



IOR ISTITUTO PER
LE OPERE
DI RELIGIONE

ANNUAL REPORT

2025

YEAR 2025

Istituto per le Opere di Religione

Cortile Sisto V

00120 Vatican City

Vatican City State

Registered under no 1 in the Register of Legal Persons

held at "Governatorato" of Vatican City State

Authorisation no. 1 of 10/07/2015 issued by ASIF

for carrying out financial activities on a professional basis in Vatican City State



Money must serve,
not rule.



His Holiness Pope Francis,
Evangelii Gaudium, 2013

IOR IN 2025

ONE LOCATION

Vatican City
State

115
employees

112
reached
countries

around
12,000
clients



AT THE SERVICE OF THE CATHOLIC



51

million Eur
net profit

5.9

billion Eur
total client
assets

CHURCH ALL OVER THE WORLD

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The present Annual Report has been translated into the English language solely for the convenience of international readers. In the event of any inconsistency between the content of the Italian and English versions, the Italian version shall prevail, as it constitutes the sole official document.

CORPORATE GOVERNANCE

Commission of Cardinals

His Eminence Cardinal Giuseppe Petrocchi, President

His Eminence Cardinal Ángel Fernández Artime

His Eminence Cardinal Konrad Krajewski

His Eminence Cardinal Luis Antonio Gokim Tagle

His Eminence Cardinal Emil Paul Tscherrig

Board of Superintendence

Jean-Baptiste Douville de Franssu, President

Javier Marín Romano, Vice President

Georg Freiherr von Boeselager

Bernard Brenninkmeijer

Elizabeth McCaul

François Pauly

Sheila Uriarte Tan

Prelate

Monsignor Battista Mario Salvatore Ricca

Director General

Gian Franco Mammi

MESSAGE FROM THE PRESIDENT OF THE COMMISSION OF CARDINALS



**His Eminence Cardinal
Giuseppe Petrocchi**

*President of the
Commission of Cardinals*

I served for five years as a Member of the Supervisory Commission of Cardinals of the IOR, and only a few weeks ago I was appointed its President. I undertake this responsibility in confidence, supported by the prompt and capable collaboration of my fellow Cardinals and of all personnel who, through their respective mandates and duties, form the organisational structure and operational framework of this Financial Institution of the Holy See.

I offer my sincere thanks to my predecessor, Cardinal Christoph Schönborn, for his dedicated and authoritative service to the IOR, and I look forward to drawing upon his valuable experience.

During the course of this year, two senior leaders of the IOR, Dr Jean-Baptiste de Franssu and Dr Gian Franco Mammì, will conclude their mandates, which are not subject to renewal. Together with the Institution's staff, they have, over more than a decade, carried out a substantial programme of organisational and financial strengthening and secured the Institution's recognised integration with major

international financial bodies. At the same time, the administrative structure and financial performance of the I.O.R. have been progressively enhanced, establishing the Institution as a reliable and attractive destination for investment and a generator of solid returns. Their contribution therefore deserves sincere acknowledgement.

The 2025 financial statements indicate a significant increase in net profit.

At the time of writing, the Annual Report of the ASIF, the authority responsible for monitoring compliance with prudential and anti-money laundering regulations, has not yet been issued.

The individuals appointed to fill the forthcoming vacancies will be professionals of the highest calibre, responsible for maintaining operational continuity and advancing further improvements in both internal systems and cooperation with other economic and pastoral institutions of the Holy See.

I commend the work accomplished and the results achieved, and I trust that I will be able to reinforce governance frameworks and further develop growth strategies within the social and banking sectors.

In particular, I would like cooperation within the life and mission of the IOR to be strengthened and expanded in the following ways:

- harmonised, fostering effective understanding and nurturing relationships grounded in professionalism, mutual respect, and trust;
- timely, characterised by the adoption of clear, responsive, and impactful operational timelines;
- collaborative, consistently aimed at coordinating initiatives, accelerating constructive information-sharing, ensuring transparency, and reinforcing operational coherence.

A sound and forward-looking organisational framework will enable the Institution to respond productively to the demands of the present era and to implement appropriate and sustainable solutions.

Particular emphasis must be placed on rigorous observance of Catholic ethical standards, ensuring that full

adherence to the Social Doctrine of the Church is reflected in every activity undertaken, communicated, and executed.

Within this ecclesial and cultural context, all the Members of the IOR - at both individual and institutional levels - are expected to maintain committed compliance with the regulatory guidance set forth in *"Praedicate Evangelium"* and with the authoritative directives issued by Pope Leo XIV.

I also regard it as an immediate priority to promote tangible and visible "economic synodality" with other departments of the Holy See and with the various Dicasteries, broadening networks of effective collaboration across the universal Church and with diocesan communities.

My hope is that the IOR will continue to enhance its capacity to support the Petrine Ministry of Pope Leo XIV and to provide professional and reliable service to the mission entrusted to the People of God.

To all those who - within the IOR and its affiliated institutions - work with dedication towards sustainable progress, responsible unity, and constructive solidarity, I extend my sincere wishes for a successful and rewarding "path ahead"!

Giuseppe Card. Petrocchi

MESSAGE FROM THE PRELATE



**Msgr. Battista Mario
Salvatore Ricca**
Prelate

The positive results achieved in the 2025 financial year, in addition to the various financial factors on which I am not in a position to comment, are largely attributable to the analytical acumen, foresight, and prudence of those who place their professional competence and integrity at the service of the Institute.

In past years, much has been said—often rightly—about the difficulties and damage caused to the IOR by opaque management practices and, at times, by a loss of focus on institutional objectives or by managerial shortcomings. Thanks be to God, that period now appears to be behind us.

A major, arguably decisive, contribution to this transformation must be credited to the deeply respected figure of Pope Francis. On numerous occasions, particularly during moments of uncertainty or internal criticism, and even in the face of resistance arising from personal interests or fear of losing influence, Pope Francis intervened to encourage, reassure, and motivate us to continue along the new path that had been undertaken. We have moved forward and

continue to do so, and the Institution today appears to be in a stable and healthy position.

The Cardinals of the Supervisory Commission have provided valuable assistance through their guidance and support to those responsible for implementing operational decisions.

It is worth noting that newly appointed personnel, in addition to being personally motivated to succeed and to serve the Catholic Church in a meaningful and distinctive way, possess the professional expertise required to respond wisely to the demands that may arise.

For my part, I continue in what might best be described as a ministry of accompaniment, similar to that of a Chaplain (since the title of Prelate, though honourable, can sometimes be broad in meaning), by remaining close to the people who dedicate their work to the Institute.

One aspect I wish particularly to emphasise, which lies beyond the principal financial considerations yet is of far greater significance for those in need, is the Institute's direct charitable activity. Requests for assistance are numerous and diverse, including support with overdue rent, specialist medical care, assistance for individuals living with disabilities, and help with essential household utilities such as electricity and gas. Each year, the demand for such support continues to rise. Every effort is made to assist as many individuals as possible, always with discretion and without unnecessary publicity, in accordance with the spirit described by Manzoni when he recounts the tailor sending his young daughter to the widow Maria with something to help her "be a little more cheerful with her children. But do it graciously, mind; so that it does not appear that you are giving alms" (The Betrothed, Chapter 24). In this sense, charity is extended in a way that respects personal dignity and avoids drawing attention to the act itself. This, too, is part of what the IOR represents.



IOR ISTITUTO PER
LE OPERE
DI RELIGIONE

MANAGEMENT REPORT

2025

YEAR 2025

MANAGEMENT REPORT

CHAPTER 1. STRATEGIC INFORMATION

MESSAGE FROM THE PRESIDENT OF THE BOARD OF SUPERINTENDENCE



**Jean-Baptiste
Douville de Franssu**

*President of the
Board of Superintendence*

2025 was another successful year for the Institute. Progress continued in many areas and the IOR's focus on its clients and the quality of its products & services led to a record year in terms of operating profit.

It was also a year that was marked by return of His Holiness Pope Francis to the Father. We remember with gratitude his care for the Institute and his constant encouragement in the reform process. The significant transformation of IOR during his pontificate, achieved through the hard work of the board, management and the whole team, makes us proud to have delivered on the objectives that His Holiness had set for this institute; it was his vision to have the IOR be a model of excellence in financial management rather than a recurring source of scandal. We now look forward to continuing the evolution of the Institute for the benefit of its clients and to serve Pope Leo XIV and the global Church.

In my last annual report as President I particularly want to thank the IOR management, all the board members past and present, the two successive vice-presidents of the board (Mauricio Larrain and Javier Marin), and members of the Cardinals Commission and its last president HE Cardinal Schönborn who handed over his responsibilities to HE Cardinal Petrocchi in January 2026. I also want to officially welcome His Eminence Cardinal Artime as a new member of the Commission of Cardinals. It was an honour for me to work with so many "IOR mission" inspired personalities. Looking back on the transformation of the institute over the last 12 years (to which I have referred in previous annual reports) certain elements stand out:

1. The roll out of a clear governance framework starting with the updating of IOR statutes and internal regulations, then establishing an efficient board & its committees, building a highly competent management team with well-established control functions, all under the supervision of ASIF, and its external auditors;
2. Its anti-money-laundering and counter-terrorist financing procedures meet the highest international standards, as recognised in the most recent Moneyval report, which awarded the IOR a high (substantial) rating;
3. The tax agreements concluded with many countries have ensured full IOR tax transparency since 2015. With the closure of thousands of accounts that did not meet the eligibility criteria as set out in the Institute statutes, we decisively ended the era of the Institute as a tax haven;
4. The IOR has maintained a staff of just over 100 people while extending its reach to clients in 112 countries - including in geopolitically fragile regions where it often serves as the sole reliable financial conduit for the Church's pastoral mission;

5. Whereas in 2012 the IOR faced increasing difficulties in working with financial counterparties due to its damaged reputation, the Institute now works with more than thirty banks worldwide and is a member of the pan-European payment system SEPA (2017);
6. The IOR has also established a transparent and disciplined investment process based on strong ethical Catholic values, delivering first- and second-quartile performance for the benefit of its clients. IOR's product range is well diversified and some of those products invest in more than the 11 different funds managed by international asset managers;
7. The IOR has significantly strengthened the quality of its client services and introduced digital banking. It recently launched two market benchmarks aligned with the principles of Catholic Social Teaching thereby contributing to the emergence of an ecosystem for "Catholic faith consistent investing";
8. The IOR's balance sheet has never been stronger; it is well capitalised and prudently managed to ensure it can deliver on its long-term mission;
9. Following the financial abuses to which it had been exposed prior to 2013, the Institute has successfully recovered significant funds from third parties and remains involved in legal action to pursue justice in other cases;
10. The Institute integrates sustainability principles into its strategy, governance and operational processes. From 2024 onwards, the IOR has embarked on a comprehensive monitoring and reporting process to transparently demonstrate its contribution to the transition towards a sustainable economy that is ethically grounded and consistent with the values of the Church; this commitment continued in 2025 with the publication of the first Sustainability Report;
11. Finally, I want to mention the increased dialogue, trust and cooperation from various Vatican bodies which ultimately enhances the financial contribution of the Institute to the Holy See.

Approval of 2025 accounts

The financial statements, prepared in accordance with IAS-IFRS as adopted by the Circular issued by ASIF, were audited by Deloitte & Touche S.p.A.

The net result for 2025 is the highest of the last 10 years at Euro 50.954.469 reflecting the positive environment and the fruits of all the efforts described above (compared to 2024 this is over than 50% increase).

Based on the clean audit opinion issued by Deloitte & Touche S.p.A., the Board approved the financial statements of the Institute and its management report.

The Board has therefore proposed to the Commission of Cardinals to set the dividend for 2025 at Euro 24.3 million.

This dividend (based on the agreed IOR payout ratio policy of "up to 50% of IOR results") is in line with peer banks as shown by EBA supervisory reporting data. Such a payout ratio contributes to IOR solid capital base which guarantees that the institute's operations are sustainable and its long-term solidity guaranteed. The institute's significant capital base reflects the fact that there are no mechanisms available in the Vatican to guarantee customer deposits or that could act as lender of last resort in case of market crisis. As a non-European Union institution, the IOR must rely exclusively on its own strength in case of a shock. Additionally, the IOR runs a pension fund for its employees and needs appropriate capital reserved for the sustainability of that scheme.

Deloitte & Touche S.p.A. are the current auditors. The duration of their mandate is 3 years, and it can only be renewed once as per article Art.41, point 3 of the ASIF Regulation no.1 and per article Art.25 of the IOR Statute.

Corporate Governance and Board activity

As stated earlier, the IOR has a clear governance and a committed Board which oversee IOR management and operations.

2025 saw some changes in the Board composition. Sheila Uriarte Tan and Elizabeth McCaul respectively joined the board in February and October 2025. They bring a wealth of experience in banking and asset management and regulatory matters. Their contribution has already been felt, in a spirit of service to the Church. At the meeting of October 2025 Lord Michael Hintze left the board. He was appointed at the same time as I was and throughout those 12 years his contribution has been unique. The Institute is immensely grateful for his invaluable time, advice, and leadership. I wish to particularly thank him.

The Board is currently composed of seven members. As per the Statutes, it reviews the Institute's long-term strategy and evaluates the financial and non-financial risks and opportunities for its development. It ensures that the Institute always fulfils its fiduciary responsibility towards clients, employees and the Holy See. It follows and supervises the work carried out by the Director General in the management of the Institute. In 2025, the Board met on 5 occasions and various informal meetings and discussions took place. The Cardinal's Commission was also kept informed on every initiative and consulted as necessary on issues relating to potential changes in governance, in the IOR operating model or leadership. Specific joint meetings were held between the Board and the Commission of Cardinals ensuring an adequate flow of information.



Members of the Board of Superintendence

Board Committees

As per article 17 paragraph 2 and 3 of the Statutes, at the end of 2025 the Board had two committees:

1. Audit & Risk committee,
2. HR, Ethics & Remuneration committee.

The composition of those committees was modified given the changes that occurred in terms of composition of the Board. The members of the Audit and Risk committee are Javier Marin Romano (President), François Pauly and Elizabeth McCaul.

And the members of the HR, Ethics & Remuneration Committee are Georg Freiherr von Boeselager (President), Bernard Brenninkmeijer and Sheila Uriarte Tan.

In 2025, each of those committees met on four occasions. Each committee has produced a summary activity report that details all the support that was provided to the Board throughout the year.

Charitable donation

In 2025 about Euro 600.000 were provided directly to various charitable causes by the Institute.

Finally, and based on all the above, it remains for me to thank one last time all the staff at the IOR, the Director General and the Prelate.

I also wish to express my best wishes to François Pauly who is the new president of the board as of April 28th, 2026. François already knows the IOR and has had some previous experience in the Vatican on the board of the Vatican pension fund. One of his first tasks will be finalizing the succession of Gian Franco Mammi who reaches retirement age and will start his well-deserved retirement in September of this year. The process is very well engaged.

I close this letter with gratitude for all the collegiality and professionalism I have experienced as we have evolved the IOR into the indispensable and internationally recognised institution it is today. I am confident that the positive trajectory will continue and wish the team and the Board all the best as they continue the mission of service to the Church and the Holy See.

It has been a joy and a great honour to serve the Church throughout those years.

Jean-Yves Lallemand

IOR PERFORMANCE - 2025 YEAR-END



Gian Franco Mammì
Director General

Net Profit	51 EUR Million	An increase of 55.5% compared with 2024, primarily attributable to the improved performance of core operations resulting from active portfolio management
Intermediation margin	66.3 EUR Million	Higher than in 2024 (+28.7%), driven by higher net interest income (+9.9%) and by active portfolio management
Administrative Expenses	25.2 EUR Million	Slightly higher than in 2024 (+5.9%), due to the consolidation of investments consistent with the 2021-2025 Strategic Plan
Administrative Expenses/ Intermediation Margin	38.1%	The ratio highlights the level of coverage of administrative expenses provided by core operating activities, showing a significant improvement compared with the previous financial year (2024: 46.1%)
Comprehensive income	97.2 EUR Million	Comprehensive income increased compared with 2024 (+25%), mainly driven by: (i) the growth in net profit for the year and (ii) the positive change in reserves relating to the Pension Fund
Net Equity	815.3 EUR Million	Increased compared with 2024 (+11.4%), mainly attributable to: (i) a positive change of HTCS securities reserve (EUR +16.3 million), reflecting the increase of securities fair value; (ii) a positive change of defined benefit plan reserve, due to both actuarial gains (EUR +12.5 million) and higher performance of pension plan assets (EUR +17.5 million); (iii) the allocation of a portion of 2024 net result (EUR +19 million) with the aim of increasing the IOR capital strength and supporting its long-term development
TIER 1 Ratio*	71.9%	Increase of 3.5% compared to 2024 mainly due to a general decrease in risks (credit, counterparty and market) and an increase in total equity
Compliance of IOR products with the principles of Catholic ethics	100%	In both 2024 and 2025, all asset management products were fully compliant with the principles of Catholic ethics adopted by IOR
% of Asset Under Management (AUM) with positive gross absolute performance	100%	It represents the percentage of AUM managed by the IOR on behalf of clients that recorded a positive absolute gross performance

* Please refer to Part 6 of the Explanatory Notes for further information on Equity and the regulatory framework

1. MISSION, CUSTOMERS AND SERVICES

Mission of the Institute

The Istituto per le Opere di Religione (the "Institute" or "IOR") is an institution of the Holy See, founded on 27 June 1942 by Chirograph of His Holiness Pius XII. Its origins date back to the "*Commissione ad Pias Causas*" established by Pope Leo XIII in 1887.

The Institute is a public legal entity in accordance with Canon Law (Canons 114 and 116) and carries out financial activities.

The mission of the IOR, established by its Statutes, annexed to the Chirograph dated 7 March 2023 of His Holiness Francis, is "to provide for the custody and administration of movable and immovable assets transferred or entrusted to it by natural or legal persons, and intended for works of religion or charity".

Therefore, the Institute receives assets intended, at least in part or for the future, for the purposes defined in the above clause, according to the established procedures.

In addition, the Institute accepts deposits of assets from entities or persons of the Holy See and of Vatican City State.

The IOR contributes to the global mission of the Catholic Church by managing the financial resources entrusted to it and by providing payment services for the Holy See and Vatican City State, their associated bodies, religious institutes, Catholic institutions, members of the clergy, employees of the Holy See, and duly accredited diplomatic representatives.

The IOR is exclusively located on the sovereign territory of Vatican City State and is subject to the regulations and legislation applicable therein. The IOR is supervised and regulated by the "Autorità di Supervisione e Informazione Finanziaria" (Supervisory and Financial Information Authority or ASIF).

For matters concerning strategic information, ethical standards and non-financial performance indicators, please refer to the following sections.

Customers of the IOR

Customers served by the Institute include:

- Sovereign Institutions of the Holy See and Vatican City State and related entities, nunciatures and apostolic delegations, embassies and diplomats accredited to the Holy See;
- Institutes of Consecrated Life and Societies of Apostolic Life, Dioceses and other Vatican canonical or civil entities as legal persons; clerics and members of Institutes of Consecrated Life and Societies of Apostolic Life, employees and retirees of the Vatican as natural persons.

The IOR's customers have a common characteristic, which is that they are part of and serve the Catholic Church.

The IOR does not accept, individuals or institutions without a close relationship to the Holy See and Catholic Church as customers.

Strict control processes are in place to ensure that this rule is adhered to at all times.

Most of the IOR's clients are active in missions or perform charitable works at institutions such as schools, hospitals or refugee camps.

The Catholic Church, through its institutions involved in missionary activities and charitable works, is present throughout the world, even in countries with very basic infrastructure and underdeveloped banking and payment systems.

In such cases, the IOR's services are particularly valuable. For customers located in these areas, the IOR is a bedrock, affirming itself as a trusted institution able to provide on-site services that would otherwise be lacking or absent. This is even more evident in those geographical areas with high levels of political and/or financial instability.

Nature of the Institute's services

On behalf of its clients, the Institute carries out financial and banking activities authorised by the ASIF: acceptance of deposits, asset management, certain custodial functions, international payment transfers through correspondent banks, and holding salary and pension accounts of employees of the Holy See and Vatican City State.

Credit activity is residual and strictly subject to the constraints of the ASIF authorisation and limits established by the Board of Superintendence.

No funding activities are carried out on the interbank market and IOR does not issue, underwrite or place debt securities. Furthermore, the IOR does not participate in underwriting syndicates.

Accounts opened at the IOR by authorised customers meet the requirements of the legislation in force in Vatican City State on preventing and combating money laundering and the financing of terrorism.

2. CORPORATE GOVERNANCE

The IOR's governance structure is defined in its current Statutes renewed on 7 March 2023 by Chirograph of the Holy Father. It consists of the following bodies: Commission of Cardinals, Prelate, Board of Superintendence and Director General.

The **Commission of Cardinals** consists of five Cardinals appointed by the Holy Father and it is chaired by a Cardinal designated by the Members of the Commission itself.

The Commission of Cardinals oversees the Institute's adherence to its Statutes.

Furthermore, the Commission of Cardinals:

- deliberates on the distribution of profits, after considering the financial statements and taking into account the IOR's minimum capital requirements;
- proposes changes to the Statutes to the Higher Authority;
- appoints and removes members of the Board of Superintendence and the Prelate;
- deliberates the compensation due to members of the Board of Superintendence;
- approves the appointment and removal of the Director General made by the Board of Superintendence;
- appoints, at the proposal of the Board of Superintendence, the external auditor (natural person or company) mandated to perform the statutory audit of the accounts;
- resolves any issues concerning the members of the Board of Superintendence and the Director General;
- has the authority to convene the Board of Superintendence and/or the Director General whenever it deems appropriate.

The members of the Commission of Cardinals serve a five-year term and may be reappointed once only, unless the Higher Authority decides otherwise.

In January 2026, the term of office of His Eminence Cardinal Christoph Schönborn as President and member of the Commission of Cardinals came to an end upon reaching the age limit. During the same month, His Eminence Giuseppe Petrocchi was appointed President, and His Eminence Cardinal Ángel Fernández Artime was appointed as a new member of the Commission.

The members are:



**His Eminence Cardinal
Giuseppe Petrocchi**
President



**His Eminence Cardinal
Ángel Fernández Artime**
*Pro-Prefect of the Dicastery for
Institutes of Consecrated Life and
Societies of Apostolic Life*



**His Eminence Cardinal
Konrad Krajewski**
*Metropolitan Archbishop
of Łódź*



**His Eminence Cardinal
Luis Antonio Gokim Tagle**
*Pro-Prefect of the Dicastery
for Evangelisation*



**His Eminence Cardinal
Emil Paul Tscherrig**
*Apostolic
Nuncio*

The **Prelate** is appointed by the Commission of Cardinals for a five-year term of office and may be confirmed for one additional term, unless otherwise indicated by the "Ordinario". He has the function of assisting executives and employees *in situ* to govern and operate in accordance with the founding principles of Catholic ethics and in keeping with the Institute's mission.

Furthermore, the Prelate:

- attends the meetings of the Commission of Cardinals serving as Secretary;
- keeps the archives of the Commission of Cardinals at his office and makes them available to its members;
- participates in meetings of the Board of Superintendence.

The Prelate of the Institute is Msgr. Battista Mario Salvatore Ricca, appointed in June 2013.



**Msgr. Battista Mario
Salvatore Ricca**
Prelate

The **Board of Superintendence** is responsible for defining and approving the strategic guidelines and policies of the Institute as well as overseeing compliance with them. In particular, the Board's tasks are to:

- define and approve the multi-year strategic plan and general policies for the activities of the Institute in line with its mission;
- define and approve the criteria for identifying extraordinary and most relevant transactions subject to the preliminary assessment of the Board, and take the relevant resolutions;
- approve annual budget targets in line with the risk profile of the Institute;
- define and approve the Institute's risk profile;
- define and approve the Institute's Code of Ethics also upon the proposal of the Director General;
- examine capital adequacy and consistency with the strategic targets of the Institute;
- supervise the Institute's activities and the achievement of the established targets;
- define and approve the general guidelines of the internal controls system as well as to appoint, evaluate and dismiss the Heads of control functions;
- propose changes to the Statutes for approval by the Commission of Cardinals;
- approve the Institute's statutory implementing Regulations, which are to contain *inter alia* a detailed description of the powers and areas of competence of the Board and the Director General, and submit them to the Commission of Cardinals for approval;
- review the annual report of the Director General and approve, no later than 30 April, the financial statements prepared by the Director General;
- submit the financial statements to the Commission of Cardinals enclosing the management report on the Institute's economic and financial situation and on the compliance of its activities with its statutory aims;
- propose to the Commission of Cardinals the appointment of an external auditor (natural person or company) to perform the statutory audit of the accounts;
- report to the Commission of Cardinals on activities conducted, on overall management performance and its foreseeable evolution;
- deliberate on the remuneration payable to the Director General in accordance with the remuneration and incentive policies in force from time to time.

The Board of Superintendence is appointed by the Commission of Cardinals for a term of five years, which may be renewed once only, unless otherwise indicated by the "Ordinario". It is composed of seven members possessing recognised experience in financial and economic matters and demonstrated reliability, and who satisfy the eligibility criteria specifically established by the relevant regulatory framework.

The members are:



**Jean-Baptiste
Douville de Franssu**
President



**Javier Marín
Romano**
Vice-President



**Georg Freiherr von
Boeselager**



**Bernard
Brenninkmeijer**



**Elizabeth
McCaul**



**François
Pauly**



**Sheila Uriarte
Tan**

In October 2025, the term of office of Board member Michael Hintze came to an end. During the same year, two new members were appointed: Sheila Uriarte Tan in February and Elizabeth McCaul in October.

The **Director General** is appointed by the Board of Superintendence with the approval of the Commission of Cardinals.

In line with the strategic guidelines and policies defined and approved by the Board of Superintendence, the Director General is responsible for the management and oversight of all activities relating to:

- the administration, management, and organisation of the Institute;
- the recruitment and management of the staff.

The Director General's areas of competence and specific powers are set out in the statutory implementing Regulations.

The Director General prepares a monthly written overview report of the economic and financial accounts at the end of the previous month and transmits it to the members of the Board of Superintendence and the Prelate.

In the first quarter of each year, the Director General prepares the financial statements for the previous business year, in accordance with generally accepted accounting standards together with a report on management performance of the Institute.

The Director General may be appointed for an indefinite or definite term. In both cases, he will cease from office upon reaching the age of 70. In the case of a fixed-term appointment, the office holder shall serve for a period of five years and may be reappointed once only, unless otherwise indicated by the "Ordinario".

The Director General may assign to one of the managers the function of Deputy Director to replace him in the ordinary administration and management of the Institute in the event of absence, impediment or by delegation.

The Director General is Gian Franco Mammi, appointed in November 2015.

The current Deputy Director is Giovanni Boscia, appointed in January 2023.



