-	-
3.3.2. Net equity	-	-	-	-	-	-	-	-
3.4. Transfers to other levels	13.405	1.164	12.241	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing amount	340.086	228.715	15.547	95.824	-	-	-	-

31/12/2025	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 amount	247.663	172.998	14.122	60.543	-	-	-	-
2. Increases	113.855	93.622	12.386	7.847	-	-	-	-
2.1. Purchases	104.152	91.911	12.241	-	-	-	-	-
2.2. Gains recognized in:	9.703	1.711	145	7.847	-	-	-	-
2.2.1. Income statement	9.703	1.711	145	7.847	-	-	-	-
- of which, capital gains	-	-	-	-	-	-	-	-
2.2.2. Net equity	-	-	-	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	22.966	21.006	1.960	-	-	-	-	-
3.1. Disposal	19.569	19.569	-	-	-	-	-	-
3.2. Redemptions	-	-	-	-	-	-	-	-
3.3. Losses recognized in:	3.397	1.437	1.960	-	-	-	-	-
3.3.1. Income statement	3.397	1.437	1.960	-	-	-	-	-
- of which, capital losses	-	-	-	-	-	-	-	-
3.3.2. Net equity	-	-	-	-	-	-	-	-
3.4. Transfers to other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing amount	338.552	245.614	24.548	68.390	-	-	-	-

Annual changes in liabilities measured at fair value on a recurring basis (Level 3) - in €/k

30/06/2026	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening amount	3.210	40.544	-
2. Increases	5	10.194	-
2.1. Purchases	5	8.876	-
2.2. Gains recognized in:	-	1.318	-
2.2.1. Income statement	-	1.318	-
- of which, capital gains	-	-	-
2.2.2. Net equity	-	-	-
2.3. Transfers from other levels	-	-	-
2.4. Other increases	-	-	-
3. Decreases	485	26.708	-
3.1. Disposal	-	12.796	-
3.2. Redemptions	-	-	-
3.3. Losses recognized in:	485	-	-
3.3.1. Income statement	485	-	-
- of which, capital losses	-	-	-
3.3.2. Net equity	-	-	-
3.4. Transfers to other levels	-	13.912	-
3.5. Other decreases	-	-	-
4. Closing amount	2.730	24.030	-

31/12/2025	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening amount	3.463	28.697	-
2. Increases	1.687	17.507	-
2.1. Purchases	781	16.148	-
2.2. Gains recognized in:	906	1.359	-
2.2.1. Income statement	906	1.359	-
- of which, capital gains	-	-	-
2.2.2. Net equity	-	-	-
2.3. Transfers from other levels	-	-	-
2.4. Other increases	-	-	-
3. Decreases	1.940	5.660	-
3.1. Disposal	1.676	3.657	-
3.2. Redemptions	-	-	-
3.3. Losses recognized in:	264	2.003	-
3.3.1. Income statement	264	2.003	-
- of which, capital losses	-	-	-
3.3.2. Net equity	-	-	-
3.4. Transfers to other levels	-	-	-
3.5. Other decreases	-	-	-
4. Closing amount	3.210	40.544	-

Assets and liabilities not measured at fair value: breakdown by fair value hierarchy - in €/k

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	30/06/2026				31/12/2025			
	Book Value	Level 1	Level 2	Level 3	Book Value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	7.823.690		5.901.861	2.070.002	7.638.809	-	5.698.700	2.091.592
2. Tangible assets held for investment purposes					-	-	-	-
3. Non-current assets and disposal groups classified as held for sale					-	-	-	-
Total	7.823.690	-	5.901.861	2.070.002	7.638.809	-	5.698.700	2.091.592
1. Financial liabilities measured at amortised cost	7.925.246		8.123.614		6.250.831	-	8.109.264	-
2. Liabilities associated with assets classified as held for sale					-	-	-	-
Total	7.925.246	-	8.123.614	-	7.905.746	-	8.109.264	-

“Day-One Profit/Loss”

Pursuant to IFRS 7, paragraph 28, the “Day-one Profit/Loss” is understood as the difference between the fair value of a financial instrument at the initial recognition date (transaction price) and the amount estimated at that date using a valuation technique. This difference may be positive or negative.

In the event that the difference is positive (day-one profit) and based on market quotations and models that almost exclusively include the use of observable market inputs, this amount can be included in the positive components of the income statement. However, if the positive difference is based on non-observable market inputs, the fair value of the instrument must be adjusted for such difference and charged through profit or loss when the inputs become observable.

In the event, however, that the difference attributable to non-observable inputs is negative (day-one loss), it is immediately recorded through profit or loss on a prudential basis.

The Group applies the day-one profit suspension rule to financial instruments classified as Level 3 of the Fair Value hierarchy, i.e. instruments for which the impact of one or more non-observable inputs on the fair value is considered significant, as defined in paragraph 73 of IFRS 13. The day-one profit, calculated after fair value adjustments, is amortized over the expected period for which the input data will remain unobservable. The day-one profit is not applied if the risks generated by the transaction are hedged with a market counterparty (back-to-back) and therefore there are no impacts on profit or loss due to the non-observable input.

Securities lending and borrowing

Financial assets are derecognized as and when the Bank is no longer entitled to receive cash flows deriving from them, or when they are sold, and the related risks and benefits are transferred accordingly.

Assets or groups of assets which are sold, continue to be recognized if the risks and benefits associated with them (in the relevant technical form) continue to be attributable to the bank. A corresponding amount is then entered as a liability to offset any amounts received (as Other amounts receivable or Repos).

The main forms of activity currently carried out by the Bank which do not require underlying assets to be derecognized are the secured financing, repo trading and securities lending.

Interest income and expenses

For most instruments measured at amortised cost, interest income and expenses are recognized in the statement of profit or loss as they accrue (the same apply for interest in current accounts and debt securities), taking into account the effective yield of the asset and the liability or an applicable floating rate. Interest income and expenses include the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. In addition, interest income and expenses include revenue generated by financial assets held for trading and costs by financial liabilities designated at fair value as well as some instruments measured at amortised cost for which the interest income and expense is not computed using the effective yield method but for which the interest income and expense is computed using the accrual method.

Fee and commission income and expense

This heading includes all revenues deriving from the provision of services to customers (in the form of upfront fees, guarantees given fees, net stable funding ration fees, ongoing fees, and stock lending fees from revenue side, while include from the expense side: ongoing fees, stock lending fees, brokerage fees, treasury fees, CD-CP fees, payment services fees) with the exception of those relating to financial instruments, leases and insurance contracts.

Revenues from contracts with customers are measured through profit or loss when control over the service is transferred to the customer, in an amount that reflects the fee to which the Bank considers to be entitled in return for the service rendered.

For revenue recognition purposes, the Bank analyses the contracts to establish whether they contain more than one obligation to provide services to which the price of the transaction should be allocated. The revenues are then recorded throughout the time horizon over which the service is rendered, using suitable methods to recognize the measurement in which the service is provided. The Bank also takes into consideration the effects of any variable commissions, and whether or not a significant financial component is involved.

In the event of additional costs being incurred to perform or execute the contract, where such costs meet the requirements of IFRS 15, the Bank will assess whether to capitalize them and then amortize them throughout the life of the contract, or to make use of the exemption provided by IFRS 15 to expense the costs immediately in cases where their amortization period would be complete within twelve months.

Net trading income/expense

Gains and losses on financial instruments measured at fair value through profit or loss includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading or designated at fair value through profit or loss.

Administrative expenses

Administrative expenses are recognized in the statement of profit or loss as incurred and comprise expenses relating to administrative staff and management, including bonus.

Related parties

Related parties are defined by IAS24 as:

- a) Individuals or entities which directly or indirectly:
 - 1. are subject to joint control by the Bank (including parent companies, subsidiaries and associates);
 - 2. own an interest in the Bank which enables them to exert a significant influence over it: “significant influence” is presumed to exist in cases where an individual or entity owns a shareholding of more than 5% of the share capital of Mediobanca International (Luxembourg) S.A., along with the entitlement to appoint at least one member of the Board of Directors.
- b) Associate companies;
- c) Management with strategic responsibility, that is, those individuals vested with powers and responsibilities, directly or indirectly, in respect of the planning, management and control of the activities of the Parent Bank, including directors and members of the statutory audit committee;
- d) Subsidiaries, companies controlled jointly and/or subject to significant influence by one of the individuals referred to under the foregoing letter c), or in which the said individuals hold, directly or indirectly, a significant share of the voting rights or are shareholders or hold strategic positions such as Chairman or Managing Director;

- e) close relations of the individuals referred to under the foregoing letter c), that is, individuals who might be expected to be able to influence or be influenced by them in their relations with Mediobanca (this category includes partners, children, partners' children, dependents and partners' dependents), and the entities controlled or controlled jointly or otherwise subject to significant influence by one of these individuals, or in which they directly or indirectly hold a significant share of the voting rights;
- f) staff pension schemes operated by the Parent Bank or by any other entity related to it.

All related party transactions are conducted at arm's length.

Section 5

Significant accounting estimates and judgment

In the process of applying the accounting policies, the bank's management makes estimates and assumptions concerning the future and the amounts recognized in the financial statements. The most significant uses of judgment and estimates are as follows:

Going concern

The Board of Directors assessed the bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for structured securities. The valuation of financial instruments is described in more detail in Section 4.

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances on a monthly basis to assess whether an impairment loss should be recorded in the statement of profit or loss. In particular, risk judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumption about a number of factors and actual results may differ, resulting in future changes to the allowance. Impairment of financial assets takes account of data from the portfolio (such as level of arrears, credit utilization, loan to collateral ratio, etc.) and judgments to the effect of concentration of risk and economic data. The impairment loss on loans and advances is disclosed in more detail in Section 5.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the loss can be utilized. Judgment is required to determine the amount

of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Section 6

Impacts deriving from Russia-Ukraine and Middle East conflicts

At 30 June 2026 the Bank's portfolio shows no exposures towards Russia, Ukraine and Middle East countries.

PART C - NOTES TO THE STATEMENT OF FINANCIAL POSITION



ASSETS

Section 1

Heading 10 – Cash and cash equivalents

1.1 Cash and cash equivalents: composition (in € k)

	30/06/2026	31/12/2025
a) Cash	—	—
b) Current accounts and Demand deposits held at Central Banks	193	58
c) Current accounts and Demand deposits	241.353	415.528
Total	241.546	415.586

Compared to December 2025, “Cash and cash equivalent” decreased of approximately €174m as of June 2026. The decrease is primarily driven by lower current accounts balances.

Section 2

Heading 20 – Financial assets measured at fair value through profit or loss

2.1 Financial assets held for trading: composition (in € k)

Item/Values	30/06/2026			31/12/2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	—	—	219.338	—	—	229.492
1.1 Structured	—	—	219.338	—	—	229.492
1.2 Other debt securities	—	—	—	—	—	—
2. Equities	—	—	—	—	—	—
3. OICR units	—	—	—	—	—	—
4. Loans and advances	—	—	—	—	—	—
4.1 Repos	—	—	—	—	—	—
4.2 Others	—	—	—	—	—	—
Total A	—	—	219.338	—	—	229.492
B. Derivative products						
1. Financial derivatives	—	55.137	8.492	—	39.304	15.080
1.1 Trading	—	55.137	8.492	—	39.304	15.080
1.2 Linked to FV options	—	—	—	—	—	—
1.3 Others	—	—	—	—	—	—
2. Credit derivatives	—	11.059	885	—	10.394	1.041
2.1 Trading	—	11.059	885	—	10.394	1.041
2.2 Linked to FV options	—	—	—	—	—	—
2.3 Others	—	—	—	—	—	—
Total B	—	66.196	9.377	—	49.698	16.121
Total (A+B)	—	66.196	228.715	—	49.698	245.613

Financial assets held for trading amount to € 294,9m as of 30 June 2026, stable comparing to December 2025.

Total A is mainly composed by CLO classified as debt securities, which slightly decreased by €10 million compared to December 2025, due to reimbursements. The financial structure underlying this transaction (level 3) is hedged by the payoffs of the protection purchased via financial guarantees by external counterparty (Level 3 accordingly).

Total B is mainly represented by the gross positive fair value of financial and credit derivatives contracts negotiated with the Parent Bank or embedded in other financial instruments¹¹, in addition to the credit derivatives mentioned above.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1, quoted (unadjusted) prices available on active markets for identical assets or liabilities;
- Level 2, other techniques for which all inputs which have a significant effect on the recorded fair value are based on observable (either directly or indirectly) market data;
- Level 3, other techniques for which all inputs which have a significant effect on the recorded fair value are based on not observable market data.

