Half-Year Financial Report

30 June 2026

cherry bank

CHERRY BANK S.P.A.
Registered office in Padua, Via San Marco 11
Share Capital Euro 64,453,282 fully paid-up
Padua Companies Register, Tax Code and VAT No. 04147080289
ABI 03365
Bank Register No. 5682
Member of Fondo Interbancario di Tutela dei Depositi
(Interbank Fund for Deposit Protection)
Member of Fondo Nazionale di Garanzia (National Guarantee Fund)

Officers

Board of Directors

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Gabriele Piccolo **Deputy Chair**

Giovanni Bossi **CEO**

Samuele Butturini **Director**

Pietro Caliceti **Director**

Elisa Cavezzali **Director**

Francesca Maderna **Director**

Federico Sforza **Director**

Marina Vienna **Director**

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Giovanna Ciriotto **Standing Auditor**

Carlo Regoliosi **Standing Auditor**

Filippo Fornasiero **Alternate Auditor**

Valentina Martina **Alternate Auditor**

Independent Auditors

EY S.p.A.

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Half Year Report on operations


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Highlights and KPI

Highlights

(amounts in thousands of Euro)

Key Balance Sheet Figures	30/06/2026	31/12/2025	Changes	
			Absolute	%
Financial assets measured at fair value	80,603	98,905	(18,302)	(18.5%)
Receivables due from banks	267,343	17,876	249,467	1395.5%
Receivables due from customers	3,536,309	3,214,066	322,243	10.0%
Other assets measured at fair value	576,322	930,387	(354,065)	(38.1%)
Other asset items	193,330	285,099	(91,769)	(32.2%)
Total assets	**4,653,907**	**4,546,333**	**107,574**	**2.4%**
Payables due to banks	2,021,419	1,932,758	88,661	4.6%
Payables due to customers	2,285,480	2,324,460	(38,980)	(1.7%)
Shareholders' Equity	**242,621**	**218,671**	**23,950**	**11.0%**

(amounts in thousands of Euro)

Main reclassified Income Statement figures [1]	First half		Changes	
	2026	2025	Absolute	%
Net banking income	**102,202**	**103,835**	**(1,633)**	**(1.6%)**
Net losses/recoveries for credit risk	(6,219)	(7,077)	858	(12.1%)
Net income from financial operations	**95,983**	**96,758**	**(775)**	**(0.8%)**
Operating costs	(57,965)	(58,676)	711	(1.2%)
Gross profit	**38,033**	**38,082**	**(49)**	**(0.1%)**
Net profit	**23,564**	**25,121**	**(1,557)**	**(6.2%)**

[1] Net losses/recoveries of receivables associated with purchased receivables related to B.U. NPL and Special Situations (net recoveries 30/06/2025 for Euro 4.1 million and net recoveries 30/06/2026 for Euro 4.3 million) are reclassified under interest income in order to provide a representation consistent with the characteristics of the NPL business, which sees this component as an integral part of performance.

KPIs

	30/06/2026	30/06/2025	Change
Profitability ratios [1]			
ROE (Return on Equity)	20.43%	24.23%	(3.80%)
Cost/income	56.72%	56.51%	0.21%
Cost of risk	1.12%	1.51%	(0.39%)
Capital ratios			
RWA	1,340,185	1,264,174	76,011
CET1	17.15%	16.30%	0.85%
TCR	17.15%	16.30%	0.85%
Risk ratios [2]			
Net bad loans / net loans	1.71%	1.52%	0.19%
Coverage ratio bad loans	35.48%	34.45%	1.03%
Coverage ratio NPE	27.97%	26.55%	1.43%
Normalized gross NPE ratio[3]	6.52%	6.46%	0.07%
Normalized net NPE ratio[3]	4.87%	4.86%	0.01%
Liquidity ratios			
NSFR	147.03%	135.04%	11.99%
LCR	303.79%	263.12%	40.67%

[1] Net losses/recoveries of receivables associated with purchased receivables related to B.U. NPL and Special Situations (net recoveries 30/06/2025 for Euro 4.1 million and net recoveries 30/06/2026 for Euro 4.3 million) are reclassified under interest income in order to provide a representation consistent with the characteristics of the NPL business million sees this component as an integral part of performance.
[2] The gross amount and the value adjustments of the impaired assets acquired as a result of the business combination operations are presented in continuity with the Financial Statements of the merged companies, while also including in the value adjustments the differential arising as a result of the PPA.
[3] Including two disposal carried out in July 2026 for a gross total of Euro 6.3 million, with accounting effetcts occuring after 30/06/2026. The Gross NPE ratio and Net NPA ratio as at 30/06/2026 are 7.09% and 5.25% respectively.

The method used to calculate the profitability ratios is set out in detail below.

ROE - Return on equity	30/06/2026	30/06/2025
Profit (loss) for the year	23,564	25,121
Average shareholders' equity	230,646	207,372
***ROE (A/B)*[1]**	**20.43%**	**24.23%**

[1] Annualised indicator.

Average Shareholder's Equity is calculated as the average of the figures at the beginning and end of the reporting period.

Reclassified cost/income ratio	30/06/2026	30/06/2025
Operating costs	57,965	58,676
Net banking income reclassified[1]	102,202	103,835
Cost/income ratio reclassified (A/B)	**56.72%**	**56.51%**

[1] Net losses/recoveries of receivables associated with purchased receivables related to B.U. NPL and Special Situations (net recoveries 30/06/2025 for Euro 4.1 million and net recoveries 30/06/2026 for Euro 4.3 million) are reclassified under interest income in order to provide a representation consistent with the characteristics of the NPL business million, which sees this component as an integral part of performance.

Cost of Risk reclassified[1]	30/06/2026	30/06/2025
Net losses for credit risk reclassified[1]	6,031	6,921
Net loans	1,081,595	914,611
Cost of Risk reclassified*[1] *(A/B)	**1.12%**	**1.51%**

[1] Net losses/recoveries of receivables associated with purchased receivables related to B.U. NPL and Special Situations (net recoveries 30/06/2025 for Euro 4.1 million and net recoveries 30/06/2026 for Euro 4.3 million) are reclassified under interest income in order to provide a representation consistent with the characteristics of the NPL business, which sees this component as an integral part of performance.
The amount of adjustments to net loans at 30/06/2026 of Euro 6.0 million is net of adjustments to HTC securities and banks totalling Euro 0.2 million.
The indicator is annualised.

Bank profile and strategy

Cherry Bank is the result of an integration carried out at the end of 2021 and has subsequently grown rapidly thanks to its ability to seize market opportunities and successfully conclude acquisition transactions, each time strengthening its structure, skills and organisation.

The first transaction, in 2021, was the merger by acquisition of Cherry 106, an operator specialising in tax credits and impaired loans, into Banco delle Tre Venezie, a traditional corporate and small business regional bank. The second, at the end of 2023 with material execution in May 2024, concerned the merger by incorporation of Banca Popolare Valconca, a local bank with a strong presence in the retail market.

Cherry 106 closed its last Financial Statements before the merger, in 2020, with shareholders' equity of Euro 5.2 million and total assets of Euro 22.9 million consisting exclusively of the NPL business and tax credits. In 2021 – following the merger into Banco delle Tre Venezie, which gave the shareholders of Cherry 106 the majority of the capital of the bank resulting from the merger – the equity amounted to Euro 44.2 million with a CET1 of 13.1% and assets of Euro 2 billion. In less than five years, Cherry Bank has evolved into a diversified Bank with assets of Euro 4.6 billion, a CET1 of 17.15% and a half-yearly net profit of Euro 23.6 million (data as at 30/06/2026).

This extraordinary development has taken place both through the strategy of external growth, which has proven to be a distinctive competence of the Bank, and through organic growth, aimed at exploiting activities with a very high level of specialisation and less covered by traditional operators. As well as the retail funding component and the physical presence on the ground, which is still a distinctive and completely differentiating feature compared to the model of the new banks, because it allows liquidity to be collected from retail customers through a physical network on the ground and not wholesale, a feature that is absent in the models of the new "challenger banks".

In recent years, the Bank has demonstrated a great ability to adapt and evolve its business activities quickly and flexibly to new scenarios and a constantly evolving market, both by planning its strategy and by seizing opportunities.

When, from 2023, the regulatory change prevented the continuation of operations on tax credits, Cherry Bank actively began a progressive and structural review of the business model based on the following guidelines, which are an integral part of the 2026-2028 Strategic Plan:

- a reduction in traditional generalist finance (corporate lending), whose risk-return profile was not fully consistent with the Bank's strategy;
- development of factoring as an ordinary component of the corporate sector: an asset-based business, therefore structurally carrying lower credit risks and, when fully operational, less "capital intensive" than traditional lending, regardless of public guarantee interventions (MCC, Sace), which the Bank has never considered as an autonomous development tool;

- development of special finance (Corporate & Investment Banking — Structured Finance, Special Situations, Turnaround & Strategic Finance), with a controlled risk profile and a significantly higher return that is not comparable to that of traditional lending;
- launch of Wealth Management, with a proposal designed in synergy with the CIB and factoring business lines;
- confirmation of the activity on impaired loans (NPL), which remains, even in a context of increasingly stringent regulatory standards, an activity in which the Bank is capable of generating constantly growing returns, also by virtue of its long experience and the skills at its disposal.

The use of proprietary finance as a lever for development is part of this same approach: not as an ancillary activity but as a structural element for generating value, consistent with the logic of diversification and risk-adjusted return that guides the Bank's entire transformation.

The Bank is now in the midst of this transition: the most recent business areas are growing – Corporate & Investment Banking in particular is emerging as a new driver of profitability, while Wealth Management and Factoring are completing their launch. The growth strategy revolves around a principle of diversification: the Relationship Bank is reorganised into a joint offering model oriented towards factoring, flanked by corporate lending aimed exclusively at customer loyalty in a context where other specialist players cannot offer banking services; the branch network continues to be valued as a stable, low-cost funding channel and as a centre for the development of cross-business-unit relationships; Wealth Management continues with strong growth and product innovation, in a market characterised by a limited capacity for innovation on the part of competing operators; the CIB sector continues to grow in its own segment with a highly distinctive return and controlled risk; the NPL activity continues with a countercyclical approach and rigorous risk management.

Our core businesses

The Bank's business model is divided into three commercial development segments:

- **Relationship Bank** area dedicated to the comprehensive oversight of the needs of customers, individuals and businesses, through the network of branches and local presence, with customised service models. The sector is divided into the Private & Wealth Management, SMEs and Retail Banking business units.
- **Corporate & Investment Banking**, a sector specialising in the design and organisation of complex and extraordinary financial transactions for corporate companies. The sector is able to provide the necessary financial support at every stage of the life cycle. The Area is embodied in the Structured Finance, Special Situations, Turnaround & Strategic Finance and Alternative Investments Business Units.
- **NPL Investment & Management**, the Bank's historic segment, focused on the investment and recovery of non-performing portfolios.

The Core Businesses are supported by the Governance Area, which provides the Business Areas with the financial resources and services necessary for the performance of their respective activities. Governance includes treasury activities and the own securities desk.

Below is a description of the Business Areas and their contribution to the Bank's results.

Relationship Bank

The Relationship Bank sector specialises in serving businesses and individuals through a wide range of traditional banking services, supported by the asset management service and financial support, including through factoring. The distinctive feature of this sector is the strong relationship with customers, also exercised through territorial proximity thanks to the network of branches rooted in Veneto, Lombardia, Emilia-Romagna, and Marche. The Area is divided into the Business Units shown below.

Private & Wealth Management

The Private & Wealth Management Business Unit deals with activities aimed at protecting, increasing and managing the assets of Italian entrepreneurial families. The guiding principle of the Business Unit is the study of transparent, customised investment solutions aimed at creating shared value, in the name of a pact in which the interests of the Bank and the client are fully aligned. Cherry Bank's service model is based on a number of tangible guidelines/strengths, such as the transparency of the commission system, the analysis of non-financial risks and the selection of the best instruments for each individual asset class through the analysis of returns, risks and costs.

SMEs

It supports and finances the growth and development of corporate customers belonging to the SME (Small and Medium-sized Enterprises) segment, with a particular focus on supporting the working capital of companies.
In particular, factoring makes it possible, through the assignment of trade receivables, to obtain an advance of cash flows as well as to outsource the management of the receivables themselves. The target customers are Italian SMEs operating in Italy or abroad with other companies (B2B).

In the course of 2026, the Business Unit is in the process of refocusing its lending towards the factoring sector as opposed to ordinary credit (SBF advances, cash overdrafts or medium/long-term loans).
This process was initiated in consideration of the characteristics of this instrument, which allows for higher returns in terms of profitability as well as a marked mitigation of credit risk: the credit is in fact more divided and the cash flows generally return within 90 days, with a guarantee of repayment by the assigned debtor (or the portfolio of assigned debtors), who generally has a higher standing than the assignor, and can also count on recourse against the assignor if the Bank has not provided a guarantee without recourse.

Retail Banking

The Retail Banking Business Unit offers financial services to individuals and small and micro-enterprises through its network of branches, particularly in the regions of Emilia-Romagna, Marche, Veneto and Lombardy.
It offers the products best suited to customer needs thanks to a wide range of opportunities and services available.

Main results of the Area

Overall, the Relationship Bank Area, following the gradual refocusing towards more profitable products, recorded a decrease in gross loans of 6%, from Euro 782.8 million at the end of 2025 to Euro 737.0 million at the end of the first half of 2026, while maintaining a net banking income that was substantially in line with the corresponding period of the previous year, from Euro 22.7 million in the first half of 2025 to Euro 22.1 million in the first half of 2026, substantially in line with expectations.
The dynamics of the factoring sector are in fact bucking the trend, having grown by 79%, from Euro 43.2 million at the end of 2025 to Euro 77.5 million at the end of the first half of 2026, and even more vigorous growth is expected in the second half of 2026.
The Area's direct and indirect funding, achieved through the development of the Wealth Management sector as well as through the regional branches of the Retail network and the SMEs commercial network, shows significant growth: indirect funding increased by 18% from Euro 1,197.2 million to Euro 1,413.5 million, while direct funding grew by 25%, from Euro 973.0 million at the end of 2025 to Euro 1,220.3 million at the end of the first half of 2026.

Corporate & Investment Banking

Corporate & Investment Banking (also CIB) is the sector of the Bank dedicated to seeking financial interventions in favour of mid/large corporate counterparties, including those in reversible crisis, that require structured and tailor-made solutions.

The individual business units that make up this sector are described in more detail below.

Structured Finance

The Business Unit is responsible for supporting businesses in their development journeys, providing credit in the context of extraordinary corporate transactions to performing SME/Mid Corporate customers, through leveraged buy-out transactions, acquisition finance or corporate lending transactions for non-ordinary investments or reorganisations of corporate liabilities.
The division also specialises in asset-based finance, such as, in particular, the structuring and financing of credit or inventory securitisation transactions.

This area also includes the residual business in tax credits, which consists of the purchase of tax credits from Companies and/or General Contractors operating in the construction sector and their subsequent resale to leading credit/insurance institutions or to corporate entities of high standing, on the basis of agreements stipulated that provide for mutual commitments and within the limits of the pre-determined amounts. Contracts entered into may provide for the resale of all annuities en bloc or for the resale of individual annuities along certain time windows agreed upon by the parties. This business, developed by the Bank from 2021, has been progressively scaled back following the regulatory changes introduced from 2023, which precluded the possibility of transferring and discounting building bonuses on invoices, except for works already started or condominium resolutions prior to the introduction of these changes.

Special Situations

Special Situations aims to support businesses facing crisis and reversible insolvency undertaking restructuring processes, also through insolvency proceedings, to restore their financial balance, on the basis of sustainable businesses. The intervention can take place through the granting of credit lines (new finance) or through the purchase of impaired loans, UTPs and NPLs with different degrees of seniority (mortgages of different degrees, senior, unsecured) with a single name approach in "complex" situations caused by mainly financial imbalances but with businesses allowing the distress to be overcome and its subsequent restructure (back to performing).

Turnaround & Strategic Finance

The Turnaround and Strategic Finance Business Unit aims to provide customised financing solutions in strategic change processes, in the configuration that best suits the needs of the company.

Alternative Investments

Alternative Investments is a sector that is part of Cherry Bank's consolidated structure through the offer of "Cherry brand" products, characterised by low standardisation and structured purely for institutional and professional customers.

Main results of the Area

Overall, the Corporate & Investment Banking Division showed a gross loans growth (including purchases of impaired loans) of 35% compared to the end of 2025, from Euro 208.1 million at the end of 2025 to Euro 281.9 million at the end of the first half of 2026 (Euro 112.5 million in new disbursements in the half-year), with Net banking income, net of the tax credit component, up from Euro 1.0 million at 30/06/2025 to Euro 9.6 million at 30/06/2026, driven in particular by the Structured Finance and Special Situations BUs.
It is noted that at the end of June 2026, the first destocking securitisation transaction in Italy was carried out by the Structured Finance (Asset Based) BU, under the new legislation that came into force on 7 April 2026. The transaction involved the disbursement in a pool with Cassa Depositi e Prestiti of a loan of Euro 10.0 million (Euro 5.0 million in the Cherry Bank portion and Euro 5.0 million in the Cassa Depositi e Prestiti portion) in favour of Magazzino Italia SPV Srl.

With regard to tax credit transactions, at the end of the first half of 2026, Euro 616.0 million of tax credits were present in the balance sheet and recorded under Other assets, compared to Euro 978.7 million at the end of 2025. Operations are expected to gradually nearing completion, in line with the Strategic Plan, with a contribution to the financial result that remains positive, albeit expected to decline progressively through to 2028, at which time the contribution to the income statement from this business will cease. The nominal stock is expected to contract by about Euro 470 million in 2027, approximately a further Euro 45 million in 2028 and the remaining by about Euro 25 million in 2029.
As described in more detail in the Notes to this Half-Year Financial Report, receivables are measured at fair value through profit or loss, in line with the 'Held for Trading' business model typical of the sector. The Net trading result, net of allocated interest expense calculated using the internal transfer rate, amounted to Euro 11.9 million at the end of the first half of 2026, compared to Euro 20.5 million in the corresponding period of the previous year.

NPL Investment & Management

NPL Investment & Management (hereinafter also NPL I&M) is the Bank's Business Unit dedicated to the acquisition and management of non-performing loan portfolios (hereinafter also NPL).

Purchasing business

The investment target is represented by non-performing portfolios of unsecured original nature by both credit institutions and financial intermediaries as part of their lending or normal banking operations. Cherry Bank is active in both the primary and secondary/tertiary markets.
Given the complexity of the portfolios being acquired, a key role is played by the due diligence of the portfolios, which consists of information enrichment on the income and asset holdings of debtors and guarantors, analysis of documentation, generally on a sample of files made available by the transferors, and estimation of expected cash flows on individual positions, distinguishing them according to whether they are to be channelled for judicial or extra judicial recovery.
Both in the due diligence phase and in the on-boarding phase, we also make use of analyses performed by fintech operators, which are able to return structured information on debtors/guarantors in "real time".