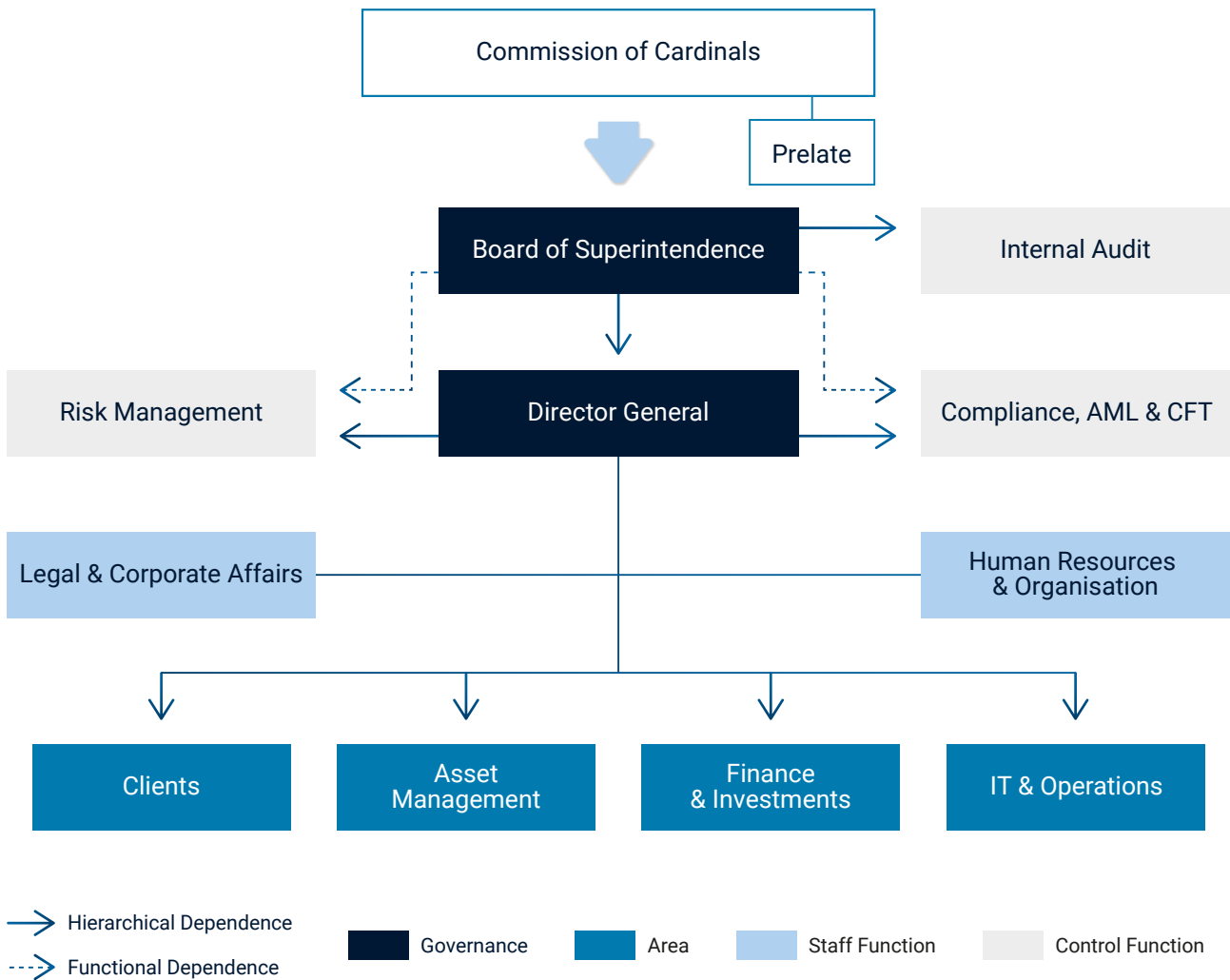
Gian Franco Mammi
Director General

3. THE EXTERNAL AUDITOR

Audits are performed by an external auditor (natural person or company) proposed by the Board of Superintendence and appointed by the Commission of Cardinals for three consecutive financial years. This appointment may be renewed only once. The external auditor provides an opinion on the Institute's financial statements by means of an ad hoc report; for that purpose, it examines all the books and the accounts.

In 2025, the audit was carried out by Deloitte & Touche S.p.A., in the first year of its audit engagement.

4. IOR ORGANISATIONAL CHART



The Institute’s staff and employment relationship is characterised by its particular ecclesial service and special collaboration in the mission of the Supreme Pontiff and the Holy See, as specified in the letter of the Holy Father Saint John Paul II on the meaning of work for the Apostolic See, dated 20 November 1982.

The juridical, administrative, organisational and economic aspects of the employment relationship are also inspired by this particular nature.

The principles and rules set out by the Staff Regulations of the Institute are applied to the hiring of personnel and employment relationships with regard to disciplinary, remuneration, pension and social security matters.

All employees must adhere to the Code of Conduct defined and approved by the Board of Superintendence.

During the employment relationship, all Institute employees must have an exclusive employment obligation.

5. CONTROL FUNCTIONS

Control functions comprise:

- Internal Audit;
- Compliance, AML and CFT;
- Risk Management.

This structure is based on the Vatican laws and requirements established by the Supervisory and Financial Information Authority for an adequate internal audit system, as defined by Regulation no. 1 on prudential supervision of the entities carrying out financial activities on a professional basis, implementing Title III of the Law no. XVIII promulgated on 8 October 2013 covering norms of "Transparency, supervision and financial intelligence".

In accordance with Law No. XVIII/2013 (art. 27 et seq.), Regulation no.1 and best international practices, the Internal Audit function reports to the Board.

In terms of second-level controls, the Compliance Department and the Risk Management Department report to the Board with a dotted line and to the Directorate with a hard line.

The Compliance Department is also directly responsible for AML/CFT (Anti Money Laundering/Combating the Financing of Terrorism) activities.

6. REGULATORY FRAMEWORK AND TAX REQUIREMENTS

Regulatory framework

The Institute is subject to the laws and regulations of the Holy See and Vatican City State as well as to its own Statutes.

The Vatican legal framework recognises Canon Law as the primary source of legislation and the primary criterion for its interpretation. Furthermore, there are six organic laws and other ordinary laws specific to the Vatican City State. For matters not covered by Vatican laws, the laws and other regulations issued by the Italian Republic are observed as supplementary, subject to prior approval by the competent Vatican authority. They are adopted on the condition that they do not conflict with the doctrine of Divine Law, the general principles of Canon Law or the provisions of the Lateran Pact and subsequent Agreements, and provided that they are applicable to the state of affairs existing in Vatican City State (see Law No. LXXI on the sources of law, promulgated by Pope Benedict XVI on 1 October 2008).

According to article 1.4 of Law No. LXXI on the sources of law, the legal framework must also conform to the general norms of international law, and to those arising from treaties and other agreements to which the Holy See is party.

The Institute is subject to Law No. XVIII of 8 October 2013 concerning "transparency, supervision and financial intelligence", as amended by Law No. CCXLVII of 19 June 2018, as well as by Decree No. CCCLXXII of 9 October 2020 converted into Law No. CCCXCVI of 7 January 2021, and most recently by Law No. DCXIV of 7 November 2023.

Law No. XVIII assigns to the Authority for Supervision and Financial Information (ASIF) the responsibility for issuing implementing regulations both in the field of prudential supervision and in the field of supervision for anti-money laundering and countering the financing of terrorism.

In this regard, the ASIF has issued the following Regulations:

- Regulation No. 1 concerning the prudential supervision of entities professionally engaged in financial activities (effective as of 13 January 2015, amended by Decision of the Governing Board on 19 September 2018, supplemented by amendments approved by the Holy Father on 28 August 2023, and most recently amended by Decree No. 5 promulgated on 31 December 2023, which came into force on 15 April 2024);
- Regulation No. 2, which establishes the information and data accompanying transfers of funds and the technical requirements for credit transfers and direct debits in euro (effective as of 12 December 2017 and subsequently amended by Decision of the Governing Board on 26 November 2023);
- Regulation No. 3, governing payment services offered by entities professionally engaged in financial activities (effective as of 5 April 2018);
- Regulation No. 4, concerning customer due diligence for entities professionally engaged in financial activities (effective as of 19 September 2018 and subsequently amended by Decision of the Governing Board on 20 June 2024);
- Regulation No. 5, concerning the reporting of suspicious activities (effective as of 19 September 2018);
- Regulation No. 6, governing the Central Register pursuant to Article 51-bis of Law No. XVIII on transparency, supervision and financial intelligence of 8 October 2013 (effective as of 20 December 2022).

In addition, the Institute complies with the guidelines and circulars issued by ASIF.

These financial statements have been prepared in accordance with the ASIF Circular concerning the preparation of the annual financial statements and the consolidated financial statements of entities carrying out financial activities on a professional basis (issued on 15 December 2016 and subsequently updated on 31 October 2017).

Another important regulatory pillar is Law No. CCLVII of 2018 on market abuse, which clarifies and completes the regulatory framework relating to insider dealing and market manipulation, and applies to the Institute in relation to both proprietary trading activities and transactions carried out on behalf of clients.

Tax requirements

Tax income

The IOR financial statements do not report a provision for taxes as there is no tax levy on operating profits by the Vatican City State.

Regarding the real estate properties (No. 3) owned by the Institute in Italy, detailed in Section 2 paragraph 3, the IOR files tax returns in Italy and pays the corresponding taxes (IRES and IMU).

FATCA

Since 2015, the Institute has been subject to the Foreign Account Tax Compliance Act (FATCA), a U.S. federal law that requires foreign financial institutions to report to the U.S. Internal Revenue Service (IRS) the details of accounts held by U.S. clients.

In 2015, the Holy See signed the "Agreement between the Holy See, acting also in the name and on behalf of Vatican City State, and the United States of America, to improve international tax compliance and to implement the United States' Foreign Tax Account Compliance Act (FATCA)" and, as a result, by reason of its activity as a financial institution, the Institute is subject to this requirement.

Tax agreement with Italy

Since 2016, the Institute has been implementing the “Agreement between the Government of the Republic of Italy and the Holy See on tax matters”. In accordance with the Agreement, clients resident in Italy for tax purposes fulfil their tax obligations, arising from the possession of financial assets held at the Institute, may avail themselves of a Tax Representative chosen by the Institute. The IOR provides the calculations and withholds taxes from customers, which are then paid to the Italian Government through the Italian Tax Representative.

Qualified Intermediary

In June 2021, the Institute was recognised as a Qualified Intermediary (QI) by the IRS.

This *status* allows the Institute to fulfil its tax obligations towards the United States of America by applying much more streamlined procedures than previously, and by cutting out burdensome intermediary costs. Operationally, this represented a major step forward in terms of compliance, efficiency and cost reduction. This acknowledgement provides concrete proof that the Institute’s procedures and processes are in line with those of the best financial intermediaries operating in the world’s financial markets.

In accordance with the provisions of the QI Agreement, the Institute’s Qualified Intermediary activities relating to the 2024 reporting period were externally audited during 2025 by an audit firm that issued an unqualified report. Consequently, the Responsible Officer completed the certification to the Internal Revenue Service confirming the effectiveness of the Institute’s internal controls governing its QI operations.

Taxation of other countries

For customers who are not resident in Italy, the principles of international tax law are applied. This means that each customer must declare his or her holdings and all derived income in his or her country of tax residence in accordance with the laws of that country.

7. PROPOSAL OF DISTRIBUTION OF THE NET PROFIT FOR THE YEAR

Consistent with the dividend policy principles agreed upon by the Board, the Board has proposed to the Commission of Cardinals to set the dividend for the 2025 at Euro 24.3 million.

Given IOR’s ultimate mission, which is to support the work of religion and charity, the Cardinals Commission confirmed in a resolution the payment of such a dividend.

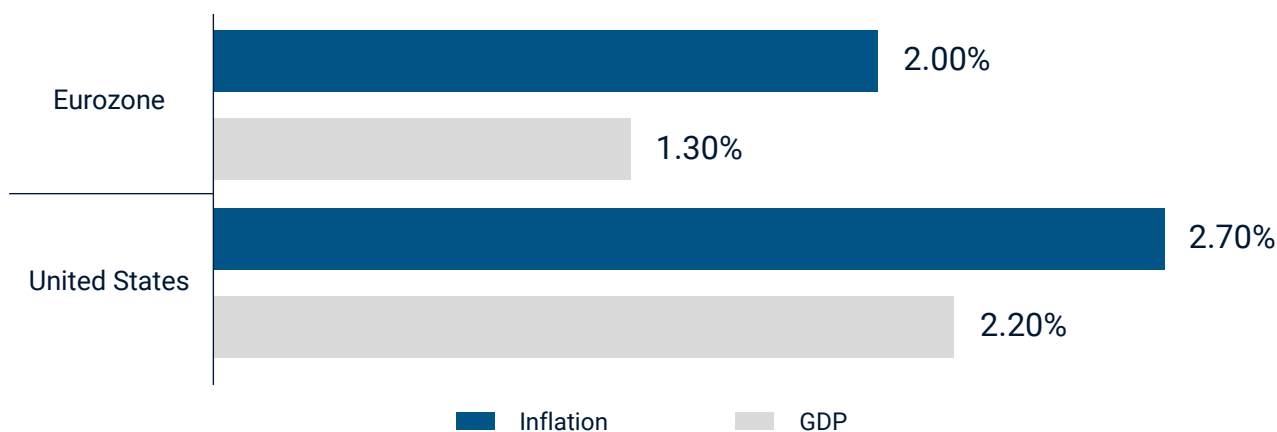
CHAPTER 2. OPERATIONAL INFORMATION

1. 2025 BUSINESS REVIEW

Macroeconomic scenario

Throughout 2025, the global economy continued to expand at a moderate pace, notwithstanding an environment marked by ongoing geopolitical tensions and uncertainty in international trade.

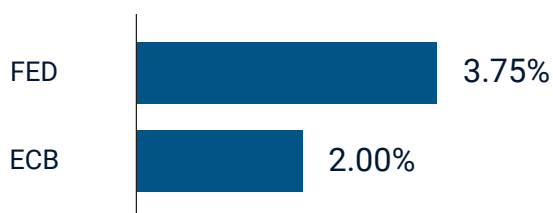
In the euro area, real GDP growth was estimated at around +1.3%, indicating gradual but uneven economic expansion among the principal Member States. Germany experienced only marginal growth (+0.2%), reflecting continued weakness in manufacturing output and exports, while Italy recorded growth of +0.8%, supported mainly by domestic consumption. Spain demonstrated stronger performance (+2.8%), benefiting from robust activity in the services sector and tourism. In the United States, economic growth reached +2.2%, slowing compared with 2024 as domestic demand gradually normalised. China sustained growth of approximately +5.0%, meeting its official target despite the increasingly complex global environment.



Data as of 31/12/2025 (source: Bloomberg)

Global inflation moderated during 2025, although trends varied across regions, largely due to declining energy costs and easing wage pressures. Within the euro area, moderate growth, falling energy prices - particularly relevant for an economy reliant on energy imports - and the gradual weakening of the US dollar against the euro contributed to a progressive reduction in inflationary pressures, which also fed through to other price components. Inflation declined from +2.4% at the start of the year to +2.0% by December. By contrast, inflationary pressures in the United States remained more persistent, with tariff-related effects slowing the pace of disinflation and resulting in inflation remaining around +2.7%.

CENTRAL BANK RATES



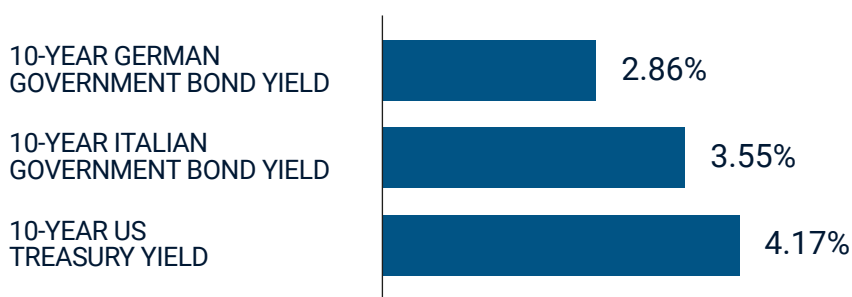
Data as of 31/12/2025 (source: Bloomberg)

Against this backdrop, central banks were able to proceed with a gradual easing of monetary policy, supported by a declining inflation trajectory.

The European Central Bank implemented four successive reductions in key interest rates, each of 25 basis points, resulting in the deposit rate being lowered to 2.0%.

In the United States, the Federal Reserve System followed a comparable course, beginning in September a cycle of policy rate cuts that totalled three reductions, bringing the federal funds target range to 3.50%-3.75%, while retaining a prudent policy stance due to relatively stronger inflationary pressures.

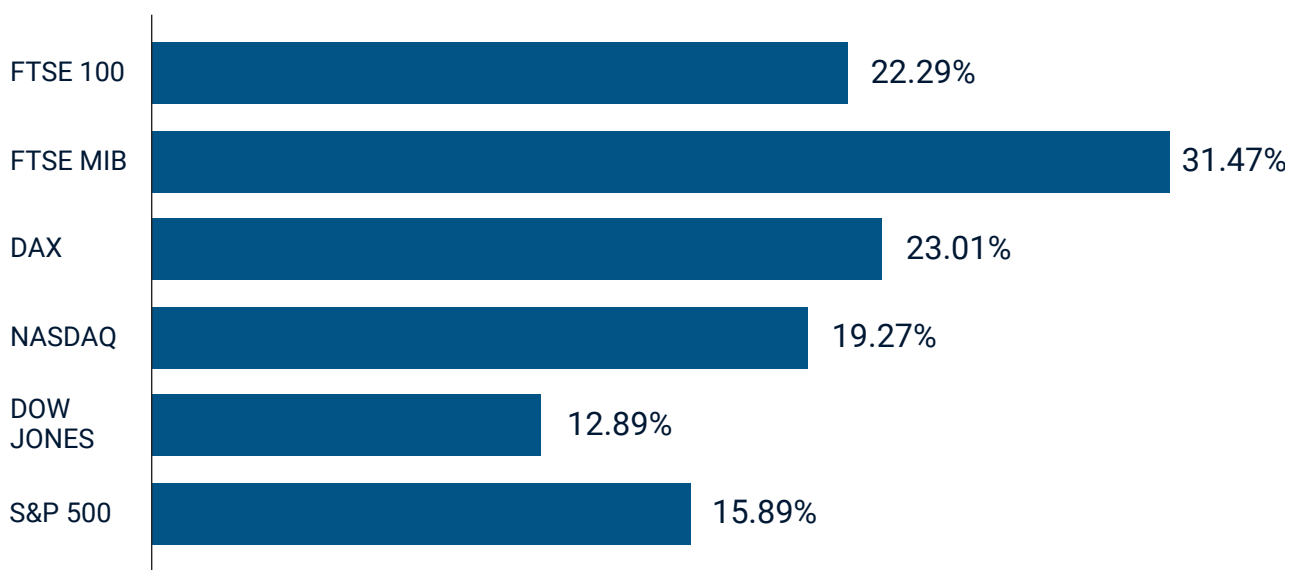
BOND YIELD



Data as of 31/12/2025 (source: Bloomberg)

Financial markets benefited from supportive monetary and fiscal policies, reducing the perceived likelihood of a recession. Bond markets experienced falling yields at shorter maturities in both the euro area and the United States, whereas longer-term yields in Europe showed more limited improvement, partly as a consequence of the approval of Germany’s fiscal stimulus plan. The yield on 10-year United States Treasury security declined from 4.57% to 4.17%, while the yield on 10-year German Bund increased from 2.37% to 2.86%. Longer maturities in the euro area were influenced by improved growth expectations, partly following the announcement in March of a substantial fiscal plan by the German government, which generated upward pressure on yields. In Italy, the yield on 10-year Italian BTP remained broadly stable, moving from 3.52% to 3.55%, while the spread over German Bunds narrowed to 69 basis points (the lowest level since the end of 2009), confirming the improved perception of sovereign risk and the strengthening of public finance outlooks.

EQUITY MARKETS PERFORMANCE



Percentage change for the year 2025 (source: Bloomberg)

During 2025, global equity markets delivered overall positive performance, supported by a favourable combination of fiscal and monetary policies and continued progress in technological innovation, although significant differences emerged across geographic regions and sectors.

In the United States, both the S&P 500 and the Nasdaq Composite reached record highs, driven by exceptional growth in the technology sector and the rapid adoption of artificial intelligence, which has transformed productivity, business models, and growth prospects for high-technology companies.

In Europe, equity market performance throughout the year was supported by gradually improving growth prospects, the progressive easing of monetary conditions, and declining energy costs. In addition, the strengthening of the euro contributed to reducing import cost pressures, particularly benefiting sectors more exposed to domestic demand. Overall, these factors helped sustain corporate profitability and investor sentiment. In Germany, the DAX closed the year with an increase of +23%, benefiting from the expansionary fiscal plan.

Among the major European indices, Spain's IBEX 35 stood out as the top performer, rising by approximately +48%, while Italy's FTSE MIB recorded strong performance of around +31%. Both indices were primarily driven by the banking sector, which benefited from improved growth prospects and stronger public finance conditions. The United Kingdom's FTSE 100 also closed the year in positive territory, broadly in line with the European average, confirming the resilience of the domestic market despite political volatility and currency fluctuations.

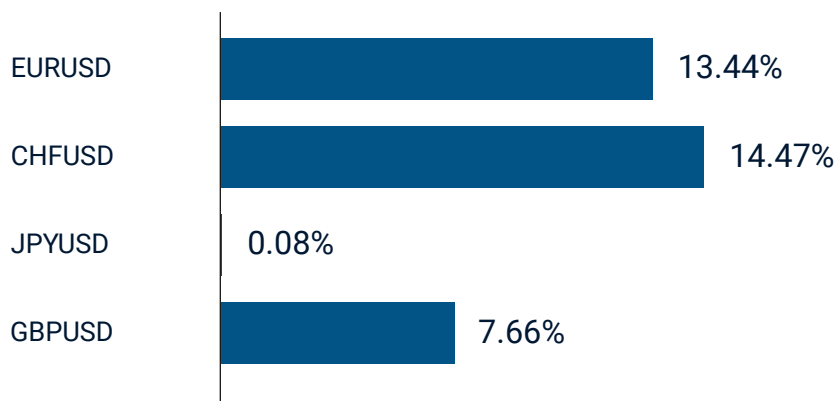
COMMODITIES



Percentage change for the year 2025 (source: Bloomberg)

The commodities market displayed heterogeneous trends during 2025. The price of West Texas Intermediate crude oil fluctuated between USD 55 and USD 80 per barrel, closing at approximately USD 57, reflecting a modest decline in global demand together with increased supply. Gold reached a record high of USD 4,600 per ounce before closing at around USD 4,300, supported by strategic accumulation by certain central banks and by the depreciation of the US dollar.

CURRENCIES



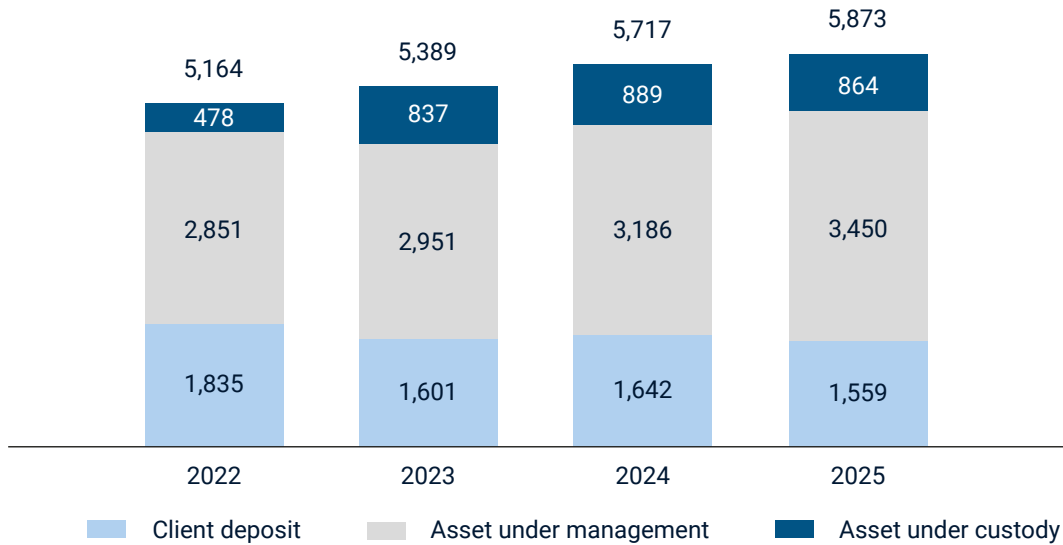
Percentage change for the year 2025 (source: Bloomberg)

Foreign exchange markets experienced a notable weakening of the US dollar against major currencies during 2025, declining by approximately -13% against the Euro, -8% against Pound sterling, and -14% against the Swiss franc, while remaining broadly stable against the Japanese yen.

The depreciation of the dollar against the euro was largely attributable to the adoption and magnitude of Germany's fiscal programme, which strengthened expectations for euro area growth and reduced the growth gap between the two economies.

Composition of total Client Assets and Client base

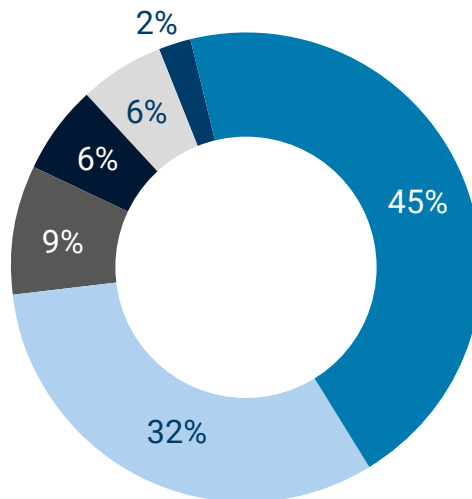
Total Client assets managed by the Institute as of 31 December 2025 reached EUR 5.9 billion:



(Eur Millions)

The opening and/or maintenance of accounts at the Institute continues to be highly selective, in order to safeguard the Institute's service mission, and monitoring is carried out very frequently.

Measured by assets entrusted to the IOR clients as at 31 December 2025 comprised:



- Religious Orders (Congregations - Associations of the Faithful - Seminaries, Colleges and Universities - Monasteries and Convents)
- Dicasteries of the Roman Curia, Offices of the Holy See and of the Vatican City State, and Apostolic Nunciatures
- Episcopal Conferences, Dioceses and Parishes
- Cardinals, Bishops and Clergy
- Vatican Employees and Pensioners
- Foundations and Other Canon Law Entities

The evolution of Client Assets shows how the Institute is fulfilling its role of financial institution serving the Church around the world to the best of its ability.

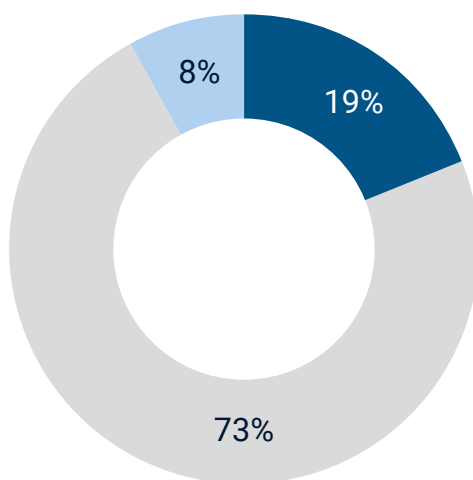
As at 31 December 2025, total client funds amounted to EUR 1.6 billion on the balance sheet and EUR 4.2 billion off balance sheet (asset under management and asset under custody).