For further information about the criteria adopted for the determination of the fair value as well as the classification of the financial instruments within the three-levels of the fair value hierarchy, please refer to Part B - Accounting Policies.

2.3 Financial assets designated at fair value: product breakdown

Items/Values	30/06/2026			31/12/2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Debt securities	—	—	—	—	—	—
1. Structured securities	—	—	—	—	—	—
2. Other debt securities	—	—	—	—	—	—
B. Loans	—	35.992	15.547	—	10.053	24.548
1. Structured	—	—	—	—	—	—
2. Others ¹	—	35.992	15.547	—	10.053	24.548
Total	—	35.992	15.547	—	10.053	24.548

(1) This item refers to a loan matched on the liability side by the issue of a certificate

The carrying value of financial assets designated at fair value amounts to €51,5m at the end of the reference period (+49% compared to Dec-25). The increase of approx. 16,9m of Euro is due to the positive balance between new and closed loans settled against the equivalent notes in Euro issued at liability side.

For further information about the criteria adopted for the determination of the fair value as well as the classification of the financial instruments within the three-levels of the fair value hierarchy, please refer to Part B - Accounting Policies.

¹¹ Financial derivatives include certificates to be valued at Level 3 starting from January 2021. See “Fair Value Hierarchy”, p. 53.

2.5 Other financial assets mandatorily at fair value: product breakdown

Items/Values	30/06/2026			31/12/2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Debt securities	—	—	—	—	—	—
1. Structured securities	—	—	—	—	—	—
2. Others	—	—	—	—	—	—
B. Equity instruments	—	—	—	—	—	—
C. OICR	—	—	95.824	—	—	68.390
D. Loans	—	—	—	—	—	—
1. Reverse Repos	—	—	—	—	—	—
2. Others	—	—	—	—	—	—
Total	—	—	95.824	—	—	68.390

With regard to OICR items, the Bank investment into the closed alternative fund (under Luxembourg law) Polus Special Situations Fund¹² (PSSF) managed by the Group company Polus Capital Management increased to € 95.8m (€ 68,4m at the end of December 2025).

¹² With regard to the PSSF structure, investments are made through three Feeder funds (société en commandite spéciale) denominated in various currencies (USD, EUR) and flow into a Master fund (also société en commandite spéciale) denominated in Euros which implements the investment strategy. The General Partner of the fund is Polus Special Situations Fund (GP) S.A.R.L., which is responsible for the operation of the fund, but does not make investments and has no economic interest in it. Polus Capital Management Limited is the Portfolio Manager of PSSF.

Section 4

Heading 40 – Financial assets measured at amortised cost

4.1 Financial assets measured at amortised cost: composition of due from banks (in € k)

Type of transactions/Values	Total 30/06/2026						Total 31/12/2025					
	Carrying value			Fair value			Carrying value			Fair value		
	Stage 1 and stage 2	Stage 3	of which: non performing acquired or originated	Level 1	Level 2	Level 3	Stage 1 and stage 2	Stage 3	of which: non performing acquired or originated	Level 1	Level 2	Level 3
A. Due from Central Banks	17.027	—	—	—	17.027	—	14.242	—	—	—	14.242	—
1. Term deposits	—	—	—	X	X	X	—	—	—	X	X	X
2. Compulsory reserve	17.027	—	—	X	X	X	14.242	—	—	X	X	X
3. Repos	—	—	—	X	X	X	—	—	—	X	X	X
4. Others	—	—	—	X	X	X	—	—	—	X	X	X
B. Due from banks	4.474.028	—	—	—	4.530.296	—	4.359.555	—	—	—	4.423.933	—
1. Loans and advances	4.474.028	—	—	—	4.530.296	—	4.359.555	—	—	—	4.423.933	—
1.1 Current accounts and demand deposits	—	—	—	X	X	X	—	—	—	X	X	X
1.2 Term deposits	1.634.679	—	—	X	X	X	1.466.512	—	—	X	X	X
1.3 Other financing:	2.839.349	—	—	X	X	X	2.893.043	—	—	X	X	X
- Repos	173.774	—	—	X	X	X	152.251	—	—	X	X	X
- Finance leases	—	—	—	X	X	X	—	—	—	X	X	X
- Others	2.665.575	—	—	X	X	X	2.740.792	—	—	X	X	X
2. Debt securities	—	—	—	—	—	—	—	—	—	—	—	—
2.1 Structured debt securities	—	—	—	X	X	X	—	—	—	X	X	X
2.2 Other debt securities	—	—	—	X	X	X	—	—	—	X	X	X
Total	4.491.055	—	—	—	4.547.323	—	4.373.797	—	—	—	4.438.175	—

The carrying value of financial assets due from banks valued at amortised cost rose throughout the reference period, passing from € 4.359.555k (December 2025) to € 4.474.028k (June 2026). The increase is mainly driven by an increase of Intercompany loans with the Parent (approx. +€0,11m) and an increase in term deposits (approx. +€0,16m). The line “Due from Central Banks” is the balance of the compulsory reserve which, at the end of the year, amounted to EUR 17m (€14m as at 31 December 2025). The vast majority of the transactions reported under this caption are de facto concluded with the Parent Bank. For further information about the criteria adopted for the determination of the fair value as well as the classification of the financial instruments within the three-levels of the fair value hierarchy, please refer to Part B - Accounting Policies.

4.2 Financial assets measured at amortised cost: composition of due from customers (in € k)

Type of transactions/Values	Total 30/06/2026						Total 31/12/2025					
	Carrying value			Fair Value			Carrying value			Fair Value		
	Stage 1	Stage 2	Stage 3	Level 1	Level 2	Level 3	Stage 1	Stage 2	Stage 3	Level 1	Level 2	Level 3
1. Loans and advances	3.148.322	184.313	—	—	1.354.538	2.070.002	3.265.013	—	—	—	1.260.525	2.091.592
1.1 Current accounts	—	—	—	X	X	X	—	—	—	X	X	X
1.2 Repos	—	—	—	X	X	X	—	—	—	X	X	X
1.3 Term loans	3.148.322	184.313	—	X	X	X	3.265.013	—	—	X	X	X
1.4 Credit cards and personal loans	—	—	—	X	X	X	—	—	—	X	X	X
1.5 Finance leases	—	—	—	X	X	X	—	—	—	X	X	X
1.6 Factoring	—	—	—	X	X	X	—	—	—	X	X	X
1.7 Other loans	—	—	—	X	X	X	—	—	—	X	X	X
2. Debt securities	—	—	—	—	—	—	—	—	—	—	—	—
2.1 Structured debt securities	—	—	—	X	X	X	—	—	—	X	X	X
2.2 Other debt securities	—	—	—	X	—	X	—	—	—	X	—	X
Total	3.148.322	184.313	—	—	1.354.538	2.070.002	3.265.013	—	—	—	1.260.525	2.091.592

As at 30 June 2026, portfolio total exposure (gross of guarantees) stands at € 3,32bn against € 3.26bn of the previous FY, with an increase of 2% y-o-y; considering the guarantees received by Parent and the guarantee provided to the Group, portfolio net exposure as at 30 June 2026 stands at € 957m (26,3% of drawn total exposures) against € 967m (27%) of December-25 nearly stable over the period (-1%), with Stage 1 representing 95,6% of the total and no exposures classified in Stage 3. The credit portfolio coverage provided by the parent company stands at approximately 78.3%, compared with 79.2% as of December 2025. In addition, Investment Grade exposures account for 86,7% of the loan portfolio, slightly lower than the level recorded in December 2025 (89,6%).

4.3 Financial assets measured at amortised cost: gross values and Impairment allowance (in € k)

	Gross value				Expected Credit Loss			Write off partial/total
	Stage 1	of which: low credit risk	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	—	—	—	—	—	—	—	—
Loans ¹	7.644.462	—	185.098	—	-5.085	-785	—	—
Total 30/06/2026	7.644.462	—	185.098	—	-5.085	-785	—	—
Total 31/12/2025	7.644.091	—	—	—	-5.282	—	—	—

	Gross value				Expected Credit Loss			Write off partial/total
	Stage 1	of which: low credit risk	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	—	—	—	—	—	—	—	—
Loans ¹	7.644.091	—	—	—	-5.282	—	—	—
Total 31/12/2025	7.644.091	—	—	—	-5.282	—	—	—
Total 30/06/2025	6.851.552	12.509	18.677	—	-4.663	-49	—	—

(1) This item includes loans to customers and credit institutions.

Section 5

Heading 50 – Hedging derivatives

The objective of the fair value hedge is to reduce the interest rate risk through swaps that convert fixed rate into floating rate assets and/or liabilities. The hedging derivatives held by the Bank are meant to hedge fixed-rate or structured notes issued by the Bank and classified in the portfolio “financial liabilities at amortized cost”. All the hedging derivatives are booked at inception with the Parent Bank. The accounting treatment is in line with the methodological and procedural choices for the accounting management of hedge transactions.

As of December 2025, the notional amount of hedging derivatives stood at €78m on the asset side and €117m on the liability side, with corresponding mark-to-market values of €1.5m and €1.9m, respectively. By June 2026, the notional amounts had decreased to €68m on the asset side and increased to €191m on the liability side. The mark-to-market value of these hedging instruments amounted to €1.9m on the asset side and €3.7m on the liability side (please refer to Tables 4.1 and 4.2 in the Liabilities section).

5.1 Hedging derivatives: breakdown by type of hedging and fair value levels (in € k)

	30/06/2026			Notional value	31/12/2025			Notional value
	Fair value				Fair value			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	—	1.960	—	68.125	—	1.495	—	77.760
1) Fair value	—	1.960	—	68.125	—	1.495	—	77.760
2) Cash flow	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flow	—	—	—	—	—	—	—	—
Total	—	1.960	—	68.125	—	1.495	—	77.760

5.2 Hedging derivatives: breakdown by portfolio hedged and hedge type (in € k)

30/06/2026 Operations/Type of hedging	Fair Value Hedge						Cash Flow Hedge		Net Investments in foreign
	Specific					Generic	Specific	Generic	
	Interest risk	Currency risk	Credit risk	Price risk	Multiple risk				
1. Financial assets valued at FVOCI	—	—	—	—	—	X	—	X	X
2. Financial assets valued at amortised cost	—	—	—	—	—	X	—	X	X
3. Portfolio	X	X	X	X	X	—	X	—	X
4. Other	—	—	—	—	—	X	—	X	—
TOTAL ASSETS	—	—	—	—	—	—	—	—	—
1. Financial liabilities	1.960	—	—	—	—	X	—	—	X
2. Portfolio	X	X	X	X	X	—	X	—	X
TOTAL LIABILITIES	1.960	—	—	—	—	—	—	—	—
1. Highly probable transactions	X	X	X	X	X	X	—	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	—	X	—	—

31/12/2025 Operations/Type of hedging	Fair Value Hedge						Cash Flow Hedge		Net Investments in foreign
	Specific					Generic	Specific	Generic	
	Interest risk	Currency risk	Credit risk	Price risk					
1. Financial assets valued at FVOCI	—	—	—	—	—	X	—	X	X
2. Financial assets valued at amortised cost	—	—	—	—	—	X	—	X	X
3. Portfolio	X	X	X	X	X	—	X	—	X
4. Other	—	—	—	—	—	X	—	X	—
TOTAL ASSETS	—	—	—	—	—	—	—	—	—
1. Financial liabilities	1.495	—	—	—	—	X	—	—	X
2. Portfolio	X	X	X	X	X	—	X	—	X
TOTAL LIABILITIES	1.495	—	—	—	—	—	—	—	—
1. Highly probable transactions	X	X	X	X	X	X	—	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	—	X	—	—

Section 7

Heading 70 –Investments

7.1 Investments: disclosure on shareholdings

Company Name	Registered office	Control type ¹³	Ownership		Voting rights (%)
			Controlling entity	% Shareholding	
Mediobanca International Immobilière S.à r.l.	Luxembourg	3	Mediobanca International (Luxembourg) S.A.	100	100

In accordance with article 83 of the Law of 17 June 1992 (as amended) the undertaking is not consolidated on the local balance sheet since it would represent a negligible interest to the consolidated financial situation. The percentage of shareholding (100%) did not change during the financial year, nor did the carrying amount, which remained at €4,150,000.00.

7.2 Investments: financial information (in € k) *

Company Name	Total assets	Total revenues	Net profit (loss)	Shareholders' equity	Carrying value
Mediobanca International Immobilière S.à r.l.	2.241	94	31	2.185	4.150

(*) Figures as at 31/12/2025 from Mediobanca International Immobilière S.à r.l. are coming from unaudited accounts.