On-boarding business

After the purchase, the phase of collecting information preparatory to recovery begins. This activity enriches and completes the information provided by the transferor and is functional both to recovery activities and to the correct fulfilment of the reporting obligations to which the Bank is subject. The activity is initiated after the transfer contract has been finalised.
During on-boarding, credits remain valued at acquisition cost, pending the obtaining of the information necessary to estimate future cash flows in line with the most suitable recovery method for the characteristics of each file. This activity normally lasts 6-9 months depending on the quality of the underlying documentation provided by the transferor.

Management

Once the onboarding phase is completed, the management phase of the files begins across the different judicial and extrajudicial recovery methods.
Cherry Bank's **operating strategy** for management is based on maximising and speeding up collections, through rapid and structured judicial and extra judicial interventions on debtors in order to reduce recovery times. The architecture of the organisational unit proposed for this activity provides for an internal command point and the outsourcing of credit management and recovery activities to specialised market operators, with whom industrial and economic interests have been aligned.
The operating perimeter consists of the most referenced recovery companies under Article 115 TULPS and leading law firms specialising in debt recovery, including the investee **Cherry Legal**, a company of lawyers. The internal structure governs the outsourced activities and information flows are exchanged on the Bank's management platform, which the partner structures have access to in order to view and update files.

Resale

The business model is based on the mere management of cash flows from recovery activities.
Portfolio sales play a marginal and residual role.

Accounting model

Until 2022, one model was Hold Collect and Sell ("HTC&S"), as the operating strategy was to realise cash flows through both collection and sale.
For this business model, credits are measured at amortised cost with the effects of changes in fair value recognised in equity at each reporting date, and therefore included in the Statement of Other Comprehensive Income ("FVTOCI").

From the 2023 financial year, Cherry Bank's business model is Hold to Collect, with consequent recognition under Financial assets measured at amortised cost.

Main results of the Area

The loans of the NPL Management & Investment Area amounted to Euro 130.4 million at the end of the first half of 2026, up 8% compared to the end of 2025, consisting of mainly portfolios of impaired loans purchased under management and in addition to investments in ABS notes with underlying impaired loans. Net banking income went from Euro 7.3 million in the first half of 2025 to Euro 8.6 million in the first half of 2026, an increase of 17%.
The total GBV under management at the end of the half-year amounted to Euro 7.5 billion and mainly related to portfolios purchased on the secondary/tertiary market.
Collections also showed a good performance, rising from Euro 16.5 million in the first half of 2025 to Euro 17.0 million in the first half of 2026, reflecting credit management geared towards rapid capital turnover, favouring out-of-court solutions to maximise efficiency and return on investment, in clear contrast to other operators in the sector.

Calendar Provisioning and the Bank's positioning

Calendar Provisioning is the mechanism, of European origin, that requires banks to provide a minimum prudential coverage for non-performing exposures (NPEs) that increases over time, regardless of the actual prospects of recovery. The issue is divided into two distinct levels:

- with impacts on Pillar I: the prudential "backstop" introduced by Regulation (EU) 2019/630, in force since 26 April 2019 – which applies to all European banks only on exposures granted after that date, and provides for a deduction from own funds (of the value of exposures on the balance sheet) in the event of insufficient coverage with respect to percentages increasing up to 100% within a certain number of years from the classification as non-performing (three for unsecured exposures, up to nine for secured exposures);
- with impacts on Pillar II — the supervisory expectations initiated by the ECB with the 2018 Addendum, with more stringent coverage timelines — so far reserved only for significant banks.

With Guideline (EU) 2025/2595, published on 19 December 2025, the ECB extended the Pillar II approach to also include less significant banks – the category to which Cherry Bank belongs – with a three-year transitional period for full compliance, expected to be fully implemented by 2028.

A point of attention, which is still open, concerns precisely the scope of application: the competent national authorities have margins of discretion in the practical implementation of the new scope, and to date it is not possible to establish with certainty whether and to what extent the extension will also cover impaired exposures granted before 26 April 2019 – i.e., those excluded from the scope of the Pillar I backstop. The Bank expects, in the event of an extension, an approach based on moderation and a reasonable grandfathering of the oldest positions, in particular those arising from the purchase of impaired positions (POCI), an activity that is part of the core business of some LSI banks.

Over the medium to long term, however, the question of a possible exemption tends to gradually lose practical relevance: as time goes by, more and more positions purchased by NPL operators will have a disbursement date after April 2019, making the scope of Calendar Provisioning naturally universal for the business, regardless of the choices of grandfathering on the oldest stock.

The Bank views this development with the clarity of an organisation that has been directly and not incidentally involved in the management of impaired loans for many years. The business model on which this activity is based involves the purchase of portfolios at prices that already incorporate recovery expectations net of management costs: the prudential burden imposed by Calendar Provisioning therefore finds, in the Bank's operating practice, a structural counterweight that is very different from that borne by the originators, for whom the write-down occurs downstream and often in a traumatic manner with respect to the initial recognition value. Added to this is a management strategy based on maximising and speeding up collections, which reduces the average "seniority" of the positions in the portfolio and, with it, the pressure exerted by the regulatory schedule — the speed of recovery is itself, as well as a lever for profitability, an effective safeguard against the issue.

With specialised expertise gained over time, the Bank is also able, should it become necessary, to relieve its balance sheet of the burden of provisions – through disposals, securitisations or servicing structures – without losing most of the profitability associated with recovery. In a market where the number of active operators is gradually dwindling, partly as a result of the more onerous Calendar Provisioning regime, this dynamic translates for the Bank into an opportunity rather than a constraint: less competition on the purchase side tends to be reflected in more favourable entry conditions on the portfolios offered by the market, to the benefit of those who, like Cherry Bank, have the structure and skills to continue operating with conviction in this sector. In the event of an adverse position by the regulator, the impact on Pillar II over a 12-month horizon would, however, be compatible with the Bank's current capitalisation levels, while beyond that horizon it would be necessary to implement actions to reduce the existing stock. The Bank therefore remains oriented towards prospects for the future development of NPL activity, possibly also with diversified approaches, and in line with the evolution of national regulations.

Commentary to the main reclassified results

Main income statement items

Profit before tax as at 30 June 2026 is Euro 38.0 million, in line with the results as at 30 June 2025 (Euro 38.1 million).

The Net banking income is Euro 102.2 million and is substantially stable in terms of trend compared to the previous year (Euro 103.8 million at 30/06/2025) thanks to a more than positive contribution from new business, which has not yet fully offset the margins generated by operations on tax credits, which are naturally declining until the expected run-off by 2028. Net of tax credits, net banking income would be up 7% compared to 30/06/2025.
The interest margin is Euro 25.2 million, +63% year-on-year (Euro 15.5 million at 30/06/2025), due to the restructuring of the loan portfolio towards higher-yielding loans.

Loan impairments as at 30/06/2026 amounted to Euro 6.2 million (Euro 7.1 million in the first half of 2025) and are essentially attributable to the periodic valuation process of the Bank's ordinary loan portfolio.
The Bank is actively continuing to improve asset quality, with the aim of achieving a Gross NPE ratio of less than 5% by the end of 2026. As at 30 June 2026, including two disposals made in July – therefore with accounting effects after the end of the half-year – the Gross NPE ratio stood at 6.5% as at 30 June 2026 (7.1% gross of disposals). In the half-year, the normalised Net NPE ratio was 4.9% (5.2% gross of the two disposals mentioned above).

The Net income from financial operations was Euro 96.0 million and was broadly in line with 1H25 (Euro 96.8 million as at 30/06/2025) despite the reduction in tax credit margins, confirming the solid and rapid development of Corporate & Investment Banking.

Total costs amounted to Euro 58.0 million, a slight decrease of 1% year-on-year (Euro 58.7 million in the first half of 2025). In detail, personnel expenses amounted to Euro 31.4 million, up 8% year-on-year due to the evolution of the Bank's workforce to support business development projects and the 2026-2028 Strategic Plan.

At the end of the first half of 2026, the Bank has 618 employees, +3.3% compared to corresponding period of the previous financial year (598 employees). Women represent 46%. The average age is 41 years.
Other administrative costs amounted to Euro 26.5 million, down 10% compared to 30/06/25.

(amounts in thousands of Euro)

Reclassified Income Statement	1H26	1H25	Var %
Interest and similar income	72,605	70,600	3%
Interest and similar expense	(47,397)	(55,130)	(14%)
Interest margin	**25,208**	**15,470**	**63%**
Fee and commission income	13,753	10,840	27%
Fee and commission expenses	(3,233)	(3,869)	(16%)
Net fee and commission income	**10,520**	**6,971**	**51%**
Dividends and similar income	687	498	38%
Net trading result	21,096	34,496	(39%)
Gain/Loss on disposal of assets at amortised cost and FV	44,691	46,400	(4%)
Net banking income	**102,202**	**103,835**	**(2%)**
Net losses/recoveries for credit risk	(6,219)	(7,077)	(12%)
Net income from financial operations	**95,983**	**96,758**	**(1%)**
Operating costs	(57,965)	(58,676)	(1%)
a) personnel expenses	*(31,443)*	*(29,121)*	*8%*
b) other administrative expenses depreciation and other	*(26,522)*	*(29,555)*	*(10%)*
Gross profit	**38,033**	**38,082**	**0%**

Balance Sheet

Assets amounted to Euro 4,653.9 million (up 2% compared with year-end 2025) with receivables due from customers up 10% to Euro 3,536.3 million. Gross Loans related to the business were up 3% compared to 31 December 2025 thanks to the more than positive contribution of Factoring (up 79%) and CIB (up 35%), plus the government securities in the portfolio (up 16% compared to 31 December 2025).
On the liabilities side, the Bank is continuing its strategy of balancing funding sources. As at 30/06/2026, total funding was Euro 4,306.9 million, +1% compared to 31 December 2025, of which Euro 2,285.5 million from customer deposits (53% of the total) and Euro 2,021.4 million from institutional funding (47% of the total).
More specifically: traditional funding (from branches) grew by 22% (Euro 1,235.6 million as at 30/06/2026 vs. Euro 1,009.2 million as at 31/12/2025), while online funding in Italy shows +18% compared to the end of the year (Euro 709.0 million as at 30/06/2026 vs. Euro 602.9 al 31/12/2025). Funding through the German Raisin channel decreased to Euro 340.9 million (from Euro 712.4 million as at 31/12/2025), in line with expectations and with the tax credit run-off strategy to which it is linked.
The Bank's liquidity ratios remain high, with an LCR of 303.8% (+41 bps compared to 31 December 2025).
Shareholders' equity at 30 June 2026 amounts to Euro 242.6 million (+11% compared to 31 December 2025).
Capital requirements are increasing, with a CET1 ratio and a TCR of 17.15%, both above the minimum thresholds set by the supervisory authorities (compared to 16.30% as at 31 December 2025).

(amounts in thousands of Euro)

Reclassified Balance Sheet	1H26	FY25	Var %
Cash and cash equivalents	32,346	122,923	n.s.
Financial assets measured at fair value	80,603	98,905	(19%)
Financial assets measured at amortised cost	3,803,652	3,231,942	18%
a) receivables due from banks	*267,343*	*17,876*	*n.s*
b) receivables due from customers	*3,536,309*	*3,214,066*	*10%*
1) of which securities	*2,301,460*	*1,985,103*	*16%*
2) of which receivables	*1,234,849*	*1,228,963*	*0%*
Tangible and intangible assets	59,244	56,368	5%
Other tax assets and other	678,062	1,036,195	(35%)
Total assets	**4,653,907**	**4,546,333**	**2%**
Financial liabilities measured at amortised cost	4,306,899	4,257,218	1%
a) payables due to banks	*2,021,419*	*1,932,758*	*5%*
b) payables due to customers	*2,285,480*	*2,324,460*	*(2%)*
Other liability items	104,387	70,444	48%
Shareholders' Equity	**242,621**	**218,671**	**11%**
Total Liabilities and Shareholders' Equity	**4,653,907**	**4,546,333**	**2%**

Significant events during the period

Appointment new Board of Directors

On 3 February 2026, the Shareholders' Meeting appointed the new Board of Directors of the Bank for the three-year period 2026-2028, appointing Marina Natale as Chair. At its inaugural meeting, the Board of Directors appointed Giovanni Bossi as Chief Executive Officer and Gabriele Piccolo as Deputy Chair.
The Board of Statutory Auditors, already appointed by the Shareholders' Meeting of 29 April 2024, remains in office.

2026-2028 Strategic Plan

On 9 March 2026, the Board of Directors approved the 2026–2028 Strategic Plan. The Plan identifies the main strategic guidelines of the Bank as a whole for the next three years, broken down for each Business Unit, together with project planning and the gradual strengthening of control functions.
The updated Strategic Plan maintains continuity with the previous plan in terms of the main underlying strategic rationales. However, it takes into account the evolution of the market context in 2025 and the growth rates of the business units, which required a refinement of the strategic guidelines.

Approval of the 2025 Financial Statements and Sustainability Reporting

On 14 April 2026, the Bank's Ordinary Shareholders' Meeting approved the 2025 Financial Statements, allocating the net profit for the year in the amount of Euro 21,510,287, as follows:

- to legal reserve pursuant to Article 2430 of the Italian Civil Code in the amount of Euro 1,075,514;
- to extraordinary reserve for the residual.

The Ordinary Shareholders' Meeting also resolved to allocate, with effect from the payment of the extraordinary contribution in the tax return for 2025, the entire amount recorded in the extra-profit reserve of Euro 5,627,010.27 to the extraordinary reserve.

The Report on Operations also included the Sustainability Report prepared according to the ESRS principles, which describes the sustainability issues relevant to Cherry Bank in relation to the ability to generate positive and negative impacts on society and the environment and in relation to the possibility of suffering/generating financial effects over time.

Inspection by the Bank of Italy

At the conclusion of the extended-spectrum inspections conducted between 1 October 2024 and 24 January 2025 pursuant to the Banking and Financial Provisions, focusing on the business model, organisational governance and control structures and key business risks, including AML-related operational risks, the Bank of Italy delivered its Inspection Report on 30 April 2026 and imposed administrative sanctions for a total of Euro 200,000, also giving way to the realization of the action plan prepared and started by the Bank before the inspection.

Significant events after the end of the period

No significant events occurred between the closing date of the period and the date of approval of this Half-Yearly Financial Report by the Board of Directors.

Business outlook

The climate of uncertainty that has prevailed almost uninterruptedly in recent years is once again confirmed as a constant for the second half of 2026. The factors at the root of the uncertainty are changing – this time substantial – but the basic pattern remains the same: not an isolated crisis that runs its course and gives way to a new equilibrium, but a sequence of exogenous shocks that overlap and feed each other – what the most attentive observers have begun to call a “polycrisis” – in which a scenario that is believed to be temporarily stabilised is reopened by an event of a different nature before the effects of the previous one have even run their course.

Consider what happened in the spring months: the escalation of the conflict in the Middle East abruptly brought the issue of security of energy supplies, which was believed to be partly resolved, back to the forefront. Oil has surged by up to 60% compared to base levels, natural gas by even more than 90%; and in the background remains the threat, far from remote, of a permanent or even partial interruption of transits through the Strait of Hormuz, which would constitute a factor of further, severe pressure on prices. At present, it is not possible to predict how the crisis will evolve: a clearer picture will only be possible when it subsides, which to date does not appear to be a foregone conclusion or imminent.

In this climate, the forecasts developed by the main institutes – revised upwards compared to a few weeks ago thanks to a better-than-expected first quarter, but still revised under the shadow of the conflict – indicate GDP growth for Italy in 2026 of around 0.6%, substantially in line with the estimates previously made by the European Commission and the International Monetary Fund. However, these are estimates that hold true only in the baseline scenario: a severe escalation in commodity prices, with oil and gas at levels markedly higher than those assumed today, could significantly erode growth to the point of jeopardising it; conversely, a rapid easing of tensions would allow for a more robust recovery than that currently incorporated in the projections. The European picture remains, in this case too, conditioned by the same external factors.

The surge in energy prices has already left its mark on inflation figures, which returned to around 3% in Italy in the second quarter, with a 2026 average expected to be not far from this level before a gradual return towards the target in the following two years. After a multi-year cycle of rate cuts, the ECB had to reverse course: on 11 June, the Governing Council decided on a 25 basis point increase, bringing the deposit rate to 2.25% and the main refinancing operations rate to 2.40%, which were confirmed without further changes at the meeting on 23 July. However, the Central Bank has not committed to a predefined path, stating that it intends to proceed meeting by meeting on the basis of the data; the markets, for their part, do not rule out a second restrictive intervention by the autumn, should the long wave of energy price increases continue to be passed on to consumer prices. This reversal – from a cycle of monetary easing to a rise, within a few weeks – is in turn also a symptom of the same dynamic: a monetary policy decision-maker forced to chase opposite shocks rather than manage a linear path.

A rate environment that, contrary to all expectations at the end of 2025, has returned to moving upwards rather than downwards is not without repercussions on more traditional banking activities, both on the cost of funding and on the demand for credit from businesses and households; however, the supporting effect, already reported previously, on the value of impaired loan portfolios and on the possibility of more easily selecting lending to businesses, including those in turnaround, remains confirmed.

In this turbulent external scenario, the Bank's transformation process continued to proceed in line with the 2026-2028 Strategic Plan, with the first half of the year confirming its direction: Corporate & Investment Banking remained the engine of growing profitability, with loans up 35% compared to the end of 2025; factoring continued to grow at an even faster pace, almost doubling volumes in the half-year; and Wealth Management continued to expand its assets under management, accelerating further compared to previous quarters. The half-year closed with a net profit of Euro 23.6 million, confirming the resilience of the model even in an external context that was much less favourable than could have been imagined at the end of 2025.

The management action will be oriented towards:

- consolidating organic growth, maintaining high selectivity in lending and discipline in risk assessment;
- continuing to improve credit quality, progressively reducing the weight of legacy impaired exposures;
- preserving adequate levels of capital and liquidity, in line with a prudential approach and medium-term objectives;
- strengthening the commission and specialised revenue component, reducing dependence on the interest margin in a context of stabilised rates.

Against this backdrop, expectations for the remainder of 2026 remain satisfactory, although it must be acknowledged that the external scenario is now much more uncertain than it appeared at the end of 2025, and that the new initiatives launched during the three-year Plan period still need some time to fully express their economic contribution in place of the operations that have gradually ceased. However, it should be noted that the initiatives launched are already in a position to show positive and to some extent innovative results in the national banking scenario; further improvements are expected in the second half of 2026.

The need to strengthen the regulatory capital and the Bank's perimeter more in general precludes the distribution of dividends until the completion of this path is fully visible; nevertheless, the vigorous growth and development are elements that we hope will be welcomed.