(in millions of euro)	2025			2024		
	On Balance Sheet	Off Balance Sheet	Total	On Balance Sheet	Off Balance Sheet	Total
Client deposit	1,559	-	1,559	1,642	-	1,642
Asset under management	79*	3,371	3,450	24*	3,162	3,186
Asset under custody	-	864	864	-	889	889
TOTAL	1,637	4,235	5,873	1,666	4,051	5,717

* Deposits of Assets under Management are net of commissions collected in the first days of the subsequent year.

Focus on Religious Congregations

Religious Congregations represent one of the core pillars of the Institute's client base. In 2025, the number of clients stood at 1,244 (1,237 in 2024), accounting for 39% of total assets (EUR 2.3 billion out of total funds of EUR 5.9 billion), with a strong concentration in asset management services.



- Client deposit
- Asset under management
- Asset under custody

In recent years, the relationship with Congregations has strengthened as a result of enhanced governance, stronger internal controls, improved tax transparency, expanded digital services, and the Institute's solid financial position.

The number of Congregations entrusting their assets to the IOR through asset management mandates has grown steadily (from 533 in 2024 to 546 in 2025), as have assets under management (from EUR 1.61 billion in 2024 to EUR 1.68 billion in 2025). Client withdrawals have remained limited and are largely associated with operational requirements.

In terms of investment quality and ethical consistency, asset management strategies achieved solid results, with positive returns fully in line with Faith Consistent Investing criteria. There was also a growing demand for ethical assessment of investments held with third parties.

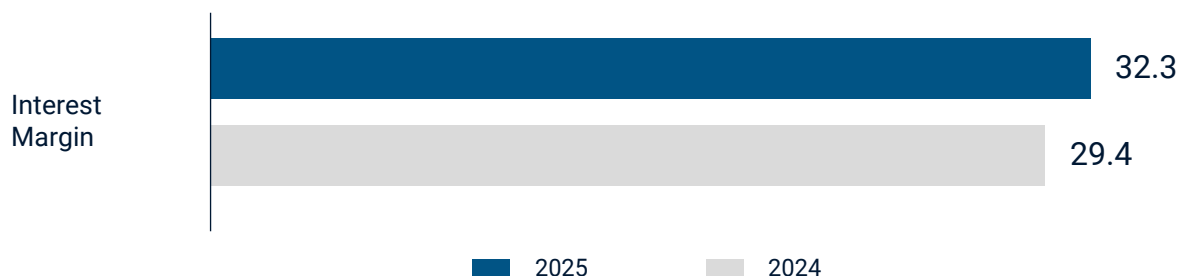
The IOR has developed a structured approach to managing the stable capital of Congregations, based on a multi-objective methodology (Working Capital, Reserve Fund, Risk Fund), a dedicated advisory process, proprietary analytical tools, and full compliance with the principles of the Social Doctrine of the Church.

The 2026–2028 Plan provides for the further development of the multi-objective model, increased digitalisation, expansion of services aligned with the Social Doctrine of the Church, and the maintenance of high standards of prudence and transparency.

Income Statement

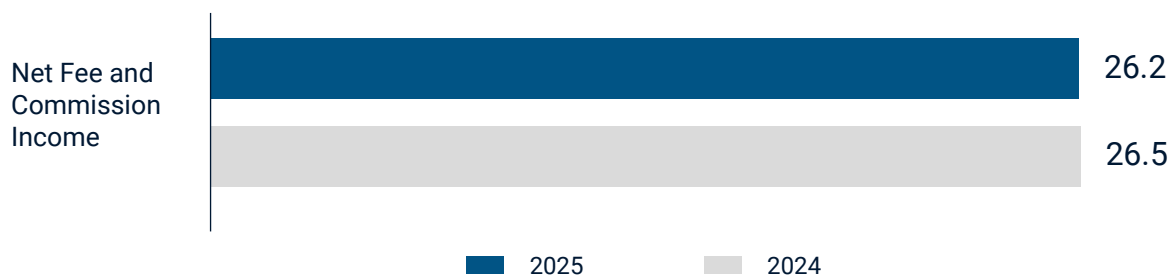
The IOR's net profit of 2025 was EUR 51m (2024: EUR 32.8m).

The following is an overview of the main Income Statement items (change between 2024 and 2025):



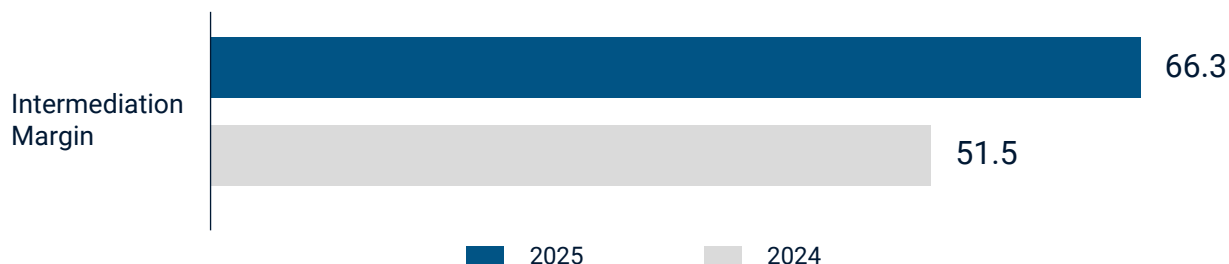
(Eur Millions)

Interest income increased compared with 2024 (+9.9%), mainly due to the dynamic property portfolio management and to the growth of the spread (2025: 1.24% vs 2024: 1.14%) between the average rate received on assets (2025: 1.68% vs 2024: 1.57%) and the average rate paid on customer deposits (2025: 0.44% vs 2024: 0.43%).



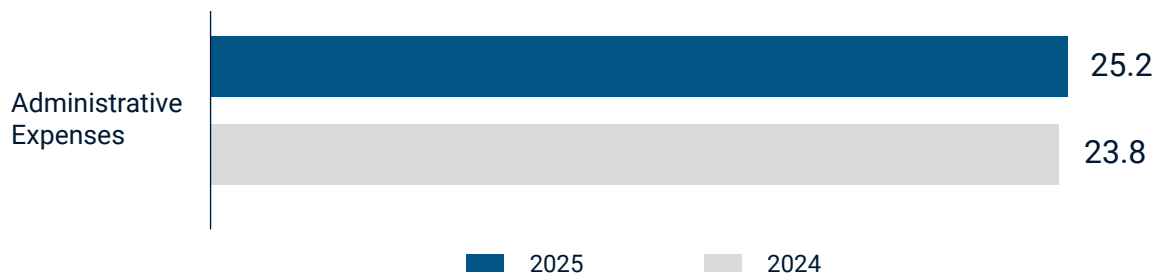
(Eur Millions)

Net fee and commission income remained broadly in line with 2024 (-1.1%). Fee income increased compared with 2024 (+2.9%), mainly attributable to: (i) higher asset management fees (EUR +0.7 million), following the increase in assets under management; (ii) increased fees from collection and payment services (EUR +1.0 million) as a result of higher transaction volumes through POS operations; and (iii) lower custody commission (EUR -0.8 million), reflecting a reduction in average pricing, introduced by IOR in 2025, and in the volume of securities held in custody. At the same time, fee expenses increased (EUR +1.2 million), primarily due to higher commissions on POS transactions resulting from increased transaction volumes, mirroring the corresponding increase in fee income of the same nature.



(Eur Millions)

Intermediation margin increased compared with 2024 (+28.7%), It is mainly due to the higher result of the IOR financial assets, which contributed EUR 39.3 million (2024: EUR 23.7 million). The increase was primarily attributable to debt securities, contributing EUR 40.9 million compared with EUR 28.6 million in 2024; foreign exchange operations also contributed positively by EUR 0.8 million (2024: EUR 1.0 million).



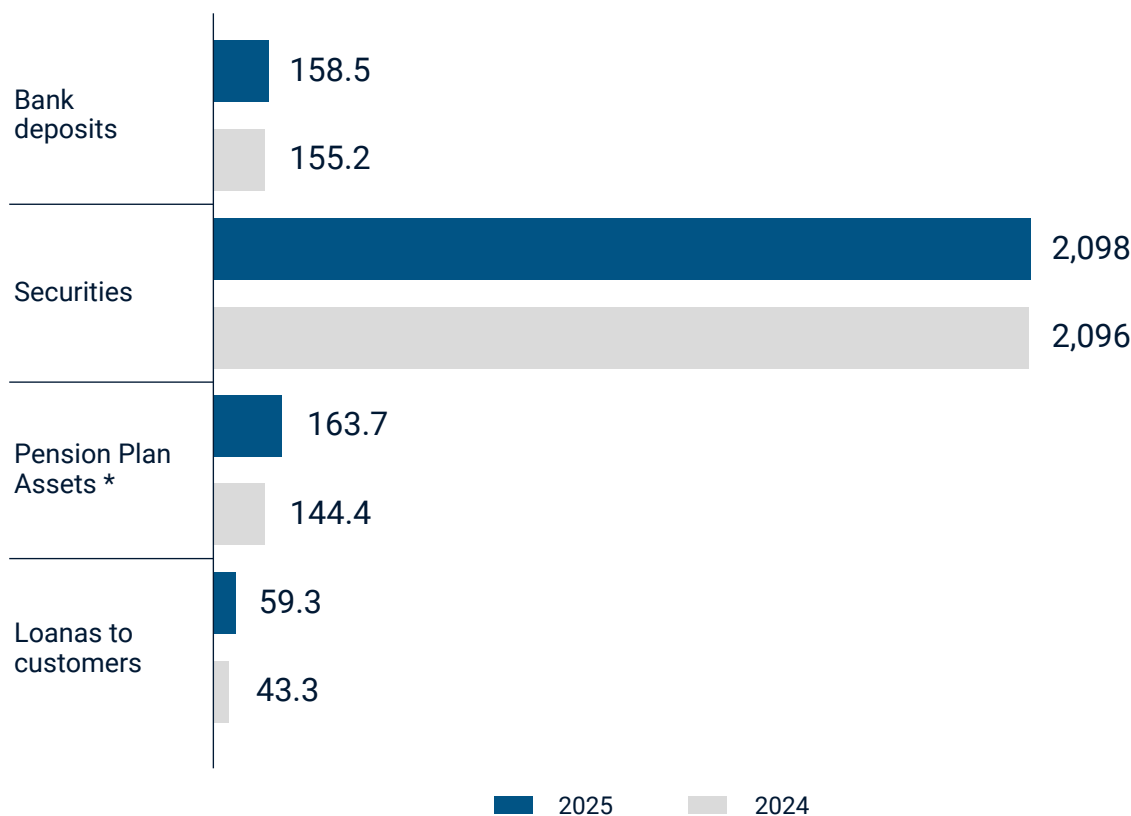
(Eur Millions)

Administrative expenses increased compared with 2024 (+5.9%), reflecting the consolidation of investments aligned with the 2021–2025 Strategic Plan. The main drivers of the increase were staff expenses (EUR +0.6 million), due to the strengthening of the workforce, and professional services expenses (EUR +0.9 million).

Balance Sheet

The following is an overview of the main Assets items (change between 2024 and 2025):

MAIN ASSETS ITEMS



(Eur Millions)

* In accordance with IAS 19 Employee Benefits, the balance sheet presents the net amount between the defined benefit obligation (DBO) and the fair value of plan assets (recognised under "Other Assets" or "Other Liabilities", depending on whether the fair value exceeds or falls below the related obligation).

Bank deposits remained broadly in line with 2024.

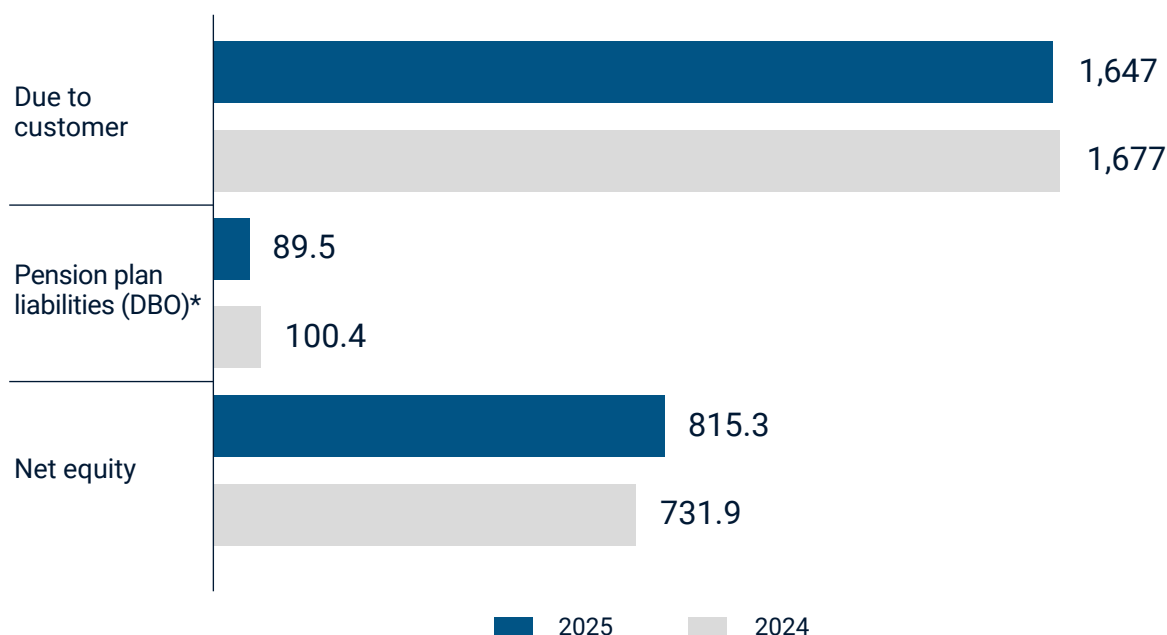
With regard to securities, bonds represent the most significant investment (EUR 2,094 million), accounting for 99.8% of total securities held, while investment funds, exchange-traded funds (ETFs), and equities represent approximately 0.2%. A total of 66% of bond holdings are managed under the Held to Collect and Sell (HTCS) business model, 27% under the Held to Collect (HTC) model, and only 6% under the Other / Trading model.

The fair value of Pension Plan Assets increased due to dynamic property portfolio management.

Net loans to customers, although higher than in 2024, represent only 2.4% of total assets. The Institute credit activities are residual and strictly subject to the constraints of ASIF authorisation and the limits established by the Board of Superintendence.

The following is an overview of the main Liabilities and Equity items (change between 2024 and 2025):

MAIN LIABILITIES AND EQUITY ITEMS



(Eur Millions)

* In accordance with IAS 19 Employee Benefits, the balance sheet presents the net amount between the defined benefit obligation (DBO) and the fair value of plan assets (recognised under "Other Assets" or "Other Liabilities", depending on whether the fair value exceeds or falls below the related obligation).

Client deposits (EUR 1.65 billion) represent 66.4% of total liabilities recognised on the balance sheet (2024: EUR 1.68 billion). In 2025, Client deposits decreased (EUR -84 million), while liquidity within asset management increased (EUR +55 million).

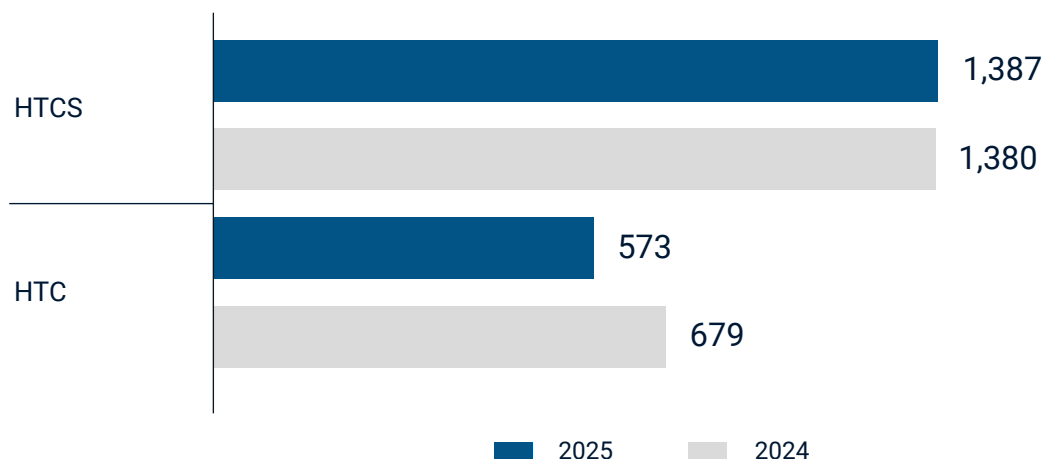
Pension Plan liability (Defined Benefit Obligation – DBO) decreased mainly as a result of a 62 basis point increase in the discount rate (the DBO is calculated annually by a qualified actuary).

Net Equity increased compared with 2024, primarily due to: (i) a positive change of the HTCS securities reserve (EUR +16.3 million) recognised in Other Comprehensive Income (HTCS bonds and FVOCI equities), reflecting the general increase in market values; (ii) a positive change of the defined benefit plan reserve, due to both actuarial gains (EUR +12.5 million) and higher performance of pension plan assets (EUR +17.5 million); (iii) the allocation of a portion of the 2024 net result (EUR +19 million) with the aim of increasing the IOR's capital strength and supporting its long-term development.

Focus - HTCS and HTC Business Models

The Institute invests almost entirely in bonds managed under the Held to Collect and Sell (HTCS) and Held to Collect (HTC) business models (93% of total proprietary securities¹, excluding pension plan assets).

CARRYING AMOUNTS



(Eur Millions)

1. BONDS HTCS (66% OF TOTAL PROPRIETARY SECURITIES)

Under the Held to Collect and Sell (HTCS) business model, securities are held both to collect contractual cash flows and to allow for potential disposals when appropriate. This approach supports the objectives established under IFRS 9 Financial Instruments, including liquidity management, yield optimisation, and active asset–liability management.

In order to be classified under this business model, securities have to pass the SPPI test (Solely Payments of Principal and Interest).

Securities are measured at fair value (carrying amount), and gains or losses arising from valuation are recognised in a specific equity reserve (Section 12, paragraph “12.3 – Revaluation Reserves”).

HTCS	2025	2024
Fair Value Reserve	(23)	(39)

(Eur Millions)

¹ As at 31 December 2025, total proprietary securities amounted to EUR 2,098 million, comprising: HTCS bonds: EUR 1,387 million; HTC bonds: EUR 573 million; FVTPL bonds: EUR 134 million; Investment funds: EUR 1.5 million; FVTPL equities: zero; FVOCI equities: EUR 2.3 million.

The negative reserve recognised in recent years is gradually decreasing and will tend to zero by holding the securities up to maturity.

The following items are recognised in the income statement:

- interests and amortised cost effects;
- amounts related to changes in credit risk (Expected Credit Loss – ECL);
- gains or losses arising from the full or partial disposal of financial assets, with consequent reversal of the related reserve.

HTCS bonds held in the portfolio consist of 52% government bonds and 48% credit bonds, with an average maturity of 3.09 years.

2. HTC BONDS (27% OF TOTAL PROPRIETARY SECURITIES)

Under the Held to Collect (HTC) business model, assets are held primarily to collect contractual cash flows. The sale of securities is permitted only in circumstances defined by IFRS 9 Financial Instruments and incorporated into a specific policy adopted by the Institute.

In order to be classified under this business model, securities have to pass the SPPI test (Solely Payments of Principal and Interest).

Securities are measured at amortised cost² using the effective interest method (carrying amount).

The fair value of these securities has no accounting impact; it is presented below solely for the purposes of disclosure:

HTC	2025	2024
Market value (fair value)	541	630
Carrying amount (Amortised Cost)	573	679
Delta	(32)	(49)

(Eur Millions)

The following items are recognised in the income statement:

- interests and amortised cost effects;
- amounts related to changes in credit risk (Expected Credit Loss – ECL);
- gains or losses arising from the disposal of financial assets, where permitted under the circumstances defined by the accounting standard.

HTC bonds held in the portfolio consist of 68% government securities and 32% credit securities, with an average maturity of 3.21 years.

² Under the amortised cost approach, the asset is recognised at its initial carrying amount, adjusted for any repayments of principal. The carrying amount is adjusted by the cumulative amortisation of the difference between the initial value and the redemption value, net of impairment allowances.

Profitability and efficiency ratios

The tables below highlight the key economic, financial, and productivity ratios, which confirm the substantial consolidation of the Institute in terms of operational efficiency and profitability:

Number	Profitability Ratios (%)	2025	2024
1	ROE	6.7%	4.7%
2	ROA	2.1%	1.3%
3	Intermediation margin / Total Assets	2.7%	2.1%
4	Interest margin / Total Assets	1.3%	1.2%

- 1 The ratio shows the Institute's continued growth, also taking into account its strong capitalisation. It increased as a result of the growth in profit for the year (numerator) exceeding the growth in equity (denominator);
- 2 the increase in the ratio is mainly driven by higher net result of the year (numerator);
- 3 the ratio improved due to the increase in intermediation margin (numerator) exceeding the growth in total assets (denominator);
- 4 consistent with the level recorded in 2024.

Number	Efficiency ratios (%)	2025	2024
5	Administrative Expenses / Intermediation Margin	38.1%	46.1%
6	Interest margin / Intermediation margin	48.8%	57.1%
7	Net Fee and Commission Income / Intermediation margin	39.5%	51.4%
8	TIER 1	71.9%	69.4%

- 5 The indicator shows that the level of cost coverage through core operating activities improved significantly compared with 2024;
- 6 the ratio decreased mainly due to the increase in the intermediation margin (denominator);
- 7 the ratio decreased mainly due to the increase in the intermediation margin (denominator);
- 8 the ratio recorded a slight increase, primarily reflecting the growth in equity.

Number	Other Ratios (%)	2025	2024
9	Liquidity Coverage Ratio (LCR)	1,370%	5,095%
10	Net Stable Funding Ratio (NSFR)	271.5%	292.5%

- 9–10 The indicators remain significantly above regulatory minimum thresholds for both 2025 and 2024. It should be noted that the change in the Liquidity Coverage Ratio (LCR) relative to 2024 is primarily attributable to the adoption during the year of a new aggregation framework for clients and deposits, agreed in advance with the supervisory authority, which more effectively reflects the structural characteristics of the Institute's client base, particularly the stability of deposits.

Assets under Management

During 2025, Assets Management delivered solid performance in absolute terms, notwithstanding the market correction in April linked to the introduction of trade tariffs by the United States administration. All portfolio strategies achieved positive gross returns over both three-year and five-year periods.

		Annualised Performance			Cumulative Performance	
		2023-2025	2021-2025		2023-2025	2021-2025
Annual Gross Performance						
#	Monetary	2025	LAST 3 YEARS	LAST 5 YEARS	LAST 3 YEARS	LAST 5 YEARS
1	Monetary - EUR	2.22%	3.02%	1.45%	9.3%	7.5%
2	Monetary - USD	4.28%	4.90%	2.99%	15.4%	15.9%
Bond						
3	Bond Fund – BT (EUR)	2.07%	2.73%	1.19%	8.4%	6.1%
4	Bond Fund – BT (USD)	5.14%	4.49%	2.21%	14.1%	11.6%
Balanced						
5	(20% Mix - EUR)	5.51%	5.17%	2.81%	16.3%	14.9%
6	(20% Mix - USD)	6.05%	6.76%	3.74%	21.7%	20.1%
7	(30% Mix - EUR)	7.21%	6.41%	3.67%	20.5%	19.8%
8	(30% Mix - USD)	6.56%	7.90%	4.51%	25.6%	24.7%
9	(40% Mix - EUR)	8.24%	7.46%	-	24.1%	-
10	(40% Mix - USD)	8.13%	8.71%	-	28.5%	-
11	(50% Mix - EUR)	9.01%	8.32%	4.98%	27.1%	27.5%
12	(50% Mix - USD)	8.33%	10.50%	6.09%	34.9%	34.4%
Multiasset						
13	Multiasset EUR	7.23%	6.12%	2.53%	19.5%	13.3%
Equities						
14	Flexible Equities - EUR	18.78%	14.90%	10.02%	51.7%	61.2%
14	Flexible Equities - USD	9.75%	16.04%	9.79%	56.2%	59.5%
% of Positive Investment Lines		100%	100%	100%	100%	100%

IOR Position compared to Morningstar Peer Group (Net Performance - Scale from 1 to 10):

IOR PORTFOLIO MANAGEMENT	LAST 5 YEARS
Monetary Performance	
Monetary - EUR	8
Monetary - USD	9
Bond Funds	
Bond Fund - BT (EUR)	3
Bond Fund - BT (USD)	1
Balanced	
20% Mix - EUR	5
20% Mix - USD	4
30% Mix - EUR	3
30% Mix - USD	3
50% Mix - EUR	4
50% Mix - USD	4
Multiasset	
Multiasset EUR	9
Equities	
Equities - EUR	3
Equities - USD	3
Strategies with Decile Ranking \leq 5	10 out of 13

Note: Analysis and processing by the IOR based on Morningstar data.

2. PREVALENCE OF CATHOLIC PRINCIPLES AND VALUES IN THE MANAGEMENT OF PROPRIETARY AND CUSTOMERS' FINANCIAL ASSETS

Faith consistent investing

The IOR is a unique financial institution at the service of the Church in the world, which bases its activities on the principle of consistency with Catholic ethics rather than the principle of maximising profit.

“It is often assumed that mixing faith and ethics with investment criteria may compromise returns. Such concerns have largely been refuted. When faith and ethics criteria are developed with the adequate levels of consideration and expertise, there should be little to no fear of underperformance, or of the risk of not meeting one’s fiduciary responsibility. Indeed, there is a growing acknowledgement that responsible investing can deliver equal or better ultimate performance over the long term: do well by doing good! To not consider the financial value of environmental, social, and governance issues, is in fact a risk. Neglecting ethical innovations in the market may cause investors to lose the opportunity to improve their risk-adjusted returns, and, therefore, to deliver better overall value for their stakeholders. Ethical researchers have shown that in times of downturn, the most trusted companies suffered fewer losses than the market average, and recovered faster as conditions improved. This can be referred to as a Sustainability Premium. By example, after the financial market crisis in 2020 caused by the Covid-19 pandemic, sustainable market indices outperformed non-sustainable peers.” [Publication from: The Pontifical Academy of Social Sciences - 2022]

The Institute bases its investment strategies and security selection process on prudent management decisions that comply with the principles of the Social Doctrine of the Church and invests exclusively in companies that adhere to those principles. To this end, the Institute has adopted a well-established proprietary methodology that applies rigorous selection and monitoring criteria to ensure sustainable and responsible investment decisions, explicitly excluding companies that do not meet the standards of Catholic ethical principles. Accordingly, the IOR does not invest in companies engaged in activities that are harmful to human life, the environment, society, or sound governance.