The company owns and leases the building where the Bank has moved its head office in April 2012. Based on the last available evaluation report made in February 2025 by an independent advisor, which shows a market value higher than the carrying amount and looking at the macro trends of the real estate market in Luxembourg, the Bank has decided to not perform any impairment test.

¹³ Type of relationship:

1 = controlled and consolidated

2 = subject to significant influence

3 = controlled and not consolidated

Section 9

Heading 90 – Tangible assets

9.1 Tangible assets: composition (in € k)

Assets/value	30/06/2026	31/12/2025
1. Assets owned by Bank	—	—
a) land	—	—
b) buildings	—	—
c) furniture and fitting	—	—
d) electronic equipment	—	—
e) other assets	—	—
2. Right-of-use assets	730	837
a) land	—	—
b) buildings	636	722
c) furniture	—	—
d) electronic equipment	—	—
e) other assets	94	115
Total	730	837

Section 11

Heading 110 – Tax assets

11.1 Current tax assets: composition (in € k)

	CIT ^A	MBT ^B	Other ^C	Total
Balance at the beginning of the year (01/01/2026)	3.301	1.224	114	4.639
Increase of the period (+)	1.651	612	—	2.263
- advances paid	1.651	612	—	2.263
- transfers	—	—	—	—
- others	—	—	—	—
Decrease of the period (-)	—	—	38	38
- releases of the year (assessments)	—	—	—	—
- transfers	—	—	—	—
- others	—	—	38	—
Balance at the end of the fiscal year (30/06/2026)	4.952	1.836	76	6.864

	CIT ^A	MBT ^B	Other ^C	Total
Balance at the beginning of the year (01/07/2025)	—	77	4.107	4.184
Increase of the period (+)	3.301	1.224	407	4.932
- advances paid	3.301	1.224	400	4.925
- transfers	—	—	—	—
- others	—	—	7	7
Decrease of the period (-)	—	77	4.400	4.477
- releases of the year (assessments)	—	77	4.400	4.477
- transfers	—	—	—	—
- others	—	—	—	—
Balance at the end of the fiscal year (31/12/2025)	3.301	1.224	114	4.639

^A Impôt sur le Revenu des Collectivités ('Corporate Income Tax', CIT) is a proportional tax levied on gains made by corporations.

^B Impôt Commercial Communal ('Municipal Business Tax', MBT) is a municipal tax levied on gains made by corporations.

^C Other taxes primarily include the outstanding balances in respect of Net Wealth Tax ('NWT') and Value Added Tax ('VAT').

Current tax asset increased from € 4,639k (December 2025) to € 6,864k (June 2026). This is mostly due to tax advance payments for CIT and MBT. All the payments are executed accordingly to the last tax assessment received from Tax authority.

11.2 Deferred tax assets: composition (in € k)

	30/06/2026	31/12/2025
- Deferred tax assets recognised in the statement of comprehensive income	—	—
- Deferred tax assets recognised in the net equity	—	—
Total	—	—

There are no Deferred tax assets in the accounts of the Bank.

Section 13

Heading 130 – Other assets

13.1 Other assets: composition (in € k)

	30/06/2026	31/12/2025
1. Gold, silver and precious metal	—	—
2. Accrued income other than capitalized income	1.356	1.206
3. Trade receivables or invoices to be issued	—	—
4. Amount due from tax revenue Authorities (not attributed to heading 110)	—	—
5. Other	9.384	3.931
- <i>transitory accounts</i>	8.476	3.221
- <i>prepayments</i>	908	710
Total	10.740	5.137

Accrued income other than capitalised income from financial assets mainly refer to accrued commissions on credit facilities to corporate clients and it is generally stable year on year.

Transitory accounts slightly increased from the previous financial year (generally outstanding payments processed in the beginning of July which were suspended in June 2026).

LIABILITIES

Section 1

Heading 10 – Financial liabilities measured at amortised cost

1.1 Financial liabilities measured at amortised cost: composition of due to banks (in € k)

Type of transactions/Values	30/06/2026				31/12/2025			
	Carrying value	Fair value			Carrying value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to Central Banks	—	X	X	X	—	X	X	X
2. Due to banks	2.454.554	X	X	X	2.640.062	X	X	X
2.1 Current accounts and demand deposit:	50.148	X	X	X	24.314	X	X	X
2.2 Term deposits	—	X	X	X	—	X	X	X
2.3 Loans	2.401.795	X	X	X	2.615.212	X	X	X
2.3.1 Repos	—	X	X	X	—	X	X	X
2.3.2 Others	2.401.795	X	X	X	2.615.212	X	X	X
2.4 Liabilities in respect of commitments to repurchase own equity instruments	—	X	X	X	—	X	X	X
2.5 Other liabilities	2.611	X	X	X	536	X	X	X
Total	2.454.554	—	2.471.323	—	2.640.062	—	2.658.696	—

The carrying value of amounts due to banks measured at amortised cost decreased by 7% at the end of the reference period, from € 2.640.062k (December 2025) to € 2.454.554 (June 2026). The transactions reported under this item are de facto carried out with the Mediobanca S.p.A, serving as an internal source of funding to finance the core lending activities. The carrying value of € 2.401.795k reported at the end of June 2026 under ‘other loans’ includes € 65m of subordinated loan, classified as Tier 2 and concluded with the Mediobanca S.p.A for regulatory capital purposes.

For further information about the criteria adopted for the determination of the fair value as well as the classification of the financial instruments within the three-levels of the fair value hierarchy, please refer to Part B - Accounting Policies.

1.2 Financial liabilities measured at amortised cost: composition of due to customers (in € k)

Type of transactions/Values	30/06/2026				31/12/2025			
	Carrying value	Fair value			Carrying value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and demand deposits	—	X	X	X	—	X	X	X
2. Term deposits	75.273	X	X	X	75.194	X	X	X
3. Loans	782	X	X	X	640	X	X	X
3.1 Repos	782	X	X	X	640	X	X	X
3.2 Others	—	X	X	X	—	X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments	—	X	X	X	—	X	X	X
5. Lease payables ¹	737	X	X	X	853	X	X	X
6. Other liabilities	—	X	X	X	—	X	X	X
Total	76.792	—	76.792	—	76.687	—	76.687	—

(1) This heading includes obligations in respect of future instalments payable on leases as provided by IFRS16.

For further information about the criteria adopted for the determination of the fair value as well as the classification of the financial instruments within the three-levels of the fair value hierarchy, please refer to Part B - Accounting Policies.

1.3 Financial liabilities measured at amortised cost: composition of securities in issue (in € k)

Type of transactions/Values	30/06/2026				31/12/2025			
	Carrying value	Fair value			Carrying value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Debt securities								
1. Bonds	3.618.501	—	3.800.100	—	3.664.967	—	3.849.851	—
1.1 Structured	112.233	—	112.181	—	82.628	—	82.628	—
1.2 Other	3.506.268	—	3.687.919	—	3.582.339	—	3.767.223	—
2. Other securities	1.775.399	—	1.775.399	—	1.524.030	—	1.524.030	—
2.1 Structured	—	—	—	—	—	—	—	—
2.2 Other	1.775.399	—	1.775.399	—	1.524.030	—	1.524.030	—
Total	5.393.900	—	5.575.499	—	5.188.997	—	5.373.881	—

Under debt securities item, outstanding bonds include approx. €2.0Bn, guaranteed by the parent company, of derivative arbitrage strategies or indices (skew) on bases mainly linked to credit derivatives and commodity derivatives and, to a lesser extent, also on rates, equity and inflation risk (underlying transaction).

All notes issued involve payment of interest in the form of a coupon, including a premium (extra yield), and the full repayment of capital at maturity. In case of the subscriber opting for early repayment, the issuer has the faculty, at its discretion, to choose a repayment price that takes into account the current fair value (including that of the underlying transactions). As required by par. 4.3.3 of IFRS 9, the embedded derivative, identified by the right to include the arbitrage value within the repayment price, has been separated by the obligation valued at amortized cost and booked at the fair value of underlying transactions.

Other securities item refers to the Commercial Paper program: short-term financing instruments, with duration generally of one year or less, which increased over the year moving from €1.5bn to €1.8bn (+16.5% yoy).

For further information about the criteria adopted for the determination of the fair value as well as the classification of the financial instruments within the three-levels of the fair value hierarchy, please refer to Part B - Accounting Policies.

Section 2

Heading 20 – Trading liabilities

2.1 Trading liabilities: composition (in € k)

Transaction type/Values	30/06/2026				31/12/2025			
	Nominal value	Fair Value			Nominal value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Cash liabilities								
1. Due to banks	—	—	—	—	—	—	—	—
2. Due to customers	—	—	—	—	—	—	—	—
3. Debt securities	—	—	—	—	—	—	—	—
3.1 Bonds	—	—	—	—	—	—	—	—
3.1.1 Structured	—	—	—	—	—	—	—	—
3.1.2 Other bonds	—	—	—	—	—	—	—	—
3.2 Other securities	—	—	—	—	—	—	—	—
3.2.1 Structured	—	—	—	—	—	—	—	—
3.2.2 Other	—	—	—	—	—	—	—	—
Total (A)	—	—	—	—	—	—	—	—
B. Derivative instruments								
1. Financial derivatives	789.398	—	19.107	5	2.388.738	—	36.526	—
1.1 Trading	789.398	—	19.107	5	2.388.738	—	36.526	—
1.2 Related to the fair value option	—	—	—	—	—	—	—	—
1.3 Others	—	—	—	—	—	—	—	—
2. Credit derivatives	1.655.298	—	9.673	2.725	1.121.408	—	8.578	3.210
2.1 Trading	1.655.298	—	9.673	2.725	1.121.408	—	8.578	3.210
2.2 Related to the fair value option	—	—	—	—	—	—	—	—
2.3 Others	—	—	—	—	—	—	—	—
Total (B)	2.444.696	—	28.780	2.730	3.510.146	—	45.104	3.210
Total (A+B)	2.444.696	—	28.780	2.730	3.510.146	—	45.104	3.210

For further information about the criteria adopted for the determination of the fair value as well as the classification of the financial instruments within the three-levels of the fair value hierarchy, please refer to Part B - Accounting Policies.

Section 3

Heading 30 – Financial liabilities designated at fair value

3.1 Financial liabilities designated at fair value: composition

Operation Type/Values	30/06/2026					31/12/2025				
	Nominal value	Fair Value			Fair Value	Nominal value	Fair Value			Fair Value
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
1. Due to banks	—	—	—	—	—	—	—	—	—	—
1.1 Structured	—	—	—	—	—	—	—	—	—	—
1.2 Others	—	—	—	—	—	—	—	—	—	—
of which:										
- commitments to disburse funds	—	—	—	—	—	—	—	—	—	—
- financial guarantees given	—	—	—	—	—	—	—	—	—	—
2. Due to customers	—	—	—	—	—	—	—	—	—	—
2.1 Structured	—	—	—	—	—	—	—	—	—	—
2.2 Others	—	—	—	—	—	—	—	—	—	—
of which:										
- commitments to disburse funds	—	—	—	—	—	—	—	—	—	—
- financial guarantees given	—	—	—	—	—	—	—	—	—	—
3. Debt securities	115.439	—	88.531	24.030	112.561	72.977	—	31.352	40.544	71.896
3.1 Structured	115.439	—	88.531	24.030	112.561	72.977	—	31.352	40.544	71.896
3.2 Others	—	—	—	—	—	—	—	—	—	—
Total	115.439	—	88.531	24.030	112.561	72.977	—	31.352	40.544	71.896

Section 4

Heading 40 – Hedging derivatives

4.1 Hedging derivatives: breakdown by hedge type and level (in € k)

Items/Values	30/06/2026				31/12/2025			
	Notional value	Fair value			Notional value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Financial derivatives	190.948	—	3.771	—	117.322	—	1.912	—
1) Fair value hedges	190.948	—	3.771	—	117.322	—	1.912	—
2) Cash flow hedges	—	—	—	—	—	—	—	—
3) Foreign investments	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value hedges	—	—	—	—	—	—	—	—
2) Cash flow hedges	—	—	—	—	—	—	—	—
Total	190.948	—	3.771	—	117.322	—	1.912	—

Please refers to Heading 50 (Section 5 Assets). For further information about the criteria adopted for the determination of the fair value as well as the classification of the financial instruments within the three-levels of the fair value hierarchy, please refer to Part B - Accounting Policies.