Other information

Sustainability Plan 2026-2028

Cherry Bank continues on its path of integrating sustainability into the corporate strategy, through the implementation of the 2026-2028 Sustainability Plan, the initiatives of which were approved by the Board of Directors on 9 March 2026. The Plan is the tool through which the Bank intends to consolidate the integration of ESG factors into its operational and governance processes, in line with the evolution of the regulatory framework and industry practices. During the first half of 2026, activities focused on two main areas of intervention. Firstly, the drafting of the "Climate and Environmental Risk Management Plan" was initiated, prepared in accordance with the CRD IV Directive and the relevant EBA Guidelines, with the aim of strengthening the monitoring of environmental and climate risks within the Bank's risk management system. Secondly, the operational phase was initiated for the development of the ESG questionnaire based on the VSME model, aimed at the structured collection of sustainability information from corporate customers, in order to improve the quality and completeness of the ESG data available for the purposes of assessing the loan portfolio. Finally, in 2026, ESG objectives were again included in the short-term incentive plans on an annual basis (MBO 2026), confirming the Bank's desire to link variable remuneration to the achievement of sustainability objectives. These activities confirm the Bank's commitment to continuing on a path of sustainable growth, serving both to strengthen the management of ESG risks and to support customers on their transition journey.

Shareholding structure

At 30 June 2026, the Bank's share capital amounted to Euro 64,453,282 divided into 196,240,599 shares with no nominal value, held by 4,616 shareholders.
The Bank's main shareholders are listed below, with an indication of their relative share in the capital, with voting rights at 30 June 2026.

Shareholder	No. of Shares	Share Capital (%)
Bossi Giovanni *	115,251,019	58.729%
Veniero Holdings Limited	16,983,407	8.654%
Maderna Francesca	13,076,753	6.664%
Other Shareholders	50,929,420	25.953%
Total	**196,240,599**	**100.000%**

*Shareholding held directly and indirectly through the company Cofigest S.r.l.

Transactions on treasury shares

The Bank has not held and does not hold in its portfolio, directly or indirectly, any of its own units or treasury shares, or units or shares in parent companies.

Transactions with related parties

Please refer to the Commentary notes for information on transactions conducted with related parties during the year.

Atypical or unusual transactions

No atypical or unusual transactions took place during the period.

Research and development activities

The Bank did not carry out any research and development activities during the period.

Padua, 4 August 2026

For the Board of Directors

The Chief Executive Officer
Giovanni Bossi

2 Interim Financial Statements

Balance sheet

(amounts in Euro units)

Assets	30/06/2026	31/12/2025
10. Cash and cash equivalents	32,346,209	122,922,620
20. Financial assets measured at fair value through profit or loss	47,856,265	37,951,328
a) financial assets held for trading	329	329
c) other financial assets mandatorily measured at fair value	47,855,936	37,950,999
30. Financial assets measured at fair value through other comprehensive income	32,747,156	60,953,317
40. Financial assets measured at amortised cost	3,803,651,606	3,231,942,133
a) receivables due from banks	267,342,722	17,876,124
b) receivables due from customers	3,536,308,884	3,214,066,009
70. Equity investments	100	100
80. Tangible assets	48,759,572	45,899,048
90. Intangible assets	10,484,434	10,469,283
of which goodwill	-	-
100. Tax assets	19,641,528	21,589,822
a) current	7,364,985	7,299,966
b) deferred tax assets	12,276,543	14,289,856
120. Other assets	658,420,444	1,014,605,594
Total assets	**4,653,907,314**	**4,546,333,245**

(amounts in Euro units)

Liabilities and Shareholders' equity	30/06/2026	31/12/2025
10. Financial liabilities measured at amortised cost	4,306,899,460	4,257,218,312
a) payables due to banks	2,021,419,031	1,932,758,102
b) payables due to customers	2,285,480,429	2,324,460,210
60. Tax liabilities	25,271,244	12,866,084
a) current	20,497,699	7,929,399
b) deferred	4,773,545	4,936,685
80. Other liabilities	76,970,797	55,719,192
90. Employee termination indemnities	635,125	671,850
100. Provisions for risks and charges	1,510,056	1,186,531
a) commitments and guarantees given	963,032	634,135
c) other provisions for risks and charges	547,024	552,396
110. Valuation reserves	10,523,217	10,226,253
140. Reserves	143,363,896	121,765,448
150. Share premiums	716,006	716,006
160. Share capital	64,453,282	64,453,282
180. Profit (Loss) for the Period	23,564,231	21,510,287
Total liabilities and Shareholders' equity	**4,653,907,314**	**4,546,333,245**

Income Statement

(amounts in Euro units)

Items	30/06/2026	30/06/2025
10. Interest and similar income	68,334,279	66,452,932
of which: interest income calculated using the effective interest method	*68,303,539*	*66,289,410*
20. Interest and similar expense	(47,397,011)	(55,130,544)
30. Interest margin	**20,937,268**	**11,322,388**
40. Fee and commission income	13,753,259	10,839,776
50. Fee and commission expenses	(3,232,897)	(3,868,566)
60. Net fee and commission income	**10,520,362**	**6,971,210**
70. Dividends and similar income	687,010	497,700
80. Net trading result	21,095,867	34,496,199
100. Gains (Losses) on disposal or repurchase of	44,502,259	46,144,479
a) financial assets measured at amortised cost	44,468,910	46,199,285
b) financial assets measured at fair value through other comprehensive income	33,349	(54,806)
110. Net result of other financial assets and liabilities measured at fair value through profit or loss	188,744	256,305
b) other financial assets mandatorily measured at fair value	188,744	256,305
120. Net banking income	**97,931,510**	**99,688,281**
130. Net losses/recoveries for credit risk associated with:	(1,948,621)	(2,930,202)
a) financial assets measured at amortised cost	(1,968,736)	573,361
b) financial assets measured at fair value through other comprehensive income	20,115	(3,503,563)
150. Net income from financial operations	**95,982,889**	**96,758,079**
160. Administrative expenses	(56,868,399)	(57,637,355)
a) personnel expenses	(31,442,917)	(29,121,368)
b) other administrative expenses	(25,425,482)	(28,515,987)
170. Net provisions for risks and charges	(693,970)	(11,792)
a) commitments and guarantees given	(328,896)	468,198
b) other net provisions	(365,074)	(479,990)
180. Net impairment losses/reversals on tangible assets	(2,393,690)	(2,203,925)
190. Net impairment losses/reversals on intangible assets	(1,029,248)	(885,298)
200. Other operating expenses/income	3,019,921	2,062,306
210. Operating costs	**(57,965,386)**	**(58,676,064)**
250. Gains (Losses) on disposal of investments	15,037	-
260. Profit (Loss) before tax from continuing operations	**38,032,540**	**38,082,015**
270. Income taxes for the year on continuing operations	(14,468,309)	(12,961,114)
280. Profit (Loss) after tax from continuing operations	**23,564,231**	**25,120,901**
300. Profit (Loss) for the Period	**23,564,231**	**25,120,901**

Statement of Comprehensive Income

(amounts in Euro units)

Items	30/06/2026	30/06/2025
10. Profit (Loss) for the Period	**23,564,231**	**25,120,901**
Other comprehensive income (net of tax) that may not be reclassified to the income statement	**459,720**	**383,569**
20. Equity instruments designated at fair value through other comprehensive income	469,896	318,356
70. Defined benefit plans	(10,176)	65,213
Other comprehensive income (net of tax) that may be reclassified to the income statement	**(162,756)**	**229,360**
140. Financial assets (other than equity instruments) measured at fair value through other comprehensive income	(162,756)	229,360
170. Total other comprehensive income, net of tax	**296,964**	**612,929**
180. Other comprehensive income (items 10+170)	**23,861,195**	**25,733,830**

Statement of Changes in Equity at 30/06/2026

Items	Balance at 31/12/2025	Change opening balance	Balance at 1/1/2026	Allocation of previous period result		Changes in reserves
				Reserves	Dividends and other allocations	
Share capital	**64,453,282**	**-**	**64,453,282**	**-**	**-**	**-**
a) ordinary shares	64,453,282	-	64,453,282	-	-	-
b) other shares	-	-	-	-	-	-
Share premiums	716,006	-	716,006	-	-	-
Reserves:	**121,765,448**		**121,765,448**	**21,510,287**	**-**	**88,161**
a) retained earnings	113,745,930	-	113,745,930	21,510,287		88,161
b) other	8,019,518	-	8,019,518	-	-	-
Valuation reserves	10,226,253		10,226,253	-	-	-
Equity instruments	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-
Profit (Loss) for the year	21,510,287	-	21,510,287	(21,510,287)	-	-
Shareholders' Equity	**218,671,276**	**-**	**218,671,276**	**-**	**-**	**88,161**

(amounts in Euro units)

Changes for the year							
Operations on shareholders' equity						Other comprehensive income 30/06/2026	Shareholders' Equity at 30/06/2026
Issue of new shares	Purchase of treasury shares	Extraord. Distribution of Dividends	Changes in equity instruments	Derivati-ves on treasury shares	Stock options		
-	**-**	**-**	**-**	**-**	**-**	**-**	**64,453,282**
-	-	-	-	-	-	-	**64,453,282**
-	-	-	-	-	-	-	**-**
-	-	-	-	-	-	-	**716,006**
-	**-**	**-**	**-**	**-**	**-**	**-**	**143,363,896**
-	-	-	-	-	-	-	**135,344,378**
-	-	-	-	-	-	-	**8,019,518**
-	-	-	-	-	-	296,964	**10,523,217**
-	-	-	-	-	-	-	**-**
-	-	-	-	-	-	-	**-**
-	-	-	-	-		23,564,231	**23,564,231**
-	**-**	**-**	**-**	**-**		**23,861,195**	**242,620,632**

Statement of Changes in Equity at 30/06/2025

Items	Balance at 31/12/2024	Change opening balance	Balance at 1/1/2025	Allocation of previous period result		Changes in reserves
				Reserves	Dividends and other allocations	
Share capital	**49,597,778**	**-**	**49,597,778**	**-**	**-**	**-**
a) ordinary shares	49,597,778	-	49,597,778	-	-	-
b) other shares	-	-	-	-	-	-
Share premiums	716,006	-	716,006	-	-	-
Reserves:	**94,217,636**		**94,217,636**	**30,110,239**	**-**	**1**
a) retained earnings	86,198,118	-	86,198,118	30,110,239		1
b) other	8,019,518	-	8,019,518	-	-	-
Valuation reserves	9,862,846		9,862,846	-	-	-
Equity instruments	10,000,000	-	10,000,000	-	-	-
Treasury shares	-	-	-	-	-	-
Profit (Loss) for the year	30,110,239	-	30,110,239	(30,110,239)	-	-
Shareholders' Equity	**194,504,505**	**-**	**194,504,505**	**-**	**-**	**1**

(amounts in Euro units)

Changes for the year							Shareholders' Equity at 30/06/2025
Operations on shareholders' equity						Other comprehensive income 30/06/2025	
Issue of new shares	Purchase of treasury shares	Extraord. Distribution of Dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options		
-	**-**	**-**	**-**	**-**	**-**	**-**	**49,597,778**
-	-	-	-	-	-	-	**49,597,778**
-	-	-	-	-	-	-	**-**
-	-	-	-	-	-	-	**716,006**
-	**-**	**-**	**-**	**-**	**-**	**-**	**124,327,876**
-	-	-	-	-	-	-	**116,308,358**
-	-	-	-	-	-	-	**8,019,518**
-	-	-	-	-	-	612,929	**10,475,775**
-	-	-	-	-	-	-	**10,000,000**
-	-	-	-	-	-	-	**-**
-	-	-	-	-		25,120,901	**25,120,901**
-	**-**	**-**	**-**	**-**		**25,733,830**	**220,238,336**

Cash Flow Statement (indirect method)

(amounts in Euro units)

Items	30/06/2026	30/06/2025
1. Cash flow from operations	**31,198,745**	**22,577,528**
- profit/(loss) for the year (+/-)	**23,564,231**	**25,120,901**
- gains/losses on financial assets held for trading and on other assets/ liabilities measured at fair value through profit or loss (-/+)	(12,467,317)	(23,994,070)
- gains/losses on hedging activities (-/+)	-	-
- net losses/recoveries for credit risk (+/-)	2,703,089	5,191,476
- net impairment losses/reversals on tangible and intangible assets (+/-)	3,422,938	3,089,223
- net allocations to provisions for risks and charges and other expenses/income (+/-)	(693,970)	(11,792)
- net premiums not collected (-)	-	-
- other insurance income/charges not collected (-/+)	-	-
- taxes, duties and tax credits to be paid/collected (+/-)	14,581,613	13,181,788
- net adjustments to/recoveries on discounted operations net of tax effect (+/-)	-	-
- other adjustments (+/-)	88,161	1
2. Cash flows generated/absorbed by financial assets	**(188,037,076)**	**637,813,715**
- financial assets held for trading	745,168	256,244
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	(9,716,193)	(10,535,771)
- financial assets measured at fair value through other comprehensive income	27,876,230	(370,150)
- financial assets measured at amortised cost	(574,432,677)	352,710,636
- other assets	367,490,395	295,752,757
3. Cash flows generated/absorbed by financial liabilities	**71,913,523**	**(390,121,532)**
- financial liabilities measured at amortised cost	49,681,148	(409,366,925)
- financial liabilities held for trading	-	11,087
- financial liabilities designated at fair value	-	-
- other liabilities	22,232,375	19,234,306
Net cash flows generated/absorbed by operating activities	**(84,924,809)**	**270,269,711**

Items	30/06/2026	30/06/2025
B. INVESTING ACTIVITIES		
1. Cash flows generated by	**647,379**	**497,700**
- sales of equity investments	-	-
- dividends collected on investments in associates and companies subject to joint control	647,010	497,700
- sales/redemptions of financial assets held to maturity	-	-
- sales of tangible assets	369	-
- sales of intangible assets	-	-
- sales of subsidiaries and business units	-	-
2. Cash flows absorbed by	**(6,298,982)**	**(3,663,141)**
- purchases of equity investments	-	-
- purchases of tangible assets	(5,254,583)	(2,941,288)
- purchases of intangible assets	(1,044,399)	(721,853)
- purchases of subsidiaries and business units	-	-
Net cash flows generated/absorbed by investing activities	**(5,651,603)**	**(3,165,441)**
C. FINANCING ACTIVITIES		
- issues/purchases of treasury shares	-	-
- issues/purchases of equity instruments	-	-
- convertendo bond issues	-	-
- dividend distribution and other purposes	-	-
Net cash flows generated/absorbed by financing activities	**-**	**-**
NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	**(90,576,411)**	**267,104,270**
Financial Statement items		
Cash and cash equivalents at beginning of period	**122,922,620**	**139,145,245**
Net increase (decrease) in cash and cash equivalents	**(90,576,411)**	**267,104,270**
Cash and cash equivalents at end of period	**32,346,209**	**406,249,515**

3 Explanatory Notes

General part

Declaration of compliance with international accounting standards

The Cherry Bank Interim Financial Statements as at June 30, 2026 (hereinafter also referred to as the "Half-Year Financial Report" or "Financial Statements") are prepared according to the accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, as set forth in EU Regulation No. 1606 of 19 July 2002.

The Half-Year Financial Report as at 30 June 2026 complies with the applicable International Accounting Standard for interim financial reporting (IAS 34) issued by the International Accounting Standards Board and adopted by the European Union. Cherry Bank has availed itself, as required by paragraph 10 of IAS 34, of the option to prepare condensed disclosures.
The accounting standards adopted for the preparation of the Half-Year Financial Report as at 30/06/2026 are those adopted for the preparation of the Financial Statements as at 31/12/2025, to which reference is made for the explanation of the criteria for the classification, recognition, measurement and derecognition of the various asset and liability items, as well as for the methods of recognising revenues and expenses.

During the first half of 2026 and up to the date of preparation of this Interim Financial Statements, the following amendments to the standards came into force:

Document title	Entry into force	EU Regulation
IFRS9 and IFRS7 Contracts for electricity from natural sources - Amendments	01/01/2026	N.2025/1266
IFRS9 and IFRS7 Classification and measurement of financial instruments – Amendments	01/01/2026	N.2025/1047
IFRS – annual improvements – Volume 11	01/01/2026	N.2025/1331

Regulation No. 1266/2025 of 30 June 2025 – Contracts related to nature-dependent electricity – Amendments to IFRS 9 and IFRS 7
The amendments in question are aimed at helping companies to better report the financial effects of contracts for the purchase of electricity produced from natural sources, which are often structured as agreements for the purchase and sale of electricity (the so-called Power Purchase Agreements or PPAs) and apply exclusively to contracts that refer to electricity dependent on natural conditions. These are contracts that expose an entity to the variability of the underlying amount of electricity because the source of generation depends on uncontrollable natural conditions, typically associated with renewable sources such as the sun and wind.

The amendments:

- update the requirements for the application of "own use" to contracts falling within the scope of application. Under the amendments, the sale of unused nature-dependent electricity will be considered consistent with the entity's expected purchase or use needs, if specific criteria are met.
- amend the requirements for designating the hedged item in a cash flow hedging relationship for contracts included in the scope. The amendments will allow an entity to designate a variable nominal volume of expected purchase or sale transactions of electricity as a hedged item, if certain criteria are met.
- introduce new disclosure requirements to enable investors to understand the effects of such contracts on the company's financial performance and cash flows. IFRS 7 has been amended to require specific disclosures regarding contracts that have been excluded from the scope of IFRS 9 as a result of the amendments.

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

Regulation No. 1047/2025 of 27 May 2025 – Amendments to the classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7
With reference to the aspects of greatest interest to the Bank, the amendments introduced provide clarifications on the classification of financial assets with ESG characteristics (or similar characteristics) and impose disclosure requirements aimed at increasing transparency in relation to financial instruments with variability in cash flows upon the occurrence of contingent events.
With reference to the classification of financial assets, some amendments are introduced to clarify the treatment for the purposes of the SPPI test of financial assets with ESG characteristics which, upon the achievement (or non-achievement) of certain ESG KPIs, provide for a contractually defined variability of the interest rate (typically the increase and/or decrease of a certain number of basis points). In this regard, it is envisaged that for contracts in which the nature of the contingent event (the triggering cause) is not directly related to changes in the risks and costs relating to the basic lending risk and cost, for example a contractually defined reduction in the debtor's carbon emissions, the entity must define an internal policy in order to assess that the cash flows of the instrument are not significantly different from those of an identical instrument but without the contingent characteristic. This approach must also apply to contracts in place at the date of first application and not only to those issued subsequently, as the amendments must be applied retrospectively. In this regard, the Bank has defined the policy, the application of which has not resulted in any impacts with respect to the financial instruments already recognised.
With regard to the disclosure required by IFRS 7, the qualitative/quantitative disclosure of the new disclosure requirements with reference to financial instruments with contractual terms that may change the amount of cash flows upon the occurrence (or non-occurrence) of a contingent event not directly related to changes in the risks and costs relating to the basic loan (such as the time value of money or credit risk) for the 2026 Financial Statements will be provided according to the indications of the Bank of Italy as part of the provisions of Circular 262/05 – 9th update, for which the final publication is pending, following the consultation process.
The amendments are mandatorily applicable from 1 January 2026, with retrospective application in accordance with IAS 8, but without the obligation to restate the comparative period (as was already provided for the first-time application of IFRS 9).

For the issues of greatest interest to the Bank – the SPPI test for products with ESG characteristics and the related disclosure – the application methods have been defined and no impacts were recorded at the time of first application.