This valuable tool, combined with a team of professionals possessing different backgrounds, skills, experience and seniority, has allowed the Institute to serve its clients located in 112 countries to the highest standard, and to achieve absolute and relative risk adjusted results in line with expectations and compliant with Catholic ethical criteria.

The methodology in place provides that the IOR undertakes a systematic assessment of equity and bond issuers in accordance with the following selection criteria:

1. Sanctity of human life

The Institute does not invest in any companies that, whether directly or through subsidiaries:

- own or manage healthcare facilities or specialised institutions that perform abortion procedures;
- produce goods or technologies used in abortion;
- manufacture contraceptive products;
- participate in activities involving embryonic stem cells, tissues derived from human embryos or foetuses, or the utilisation of foetal cell lines.

2. Respect for human life

The Institute does not invest in companies that, whether directly or through subsidiaries:

- produce controversial weapons (including anti-personnel mines, chemical weapons, nuclear weapons, and cluster munitions) or critical components thereof, due to their indiscriminate effects on civilian populations;
- participate in the manufacture or distribution of small arms and light weapons;
- produce weapons or supply products and services specifically designed for military use and intended for lethal or offensive applications.

3. Environmental protection

The Institute does not invest in activities that may have a negative impact on the environment or on sustainable development.

4. Addictions and harmful activities

The Institute does not invest in companies directly or indirectly involved in gambling, adult entertainment, usurious lending activities, or the production and sale of tobacco or alcohol.

5. Global Compact

The Institute does not invest in companies that seriously violate the ten principles of the United Nations Global Compact, including: i) violations of human rights by the company (Principles I–II); ii) violations of labour rights (Principles III–IV–V–VI); iii) failures to safeguard the environment (Principles VII–VIII–IX); and iv) violations of business ethics (Principle X).

3. CHARITABLE AND SOCIAL ACTIVITIES

In addition to supporting works of religion and charity financed through the distribution of dividends from the annual financial statements, placed at the full disposal of the Commission of Cardinals, the Institute also contributes throughout the year to numerous charitable and social initiatives through:

- financial donations in response to requests for assistance received by the Institute;
- the leasing or provision, at concessional rates or free of charge, of properties owned by the Institute to organisations serving social purposes.

Decisions concerning donation recipients and amounts are taken on a collegial basis by the Charitable Committee, chaired by the Prelate and composed of senior managers and employees of the Institute.

Typical charitable interventions include direct assistance to disadvantaged families (generally identified by their parish communities), support for missionary and charitable projects, and grants to young priests to enable them to complete their university education.

With regard to the granting and management of real estate assets, the Institute relies on S.G.I.R. S.r.l.³, a company incorporated under Italian law with its registered office in Rome, specifically established to manage, in a transparent and more efficient manner, the properties it owns in Italy, acquired over time through bequests or donations from institutions and private individuals.

³ Further details on the subsidiary S.G.I.R. S.r.l. are provided in Section 7 - Investments (Asset item 70) of the Notes to the Financial Statements.

Alongside the activities typically carried out by a property management company, the management arrangements adopted by S.G.I.R. S.r.l. include the granting of real estate assets:

- through rent with subsidised leases, to help associations or other Catholic institutions that, due to their limited budgets, would not be able afford to rent at market price;
- on loan for free use, for structures that offer hospitality and support to people in conditions of particular fragility or risk, such as migrants, refugees, single mothers and people with mental problems or families in financial difficulties who need accommodation to assist seriously ill relatives in long-term hospitalisation or in need of continuous therapy at health facilities in Rome. In the same facilities, Italian language literacy courses are designed to allow a real social integration of migrants and training courses for pastoral workers or family counsellors, who assist families in situations of distress, with problems as a couple or facing difficulties in parenting.

4. SUSTAINABILITY

Consistent with its statutory mandate, the IOR has undertaken a long-term initiative to embed sustainability risk considerations within its strategic framework, management systems, and operational processes, which are centred on investment activities for both Clients (asset management) and Proprietary Assets.

Given the increasing relevance of sustainability in modern economic and social contexts, and the responsibility placed on financial institutions to contribute to sustainable development, the IOR initiated in 2024 a structured programme for gathering data and reporting on its role in supporting the transition to a sustainable economic model aligned with Catholic ethical values, in accordance with recognised frameworks and industry best practices.

The “Sustainability Programme”, introduced in 2024 at the initiative of the Board of Superintendence, remains ongoing. Its purpose is to monitor progress across key sustainability areas relevant to the Institute and to establish the basis for comprehensive and transparent sustainability disclosures to stakeholders.

To support this approach, the Institute has adopted a methodology grounded in recognised industry standards, identifying two principal sustainability reference frameworks: the Corporate Sustainability Reporting Directive (CSRD) - used to identify material topics through double materiality assessment - and the Global Reporting Initiative (GRI) Standards - used for the collection and disclosure of information relating to those material topics. In 2026, the IOR will publish for the second year the Sustainability Report.

The following section outlines the Institute’s actions in areas identified as most relevant. The IOR places particular emphasis on systematic monitoring, the definition of improvement targets and development initiatives, and the transparent communication of progress achieved.

Transition to a green economy and climate change

The Institute promotes sustainability by reducing the consumption of natural resources and energy and by implementing effective waste management practices. It follows a transparent monitoring framework to assess the environmental impact of the resources employed, while optimising the efficient use of materials. Paper consumption for office use is systematically monitored, electricity is sourced from renewable energy providers, and energy efficiency is enhanced through the upgrading of lighting infrastructure. In addition, the vehicle fleet increasingly relies on hybrid and electric vehicles to limit fossil fuel usage. Waste management processes are also subject to continuous monitoring.

Quality and Customer Experience

The IOR is committed to maintaining high standards in service delivery and to ensuring a customer experience founded on transparency and responsibility. Clients are provided with clear and accessible information through official documentation, periodic reporting, and secure online banking platforms. The Institute implements policies that incorporate ethical, social, and environmental considerations into the responsible design and distribution of financial products, supported by targeted staff training focused on transparency and integrity. All products are developed and managed in accordance with internal governance frameworks, ensuring regulatory compliance and safeguarding customer interests. Furthermore, the Institute gathers stakeholder feedback to support continuous service improvement and promotes transparency and accountability in all communications. Internal processes are systematically monitored and reviewed to ensure the quality and suitability of the products and services offered.

Integrity of conduct

The Institute maintains comprehensive measures to prevent money laundering, the financing of terrorism, and corruption. Specifically, the IOR conducts ongoing monitoring of client transactions and implements controls to detect and prevent suspicious activities, in accordance with international regulatory frameworks. In relation to corruption risk, the IOR applies a strict “zero-tolerance” policy supported by robust controls governing recruitment, gifts, donations, and relationships with external parties. The Institute has also implemented a whistleblowing framework designed to identify potential misconduct while ensuring the confidentiality and protection of whistleblowers. The Institute has received favourable evaluations from Moneyval concerning the effectiveness of its anti-money laundering and counter-terrorism financing systems. The IOR conducts its tax affairs in accordance with principles of integrity and transparency, complying with Vatican legislation and international agreements, including the Foreign Account Tax Compliance Act and the tax convention with Italy. Adherence to the Catholic faith represents a selection requirement for employment at the Institute, consistent with its founding mission and institutional values, and is therefore not regarded as discriminatory.

Data Privacy and Cyber Security

The Institute ensures the protection of personal data relating to clients and employees, in accordance with Vatican privacy and cybersecurity regulations, processing such data solely for the purposes of complying with legal obligations, preventing fraud, and ensuring the security of payment systems. It implements comprehensive policies and security controls to protect sensitive information, supported by robust internal controls, continuous employee training, and systematic monitoring of information security risks. While the European General Data Protection Regulation does not apply directly, the Institute adheres to recognised international standards in data protection and privacy management. The Institute has established a dedicated Information Security Policy to safeguard assets, data, and information, thereby ensuring the protection of confidential information, the privacy of clients, and the continuity of critical services. No cybersecurity incidents were recorded during 2025.

Digitalisation and Innovation

The IOR has pursued a range of digital transformation initiatives aimed at improving process efficiency and reducing environmental impact, including the transition from paper-based documentation to digital records for client services. The adoption of digital technologies has delivered measurable benefits, including reduced paper consumption and waste generation. The online IOR Portal service provides advantages such as 24/7 accessibility, simplified operations, time savings, and lower costs, while maintaining high security standards. The Institute actively encourages clients to adopt this digital channel. The initiative was launched in 2023 to optimise physical storage space for archived documentation has continued to deliver results, significantly reducing archive volumes. This has enabled the productive use of released space and reduced fire risk exposure.

Value generated and distributed

In 2025, the IOR generated economic value of EUR 67.6 million, distributed among employees (23%), suppliers (14%), and the Holy Father (36%). The remaining value was retained to support the Institute's long-term financial sustainability. Furthermore, the Institute generated value for clients of EUR 163 million in 2025 through the investment management of client assets, supporting the broader mission of the Church. The Institute also carried out charitable and social activities (further details are provided in paragraph 3 of this section).

Responsible Investment

As outlined in detail in paragraph 2 of this section, the Institute for the Works of Religion is the sole financial institution serving the global Church whose operations are guided by adherence to Catholic ethical principles rather than by the objective of maximising profit, while remaining fully aligned with international banking standards and recognised best practices. The Institute implements an Investment Policy consistent with the Social Doctrine of the Church, applying strict Catholic ethical screening criteria in the selection of investments and excluding companies involved in activities detrimental to human life, environmental sustainability, social well-being, or responsible governance. In addition, the Institute promotes sustainability within its internal operations through structured employee training programmes and through dialogue and cooperation with other institutions to promote a culture grounded in Catholic ethical values. The Institute further promotes social initiatives through its controlled property management company, S.G.I.R., providing assistance to individuals facing financial difficulties (see paragraph 3 of this section for further information).

IOR catholic equity indices

To establish a recognised benchmark for Catholic investment worldwide, in January 2026 the IOR introduced two new equity indices developed in partnership with Morningstar, designed in line with industry best practices and fully compliant with Catholic ethical principles. The launch of these benchmarks demonstrates the IOR's continued commitment to responsible and transparent financial stewardship, reinforcing the integration of Catholic ethical values not only in portfolio construction but also in the methodologies used to assess, monitor, and report investment performance.

Support for the Universal Church

The Institute actively promotes financial literacy and education among its stakeholders, with particular attention to vulnerable communities. In 2025, the Institute continued to organise educational programmes and in-person seminars dedicated to improving financial awareness and encouraging responsible resource management.

Next Priorities

The Institute for the Works of Religion reaffirms its commitment to ongoing improvement and the implementation of best practices across its operations.

Future initiatives include further development in environmental sustainability, continued digital transformation, strengthened operational governance, and enhancements to the investment policy framework, ensuring the delivery of services that remain transparent, responsible, and consistent with its ethical mission.

5. RECRUITMENT AND REMUNERATION POLICIES

In the course of 2025, the IOR continued to strengthen and develop its organisational framework through a substantial recruitment programme. The recruitment, which involved both junior profiles and experienced professionals, enhanced the Institute's capacity to oversee its core strategic activities and supported the ongoing development of operational and control functions.

Concurrently, the Institute undertook a further evolution of its organisational structure, establishing new units and introducing specialised roles aimed at responding more effectively to operational, regulatory, and business development needs, in keeping with the ethical and institutional mission that defines the work of the IOR.

The recruitment process remains grounded in strict principles of merit, professional competence, and transparency. In this context, the Institute's remuneration and incentive policies are founded on principles of fairness, sustainability, and the recognition of individual performance, implemented through an annual appraisal system that evaluates professional competencies, organisational conduct, and performance against established objectives.

This approach aims to promote professional growth, enhance the quality of internal expertise, and foster sustainable value creation over the long term, while maintaining the principles of prudence and effective risk management that underpin the Institute's operations.

6. PROSPECTS AND OUTLOOK ON OPERATIONS

The IOR will continue to serve the Holy Father in carrying out His mission as Universal Pastor by providing dedicated financial services fully compliant with Vatican and international regulations and consistent with Catholic ethical principles.

Through this commitment, the Institute ensures adherence not only to regulatory requirements but also to the moral and spiritual values that guide the work of the Church. This commitment represents a fundamental element in ensuring transparency, reliability, and accountability in financial management.

The Institute will continue to operate in accordance with the guidelines set out in the 2026–2028 Strategic Plan approved by the Board of Superintendence, structured around the following key priorities:

- Customer focus: ensuring that client needs are met and promoting the development of dedicated financial services and products consistent with clients' risk profiles;
- Prudent growth: ensuring steady and sustainable development over time, also following the introduction of more advanced investment solutions;
- Security and financial soundness: maintaining robust standards of operational security and financial stability as central pillars of the Plan, reinforced through targeted investments in technology.





IOR ISTITUTO PER
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FINANCIAL STATEMENTS
AS AT 31 DECEMBER

2025

YEAR 2025

FINANCIAL STATEMENTS

BALANCE SHEET

(in Euro)

ASSETS		2025	2024
10	Cash and cash equivalents	10,759,776	13,138,728
20	Financial assets at fair value through profit or loss of which:	135,906,347	34,675,924
	<i>(a) financial assets held for trading</i>	135,906,347	34,675,924
30	Financial assets at fair value through other comprehensive income	1,388,903,870	1,382,706,668
40	Financial assets at amortised cost of which:	791,659,314	878,567,530
	<i>a) loans and advances to banks</i>	306,975,478	360,438,291
	<i>b) loans and advances to customers</i>	484,683,836	518,129,239
70	Investment in subsidiaries	15,965,191	15,965,191
80	Tangible assets	2,898,226	2,929,618
90	Intangible assets	1,235,938	1,559,518
120	Other assets	133,352,716	107,879,879
TOTAL ASSETS		2,480,681,378	2,437,423,056

LIABILITIES AND EQUITY		2025	2024
10	Financial liabilities at amortised cost [IFRS 7§8 (g)] of which:	1,647,407,471	1,676,740,185
	<i>a) due to banks</i>	-	-
	<i>b) due to customers</i>	1,647,407,471	1,676,740,185
80	Legates	1,760,950	1,878,286
90	Other liabilities	9,849,145	20,752,902
100	Staff severance provision	4,621,122	4,437,022
110	Provisions for risks and charges of which:	1,699,119	1,699,119
	<i>a) commitments and guarantees issued</i>	1,699,119	1,699,119
	<i>b) provisions for pensions and similar obligations</i>		
120	Valuation reserves	(4,417,789)	(50,672,799)
140	Reserves of which:	468,806,891	449,828,593
	<i>(a) unavailable reserves for distribution</i>	100,000,000	100,000,000
	<i>(b) available reserves for distribution</i>	367,159,391	348,199,643
	<i>(c) other reserves</i>	1,647,500	1,628,950
150	Capital	300,000,000	300,000,000
160	Profit for the year	50,954,469	32,759,748
TOTAL LIABILITIES AND EQUITY		2,480,681,378	2,437,423,056

INCOME STATEMENT
(in Euro)

INCOME STATEMENT		2025	2024
10	Interest and similar income	39,228,894	36,334,609
20	Interest and similar expense	(6,903,178)	(6,902,659)
30	Interest margin	32,325,716	29,431,950
40	Fee and commission income	32,939,842	32,013,381
50	Fee and commission expense	(6,773,416)	(5,552,923)
60	Net fee and commission income	26,166,426	26,460,458
70	Dividends and similar income	33,246	10,384
80	Net trading result	555,749	(4,080,817)
100	Net gain (loss) on disposal or repurchase of:	7,191,640	(315,466)
	(a) <i>financial assets at amortised cost</i>	(495,756)	181,738
	(b) <i>financial assets at fair value through other comprehensive income</i>	7,687,396	(497,204)
120	Intermediation margin	66,272,777	51,506,509
130	Net impairment losses/recoveries for credit risk:	1,332,926	(1,554,374)
	(a) <i>financial assets at amortised cost</i>	1,297,523	(1,817,923)
	(b) <i>financial assets at fair value through other comprehensive income</i>	35,403	263,549
140	Net income from financial operations	67,605,703	49,952,135
150	Administrative expenses:	(25,247,557)	(23,752,303)
	(a) <i>staff expenses</i>	(15,554,965)	(14,971,064)
	(b) <i>professional service expenses</i>	(4,147,239)	(3,242,128)
	(c) <i>other administrative expenses</i>	(5,545,353)	(5,539,111)
170	Net value adjustments to/recoveries on tangible assets	(323,267)	(300,910)
180	Net value adjustments to/recoveries on intangible assets	(737,033)	(826,822)
190	Other operating income (expense)	9,606,843	7,597,678
200	Operating costs	(16,701,014)	(17,282,357)
220	Net result of fair value measurement of tangible and intangible assets	49,780	89,970
250	Profit from current operations before taxes	50,954,469	32,759,748
270	Profit from current operations after taxes	50,954,469	32,759,748
290	Profit for the year	50,954,469	32,759,748

STATEMENT OF COMPREHENSIVE INCOME

(in Euro)

		2025	2024
10	Profit for the year	50,954,469	32,759,748
Items that will not be reclassified to Income Statement			
20	Equity instruments designated at fair value through other comprehensive income	(28,268)	525,095
70	Defined-benefit plans: change in actuarial reserve	12,466,126	4,653,305
70.1	Defined-benefit plans: Return on Plan assets	17,512,872	5,871,692
Items that will be reclassified to Income Statement			
140	Financial assets (different from equity instruments) at fair value through other comprehensive income	16,322,830	34,014,885
170	Total other comprehensive income items after taxes	46,273,560	45,064,977
180	Comprehensive income (item 10 + item 170)	97,228,029	77,824,725

STATEMENT OF CHANGES IN EQUITY

(in Euro)

2025	Total net equity at 31.12.2024	Changes in opening balances	Total net equity at 01.01.2025	Allocation of previous year profit		Changes during the year			Net Equity at 31.12.2025
				Reserves	Dividends and other allocations	Changes in reserves	Extra dividend distribution	Comprehensive income 2025	
Capital	300,000,000		300,000,000						300,000,000
Reserves									
(a) unavailable for distribution	100,000,000		100,000,000						100,000,000
(b) available for distribution	348,199,643		348,199,643	18,959,748					367,159,391
(c) other	1,628,950		1,628,950					18,550	1,647,500
Valuation reserves	(50,672,799)		(50,672,799)					46,255,010	(4,417,789)
Net profit (loss) for the year	32,759,748		32,759,748	(18,959,748)	(13,800,000)			50,954,469	50,954,469
Net Equity	731,915,542		731,915,542		(13,800,000)			97,228,029	815,343,571

2024	Total net equity at 31.12.2023	Changes in opening balances	Total net equity at 01.01.2024	Allocation of previous year profit		Changes during the year			Net Equity at 31.12.2024
				Reserves	Dividends and other allocations	Changes in reserves	Extra dividend distribution	Comprehensive income 2024	
Capital	300,000,000		300,000,000						300,000,000
Reserves									
(a) unavailable for distribution	100,000,000		100,000,000						100,000,000
(b) available for distribution	331,201,909		331,201,909	16,997,734					348,199,643
(c) other	1,498,138		1,498,138			130,241		571	1,628,950
Valuation reserves	(95,737,205)		(95,737,205)					45,064,406	(50,672,799)
Net profit (loss) for the year	30,597,734		30,597,734	(16,997,734)	(13,600,000)			32,759,748	32,759,748
Net Equity	667,560,576		667,560,576		(13,600,000)	130,241		77,824,725	731,915,542

CASH FLOW STATEMENT

Direct method

(in Euro)

	2025	2024
A. Operating activities		
1. Ordinary activities	53,241,812	40,868,161
Interest income	40,091,187	35,509,697
Interest expense	(7,401,351)	(6,476,508)
Dividends and similar income	33,246	10,384
Net commissions	26,166,426	26,460,458
Realised profit (loss) from trading	960,985	1,187,197
Realised profit (loss) from <i>Held to Collect</i>	(495,756)	181,738
Realised profit (loss) from <i>Held to Collect and Sell</i>	7,687,396	(497,204)
Staff expenses	(13,714,572)	(14,324,040)
Other administrative expenses	(9,692,592)	(8,781,239)
Other operating income (expense)	9,606,843	7,597,678
2. Cash flows generated/(used) by financial assets	(12,115,992)	15,139,707
Financial assets held for trading	(100,503,325)	32,383,910
Financial assets at fair value through other comprehensive income	10,999,912	(155,390,504)
Financial assets at amortised cost	85,347,386	144,442,845
Other assets	(7,959,965)	(6,296,544)
3. Cash flows generated/(used) by financial liabilities	(29,045,800)	(55,172,256)
Financial liabilities at amortised cost	(28,951,877)	(67,087,002)
Other liabilities	(93,923)	11,914,746
Net cash flows from/(used in) operating activities	12,080,020	835,612
B. Investing activities		
1. Cash generated from:		
Sales of tangible assets		
2. Cash used in:	(655,548)	(873,930)
Purchases of tangible assets	(242,095)	(641,156)
Purchases of intangible assets	(413,453)	(232,774)
Net cash flows from/(used in) investing activities	(655,548)	(873,930)
C. Financing activities		
Dividend distribution and other purposes	(13,800,000)	(13,600,000)
Net cash flows from/(used in) financing activities	(13,800,000)	(13,600,000)
Net cash generated/(used) during the year	(2,375,528)	(13,638,318)

ITEMS	2025	2024
Cash and cash equivalents at beginning of the period	13,138,728	26,919,531
Total net cash generated/(used) during the year	(2,375,528)	(13,638,318)
Cash and cash equivalents: forex effect	(3,424)	(142,485)
Cash and cash equivalents at end of the period	10,759,776	13,138,728

EXPLANATORY NOTES

PART 1. ACCOUNTING POLICIES

1.1 General information

1.1.1 Statement of compliance with accounting standards

The 2025 financial statements have been prepared in accordance with the Circular concerning the preparation of the annual financial statements and the consolidated financial statements of entities carrying out financial activities on a professional basis, issued by the Supervisory and Financial Information Authority on 15 December 2016 and amended on 31 October 2017.

As stated in the Circular, the financial statements must be prepared in accordance with the "International Accounting Standards – IAS", the "International Financial Reporting Standards – IFRS" and related Interpretations ("Interpretations SIC / IFRIC"), as adopted by the Vatican in a special annex to the Monetary Agreement between the European Union and Vatican City State dated 17 December 2009.

1.1.2 Accounting policies and measurement criteria

The financial statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity and the Explanatory Notes.

The financial statements are prepared in Italian.

The accounting policies and the measurement criteria adopted for the preparation of the financial statements, detailed below, are consistent with those of the previous financial year, except for the adoption of new standards, new interpretations or amendments of standards, as disclosed in Section 1.1.5 "Impact of New Accounting Pronouncements".

The financial statements of the Institute are prepared in Euros, while the explanatory notes (from tables page 88 and following) are expressed in thousands of Euros.

For the various items, the 2025 figures and corresponding values for the previous year are provided.

Where necessary, the comparative figures have been adjusted to conform to changes in presentations in the current year.

The financial statements of the IOR were prepared on an ongoing concern basis in accordance with IAS 1- *Presentation of Financial Statements*. On the date of the approval of these financial statements, there were no material uncertainties and, therefore, there was no significant doubt regarding the Institute's ability to continue as an ongoing concern in the foreseeable future.

The financial statements fairly present the financial position, financial performance and cash flows of the Institute.

The preparation of the financial statements requires the management to make estimates and assumptions about the future where actual results may differ. Estimates and assumptions affect the reported amounts of certain assets, liabilities, revenues and expenses in the financial statements. In addition, by their nature, the estimates and assumptions used may change from year to year and, therefore, in subsequent years the values recognised may differ, even significantly, following changes in the assumptions. Consequently, changes in assumptions may have a significant impact on the financial statements in the year in which the assumptions change.

The preparation of the financial statements also requires the management to exercise judgements to estimate the carrying value of assets and liabilities not readily obtainable from independent sources.

The Director General believes that the underlying assumptions are appropriate and that the IOR's financial statements fairly present its financial positions and results. All estimates are based on historical experience and/or expectations with regard to future events that seem reasonable on the basis of information known at the time of the estimate. They are also reassessed on a regular basis and the effects of any variation are immediately reflected in the financial statements.

Those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Section 1.1.4 "Critical accounting estimates and judgements".

The financial statements of the Institute do not reflect a provision for taxes because there is no corporate income tax in the Vatican City State.

Also for the year 2025, as in previous financial years, given the immaterial value of its subsidiaries, the Institute has not prepared consolidated financial statements in accordance with the provisions of the Conceptual Framework (QC6 – QC11) of IAS/IFRS, since the additional information coming from the consolidated financial statements would not be considered relevant to users of the financial statements.

The Institute provides the additional information required by IFRS 12-*Disclosure of interests in other entities* in Part 5 "Information on risks and hedging policies", Section 5.2.2.D "Information on unconsolidated structured entities".

The financial statements of the Institute are prepared by the Director General and approved by the Board of Superintendence. After approval, they will be submitted to the Commission of Cardinals, enclosing the Management Report.

The Commission of Cardinals acknowledges the financial statements and decides on the distribution of profits, after taking into account the IOR's minimum capital requirements.

1.1.3 Subsequent events

According to the provisions of IAS 10-*Events after the reporting period*, all events that took place subsequent to 31 December 2025 have been evaluated in the preparation of the 2025 financial statements.

There were no events occurring after 31 December 2025, which is the reporting date of these financial statements, and the date on which the financial statements are presented and authorised by the Director General, such as to require adjustments to the financial statements or additional disclosure as required by IAS 10-*Events after the reporting period*.

In March 2026, an armed conflict broke out in the Middle East, generating social, political and economic repercussions of significant magnitude on a global scale. At present, it is not possible to quantify the impact that the ongoing conflict may have on the financial position of the IOR, however, the Institute has no financial exposure to the countries involved in the conflict, which should contribute to limiting the related risks.

Nevertheless, the conflict is expected to have a significant impact on financial markets and the real economy, creating a climate of considerable uncertainty and, most likely, rising inflation, particularly due to increases in

gas and oil prices. The Institute is taking all necessary actions to avoid or at least reduce potential losses in a prompt and responsive manner; to this end, the Institute will continue to monitor financial markets closely and on an ongoing basis in order to contain risks and potential losses.

1.1.4 Critical accounting estimates and judgements

Critical judgements in preparation of the Institute's financial statements

In the process of applying the accounting policies adopted by the IOR, there are circumstances that lead the management to make estimates and assumptions that have a significant impact on the amounts recognised in the financial statements.

The main area relates to the measurement process used for financial instruments. Fair value measurement requires the use of critical judgements such as determining criteria according to which a market is active or not, whether an asset is liquid or illiquid, when deciding market inputs and parameters to be used, when they must be reviewed, and assessing circumstances where internal parameters are more reliable than market-based ones. Critical judgements are also required for the measurement of impairment and measurement of expected credit loss of financial assets.