4.2 Hedging derivatives: breakdown by portfolio hedged and hedge type (in € k)

30/06/2026 Operations/Type of hedging	Fair Value Hedge						Cash Flow Hedge		Net Investments in foreign
	Specific					Generic	Specific	Generic	
	Interest risk	Currency risk	Credit risk	Price risk	Multiple risk				
1. Financial assets valued at FVOCI	—	—	—	—	—	X	—	X	X
2. Financial assets valued at amortised cost	—	—	—	—	—	X	—	X	X
3. Portfolio	X	X	X	X	X	—	X	—	X
4. Other	—	—	—	—	—	X	—	X	—
TOTAL ASSETS	—	—	—	—	—	—	—	—	—
1. Financial liabilities	3.771	—	—	—	—	X	—	—	X
2. Portfolio	X	X	X	X	X	—	X	—	X
TOTAL LIABILITIES	3.771	—	—	—	—	—	—	—	—
1. Highly probable transactions	X	X	X	X	X	X	—	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	—	X	—	—

31/12/2025 Operations/Type of hedging	Fair Value Hedge						Cash Flow Hedge		Net Investments in foreign
	Specific					Generic	Specific	Generic	
	Interest risk	Currency risk	Credit risk	Price risk	Multiple risk				
1. Financial assets valued at FVOCI	—	—	—	—	—	X	—	X	X
2. Financial assets valued at amortised cost	—	—	—	—	—	X	—	X	X
3. Portfolio	X	X	X	X	X	—	X	—	X
4. Other	—	—	—	—	—	X	—	X	—
TOTAL ASSETS	—	—	—	—	—	—	—	—	—
1. Financial liabilities	1.912	—	—	—	—	X	—	—	X
2. Portfolio	X	X	X	X	X	—	X	—	X
TOTAL LIABILITIES	1.912	—	—	—	—	—	—	—	—
1. Highly probable transactions	X	X	X	X	X	X	—	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	—	X	—	—

Section 6

Heading 60 – Tax liabilities

6.1 Current tax liabilities: composition* (in € k)

	CIT	MBT	Other	Total
Balance at the beginning of the year (01/01/2026)	3.278	1.290	212	4.780
Increase of the period (+)	3.869	1.525	—	5.394
- provisions of the year	3.869	1.525	—	5.394
- transfers	—	—	—	—
- others	—	—	—	—
Decrease of the period (-)	—	—	7	7
- releases of the year (fiscal assessments)	—	—	7	7
- transfers	—	—	—	—
- others	—	—	—	—
Balance at the end of the fiscal year (30/06/2026)	7.147	2.815	205	10.167

	CIT	MBT	Other	Total
Balance at the beginning of the year (01/07/2025)	11.539	4.342	248	16.129
Increase of the period (+)	405	160	—	565
- provisions of the year	405	160	—	565
- transfers	—	—	—	—
- others	—	—	—	—
Decrease of the period (-)	8.666	3.212	36	11.914
- releases of the year (fiscal assessments)	8.666	3.212	36	11.914
- transfers	—	—	—	—
- others	—	—	—	—
Balance at the end of the fiscal year (31/12/2025)	3.278	1.290	212	4.780

* ^A Corporate Income Tax, CIT: Impôt sur le Revenu des Collectivités is a proportional tax levied on gains made by corporations.

* ^B Municipal Business Tax, MBT: Impôt Commercial Communal is a municipal tax levied on gains made by corporations.

* ^C Other taxes include the outstanding balances in respect of Net Wealth Tax ('NWT', Impôt sur la Fortune) and Value Added Tax ('VAT').

The positive result of the current fiscal year lead to a CIT and MBT liability of €3.869k and €1.525k respectively.

The cumulated liability amount now to €10.167k and include a small portion of VAT payable.

6.2 Deferred tax liabilities: movements of the period (in € k)

Deferred tax liabilities	30/06/2026	31/12/2025
1. Initial amount	—	—
1.1 Initial amount	—	—
2. Additions (+)	—	—
2.1 Deferred tax originated during the period	—	—
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions (-)	—	—
3.1 Deferred tax reversed during the period	—	—
3.2 Lowering of tax rates	—	—
3.3 Other reductions	—	—
Total	—	—

Section 8

Heading 80 – Other liabilities

8.1 Other liabilities: composition (in € k)

	30/06/2026	31/12/2025
1. Payment agreements (IFRS 2)	—	—
2. Impaired endorsements	—	—
3. Working capital payables and invoices pending receipt	7.282	4.546
4. Prepaid expenses other than capitalized expenses on related financial assets	—	—
5. Amounts due to revenue authorities	—	—
6. Amounts due to staff	614	677
7. Other items:	4.587	4.611
- bills for collection	—	—
- coupons and dividends pending collection	—	—
- available sums payable to third parties	4.587	4.611
- premiums, grants and other items in respect of lending transactions	—	—
- credit notes to be issued	—	—
- other	—	—
Total	12.483	9.834

Other liabilities are mostly composed of invoices accrued or payable for € 7.282k (€ 4.546k at the end of December 2025) and other items for € 4.587k (€ 4.611k at the end of December 2025). The last consists in particular of accrued commissions payable to related parties for the financial guarantees or retrocessions related to the lending portfolio.

Section 10

Heading 100 – Provisions for risks and charges

10.1 Provisions for risks and charges: composition (in € k)

Items / Values	30/06/2026	31/12/2025
1. Provisions for credit risk related to commitments and financial guarantees issued	618	653
2. Provisions on other obligations and warranties release	—	—
3. Provisions to retirement payment and similar	—	—
4. Other provisions for risks and obligations	—	—
4.1 Legal and fiscal controversies	—	—
4.2 Staff expenses	—	—
4.3 Others	—	—
Total	618	653

Section 15

Heading 150 – Reserves

15.1 Reserves: composition (in € k)

	30/06/2026	31/12/2025
A. Reserves	308.737	308.751
A.1 Legal reserve ⁽¹⁾	1.000	1.000
A.2 Free reserve	273.169	273.183
A.3 NWT reserve ⁽²⁾	34.568	34.568
B. Valuation Reserves ⁽³⁾	-214	-318

(1): under Luxembourg law, an amount equal to at least 5% (five per cent) of the net profit must be allocated to a legal reserve until such reserve equals 10% (ten per cent) of the issued share capital. This reserve is not available for dividend distributions and has been already fully provisioned throughout the previous financial years.

(2): Luxembourg resident companies are subject to a Net Worth Tax ('NWT') of 0.5% of taxable wealth. This charge may be reduced provided the following conditions have been respected: (i) a special reserve account equivalent to five-times the net wealth tax charge for the year is recorded following the decision of the Shareholders meeting, and (ii) the reserve will be maintained for a period of at least five years.

(3): Valuation reserve due to changes in fair value which are attributable to the issuer's own credit standing must be recognized through other comprehensive income (net equity).

15.2 Distributions made and proposed

Following the approval of the shareholders on the annual general meeting dated 13/04/2026 the profit of the previous financial year of € 7,389,238.00 has been fully paid in cash to shareholders.

Section 16

Heading 160 – Share capital

16.1 Share capital

As at 30 June 2026, the issued capital of the Bank amounts to € 10.000.000 and is divided into one million shares fully paid with a par value of € 10 each. No shares were issued, redeemed or cancelled during the financial year.

Authorised capital and issue share capital coincide.

All shares rank equally with regard to the Bank's residual assets. Each share carries one vote at the shareholders' meeting and entitles the holder to participate proportionately in dividends and in any distribution of capital.

As at 30 June 2026, the Bank does not hold any of its own shares.

There are no shares reserved for issue under options or other contracts as at 30 June 2026.

Other information

1. Guarantees and commitments (in € k)

	Nominal value of commitments and financial guarantees			30/06/2026	Nominal value of commitments and financial guarantees			31/12/2025
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	Total
1. Commitments to disburse funds	1.417.578	72.764	—	1.490.342	1.437.977	45.000	—	1.482.977
a) Central Banks	—	—	—	—	—	—	—	—
b) Public Administrations	—	—	—	—	—	—	—	—
c) Banks	—	—	—	—	—	—	—	—
d) Other financial companies	403.915	40.000	—	443.915	237.652	40.000	—	277.652
e) Non-financial companies	1.013.663	32.764	—	1.046.427	1.200.325	5.000	—	1.205.325
f) Retail clients	—	—	—	—	—	—	—	—
2. Financial guarantees given	316.054	—	—	316.054	316.243	—	—	316.243
a) Central Banks	—	—	—	—	—	—	—	—
b) Public Administrations	—	—	—	—	—	—	—	—
c) Banks	—	—	—	—	—	—	—	—
d) Other financial companies	122.047	—	—	122.047	125.000	—	—	125.000
e) Non-financial companies	194.007	—	—	194.007	191.243	—	—	191.243
f) Retail clients	—	—	—	—	—	—	—	—

Total amount of “Commitments to disburse funds” is generally stable at €1.490.342k in June 2026, up from €1.482.977k of December 2025.

The total amount of financial guarantees issued by the bank also remains stable at €316.054k, up from €316.243k of December 2025.

PART D - NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OF OTHER COMPREHENSIVE INCOME



Section 1

Headings 10 and 20 – Net interest income

1.1 Interest and similar income: breakdown (in € k)

Items/Technical forms	30/06/2026				30/06/2025			
	Debt securities	Loans	Other operations	Total*	Debt securities	Loans	Other operations	Total*
1. Financial assets valued at FVTPL:	8.470	23	—	8.493	4.145	-2	—	4.143
1.1. Financial assets held for trading	8.470	—	—	8.470	4.145	—	—	4.145
1.2. Financial assets designated at fair value	—	23	—	23	—	-2	—	-2
1.3. Other financial assets mandatorily at fair value	—	—	—	—	—	—	—	—
2. Financial assets valued at FVOCI	—	—	X	—	—	—	X	—
3. Financial assets at amortized cost	—	137.351	X	137.351	—	139.127	X	135.018
3.1 Due from banks	—	66.787	X	66.787	—	64.219	X	64.219
3.2 Due from customers	—	70.564	X	70.564	—	70.799	X	70.799
4. Hedging derivatives	X	X	219	219	X	X	—	—
5. Other assets	X	X	3.952	3.952	X	X	4.529	4.529
6. Financial liabilities bearing negative interests	X	X	X	—	X	X	X	—
Total	8.470	137.374	4.171	150.015	4.145	139.125	4.529	143.690

* please refer to the column Total as the valid amount

The interest income increased of approx. €6.325k during the period, primarily reflecting a €4.241k of rise in income from financial asset held for trading, driven by higher volumes compared with June 25, as well as a €2.578k increase from loans to banks (from €64.219k to €66.787k).

1.2 Interest expense and similar charges: breakdown (in € k)

Items/Technical forms	30/06/2026				30/06/2025			
	Borrowings	Securities issued	Other operations	Total*	Borrowings	Securities issued	Other operations	Total*
1. Financial liabilities at amortized cost	-48.564	-89.192	X	-137.756	-41.735	-91.590	X	-133.325
1.1 Due to central banks	—	X	X	—	—	X	X	—
1.2 Due to banks	-47.779	X	X	-47.779	-41.110	X	X	-41.110
1.3 Due to customers	-785	X	X	-785	-625	X	X	-625
1.4 Debt securities in issue	X	-89.192	X	-89.192	X	-91.590	X	-91.590
2. Trading financial liabilities	—	—	—	—	—	—	—	—
3. Financial liabilities designated at fair value	—	-560	—	-560	—	-456	—	-456
4. Other liabilities and funds	X	X	—	—	X	X	—	—
5. Hedging derivatives	X	X	—	—	X	X	260	260
6. Financial assets bearing negative interests	X	X	—	—	X	X	—	—
Total	-48.564	-89.752	—	-138.316	-41.735	-92.046	260	-133.521

* please refer to the column Total as the valid amount

In line with the increase in interest income, interest expense also recorded a slight increase in the total figures compared with June 2025. This was primarily driven by higher interest expenses on borrowings from banks, which rose from €41.110k (June 2025) to €47.779k (June 2026); this increase was partially offset by lower interest expenses related to issued notes, which declined from € 91.590k (June 2025) to €89.192k (June 2026).