The annual improvements in the third point, on the other hand, provide clarifications, simplifications and corrections aimed at improving the effectiveness of IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.

With respect to the new standards or changes to existing standards, no significant impact on the half yearly financial report as at 30 June 2026 was identified.

The table below, on the other hand, shows the new international accounting standards and amendments to accounting standards already in force, with the relevant Endorsement Regulations by the European Commission, whose compulsory application will start on 1 January 2027.

Document title	Entry into force	EU Regulation	IASB issuance
IFRS18 Presentation and disclosure of Financial Statements	01/01/2027	N.2026/338	09/05/2024
IFRS19 Non-publicly accountable subsidiaries: Information	01/01/2027	-	09/05/2024

Regulation No. 338/2026 of 13 February 2026 - International Financial Reporting Standard 18
Regulation No. 338/2026 was published in the Official Journal of the European Union on 16 February 2026, transposing International Accounting Standard IFRS 18 Presentation and Disclosure of Financial Statements, published by the IASB on 9 April 2024 with the aim of improving the information disclosed in the financial statements, with particular attention to the statement of profit (loss) for the year.
The new accounting standard does not impact the methods of measuring financial performance but rather the presentation. In particular, IFRS 18 strengthens the quality of financial reporting by requiring the presentation of defined subtotals in the statement of profit (loss) for the year and specific disclosure of performance measurement indices defined by management, as well as adding new principles for the aggregation and disaggregation of information.

The main requirements introduced by IFRS 18 are:

1. Introduction of defined subtotals in the Income Statement
A company is required to classify all its expenses and revenues in one of the following five categories: operating, investing and financing – newly defined under IFRS 18 – plus income taxes and discontinued operations.
In addition, IFRS 18 requires the presentation of the following subtotals and totals:

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

It is important to emphasise that for particular business sectors, such as banking, insurance and financial conglomerates, income and expenses that would normally be classified in the investment or financing categories contribute to the operating result in view of the fact that for these companies the activity of investing in assets or financing customers represents the main business activity – the so-called "main business activity".

2. Performance measurement indices defined by the company management (so-called Management-defined performance measures or MPM)

IFRS 18 introduces the concept of management-defined performance measure (MPM), defined as a subtotal of revenues and costs that:

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

3. Grouping (aggregation and disaggregation) of information

IFRS 18 provides some guidance on the grouping of information both in the official statements and in the Notes to the Financial Statements, which are considered complementary to each other. The general principles provided require companies to:

- aggregate homogeneous items and disaggregate those with different characteristics;
- group items in a way that does not obscure material information or limit the comprehensibility of the information presented; and
- insert items in the Financial Statements and in the notes so that they play complementary roles.

This part of the standard is of less relevance for Italian banks, which must apply the formats and structure of the Notes in accordance with the provisions of the Bank of Italy, as regulated in Circular No. 262/05.

IFRS 18 is mandatorily applicable from 1 January 2027, with retrospective application and restatement of the comparative period.
Also with regard to IFRS 18, ESMA, with the Public Statement - Reshaping performance: Implementation of IFRS 18 - Presentation and Disclosure in Financial Statements published in February 2026, announced that it expects issuers to provide, as early as 2026, the known or reasonably estimable information relevant to assessing the possible impacts of the new accounting standard, in light of the materiality of the effects. In this regard, it should be noted that the Bank has initiated an assessment aimed at identifying the main impacts of the transition to the new accounting standard.
Italian banks, also for the implementation of the requirements of IFRS 18, will have to comply with the provisions of the Bank of Italy as part of the 9th update of Circular No. 262/05 published for consultation on 31 March 2026.

The Bank has not made use of the option to apply IFRS 18 early in 2026, and it will therefore be applied from 1 January 2027.
At present, the analysis of the economic and balance sheet effects is still ongoing and there are no significant effects on the preparation of the accounting documents.

Finally, no effects are expected from the adoption of the standard "IFRS19 Non-publicly accountable subsidiaries: Information".

General preparation

Content of statements

Balance Sheet and Income Statement

The Balance Sheet and Income Statement consist of items and sub-items. Non-valued items for the current and previous years are not shown in the tables.
In the Income Statement, revenues are indicated without a sign while costs are enclosed in round brackets.

Statement of Changes in Equity

The Statement of Changes in Equity reflects the provisions of Bank of Italy Circular No. 262/2005 and shows the composition of and changes in Equity items during the financial year covered by the financial statements and the previous year.

Cash Flow Statement

The Cash Flow Statement for the reporting year was prepared using the indirect method and shows the net liquidity generated by operations, investments and financing.
In the table, flows generated during the year are indicated without a sign, while those absorbed are enclosed in round brackets.

Statement of Comprehensive Income

The Statement of Other Comprehensive Income shows the profit/loss for the year and the changes in assets recognised during the year against valuation reserves.

Significant events after the reporting date

No significant events occurred in the period between the end of the financial year and the date on which the Half yearly Financial Statements were drawn up that were not taken into account for the purposes of drawing them up.

Please refer to the specific information in the Interim Report on Operations on events occurring after the end of the period.

Other aspects

Use of estimates and assumptions in preparing the Half-Year Financial Report

The preparation of the Half-Year Financial Report, in accordance with the IFRS framework, requires the use of estimates and assumptions that may affect the amounts reported in the Balance Sheet and Income Statement, as well as the disclosure of contingent assets and liabilities in the Interim Financial Statements.

Estimates and related assumptions are based on the use of any available information and/or factors deemed reasonable for that purpose at the time of preparation of these Half-Year Financial Report.

The following are the components in which the use of estimates and assumptions is substantially inherent in the determination of Financial Statement values:

- the quantification of impairment of loans and other financial assets;
- the use of internal valuation models to record the fair value of financial instruments not listed in active markets;
- the use of internal valuation models for fair value recognition of tax credits held for trading;
- estimates and assumptions on the recoverability of tax assets;
- the quantification of the employee termination indemnity fund and provisions for risks and charges.

By their nature, the estimates and assumptions used may vary from period to period and, therefore, it is possible that the values recorded in the Financial Statements may differ significantly in the future from those currently estimated. Any change in the estimate is applied prospectively and thus has an impact on the Income Statement of the year in which the change occurs and, possibly, on that of future years.

IAS 8 – Changes in accounting estimates and errors

No circumstances have been identified that require the disclosure required for the purposes of IAS 8, paragraphs 28, 29, 30, 31, 39, 40, 42, 43 and 49. No substantial changes have been made to the estimation methods and models resulting from the introduction of a new standard or a new interpretation of the accounting standards used in the preparation of the Financial Statements.

Business model changes

Changes in the business model are deemed to be related to a decision of the company's top management as an effect resulting from internal or external changes that are significant to the company's business and must be demonstrable to third parties. The change of target must be effective before the date of reclassification.

In certain rare circumstances, financial assets must be reclassified from the "amortised cost" category to the "*fair value through other comprehensive income*" or "*fair value through profit or loss*" categories.

According to IFRS 9, reclassification of all affected financial assets is only required in rare cases, following material and documentable changes, especially when and only when the entity changes its business model for managing financial assets (IFRS 9 – B4.4.1).
The reclassification should be applied prospectively from the "reclassification date" thus defined: "*First day of the first financial year after the change in business model that resulted in the reclassification of financial assets*".

Business continuity

These half-year financial report have been prepared on the assumption that the company is a going concern.
In assessing this assumption, the Directors have (i) conducted a thorough analysis of the elements underlying the assessment of Cherry Bank S.p.A.'s ability to continue to operate as a going concern, taking into account all available information on the future – which is relative to at least, but not limited to, twelve months after the closing date of the financial year as required by the reference accounting standards (IAS 1 par. 25,26) –, and (ii) considered the provisions of the joint coordination table between the Bank of Italy, Consob and IVASS regarding the application of IAS/IFRSs, in document No. 2 of 6 February 2009 "Information to be provided in financial reports on the going concern assumption, financial risks, impairment testing of assets and uncertainties in the use of estimates", as well as in the subsequent document No. 4 of 4 March 2010, which requires the Directors to make particularly accurate assessments of the existence of the going concern assumption.

The results achieved as at 30 June 2026 confirm the resilience of the Bank's business model and its ability to achieve its objectives even in a market context that is much less favourable than expected at the end of 2025.
The macroeconomic context continues to be characterised by a great deal of uncertainty that now appears to be structural. The escalation of the conflict in the Middle East has brought the issue of security of energy supplies back to the forefront. At present, it is difficult to predict the evolution of the Middle East crisis, the solution of which does not seem imminent at the moment.
Forecasts for 2026 indicate moderate but positive growth for Italy. However, the estimates are highly dependent on external factors: a severe escalation in commodity prices could jeopardise growth, while a rapid easing of tensions could strengthen the recovery beyond the estimates.
Against this backdrop, in the first half of 2026 the Bank confirms the direction of its transformation path by following the strategic priorities set out in the new 2026–2028 Business Plan, which aims to ensure solid and sustainable growth while maintaining high levels of profitability and strengthening the Bank's capital base. Expectations for the second half of 2026 are positive, although there is an awareness that the external scenario is much more uncertain than at the end of 2025 and that the new initiatives defined in the Plan still need some time to fully express their contribution. The results of what was launched in the first half of the year are positive and to some extent also innovative in the national banking landscape: further improvements are expected in the second half of 2026.

With regard to the introduction, at the end of December 2025, of the European Central Bank's new guidelines on the coverage of impaired exposures for less significant institutions (LSIs) covered by the Supervisory Review and Evaluation Process (SREP), which are essentially aimed at extending the measures adopted for significant banks to LSIs, and also taking into account the phase-in rules in place until 2027, the Bank does not identify, over the next 12-month horizon, any factors that could affect its ability to operate as a result of its gradual alignment with these guidelines. For more details, please refer to the description in the Half Year Report on Operations regarding Calendar Provisioning.
In view of the above, the Directors deemed it appropriate to prepare the half-year financial report at 30 June 2026 on a going concern basis.

Other information

Employee termination indemnities

The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of benefits accrued by employees in exchange for their service in the current and prior years, and the discounting of these benefits in order to determine the present value of the Company's obligations.

The "termination indemnity" of employees is recognised on the basis of its actuarial value determined using the Projected Unit Credit Method as set forth in IAS 19.

Guarantees given and commitments

"Guarantees given" include all guarantees given by the Bank.
Guarantees of a "financial nature" are those granted to support transactions aimed at the acquisition of financial means; guarantees of a "commercial nature" are those granted to guarantee specific commercial transactions: they are indicated with reference to the ordering party, i.e. the party whose obligations are covered by the guarantee provided.
They are recorded at nominal value net of cash outflows and impairment, if any.
Commitments to disburse funds are irrevocable commitments of certain or uncertain use, which may give rise to credit risk (excluding commitments arising from the conclusion of derivative contracts): the carrying amount is net of amounts already disbursed and any impairment.
Irrevocable commitments for certain use include commitments to disburse funds whose use by the applicant is certain and definite: they are therefore binding contracts for both the grantor and the applicant. The aggregate includes, inter alia, purchases of securities not yet settled (the company accounts for securities by settlement date) and deposits and loans to be disbursed at a predetermined future date.
Irrevocable commitments are of uncertain use when use by the applicant is optional; in this case, it is uncertain whether and to what extent the actual disbursement of funds will take place.
Underlying commitments to credit derivatives: protection sales are commitments arising from the sale of protection against credit risk.
They are recorded at nominal value net of disbursements and impairment, if any.

Revenue recognition

Revenues are recognised when they are received or, in any case, when it is probable that future benefits will be received; when they cannot be reliably estimated, revenues are measured to the extent that the related costs incurred are recoverable.

In particular:

- interest is recognised pro-rata temporis on the basis of the contractual interest rate or the effective interest rate if the relevant assets have a contractual duration beyond the short term;
- dividends are recognised in the Income Statement when they are received;
- fees for service revenues are recognised, based on contractual agreements, in the period in which the services are rendered;
- proceeds from the sale of non-financial assets are recognised when the sale is completed, unless the Bank has retained most of the risks and benefits associated with the asset.

Purchased or Originated Credit Impaired (POCI) Assets

Purchased or Originated Credit Impaired (POCI) Assets are those exposures that are impaired at the date of purchase or at the date they are originated.
In this paragraph, purchases in the context of business combinations are excluded.

At the time of purchase, impaired loans are booked at the price paid and kept at the price paid until the end of the on-boarding phase, which generally lasts 6-9 months depending on the size and complexity of the portfolio. During this phase, all information about the debtors, their income and asset position, and the documentation proving the credit are collected. Once all the necessary information has been obtained, the purchased portfolio is released at amortised cost: this implies identifying for each file the expected cash flows determined according to the most suitable type of recovery (judicial, extra judicial). The cash flows determined in this way are already appropriately adjusted for expected losses over the entire residual life of the credit (“Expected Credit Loss – ECL – lifetime”).
The credit-adjusted effective interest rate (“CEIR”) is then determined, i.e. that rate which equals the sum of the present value of the future cash flows of the portfolio’s files, net of related recovery costs, to the portfolio’s purchase price.
At each reporting date, the expected cash flows are restated to take into account the progress of management actions, any collections noted and any new useful information gathered. Positive or negative changes in the timing or amount of expected cash flows are recognised as reversals or impairment of loans, as required by IFRS 9 for Purchased or Originated Credit Impaired (POCI) Financial Assets.

In the case of a sale, the difference between the sales price and the amortised cost value at the time of the transaction is recognised in gains (losses) on the sale of loans.

Depending on the business model with which these assets are managed, POCI are classified as either Financial assets measured at fair value through other comprehensive income or Financial assets measured at amortised cost.
The attribution of the Hold to Collect and Sell (HTC&S) business model for POCI results in their valuation at amortised cost, and eventual impairment, and the recurring valuation at fair value with the effects of changes in fair value recognised in Equity and, therefore, included in the Statement of Other Comprehensive Income ("FVTOCI").
This business model is applied to portfolios purchased and released up to 31 January 2023, at which time a change in the business model was decided upon, identifying a Hold to Collect (HTC) business model for NPL portfolios released and purchased after 31 January 2023.

Tax credits acquired

Tax credits acquired are tax credits introduced by Decrees No. 18/2020 (so-called, Cura Italia [Cure Italy]) and No. 34/2020 (so-called, Rilancio [Relaunch]) for which the following are envisaged:

- the possibility of compensatory use over a limited period of time;
- transferability to third-party purchasers;
- non-refundability (by the tax authorities).

These tax credits do not represent tax assets, Government grants, intangible assets or financial assets under international accounting standards, and are therefore entered in the residual category of "Other assets".
However, as also indicated in the joint Bank of Italy/CONSOB/IVASS Document No. 9, the tax credits acquired are to be considered, from a substantial point of view, similar to a financial asset and, therefore, an accounting model based on IFRS9 is deemed the most appropriate approach to provide relevant and reliable information.

Tax credits are recorded at a value equal to the consideration paid to the transferor, under item "120. Other assets".
After initial recognition, tax credits, depending on the business model with which they are managed, will be measured at amortised cost, if held for compensation, or at fair value, if held for trading, with the effects of changes in fair value recognised in the Income Statement.

Tax credits acquired for compensation are measured at amortised cost using an effective interest rate determined at inception so that the discounted cash flows associated with the estimated future offsets over the expected life of the tax credit equal the purchase price of the tax credits; the economic effects thus determined are recognised under item "10. Interest and similar income".
Tax credits acquired with the intent to trade are measured at fair value through profit and loss (FVTPL) with the related economic effects recorded in item "80. Net trading result".

In its trading activities, the Bank purchases tax credits from Companies and/or General Contractors operating in the construction sector and enters into both forward and spot sale transactions with third parties. When measuring the fair value of tax credits, the cash flows arising from the instruments are considered, taking into account both proprietary time series and current market trends to determine the exit price as required by IFRS 13. The valuation model for such instruments, as required by IFRS 9 B5.1.2A, also takes into account changing factors (including time) that market participants would consider in pricing the asset.

Accounting treatment of the "extraordinary contribution" pursuant to Article 1, paragraphs 69–73 of Law No. 199/2025 (so-called "2026 Budget Law")

The 2026 Budget Law amended the regulation of the extraordinary tax on interest margin introduced in 2023 for banks. The original legislation (Article 26 of Decree-Law No. 104 of 10 August 2023 (converted, with amendments, by Law No. 136 of 9 October 2023) provided for a 40% tax on the increase in interest margin recorded by banks in 2023 compared to that of 2021, but allowed, as an alternative to payment, for an amount equal to at least 2.5 times the tax due to be allocated to a non-distributable reserve.
The Bank had chosen this second option, setting aside Euro 5.6 million in a non-distributable reserve, thus avoiding the payment of the tax of Euro 2.2 million. The 2023 legislation also stipulated that, if the reserve were used for distributions to shareholders, the 40% tax, plus ECB interest, would become due.
The 2026 Budget Law introduced two main changes:

- from 1 January 2029, any distribution of dividends or reserves by banks is deemed to be made primarily using this reserve, with the consequent obligation to pay the 40% tax plus interest.
- This effect can be avoided by paying an extraordinary contribution by 31 December 2028, equal to:
  - 27.5% of the reserve as at 31 December 2025;
  - 33% of the reserve as at 31 December 2026.

From an accounting perspective, the Bank believes that the new legislation generates an obligation that is independent and distinct from the original one, which was already extinguished with the establishment of the reserve in 2023. Therefore, applying IAS 8 and IAS 12 by analogy, the extraordinary contribution is considered to be directly linked to the equity reserve.
Consequently, the estimated contribution for the Bank, amounting to Euro 1.5 million, was accounted for in the 2025 Financial Statements as:

- reduction of an available reserve in shareholders' equity;
- recognition of a corresponding item in "Other liabilities".

The recognition was made in the Financial Statements at 31 December 2025 because:

1. the 2026 Budget Law was definitively approved on 30 December 2025;
2. The Boards of Directors had already decided to participate in the extraordinary contribution prior to the approval of the 2025 "draft financial statements".

The decision of the Board of Directors was then also ratified and approved by the Shareholders' Meeting of 14 April 2026.

In June 2026, the Revenue Agency responded positively to a petition filed by the Bank regarding the quantification of the contribution set aside, as it was calculated, given the regulatory uncertainty, on a reserve exceeding the minimum required by law. This positive response reduced the amount of the extraordinary contribution by Euro 88,161, which is shown in the changes in Shareholders' Equity under the item "Changes in reserves".

Impairment of financial instruments

At each reporting date, in accordance with IFRS 9, financial assets other than those measured at fair value through profit or loss are subject to an assessment to determine whether there is any evidence that the carrying value of the assets is not fully recoverable. A similar analysis is also performed for commitments to disburse funds and for guarantees given that fall within the scope to be subject to impairment under IFRS 9.

Impairment losses on performing financial assets

For financial assets for which there is no evidence of impairment (non-impaired financial instruments), it is necessary to check whether there are any indicators that the credit risk of the individual transaction has significantly increased since initial recognition.
The standard, in fact, provides that, for the purposes of assessing creditworthiness, non-impaired financial assets must be allocated to two different Stages:

- Stage 1: for exposures that have not deteriorated in credit quality since the time of disbursement or purchase or that imply negligible credit risk at that time;
- Stage 2: for exposures whose original credit quality has deteriorated significantly and whose credit risk is not negligible, although they are not yet classified as impaired.