Another critical accounting estimate is related to the measurement of retirement benefits and other post-employment liabilities, which are estimated through an actuarial valuation performed by an independent expert. Such an evaluation is based on critical judgements since estimates are made regarding the likelihood of future events and the actual results could differ from those estimates.

Defined benefit plans are measured with reference to uncertain events and based upon actuarial assumptions including discount rates, expected rates of salary increases, estimated retirement dates and mortality rates. The significant assumptions used to measure defined benefit plans are as follows: (i) discount and inflation rates reflect the rates at which benefits could be effectively settled, considering the duration of the obligation. Indicators used in selecting the discount rate include market yields on high quality corporate bonds and an estimate of future inflation rates; (ii) the future salary levels of the individual employees are determined including an estimate of future changes attributed to general price levels (consistent with inflation rate assumptions), promotion and seniority; (iii) demographic assumptions such as mortality, disability and turnover reflect the best estimate of these future events for individual employees involved. Differences in the amount of the defined benefit liability usually occur and they derive from the remeasurements following changes in the current actuarial assumptions or differences between the previous actuarial assumptions and what has actually occurred.

Estimates that contain elements of uncertainty with risk of material adjustments within the next financial year

The process of applying the IOR's accounting policies may require the use of key assumptions affecting the future, and/or other sources of estimation uncertainty at the balance sheet date, with a significant risk of causing material adjustments to the carrying amount of assets and liabilities in the next financial year.

Key assumptions and judgments made in the IOR financial statements relate to the assessment of illiquid debt securities and external investment funds included within the portfolio held for trading, as disclosed in the Section 1.4 "Fair value information".

For these instruments, in the absence of quoted prices in active markets, a corresponding fair value cannot be readily determined.

In 2025, financial assets subject to estimation uncertainty (Level 3 of the fair value hierarchy), amount to zero. In fact, these financial assets, acquired before 2014, had already been prudently fully impaired in 2024. The amount refers exclusively to investment funds managed by third parties.

With reference to the contingent liabilities related to commitments linked to these investment funds, they are valued taking into account all available information at the date of preparation of these financial statements. The dispute currently in progress relating to one of the investment funds is in the process of being resolved. Nevertheless, at present there is no relevant information that would require disclosure in the financial statements.

This assessment is made on the basis of assumptions and the process of estimation is characterised by elements of uncertainty. By their nature, the estimates and assumptions used may vary from one period to another and, therefore, it cannot be excluded that, in subsequent periods, the amounts of such liabilities may differ materially from those currently estimated as a result of new information and changes in the assumptions utilised.

It should be noted that legal proceedings are still ongoing against the managers of a fund acquired prior to 2014. In December 2020, the managers of the fund involved in the above-mentioned dispute initiated separate proceedings against the Institute, seeking compensation for damages allegedly caused by the IOR through actions successfully brought against the fund, and obtained an order for the seizure of EUR 29.5 million, issued *inaudita altera parte*, as security for their claim. An appeal against the seizure order is currently in progress, as, in addition to the lack of merit of the opposing party's claim, there is no basis for precautionary protection of the alleged credit against an entity such as the IOR, which is widely recognised as financially sound and solvent. At the balance sheet date, new contingent liabilities are reported relating to legal proceedings initiated in 2025 against the IOR, with possible, though not probable, risks of an unfavourable outcome. The *petitum* (amount claimed) is EUR 24 million.

1.1.5 Impact of New Accounting Pronouncements

Accounting standards, amendments and interpretations effective 1 January 2025

The following accounting standards, amendments and interpretations of IFRS were adopted for the first time by the IOR effective 1 January 2025:

- **“The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”** (published on 15 August 2023)
Amendments to **IAS 21- The Effects of Changes in Foreign Exchange Rates**. The aim of the amendments is to support companies in determining whether a currency can be converted into another currency, what accounting approach to take if conversion is not possible and the disclosure to be provided in these circumstances.

The adoption of these amendments did not significantly affect IOR financial statements.

Accounting standards, amendments and interpretations approved by the European Union, mandatorily or early adoptable at 1 January 2026

In this context, the following should be noted:

- **“Amendments to the Classification and Measurement of Financial Instruments”** (published on 30 May 2024)
Amendments to **IFRS 9** and **IFRS 7**- The amendments to the two standards clarify certain key issues relating to the classification and measurement of *Financial Instruments* under IFRS 9 that were identified during the post-implementation review of the standard. The amendments primarily address:
 - the classification of financial assets, particularly in cases where returns vary depending on the achievement of environmental, social and governance (ESG) objectives and similar conditions. As such ESG-linked characteristics may affect whether financing arrangements are measured at amortised cost or at fair value, the amendments provide guidance and examples to determine whether the contractual cash flows of the financial asset are consistent with a basic lending arrangement;
 - the derecognition of financial liabilities when settlement occurs through electronic payment systems. The amendments clarify the date on which a financial liability may be derecognised. In addition, the IASB has introduced an accounting policy option enabling entities to derecognise a financial liability before the transfer of cash on the settlement date, provided certain criteria are satisfied.

Through these amendments to IFRS 9 – Financial Instruments, the IASB has also introduced additional disclosure requirements aimed at enhancing transparency for investors in relation to equity instruments for which the option to recognise changes in fair value in other comprehensive income (OCI election) has been exercised, as well as financial instruments containing contingent features, for example those linked to ESG-related targets.

The amendments are effective from 1 January 2026.

No significant impact in the IOR financial statements from the adoption of these amendments is expected.

- **“Contracts for the Purchase of Electricity Generated from Natural Sources”** (published on 18 December 2024)
Amendments to **IFRS 9** and **IFRS 7** - The amendments are aimed at improving how entities report the financial effects of contracts for the purchase of electricity generated from natural sources, frequently structured as power purchase agreements (PPAs). The amendments include in particular:
 - clarification of the application of the “own use” exemption;
 - permission to apply hedge accounting when such contracts are used as hedging instruments;
 - new disclosure requirements intended to enable investors to better understand the impact of these contracts on the entity’s financial performance and cash flows.

The amendments are effective from 1 January 2026.

No significant impact in the IOR financial statements from the adoption of these amendments is expected.

- **“Annual Improvements Volume 11”** (published on 18 July 2024)

The document contains clarifications, simplifications, corrections and amendments designed to improve the consistency of a number of IFRS Accounting Standards. The standards concerned include:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures, including the related implementation guidance to IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments are effective from 1 January 2026.

No significant impact in the IOR financial statements from the adoption of these amendments is expected.

Accounting standards, amendments and interpretations not yet endorsed by the European Union

At the date of these financial statements, the relevant European Union bodies have not yet completed the approval process necessary for the adoption of the following standards or amendments:

- **“Presentation and Disclosure in Financial Statements”** (published on 9 April 2024)

New IFRS 18 standard - This new standard replaces IAS 1 and sets out requirements for the presentation and disclosure of information in financial statements, with the aim of improving transparency and comparability and ensuring that financial statements faithfully represent an entity’s assets, liabilities, equity, income and expenses. The main changes compared with IAS 1 include:

- the classification of income and expenses into five categories (operating, investing, financing, income taxes and discontinued operations), based on the entity’s main business activities;
- the introduction of additional subtotals in the Income Statement (operating profit and profit before financing and income taxes);
- enhanced requirements concerning the labelling of items and the aggregation and disaggregation of information according to whether financial statement elements share common characteristics;
- new disclosure requirements for the presentation of management performance measures (MPMs).

The new standard also introduces limited amendments to other standards, including IAS 7 “Statement of Cash Flows”, IAS 33 “Earnings per Share” and IAS 34 “Interim Financial Reporting”.

The standard will apply from 1 January 2027.

The Institute is currently evaluating the potential impacts of IFRS 18 on the presentation and disclosure of its financial statements and will update its financial statement presentation and related explanatory notes in accordance with the provisions that will be issued by the Authority for Supervision and Financial Information (ASIF).

- **"Subsidiaries without Public Accountability"** (published on 30 May 2024)

New **IFRS 19 standard** - The new standard allows subsidiaries applying International Financial Reporting Standards, subject to certain conditions, to provide reduced disclosures in their financial statements, thereby easing the burden associated with financial statement preparation. To apply the standard, the subsidiary must: i) not have public accountability; and ii) have a parent entity, either ultimate or intermediate, that prepares consolidated financial statements in accordance with International Financial Reporting Standards.

The application of IFRS 19 is optional for eligible subsidiaries and is effective from 1 January 2027.

No significant impact in the IOR financial statements from the adoption of this new standard is expected.

- **"Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21"**
(published on 13 November 2025)

The amendment clarifies the translation requirements for an entity whose presentation currency is that of a hyperinflationary economy. An entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its results of operations and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the results of operations and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The standard will apply from 1 January 2027.

No significant impact in the IOR financial statements from the adoption of this amendment is expected.

1.2 Information on the main financial statement items

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

Classification criteria

All financial assets other than those classified as financial assets at fair value through other comprehensive income and as financial assets at amortised cost are classified in this category. The item includes:

- financial assets held for trading, essentially represented by debt instruments and equity securities acquired or incurred principally for the purpose of selling in the short term;
- all derivatives with a positive fair value acquired or incurred principally for the purpose of selling in the short term;
- financial assets mandatorily measured at FVTPL, represented by financial assets managed according to the *Held to Collect* or *Held to Collect and Sell* business models but that do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual cash flows do not pass the SPPI test as they do not represent solely payments of principal and interest;

- financial assets designated at fair value, i.e. the financial assets thus defined at the time of initial recognition. An entity can irrevocably designate a financial asset as measured at fair value through profit or loss only if that eliminates or significantly reduces an inconsistency in evaluation.

In particular, the Institute recognises in this item:

- debt securities not managed according to the *Held to Collect* or *Held to Collect and Sell* business models (i.e. those included under the *"Other / Trading"* business model) (item a. financial assets held for trading);
- debt securities and loans managed according to the *Held to Collect* or *Held to Collect and Sell* business models that do not pass the SPPI test (item b. financial assets mandatorily at fair value);
- equity securities held for trading purposes or that the Institute did not designate at fair value through other comprehensive income upon initial recognition (item a. financial assets held for trading);
- UCI units held for trading purposes (item a. financial assets held for trading).

As at 31 December 2025, the financial assets classified in this category were mainly those acquired for trading purposes, therefore not managed according to the *Held to Collect* or *Held to Collect and Sell* business models.

The item includes also derivatives, if negotiated, recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

During 2025, as well as in 2024, the Institute did not hold derivatives.

Recognition criteria

Purchases of financial assets measured at fair value through profit or loss are recognised on the trade date, which is the date on which the Institute is committed to purchasing the asset.

On initial recognition, the financial assets are recognised at fair value through profit or loss, which generally corresponds to the initial cash consideration paid, excluding direct transaction costs directly attributable to the assets, which are recognised through the Income Statement.

Derivatives are initially recognised at fair value on the date in which a derivative contract is stipulated. The fair value generally corresponds to the consideration paid.

Measurement criteria

Subsequent to initial recognition, the financial assets are measured at fair value, with any gains or losses arising from the change in fair value recognised in the Income Statement.

For the fair value measurement, please refer to Section 1.4 "Fair value information".

Income Statement recognition

Gains and losses arising from disposal or redemption and unrealised gains and losses arising from changes in the fair value of financial asset held for trading are recognised in the Income Statement, item 80 "Net trading result".

Gains and losses arising from disposal or redemption and unrealised gains and losses arising from changes in the fair value of financial assets mandatorily measured at fair value through profit or loss are recognised in the Income Statement, item 110 "Net result from other assets and liabilities measured at fair value through profit or loss".

Interest income and expense arising from the financial assets at fair value through profit or loss are recognised in the Income Statement on an accrual basis and recognised "pro rata temporis" based on the contractual interest rate. These are recognised in the Income Statement, item 10 "Interest and similar income".

Dividends on financial assets at fair value through profit or loss are recognised in the Income Statement, item 70 "Dividends and similar income" when the entity's right to receive payment is established.

Derecognition

Disposals are recognised on the trade date, which is the date on which the Institute is committed to dispose of the assets.

All financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the financial assets have expired or when the IOR has substantially transferred all risks and rewards of ownership or when the Institute no longer has control over the financial assets.

1.2.2 Financial assets measured at fair value through other comprehensive income

Classification criteria

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

- financial assets managed according to the *Held to Collect and Sell* business model, i.e. held both for collecting contractual cash flows and for selling with the objectives provisioned by the IFRS 9- Financial Instruments accounting standard. For example, the objective may be to manage everyday liquidity needs, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities that those assets are funding;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test passed).

The category also includes equity securities not held for trading for which the entity applies the option granted by the standard measuring the assets at fair value through other comprehensive income ("FVOCI option").

In particular, the Institute recognises in this item:

- debt securities that are managed according to the *Held to Collect and Sell* business model and have passed the SPPI test;
- equity securities, not classified as controlling, connection or joint control, which are not held for trading, for which the Institute applies the option granted by the standard of measuring the assets at fair value through other comprehensive income ("FVOCI option").

As at 31 December 2025, the financial assets classified in this category were debt securities managed according to the *Held to Collect and Sell* business model and two equity securities that the Institute purchased to participate in the SWIFT and VISA circuits.

Recognition criteria

All purchases of financial assets at fair value through other comprehensive income are recognised on the trade date, which is the date on which the Institute is committed to purchasing the asset.

They are initially recognised at fair value in addition to any direct transaction costs directly attributable to the instrument.

Measurement criteria

Subsequent to initial recognition, assets classified at fair value through other comprehensive income represented by debt securities are measured at fair value with the recognition in the Income Statement of the impacts deriving from the application of amortised cost, the effects of impairment and of any exchange rate effect, while other profits or losses deriving from a change in fair value are recognised in a specific equity reserve and represented in the Statement of Other Comprehensive Income. At the time of disposal of the financial assets, either partial or total, the profit or loss accumulated in the valuation equity reserve is reversed, in whole or in part, to the Income Statement (item 100 "Net gain (loss) on disposal or repurchase of: (b) financial assets at fair value through other comprehensive income").

Equity securities for which the choice was made for classification in this category are measured at fair value and changes in fair value recognised in a specific equity reserve must not subsequently be transferred to the Income Statement, even in the event of disposal. The only component attributable to the equity securities that is recorded in the Income Statement is represented by the related dividends.

For the fair value measurement, please refer to Section 1.4 "Fair value information".

Financial assets at fair value through other comprehensive income are tested for impairment as required by IFRS 9-*Financial Instruments* with the consequent recognition of the expected losses in the Income Statement and in the equity reserve. More specifically, an expected loss calculated over a 12-months period is recorded for instruments classified as Stage 1 (i.e. performing financial assets at the time of origination and instruments for which a significant increase in credit risk has not occurred since the date of initial recognition, measured on a quarterly basis). By contrast, for instruments classified in Stage 2 (i.e. performing exposures for which a significant increase in credit risk has occurred since initial recognition) and Stage 3 (i.e. credit-impaired exposures), the expected credit loss is recognised over the entire remaining life of the financial instrument.

Equity securities are not subject to the impairment test.

Income Statement recognition

The amounts arising from the changes in the credit risk of financial assets measured at fair value through other comprehensive income are recognised in the Income Statement under item 130 "Net impairment losses/ recoveries for credit risk of: (b) financial assets at fair value through other comprehensive income". The same item includes any recoveries due to a subsequent reduction in credit risk.

Another impact on the Income Statement is the total or partial disposal of financial assets classified in this category other than equity securities. The gain or loss deriving from changes in fair value accumulated in the

valuation reserve is reversed, in whole or in part, to the Income Statement (item 100 "Net gain (loss) on disposal or repurchase of: (b) financial assets at fair value through other comprehensive income").

Interest income and expense arising from the financial assets at fair value through other comprehensive income are recognised in the Income Statement on an accrual basis and recognised "pro rata temporis" based on the effective interest rate method. These are recognised in the Income Statement, item 10 "Interest and similar income".

Dividends on financial assets at fair value through other comprehensive income are recognised in the Income Statement, item 70 "Dividend and similar income" when the entity's right to receive payment is established.

Derecognition

Disposals are recognised on the trade date, which is the date on which the Institute is committed to dispose of the assets.

All financial assets at fair value through other comprehensive income are derecognised when the rights to receive cash flows from the financial assets have expired or when the IOR has substantially transferred all risks and rewards of ownership or when the Institute no longer has control over the financial assets.

1.2.3 Financial assets measured at amortised cost

Classification criteria

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

- financial assets managed according to the *Held to Collect* business model, i.e. held for receiving contractual cash flows and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test passed).

In particular, the Institute recognises in this item debt securities and loans managed according to the *Held to Collect* business model that passed the SPPI test.

Loans consist of:

- loans and advances to banks in various technical forms;
- loans and advances to customers in various technical forms.

Recognition criteria

Purchases of debt securities classified as financial assets at amortised cost are initially recognised on the trade date, which is the date on which the Institute is committed to purchasing the asset.

They are initially recognised at fair value in addition to any direct transaction costs.

Loans to banks and loans to customers are recognised when the amount is advanced to the borrower. They are also initially recognised at fair value, which is the value of the advanced amount, plus any direct transaction costs.

Measurement criteria

Subsequent to initial recognition, financial assets are subsequently measured at amortised cost using the effective interest rate method, adjusted to take into account the effects deriving from changes in credit risk, as better disclosed below.

Amortised cost is a method by which the asset is recognised for an amount equal to the initial recognition minus any capital repayments, plus or minus the accumulated amortisation of the difference between this initial amount and the amount at maturity, subsequently net of value adjustments.

The cumulative amortisation is calculated using the effective interest rate method.

The effective interest method is a method calculating amortised cost of a financial asset or a financial liability and of allocating interest. The effective interest rate is the rate that makes the present value of expected cash flows until maturity exactly equal to the current carrying value of the financial instrument. The calculation not only includes all fees and premiums or discounts received or paid to the counterparty, which are an integral part of the effective interest rate, but also the transaction costs and all other premiums or discounts.

The amortised cost method is not used for short-term loans (which are therefore measured at historical cost) and therefore the effect of applying the discounting logic is negligible. The measurement criterion at historical cost is also adopted for receivables without a defined maturity or revocation date.

Financial assets at amortised cost are tested for impairment for credit risk as required by IFRS 9-*Financial Instruments* with the consequent recognition of the expected losses in the Income Statement.

In this regard, these assets have to be assigned to one of the three stages required by IFRS 9-*Financial Instruments* according to their credit quality and following specific methods for calculating adjustment.

At initial recognition, financial assets are assigned to Stage 1, unless they are non-performing at the time of origination. Therefore, the expected loss over a 12-month period is calculated and impairment equal to the expected loss is recognised in the Income Statement.

With regard to subsequent periods:

- exposures for which credit risk has not significantly deteriorated since initial recognition remain in Stage 1, the expected loss over a 12-month period is calculated and impairment equal to the expected loss is recognised in the Income Statement;
- exposures that, although performing, have seen their credit risk deteriorate significantly since initial recognition, are assigned to Stage 2. The expected loss is calculated over the remaining life of the exposure and it is recognised in the Income Statement;
- exposures that have seen their credit risk deteriorate significantly since initial recognition and for which losses can be observed, are assigned to Stage 3. The expected loss is calculated over the remaining life of the exposure and it is recognised in the Income Statement;
- where the "significance" of this increase is then eliminated, impairment is adjusted to take into account the change from an expected loss over the remaining life of the instrument to an expected loss over a 12-month period.

Performing financial assets, i.e. those assigned to Stage 1 and Stage 2, are evaluated per single financial asset according to the risk parameters as Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

In addition to a significant increase in the credit risk, if objective evidence of a loss also occurred, impairment of the assets is based on the present value of expected cash flows of principal and interest (asset classified as "non-performing"- Stage 3). In determining the present value of future cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the discount rate used. The amount of the loss, to be recognised in the Income Statement, is defined on the basis of an analytical assessment process.

Financial assets, which have been assigned the status of bad loan, probable default or past due / overdue for more than ninety days, fall within non-performing assets.

The expected cash flows take into account the expected recovery time of the credit.

The original effective rate of each asset remains unchanged over time even if the position has been restructured leading to a change in the contractual rate and even if the position becomes, in practice, non-interest bearing.

Should the reasons for the loss of value be removed following an event occurring subsequent to the recognition of the impairment, recoveries are recognised in the Income Statement. The recoveries cannot exceed the amortised cost that the financial instrument would have had in the absence of previous adjustments.

The recoveries of value connected with the passing of time are posted in the interest margin.

With regard to the management of non-performing loans and forborne exposures, since both the ASIF Circular concerning annual financial statements and consolidated financial statements and the IAS-IFRS accounting standards do not regulate in detail the accounting treatment of this kind of loans, i.e. loan with measures aimed to returning the debtor to a sustainable repayment situation, considering the amount due and the minimising expected losses (different kinds of restructuring), the Institute strictly adopts the prescriptions of: "Guidance to banks on non-performing loans issued by the European Central Bank (March 2017) and "Guidelines on the management of impaired exposures and subject to concessional measures" issued by the European Banking Authority (EBA) - ABE/GL/2018/06 (31 October 2018), following the practice commonly adopted by financial institutions.

Income Statement recognition

Interest income and expense arising from the financial assets measured at amortised cost are recognised in the Income Statement on an accrual basis and recognised "pro rata temporis" using the effective interest rate method. These are recognised in the Income Statement, item 10 "Interest and similar income".

Gains and losses on financial assets measured at amortised cost are recognised in the Income Statement through the financial amortisation process (item 10 "Interest and similar income"). The measurement criterion at amortised cost produces a translation of transaction costs and ancillary revenues over the duration of the financial assets instead of impacting the Income Statement only in the year of the first recognition.

Other Income Statement impacts occur when the assets are derecognised (item 100 "Net gain (loss) on disposal or repurchase of: (a) financial assets at amortised cost") or when impairment for expected losses is recognised in the Income Statement (item 130 "Net impairment losses/recoveries for credit risk of: (a) financial assets at amortised cost").

Also, recoveries of impairment are recognised in the Income Statement (item 130 “Net impairment losses/ recoveries for credit risk of: (a) financial assets at amortised cost”).

Interests accruing over time due to the discounting of non-performing loans are recognised in the Income Statement under the item 10 “Interest and similar income”.

Derecognition

Disposals are recognised on the trade date, which is the date on which the Institute is committed to dispose of the assets. The IOR may sell financial assets at amortised cost with the limitations provisioned by the policy adopted by the Institute.

Financial assets measured at amortised cost are derecognised when the rights to receive cash flows from the financial assets have expired or when the IOR has substantially transferred all risks and rewards of ownership or when the Institute no longer has control over the financial assets.

1.2.4 Hedge accounting

The Institute does not enter into Fair value hedges, Cash flow hedges or Net investment hedges for foreign currency transactions/positions.

1.2.5 Investment in subsidiaries

The line item Investments includes the wholly owned participation in the real estate company S.G.I.R. S.r.l., based in Rome, Via della Conciliazione, and a non-material interest in Ste Immobiliere Bourbonnaise, whose registered office is in Sept Fons, Dompierre-Sur-Besbre, France.

The investment in S.G.I.R. S.r.l. is measured at cost less any accumulated impairment losses. The principal assets of this company are real estate properties. Real estate owned by the subsidiary is not depreciated in accordance with the Italian standard OIC 16 because its market value at the end of useful time is estimated constantly higher than the actual carrying value, based on surveys performed by a qualified expert and periodically updated. In addition, underlying land is not depreciated.

The investment in Ste Immobiliere Bourbonnaise is carried at cost.

1.2.6 Tangible assets

1.2.6.1 Tangible assets for investment - Investment properties

Investment properties are properties directly owned by the IOR. These are buildings not owner-occupied.

They were inherited and held to generate rental income, capital appreciation or both.

Investment properties are initially measured at cost (which is zero in case of inheritances and, subsequently, at fair value, with any change recognised in the Income Statement, item 220 “Net result of fair value measurement of tangible and intangible assets”).

Improvements to buildings increase their carrying amounts.

1.2.6.2 Tangible assets for business activities

Tangible assets for business activities include operating buildings, electronic equipment, furniture, furnishings, all equipment and vehicles.

These are assets held for producing or providing services and they can be used for more than one year.

Electronic and other equipment, furniture and vehicles

All equipment, furniture and vehicles are initially recognised at cost, generally based on the fair value of the consideration paid for the assets and includes expenditure that is directly attributable to the acquisition and start-up of the items.

Subsequent costs are included under the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that the IOR will recognise future economic benefits associated with the item.

All repairs and maintenance costs are charged to the Income Statement in the year they are incurred.

On each balance sheet date, equipment, furniture and vehicles are amortised on a straight-line basis over their expected useful lives, usually measured in four years.

Furthermore, at the end of each financial year, the assets are subject to an impairment test and their value is adjusted whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. The carrying amount of the asset is immediately reduced to its recoverable amount if it exceeds that amount. The recoverable amount is the higher of the asset's fair value less costs to sell it, and its value in use.

The result of the impairment test and the depreciations are recognised in the Income Statement under item 170 "Net value adjustments to/recoveries on tangible assets".

If, in subsequent years, the reasons for the derecognition no longer occur, the original value is restored, adjusted only for depreciation and recognised under item 170 "Net value adjustments to/recoveries on tangible assets".

Gains and losses on disposals are determined as the difference between the sale proceeds and the carrying amount of the assets. They are recognised in the Income Statement under item 190 "Other operating income (expense)".

Properties and other

The rights of use over some properties utilised as archives are included in the item.

As required by IFRS 16-*Leasing*, at the initial recognition, such assets are measured on the basis of the lease contract cash flows.

The accounting policies adopted in these cases are as disclosed in the previous paragraph.

1.2.7 Intangible assets

Intangible assets correspond to computer software licenses and to expenses related to their implementation. Acquired computer software licenses are recognised at acquisition costs, including costs incurred to bring the

specific software into use. These costs are amortised on a straight-line basis over their expected useful lives, usually measured in four years. For the software *front-to-back*, the expected useful life was measured in five years and the relevant costs are amortised in five years.

When an impairment loss occurs, regardless of the amortisation already recorded, the intangible asset is impaired accordingly.

These assets are subject to an impairment test and their value is adjusted whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. The carrying amount of the asset is immediately reduced to its recoverable amount if it exceeds that amount. The recoverable amount is the higher of the asset's fair value less costs to sell it, and its value in use.

The results of the impairment test and depreciation are recognised in the Income Statement under item 180 "Net value adjustments to/recoveries on intangible assets".

If, in subsequent years, the reasons for derecognition no longer apply, the original value is restored, adjusted only for depreciation and recognised under item 180 "Net value adjustments to/recoveries on intangible assets".

Costs associated with maintenance of computer software programs are recognised as an expense in the Income Statement when incurred.

1.2.8 Other assets

Other assets mainly comprise the gold and the coins and medals held by the Institute, accrued fees relating to the Asset Management service not yet settled at the reporting date, and the Net Assets of the IOR Employees' Pension Plan.

Gold is carried at the lower of cost or net estimated recoverable amount.