Section 2

Headings 40 and 50 – Net fee and commission income

2.1 Fee and commission income: breakdown (in € k)

Type of service/Values		30/06/2026	30/06/2025
a)	guarantees given	707	551
b)	credit derivatives	—	—
c)	management and brokerage services	2.651	4.214
1.	trading in financial instruments	—	—
2.	currency trading	—	—
3.	portfolio management	—	—
4.	securities custody and administration	—	—
5.	custodian bank	—	—
6.	placement of financial instruments	2.651	4.214
7.	reception and transmission of orders	—	—
8.	advisory services	—	—
8.1.	related to investments	—	—
8.2.	related to financial structure	—	—
9.	distribution of third parties services	—	—
9.1.	portfolio management	—	—
	9.1.1. individual	—	—
	9.1.2. collective	—	—
9.2.	insurance products	—	—
9.3.	other products	—	—
d)	collection and payment services	—	—
e)	securitization servicing	—	—
f)	factoring services	—	—
g)	tax collection services	—	—
h)	management of multilateral trading facilities	—	—
i)	management of current account	—	—
j)	other services	5.467	5.828
Total		8.825	10.593

Fee and commission income are connected to the lending activity of the Bank. These are related to the contracts and assume various forms as the followings: underwriting fees, waiver, amendment, extension, ongoing and bookrunning fees.

2.1.1 Fee and commission income: other services breakdown (in € k)

Other services (breakdown)	30/06/2026	30/06/2025
Loans - ongoing fees	2.523	2.986
Stock lending fees	1.634	1.642
NSFR fees	1.310	1.200
Treasury fees	—	—
Total	5.467	5.828

Revenues from the placement of financial instruments has been average in terms of activities. The decrease compared to the previous period is not due to a decrease in activity but it is related to a remarkable H1 2025. Conversely, NSFR fees, generated revenues of €1,310k as of June 2026, compared to €1,200k as of June 2025. The funding cost borne by the Bank to generate additional ASF (Available Stable Funding, the denominator of the NSFR ratio), as a consequence of its role as the Group reference center for the short-term funding program, showed a slight increase from the previous period. Average cash collected through commercial papers and reinvested increased from €909m in H1 2025 to €1,021m in H1 2026, representing an 12,36% year-on-year increase.

2.2 Fee and commission expense: breakdown (in € k)

Services/Amounts	30/06/2026	30/06/2025
a) guarantees received	—	—
b) credit derivatives	—	—
c) management and brokerage services	-3.658	-6.216
1. trading in financial instruments	—	—
2. currency trading	—	—
3. portfolios management:	—	—
3.1 own portfolio	—	—
3.2 third parties portfolio	—	—
4. securities custody and administration	—	—
5. placement of financial instruments	-3.658	-6.216
6. off-site distribution of financial instruments, products and s	—	—
d) collection and payment services	-421	-186
e) other services	-4.656	-3.391
Total	-8.735	-9.793

2.2.1 Fee and commission expense: other services breakdown (in € k)

Other services (breakdown)	30/06/2026	30/06/2025
Loans - ongoing fees	-1.091	-2.824
Stock lending fees	-716	-1.371
CD-CP fees	—	—
Treasury fees	-2.849	-1.965
Total	-4.656	-6.160

Section 3

Heading 70 – Dividends and similar income

3.1 Dividends and similar income: breakdown (in € k)

Item / Income	30/06/2026		30/06/2025	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	1.213	-	-	-
C. Financial assets measured at fair value through other comprehensive	-	-	-	-
D. Equity investments	-	-	-	-
Total	1.213	-	-	-

Heading 80 – Net trading income/expense

3.2 Net trading income (expense): breakdown (in € k)

Transactions / Income	Unrealized profit (A)	Realized profit (B)	Unrealized losses (C)	Realized losses (D)	Net Profit 30/06/2026	Net Profit 30/06/2025*
1. Financial trading assets	771	0	-1.420	-11	-660	68
1.1 Debt securities	771	—	-1420	-11	-660	68
1.2. Equity	—	—	—	—	—	—
1.3. O.I.C.R. shares	—	—	—	—	—	—
1.4. Loans	—	—	—	—	—	—
1.5. Others	—	—	—	—	—	—
2. Financial trading liabilities	—	—	—	—	—	—
2.1. Debt securities	—	—	—	—	—	—
2.2. Borrowings and deposits	—	—	—	—	—	—
2.3. Others	—	—	—	—	—	—
3. Financial assets and liabilities in foreign currencies: exchange differences	X	X	X	X	-979	4.666
4. Derivatives	25.909	5.011	-29.157	-5.613	-4.281	-3.110
4.1 Financial derivatives:	19.680	4.965	-23.140	-2.196	-1.122	-1.742
4.1.1 debt securities and interest rates	9.341	2.055	-8.674	-1.787	935	-48
4.1.2 equity securities and shares index	432	2.895	-4.545	-409	-1.627	-646
4.1.3 currencies and gold	X	X	X	X	-431	-1.048
4.1.4 other	9.907	15	-9.921	—	1	—
4.2. Credit derivatives	6.229	46	-6.017	-3.417	-3.159	-1.368
Total	26.680	5.011	-30.577	-5.624	-5.920	1.624

* please refer to the column Net Profit as the valid amount

Net trading result decreased compared to June 2025 moving from €1,62m to €-5,92m, mainly attributable to:

- a negative impact resulting from premiums paid on credit derivatives used to hedge the credit risk of CLO exposures, totaling €-3,4 million in June 2026, compared to €-1,5 million in June 2025;
- a negative realized and unrealized item within the net trading result, amounting to €-1,43m in June 2026, compared with €-0,8m in June 2025;
- the dynamic of the net foreign exchange loss, which can be explained as the sum of (i) the exchange differences on financial assets and liabilities in foreign currencies (cf. caption 3. of the table above), and (ii) the net gain/loss on financial derivatives on currencies and gold (cf. caption 4.1.3 of the table above). Net foreign exchange item, throughout the financial year, passed from €4,6m of June 2025 to €-0,98m of June 2026.

Section 4

Heading 90 – Net hedging income/expense

4.1 Net hedging income (expense): breakdown (in € k)

	30/06/2026	30/06/2025
A. Income from:		
A.1 Fair value hedge derivatives	1.347	578
A.2 Financial assets hedged (fair value)	—	—
A.3 Financial liabilities hedged (fair value)	1.229	-593
A.4 Cash flow hedge financial derivatives	—	—
A.5 Assets and liabilities in foreign currency	—	—
Total hedging income (A)	2.576	-15
B. Expenses relating to:		
B.1 Fair value hedge derivatives	-2.489	72
B.2 Financial assets hedged (fair value)	—	—
B.3 Financial liabilities hedged (fair value)	-168	-22
B.4 Cash flow hedge financial liabilities	—	—
B.5 Assets and liabilities in foreign currency	—	—
Total hedging expenses (B)	-2.657	50
C. Net hedging income (A-B)	-81	35

The fair value change due to the exchange rate for the hedged instrument is recorded under profit and loss - Heading 90 “Net hedging income (expense)” - while the remaining fair value (any difference, i.e. partial ineffectiveness of the hedging derivatives) is recorded under Heading 80, “Net trading gains (losses)”.

Section 5

Heading 100 – Gain or loss on disposals or repurchases

5.1 Gain (loss) on disposals/repurchases breakdown (in € k)

Items/Income	30/06/2026			30/06/2025		
	Gains	Losses	Net profit (loss)	Gains	Losses	Net profit (loss)
A Financial assets						
1. Financial assets valued at amortized co	276	-70	206	164	-1	163
1.1 Loans and receivables from banks	—	—	—	—	—	—
1.2 Loans and receivables from custom	276	-70	206	164	-1	163
2. Financial assets valued at FVOCI	—	—	—	—	—	—
2.1 Debt securities	—	—	—	—	—	—
2.2 Loans	—	—	—	—	—	—
Total assets (A)	276	-70	206	164	-1	163
B Financial liabilities valued at amortized cost						
1. Deposits with banks	—	—	—	—	—	—
2. Deposits with customers	—	—	—	—	—	—
3. Debt securities in issue	348	—	348	—	—	—
Total liabilities (B)	348	—	348	—	—	—

Thanks to the optimization of the financing portfolio occurred in the last periods the Bank did not continue this financial year with disposals or purchases of financial assets.

Heading 110 – Gain or loss on other financial assets and liabilities measured at FVTPL net

5.2 Net variation in the value of other financial assets and liabilities measured at FVTPL: breakdown of financial assets and liabilities designated at fair value (in €k)

	30/06/2026	Capital gains (A)	Proceeds from disposal (B)	Capital Losses (C)	Minus from disposal (D)	Net result* [(A+B)-(C+D)]
1. Financial assets		2.062	615	886	—	1.791
1.1 Debt securities		—	—	—	—	—
1.2 Loans		2.062	615	886	—	1.791
2. Financial liabilities		4.083	239	2.179	1.415	728
2.1 Debt securities in issue		4.083	239	2.179	1.415	728
2.2 Due to banks		—	—	—	—	—
2.3 Due to customers		—	—	—	—	—
3. Foreign-currency denominated financial assets and liabilities: exchange rate differences		X	X	X	X	-265
Total		6.145	854	3.065	1.415	2.254

* please refer to the column Net Result as the valid amount

30/06/2025	Capital gains (A)	Proceeds from disposal (B)	Capital Losses (C)	Minus from disposal (D)	Net result* [(A+B)-(C+D)]
1. Financial assets	718	33	-55	—	806
1.1 Debt securities	—	—	—	—	—
1.2 Loans	718	33	-55	—	806
2. Financial liabilities	463	1.180	899	2.550	-1.806
2.1 Debt securities in issue	463	1.180	899	2.550	-1.806
2.2 Due to banks	—	—	—	—	—
2.3 Due to customers	—	—	—	—	—
3. Foreign-currency denominated financial assets and liabilities: exchange rate differences	X	X	X	X	1.825
Total	1.181	1.213	844	2.550	825

* please refer to the column Net Result as the valid amount

5.3 Net variation in the value of other financial assets and liabilities measured at FVTPL: breakdown of other financial assets mandatorily measured at fair value (in € k)

30/06/2026	Capital gains (A)	Proceeds from disposal (B)	Capital Losses (C)	Minus from disposal (D)	Net result* [(A+B)-(C+D)]
1. Financial assets	16.028	—	—	—	16.028
1.1 Debt securities	—	—	—	—	—
1.2 Equity securities	—	—	—	—	—
1.3 UCITs	16.028	—	—	—	16.028
1.4 Loans	—	—	—	—	—
2. Foreign-currency denominated financial assets and liabilities: exchange rate differences	X	X	X	X	2.049
Total	16.028	—	—	—	18.077

* please refer to the column Net Result as the valid amount

30/06/2025	Capital gains (A)	Proceeds from disposal (B)	Capital Losses (C)	Minus from disposal (D)	Net result* [(A+B)-(C+D)]
1. Financial assets	5.321	—	—	—	5.321
1.1 Debt securities	—	—	—	—	—
1.2 Equity securities	—	—	—	—	—
1.3 UCITs	5.321	—	—	—	6.533
1.4 Loans	—	—	—	—	—
2. Foreign-currency denominated financial assets and liabilities: exchange rate differences	X	X	X	X	-5.210
Total	5.321	—	—	—	111

* please refer to the column Net Result as the valid amount

Section 6

Heading 130 – Net write-off for credit risk

6.1 Net write-off for credit risk: breakdown (in € k)

Items/Income		Writedowns (1)			Writebacks (2)		30/06/2026 (1)+(2)	30/06/2025
		Stage1 and Stage2	Stage3		Stage1 and Stega2	Stage3		
			Write-off	Others				
A	Loans and receivables with banks	-86	—	—	511	—	425	-362
	- Loans and receivables	-86	—	—	511	—	425	-362
	- Notes	—	—	—	—	—	—	—
	of which: financial assets purchased or origi credit impaired	—	—	—	—	—	—	—
B	Loans and receivables with customers	-4.984	—	—	4.185	—	-799	46
	- Loans and receivables	-4.984	—	—	4.185	—	-799	46
	- Notes	—	—	—	—	—	—	—
	of which: financial assets purchased or origi credit impaired	—	—	—	—	—	—	—
Total		-5.070	—	—	4.696	—	-374	-316

Impairment provisions for credit exposures amounted to a negative contribution of €-0,4m in June 2026, mainly driven by higher drawn customer loans during the period, the update of the risk overlay framework to incorporate geopolitical risk(replacing the US tariffs criterion) and climate-related risks, and the migration of certain counterparties from Stage 1 to Stage 2.

Section 7

Heading 190 – Administrative expenses

7.1 Personnel costs: breakdown (in € k)

Type of expense/Amounts	30/06/2026	30/06/2025
1. Employees	-1.668	-1.719
a) wages and salaries	-1.310	-1.450
b) social security contributions	-42	-31
c) severance indemnities	—	—
d) pension contributions	-91	-65
e) transfers to severance indemnity provision	—	—
f) transfers to post-employment and similar benefits:	—	—
– defined contribution	—	—
– defined benefit	—	—
g) payments to outside complementary pension schemes:	-142	-151
– defined contribution	-142	-151
– defined benefit	—	—
h) expenses incurred in connection with share payment schemes	—	39
i) other staff benefits	-83	-61
2. Other staff	—	—
3. Board members	-87	-87
Total	-1.755	-1.806

Expenditure on salaries is generally in line compared to December 2025.