For the purposes of identifying any "significant deterioration" in credit quality since the date of initial recognition and the consequent need for classification in Stage 2, as well as speculatively, the prerequisites for returning to Stage 1 from Stage 2, the choice made provides, at each reporting date, for a comparison of the credit quality of the financial instrument at the time of valuation with that at the initial time of disbursement or purchase (Stage assignment).
The significant deterioration of creditworthiness with respect to the time of disbursement, in addition to being conditioned by macroeconomic parameters, is identified through the analysis of the following so-called "Staging" criteria:
Significant increase in credit risk:

- change in the probability of default with respect to the time of initial recognition of the financial instrument. It is, therefore, an evaluation using a "relative" criterion, i.e. the change in the (CRS) rating;
- continuous overrunning of more than 30 days;
- presence of a Forborne credit;
- Presence of cases on the so-called watch list;
- Presence of adverse events, i.e., protests, registration of judicial charges or seizures, precautionary enforcement measures ordered by the court, etc.

Some peculiar considerations also apply to the so-called "staging" of securities. Unlike loans, in fact, for this type of exposure, buying and selling transactions subsequent to the first purchase made with reference to the same ISIN may routinely fall within the ordinary management of the positions (with the consequent need to identify a methodology to be adopted for the identification of sales and redemptions in order to determine the residual quantities of individual transactions to which to associate a credit quality/ rating at origination to be compared with that of the reporting date). In this context, it was considered that the use of the "first-in-first-out" or "FIFO" methodology contributes to a more transparent portfolio management, also from the point of view of front-office operators, while at the same time allowing a continuous updating of the creditworthiness assessment on the basis of new purchases.

Once the allocation of exposures to different Stages of credit risk has been defined, the determination of expected losses (ECL) is made by applying the following parameters and calculations:

Stage 1

- Unlikely to pay (UTP), which expresses, dynamically over time, each customer's probability of moving from "non-impaired loan" to "impaired loan" status (past due, unlikely to pay (UTP) or bad loans) within one year;
- the Loss Given Default (LGD) rates (i.e., the loss that, in the event of default, cannot be recovered, either judicially or extrajudicially, also taking into account the expenses incurred and the time required by the recovery attempt), to be applied to non-impaired loans, which result from the application of the consortia methodologies and adopted by the Bank;
- the lump-sum expected loss percentages for each credit line included in non-impaired loans are determined by multiplying the respective Probability of Default (PD) by the Loss Given Default (LGD);
- the sum of the expected losses relating to individual relationships, each of which is in turn obtained from the product of the relevant exposure and the relevant lump-sum percentage, quantifies the total amount of expected losses of the entire non-impaired loan portfolio.

Stage 2

For this category of credits, the assessment of the loss to be quantified in the financial statements will be determined by reference to the entire residual life of the individual loans and not by reference to the next twelve months as for the credit included in Stage 1.
The risk parameters (PD and LGD) will therefore refer to a time horizon differentiated according to the maturity of each individual exposure, and the multi-year expected loss will be the sum of all annual components from valuation date to maturity date.

Impairment losses on non-performing financial assets

Impaired loans (Stage 3) are subject to the following valuation methods:

- analytical-specific assessment for all exposures classified as bad loans;
- analytical-specific assessment for all exposures classified in the category of unlikely to pay (UTP);
- analytical-specific assessment for all exposures classified in the past due and/or overdrawn category.

The analytical-specific assessment is a valuation of individual positions based on a qualitative-quantitative analysis of the debtor's economic and financial situation, the riskiness of the credit relationship, any mitigating factors (guarantees) and made taking into account the financial effect of the estimated time required for recovery.

Methods of determining fair value

Fair value is defined as the price at which a purchase or sale of an asset or liability would occur in a regular transaction between market participants, under the conditions prevailing at the valuation date in the principal or most advantageous market (exit price), regardless of whether that price is observable directly or estimated using another valuation technique. Underlying the measurement of fair value is the presumption that the entity is a going concern, i.e. that it is in a fully operational situation and therefore does not intend to liquidate or significantly reduce its operations or undertake transactions on unfavourable terms. Fair value is therefore not the amount the entity would receive or pay in the event of forced transactions or sales below cost.
The valuation techniques used to measure fair value are applied uniformly and continuously over time.

Listed instruments

In the case of listed instruments in active markets, the fair value must be equal to the quotation price. A market is defined as active when the price of the financial instrument is readily and regularly provided by stock exchanges, intermediaries, dealers or info providers and when the price itself represents actual transactions in the instrument being valued.

The current definition of a regulated market does not always coincide with the notion of an "active market". An "official regulated market" functions properly if:

- there are rules, issued or approved by the Authorities of the market's country of origin, governing the conditions of operation, access, and those that a contract must satisfy in order to be effectively processed;
- there is a clearing mechanism that requires derivative contracts to be subject to daily margin calls, which provide adequate protection.

However, a regulated market does not guarantee the presence of "significant" prices if it is not representative of significant daily trading in terms of volume.
As a result, special procedures are put in place to identify active markets, i.e. those markets in which the prices of traded instruments represent the value at which market transactions actually take place.

These procedures are based on the analysis of the following factors:

- the number of contributors and the possible presence of dealers, brokers and market makers;
- the frequency with which the listed figure is periodically updated, and the deviation from the previous quotation;
- the existence of an acceptable difference between the bid and ask prices;
- the volume of trade dealt with.

In particular, the prices used for financial statements valuations are:

- the bid price in the case of held assets;
- the ask price in the case of liabilities to be issued;
- the mid market price in the case where the risk profiles offset each other (the difference between the bid and ask prices is determined by transaction costs alone).

When the same financial instrument is listed on several markets, the most advantageous quotation is taken.

Unlisted instruments

If there are no directly observable prices in active markets, it is necessary to resort to valuation techniques that optimise the contribution of available information, either on the basis of the comparative approach, which infers the fair value of an instrument from the prices observed in similar transactions in active markets, or on the basis of a modelling approach that, even in the absence of observable or comparable transactions, nevertheless allows a valuation to be made. The techniques used have the following characteristics:

- tend to maximise the use of market inputs and minimise internal estimates and assumptions;
- reflect the manner in which the market assigns a price to instruments;
- use inputs that represent market expectations and the risk-return ratio of the instrument being valued;
- incorporate all factors that market participants would consider when defining price;
- are consistent with commonly accepted methodologies;
- are subject to periodic verification and calibration in order to verify their ability to represent fair value in line with the prices at which transactions in the instrument being valued actually take place, thus ensuring the comparability, reliability and neutrality of the process of defining the values of financial instruments required by the regulations.

Fair value hierarchy

The fair value hierarchy, according to IFRS 13, must be applied to all financial instruments for which fair value measurement is recognised in the Balance Sheet.
IFRS 13 establishes a fair value hierarchy based on the degree of observability of the inputs of the valuation techniques adopted for the valuation of underlying assets/liabilities; in particular, the hierarchy consists of three levels.

Level 1: the valuation is the market price of the financial instrument being valued, obtained on the basis of quotations from an active market. An active market is considered to be such if quotation prices reflect normal market transactions, are regularly and readily available through stock exchanges, quotation services, intermediaries and if those prices represent actual and regular market transactions.

Level 2: the valuation is based on prices derived from market quotations of similar assets or through valuation techniques for which all significant factors – including credit and liquidity spreads – are derived from observable market data. This level implies reduced discretionary elements in the valuation as all the parameters used are taken from the market and the calculation methodologies allow for replication of quotations on active markets.

Level 3: valuations are made using different inputs, not all of which are derived directly from observable market parameters and, therefore, involve significant estimates and assumptions on the part of the valuer.

Cherry Bank S.p.A.'s criteria for assigning the hierarchical level of fair value to individual financial instruments in the proprietary portfolio are as follows:

Level 1: instruments that fulfil the following conditions:

- a quotation must be available;
- the quotation must refer exactly to the instrument being valued (not similar instruments);
- the quotation must be on an active market.

A market is considered active if the quotation prices reflect normal market transactions, are readily and regularly available and if the prices represent actual and regularly occurring market transactions based on a normal reference period.
The concept of active market is referable to the individual financial instrument; in fact, it does not necessarily coincide with the concept of a regulated market and may refer to organised trading circuits and multilateral trading facilities, even telematic ones, provided that the prices displayed on them are actually representative of trade.

A regulated or official market is generally considered an active market and the Bank considers as such all regulated markets:

- OTC electronic trading circuits (e.g. "Bloomberg") provided that the quotations provided actually represent the price at which a transaction would take place on the reference date. For this purpose, the following are considered:
  - existence of a number of contributors with executable proposals of a given instrument;
  - existence of a bid-ask spread, i.e. the difference between the price at which the intermediary quoting executable proposals undertakes to sell the financial instrument (ask price) and the Price at which it undertakes to purchase them; percentage ownership with respect to the outstanding notional amount, determined as the ratio between the notional amount of the outstanding position on the individual instrument and the relevant total outstanding notional amount.

These conditions are verified from time to time by Risk Management, taking into account the characteristics of the instrument being valued and the market context.

Level 2 and Level 3: in the absence of quoted prices in an active market, the fair value measurement of a financial instrument is performed using valuation techniques maximising the use of inputs observable on the market.
The use of a valuation technique is intended to estimate 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. In this case, the fair value measurement may be categorised in Level 2 or Level 3, according to what extent inputs to the pricing model are observable.
In the absence of observable prices in active markets for the financial asset or liability to be measured, the fair value of the financial instruments can be measured using the so-called "comparable approach" (Level 2), requiring valuation models based on market inputs.
In this case, the valuation is not based on the quotation prices of the financial instrument being measured (identical asset), but on prices, credit spreads or other factors derived from the official quotation prices of instruments that are substantially similar in terms of risk factors and duration/return, using a given calculation method (pricing model).
In the absence of quotation prices in an active market for a similar instrument, or should the characteristics of the instrument to be measured not allow to apply models using inputs observable in active markets, it is necessary to use valuation models assuming the use of inputs that are not directly observable in the market and, therefore, requiring to make estimates and assumptions (non observable input – Level 3). In these cases, the valuation of the financial instrument is conducted using a given calculation methodology that is based on specific assumptions regarding:

- the trend in future cash flows, possibly contingent on future events whose probability of occurring can be derived from historical experience or based on behavioural assumptions;
- the level of specific inputs not quoted in active markets: for the purposes of estimating them, information acquired from prices and spreads observed in the market shall have a higher priority.

If these are not available, entities shall use historical data about the specific underlying risk factor or specialist research on the matter (e.g. reports by ratings agencies or primary market players).
In the cases described, valuation adjustments are considered that take into account the risk premiums that traders consider when pricing instruments. Valuation adjustments, if not explicitly considered in the valuation model, may include:

- model adjustments: adjustments that take into account any deficiencies in the valuation models highlighted during calibration;
- liquidity adjustments: adjustments that take into account the bid-ask spread if the model calculates a mid price;
- credit risk adjustments: adjustments related to the counterparty or own credit risk;
- other risk adjustments: adjustments related to a risk premium “priced” in the market (e.g. relating to the complexity of valuation of an instrument).

Section A 4 “Information on fair value” describes the criteria for determining fair value for particular categories of instruments belonging to Level 2 and Level 3.

Information on transfers among portfolios of financial assets

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

Type of financial instrument	Portfolio of provenance	Portfolio of destination	Date of reclassification	Reclassified carrying amount	Interest income recorded in the year (pre-tax)
Debt securities	Financial assets measured at fair value through other compre-hensive income	Financial assets measured at amortised cost	30/06/2022	123,483	//

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

On 1 January 2022, following a change in the business model approved by the delegated bodies in December 2021, the Bank reclassified from the category Financial assets measured at fair value through other comprehensive income to the category Financial assets measured at amortised cost Government Securities for a total amount of Euro 121.9 million.
The change in business model took place as a result of the major extraordinary transaction that took place on 6 October 2021, through the merger by incorporation of Cherry 106 S.p.A. ("C106") into Banco delle Tre Venezie S.p.A. ("BTV"), which saw the entry of new shareholders into the Bank's share capital and a profound change in governance.
Following the integration, the new management initiated a review of the Bank's processes and policies, including the investment policy.
It should be noted that the amount of the gross reserve on these securities at the date of reclassification was negative for Euro 1.6 million.
At 30/06/2026, the fair value of the reclassified securities was Euro 37.9 million.

Information on Fair Value

Qualitative information

Please refer to what has already been described in the "General Part - Other information".

Fair value Levels 2 and 3: valuation techniques and inputs used

Receivables due from banks and customers

Receivables due from customers or receivables due from banks that have been recognised under item 20.c "Financial assets measured at fair value: other financial assets mandatorily measured at fair value" are measured at fair value as a result of not passing the "SPPI Test". The approach used to determine the fair value rate is based on the "Weighted Average Cost of Capital" methodology; this technique is widely used in the financial sector and known in the literature by the acronym WACC.

NPL acquired from third parties

They are measured at fair value and recognised under item 30 "Financial assets measured at fair value through other comprehensive income".
The fair value is determined by discounting the recovery flows defined according to proprietary models, or analytically by the manager. Loans are clustered into three distinct segments according to the "quality" of the underlying, i.e. paying, with proceedings in progress, etc. The estimated cash flows already discount the possible future non-recovery, the net flows are therefore discounted at a periodically revised discount rate.

The discount rate is assimilated to the rate of return an investor would like to obtain, and can be broken down into the following components:

- Risk free;
- Country risk;
- Expected loss;
- Illiquidity premium of the asset in the market;
- Premium that discounts the volatility of recovery flows compared to their average value.

The methodology applied to define the discount rates of the above-mentioned clusters therefore relies on the recovery of this information where it is not already included in the estimate of expected cash flows (i.e. multi-year expected loss).

Tax credits acquired

The tax credits referred to in Decrees No. 18/2020 (so-called, Cura Italia [Cure Italy]) and No. 34/2020 (so-called, Rilancio [Relaunch]), acquired by the Bank with the intent to trade, are recognised under item 120 "Other assets" and are measured at fair value through profit and loss (FVTPL).
When measuring the fair value of tax credits, the cash flows arising from the instruments are considered, taking into account both proprietary time series and current market trends to determine the exit price as required by IFRS 13. The valuation model for such instruments, as required by IFRS 9 B5.1.2A, also takes into account changing factors (including time) that market participants would consider in pricing the asset.

Bonds

The inputs used for valuations are rate curves and prices of comparable transactions, if any.

Equity securities

The fair value of "equity investments" is determined with reference to prices resulting from external, independent appraisals or based on exchange prices derived from recent transactions; if the amount is insignificant, equity investments are maintained at cost, as are other equity securities.

Mutual investment funds

For "open-ended" mutual investment funds, in which unitholders have the right to request redemption of units at any time, and for hedge funds, fair value is determined on the basis of quotation prices provided by the respective Management Companies on dates consistent with the prices of the underlying financial instruments. In the case of listed "closed-ended" or private equity funds, Fair value is usually determined using the latest published NAV by applying a liquidity discount specifically determined with respect to the characteristics of the assets and the fund itself.

Derivatives

The fair value of derivative instruments is determined through the use of different valuation models depending on the type of instrument:

- volatility estimation models were used to determine the fair value of options;
- the discounted cash flow method was used for the fair value of swaps.

The valuations thus determined were adjusted by the amounts corresponding to the counterparty's creditworthiness assessments (counterparty risk): this is the so-called "credit risk adjustment", calculated on the basis of the rating class of the counterparties and their expected loss.

Payables due to banks and customers

Fair value is determined as the present value of the debt, based on the rate curves used as discount factors.

Financial liabilities held for trading

Financial instruments classified as financial liabilities held for trading are allocated to the different Levels according to the general allocation rules.

Processes and sensitivity of evaluations

The unobservable inputs capable of influencing the valuation of the instruments classified in Level 3 are mainly represented by estimates and assumptions underlying the models used to measure equity investments in equity securities and UCITS units. Since this involves data from third party sources (e.g. fund NAV) or information specific to the entities being valued (e.g. company assets) for which it is not reasonable to predict alternative values, sensitivity analyses are not applied to these valuations.

Fair value hierarchy

For the purposes of compiling information on transfers between different Levels of fair value, the criterion adopted for recognising the transfer is the balance existing at the beginning of the reporting period, compared with the end-of-period balance shown in the tables "*Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level*" and "*Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level*".

Other information

At 30 June 2026, there was no information to be reported in accordance with IFRS 13, paragraphs 51, 93 sub (i) and 96, as there are no assets measured at fair value on a "highest and best use" basis, nor was the possibility of measuring fair value at the level of total portfolio exposures.

Quantitative information

Fair value hierarchy

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

(amounts in thousands of Euro)

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	6,066	-	41,790	5,192	-	32,759
a) Financial assets held for trading	-	-	-	-	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-
c) Other financial assets mandatorily measured at fair value	6,066	-	41,790	5,192	-	32,759
2. Financial assets measured at fair value through other comprehensive income	6,664	7,444	18,639	34,781	7,243	18,929
3. Hedging derivatives	-	-	-	-	-	-
4. Tangible assets	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total assets	**12,730**	**7,444**	**60,429**	**39,973**	**7,243**	**51,688**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Changes in fair value Levels may only occur upon fulfilment of the requirements set out in paragraph Fair value hierarchy.
Level 3 financial assets measured at fair value through other comprehensive income refer to UCITS units, Minibonds, NPL and investments.

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

(amounts in thousands of Euro)

	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: financial assets held for trading	of which: financial assets designated at fair value	of which: other financial assets mandatorily measured at fair value				
1. Opening balance	**32,759**	**-**	**-**	**32,759**	**18,929**	**-**	**-**	**-**
2. Increases	**9,513**	**-**	**-**	**9,513**	**6,137**	**-**	**-**	**-**
2.1 Purchases	9,220	-	-	9,220	4,790	-	-	-
2.2 Profits recognised in:	123	-	-	123	1,307	-	-	-
2.2.1 Income Statement	123	-	-	123	789	-	-	-
of which gains	123	-	-	123	-	-	-	-
2.2.2 Equity	-	-	-	-	518	-	-	-
2.3 Transfers from other Levels	-	-	-	-	-	-	-	-
2.4 Other increases	170	-	-	170	40	-	-	-
3. Decreases	**482**	**-**	**-**	**482**	**6,427**	**-**	**-**	**-**
3.1 Sales	116	-	-	116	5,194	-	-	-
3.2 Repayments	-	-	-	-	1,170	-	-	-
3.3 Losses recognised in:	102	-	-	102	52	-	-	-
3.3.1 Income Statement	102	-	-	102	5	-	-	-
of which losses	*102*	-	-	*102*	-	-	-	-
3.3.2 Equity	-	-	-	-	47	-	-	-
3.4 Transfer to other Levels	-	-	-	-	-	-	-	-
3.5 Other decreases	264	-	-	264	11	-	-	-
4. Closing balance	**41,790**	**-**	**-**	**41,790**	**18,639**	**-**	**-**	**-**

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

There are no financial liabilities measured at fair value.