Medals and precious coins are appraised on the basis of their weight and the quality of gold and silver they contain, carried at the lower of cost or net estimated recoverable amount.

Any gains or losses realised on the disposal of gold or of precious coins and medals are recognised in the Income Statement under item 190 "Other operating income (expenses)". Write-downs resulting from measurement at the lower of cost and net realisable value, as well as any reversal of such write-downs within the limits of historical cost, are also recognised under item 190 "Other operating income (expenses)" in the Income Statement.

Further details regarding the Net Assets of the IOR Employees' Pension Plan are provided in paragraph 12.2 of section 12.

1.2.9 Financial liabilities measured at amortised cost

The item comprises amounts due to banks and to customers.

The amount due to banks comprises only interim current accounts overdrafts, as the Institute does not carry out funding activities on the interbank market.

The amount due to customers is composed of financial instruments (other than trading liabilities) that assumed the typical forms of funding, that the IOR carries with customers.

The mentioned financial liabilities are recognised in the financial statements on the trade date, which is the date when IOR receives the amounts. They are initially recognised at the current value, which normally corresponds to the amount collected. The initial recognition value includes possible transaction costs directly attributable to each liability; charges which are a reimbursement of expenses or that are attributable to internal administrative expenses are not included in the initial carrying amount.

After the initial recognition, the amounts due to banks and to customers are measured at amortised cost using the effective interest rate method. The short-term liabilities remain carried at the amount received because for them the effect of applying the discounting logic is negligible.

Interest expense related to amounts due to banks and to customers is recognised in the Income Statement under item 20 "Interest and similar expense".

Amounts due to banks and to customers are derecognised when they are expired or extinguished.

1.2.10 Legates

In accordance with the provisions of the Code of Canon Law (Can. 1303), the term "Legates – non-autonomous pious foundations" refers to "temporal goods transferred in any manner to a public juridical person, subject to the obligation, for a period determined by particular law, to celebrate Masses or other specific ecclesiastical functions, or otherwise to pursue the purposes set out in Can. 114 §2, through the use of the annual income".

Based on such definition, "Legates – pious non-autonomous foundations" are arrangements whereby capital is donated or willed to the IOR for religious or charitable purposes, based on the understanding that the received capital is invested on a long-term basis and the annual income earned from the investment is devoted to the fulfilment of the purpose prescribed by the donor. Under these provisions, the IOR will administer the capital in accordance with the purpose prescribed by the donor (e.g. for Holy Mass Intention or scholarships).

Legates are recognised in the financial statements on the trade date, which is the date when IOR receives the amounts. Legates are initially recognised at the current value, which normally corresponds to the amount received. The initial recognition value includes possible transaction costs directly attributable to each liability; charges which are a reimbursement of expenses or that are attributable to internal administrative expenses are not included in the initial carrying amount.

After the initial recognition, Legates are measured at amortised cost using the effective interest rate method.

The interest expense related to the Legates are recognised in the Income Statement under item 20 "Interest and similar expense".

Legates are derecognised when they expire or are extinguished.

With regard to their duration, canon law expressly excludes the possibility of establishing non-autonomous pious foundations that are permanent or without a specific term at the end of which they must cease. Where such foundations are nevertheless established, they – as expressly provided by canon law and confirmed by the Dicastery for Legislative Texts – cease to exist upon the expiry of the term specifically determined by the Ordinary or, in the case of the IOR, by the Commission of Cardinals.

The Commission of Cardinals has determined that the maximum term of these kinds of foundations is 20 years.

Upon expiry of this term, when the foundations cease, unless otherwise provided by the founder, the residual assets is acquired by the public canon law entity where the foundations was hosted, namely the IOR.

1.2.11 Staff severance provision

Staff severance provision is a post-employment benefit that corresponds to indemnities paid to personnel when they leave the IOR. The amount due is based on years of service and salary paid in the last year of employment. These benefits are financed by contributions from employees and the IOR.

As a defined benefit plan, the provision is measured utilising certain actuarial assumptions, and it corresponds to the present value of the estimated future cash outflows according to the projected unit credit method required by IAS 19-*Employee benefits*. Remeasurements arising from the defined benefit plan comprise actuarial gains and losses, recognised in a specific equity reserve and represented in the Statement of Other Comprehensive Income. All other expenses related to the defined benefit plan are recognised in the Income Statement under item 150 "Administrative Expenses" (a) "Staff expenses".

1.2.12 Provisions for risks and charges - Provisions for pensions and similar obligations

For the pensions of its employees, the IOR operates a defined benefit plan, which is financed by contributions from employees and the IOR.

The IOR's net liability related to the defined benefit plan for pensions is calculated by estimating the amount of future benefit that employees will earn in return for their service in the current and prior periods; that amount is discounted to determine its present value.

The IOR determines the interest expense on the defined benefit liability for the year by applying the discount rate used to measure the same liability at the beginning of the year.

The discount rate is the yield on the reporting date from high quality corporate bonds that have maturity dates approximating the terms of the IOR's liabilities and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary, who assesses the fairness of the liability, using the projected unit credit method required by IAS 19-*Employee benefits*. Remeasurements arising from the defined benefit plan comprise actuarial gains and losses. The IOR recognises them in Other Comprehensive Income and all other expenses related to the defined benefit plan are recognised in the Income Statement under item 150 "Administrative expenses" (a) "Staff expenses".

When the benefits of the plan are changed, the portion of the changed benefit related to past service by employees is recognised immediately in the Income Statement.

On 1 January 2005, all IOR personnel also joined the Vatican City State pension plan. This system is financed by contributions made by the Institute and employees. Contributions to the Vatican plan made by the IOR are recognised in the Income Statement under item 150 "Administrative expenses" (a) "Staff expenses" when they occur.

Consequently, the IOR's defined benefit plan for pensions covers the entire amount to be paid by the Institute to employees for their service up to 31 December 2004. The obligation related to pensions from 1 January 2005 is limited to the part not covered by the Vatican City State pension plan taking into account the difference in the retirement age of the two pension systems.

Since 2021, the Institute has acquired specific dedicated assets (Plan Assets) for the IOR's defined benefit plans for pensions.

In accordance with IAS 19-Employee Benefits, the net value between the Liability for defined benefit obligation and the fair value of the Plan Assets is recognised in the Balance Sheet.

In detail, the net value between the Liability for defined benefit obligation and the fair value of the Plan Assets is recognised under Assets item 120 "Other Assets" if the Fair Value of the Assets exceeds Liability; otherwise, i.e. if Liabilities exceed the Fair Value of the Assets, the net value is recognised under Liabilities and Equity, item 110 "Provisions for risks and charges (b) Provisions for pensions and similar obligations".

More information is disclosed in paragraph 12.2 "Separation of the IOR Employees' Pension Plan" of Part 2 "Information on the Balance Sheet".

1.2.13 Foreign Currency Transactions

Functional and presentation currency

The functional currency is the currency in which the items included in the financial statements must be measured. According to IAS 21-*Effects of changes in foreign exchange rates*, the functional currency is the currency of the primary economic environment in which the entity operates. This is the currency that determines the pricing of transactions, but it is not necessarily the currency in which transactions are denominated.

The presentation currency is the currency in which the financial statements are prepared. IAS 21 allows an entity to prepare its financial statements in any currency.

The IOR's functional and presentation currency is the Euro, which is the currency of the primary economic environment in which the Institute operates.

Transactions and balances

Impacts on profit or loss accounts related to the foreign currency transactions are converted into the functional currency using the exchange rates applicable at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency using the spot exchange rate at the reporting date (closing rate).

Non-monetary assets and liabilities denominated in foreign currencies are translated using the rate at the date their amount (cost or fair value) was determined: non-monetary items carried at cost are converted at the exchange rate at the date of initial recognition, while non-monetary items carried at fair value are translated using the rate at the date of the measurement of their fair value.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement under item 80 "Net trading result".

Foreign exchange gains and losses resulting from the conversion at year-end exchange rates of non-monetary assets and liabilities are:

- recognised in the Income Statement as part of the fair value gain or loss if the non-monetary assets and liabilities are carried at fair value through profit and loss;
- included in the fair value reserves in the equity if the non-monetary assets and liabilities are carried at fair value through other comprehensive income.

1.2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported on the Balance Sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis. Otherwise, the financial assets and liabilities are separately reported on the Balance Sheet.

1.3 Transfers between Portfolios

The Institute did not make any transfers between portfolios during 2025.

1.4 Fair Value Information

Fair value is defined as the price that would be received in selling an asset or paid when transferring a liability in an ordinary transaction between market participants at the measurement date (i.e. an exit price).

1.4.1 Qualitative fair value information

For the measurement of fair value, the amendments to IFRS 7-*Financial Instruments: Disclosures* and subsequent changes introduced by IFRS 13-Fair value measurement define a fair value hierarchy based on level of observable inputs used for measurement. The financial assets are classified according to the following hierarchy that consists of three levels.

Level 1

Under Level 1, the fair value is measured using the quoted prices in active markets for the financial assets and liabilities to be evaluated.

A financial instrument is considered quoted in an active market when its price is:

- readily and regularly available on stock exchanges or provided by intermediaries or information providers;
- significant, meaning that it represents effective market transactions regularly occurring in normal transactions.

To be considered Level 1, the price should not be adjusted through an adjustment factor (valuation adjustment). If it is adjusted, the measurement at fair value of the financial instrument will be Level 2 or Level 3.

Level 2

A financial instrument is included under Level 2 when the inputs utilised to measure its fair value are directly or indirectly observable in the market.

The parameters of Level 2 are as follows:

- prices quoted on active markets for similar assets or liabilities;
- price quoted on non-active markets for similar or identical assets and liabilities;
- market observable inputs other than the quoted price for the asset or liability (interest rates, yield curve, credit spreads, volatility);
- parameters that derive mainly from observable market data;
- parameters that are corroborated by correlation or other techniques from observable market data (market-corroborated inputs).

An input is observable when it reflects the assumptions that market participants would use in pricing an asset or liability based on market data provided by sources independent of the reporting entity.

Valuation techniques used to determine fair value that should be used when the market price is not available or not significant, must meet three conditions. They must:

1. be methodologically consolidated and widely accepted;
2. utilise market inputs disclosed above;
3. be periodically reviewed.

Valuation techniques used for fair value measurement should be periodically assessed using inputs observable in the markets to ensure that outputs reflect actual data and comparative market prices and to identify any weaknesses in the process.

Level 3

A financial instrument is included under Level 3 when the inputs utilised to measure its fair value are data unobservable on the market (unobservable inputs). It is enough that one of the inputs be unobservable on the market to include mandatorily the financial instrument under Level 3.

Level 3 financial instruments are measured using inputs that are not derived from independent sources or inputs that are based on the reporting entity's own assumptions on the basis of available information.

Fair Value hierarchy

Basically, according to IFRS 13-Fair value measurement, the classification of financial instruments at fair value depends on the quality of the sources of the parameters used. Quality is assessed based on their observability. The market price of the financial instrument being measured is, by definition, the most observable input (Level 1). Where no active markets exist or where quoted prices are not available, the entity determines the fair values by using valuation techniques. Valuation techniques can utilise inputs observable on the market (Level 2) or non-observable inputs (Level 3).

The above-mentioned valuation approaches should be applied in a hierarchical order.

When there is availability of quoted market prices in active markets, an entity must measure fair value using Level 1 inputs. Furthermore, the valuation techniques used should prioritise the utilisation of inputs observable on the market and should rely as little as possible on the reporting entity's own data, internal valuations or unobservable inputs.

Fair Value Levels: IOR policy

The criteria used by the IOR to determine the fair value of financial instruments are as follows.

The fair values of IOR investments quoted in active markets are usually based on current bid prices.

A financial instrument is considered as quoted in active markets if the prices are readily and regularly available in a stock exchange or through a regulatory agency and those prices represent actual market transactions that occur regularly on an arm's length basis.

In the absence of an active market, or in the event the market at the time of the valuation is not considered active, for example, in case of illiquid markets, the valuation techniques adopted by IOR are based on the use of recent arm's length transactions in the market, even on a non-active market, relative to identical financial instruments or financial instruments with similar characteristics. The valuation techniques include discounted cash flow analysis and other valuation techniques commonly used by market participants.

If recent transactions of the same or similar instruments are not available, the IOR uses valuation techniques based on market parameters or other parameters.

When using valuation techniques, the IOR tries to use observable market data, reducing its reliance on internal data.

Valuation techniques are periodically reviewed for applicability, assessing the quantity and the quality of information available at the balance sheet date, in order to correctly reflect any changes in the market. For the same reason, adjustments to market inputs, utilised in a certain model, can change from time to time.

Consequently, IOR models ensure that outputs reflect actual data and comparative market prices.

The IOR has classified under Level 1 all financial instruments quoted in active markets.

The IOR has classified under Level 2 all illiquid financial instruments, including those that are structured or unstructured, as well as listed external investment funds that are not immediately payable, and unlisted investment funds with investments in listed instruments. The basis for the valuation of illiquid securities follows prices provided by the securities issuer. These prices are internally verified and tested utilising internal models and observable market parameters and, in case of discrepancies, are adjusted considering the result of the above-mentioned analysis. They are also adjusted on the basis of valuations from independent sources.

The IOR has classified under Level 3 financial instruments for which fair values are determined using a model based on internal parameters.

Therefore, IOR models use only observable data. However, notions such as default rates, volatilities and correlations require the Director General to make estimates.

In this category, the Institute has also classified other assets:

- for which the IOR did not receive independent valuations;
- for which the IOR does not have access to financial information;
- for which, despite having financial information, the Institute believes that the valuation of underlying assets, due to the nature of the investment, is based on valuation parameters that are not immediately observable in the market;
- for which the IOR has received independent expert valuations (i.e. for investment properties).

Fair Value Level 2 and 3: valuation techniques and input used

Financial instruments subject to Fair Value Adjustment are classified in Levels 2 and 3. The Fair Value Adjustment is defined as the amount to be added to the mid-price observed in markets, rather than the price determined by the model, with the aim of obtaining the fair value of the financial instrument. The Fair Value Adjustment includes the uncertainty inherent in the valuation of a financial instrument with the goal of reducing the risk of incorrect valuations in the financial statements, ensuring that fair value reflects the price of a market transaction that is actually possible and incorporating possible future costs.

The Institute adjusts the value of financial instruments based on credit risk (Credit Valuation Adjustment), liquidity risk related to the disinvestment, close-out costs and available information about the outstanding assets.

With regard to the Credit Valuation Adjustment, the Institute considers the impact of fair value on credit risk of the counterparty and the country using the following inputs:

- PD (Probability of Default) linked to the rating of counterparty (if not available, the corresponding PD associated with the instrument's characteristics, riskiness and expected maturity was used);
- LGD (Loss Given Default) based on the estimated level of expected recovery in case of counterparty default and defined through market benchmark and based on experience. The percentage used was 45%.

Since 2020, the Institute has used an external provider for the contribution of prices and level of fair value according to the fair value hierarchy. The external provider assigns Level 2 when the prices are quoted on active markets for similar assets or when the prices are quoted on non-active markets for identical or similar assets. If the provider does not cover the security subject to measurement, the Institute determines the price using an internal valuation technique and assigns the corresponding fair value level depending on whether market inputs are used.

This is the case for:

- VISA INC. shares, which are unlisted preferred shares classified as Level 2. Their price is determined internally based on the common share price and using an official price multiplier provided by the issuing company;
- SWIFT SC shares, which are also classified in Level 2 because they are unlisted securities. Their price is determined in non-active markets.

Sensitivity Analysis

For fair value measurements where significant unobservable inputs are used (Level 3), a sensitivity analysis is performed in order to obtain the range of reasonable alternative valuations. The Institute takes into account that the impact of unobservable inputs on the measurement of fair value of Level 3 depends on the correlation between the different inputs used in the valuation process.

Fair Value Hierarchy (Transfers between Fair Value Levels)

With reference to financial assets and liabilities measured at fair value on a recurring basis, transfers between the fair value hierarchy were based on the following guidelines.

Transfers from Level 3 to Level 2 occur when market observable inputs become available (e.g. prices determined in transactions on similar instruments between independent and knowledgeable counterparties) and there is no input utilised to the valuation technique unobservable on the market.

Transfers from Level 2 to Level 3 occur when one or more inputs used in the valuation are no longer observable, either directly or indirectly, or are no longer current (e.g. comparable transactions that are no longer recent or multiples that are no longer applicable) and no alternative inputs are available. Consequently, the Institute applies valuation techniques that use unobservable inputs.

Transfers from Level 3 or 2 to Level 1 occur when the presence of an active market as defined by IFRS 13-*Fair value measurement has been verified*.

Assets measured at fair value on a recurring basis

The IFRS 13-Fair Value Measurement disclosure requirements regarding assets measured at fair value on a recurring basis is provided below. By definition, the carrying value of these items corresponds to their fair value.

Financial assets measured at fair value through profit or loss a) Financial assets held for trading

These consist of:

- Debt securities: debt securities that IOR purchases for trading are regularly traded in active and liquid markets and measured at their market price (mark-to-market). The entire universe of securities held by the Institute is managed by the external provider which provides prices and related Fair Value Levels. Therefore, it was not necessary to utilise an internal valuation model. As at 31 December 2025, debt securities in this category are classified 80% in Level 1 of the fair value hierarchy and 20% in Level 2 of the fair value hierarchy; no debt securities are classified in Level 3.
- Equity securities: the Institute usually has investments in equity securities regularly traded in active and liquid markets and measured at market price (mark-to-market). Consequently, these instruments are classified as Level 1 in the fair value hierarchy. At 2025 year-end, IOR did not hold equity securities in its trading portfolio.
- ETFs, i.e. investment funds listed on the stock exchange passively managed as they link to a pre-existing stock index or similar: ETFs that IOR purchases are regularly traded on active markets and easily negotiable, they are valued at market price (mark-to-market) and are therefore classified as Level 1 of the Fair Value hierarchy. As at 31 December 2025, the Institute held ETFs with a total value of EUR 1.5 million.

- Investment funds: these are classified within Level 2 when the underlying assets are securities listed in active markets and the NAVs are available from information providers and used without adjustment. Where the underlying assets are not listed in active markets and are measured using a model based, wholly or in part, on internal valuation inputs, they are classified within Level 3.

Financial assets measured at fair value through other comprehensive income

- Debt securities: debt securities that IOR manages according to the Held to Collect and Sell business model are regularly traded in active and liquid markets and measured at their market price (mark-to-market). The entire universe of securities held by the Institute is managed by the external provider which provides prices and related Fair Value Levels. Therefore, it was not necessary to utilise an internal valuation model. At 2025 year-end, 93% of debt securities are classified as Level 1 of the Fair Value hierarchy and 7% are classified as Level 2. The carrying amount of the debt securities classified as Level 3 is zero.
- Equity securities: equity securities designated at fair value through other comprehensive income are unlisted securities. Two of them are preferred shares classified as Level 2 as their price is determined internally on the basis of the ordinary share price combined with an official price multiplier provided by the issuing company. The third is also classified as Level 2 because its price is determined in non-active markets.

Tangible assets held for investment

This item consists of investment properties directly owned by the Institute.

The fair value of the properties is assessed by a qualified, independent expert.

The appraisal is based on the real estate market data collected through surveys carried out by major industry players. The parameters used also reflect expert assumptions based on available information. For these reasons, the investment properties are classified as Level 3 in the fair value hierarchy.

Assets not measured at fair value on a recurring basis

For assets and liabilities not measured at fair value on a recurring basis, the following information is required by IFRS 13-Fair Value Measurement.

Financial assets measured at amortised cost

For securities, the fair value corresponds to the market value at the balance sheet date. As at 31 December 2025, securities measured at amortised cost held by the Institute are classified 66% in Level 1 of the fair value hierarchy, as they are regularly traded in active markets and are readily tradable. 28% of the securities measured at amortised cost are classified in Level 2 of the fair value hierarchy, while no debt securities are classified in Level 3.

For deposits on demand and time deposits with banks, as they are receivables without a defined expiry or revocation date or they do not exceed ninety days, the carrying value, at the balance sheet date, approximates the fair value and they are classified as Level 1 in the fair value hierarchy.

For receivables from clients the fair value was calculated as follows:

- loans and credit lines: calculated by discounting future cash flows using a discount rate representative for the Institute;
- temporary overdrafts: given their nature, the value of overdrafts approximates the fair value.

As the fair value calculation for receivables from clients is based on parameters not observable on markets, even indirectly, these are classified as Level 3 in the fair value hierarchy.

Liabilities not measured at fair value on a recurring basis

Financial liabilities measured at amortised cost

For amounts due to banks, the carrying value approximates fair value, considering the short maturity of such amounts. They are classified as Level 1 in the fair value hierarchy.

For amounts due to customers, this item comprises client deposits on demand and time deposits, in addition to the liquidity related to Asset Management mandates. The carrying value of such amounts approximates the fair value, considering the short maturity or indefinite maturity.

As the fair value calculation for amounts due to customers is based on parameters not observable on markets, neither directly nor indirectly, these are classified as Level 3 in the fair value hierarchy.

1.4.2 Quantitative fair value information

1.4.2.1 Fair value hierarchy

(a) Assets and liabilities measured at fair value on a recurring basis: detail by fair value level

Assets and liabilities measured at fair value	2025			2024		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit or loss						
a. Financial assets held for trading	109,291	26,615		34,676		
b. Financial assets designated at fair value						
c. Other financial assets mandatorily measured at fair value						
2. Financial assets at fair value through other comprehensive income	1,295,658	93,246		1,174,355	208,351	
3. Hedging derivatives						
4. Tangible assets			2,192			2,142
5. Intangible assets						
TOTAL	1,404,949	119,861	2,192	1,209,031	208,351	2,142
1. Financial liabilities held for trading						
2. Financial liabilities designated at fair value						
3. Hedging derivatives						
TOTAL						

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

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

The following table provides information about the assets measured at fair value on a recurring basis and classified as Level 3 in the fair value hierarchy at the beginning of the year, disposals and/or additions during the year, and their final values at the balance sheet date.

	Financial assets at fair value through profit or loss				Financial assets at fair value through other comprehensive income	Hedging derivatives	Tangible assets	Intangible assets
	Total	Financial assets held for trading	Financial assets designated at fair value	Other financial assets mandatorily measured at fair value				
1. Opening balance							2,142	
2. Increases								
2.1. Purchases								
2.2. Profits recognised in:								
2.2.1 Income Statement							70	
- of which Unrealised Profit							70	
2.2.2 Net Equity								
2.3 Transfers from other levels of the fair value hierarchy								
2.4 Other increases								
3. Decreases								
3.1 Sales								
3.2 Reimbursement								
3.3 Losses recognised in:								
3.3.1 Income Statement							(20)	
- of which Unrealised Losses							(20)	
3.3.2 Net Equity								
3.4 Transfers to other levels of the fair value hierarchy								
3.5 Other decreases								
CLOSING BALANCE							2,192	

(c) Annual changes of liabilities measured at fair value on a recurring basis (Level 3)

The Institute does not hold liabilities measured at fair value on a recurring basis.

(d) Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: detail by fair value level

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	2025				2024			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1. Financial assets at amortised cost	791,659	538,717	161,666	63,754	878,568	594,476	191,440	46,891
2. Tangible assets held for investment								
3. Non-current assets and disposal groups classified as held for sale								
TOTAL	791,659	538,717	161,666	63,754	878,568	594,476	191,440	46,891
1. Financial liabilities at amortised cost	1,647,407			1,647,407	1,676,740			1,676,740
2. Liabilities classified as held for sale								
TOTAL	1,647,407			1,647,407	1,676,740			1,676,740

Key:

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

1.5 Information on “day one profit/loss”

During 2025, the Institute did not earn day one profit/loss from financial instruments pursuant to paragraph 28 of IFRS 7 -Financial Instruments: Disclosures and other related IAS/IFRS.

1.6 Information on contracts with customers

The standard IFRS 15-Revenue from Contracts with Customers, adopted by the IOR effective 1 January 2018, established a revenue recognition model, which applies to all contracts with customers except those that fall within the scope of other IAS / IFRS standards such as leasing, insurance contracts and financial instruments.

This core principle is delivered in the following model framework:

- identify the contract(s) with a customer, defined as an agreement of commercial substance between two or more parties capable of generating rights and obligations;
- identify each performance obligation in the contract;
- estimate requirements to fulfil each performance obligation;

- determine the price for each performance obligation, that is the expected remuneration for the transfer of goods or services to the customer;
- allocate each price to each performance obligation;
- recognise revenue when the entity satisfies each performance obligation.

Revenues from contractual obligations with customers are recognised in profit or loss when it is probable that the entity will receive the payment to which it is entitled in exchange for the goods or services transferred to the customer. This payment must be allocated to each obligation covered by the contract and must be recognised as revenue in the Income Statement based on the timing of fulfilment of the obligation.

In detail, revenues may be recognised in the Income Statement:

- at a particular point in time, when the entity settles its performance obligation by transferring the promised good or service to the customer, or
- over time, as the entity settles its performance obligation by transferring the promised good or service to the customer.

In the presence of variable consideration (redemptions, discounts, refunds, incentives, performance bonuses or similar items), the revenue is recorded in the Income Statement when it is possible to estimate the revenue reliably and only if it is highly probable that this amount will not subsequently have to be reversed in the Income Statement, in whole or in a significant part. If the Institute receives a payment from the customer that it expects to refund to the customer, in whole or in part, against the revenue recognised in the Income Statement, a liability should be recognised, estimated on the basis of expected future refunds (known as a "refund liability"). The estimate of this liability is updated at each reporting date and is carried out based on the portion of the amount that the Institute expects not to be entitled to.

The accounting treatment adopted by the Institute for the recognition of revenues arising from contracts with customers, mainly recognised under the item "Fee and commission income", is in line with the provisions of the standard.

PART 2. INFORMATION ON THE BALANCE SHEET

ASSETS

SECTION 1 - Cash and cash equivalents (Item 10 Assets)

1.1 Cash and cash equivalents: detail

	2025	2024
(a) Cash	10,760	13,139
(b) Free deposits ex art. 9 (b)		
(c) Free deposits ex art. 9 (c)		
(d) Other free deposits		
TOTAL	10,760	13,139

SECTION 2 - Financial assets at fair value through profit or loss (Item 20 Assets)

2.1 Financial assets held for trading: detail by asset type

	2025			2024		
	L1	L2	L3	L1	L2	L3
A. Cash assets						
1. Debt securities						
1.1. Structured securities						
1.2. Other debt securities	107,802	26,615		34,676	-	
2. Equity securities						
3. UCI units	1,489			-		
4. Loans						
4.1. Outstanding repos						
4.2. Other						
TOTAL A	109,291	26,615		34,676	-	
B. Derivatives						
1. Financial derivatives						
1.1. Held for trading						
1.2. Related to the fair value option						
1.3. Other financial derivatives						
2. Credit derivatives						
2.1. Held for trading						
2.2. Related to the fair value option						
2.3. Other credit derivatives						
TOTAL B						
TOTAL (A+B)	109,291	26,615		34,676	-	

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

The table shows all financial assets allocated to the trading portfolio and classified in the fair value hierarchy (L1, L2 or L3) according to the asset type.