The average number of employees remained stable over the period, although the headcount at the end of the period was higher in June 2026.

7.2 Number of employees by category

	30/06/2026	30/06/2025
Employees	19	17
a) senior executives	4	3
b) executives	1	—
c) other employees	14	14
Other staff	2	2
Total	21	19

7.3 Other administrative expenses: breakdown (in € k)

Type of expense/Amounts	30/06/2026	30/06/2025
OTHER ADMINISTRATIVE EXPENSES		
– legal, tax and professional services	-256	-252
– loan recovery activity	0	0
– marketing and communication	-5	-10
– property expenses	-43	-37
– IT and data processing	-1.209	-1.242
– Info-provider	-13	-14
– bank charges, collection and payment fees	-66	-92
– operating expenses	-987	-1.028
– other staff expenses	-11	-26
– other costs	-442	-464
– indirect and other taxes	-321	-276
Total	-3.353	-3.441

Other administrative expenses amount to €3,353k as of June 2026, whereas in June 2025 administrative costs amounted to €3,441k. During the first half of the fiscal year, a general decrease in expenses was recorded, mainly driven by IT and operating costs. This positive trend was partially offset by an increase of indirect taxes.

Section 8

Heading 200 – Net adjustments to provisions for risks and charges

8.1 Net adjustments to provisions for risks and charges: composition of the net provisions for credit risk related to commitments to disburse funds and/or financial guarantees issued (in € k)

	30/06/2026			30/06/2025		
	Net provisions	Net releases of surplus	Total	Net provisions	Net releases of surplus	Total
Loan commitments	10	—	10	394	—	394
Financial guarantees issued	25	—	25	-86	—	-86
Total	35	—	35	308	—	308

Section 9

Heading 210 – Net adjustments to tangible assets

9.1 Value adjustments in respect of tangible assets: breakdown (in € k)

Asset/Income	Depreciation	Impairment	Write-back	Net result
	(a)	(b)	(c)	(a+b-c)
A. Property, equipment and investment properties				
1 For operational use	-105	—	—	-105
- Owned	—	—	—	—
- Licences acquired through leases	-105	—	—	-105
2 Held for investment purpose	—	—	—	—
- Owned	—	—	—	—
- Licences acquired through leases	—	—	—	—
Total 30/06/2026	-105	—	—	-105
Total 30/06/2025	-109	—	—	-109

Section 10

Heading 230 – Other operating income (expense)

10.1 Other operating income (expenses): breakdown (in € k)

	30/06/2026	30/06/2025
a) Leasing activity	—	—
b) Other expenses	-57	-55
Total expense	-57	-55
a) Amounts recovered from customers	—	—
b) Leasing activity	—	—
c) Other income	240	247
Total income	240	247
Net income (expense)	183	192

The caption “Other expenses” and “Other income” did not record any significant event in the Financial year ended in June 2026.

Section 11

Heading 300 – Income tax on the ordinary activity

11.1 Income tax on the ordinary activity: composition (in € k)

	30/06/2026	30/06/2025
1. Current tax expenses	-5.407	-542
2. Changes in current tax expenses of the previous years	—	—
3. Changes of deferred tax assets	—	—
4. Changes of deferred tax liabilities	—	—
Total	-5.407	-542

Income tax on the ordinary activity amount to €-5,407k and consists of:

- a) the Net Wealth Tax ('NWT') charge amounting to € nil (€ nil in June 2025) thanks to the creation of the NWT reserve (see Heading 150 – Reserves);
- b) Payment on WHT on dividend to shareholder for €13k;
- c) the income taxes for an amount of €5,407k, are the result of:
 - €3,870k of Corporate income tax ('CIT');
 - €1,524k of Municipality business tax ('MBT');

PART E – OPERATING SEGMENT REPORTING



A. PRIMARY SEGMENT REPORTING

Under IFRS 8, an entity must disclose information to enable users of its financial statements to evaluate the nature and financial efforts of the different business activities in which it engages and the different economic environments in which it operates (referred to as “operating segments”). The Bank does not run separate accounts or reporting for individual divisions or other business segments, primary because the business is essentially focused on wholesale banking.

The local management (Chief Operating Decision Maker “CODM”) is responsible for setting the objectives of the strategic plan in terms of markets, products, segments. The segment reporting is aligned with the internal reporting reviewed by the CODM and reflects the way in which the Bank operates and manages its business, ensuring consistency with other internal reporting (ie. ALM reporting). The criteria applied in the current year are consistent with those adopted in the previous year and continue to be based on the following operating segments: Corporate and Investment Banking, Equity, Treasury and Corporate center.

For the purposes of preparation of the Segment Reporting, balance sheet results attributed to the various business sectors were calculated according to the accounting principles used in the preparation and presentation of the financial statements. Use of the same accounting standards allows segment data and financial position data to be effectively reconciled.

The business segments are formed by aggregating lines of business that share similar characteristics in terms of the types of products and services offered.

The tables for the Profit or Loss accounts reflect what is explained above for the Balance Sheet.

No operating segments have been aggregated to form the above reportable operating segments, and the following are managed on a Group basis and are not allocated to operating segments: administrative expenses, capital expenditures, current taxes, deferred taxes, and certain assets and liabilities.

A.1 Financial statement by business segment (in € k)

CAPTION	Corporate and Investment Banking	Equity	Treasury/HF	Corporate Center	30/06/2026
Banking book - core activities	3.332.635	95.824	-	-	3.428.459
<i>o/w: Loan to Customer</i>	<i>3.332.635</i>	-	-	-	<i>3.332.635</i>
Treasury and cash	-	-	4.732.602	-	4.732.602
Financial trading activities	270.877	-	75.573	-	346.450
Other assets - segment	1.356	4.150	11.344	7.594	24.444
TOTAL ASSETS	3.604.869	99.974	4.819.518	7.594	8.531.955
Funding	-3.545.949	-	-	-737	-3.546.687
Treasury Funding	-	-	-4.491.120	-	-4.491.120
Trading liabilities	-	-	-31.510	-	-31.510
Other liabilities - segment	-9.460	-	-3.935	-13.645	-27.039
TOTAL LIABILITIES (Funding + Trading)	-3.555.410	-	-4.526.566	-14.382	-8.096.357

CAPTION	Corporate and Investment Banking	Equity	Treasury/HF	Corporate Center	31/12/2025
Banking book - core activities	3.265.013	68.390	-	-	3.333.403
<i>o/w: Loan to Customer</i>	<i>3.265.013</i>	-	-	-	<i>3.265.013</i>
Treasury and cash	-	-	4.789.383	-	4.789.383
Financial trading activities	264.094	-	65.819	-	329.913
Other assets - segment	2.001	4.150	4.631	5.477	16.258
TOTAL ASSETS	3.531.108	72.540	4.859.833	5.477	8.468.957
Funding	-3.691.472	-	-	-853	-3.692.325
Treasury Funding	-	-	-4.285.316	-	-4.285.316
Trading liabilities	-1.543	-	-46.772	-	-48.314
Other liabilities - segment	-2.869	-	-1.912	-12.398	-17.179
TOTAL LIABILITIES (Funding + Trading)	-3.695.884	-	-4.334.000	-13.251	-8.043.135

A.2 Statement of Profit or Loss data by business segment (in € k)

CAPTION		Corporate and Investment Banking	Equity	Treasury/HF	Corporate Center	30/06/2026
010.	Interest and similar income	73.420	-	76.595	-	150.015
020.	Interest and similar charges	-66.824	-	-71.484	-8	-138.316
030.	Net interest income	6.596	-	5.111	-8	11.700
040.	Fee and commission income	5.881	-	2.944	-	8.825
050.	Fee and commission expenses	-5.171	-	-3.565	-	-8.736
060.	Net fee and commission income	710	-	-621	-	89
070.	Dividend and similar income	-	1.213	-	-	1.213
080.	Net trading income (expenses)	14.573	11	-20.504	-	-5.920
090.	Net hedging income (expenses)	82	0	-163	-	-81
100.	Gains (losses) on disposal or repurchase of:	554	-	-	-	554
	<i>a) financial assets measured at amortised cost</i>	206	-	-	-	-
	<i>b) financial assets measured at fair value through other comprehensive income</i>	-	-	-	-	-
	<i>c) financial liabilities</i>	348	-	-	-	348
110.	Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss,	2.255	18.077	-	-	20.332
	<i>a) financial assets and liabilities designated at fair value</i>	2.255	-	-	-	2.255
	<i>b) Other financial assets mandatorily measured at fair value</i>	-	18.077	-	-	18.077
120.	Total income	24.770	19.301	-16.177	-8	27.886
130.	Net write-offs (write-backs) for credit risk:	-799	-	425	-	-374
150.	Net income from financial operations	23.971	19.301	-15.752	-8	27.511
190.	Administrative expenses:	-	-	-	-5.108	-5.108
200.	Net adjustments to provisions for risks and charges	35	-	-	-	35
210.	Net adjustments to tangible assets	-	-	-	-106	-106
230.	Other operating income (expenses)	239	-	-	-56	183
290.	Profit (loss) of the ordinary activity before tax	24.245	19.301	-15.752	-5.277	22.516
300.	Income tax on the ordinary activity	-	-	-	5.407	-5.407
330.	Profit (loss) for the year	24.245	19.301	-15.752	-10.685	17.109

CAPTION		Corporate and Investment Banking	Equity	Treasury/HF	Corporate Center	30/06/2025
010.	Interest and similar income	66.137	420	77.133	-	143.690
020.	Interest and similar charges	-61.854	-	-71.637	-30	-133.520
030.	Net interest income	4.283	420	5.497	-30	10.170
040.	Fee and commission income	7.751	-	2.842	-	10.593
050.	Fee and commission expenses	-7.686	-	-2.108	-	-9.794
060.	Net fee and commission income	65	-	734	-	799
070.	Dividend and similar income	-	-	-	-	-
080.	Net trading income (expenses)	-8.829	-	10.452	-	1.623
090.	Net hedging income (expenses)	-54	-	90	-	35
100.	Gains (losses) on disposal or repurchase of:	163	-	-	-	163
	<i>a) financial assets measured at amortised cost</i>	163	-	-	-	163
	<i>b) financial assets measured at fair value through other comprehensive income</i>	-	-	-	-	-
	<i>c) financial liabilities</i>	0	-	-	-	0
110.	Gains (losses) on other financial assets and liabilities measured at fair value through profit or loss,	720	216	-	-	937
	<i>a) financial assets and liabilities designated at fair value</i>	825	-	-	-	825
	<i>b) Other financial assets mandatorily measured at fair value</i>	-105	216	-	-	112
120.	Total income	-3.652	636	16.773	-30	13.727
130.	Net write-offs (write-backs) for credit risk:	46	0	-362	-	-316
150.	Net income from financial operations	-3.607	636	16.411	-30	13.410
190.	Administrative expenses:	-	-	-	-5.246	-5.246
200.	Net adjustments to provisions for risks and charges	307	-	-	-	307
210.	Net adjustments to tangible assets	-	-	-	-109	-109
230.	Other operating income (expenses)	246	-	-	-54	192
290.	Profit (loss) of the ordinary activity before tax	-3.054	636	16.411	-5.439	8.554
300.	Income tax on the ordinary activity	-	-	-	-542	-542
330.	Profit (loss) for the year	-3.054	636	16.411	-5.981	8.012

SUBSEQUENT EVENTS

With regard to the merger and integration project within the BMPS Group¹⁴, Mediobanca resolved to commence the activities required to pursue the integration with BMPS through a merger by incorporation. The transaction would result in the delisting of Mediobanca and will be carried out in compliance with the applicable related-party transaction regulations and all relevant legal requirements.

The Bank is not aware of any material changes to its business model, operations or financial position arising from the corporate reorganisation involving its direct parent company.



¹⁴ The Parent Company Monte dei Paschi di Siena and Mediobanca announced that they had approved plans for Mediobanca to be merged into BMPS as part of a broader reorganization which also entails: a) the Corporate and Investment Banking and high-end client Private Banking activities being hived off to an unlisted company to be 100%-owned by BMPS which will take on the name “Mediobanca S.p.A.”; b) the FA networks and retail and affluent wealth management activities of Mediobanca Premier and Banca Widiba will be merged (the latter will be assigned a new name which too will include reference to the Mediobanca brand).