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

(amounts in thousands of Euro)

Financial assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	30/06/2026				31/12/2025			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	3,803,652	2,223,528	-	1,506,315	3,231,942	1,985,339	-	1,209,382
2. Investments	7,367	-	-	7,367	7,585	-	-	7,585
3. Non-current assets and groups of assets held for sale	-	-	-	-	-	-	-	-
Total	**3,811,019**	**2,223,528**	**-**	**1,513,682**	**3,239,527**	**1,985,339**	**-**	**1,216,967**
1. Financial liabilities measured at amortised cost	4,306,899	-	-	4,316,988	4,257,218	-	-	4,272,522
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	**4,306,899**	**-**	**-**	**4,316,988**	**4,257,218**	**-**	**-**	**4,272,522**

Information on the “Day one profit/loss”

The disclosure refers to paragraph 28 of IFRS 7, which requires evidence of the amount of the “day one profit or loss” to be recognised in the Income Statement at the end of the financial year, as well as a reconciliation to the opening balance.
A “day one profit or loss” is defined as the difference between the transaction price and the value obtained through the use of valuation techniques at the time a financial instrument is first recorded.
With regard to the fair value measurement of tax credits, the Bank considers that the purchase price does not represent the fair value of these assets at initial recognition because the market in which the transaction takes place is different from the principal (or more advantageous) market. Reference was made to IFRS 9 B5.1.2A for the recognition in the Financial Statements, i.e. changes in factors (including time) were taken into account in determining the price of these assets.
In this case, the use of prudent valuation models, the processes for reviewing these models and their parameters, and value adjustments for model risk ensure that the amount recognised in the income statement does not arise from the use of unobservable valuation parameters. In particular, the quantification of value adjustments that relate to the use of subjective parameters is not recognised in the income statement, but rather as an adjustment to the balance sheet value of these instruments. The presence of “day one profits” thus results in the recognition of a separate equity component subject to straight-line basis.
The recognition of these quotas in the Income Statement therefore only takes place on the basis of the subsequent prevalence of objective parameters and, consequently, the disappearance of the aforementioned adjustments.
At 1 January 2026, there were loans that originated differences between purchase price and fair value at inception of Euro 0.3 million, whereas as at 30 June 2026, these differences amounted to Euro 0.1 million, related to loans acquired in 2024. The residual differences relating to the 2024 financial year were recognised in the Income Statement as described above.

Main Balance Sheet and Economic Aggregates

Main Balance Sheet aggregates

(amounts in thousands of Euro)

Key Balance Sheet Figures	30/06/2026	31/12/2025	Change	
			Absolute	%
Cash and cash equivalents	32,346	122,923	(90,577)	**(73.7%)**
Financial assets measured at FVTOCI	32,747	60,953	(28,206)	**(46.3%)**
Receivables due from banks	267,343	17,876	249,467	**1395.5%**
Receivables due from customers	3,536,309	3,214,066	322,243	**10.0%**
Tangible and intangible assets	59,244	56,368	2,876	**5.1%**
Other asset items[1]	725,918	1,074,147	(348,229)	**(32.4%)**
Total assets	**4,653,907**	**4,546,333**	**107,574**	**2.4%**
Payables due to banks	2,021,419	1,932,758	88,661	**4.6%**
Payables due to customers	2,285,480	2,324,460	(38,980)	**(1.7%)**
Other liability items[2]	104,387	70,444	33,943	**48.2%**
Shareholders' Equity	242,621	218,671	23,950	**11.0%**
Total liabilities and shareholders' equity	**4,653,907**	**4,546,333**	**107,574**	**2.4%**

[1] The other asset items consist of: Financial assets at FVTPL of Euro 47.9 million, Tax assets of Euro 19.6 million and Other assets of Euro 658.4 million.
[2] The other liability items consist of: Tax liabilities of Euro 25.3 million, Other liabilities of Euro 77.0 million, Employee termination indemnities of Euro 0.6 million and Provisions for risks and charges of Euro 1.5 million.

Cash and cash equivalents

The item Cash and cash equivalents includes cash on hand, current accounts, and demand deposits with banks for about Euro 32.3 million with a decrease of 73.7% compared to Euro 122.9 million at the end of the previous year. The balances held in interbank accounts (reciprocal or ordinary), used by the Bank for ordinary operations amounted to Euro 23.7 million, while cash on hand amounted to Euro 8.6 million.

Financial assets measured at FVTOCI

Financial assets measured at fair value through other comprehensive income amounted to Euro 32.7 million at 30 June 2026, down 46.3% compared to the figure recorded at the end of the previous year, and include Securities owned mainly related to equity securities of financial institutions for an amount of Euro 14.2 million (+5.3%) compared to Euro 13.5 million at the end of 2025, and NPL of Euro 11.9 million compared to Euro 12.4 million at the end of the previous year (portfolio in run-off following the change in business model). The valuation reserves on securities, before tax effect, as at 30 June 2026, amounted to Euro 1.8 million. With reference instead to NPL Loans, the gross positive valuation reserve amounted to Euro 0.9 million as at 30 June 2026, substantially unchanged compared to the figure at the end of 2025.

Receivables due from banks

Receivables due from banks amounted to Euro 267.3 million at 30 June 2026, of which Euro 13.2 million related to the compulsory reserve, up compared to Euro 17.9 million at 31 December 2025. The increase in this item is attributable to the growth in receivables from central banks following significant liquidity inflows at the end of June, mainly from regional branches.

Receivables due from customers

(amounts in thousands of Euro)

Technical forms	30/06/2026	31/12/2025	Change	
			Absolute	%
Current accounts	121,071	110,029	11,042	10.0%
Mortgages	699,979	690,714	9,265	1.3%
Other transactions	203,815	243,371	(39,556)	(16.3%)
Debt securities	2,278,036	1,961,007	317,029	16.2%
Total carrying amount performing	**3,302,901**	**3,005,121**	**297,780**	**9.9%**
Impaired assets	233,408	208,945	24,463	11.7%
Total Receivables due from customers	**3,536,309**	**3,214,066**	**322,243**	**10.0%**

Receivables due from customers totalled Euro 3,536.3 million at 30 June 2026, compared to Euro 3,214.1 million at the end of the previous year (+10.0%).

The item includes loans to customers amounting to Euro 1,234.8 million (Euro 1,229.0 million at the end of 2025, +0.5%), of which impaired loans acquired amounting to Euro 153.3 million (an increase of Euro 22.5 million compared to the end of 2025) and portfolio securities (mainly Italian Government Bonds) amounting to Euro 2,301.5 million (Euro 1,985.1 million at the end of 2025, +15.9%). With reference to this last item, the change is essentially attributable to the treasury management portfolio. In view of the specific context and market trends, the Bank deemed it appropriate to take proactive action on the portfolio, pursuing a dual objective: on the one hand, to prolong over time the positive differential between the return on loans and the cost of funding, and on the other, to strengthen its liquidity position by realising the latent capital gain on the existing portfolio.

Below is a breakdown by credit quality of loans to customers.

(amounts in thousands of Euro)

Net receivables due from companies	30/06/2026	31/12/2025	Change	
			Absolute	%
Net bad loans	18,549	16,711	1,838	11.0%
Net unlikely to pay (UTP)	30,291	33,341	(3,050)	(9.1%)
Net impaired past due exposures	7,890	3,346	4,544	135.8%
Total net impaired assets (Stage 3)	**56,730**	**53,398**	**3,332**	**6.2%**
Net performing loans (Stages 1 and 2)	1,024,865	1,044,742	(19,877)	(1.9%)
Total net loans originated	**1,081,595**	**1,098,140**	**(16,545)**	**(1.5%)**
POCI – Purchased and/or originated impaired loans NPL and CIB	153,254	130,823	22,431	17.1%
Total net loans	**1,234,849**	**1,228,963**	**5,886**	**0.5%**

Net impaired assets amounted to Euro 56.7 million at the end of the half year, up from Euro 53.4 million at the end of 2025 (+6.2%).

(amounts in thousands of Euro)

Credit quality	Bad loans	Unlikely to pay (utp)	Past due exposures	Total impaired (stage 3)	Performing (stages 1 and 2)	Total
SITUATION AT 30/06/2026						
Gross amount	28,523	39,014	8,832	76,369	1,032,585	**1,108,954**
Impairment	(9,974)	(8,723)	(942)	(19,639)	(7,720)	**(27,359)**
Net amount	18,549	30,291	7,890	56,730	1,024,865	**1,081,595**
Coverage ratio	*35.0%*	*22.4%*	*10.7%*	*25.7%*	*0.7%*	***2.5%***
Gross ratio	*2.6%*	*3.5%*	*0.8%*	*6.9%*	*93.1%*	***100.0%***
Net ratio	*1.7%*	*2.8%*	*0.7%*	*5.2%*	*94.8%*	***100.0%***
SITUATION AT 31/12/2025						
Gross amount	23,291	41,188	3,670	68,149	1,053,200	**1,121,349**
Impairment	(6,580)	(7,847)	(324)	(14,751)	(8,458)	**(23,209)**
Net amount	16,711	33,341	3,346	53,398	1,044,742	**1,098,140**
Coverage ratio	*28.3%*	*19.1%*	*8.8%*	*21.7%*	*0.8%*	***2.1%***
Gross ratio	*2.1%*	*3.7%*	*0.3%*	*6.1%*	*93.9%*	***100.0%***
Net ratio	*1.5%*	*3.0%*	*0.3%*	*4.9%*	*95.1%*	***100.0%***

In order to provide a more meaningful representation, the same table was prepared by showing the gross amount and the impairment of the impaired assets without taking into account the effect of their re-recognition at fair value following the business combination, however in continuity of presentation with BTV and Banca Popolare Valconca's pre-merger financial statements, while also including the differential that emerged following the PPA in the impairment.

(amounts in thousands of Euro)

Credit quality	Bad loans	Unlikely to pay (utp)	Past due exposures	Total impaired (stage 3)	Performing (stages 1 and 2)	Total
SITUATION AT 30/06/2026						
Gross amount	28,751	41,197	8,832	78,780	1,032,585	**1,111,365**
Impairment	(10,202)	(10,906)	(942)	(22,050)	(7,720)	**(29,770)**
Net amount	18,549	30,291	7,890	56,730	1,024,865	**1,081,595**
Coverage ratio	*35.5%*	*26.5%*	*10.7%*	*28.0%*	*0.7%*	***2.7%***
Gross ratio	*2.6%*	*3.7%*	*0.8%*	*7.1%*	*92.9%*	***100.0%***
Net ratio	*1.7%*	*2.8%*	*0.7%*	*5.2%*	*94.8%*	***100.0%***
SITUATION AT 31/12/2025						
Gross amount	25,494	43,534	3,670	72,698	1,053,200	**1,125,898**
Impairment	(8,783)	(10,193)	(324)	(19,300)	(8,458)	**(27,758)**
Net amount	16,711	33,341	3,346	53,398	1,044,742	**1,098,140**
Coverage ratio	*34.5%*	*23.4%*	*8.8%*	*26.6%*	*0.8%*	***2.5%***
Gross ratio	*2.3%*	*3.9%*	*0.3%*	*6.5%*	*93.5%*	***100.0%***
Net ratio	*1.5%*	*3.0%*	*0.3%*	*4.9%*	*95.1%*	***100.0%***

Tangible and intangible assets

Tangible and intangible assets at 30 June 2026 totalled Euro 59.2 million, an increase of 2.9 millions of Euro (+5.1%) compared to Euro 56.4 million at the end of 2025. The item relates to tangible assets for Euro 48.8 million and to intangible assets for Euro 10.5 million. The increase is attributable to tangible assets for functional use. It is noted that tangible assets at the end of June refer to the property under construction in Padua, the future new HQ of Cherry Bank, for Euro 14.4 million, the total cost of which at the end of the works is lower than the respective fair value, as per an appraisal issued by an independent expert.

Other asset items

Other assets decreased from Euro 1,074.1 million at the end of 2025 to Euro 725.9 million at 30 June 2026 (-32.4%), and include the following items: Financial assets measured at FVTPL of Euro 47.9 million, up compared to the figure at the end of the previous year (+26.1%), mainly referring to Alternative Investment Funds; Tax assets of Euro 19.6 million compared to Euro 21.6 million at the end of 2025 (-9.0%); Other assets of Euro 658.4 million compared to Euro 1,014.6 million at the end of 2025 (-35.1%).

This item, at 30 June 2026, consisted mainly of the following items:

- Euro 616.0 million in tax credits in the portfolio (-37.1% compared to the end of 2025) of which:
- Euro 576.3 million acquired as part of the Cherry transaction Credits held for resale and subject to fair value measurement;
- Euro 39.7 million in tax credits recoverable through compensation and recorded at amortised cost.

Payables due to banks

Payables due to banks amounted to Euro 2,021.4 million at 30 June 2026, compared to Euro 1,932.8 million at the end of 2025 (+4.6%). The item refers to Euro 1,350.5 million in payables due to the ECB (weekly auctions) compared to Euro 1,400.7 million at 31 December 2025, to PCT loans for Euro 409.0 million compared to Euro 269.6 million at the end of 2025, and to the loan from a primary banking institution for Euro 261.8 million linked to the Cherry Horizon securitisation transaction, unchanged compared to the previous year.

Payables due to customers

(amounts in thousands of Euro)

Customer funding	30/06/2026	31/12/2025	Change	
			Absolute	%
Current accounts and on demand deposits	1,009,915	930,818	79,097	8.5%
Current accounts and term deposits	1,267,829	1,384,801	(116,972)	(8.4%)
Other loans	7,736	8,841	(1,105)	(12.5%)
Total payables due to customers	**2,285,480**	**2,324,460**	**(38,980)**	**(1.7%)**

Customer funding amounted to Euro 2,285.5 million at 30 June 2026, slightly down from Euro 2,324.5 million at the end of the previous year. However, the breakdown of the item by type of funding channel shows a 52% decrease in Raisin Funding, mainly offset by the significant increase in Traditional Funding, which grew by 22%, accompanied by an 18% increase in the online Italy component thanks to the Bank's competitive positioning in the market.

(amounts in thousands of Euro)

Customer funding by channel	30/06/2026	31/12/2025	Change	
			Absolute	%
Online funding Italy	708,960	602,890	106,070	18%
Raisin funding	340,877	712,408	(371,531)	(52%)
Traditional funding	1,235,643	1,009,162	226,481	22%
Total funding to customers	**2,285,480**	**2,324,460**	**(38,980)**	**(2%)**

Indirect funding from customers

(amounts in thousands of Euro)

Indirect funding: breakdown	30/06/2026	%	31/12/2025	%	Change %
Administered indirect funding	882,370	62.43%	709,786	59.29%	24.32%
Managed indirect funding	531,086	37.57%	487,382	40.71%	8.97%
of which Mutual Funds	329,354	23.30%	293,131	24.49%	12.36%
of which Third-party Asset Management	95,925	6.79%	88,481	7.39%	8.41%
of which Life Insurance	105,807	7.49%	105,770	8.84%	0.04%
Total indirect funding	**1,413,456**	**100.00%**	**1,197,168**	**100.00%**	**18.07%**

Capital and capital ratios

Shareholders' Equity

(amounts in thousands of Euro)

Shareholders' Equity	30/06/2026	31/12/2025	Change	
			Absolute	%
Share capital	64,453	64,453	-	0%
Equity instruments	-	-	-	0%
Share premiums	716	716	-	0%
Reserves	143,364	121,765	21,599	17.7%
Valuation reserves	10,524	10,227	297	2.9%
- Securities	1,568	*1,230*	338	27.5%
- NPL	589	*620*	(32)	(5.2%)
- Revaluation of properties	8,277	*8,277*	-	0%
- Employee termination indemnities	90	*100*	(9)	(9.1%)
Profit for the year	23,564	21,510	2,054	9.6%
Total Shareholders' Equity	**242,621**	**218,671**	**23,950**	**11.0%**

The change in Shareholders' Equity compared to the previous year is essentially attributable to the net profit for the year.

Capital ratios

(amounts in thousands of Euro)

Capital and Solvency ratios	30/06/2026	31/12/2025
Common Equity Tier 1 (CET 1) net of adjustments	**229,881**	206,087
Additional Tier 1 (AT1) net of adjustments	**-**	-
Tier 1 capital (Tier 1)	**229,881**	206,087
Tier 2 capital (Tier 2 – T2) net of adjustments		-
Total Capital	**229,881**	**206,087**

(amounts in thousands of Euro)

Risk-Weighted Assets	30/06/2026	31/12/2025
Risk-Weighted Assets		
- for credit and counterparty risk	1,078,448	997,103
- for regulatory and market risk	14,809	20,143
- for operational risk	246,928	246,928
- other specific risks		-
Total Risk-Weighted Assets	**1,340,185**	**1,264,174**

Below is the table comparing the Bank's actual capital requirements against the regulatory minimums set by the Bank of Italy.

SREP thresholds	Regulatory minimum		SREP threshold with Buffer	SyRB	SREP threshold with Buffer * OCR	SREP threshold with Capital Guidance	30/06/2026
	Threshold	with Add-on					
CET 1 capital ratio	4.50%	6.10%	8.60%	0.79%	9.39%	10.64%	17.15%
Tier 1 capital ratio	6.00%	8.10%	10.60%	0.79%	11.39%	12.64%	17.15%
Total capital ratio	**8.00%**	**10.80%**	**13.30%**	**0.79%**	**14.09%**	**15.34%**	**17.15%**

(*) regulatory minimum including capital conservation buffer of 2.50%

At 30/06/2026, the available capital with reference to the CET1 capital ratio was Euro 87.2 million (6.51%) and with reference to the Total Capital Ratio was Euro 24.3 million (1.81%).

Main economic results

Formation of the Reclassified net banking income[1]

(amounts in thousands of Euro)

Formation of the Reclassified net banking income[1]	30/06/2026	30/06/2025	Change	
			Absolute	%
Interest margin	25,208	15,470	9,738	63.0%
Net fee and commission income	10,520	6,971	3,549	50.9%
Net trading result	21,096	34,496	(13,400)	(38.8%)
Gain/Loss on disposal of financial assets	44,502	46,144	(1,642)	(3.6%)
Other net banking income components[2]	876	754	122	16.2%
Net banking income	**102,202**	**103,835**	**(1,633)**	**(1.6%)**

[1] Net losses/recoveries of receivables associated with purchased receivables B.U. NPL and Special Situations (net recoveries 30/06/2025 for Euro 4.1 million and net recoveries 30/06/2026 for Euro 4.3 million) are reclassified under interest income in order to provide a representation consistent with the characteristics of the NPL business million sees this component as an integral part of performance.
[2] The Other net banking income components consist of: Dividends for Euro 0.7 million and Net result of financial assets mandatorily measured at FV for Euro 0.2 million.