As at 31 December 2025, this line item primarily comprises debt securities, mostly classified within Level 1 of the fair value hierarchy.

As at 31 December 2025, similar to the prior year, the Institute did not hold any derivative financial instruments in the trading portfolio.

2.2 Financial assets held for trading: detail by borrowers/issuers/counterparties

	2025	2024
A. Cash assets		
1. Debt securities		
(a) Public entities	104,731	34,676
(b) Financial companies	29,686	-
(c) Insurance companies		
(d) Non-financial companies		
(e) Other subjects		
2. Equity securities		
(a) Banks		
(b) Other issuers:		
- insurance companies		
- financial companies		
- non-financial companies		
- other		
3. UCI units	1,489	-
4. Loans		
(a) Public entities		
(b) Financial companies		
(c) Insurance companies		
(d) Non-financial companies		
(e) Other subjects		
TOTAL A	135,906	34,676
B. Derivatives		
(a) Banks		
(b) Customers		
TOTAL B		
TOTAL (A+B)	135,906	34,676

No borrowers/issuers are resident in the Vatican City State.

Line (a) "Public entities" of sub-item A.1 "Debt securities", both in 2025 and 2024, consists exclusively of securities issued by foreign central government administrations, while line (b) "Financial corporations" consists exclusively of bank-issued securities.

The item Units of UCITS in 2025 relates to a bond ETF fund. This item also includes investment funds managed by third parties whose value was fully impaired in 2024; these funds consist exclusively of real estate funds acquired prior to 2014.

As the Institute holds a significant number of units in these funds, additional information is provided in Part 5 “Information on risks and related hedging policies”, Section 5.2.2.D “Information on unconsolidated structured entities”.

In the portfolio of financial assets held for trading, there are no equity securities in default or at the risk of default.

SECTION 3 - Financial assets at fair value through other comprehensive income (Item 30 Assets)

3.1 Financial assets at fair value through other comprehensive income: detail by asset type

	2025			2024		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1. Structured securities						
1.2. Other debt securities	1,295,658	90,932		1,174,355	205,991	
2. Equity securities		2,314			2,361	
3. Loans						
TOTAL	1,295,658	93,246		1,174,355	208,352	

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

The table shows all financial assets managed according to the *Held to Collect and Sell* business model whose objective is achieved both by collecting cash flows and by selling the financial assets. To be classified in this item, financial assets must pass the SPPI test, i.e. contractual terms of these financial assets must give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At 2025 year-end, 93% of debt securities are classified as Level 1 of the Fair Value hierarchy and 7% are classified as Level 2. The carrying amount of the debt securities classified as Level 3 is zero.

The table also includes equity securities that the Institute purchased to participate in the SWIFT (EUR 0.1 million) and VISA circuits (EUR 2.2 million). For these equity securities the Institute applied the option of measuring the assets at fair value through other comprehensive income (“FVOCI option”). As at 31 December 2025, both financial assets are classified as Level 2 in the fair value hierarchy.

At 2025 year-end, there are no equity securities arising from recovery of impaired loans.

3.2 Financial assets at fair value through other comprehensive income: detail by borrowers/issuers

	2025	2024
1. Debt securities		
(a) Public entities	714,463	789,358
(b) Financial companies	444,181	321,492
(c) Insurance companies	11,730	11,534
(d) Non-financial companies	216,216	257,963
(e) Other subjects		
2. Equity securities		
(a) Banks		
(b) Other issuers:		
- insurance companies		
- financial companies	2,202	2,264
- non-financial companies	112	96
- other		
3. Loans		
(a) Public entities		
(b) Financial companies		
(c) Insurance companies		
(d) Non-financial companies		
(e) Other subjects (including customers)		
TOTAL	1,388,904	1,382,707

No borrowers/issuers are resident in the Vatican City State.

Line (a) "Public entities" of the item 1. Debt securities consists exclusively of securities issued by foreign Central Public Administrations.

In the portfolio of financial assets at fair value through other comprehensive income, there are no equity securities in default or at the risk of default.

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

	Gross value				Total adjustments				Partial write-offs
	Stage I		Stage II	Stage III	Total	Stage I	Stage II	Stage III	
		of which instruments with low credit risk							
Debt securities	1,387,128	1,387,128			1,387,128	538			538
Loans									
TOTAL 2025	1,387,128	1,387,128			1,387,128	538			538
TOTAL 2024	1,380,936	1,380,936			1,380,936	590			590
Of which: non-performing assets acquired or originated									

The gross value is the sum of the fair value at the reporting date and the value adjustment at the same date; in particular, the value adjustment is equal to the expected credit loss recognised in the item 130 b) of the Income Statement "Net impairment losses/recoveries for credit risk of: b) financial assets at fair value through other comprehensive income" and in the equity reserve as required by IFRS 9-*Financial Instruments*.

SECTION 4 - Financial assets at amortised cost (Item 40 Assets)

4.1 Financial assets at amortised cost: detail by asset type of loans and advances to banks

	2025						2024					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stage I and II	Stage III		L1	L2	L3	Stage I and II	Stage III		L1	L2	L3
	Purchased/originated	Other					Purchased/originated	Other				
A. Loans to Public Authorities												
1. Time deposits												
2. Outstanding repos												
3. Other												
B. Loans to Central Banks												
1. Time deposits												
2. Outstanding repos												
3. Other												
C. Loans to banks												
1. Loans												
1.1. Current accounts and demand deposits	158,520			158,520			155,192			155,192		
1.2. Time deposits												
1.3. Other loans:												
(a) Outstanding repos												
(b) Finance leases												
(c) Other	854			854			967			967		
2. Debt securities												
2.1. Structured securities												
2.2. Other debt securities	147,601			121,307	20,592		204,279			156,364	37,863	
TOTAL	306,975			280,681	20,592		360,438			312,523	37,863	

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

The item “Financial assets at amortised cost a) loans and advances to banks” includes loans and debt securities managed according to the *Held to Collect* business model with the intention of collecting contractual cash flows.

The amounts are presented net of impairment deriving from the adoption of the models for the measurement of the expected losses on the *Held to Collect* loans portfolio and *Held to Collect* debt securities portfolio in accordance with the accounting standard IFRS 9-*Financial Instruments*.

As at 31 December 2025, securities issued by banks and measured at amortised cost held by the Institute are classified 85% in Level 1 of the fair value hierarchy, as they are regularly traded in active markets and are readily tradable, while 15% are classified in Level 2 of the fair value hierarchy. No debt securities are classified as Level 3. The item does not include non-performing loans.

4.2 Financial assets at amortised cost: detail by asset type of loans and advances to customers

	2025						2024					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stage I and II	Stage III		L1	L2	L3	Stage I and II	Stage III		L1	L2	L3
Purchased/originated		Other	Purchased/originated					Other				
A. Loans												
1. Current accounts	25					25	4					4
2. Outstanding repos												
3. Mortgages												
4. Credit cards and personal loans, including wage assignment												
5. Financial leasing												
6. Factoring												
7. Other loans	57,140		2,169			63,729	40,942		2,401			46,887
B. Debt securities												
1. Structured securities												
2. Other debt securities	425,350			258,035	141,074		474,782			281,953	153,577	
TOTAL	482,515		2,169	258,035	141,074	63,754	515,728		2,401	281,953	153,577	46,891

Key:

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

The item “Financial assets at amortised cost b) loans and advances to customers” includes loans and debt securities managed according to the Held to Collect business model with the intention of collecting contractual cash flows.

The amounts are presented net of impairment deriving from the adoption of the models for the measurement of the expected losses on the *Held to Collect* loans portfolio and *Held to Collect* debt securities portfolio in accordance with the accounting standard IFRS 9-*Financial Instruments*.

As at 31 December 2025, securities issued to customers and measured at amortised cost held by the Institute are classified 65% in Level 1 of the fair value hierarchy, as they are regularly traded in active markets and are readily tradable, while 35% are classified in Level 2 of the fair value hierarchy. No debt securities are classified as Level 3.

Regarding the sub-item "A. Loans", adequate supporting information is presented in Part 5 "Information on risks and related hedging policies".

It should be mentioned that the Institute credit activity is residual and strictly subject to the constraints of the ASIF authorisation and the limits established by the Board of Superintendence.

4.4 Financial assets at amortised cost: detail by borrowers/issuers of loans and advances to customers

	2025			2024		
	Stage I and II	Stage III		Stage I and II	Stage III	
		Purchased/originated	Other		Purchased/originated	Other
1. Debt securities						
(a) Public entities	390,662			432,107		
(b) Financial companies						
(c) Insurance companies	34,688			42,675		
(d) Non-financial companies						
(e) Other subjects						
2. Loans						
(a) Public entities	47,370			30,070		
(b) Financial companies						
(c) Insurance companies						
(d) Non-financial companies						
(e) Other subjects	9,795		2,169	10,876		2,401
TOTAL	482,515		2,169	515,728		2,401

Line (a) "Public entities" of sub-item "1. Debt securities" is composed exclusively of securities issued by foreign Central Public Administrations.

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

	Gross value					Total adjustments				Partial write-offs
	Stage I		Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total	
		of which instruments with low credit risk								
Debt securities	573,386	573,386			573,386	435			435	
Loans	216,630			11,514	228,144	91		9,345	9,436	
TOTAL 2025	790,016	573,386		11,514	801,530	526		9,345	9,871	
TOTAL 2024	877,018	679,733		12,754	889,772	852		10,352	11,204	
Of which: non-performing assets acquired or originated										

SECTION 7 – Investment in subsidiaries (Item 70 Assets)

7.1 Information on investment in subsidiaries

This item relates to the real estate company S.G.I.R. S.r.l., with registered office in Italy and 100% owned by the Institute (significant interest), and to Ste Immobiliere Bourbonnaise, with registered office in France and in which the Institute holds a 29.5% interest (non-significant interest¹).

7.2 Material investments in subsidiaries: book value, fair value and dividends received

The accounting value of the investment in the real estate company S.G.I.R. S.r.l. was EUR 15.8 million.

There was no change in the value of the investment during 2025 and no dividends were paid.

The equity of S.G.I.R. S.r.l. as at 31 December 2025 was EUR 28.9 million (2024: EUR 27.8 million), including EUR 12.4 million (2024: EUR 12.4 million) for a Fiscal Revaluation Reserve.

As it is an unlisted company, the IOR does not measure it at fair value.

S.G.I.R. S.r.l. was specifically set up to manage real estate located in Italy, mainly received as donations or legacies, in an easier and more transparent way. The subsidiary produces social benefits as it is not exclusively focused on profit. In fact, S.G.I.R. S.r.l. grants some properties for rent with subsidised rent or on loan for free use to support institutions with a social purpose, as notably disclosed in the Management Report under “Chapter 2. Operational Information”.

¹ The investment is recognised in the financial statements at EUR 130 thousand; the company's equity as at 31 December 2024, latest available figures, amounts to EUR 441 thousand (2023: EUR 456 thousand). The investment is measured at cost.

7.3 Material investment in subsidiaries: financial information

	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	On-financial liabilities	Total income	Interest margin	Value adjustments and recoveries on tangible and intangible assets	Profit (loss) from current operations before taxes	Profit (loss) from current operations after taxes	Profit (loss) from disposed operating assets after taxes	Profit (loss) for the year (1)	Other income items after taxes (2)	Comprehensive income (3) = (1) + (2)
A. Entities subject to total control														
S.G.I.R. S.r.l.	3,565	78	25,842	513	77	2,446	29	7	1,634	1,078	-	1,078	-	1,078
B. Entities subject to joint control														
C. Entities subject to significant influence														

SECTION 8 – Tangible assets (Item 80 Assets)

8.1 Tangible assets in-use: detail of the assets measured at cost

	2025	2024
1. Owned assets		
(a) land		
(b) buildings		
(c) furniture		
(d) electronic equipment		670
(e) other		37
2. Assets acquired under finance lease		
(a) land		
(b) buildings		
(c) furniture		
(d) electronic equipment		
(e) other		
TOTAL	707	788

All tangible owned assets in use are measured at cost.

The item 80 “Tangible assets” comprises the assets included in the definition of right of use in accordance with the accounting standard IFRS 16-Leases.

8.4 Tangible assets held for investment: detail of the assets measured at fair value

	2025			2024		
	L1	L2	L3	L1	L2	L3
1. Owned assets						
(a) land						
(b) buildings			2,191			2,142
2. Assets acquired under finance lease						
(a) land						
(b) buildings						
TOTAL			2,191			2,142

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

All tangible assets held for investment are measured at fair value.

8.6 Tangible assets in use: annual changes

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening balance		279	2,629	6,544	420	9,872
A.1 Total net adjustments		(279)	(2,629)	(5,813)	(363)	(9,084)
A.2 Net opening balance		-	-	731	57	788
B. Increases:						
B.1 Purchases				242		242
B.2 Capitalised improvement costs						
B.3 Recoveries						
B.4 Positive fair value differences recognised through:						
a) Net Equity						
b) Income Statement						
B.5 Positive foreign exchange differences						
B.6 Transfer from investment property						
B.7 Other changes						
C. Decreases:						
C.1 Sales						
C.2 Depreciation				(303)	(20)	(323)
C.3 Impairment losses recognised through:						
a) Net Equity						
b) Income Statement						
C.4 Negative fair value differences recognised through:						
a) Net Equity						
b) Income Statement						
C.5 Negative foreign exchange differences						
C.6 Transfer to:						
a) investment property						
b) assets being disposed						
C.7 Other changes						
D. Net closing balance		-	-	670	37	707
D.1 Total net adjustments		(279)	(2,629)	(6,116)	(383)	(9,407)
D.2 Gross closing balance		279	(2,629)	6,786	420	10,114

8.7 Tangible assets held for investment: annual changes

	Land	Buildings	Total
A. Opening balance		2,142	2,142
B. Increases			
B.1 Purchases			
B.2 Capitalised improvement costs			
B.3 Positive fair value differences		69	69
B.4 Recoveries			
B.5 Positive foreign exchange differences			
B.6 Transfer from tangible assets for functional use			
B.7 Other changes			
C. Decreases			
C.1 Sales			
C.2 Depreciation			
C.3 Negative fair value differences		(20)	(20)
C.4 Impairment losses			
C.5 Negative foreign exchange differences			
C.6 Transfer to other assets:			
a) tangible assets for functional use			
b) Non-current assets and disposal groups classified as held for sale			
C.7 Other changes			
D. Closing balance		2,191	2,191

As at 31 December 2025, the item includes 3 investment properties received in the past through donations. This amounts to EUR 2.2 million, representing an increase compared with 31 December 2024 following the net fair value revaluation of the properties of EUR 50 thousand.

These properties are measured through surveys performed by a qualified independent expert.

In 2025, IOR properties did not generate any rental income, since the Institute signed a lease agreement with its subsidiary S.G.I.R. S.r.l. for the use of properties for free. During 2025, S.G.I.R. S.r.l. earned EUR 74 thousand (2024: EUR 74 thousand) as rental income on these properties.

SECTION 9 – Intangible assets (Item 90 Assets)

9.1. Intangible assets: detail by asset type

	2025		2024	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1. Goodwill				
A.2. Other intangible assets				
A.2.1 Assets carried at cost:				
(a) internally generated intangible assets				
(b) other assets	1,236		1,560	
A.2.2 Assets carried at fair value				
(a) internally generated intangible assets				
(b) other assets				
TOTAL	1,236		1,560	

Intangible assets consist of software licenses and costs incurred to implement them.

Acquired computer software licenses are recognised at acquisition costs, including costs incurred to bring the specific software into use. These costs are amortised over the expected useful life of the asset, normally determined to be four years. An exception applies to the software supporting front-to-back operations, whose useful life has been estimated at five years, and the related costs are therefore amortised over that period.

9.2 Intangible assets: annual changes

	Goodwill	Other intangible assets internally generated		Other intangible assets: other		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance				12,216		12,216
A.1 Total net adjustments				(10,656)		(10,656)
A.2 Net opening balance				1,560		1,560
B. Increases						
B.1 Purchases				413		413
B.2 Increases of internally generated intangible assets						
B.3 Recoveries						
B.4 Positive fair value differences recognised through:						
- Net Equity						
- Income Statement						
B.5 Positive foreign exchange differences						
B.6 Other changes						
C. Decreases						
C.1 Sales						
C.2 Impairment losses						
- Depreciation				(737)		(737)
- Write downs recognised through:						
+ Net Equity						
+ Income Statement						
C.3 Negative fair value differences recognised through:						
- Net Equity						
- Income Statement						
C.4 Transfer to non-current assets and disposal groups classified as held for sale						
C.5 Negative foreign exchange differences						
C.6 Other changes						
D. Net closing balance				1,236		1,236
D.1 Total net adjustments				(11,393)		(11,393)
E. Gross closing balance				12,629		12,629

Intangible assets are carried at cost.

The IOR does not have internally generated intangible assets.

9.3 Intangible assets: other informations

At the balance sheet date, there were no:

- restrictions on the distribution of unrealised gains related to revalued intangible assets;
- intangible assets acquired for government concessions;
- intangible assets posted as collateral for own debts;
- commitments for purchasing intangible assets;
- intangible assets subject to rental transactions.

SECTION 12 - Other assets (Item 120 Assets)

12.1 Other assets: detail

	2025	2024
Gold	29,596	32,859
Medals and precious coins	10,932	10,717
Commission from asset management services not yet received	11,609	11,596
Other commission not yet received	1,679	2,241
Client Tax advances	3,410	4,523
Sundry debtors	638	821
Prepayments	1,338	1,092
Net Assets of IOR Employees' Pension Plan	74,151	44,031
TOTAL	133,353	107,880

Gold is mainly held on deposit with the U.S. Federal Reserve, while the medals and precious coins are held exclusively in the Institute's vault.

The item "Other assets", in addition to gold and medals and precious coins, includes EUR 11.6 million relating to accrued fees for Asset Management services not yet settled as at the reporting date. These commissions pertaining to the second half of 2025, were collected at the beginning of 2026.

The "Client Tax advances" includes the two advances related to IVAFFE (Tax on the Value of Financial Assets Held Abroad) that IOR has paid to the Italian Government on behalf of clients subject to the Tax agreement with Italy. Clients are charged in February of the following year.

Net Assets of IOR Employees' Pension Plan, recognised in the item 120 "Other Assets", represents the net value between the Liability for defined benefit obligation for pensions and the fair value of the Plan Assets if the Fair Value of the Assets exceeds the Liability.

12.2 Separation of the IOR Employees' Pension Plan

Since 2021, the Institute has purchased specific financial instruments designated as plan assets for the Employees' Pension Plan, after carrying out the necessary legal and management activities to ensure the proper establishment and management of the portfolio.

In particular, the IOR has taken following steps to:

- identify a dedicated assets for pension obligations. The IOR remains obliged, with the whole of its assets, to those entitled to pension benefits;
- identify the "IOR Pension Plan" for management and accounting purposes. The Pension Plan refers to the assets, the operating results, the charges arising from pension benefits and the collection of monthly contributions. The Pension Plan has no legal personality;
- establish the governance of the "IOR Pension Plan" through the Pension Policy and define and formalise the management, administration and control processes;
- identify a collegial body – "IOR Pension Plan Committee" - with governance and control responsibilities that include at least: the Director General, individuals with expertise in financial and pension management, and the control functions;
- establish an Asset Management Policy that regulates the policies to be followed by the Pension Plan manager. The Policy shall be established by the Committee, in accordance with guidelines established by the Board of Superintendence;
- assign to IOR Finance&Treasury Department the financial management of the dedicated Assets;
- attribute to the "IOR Pension Plan" the financial results of the dedicated Assets, management expenses, flows from contributions and withdrawals.

In accordance with IAS 19 – *Employee Benefits*, the Institute recognises in the Statement of Financial Position the net defined benefit liability (or asset), representing the difference between the present value of the defined benefit obligation and the fair value of the plan assets. As at 31 December 2025, since the fair value of the plan assets exceeds the present value of the defined benefit obligation, the net amount, equal to EUR 74.15 million (2024: EUR 44.0 million), is recognised in the Statement of Financial Position under item 120 "Other assets."

Conversely, if the Fair Value of the Liability had exceeded the Assets the net value would have been recognised under Liabilities and Equity, item 110 "Provisions for risks and charges (b) Provisions for pensions and similar obligations".

Sec E - Amounts recognised in Balance Sheet	2025	2024
Defined benefit obligation for pensions	89,547	100,357
Fair value of Pension Plan Assets	163,698	144,388
Net defined benefit liability (asset) at 31 December	(74,151)	(44,031)

Sec G - Change in Balance Sheet	2025	2024
Net liability (asset) recognised at 1 January	(44,031)	(31,140)
Defined benefit cost included in P&L	3,372	1,626
Amounts recognised in Other Comprehensive Income (OCI)	(29,644)	(10,626)
Contributions by individuals	140	142
Contributions for creation of Pension Plan Assets portfolio		
Pensions paid during the year	(3,986)	(4,032)
Return of contributions	(2)	(1)
Net liability (asset) recognised at 31 December	(74,151)	(44,031)

12.2.1 Plan Assets portfolio

As at 31 December 2025, Plan Assets portfolio mainly comprised equity and debt securities and their fair value amounted to EUR 163.7 million. In accordance with IAS 19-Employee Benefits, the fair value of the assets is based on IAS 19 - paras. 57 and 113. The yield of the assets, given by interest, dividends and realised or unrealised gains/losses, less any management expenses and taxes, is recognised in accordance with IAS 19 - par.57 letters c) and d).

Section B - Changes in Fair Value of Pension Plan Assets	2025	2024
Fair Value of Pension Plan Assets at 1 January	144,388	134,929
Contributions for creation of Pension Plan Assets portfolio		
Return on Plan Assets (recognised in P&L=Interest income)	2,363	3,819
Administrative expenses paid (trading fees, custody fees, fees for maintaining liquidity, taxes)	(566)	(232)
Return on Plan Assets (recognised in OCI) (excluding interest income)	17,513	5,872
Fair Value of Pension Plan Assets as at 31 December	163,698	144,388

Sec H - Class of Pension Plan Assets	2025	2024
H.1 Fair value of assets		
H.1.1 Cash and cash equivalents	722	196
H.1.2 Equity securities	90,159	66,616
H.1.3 Debt securities	33,323	50,054
H.1.4 Real estate		
H.1.5 Derivatives		
H.1.6 Investment funds	13,850	7,443
H.1.7 Assets held by insurance company		
H.1.8 ETFs	25,644	20,079
H.1.9 Total of Pension Plan Assets at 31 December	163,698	144,388

The item "H.1.6 Investment funds" comprises Exchange Traded Commodities (ETCs) and funds managed by third parties, whereas item "H.1.8 ETFs" comprises bond ETFs and equity ETFs.

12.2.2 Liabilities for Defined Benefit Plan for pensions (DBO)

The defined benefit obligation is the present value of future payments required to settle the pension obligation and is performed by a qualified actuary. As at 31 December 2025, this totalled EUR 89.5 million (2024: EUR 100.4 million). For its recognition, measurement and presentation, the IAS 19 accounting standard is applied, using actuarial techniques to determine the value of the liability through the application of demographic and financial assumptions designed to reflect the evolution of the member population and short-term economic conditions.

Sec X - Annual changes in Liabilities for Defined Benefit Plan for pensions (DBO)	2025	2024
Net liability recognised at 1 January	100,357	103,789
Contributions by IOR (recognised in P&L=staff expenses)	5,169	5,213
Contributions by individuals	140	142
Pensions paid during the year	(3,986)	(4,032)
Return of contributions	(2)	(1)
Actuarial (gain) loss of the year	(12,131)	(4,754)
Net liability recognised at 31 December	89,547	100,357

Annual changes in the plan are detailed below:

	2025	2024
Balance at 1 January	100,357	103,789
Current Service Cost	1,859	1,997
Interest Cost	3,262	3,165
New position cost	49	51
Contribution by individuals	140	142
Pensions paid during the year	(3,986)	(4,032)
Transfer out	(3)	(1)
Actuarial (gain) loss of the year	(12,131)	(4,754)
Balance at 31 December	89,547	100,357

The mainly actuarial valuation of the defined benefit plan liability was performed using the following assumptions:

	2025	2024
Annual discount rate	3.94%	3.32%
Annual inflation rate	2.00%	2.00%
Annual rate of nominal increase of pensions	2.00%	2.00%
Annual rate of real increase of salaries	2.00%	2.00%

The discount rate used to determine the present value of the liability is the “Markit iBoxx Corporate AA 10+” index at the end of December 2025.

The *Current Service Cost* is the actuarial present value of benefits due to employees for services rendered during the period.

The *Interest Cost* is the increase in the present value of the obligation due to passage of time and it is proportional to the discount rate used in the assessment of the previous year’s liabilities.

The *Actuarial gain/loss* is the change in the liability in the present year arising from:

- the effect of the differences between the previous actuarial assumptions and what actually occurred;
- the effect of the changes in actuarial assumptions.

The results are recognised directly to Equity in a specific reserve named “Valuation reserves” line “Actuarial gains (losses) on defined benefit plans”, and the actuarial gain or loss is presented in Other Comprehensive Income.

For the Pension Fund, an actuarial gain of EUR 12.1 million was recognised in Other Comprehensive Income in 2025 (EUR 4.7 million in 2024). As a result, the “valuation reserve relating to defined benefit pension plans” (included in item 120 of Equity) relating to the Pension Fund amounted to a negative balance of EUR 5.1 million (2024: EUR -17.3 million).

The actuarial gain recognised in 2025 mainly resulted from the increase in the discount rate to 3.94%, compared with 3.32% in 2024.

As required by IAS 19-Employee benefits, a sensitivity analysis was performed based on the main actuarial assumptions included within the calculation model; these assumptions are:

- annual discount rate;
- annual rate of salary growth;
- annual inflation rate;
- annual mortality rate.

	Annual discount rate		Annual rate of salary growth		Annual inflation rate		Mortality rate	
	+0.50%	-0.50%	+0.50%	-0.50%	+0.50%	-0.50%	+2.5%	-2.5%
Liabilities	83,243	96,661	91,525	87,716	96,773	83,105	89,070	90,035

12.3 Other information concerning provision for pensions

More information about the calculation of the pension plan is provided in the paragraphs regarding accounting policies.

There are 102 active employees who contribute to the Pension plan (2024: 95) and 105 former employees are in retirement and benefit from the plan (2024: 104).

The portion of employee gross salaries to participate in their pension plans retained by the Institute is 6%.

A portion of this is transferred to the Vatican Pension Plan.

Funds are managed by the IOR Finance&Treasury Department.