In 8 June 2026 Intesa Sanpaolo S.p.A. gave notice that it was launching a voluntary public acquisition and exchange offer (the “Offer”), not previously agreed with the Bank, to acquire 100% of the shares of Banca MPS, including any new shares to be issued for purposes of the exchange entailed by the merger with Mediobanca if the Offer was completed after the merger becomes effective.

ANNEX I

RECONCILIATION BETWEEN OFFICIAL AND RESTATED FINANCIAL STATEMENTS

Executive summary

The management report includes a restated statement of financial position and a restated statement of comprehensive income to support management commentary and evaluation over the results achieved during the course of the financial year. A reconciliation between the official and the restated financial statements is set hereunder to facilitate lectors' review and understanding.

1.1 Statement of financial position as at 30 June 2026 (in € k)

		Total assets (restated)							
		Cash and cash equivalents	Cash available at Central Bank	Loans to banks	Loans to customers	Trading securities	Investment securities and Banking book	Derivatives	Equity investments and Other assets
30/06/2026									
10. Cash and cash equivalents	241.546	241.546	—	—	—	—	—	—	—
20. Financial assets valued at FVTPL	442.274	—	—	—	51.539	219.338	95.824	75.573	—
40. Financial assets valued at amortised cost	7.823.690	—	17.027	4.474.028	3.332.635	—	—	—	—
50. Hedging derivatives	1.960	—	—	—	—	—	—	1.960	—
70. Equity investments	4.150	—	—	—	—	—	—	—	4.150
90. Property, plant and equipment	730	—	—	—	—	—	—	—	730
110. Tax assets	6.864	—	—	—	—	—	—	—	6.864
130. Other assets	10.740	—	—	—	—	—	—	—	10.740
Total assets	8.531.954	241.546	17.027	4.474.028	3.384.174	219.338	95.824	77.533	22.484

		Total liabilities (restated)							
		Amount due to customers	Debt securities issued	Amount due to banks	Derivatives	Provisions for risks and charges	Other liabilities	Net equity	Net profit
30/06/2026									
10. Financial liabilities valued at amortised cost	7.925.246	76.792	5.393.900	2.454.554	—	—	—	—	—
20. Financial liabilities valued at FVTPL	31.510	—	—	—	31.510	—	—	—	—
30. Financial liabilities designated at fair value	112.561	—	112.561	—	—	—	—	—	—
40. Hedging derivatives	3.771	—	—	—	3.771	—	—	—	—
60. Tax liabilities	10.167	—	—	—	—	—	10.167	—	—
80. Other liabilities	12.483	—	—	—	—	—	12.483	—	—
100. Provisions for risks and charges	618	—	—	—	—	618	—	—	—
120. Valuation Reserves	-248	—	—	—	—	—	—	-248	—
140. Equity instruments	100.000	—	—	—	—	—	—	100.000	—
150. Reserves	308.737	—	—	—	—	—	—	308.737	—
170. Share capital	10.000	—	—	—	—	—	—	10.000	—
200. Profit (Loss) of the year	17.109	—	—	—	—	—	—	—	17.109
Total liabilities and shareholders' equity	8.531.954	76.792	5.506.461	2.454.554	35.281	618	22.650	418.489	17.109

1.2 Statement of financial position as at 31 December 2025 (in € k)

31/12/2025		Total assets (restated)							
		Cash and cash equivalents	Cash available at Central Bank	Loans to banks	Loans to customers	Trading securities	Investment securities and Banking book	Derivatives	Equity investments and Other assets
10. Cash and cash equivalents	415.586	415.586	—	—	—	—	—	—	—
20. Financial assets valued at FVTPL	398.303	—	—	—	34.601	229.493	68.390	65.819	—
40. Financial assets valued at amortised cost	7.638.810	—	14.242	4.359.555	3.265.013	—	—	—	—
50. Hedging derivatives	1.495	—	—	—	—	—	—	1.495	—
70. Equity investments	4.150	—	—	—	—	—	—	—	4.150
90. Property, plant and equipment	837	—	—	—	—	—	—	—	837
110. Tax assets	4.639	—	—	—	—	—	—	—	4.639
130. Other assets	5.137	—	—	—	—	—	—	—	5.137
Total assets	8.468.957	415.586	14.242	4.359.555	3.299.614	229.493	68.390	67.314	14.763

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31/12/2025		Total liabilities (restated)							
		Amount due to customers	Debt securities issued	Amount due to banks	Derivatives	Provisions for risks and charges	Other liabilities	Net equity	Net profit
10. Financial liabilities valued at amortised cost	7.905.746	76.687	5.188.997	2.640.062	—	—	—	—	—
20. Financial liabilities valued at FVTPL	48.314	—	—	—	48.314	—	—	—	—
30. Financial liabilities designated at fair value	71.896	—	71.896	—	—	—	—	—	—
40. Hedging derivatives	1.912	—	—	—	1.912	—	—	—	—
60. Tax liabilities	4.780	—	—	—	—	—	4.780	—	—
80. Other liabilities	9.834	—	—	—	—	—	9.834	—	—
100. Provisions for risks and charges	653	—	—	—	—	653	—	—	—
120. Valuation Reserves	-318	—	—	—	—	—	—	-318	—
140. Equity instruments	100.000	—	—	—	—	—	—	100.000	—
150. Reserves	308.751	—	—	—	—	—	—	308.751	—
170. Share capital	10.000	—	—	—	—	—	—	10.000	—
200. Profit (Loss) of the year	7.389	—	—	—	—	—	—	—	7.389
Total liabilities and shareholders' equity	8.468.957	76.687	5.260.893	2.640.062	50.226	653	14.614	418.433	7.389

2.1 Statement of Profit or Loss as at 30 June 2026 (in € k)

		Statement of Profit or Loss (restated)								
		Net interest income	Net fee and commission income	Net profit from Trading, FV measurement	Net profit (loss) from hedging	Other operating income (expenses)	Operating costs	Loans impairment	Other gains (losses)	Fiscal provision
30/06/2026										
010.	Interests and similar income	150.015	150.015	—	—	—	—	—	—	—
020.	Interest and similar charges	-138.316	-138.316	—	—	—	—	—	—	—
030.	Net interest income	11.699	11.699	—	—	—	—	—	—	—
040.	Fee and commission income	8.825	—	7.191	1.634	—	—	—	—	—
050.	Fee and commission expense	-8.735	—	-7.419	-716	—	—	—	-600	—
060.	Net fee and commission income	90	—	-228	918	—	—	—	-600	—
070.	Dividends and similar income	1.213	—	—	—	—	—	—	1.213	—
080.	Net trading income (expense)	-5.921	-3.392	—	-2.529	—	—	—	—	—
090.	Net hedging income (expense)	-81	—	—	-81	—	—	—	—	—
100.	Gain or loss on disposal or repurchase of:	554	—	—	554	—	—	—	—	—
110.	Gains (losses) on other financial assets and liabilities measured at FVTPL	20.331	—	—	4.303	—	—	—	16.028	—
120.	Total income	27.885	8.307	-228	3.246	-81	—	—	16.641	—
130.	Net write-offs (write-backs) for credit risk:	-374	—	—	—	—	—	-374	—	—
150.	Net income from financial operations	27.511	8.307	-228	3.246	-81	—	-374	16.641	—
190.	Administrative expenses	-5.108	—	—	—	—	-5.108	—	—	—
a)	personnel costs	-1.755	—	—	—	—	-1.755	—	—	—
b)	other administrative expenses	-3.353	—	—	—	—	-3.353	—	—	—
200.	Net adjustments to provisions for risks and charges	35	—	—	—	—	—	35	—	—
210.	Net adjustments to tangible assets	-105	—	—	—	—	-105	—	—	—
230.	Other operating income (expenses)	183	—	—	—	183	—	—	—	—
290.	Profit (loss) of the ordinary activity before tax	22.516	8.307	-228	3.246	-81	183	-5.213	-339	16.641
300.	Income tax on the ordinary activity	-5.407	—	—	—	—	—	—	—	-5.407
330.	Profit (loss) for the year	17.109	8.307	-228	3.246	-81	183	-5.213	-339	16.641

2.2 Statement of Profit or Loss as at 30 June 2025 (in € k)

		Statement of Profit or Loss (restated)								
		Net interest income	Net fee and commission income	Net profit from Trading, FV measurement	Net profit (loss) from hedging	Other operating income (expenses)	Operating costs	Loans impairment	Other gains (losses)	Fiscal provision
30/06/2026										
010.	Interests and similar income	143.690	143.690	—	—	—	—	—	—	—
020.	Interest and similar charges	-133.521	-133.521	—	—	—	—	—	—	—
030.	Net interest income	10.169	10.169	—	—	—	—	—	—	—
040.	Fee and commission income	10.593	—	8.951	1.642	—	—	—	—	—
050.	Fee and commission expense	-9.793	—	-7.810	-701	—	—	—	-1.282	—
060.	Net fee and commission income	800	—	1.141	941	—	—	—	-1.282	—
070.	Dividends and similar income	—	—	—	—	—	—	—	—	—
080.	Net trading income (expense)	-3.546	-1.525	—	-2.021	—	—	—	—	—
090.	Net hedging income (expense)	35	—	—	—	35	—	—	—	—
100.	Gain or loss on disposal or repurchase of:	163	—	—	163	—	—	—	—	—
110.	Gains (losses) on other financial assets and liabilities measured at FVTPL	6.105	—	—	784	—	—	—	5.321	—
120.	Total income	13.726	8.644	1.141	-133	35	—	—	4.039	—
130.	Net write-offs (write-backs) for credit risk:	-316	—	—	—	—	—	-316	—	—
150.	Net income from financial operations	13.410	8.644	1.141	-133	35	—	-316	4.039	—
190.	Administrative expenses	-5.247	—	—	—	—	-5.247	—	—	—
a)	personnel costs	-1.806	—	—	—	—	-1.806	—	—	—
b)	other administrative expenses	-3.441	—	—	—	—	-3.441	—	—	—
200.	Net adjustments to provisions for risks and charges	308	—	—	—	—	—	308	—	—
210.	Net adjustments to tangible assets	-109	—	—	—	—	-109	—	—	—
230.	Other operating income (expenses)	192	—	—	—	192	—	—	—	—
290.	Profit (loss) of the ordinary activity before tax	8.554	8.644	1.141	-133	35	192	-5.356	-8	4.039
300.	Income tax on the ordinary activity	-542	—	—	—	—	—	—	—	-542
330.	Profit (loss) for the year	8.012	8.644	1.141	-133	35	192	-5.356	-8	4.039

For the purposes of these financial statements, the reporting period has been restated to reflect the period from 1 January 2025 to 30 June 2025.

ANNEX II

GLOSSARY

Executive summary

A list (non-exhaustive) of certain technical terms is provided below in the meaning adopted in the financial statements as at June 30th.

* * *

ABS – Asset Backed Security

Financial security whose yield and redemption are guaranteed by a pool of underlying assets (collateral) such as loans, mortgages, leases, royalties or other receivables. This kind of securities are generally issued by a Special Purpose Vehicle and the pool of underlying assets is typically a group of small and illiquid assets which are unable to be sold individually.

ALM – Asset and Liability Management

Integrated management of assets and liabilities to optimize allocation of resources on a risk/return basis.

APM – Alternative Performance Measures

Cf. Annex II – Guidelines on Alternative Performance Measures.

ASF – Available Stable Funding

Available Stable Funding (ASF) is an input to the calculation of the net stable funding ratio (NSFR) for Bank prudential management purposes. ASF is the bank's liabilities, weighted according to their expected stability (which is, in turn, determined by the funding tenor, type and counterparty).

AT1 – Additional Tier 1

Additional Tier 1 capital is defined as instruments with undetermined/continuous duration that are not common equity but are eligible to be included in this tier.

Basel Accords

Guidelines on capital requirements for banks, compiled by the Basel Committee with a view to establishing standard, harmonized regulation of banking supervision at supranational level. The first accord published by the Basel Committee was in 1988 and introduced a set of minimum capital requirements for banks to reduce credit and market risk deriving from the possibility of assets losing their value excessively.

a) Basel II: The short name given to the document entitled International Convergence of Capital Measurement and Capital Standards signed in Basel in 2004 which came into force in 2008.

b) Basel III: This name refers to the new prudential requirements introduced at European level by the CRD IV/CRR package.

c) Basel IV: New regulatory framework which includes a revision of Basel III provisions and standards; it will enter into force by different stages.

Certificates

Certificates are financial instruments which in contractual terms are equivalent to derivatives with an option component, and which replicate the performance of an underlying asset. In acquiring a certificate, the investor obtains the right to receive a sum linked to the value of the underlying instrument at a given date.