The **Reclassified net banking income** of the first semester 2026 amounted to Euro 102.2 million, compared to Euro 103.8 million (-1.6%) in the previous year. The trend of this item is influenced by the decrease in trading profits following the decrease in tax credits in the portfolio due to the re-disposals made according to the agreements stipulated, offset by the increase in the interest margin and by the increase in commissions due to the increase in the volumes of lending by Factoring and the CIB Area. In addition, in 2025, the profit from the disposal of the government securities portfolio was 1.6 million higher than that made in the first half of 2026.

The **Interest margin** amounted to Euro 25.2 million at 30 June 2026, up 63.0% compared to the same period of the previous year. In detail:

- interest income at 30 June 2026, equal to Euro 72.6 million, was up compared to Euro 70.6 million recorded at 30 June 2025 (up 2.8%). This increase is mainly attributable to higher interest from loans to customers and third-party NPLs, partly offset by the reduction in interest on own securities and on tax credits in compensation.
- interest expense at 30 June 2026 amounted to Euro 47.4 million, compared to Euro 55.1 million in the corresponding period of the previous year. The decrease is due to the reduction in interest expense on customer deposits, mainly related to the Raisin channel, partly offset by interest expense related to the Horizon securitisation transaction.

Net fee and **commission income** went from Euro 7.0 million at 30 June 2025 to Euro 10.5 million at 30 June 2026 (+50.9%). In particular, there was an increase in fee and commission income, mainly attributable to fees and commissions on loans (+20.7%) and on factoring (+563.8%), and a decrease in fee and commission expense mainly attributable to the Raisin components (-64.4%).

The **Net trading result** amounted to Euro 21.1 million at 30 June 2026, compared to Euro 34.5 million in the corresponding period of the previous year. This item, for both periods, mainly refers to the contribution from Cherry Credit's trading in tax credits, which is in run-off following the regulatory changes introduced from 2023.

The **Gain/Loss on disposal of financial assets** amounted to a gain of Euro 44.5 million at 30 June 2026, compared to a gain of Euro 46.1 million in the first half of 2025, and is essentially related to the disposal of government securities.

Formation of the Net income from financial operations reclassified

(amounts in thousands of Euro)

Formation of the Net income from financial operations reclassified [1]	30/06/2026	30/06/2025	Change	
			Absolute	%
Net banking income	**102,202**	**103,835**	**(1,633)**	**(1.6%)**
Net losses/recoveries for credit risk	(6,219)	(7,077)	858	(12.1%)
Net income from financial operations	**95,983**	**96,758**	**(775)**	**(0.8%)**

[1] Net losses/recoveries of receivables associated with purchased receivables B.U. NPL and Special Situations (net recoveries 30/06/2025 for Euro 4.1 million and net recoveries 30/06/2026 for Euro 4.3 million) are reclassified under interest income in order to provide a representation consistent with the characteristics of the NPL business, which sees this component as an integral part of performance.

Net losses/recoveries for credit risk decreased by 12.1% compared to the corresponding period of the previous year, thanks to careful portfolio management and the derisking actions taken.

Formation of profit of the period

(amounts in thousands of Euro)

Formation of Profit of the period	30/06/2026	30/06/2025	Changes	
			Absolute	%
Net income from financial operations	**95,983**	**96,758**	**(775)**	**(0.8%)**
Personnel expenses	(31,443)	(29,121)	(2,322)	8.0%
Other administrative expenses	(25,425)	(28,516)	3,091	(10.8%)
Net provisions for risks and charges	(694)	(12)	(682)	5683.3%
Net impairment losses/reversals on tangible and intangible assets	(3,423)	(3,089)	(334)	10.8%
Other operating expenses/income	3,020	2,062	958	46.5%
Operating costs	**(57,965)**	**(58,676)**	**711**	**(1.2%)**
Gains (Losses) on disposal of investments or equity investments	15	-	15	n.s.
Gross profit	**38,033**	**38,082**	**(49)**	**(0.1%)**
Income taxes	(14,469)	(12,961)	(1,507)	11.6%
Profit (Loss) of the period	**23,564**	**25,121**	**(1,557)**	**(6.2%)**

Personnel expenses went from Euro 29.1 million to Euro 31.4 million at 30/06/2026 (+8.0%), as a result of the growth in resources (618 at 30 June 2026 compared to 598 at 30 June 2025, +3.3%) and of the costs linked to the private managers.

Other administrative expenses went from Euro 28.5 million at 30 June 2025 to Euro 25.4 million at 30 June 2026 (-10.8%). It should be noted that the item also includes costs directly related to business volumes, including costs related to the checks carried out on tax credits acquired for trading purposes for Euro 0.9 million compared to Euro 2.0 million in the corresponding period of 2025 (-55.3%). The decrease is mainly attributable to the reduction in consultancy.

Net provisions for risks and charges refer to a total of Euro 0.7 million, attributable respectively to advances on lawsuits and other risks for Euro 0.4 million, and to provisions on margins and signature receivables for Euro 0.3 million.

Net impairment losses on tangible and intangible assets at 30 June 2026 amounted to Euro 3.4 million a slight increase compared to the same period of the previous year, and are mainly related to depreciation on real estate, amortisation of rights of use of properties and vehicles, as well as amortisation of proprietary software.

Other operating income amounted to Euro 3.0 million at 30 June 2026, compared to Euro 2.1 million at 30 June 2025. The increase is attributable to the recovery of expenses charged to customers.

Income taxes of Euro 14.5 million consist of current taxes of Euro 12.6 million, negative changes in deferred tax assets of Euro 2.0 million and positive changes in deferred tax liabilities of Euro 0.1 million.

Information on risks and related covering policies

Introduction

At Cherry Bank, risk governance is identified in the set of corporate governance arrangements and management and control mechanisms aimed at addressing the risks to which it is exposed and is part of the more general framework of the Internal Control System.
The Internal Control System consists of the set of rules, functions, structures, resources, processes and procedures that aim to ensure, in compliance with sound and prudent management, the achievement of various goals, including the containment of risk within the limits indicated by the Risk Appetite Framework (hereinafter RAF).

The Bank maintains a traditional governance model that includes a Board of Directors, Board of Statutory Auditors and Chief Executive Officer.

A central role in risk governance is played by the Board of Directors, which defines and approves:

- the business model being aware of the risks to which this model exposes the Bank and the ways in which risks are detected and assessed;
- the strategic plan and ensures that it is updated, in relation to the evolution of the company's business and the external context, in order to ensure its effectiveness over time;
- risk objectives, tolerance and capacity thresholds;
- guidelines for the Internal Control System, verifying that they are consistent with the strategic guidelines already in place and with established risk appetites and that they are capable of reflecting the evolution of company risks and the interactions among them.

It also ensures that:

- the implementation of the RAF is consistent with the risk objectives and tolerance and capacity thresholds defined; it periodically assesses the adequacy and effectiveness of the RAF and the compatibility between actual risk and risk objectives;
- the Strategic Plan, the RAF, the ICLAAP, the budgets and the Internal Control System are consistent, also bearing in mind the evolution of the internal and external conditions in which the Bank operates;
- the amount and allocation of share capital and liquidity held are consistent with the risk appetite, and the risk management process.

The Bank’s Internal Control System has three different levels:

- Line controls: carried out by the operational lines and as part of back office activities;
- Second level controls: risk and compliance controls that aim to ensure the proper implementation of the risk management process; compliance with the operational limits assigned to the various functions; and compliance of company operations with regulations, including self-regulatory ones;
- Third level controls: in charge of the Internal Audit function aimed at detecting violations of procedures and regulations, as well as periodically assessing the completeness, adequacy, functionality and reliability of the Internal Control System and the information system.

In particular, the second-level risk control functions are Compliance and AML and Risk Management, which, reporting directly to the Board of Directors, act in substantial separation from the operational ones.

With reference to Risk Management, it fulfils the following mission:

- ensure a holistic and integrated view of the risks to which the Bank is exposed and ensure adequate disclosure to the Corporate Bodies;
- identify, measure, assess, monitor risks relevant to the Bank;
- ensure adequate disclosure on the risks assumed to the Corporate Bodies, Control Functions and Heads of structures involved in the risk management process;
- oversee the governance and risk management processes in accordance with the strategies and policies defined by the Corporate Bodies;
- ensure the set up and continuous improvement of methodologies, models, metrics and tools for risk measurement and integration;
- facilitate the transposition of Supervisory regulations and directives.

The dissemination of a risk culture and risk control is ensured within Cherry Bank:

- by the identification of an unambiguous and specific taxonomy of risks, approved by the Board of Directors, which is the reference point for the definition of the Risk Appetite Framework (RAF);
- by internal regulations, which for each activity provide for the highlighting of the relevant risks and the consequent controls;
- by the controls performed by the functions, structured with objectives to improve risk governance;
- by specific training courses for Bank personnel, held by internal and external lecturers.

The measurement of the risk profile is a key element of the Internal Capital and Liquidity Adequacy Assessment Process (“ICLAAP”) according to the provisions of the Second Pillar of the Basel Accord.
Capital adequacy is assessed by considering the balance between risks taken, both Pillar I and Pillar II, and available capital.

Credit risk

Qualitative information

General aspects

Cherry Bank's strategic lines of development are defined in its Business Plan and annual budgets and identify the credit risk associated with lending as the main type of risk to which the Bank is exposed.
During 2026, the Bank continued its monitoring and critical analysis of the riskiness of its customers; recourse to the MCC and SACE State guarantees was kept active. This activity has proven crucial both from a current perspective and above all from a prospective one, given the state of uncertainty in the productive fabric that characterises the national economy, particularly with regard to SMEs, which are generally more exposed to stress conditions in less favourable macroeconomic contexts.

During the first half of 2026, the Bank continued to use the new rating system, updated in the fourth quarter of 2025 with reference to the main customer segments, represented by businesses and individuals. The system, developed at consortium level by the supplier Cedacri, has been progressively integrated more extensively into the company's procedures and processes for granting, monitoring and managing the credit portfolio. This development has further strengthened the role of rating as a tool to support creditworthiness assessment and credit risk monitoring.

With regard to the third-party NPL segment, portfolio purchase activities continued with a particular focus on primary and secondary market segments, which brought the total portfolio holdings at June 2026 to about Euro 125 million compared to a Gross Book Value of about Euro 7.5 billion. Total income from operations over the past 12 months have grown by around 12% compared to the previous 12 months.

Credit risk management policies

Organisational aspects

The monitoring of the quality of the loan portfolio is carried out first and foremost through the operating procedures governing the phases of the credit process (appraisal, disbursement, monitoring, periodic review, work-out management). The factors underlying credit risk are checked by verifying the adequacy of the credit facility (size, technical form, etc.) with respect to the characteristics and needs of the borrower and the customer's current and prospective ability to pay the debt.
The Organisational Function in charge of the phases of credit appraisal, disbursement and management is the Credit Function; within this Function a specific unit dedicated to first level monitoring has been created, while the management of relationships classified as Unlikely to pay (UTP) and Bad Loans is assigned to the Workout & Recovery Function. This logic of operation is also applicable to the perimeter referring to the former BPV, the decision-making activity is substantially centralised with the exception of small amounts; credit monitoring and management of impaired loans have also been centralised.

Risk Management performs second-level controls over the entire "chain" concerning the assumption of credit risk and the related second-level monitoring.
Cherry Bank adopts a rating system for management purposes to measure credit risk, which was updated at the end of 2025. It should be noted that ratings are used for management purposes only and do not form part of the calculation of capital requirements. The capital requirement for credit risk is calculated using the standardised methodology set out in the Supervisory Provisions.

Management, measurement and control systems

The systems used to identify, measure, manage and control credit risk consist of a set of IT tools, procedures and internal regulations.

Credit Risk monitoring and management is supported by portfolio analysis and specific processing, produced by the Bank on the basis of internal databases. To this end, Cherry Bank also uses a specific computerised credit monitoring platform (CQM, provided by Cedacri), the purpose of which is to identify positions to be monitored and to manage positions where anomalies have already occurred, with the ultimate aim of managing and minimising the Bank's credit risk.

Limits on individual and/or group exposures and concentration, as well as thresholds for transactions of greater significance, are set by internal policies and approved by the Board of Directors.

The process of purchasing impaired loans, followed internally by a team of specialists, goes through an in-depth due diligence and a rigorous pricing process that leads to the formulation of an offer, only after verifying that the expected recovery profile is in line with the return expectations of the Bank on the individual portfolio; the proposal is discussed and deliberated by an internal Committee, and for significant amounts, approved by the Board of Directors.
The management performance of the portfolios and their profitability are systematically reported to the Corporate Bodies and also monitored by the Risk Management Function.

Methods for measuring expected losses

The expected loss is estimated in accordance with IFRS9 (through the adoption of an expected loss calculation model) on the basis of forward-looking information as well as macroeconomic factors.

The provisioning model on the performing portfolio in use at Cherry Bank, provided by Cedacri, in accordance with IFRS 9, provides for the identification of "stage 2" on the basis of SICR (i.e. significant increase in credit risk), which is expressed in relation to the following determinants:

- the change in the probability of default with respect to the time of initial recognition of the financial instrument. It is, therefore, an evaluation using a "relative" criterion, i.e. change in the rating;
- possible presence of a past due that has been so for at least 30 days;
- the possible presence of other conditions (e.g. a renegotiation qualifying as a "forbearance measure").
- occurrence of events, as defined internally by the bank, that indicate a deterioration in creditworthiness (on the basis of an internal watch list).

The management of impaired loans, i.e. those classified in stage 3, is handled by a special office that takes actions aimed at readmitting the counterparty to normal operations, or operates with liquidation intent by also enforcing guarantees, where the counterparty does not have the characteristics to be supported in the repayment. The impairment for these positions are made in line with the provisions of the regulations in force and according to principles of prudence by evaluating each debt position analytically.

In the second half of 2025, Cherry Bank introduced an update of the Probability of Default (PD) curves used in the IFRS 9 impairment model, which are estimated internally. The timing of adoption was also defined in order to coordinate this action with the simultaneous adoption of the new counterparty rating model, thus ensuring consistency between the creditworthiness classification systems and the parameters used to estimate expected losses. This approach made it possible to incorporate the evidence produced by the new model in an organic way, together with the most recent data on the trend of the risk expressed by the Bank's portfolio.

Currently, the process of adjusting the impairment model for stages 1 and 2 involves:

- a multi-scenario approach: adverse, basic, best;
- PD used for impairment purposes have been calibrated on the Bank's history according to the type of segment of the rating model.

With reference to the NPL acquired from third parties, it should be noted that the risk of non-recovery is already factored into the prospective cash flows, determined through the application of proprietary methodologies.

Credit risk mitigation techniques

During the first half of 2026, Cherry Bank continued its lending strategy by resorting to the State guarantee MCC or SACE whenever possible. The Bank avails itself of the assistance of servicing companies specialised in the fulfilments required for the management of the public guarantee.
Cherry Bank also favours the assumption of collateral from real estate mortgages (managed with Cedacri's Collateral IT procedure), as well as other forms of personal guarantees such as sureties, both from customers and from Guarantee Consortia. In the area of collateral, the use of guarantees such as pledges of securities or goods is limited, and specific counterparties are not predominantly used. The Credit Function verifies the legal and operational effectiveness of the guarantees received.
There are no contractual restrictions on the legal validity of the guarantees received in the loan portfolio. The Bank does not use collateral compensation agreements or credit derivatives.

Impaired credit exposures

Management strategies and policies

The classification of impaired financial assets is carried out in accordance with internal rules and on the basis of the control activities of the various corporate functions delegated by the Board of Directors according to the amounts and in line with the Bank of Italy's instructions.
The management of positions with performance anomalies is the responsibility of the Credit Monitoring Office (Credit Function) while the management of disputes is the responsibility of the Workout & Recovery Office.
The Risk Management function verifies that the correctness of the classification of credits is carried out in a manner consistent with the rules approved by the Board of Directors that implement the instructions of the Supervisory Provisions.
The Internal Audit function verifies the reliability and effectiveness of the overall credit process.

In relation to NPL acquired from third parties, management is hinged within the NPL Transformation office, which relies on a strategy of strong recourse to recovery companies and law firms that are loyal and aligned with Cherry Bank values, in order to be able to take advantage of economies of scale in the management of growing volumes.

Write-offs

When the Bank determines that the credit is totally unrecoverable, the financial asset is totally written off from the Financial Statements, through the inclusion of a 100% loss forecast. Such an evaluation may also take place before the actions undertaken for the recovery of the credit have been definitively concluded.
This does not imply that the Bank has renounced this right, which may still be exercised under new conditions (e.g. if the debtor receives an inherited property, which we have become aware of due to the maintenance of real estate records being monitored, or accrues a salary or pension that can be attached), provided that it is exercised within the terms provided for by the applicable legislation.
A write-off may also be partial, i.e. involve the reversal of a portion of the receivable, with the loss recognised directly in the income statement.

Purchased or Originated Credit Impaired Assets

Cherry Bank's Purchased or Originated Credit Impaired Assets consist of the following categories:

- NPL acquired as part of NPL Investment & Management operations;
- Impaired assets recorded in the Financial Statements and generated by Relationship Bank activities. Please refer to as described in "Explanatory notes" - "Other Information".

The impaired loans acquired (NPL) amounted to a carrying amount of Euro 125 million. Specifically, the activity of acquiring credits of a financial nature that are difficult to collect from consumer, retail and small business customers, relates to the complex of operations aimed at the judicial and extrajudicial recovery of the credits acquired.
The internal organisational structure for the management of NPL has been strengthened over time through the inclusion in the corporate organisation chart of human resources with adequate and proven experience in the sector.

The structure is dedicated to the purchase and management of NPL originated by banks and financial institutions, all within the framework of the strategic objectives determined by the Board of Directors. The revision of the internal regulations placed the decision-making powers for recovery forecasts in accordance with the assumptions dictated by the Board of Directors for the Internal Head of the asset management structure.
These loans are acquired at prices significantly below their nominal value, while the collections realised in subsequent management activities are usually higher than the acquisition value, thus minimising the risk of loss.
Purchased impaired loans generally relate to terminated contracts for which the originator has already sent a termination notice (DBT). Purchased impaired positions are classified according to the following logic:

- in the case of purchases from a reporting transferor counterparty, positions are classified as reporting continuity with respect to the transferor at the time of the first census. If there are any UTP or Past due, the position is examined by the end of the on-boarding phase to ascertain its correct classification. Since these are non-valid contracts, the files are normally classified as bad loans;
- in the case of purchases from a non-reporting transferor counterparty, the positions are classified as bad loans at the time of the first census.

Purchased portfolios are commonly processed in two main ways:

- Extrajudicial management, where the aim is to reach a payment agreement with the debtor/guarantor;
- Judicial management, where recovery is pursued through legal action, be it the garnishment of a salary/pension share, or real estate enforcement where there are capacious assets.

Collection forecasts are governed by internal policies that provide for either analytical evaluations carried out by the manager or estimates derived from the internal valuation model.
The total portfolio of impaired loans outstanding as at 30 June 2026 had a weighted average vintage of approximately 26 months from the date of purchase.

Financial assets subject to trade renegotiations and exposures subject to concessions

The 7th update of Bank of Italy Circular No. 272/2008 introduced the concept of exposures subject to concessions (so-called "forbearance"), incorporating the definitions introduced by the Implementing Technical Standards (ITS for short) issued by the European Banking Authority (EBA). In particular, the regulations require that both performing loans and impaired loans be identified by defining the categories "Forborne performing exposures" and "Non-performing exposures with forbearance measures" respectively. The legislation defines "forbearance measures" as modifications of the original terms and conditions of the contract, or refinancing of all or part of the debt, which are granted to a debtor that is experiencing or about to experience difficulties in meeting its financial commitments.

The return to performing status of impaired exposures takes place with the recovery, by the debtor, of the conditions of full solvency, i.e. in case of the regularisation of the past due amount and the re-establishment of the conditions for the reactivation of a regular relationship.

Quantitative information

Credit quality

Impaired and non-impaired credit exposures: amounts, impairment, dynamics and economic distribution

DISTRIBUTION OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (CARRYING AMOUNTS)

(amounts in thousands of Euro)

Portfolios/Quality	Bad loans	Unlikely to pay (UTP)	Impaired past due exposures	Non-impaired past due exposures	Other non-impaired exposures	Total
1. Financial assets measured at amortised cost	130,934	94,237	7,890	15,459	3,555,133	3,803,652
2. Financial assets measured at fair value through other comprehensive income	11,847	16	-	12	6,664	18,539
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	8,665	8,665
5. Financial assets held for sale	-	-	-	-	-	-
Total 30/06/2026	**142,781**	**94,253**	**7,890**	**15,471**	**3,570,462**	**3,830,856**
Total 31/12/2025	**132,643**	**84,245**	**3,347**	**24,371**	**3,039,993**	**3,284,598**

DISTRIBUTION OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (GROSS AND NET VALUES)

(amounts in thousands of Euro)

Portfolios/Quality	Impaired assets				Non-impaired assets			Total net exposure
	Gross exposure	Total impairment	Net exposure	Total partial write-offs*	Gross exposure	Total impairment	Net exposure	
1. Financial assets measured at amortised cost	260,404	27,343	233,061	-	3,578,906	8,315	3,570,591	3,803,652
2. Financial assets measured at fair value through other comprehensive income	11,863	-	11,863	-	6,694	18	6,676	18,539
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	8,665	8,665
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 30/06/2026	**272,267**	**27,343**	**244,924**	**-**	**3,585,600**	**8,333**	**3,585,932**	**3,830,856**
Total 31/12/2025	**241,346**	**21,112**	**220,234**	**2,260**	**3,068,073**	**8,901**	**3,064,364**	**3,284,598**

The gross exposure of impaired assets shows the portion of impaired assets of Banco delle Tre Venezie S.p.A. and Banca Popolare Valconca at the time of the business combination at their fair value.

Distribution and concentration of credit exposures

Large exposures

	30/06/2026	31/12/2025
a) Carrying amount	3,907,198	3,775,592
b) Weighted value	112,887	170,889
b) Number	**8**	**10**

Counterparty	Carrying amount as at 30/06/26	Weighted value as at 30/06/2026	Number
Central Administrations	3,120,918	12,485	3
Banks	721,158	58,356	3
Customers	65,122	42,046	2
	3,907,198	**112,887**	**8**

Securitisation transactions

Qualitative information

Securitisation of bad loans acquired through the merger by incorporation of Banca Popolare Valconca

During 2020, Banca Popolare Valconca participated in a multi-originator securitisation transaction of a portfolio of non-performing loans with submission of an application to the Ministry of Economy and Finance (MEF) for the purpose of admission to the State guarantee scheme on the liabilities issued (so-called "GACS") pursuant to Decree-Law No. 18 of 14 February 2016, converted by Law No. 49 of 8 April 2016, implemented by Decree of the Ministry of Economy and Finance of 3 August 2016, by Decree of the Ministry of Economy and Finance of 21 November 2017 and by Decree of the Ministry of Economy and Finance of 10 October 2018 and subsequently amended by Law No. 41 of 20 May 2019, converting into law, with amendments, Decree-Law No. 22 of 25 March 2019, (the "Transaction"), in which Iccrea Banca – together with its subsidiaries, the "Gruppo Bancario Cooperativo Iccrea" (GBCI) – intervenes as both assignor and promoter and joint arranger together with JP Morgan Securities Limited.
The Transaction involved 88 Banks belonging to Gruppo Bancario Cooperativo Iccrea and two Banks that are not part of the GBCI, including Banca Popolare Valconca, which transferred, pursuant to Law No. 130 of 30 April 1999, portfolios of unsecured and mortgage loans, mainly backed by a first-degree mortgage, deriving from loans classified as non-performing at the date of sale (the "Portfolio") for a total Loan Receivable Claim of about Euro 2.3 billion at the effective date, in favour of a securitisation special purpose vehicle specifically set up and named "BCC NPLs 2020 S.r.l." (SPV), as well as the simultaneous granting of a management mandate (servicing) by the latter to a third-party servicer independent of the Transferors.
In this Transaction, the Bank sold a loan portfolio with a gross value of Euro 18.320 million (divided among 90 debtors) at a price of 25%. The amount net of value adjustments was Euro 4.407 million.
On 30 July 2018, the Board of Directors of Banca Popolare Valconca resolved to adhere, together with 16 other Banks, to a multi-originator securitisation transaction of credit positions classified as bad loans, assisted by a guarantee issued by the Ministry of Economy and Finance pursuant to Decree-Law No. 18/2016 (so-called "GACS"). The transaction was finalised on 16 November 2018 for a total gross book value at 31 December 2017 of Euro 1,578.3 million of NPL, comprising 65.7% secured loans and 34.3% unsecured loans. On 16 November 2018, an application was also submitted to the MEF to obtain the GACS (State guarantee provided for by Decree-Law No. 18 of 14/2/2016, as amended by conversion Law No. 49 of 8/4/2016) on the Senior bonds, and on 4 December 2018, following evidence from the managing entity Consap, an amendment to the application was sent. By Decree of 18 January 2019, the MEF granted the State guarantee "GACS" in favour of the holder of the Senior bond, in accordance with Decree-Law No. 18 of 14 February 2016, converted into Law No. 49 of 8 April 2016 and according to the process set out in the MEF Decree of 3 August 2016.

Sale transactions

Financial assets sold and not fully derecognised

Qualitative information

The new realised securitisation transaction, from an accounting point of view, results in the recognition of the amounts among the assets sold and not fully derecognised. These are performing mortgage and unsecured loans granted to customers in the SME category.

The transaction involves the financing of the entire senior tranche by an institutional investor.
The junior security issued by the vehicle Cherry Horizon is included in its proprietary portfolio.

Liabilities include an amount of Euro 261.8 million for the related assets sold but not derecognised.

Distribution of guaranteed credit exposures by type of guarantee

Guaranteed on- and off-balance sheet credit exposures to banks

There are no guaranteed exposures to banks.

Models for measuring credit risk

Cherry Bank uses counterparty rating models developed by Cedacri on a consortium basis to measure and monitor credit risk exposure. These models are for management use and are not used to calculate credit risk capital requirements, for which the standardised method is used instead. The new model, adopted in October 2025, determines the customer's rating not only on the basis of statistical calculations, but also by taking into account the results of the electronic credit file (PEF) as well as scores derived from the analysis of data and historical series relating to the customer (e.g., financial statement trends, data from the Central Credit Register, etc.); it is also based on qualitative components, which are to be completed when preparing the PEF. Ratings constitute one of the information elements supporting the analysis of positions within the framework of credit risk management and monitoring; they are used, together with other parameters, to define the perimeter of automatic renewals and to manage files within the credit monitoring procedure, which regulates the intervention of control structures in cases of anomalies on potentially dangerous credit positions. The same classification of customers by rating classes (homogeneous risk categories) is used to quantify the collective assessment of performing loans.

Market risk

Interest rate risk and price risk - supervisory trading book

Qualitative information

General aspects

The investment process of the proprietary portfolio is structured and formalised in the resolutions of the Board of Directors; the asset allocation takes into account: the management trend in terms of volumes, profitability and capital absorption; market analysis and forecasts on evolutions; the risk profile of the investments.

The profitability and composition targets are set in line with the capital allocation and interest rate risk management policies outlined in the Business Plans and the budget, and appropriately take into account the Bank's overall liquidity position from time to time, with a view to supporting the treasury function.
The interest rate risk of the trading book for supervisory purposes is reviewed periodically; with regard to price risk, investment activity in equity instruments is also marginal and that in mutual funds and Sicavs is very limited.
Within the scope of market risk should also be placed all the business that Cherry Bank does in its own right with regard to the purchase and sale of tax credits.

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

Market risk management and related responsibilities are the responsibility of the CEO, who relies on the Finance Function and in particular the Treasury and Finance Office.

No internal models are used to calculate market risk capital requirements.

Quantitative information

At 30/06/2026, the VaR inherent in the trading portfolio arising from interest rate risk was nil, as there were no securities classified in this type of portfolio. This exposure was constantly verified and monitored.
The equity VaR on the trading portfolio was nil, as there was no exposure in equity securities at the reporting date.

Interest rate risk and price risk – banking book

Qualitative information

General aspects, management processes and methods for measuring interest rate risk and price risk

The main sources of interest rate risk on financial assets and liabilities, other than those discussed in the previous point, derive from the financial profile and the types of indexation to which the various items are subject. Fixed-rate items have a significant impact on both assets and, above all, liabilities. The exposure of the banking book to interest rate risk is monitored by Risk Management, which verifies on a monthly basis (using a special tool provided by Cedacri and Prometeia) the Bank's sensitivity to interest rate risk in terms of the impact of a change in rates on the net value of equity and interest margin, applying the methodology proposed by EBA. For the calculation of the regulatory capital requirement, Cherry Bank uses the standard methodology proposed by the EBA (implemented by EU Regulation No. 857/2024). The rationale of this approach is to identify the potential loss that the Bank may suffer in the event of a shock of +/-200 basis points rather than in the EBA shock scenarios.

Banking book: internal models and other methodologies for sensitivity analysis

The analysis of interest rate risk on the banking book during the period was performed using the standard methodology proposed by the EBA. The Delta Economic Value ("Delta EVE") and the Delta Interest Margin ("Delta NII") as at 30/12/2024 comply with the minimum thresholds (20% and 5%, respectively) in all the stress scenarios envisaged by the regulations; please note that the scenarios are:

- Parallel +/- 200 basis points;
- Flattener shock (short rates up and long rates down);
- Steepener (short rates down and long rates up);
- Short rates shock up; Short rates shock down.

Exchange rate risk

Qualitative information

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

The role of the Bank's foreign currency operations is very limited overall, as is the imbalance between foreign currency-denominated assets and liabilities. This is reflected in an almost zero risk for currencies other than the Euro.

Exchange rate risk hedging activities

In view of the low overall amount of the exposures, which would make the use of derivative hedges not very convenient, no specific exchange rate risk hedges are made.

Derivatives and hedging policies

Trading derivatives

Cherry Bank has no trading derivatives at 31 December 2025.

Liquidity risk

Qualitative information

General aspects, management processes and methods for measuring liquidity risk

Liquidity risk typically manifests itself in the form of a failure to meet payment commitments or an inability to fund assets with the necessary timeliness and in an economical manner due to an inability to raise funds or to obtain them at a reasonable cost (funding liquidity risk) or due to an inability to sell a position at economically advantageous market prices (market liquidity risk). Cherry Bank's overall liquidity risk management strategy provides for the adoption of specific management guidelines with the aim of reducing the probability of the occurrence of the favourable circumstances described above.
The liquidity position at 30 June 2026 had an adequate liquidity reserve.

Liquid assets are determined with reference to assets eligible for refinancing at the Central Bank, net of appropriate haircuts (i.e., the discount to the asset value), plus eligible, unencumbered securities.

During the first half of 2026, the Bank's funding policy was characterised by active management of funding through domestic channels. This activity made it possible to compensate for the reduction in funds from the Raisin foreign channel, preserving an adequate diversification of funding sources and limiting recourse to institutional funding.

The proprietary securities portfolio at 30 June 2026 includes a preponderant portion of ECB-eligible securities that could be used to manage any liquidity gaps in case of need and that still allow the Bank's liquidity management policy to be confirmed as reliable even in stress situations.
From the perspective of risk governance, the Board of Directors is responsible for defining the liquidity risk tolerance threshold and policies related to this type of risk. The same Board also approved the RAF and the Contingency Funding Plan in which these thresholds are described, as well as the organisational and methodological choices made to monitor, control and manage liquidity risk.

The risk assessment meets the minimum requirements of the Supervisory Authority's provisions, in which no indication is given for capital to be set aside for supervisory purposes, but risk monitoring methodologies are indicated with the following tools:

- LCR – Liquidity Coverage Ratio;
- NSFR – Net Stable Funding Ratio;
- Maturity Ladder;
- Concentration indices;
- Contingency Funding Plan.

These methodologies used by the Bank make it possible to monitor risk and identify appropriate risk management policies in the event of a crisis.

Liquidity risk is controlled at several levels:

- operationally, the Treasury and Finance Office makes management decisions regarding the day-to-day maintenance of the balance of the liquidity position through the management of short-term interbank relationships;
- on a daily basis, the Treasury and Finance Office prepares a report comparing 1-week and 1-month incoming and outgoing amounts in order to verify the balance between short-term liquidity needs and the Bank's liquidity position;
- on a weekly and monthly basis, the Risk Management monitors the LCR indicator; on a daily basis it monitors the incoming and outgoing amounts related to contractual maturities for assets and liabilities and the counterbalancing capacity, i.e. the assets that are readily liquid and available to meet immediate liquidity needs; On a daily basis, it monitors the concentration level of funding, while on a quarterly basis, it monitors the trend of the NSFR against the reporting templates.

Operational risk

Qualitative information

General aspects, management processes and methods for measuring operational risk

Operational risk is the risk of suffering losses resulting from inadequate or failed procedures, human resources and internal systems, or from exogenous events. This includes, inter alia, losses resulting from fraud, human error, business disruptions, system unavailability, breach of contract, legal risks, and natural disasters.
Operational risks are monitored by the various units that follow operations through first-level, i.e. line controls.
Risk Management adopted a best practice-oriented methodology for operational risk management, which included the strengthening of the Loss Data Collection process and the set up of a Risk Self Assessment framework, as well as training was provided to all the Bank's structures.

In addition, to guard against the occurrence of operational risks, the "Business Continuity Plan" has been prepared and is constantly updated, aimed at protecting the Bank against critical events that may affect its full operations. In this regard, it should be noted that the Business Continuity Plan was implemented starting from the spread of Covid-19 Coronavirus in order to maintain an adequate level of the Bank's operations, aimed also at favouring agile forms of work underpinning a solid IT architecture protected from and against potential operational risks.

Cherry Bank adopts the Standardised Measurement Approach (SMA) basic indicator method, given by the product of the Business Indicator and the Internal Loss Multiplier, as required by the Bank of Italy's Supervisory Provisions for calculating the capital requirement for operational risk. The Business Indicator provides a measure of the Bank's operational scale, while the Internal Loss Multiplier is set at 1.

Operational losses against this risk are monitored by Risk Management, which is also responsible for validating the calculation of the relevant capital requirement. Over the last three years, the sum of these losses was well below the capital requirement of the regulations.

Transactions with related parties

Information on Directors' and Executives' remuneration

(amounts in thousands of Euro)

	30/06/2026	31/12/2025
Directors	1,141	1,775
Board of Statutory Auditors	173	367

Directors receive remuneration exclusively in a fixed amount plus attendance fees approved by the Shareholders' Meeting.
In addition, a variable remuneration of Euro 300 thousand for the CEO was resolved for the year 2026.
The amount indicated is the company cost including contribution charges.
The remuneration of the Board of Statutory Auditors is determined by the Shareholders' Meeting as follows:

- Euro 80 thousand to the Chair;
- Euro 60 thousand to Standing Auditors.

To the above-mentioned fixed amounts were added attendance fees and the reimbursement of out-of-pocket expenses incurred in the performance of the assignment plus VAT and social security charges.
The Board of Directors, following the renewal of corporate offices, with a resolution of 09/05/2024, set up the new Supervisory Body, pursuant to Legislative Decree No. 231/2001. A Standing member of the Board of Auditors, the Head of Internal Audit and the Head of Compliance were appointed as members of this Body. A remuneration of Euro 10 thousand was established for the sole Standing member of the Board of Statutory Auditors.

Information on transactions with related parties

With reference to Provision No. 262 of 22 December 2005 issued by the Bank of Italy on instructions for the preparation of the Statutory Financial Statements of banks in accordance with IAS/IFRS and in compliance with the provisions of IAS 34 on Interim Financial Statements, the tables below show the data on the Bank's Related Parties as defined by IAS 24; in particular, it should be noted that there are no guarantees given in favour of related parties.

Table of receivables outstanding at 30/06/2026

(amounts in thousands of Euro)

Related Party categories	Deposit	Unsecured
Directors and Executives with strategic responsibilities	-	-
Close family member of one of the above persons	300	-
Parent company, subsidiary, associated company or company subject to significant influence by the above parties	242	-
Other entities with significant influence	-	-

Receivables consist of Euro 542 thousand in loans.

Table funding at 30/06/2026

(amounts in thousands of Euro)

Related Party categories	Amounts
Directors and Executives with strategic responsibilities	6,239
Close family member of one of the above persons	1,060
Parent company, subsidiary, associated company or company subject to significant influence by the above parties	3,405
Other entities with significant influence	-

Funding consisted of Euro 10,704 thousand in current account deposits.

All transactions with related parties were conducted on terms equivalent to those prevailing in arm's length transactions.

Other transactions

The issuance of the AT1 perpetual bond for Euro 10.0 million was resolved by the Board of Directors pursuant to Article 136 of Legislative Decree No. 385/1993 as it was fully subscribed by related party. The Bond was issued in 2023 on market-equivalent terms to qualified investors and was repaid in December 2025.

Padua, 4 August 2026

For the Board of Directors

The Chief Executive Officer
Giovanni Bossi

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Independent Auditor's Report limited to the Interim half-year financial report

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Review report on the interim financial statements
(Translation from the original Italian text)

To the Board of Directors of
Cherry Bank S.p.A.

Introduction

We have reviewed the accompanying interim financial statements, which comprise the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the related explanatory notes of Cherry Bank S.p.A. as at June 30, 2026. The Directors are responsible for the preparation of the interim financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on the interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of Cherry Bank S.p.A. as at June 30, 2026 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

Rome, August 7, 2026

EY S.p.A.
Signed by: Francesco Chiulli, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Our commitment to Accessibility

We believe in the value of sharing and in fostering strong connections with communities and people who are part of them. For this reason, we have chosen to make our Half-Year Financial Report accessible: a concrete way of putting into practice what we strive for every day.

Our reporting document is designed to be compatible with screen readers and to provide a clear and accessible experience to all readers, regardless of any disabilities.

However, the charts and tables included must comply with the regulatory requirements set out in Legislative Decree 125/2024 for the implementation of the Corporate Sustainability Reporting Directive 2022/2464/EU and Circular 262 of 22 December 2005 – 8th update of 17 November 2022 issued by the Bank of Italy and may, for this reason, not fully comply with accessibility criteria.