CDO - Collateralized Debt Obligation

CDOs are fixed-income securities which have a portfolio of bonds, loans and other debt instruments as their collateral.

CLO - Collateralized Loan Obligation

A particular type of CDO (see definition), in which the collateral is made up by receivables.

CET1 – Common Equity Tier 1

Bank's core capital which primarily consists of ordinary shares, retained earnings and certain reserves.

CET1 Ratio – Common Equity Tier1 Ratio

The ratio of Common Equity Tier 1 capital (CET1) to total risk-weighted assets.

Commercial Paper

Short-term financing instrument with duration generally of one year or less.

Contingency Funding Plan

Set of operating procedures developed internally by a bank in order to manage liquidity crisis (short-term and/or medium-/long- term).

CoR - Cost of Risk

Ratio between loan loss provisions and average net volumes of loans to customers.

CRD – Capital Requirement Directive

EU Directives n. 2006/48 and 2006/49, implemented by the Bank of Italy with circular no. 263/2006 and subsequent updates, which introduce the decisions taken within the framework of the Community legal system "Basel 3" agreements (see entry). In particular, the CRD IV "Package" repeals the two Directives mentioned and is composed of the EU Directive 2013/36 on access to the activity of credit institutions and on prudential supervision and by the Regulation EU 575/2013 relating to prudential requirements, implemented by the Bank of Italy with the circular no. 285 of 17 December 2013 and subsequent updates.

CRR/CRR2 – Capital Requirement Regulation

EU Regulation 575/2013, and subsequent updates, relating to the prudential requirements for credit institutions and investment firms. It was adopted in response to the crisis of financial institution that erupted in year 2007, and aims to decrease the probability of bankruptcy of financial institutions by increasing their capital endowments, decreasing exposure to risk and decreasing the financial leverage used.

CSSF – Commission de Surveillance du Secteur Financier

The CSSF is a public institution which supervises the professionals and products of the Luxembourg financial sector. It supervises, regulates, authorizes, informs, and, where appropriate, carries out on-site inspections and issues sanctions. Moreover, it is in charge of promoting transparency, simplicity and fairness in the markets of financial products and services and is responsible for the enforcement of laws on financial consumer protection and on the fight against money laundering and terrorist financing (<http://www.cssf.lu/en/about-the-cssf/about-the-cssf/>).

EBA – European Banking Authority

The European Banking Authority is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.

EBIT – Earnings Before Interest and Taxes

Earnings Before Interest and Taxes (EBIT) is an indicator of a company's profitability.

ECB – European Central Bank

The ECB is the central bank responsible for monetary policy of those European Union member countries which have adopted the euro currency (<https://www.ecb.europa.eu/home/html/index.en.html>). The European Central Bank is also the European body responsible for banking supervision. In conjunction with national supervisors, it operates what is called the Single Supervisory Mechanism (SSM).

ESEF - European Single Electronic Format

This acronym indicates the name of the new harmonized reporting format across the entire EU.

ESG - Environmental, Social, Governance

The definition indicates non-financial criteria used to assess and measure the environmental, social and governance impact of corporations. Considering these parameters, it is also possible to rank corporations according to their degree of adaptation to these criteria.

ESMA – European Security and Markets Authority

The ESMA is an independent European Authority that contributes to safeguarding the stability of the European Union's financial system by enhancing the protection of investors and promoting stable and orderly financial markets (<https://www.esma.europa.eu/about-esma/who-we-are>).

FED – Federal Reserve System

The FED is the central bank of the United States of America. It promotes the effective operation of the U.S. economy and, more generally, the public interest (<https://www.federalreserve.gov/aboutthefed.htm>).

FINREP - Financial Reporting Standards

A document issued by the CEBS (Committee of European Banking Supervisors), a body which provides advisory services to the European Commission on banking regulations. The CEBS also promotes co-operation and convergence of regulatory practices within the European Union. In 2011 the EBA (European Banking Authority – see entry) began to define harmonized supervisory reporting schemes with statistical content. FINREP itself came into force in 2014.

Forborne Exposures

Forborne exposures are defined as debt contracts in which concessions have been granted to a borrower which is in, or is shortly to find itself in, a situation where it is unable to meet its financial commitments (referred to as “financial difficulties”). This situation may apply to both performing and non-performing contracts.

FVO – Fair Value Option

Fair Value Option is an option for the classification of a financial instrument. Using this classification also an instrument which is not a derivative and not held for trading can be valued at fair value with an impact in the P&L.

GDP – Gross Domestic Product

The GDP is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

HQLA – High Quality Liquid Assets

Unencumbered assets which can be included as part of the bank's LCR evaluation thanks to their high liquidity (which is considered to stay preserved also during time of stress). Ideally, HQLA are eligible for discounting with the central bank.

IMF – International Monetary Fund

The IMF is an organization of 189 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. Created in 1945, the IMF is governed by and accountable to the 189 countries that make up its near-global membership (<http://www.imf.org/en/About>).

IAS/IFRS – International Accounting Standards

The IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB). The standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

IASB – International Accounting Standard Board

The IASB is the entity responsible for issuing international accounting standards (IAS/IFRS). The Board is composed by a group of independent experts with an appropriate mix of recent practical experience in setting accounting standards, in preparing, auditing, or using financial reports, and in accounting education.

ICLAAP – Internal Capital and Liquidity Adequacy Assessment Process

Pillar II of the Basel Accords (see definition) requires all intermediaries to put in place a process for ongoing assessment of the adequacy of their internal capital and liquidity (ICAAP). The process must be formalized, documented and approved by the relevant bodies and submitted to internal review on a regular basis.

ICC – Impôt Commercial Communal

Communal business tax levied on the profits of Luxembourg commercial companies.

IF - Impôt sur la Fortune

Public limited companies in Luxembourg are subject to a net wealth tax established by assessing the taxable wealth (in other words, net assets as they appear on the balance sheet at the end of a tax period).

IFRIC – International Financial Reporting Interpretations Committee

A committee within the IASB that establishes official interpretations of international accounting standards (IAS/IFRS).

IRC - Impôt sur le Revenu des Collectivités

Corporate income tax levied on gains made by certain Luxembourg corporations (including capital companies) during the financial year.

Leverage Ratio

The ratio of Common Equity Tier 1 capital (CET1) to total assets and certain off-balance sheet exposures. Similarly, to CET1 Ratio, the Leverage Ratio is used as indicator of the institution's capital adequacy.

LCR – Liquidity Coverage Ratio

Ratio which refers to the amount of High-Quality Liquid Assets (HQLA) held by the institution to meet its short-term liquidity obligations (30 days). LCR is a generic stress test, which aims to ensure that banks have the necessary assets on hand to ride out any short-term liquidity disruptions.

NAV – Net Asset Value

NAV is the net value of an investment fund's assets less its liabilities, divided by the number of shares outstanding. This value is calculated at the end of each trading period based on the closing market prices of the portfolio's securities. The trading period is daily in the case of open-end funds, and monthly for close-end funds.

Non-performing

Non performing exposures are debt instruments and off-balance sheet exposures which satisfy either or both of the following criteria: (i) material exposures which are more than 90 days past-due; (ii) the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral (regardless of the existence of any past-due amount or of the number of days past due).

NSFR – Net Stable Funding Ratio

The NSFR is defined as the amount of available stable funding (ASF) relative to the amount of required stable funding (RSF). The ASF is defined as the portion of equity and liabilities considered to be reliable over the time horizon considered by the NSFR, i.e. one year. The amount of RSF required for a specific bank depends on its liquidity characteristics and the outstanding maturities of the various on- and off-balance-sheet assets held by it. The ratio must remain at a level of at least 100% on an ongoing basis.

OECD – Organization for the Economic Co-Operation and Development

The OECD is an intergovernmental economic organisation with 37 member countries, founded in 1961 to stimulate economic progress and world trade (further information <https://www.oecd.org/about/>).

Overlay (“overlay adjustment”)

The term overlay indicates a provision outside the IFRS9 model, for the purposes of determining value adjustments on credits. According to indications of the IFRS9 accounting standard, and the recommendations of the main competent authorities (ECB, EBA and IASB), the quantification of expected losses, in addition to having to consider historical, current and prospective information, allows for the possibility of resorting to post-financial managerial adjustments (the so-called “post-model overlay or adjustment”). The overlay is used to cover against the risks not captured by the current credit loss calculation framework.

P2G – Pillar 2 Guidance

Additional non-binding capital requirement which might be required by supervisors in order to have sufficient capital as a buffer to withstand stressed situations.

P2R – Pillar 2 Requirement

Additional binding capital requirement which might be imposed by the supervisors to cover those risks that are not fully targeted by the capital requirements and buffers dictated by CRR and CRD IV (e.g. unexpected losses, under-provisioned expected losses, deficiencies in risk measurement models, deficiencies in governance and internal controls).

Payout Ratio

The payout ratio is the percentage of net profit distributed to shareholders in the form of a dividend. This share depends chiefly on the company's need to retain earnings in order to finance its own activities and the returns expected by the shareholders on their investment.

Provisioning (loans)

This term refers to transfer to provisions made in order to cover the expected credit loss. In particular:

- if at the reporting date there is no significant increase in the financial asset credit risk since its initial recognition, the corresponding provision should be valued for 12-months expected losses;
- if at the reporting date there is a significant increase in the financial asset credit risk since its initial recognition, the corresponding provision should be valued for its lifetime expected losses.

ROA – Return On Assets

ROA is the amount of net income returned as a percentage of the average total assets.

ROE – Return On Equity

ROE is a measure of the profitability of a company's own equity, calculated as the amount of net income returned as a percentage of the shareholders' equity.

RWA – Risk Weighted Assets

On-balance sheet assets and off-balance sheet assets are classified and weighted by different coefficients referring to risks (following banking rules issued by local Supervisors to calculate solvency ratios) in order to express a more accurate measurement of their value. The riskier the asset is, the higher will be the risk weight assigned.

RSF – Required Stable Funding

Required Stable Funding (RSF) is an input to the calculation of the net stable funding ratio (NSFR) for Bank prudential management purposes. A bank's Required Stable Funding is calculated from its assets, weighted according to their maturity, credit quality and liquidity, together with an amount in relation to off balance sheet commitments.

SPPI – Solely Payments of Principal and Interest

Test prescribed by the accounting standard IFRS 9 which must be carried out on an instrument by instrument basis to assess whether the contractual terms of a given financial asset (as a whole) give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding (i.e. cash flows that are consistent with a basic lending arrangement).

SPV – Special Purpose Vehicle

A legal entity established to facilitate a single transaction or purpose.

SRB – Single Resolution Board

Authority operational since January 2015 for the resolution of banking crises, within the framework of the SRM (see description below) and the European Banking Union. The authority aims to orderly resolve financial difficulties of banks, with minimal impact on the real economy and public finances of participating EU countries.

SREP - Supervisory Review and Evaluation Process

Evaluation activity carried out by the supervisors once a year to assess and measure the risks for each bank. In SREP decisions, the supervisory authority can require each bank to hold additional capital and/or set qualitative requisites (known as Pillar II).

SRM – Single Resolution Mechanism

Represents the second pillar of the process of unifying the European Banking System. This is introduced by the Single Resolution Mechanism Regulation 806/2014/EU issued the 15 July 2014, and it is made up of two interconnected bodies: the Single Resolution Board (see description above), as a central authority, and the Single Resolution Fund (DIF - Deposit Insurance Fund), as a supranational fund.

Tier 1

Tier 1 equity includes Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1).

Tier 2

Tier 2 capital includes eligible subordinated debt and certain hybrid instruments. Tier 2 is of lower loss-absorbing quality than Tier 1 capital, and its eligible amount for capital adequacy calculation purposes is restricted accordingly.

TLTROs – Targeted Longer-Term Refinancing Operation

The Targeted Longer-Term Refinancing Operations (TLTROs) are Euro system operations that provide financing to credit institutions for periods of up to four years. They offer long-term funding at attractive conditions to banks in order to further ease private sector credit conditions and stimulate bank lending to the real economy.

Total Capital Ratio

The ratio of the bank's total capital (Tier 1 plus Tier 2) to its RWA.

WL Ratio – Watch List Ratio

Ratio which compares the exposures reported within the credit watch list of the institution at the reporting date with the total credit exposure amount (drawn and undrawn commitments, always net of any financial guarantee received from the Parent Bank and/or third-party insurers).

X – Caption shown in the tables

The item "X" indicates that a cell is out of scope or not applicable.

ZLB – Zero Lower Bound

Macroeconomic problem that occurs when the short-term nominal interest rate is at (or near) zero, causing a liquidity trap and limiting the capacity that the central banks have to stimulate economic growth.