12.4 Components of Income (Cost) of defined benefit plan

Sec F. Components of defined benefit income (cost) – Provision for pension	2025	2024
1. Current service cost	(1,907)	(2,048)
2. Net interest cost	(899)	654
<i>a. Interest expense on DBO</i>	(3,262)	(3,165)
<i>b. Interest (income) on plan assets</i>	2,363	3,819
4. Administrative expenses and/or taxes (not reserved within DBO)	(566)	(232)
Total income/(cost) recognised in P&L	(3,372)	(1,626)
a–b–c. Effect of changes in actuarial assumptions (demographic and financial assumptions)	12,131	4,754
d. Return on Plan Assets (excluding interest income)	17,513	5,872
Total remeasurements included in OCI	29,644	10,626
7. Total defined benefit income/(cost) recognised in P&L and in OCI	26,272	9,000

LIABILITIES

SECTION 1 - Financial liabilities at amortised cost (Item 10 Liabilities)

1.1 Financial liabilities at amortised cost: detail by type for due to banks

As at 31 December 2025, as well as 31 December 2024, no financial liabilities were recognised in this item.

1.2 Financial liabilities at amortised cost: detail by type for due to customers

	2025	2024
1. Current accounts and demand deposits	1,612,126	1,619,970
2. Time deposits	35,281	56,770
3. Loans		
3.1. Repos		
3.2. Other		
4. Liabilities from commitments to repurchase own equity instruments		
5. Other liabilities		
TOTAL	1,647,407	1,676,740

The item "Amounts due to customers" is substantially in line with 2024.

Within this item is included the cash relating to customers' discretionary portfolio management, for which the Institute acts as custodian. As at 31 December 2025, this amount totals EUR 90.6 million (2024: EUR 35.6 million).

It should also be noted that, as at 31 December 2025, the item "Term deposits" consists almost entirely of deposits maturing within one year from the reporting date.

The item "Due to customers" also includes a deposit at the disposal of the Commission of Cardinals to support works of religion. At the balance sheet date, this amounted to EUR 1.0 million (2024: EUR 1.1 million).

SECTION 8 – Legates (Item 80 Liabilities)

The item includes the deposits of the pious non-autonomous foundations (so-called "Legates") amounting to EUR 1.8 million (2024: 1.9 million). These are 55 positions (2024: 63) related to funds donated to the Institute. The IOR has the task, for a significant period, of performing specific ecclesiastical functions or otherwise achieving objectives related to works of piety, apostolate and charity, on the basis of the Legates' annual revenues.

The pious non-autonomous foundations entrusted to the Institute consist also of financial assets amounting to EUR 21.5 million at year-end 2025 (2024: EUR 24.7 million).

SECTION 9 – Other liabilities (Item 90 Liabilities)

9.1 Other liabilities: detail

	2025	2024
Proprietary securities purchased but not yet settled	-	7,506
Inheritances to be settled	6,078	6,214
Invoices to be received	1,647	4,700
Transitional items pending allocation to third parties	-	1
Funds for charitable contributions	289	463
Outstanding cheques	302	314
Remunerations to be paid	790	750
Taxes payable on behalf of customers	424	318
Other sundry creditors	319	491
TOTAL	9,849	20,757

The item "Inheritances to be settled" represents the values of deceased clients pending resolution of inheritance issues.

Funds for charitable contributions consist of the Fund for Holy Masses and Fund for Missionary Activities.

In 2024, the line item "Proprietary securities purchased but not yet settled" related to securities purchase and sale transactions executed but not yet settled as at 31 December 2024; these transactions were settled in the first days of the following financial year.

Fund for Holy Masses

The Fund for Holy Masses is used to distribute contributions to priests for Holy Masses.

It is financed through small donations or legacies with a specific commitment to celebrating the Holy Masses.

Donations and distributions are recorded directly in the Fund's account.

Grants to priests are approved by the Charity Committee, chaired by the Prelate and composed of managers and employees of the Institute.

Fund for Missionary Activities

The Fund for Missionary Activities is used to distribute small donations intended to respond to requests for aid or contributions received by the Institute. The most common activities are financial aid for destitute persons or families (reported by parishes or by individual priests), long-distance adoptions, specific help for missionary and charity work or aid to families in serious difficulties.

It is funded by little donations or legacies with a commitment to carrying out missionary activities and by the distribution of a portion of the IOR net profit of the year.

Donations and distributions are recorded directly in the Fund's account.

Grants to beneficiaries are approved by the Charity Committee, chaired by the Prelate and composed of managers and employees of the Institute.

The breakdown of Funds for charitable contributions is as follows:

Funds for charitable contributions	2025	2024
Fund for Holy Masses	304	452
Fund for Missionary Activities	(15)	11
TOTAL	289	463

Changes in the funds balance are summarised as follows:

Fund for Holy Masses	2025	2024
Balance at 1 January	452	763
Donations received	40	93
Distributions for Holy Masses	(188)	(404)
TOTAL	304	452

Fund for Missionary Activities	2025	2024
Balance at 1 January	11	93
Donations received	8	37
Transfers from distribution of the net profit of the year	300	200
Distributions for Missionary Activities	(334)	(319)
TOTAL	(15)	11

During 2025, the uses of the Fund for Missionary Activities exceeded its contributions; consequently, the Fund will be replenished in 2026.

It should be also noted that the charitable activities of the Commission of Cardinals are carried out through a deposit included under the item "10. Financial liabilities at amortised cost b) due to customers" and disclosed in the proper section.

SECTION 10 – Staff severance provision (Item 100 Liabilities)

10.1 Staff severance provision: annual changes

	2025	2024
A. Opening balance	4,437	5,011
B. Increases		
B.1 Provision for the year	708	677
B.2 Other changes	30	312
C. Decreases		
C.1 Benefits paid	(219)	(1,563)
C.2 Other changes	(335)	-
D. Closing balance	4,621	4,437

The Staff severance provision comprises indemnities to be paid to personnel when they leave the IOR.

The annual change in the provision balance is summarised as follows:

	2025	2024
Balance at 1 January	4,437	5,011
Current costs borne by the IOR	610	581
Contribution by individuals	98	95
Advances	-	(168)
Restitution of advances	30	212
Consideration paid during the year	(219)	(1,395)
Actuarial (gain) loss of the year	(335)	101
Balance at 31 December	4,621	4,437

The main actuarial assumptions used for the measurement of the Staff severance provision are the same as those used for the Benefit Plan Liability for pensions and they are summarised as follows:

	2025	2024
Annual discount rate	3.94%	3.32%
Annual inflation rate	2.00%	2.00%
Annual rate of real increase of salaries	2.00%	2.00%

The discount rate used to determine the present value of the Staff severance provision is the “Markit iBoxx Corporate AA 10+” index at the end of December 2025.

For the Staff severance provision, an actuarial gain of EUR 0.3 million was recognised in Other Comprehensive Income in 2025 (actuarial loss of EUR 0.1 million in 2024). As a result, the “valuation reserve relating to defined benefit pension plans” (included in item 120 of Equity) relating to the Staff severance provision amounted to a negative balance of EUR 1.2 million (2024: EUR -1.5 million).

As required by IAS 19-*Employee benefits*, a sensitivity analysis was performed based on the main actuarial assumptions included within the calculation model; these assumptions are:

- annual discount rate;
- annual rate of salary growth;
- annual mortality rate;
- probability of early retirement.

	Annual discount rate		Annual rate of salary growth		Mortality rate		Probability of advances	
	+0.50%	-0.50%	+0.50%	-0.50%	+25%	-25%	+0.50%	-0.50%
Liabilities	4,708	4,520	4,461	4,793	4,624	4,618	4,680	4,565

10.2 Staff severance provision: other information

More information on the calculation of employee termination indemnities is provided in the paragraphs regarding the accounting policies.

The portion of employee gross salaries retained by the Institute is 1.5%.

No payments are made to the Vatican Pension Plan.

Funds are managed by the IOR Finance&Treasury Department.

SECTION 11 – Provisions for risks and charges (Item 110 Liabilities)

11.1 Provisions for risks and charges: detail by type

	2025	2024
1. Provisions for credit risk on commitments and financial guarantees granted		
2. Provisions for other commitments and guarantees granted	1,699	1,699
3. Provisions for pensions		
4. Other provisions for risks and charges		
4.1 legal disputes		
4.2 staff expenses		
4.3 other		
TOTAL	1,699	1,699

Sub-item “3. Provisions for pensions” is nil, as a result of the presentation of the Pension Fund following the purchase of financial instruments dedicated as plan assets, as described in paragraph 12.2 “Segregation of the IOR Employees’ Pension Plan” in Part 2 “Statement of Financial Position – Assets.”

11.2 Provisions for risks and charges: annual changes

	Provisions for credit risk on commitments and financial guarantees granted	Provisions for other commitments and guarantees granted	Provisions for pensions	Other provisions for risks and charges	Total
A. Opening balance		1,699			1,699
B. Increases					
B.1 Provision for the year					
B.2 Time value changes					
B.3 Changes due to discount rate variations					
B.4 Other changes					
C. Decreases					
C.1 Utilisation during the year					
C.2 Changes due to discount rate variations					
C.3 Other changes					
D. Closing balance		1,699			1,699

11.4 Provisions for risks and charges: provision for other commitments and other guarantees granted

The amount of EUR 1.7 million is due to guarantees granted and to the provision on commitments to disburse funds for uncertain use (see paragraph 13.1 Guarantees issued and commitments).

SECTION 12 – Equity (Items 120-140-150-160 Net Equity)

12.1 Capital

Capital, clearly identified as a component of Equity, represents a permanent endowment that cannot be reduced or distributed, except in case of cessation or liquidation of the entity.

During 2025, no changes were recorded in Capital balance, amounting to EUR 300 million.

Securities and liquid funds made up the Capital investments; in detail, other liquid assets, supranational bonds and government bonds with high quality credit rating.

12.2 Earning Reserves

In addition to Capital, the Institute's Equity consists of three categories of profit reserves: the Unavailable Reserve for distribution, the Available Reserve for distribution, and Other reserves, which include the Reserve arising from the first-time application of IAS/IFRS standards, the Unavailable Reserve for distribution relating to non-significant equity investments, and the Reserve for realised gains on equity instruments designated at fair value through other comprehensive income following the exercise of the fair value option.

Earning Reserves: composition

	2025	2024
Unavailable reserves for distribution	100,000	100,000
Available reserves for distribution	367,159	348,200
- of which: reserve arising from the positive result of the Employees' Pension Plan	6,505	2,918
Other reserves	1,648	1,629
1. Reserve from the first-time adoption of IAS/IFRS standards	1,489	1,489
2. Unavailable reserve for distribution relating to non-material equity investments	130	130
3. Reserve for realised gains on equity instruments designated at fair value through other comprehensive income	29	9
TOTAL	468,807	449,829

Unavailable reserves for distribution are earning reserves designed to further strengthen the Institute's Equity and long-term stability. As at 31 December 2025, the Unavailable Reserves for distribution amount to EUR 100 million and no changes were recorded.

Available reserves for distribution constitute the first line of protection for Capital in the event of potential losses. Available reserves for distribution amounting to EUR 367.2 million (2024: EUR 348.2 million), increased during the 2025 financial year as a result of the allocation of part of the 2024 profit (EUR 19.0 million). Within this item, the Reserve arising from the positive result of the Employees' Pension Plan increased by EUR 3.6 million, corresponding to the positive result of the Employees' Pension Fund management for 2024.

The First Time Adoption Reserve was created on 1 January 2018 in order to achieve the Equity impacts arising from the first-time adoption of IFRS 9–Financial Instruments and amounting to EUR 1.5 million. The reserve did not change in 2019 because, upon adoption of IFRS 16 – Leases, the modified retrospective approach was applied; consequently, no amounts were recognised in equity on first-time application. No new accounting standards requiring allocation to the Reserve were adopted after 2019.

Unavailable reserves for distribution relating to non-significant equity investments reflect the value of the investment in Ste Immobiliere Bourbonnaise, recognised at cost.

The Reserve for realised gains on equity instruments designated at fair value through other comprehensive income, amounting to EUR 29 thousand, includes the gain arising from the disposal of equity securities not held for trading, for which the designation at fair value through other comprehensive income (FVOCI option) had been elected at initial recognition. In accordance with IFRS 9 – Financial Instruments, this gain is not recognised in profit or loss but remains recorded in reserves. Specifically, the amount concerns liquidity received from VISA following the share exchange from a corporate stock dividend. The total value of the Institute's investment remained unchanged but the total number of shares held increased.

Unavailable reserves for distribution are invested in securities, properties and precious metals. In detail, these reserves consist of gold bars, medals and coins, investment in the subsidiary S.G.I.R. S.r.l., real estate properties and liquid financial instruments traded on regulated markets.

Available Reserves for distribution are invested in securities, representing liquid financial instruments traded on regulated markets.

12.3 Valuation Reserves

The Valuation Reserves of the Institute are two: Valuation Reserves for Financial assets at fair value through other comprehensive income and Valuation Reserves for gains (losses) on defined benefit plans.

Valuation Reserves: composition

	2025	2024
Valuation Reserves for Financial assets at fair value through other comprehensive income	(20,601)	(36,877)
1. Debt securities	(22,853)	(39,176)
2. Equity securities	2,252	2,299
Valuation Reserves for gains (losses) on defined benefit plans	16,183	(13,796)
1. Defined benefit plans - Actuarial gains (losses)	(6,313)	(18,779)
2. Defined benefit plans- Return on Plan Assets:		
2.1 Gains (Losses) realised	20,186	3,324
2.2 Gains (Losses) unrealised	2,310	1,659
TOTAL	(4,418)	(50,673)

Valuation Reserves for Financial assets at fair value through other comprehensive income represent both the net fair value gain/loss recognised on equity securities designated at fair value through other comprehensive income and the change in fair value of debt securities managed according to the *Held to Collect and Sell* business model recognised at fair value through other comprehensive income. With respect to debt securities, the positive change in the unrealised reserve, amounting to EUR 16.3 million in 2025 and recognised in Other Comprehensive Income, mainly reflects the general increase in the value of the securities.

Valuation Reserves for gains (losses) on defined benefit plans represent both the actuarial unrealised gain or loss related to two the post-employment benefit plans and the return on Pension Plan Assets.

For Staff severance provision and Provisions for pensions, an actuarial gain of EUR 12.5 million was recognised in Other Comprehensive Income in 2025 (EUR 4.7 million in 2024). Consequently, the related reserve (included in item 120 of Equity) amounted to a negative balance of EUR 6.3 million (2024: EUR -18.8 million). The actuarial gain recognised in 2025 mainly resulted from the increase in the discount rate to 3.94%, compared with 3.32% in 2024.

With respect to the return on plan assets for defined benefit plans, a gain of EUR 17.5 million was recognised in Other Comprehensive Income in 2025 (EUR 5.9 million in 2024). Consequently, the related reserve (included in item 120 of Equity) amounted to a positive balance of EUR 22.5 million (2024: EUR 5.0 million).

SECTION 13 – Additional information

13.1 Guarantees and commitments

	Notional value of commitments and financial guarantees granted			2025	2024
	Stage I	Stage I	Stage I		
1) Financial guarantees granted to					
a) Banks					
b) Customers	882			882	980
c) Public Authorities					
d) Foreign Public Authorities					
e) Other financial entities					
f) Non-financial entities					
2) Irrevocable commitments to disburse funds to					
a) Banks					
b) Customers	6,580			6,580	4,000
c) Public Authorities					
d) Foreign Public Authorities					
e) Other financial entities					
f) Non-financial entities					
3) Other commitments					
TOTAL	7,462			7,462	4,980

As at 31 December 2025, the Institute has off-balance-sheet guarantees relating to a guarantee granted in 2019 in favour of an Italian university, covering the obligations of a Vatican entity, amounting to EUR 0.9 million. The guarantee is secured by securities held in custody.

At the reporting date, the Institute also has a commitment to provide funds with uncertain utilisation of EUR 4 million, and a commitment relating to an undrawn credit facility of EUR 2.6 million.

13.5 Asset Management and trading on behalf of clients

	2025	2024
1. Trading on behalf of customers		
(a) purchases		
(i) settled	244,902	432,620
(ii) to be settled		
(b) sales		
(i) settled	22,922	57,820
(ii) to be settled		
2. Portfolio management (Assets under Management)		
(a) individual	3,450,081	3,186,143
(b) collective		
3. Custody and administration of securities		
(a) third party securities held in deposit: related to custodian bank activities (excluding portfolio management)		
(i) securities issued by the entity that prepares the financial statement		
(ii) other securities		
(b) third party securities held in deposit: other (excluding portfolio management)		
(i) securities issued by the entity that prepares the financial statement		
(ii) other securities		
(c) third party securities deposited with third parties (Assets under Custody)	864,254	888,828
(d) proprietary portfolio securities deposited with third parties	2,065,818	2,047,141
4. Other transactions		

Assets under Management mainly consist of client-owned securities managed by the Institute. Investment decisions are made by the IOR on the basis of portfolio management mandates signed with its clients.

Assets under Management are measured using the mark-to-market method. These include the full valuation of the positions, the settlement cash relating to the portfolios, and the accrued interest on debt securities and cash. The IOR is the depository of liquidity, amounting to EUR 90.6 million (2024: EUR 35.6 million), as disclosed in item 10 Liabilities (b) Due to customers”.

Assets under Custody include client-owned securities held at the IOR for custodial purposes. The clients make all investment decisions and the IOR has no discretionary power to manage these assets, provided that such decisions are in accordance with the role and mission of the Institute.

Assets under Custody are also measured based on current bid prices, using the mark-to-market method. They also include accruals on interest to be received on debt securities.

PART 3. INFORMATION ON THE INCOME STATEMENT

SECTION 1 – Interest (Items 10-20 Income statement)

1.1 Interest income and similar revenues: detail

	Debt securities	Loans	Other transactions	2025	2024
1. Financial assets at fair value through profit or loss					
- Financial assets held for trading	1,976			1,976	2,262
- Financial assets designated at fair value					
- Other financial assets mandatorily at fair value					
2. Financial assets at fair value through other comprehensive income	24,325			24,325	16,050
3. Financial assets at amortised cost					
- Loans and advances to banks	2,248	4,100		6,348	10,107
- Loans and advances to customers	5,371	1,209		6,580	7,916
4. Hedging derivatives					
5. Other assets					
6. Financial liabilities					
TOTAL	33,920	5,309		39,229	36,335
of which: interest income on non-performing financial assets		23		23	31

Interest income increased compared with the previous financial year, mainly due to higher interest received on securities held in the portfolio, primarily under the Held to Collect and Sell business model.

The composition of interest income reflects the greater emphasis to the HTCS business model compared with the HTC and trading models.

Interest and similar income accrued during the year in positions classified as non-performing (other than those recorded in the item 130 Income Statement “Net impairment losses/recoveries for credit risk”) at the balance sheet date amounted to EUR 23 thousand (2024: EUR 31 thousand). These amounts were directly deducted from the amount shown under line “3. Financial assets measured at amortised cost – Loans and advances to customers.”

1.2 Interest income and similar revenues: details in currencies other than the Euro

	Debt securities	Loans	Other transactions	2025	2024
1. Financial assets at fair value through profit or loss					
- Financial assets held for trading	1,913			1,913	597
- Financial assets designated at fair value					
- Other financial assets mandatorily at fair value					
2. Financial assets at fair value through other comprehensive income	18,872			18,872	5,215
3. Financial assets at amortised cost					
- Loans and advances to banks	1,761	2,890		4,651	2,776
- Loans and advances to customers	3,939	1,173		5,112	868
4. Hedging derivatives					
5. Other assets					
6. Financial liabilities					
TOTAL	26,485	4,063		30,548	9,456
of which: interest income on non-performing financial assets					

1.3 Interest expense and similar charges: detail

	Payables	Securities	Other transactions	2025	2024
1. Due to Public Entities					
(i) Public Authorities					
(ii) Foreign Public Authorities					
(iii) International and Regional Organisations					
2. Financial liabilities at amortised cost					
- Due to banks	(4)			(4)	(11)
- Due to customers	(6,899)			(6,899)	(6,892)
- Debt securities issued					
3. Financial liabilities held for trading					
4. Financial liabilities designated at fair value					
5. Other liabilities and funds					
6. Hedging derivatives					
7. Financial assets					
TOTAL	(6,903)			(6,903)	(6,903)

Interest expense is broadly in line with the previous year.

1.4 Interest expense and similar charges: details in currencies other than the Euro

	Payables	Securities	Other transactions	2025	2024
1. Due to Public Entities					
(i) Public Authorities					
(ii) Foreign Public Authorities					
(iii) International and Regional Organisations					
2. Financial liabilities at amortised cost					
- Due to banks	(1)			(1)	(3)
- Due to customers	(2,456)			(2,456)	(2,586)
- Debt securities issued					
3. Financial liabilities held for trading					
4. Financial liabilities designated at fair value					
5. Other liabilities and funds					
6. Hedging derivatives					
7. Financial assets					
TOTAL	(2,457)			(2,457)	(2,589)

SECTION 2 – Fee and commission (Items 40-50 Income Statement)

2.1 Fee and commission income: detail

	2025	2024
a) Guarantees granted/received	8	9
b) Credit derivatives		
c) Asset management, brokerage and advisory services:		
1. Trading financial instruments	23	4
2. Foreign exchange trading		
3. Portfolio management activities		
3.1 individual	22,897	22,203
3.2 collective		
4. Custody and administration of securities	3,763	4,579
5. Custodian bank		
6. Securities placement		
7. Receipt and transmission of orders		
8. Consulting on:		
8.1 investments		
8.2 financial structure		
9. Distribution of third-party services		
9.1 portfolio management		
9.1.1 individual		
9.1.2 collective		
9.2 insurance products		
9.3 other products		
d) Collection and payment services	5,916	4,861
e) Servicing of securitisation		
f) Factoring services		
g) Tax collection services		
h) Multilateral trading systems management		
i) Current account keeping and management	331	356
j) Other services	2	1
TOTAL	32,940	32,013

Fee and commission income is broadly in line with the previous financial year, reflecting the combined effect of the following factors:

- higher asset management fees (EUR 0.7 million), mainly due to the increase in assets under management;
- lower custody commission (EUR -0.8 million), mainly due to lower average pricing;
- higher fees for collection and payment services (EUR 1.0 million), primarily due to the increase in transaction volumes for POS operations.

2.2 Fee and commission income: distribution channels of products and services

All the IOR products and services are offered at IOR offices located in Vatican City State.

2.3 Fee and commission expense: detail

	2025	2024
a) Guarantees granted/received		
b) Credit derivatives		
c) Asset management and brokerage services:		
1. Trading financial instruments	(2)	
2. Foreign exchange trading		
3. Portfolio management activities		
3.1 own portfolio		
3.2 third-party portfolio		
4. Custody and administration of securities	(2,056)	(1,996)
5. Placement of financial instruments		
6. Off-site offer of financial instruments, products and services		
d) Collection and payment services	(4,550)	(3,405)
e) Current account keeping and management		
1. current account keeping	(71)	(75)
2. liquidity management	(24)	(5)
f) Other services	(70)	(72)
TOTAL	(6,773)	(5,553)

Fee and commission expense increased overall compared with the previous financial year, primarily as a result of higher costs incurred for POS operations, corresponding to the increase in related fee and commission income. Other fees remain in line with 2024.

SECTION 3 – Dividends and similar income (Item 70 Income Statement)

3.1 Dividend income and similar revenues: detail

	2025		2024	
	Dividends	Income from UCI	Dividends	Income from UCI
A. Financial assets at fair value through profit or loss				
- Financial assets held for trading		22		
- Financial assets mandatorily measured at fair value				
B. Financial assets at fair value through other comprehensive income	11		10	
C. Investment in subsidiaries				
TOTAL	11	22	10	

SECTION 4 – Net trading result (Item 80 Income Statement)

4.1 Net trading result: detail

	2025				
	Unrealised profit (A)	Realised profit (B)	Unrealised loss (C)	Realised loss (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading					
1.1 Debt securities	21	478	431	256	(188)
1.2 Equity securities					
1.3 UCI units			13		(13)
1.4 Loans					
1.5 Other					
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Payables					
2.3 Other					
3. Financial assets and liabilities: exchange differences	4	761	8		757
4. Derivatives					
4.1 Financial derivatives					
- On debt securities and interest rates					
- On equity securities and stock indices					
- On currencies and gold					
- Other					
4.2 Credit derivatives					
of which: economic hedges related to the fair value option					
TOTAL	25	1,239	452	256	556

	2024				
	Unrealised profit (A)	Realised profit (B)	Unrealised loss (C)	Realised loss (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading					
1.1 Debt securities	19	350		19	350
1.2 Equity securities					
1.3 UCI units			5,133	256	(5,389)
1.4 Loans					
1.5 Other					
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Payables					
2.3 Other					
3. Financial assets and liabilities: exchange differences	37	1,100	179		958
4. Derivatives					
4.1 Financial derivatives					
- On debt securities and interest rates					
- On equity securities and stock indices					
- On currencies and gold					
- Other					
4.2 Credit derivatives					
of which: economic hedges related to the fair value option					
TOTAL	56	1,450	5,312	275	(4,081)

Debt securities recorded a loss of EUR 188 thousand in 2025 (2024: gain of EUR 350 thousand), consisting of a net realised gain of EUR 222 thousand (2024: realised gain of EUR 331 thousand) and an unrealised loss of EUR 410 thousand (2024: unrealised gain of EUR 19 thousand).

Units of UCITS recorded a loss of EUR 13 thousand in 2025 (2024: loss of EUR 5.4 million). The realised result was zero (2024: loss of EUR 256 thousand), while the unrealised loss amounted to EUR 13 thousand (2024: unrealised loss of EUR 5.1 million).

Line 3 "Financial assets and liabilities: foreign exchange differences" includes a gain of EUR 757 thousand in 2025 (2024: gain of EUR 958 thousand). The realised gain amounted to EUR 761 thousand (2024: realised gain of EUR 1.1 million), while the net unrealised loss amounted to EUR 4 thousand (2024: unrealised loss of EUR 142 thousand).

SECTION 6 – Net gain (loss) on disposal or repurchase (Item 100 Income Statement)

6.1 Net gain (loss) on disposal or repurchase: detail

	2025			2024		
	Profits	Losses	Net Result	Profits	Losses	Net Result
Financial assets						
1. Financial assets at amortised cost						
- Loans and advances to banks		(5)	(5)			
- Loans and advances to customers		(491)	(491)	182		182
2. Financial assets at fair value through other comprehensive income						
2.1 Debt securities	8,682	(994)	7,688	121	(618)	(497)
2.2 Loans						
TOTAL ASSETS	8,682	(1,490)	7,192	303	(618)	(315)
Financial liabilities at amortised cost						
1. Due to banks						
2. Due to customers						
3. Debt securities issued						
TOTAL LIABILITIES						

This item includes gains and losses arising from the disposal of debt securities held under the Held to Collect and Held to Collect and Sell business models. The positive result mainly relates to debt securities held under the Held to Collect and Sell business model and arises from the sale of securities as part of the active management of the yield curve and exposures.

SECTION 8 – Net impairment losses/recoveries for credit risk (Item 130 Income Statement)

8.1 Net impairment losses for credit risk related to financial assets at amortised cost: detail

	Write-downs (1)			Write-backs (2)		2025 (1)+(2)	2024 (1)+(2)
	Stage III		Stage I and II	Stage III	Stage I and II		
	Write-off	Other					
1. Loans and advances to banks:							
a) Acquired or originated impaired							
- Loans							
- Debt securities							
b) Other receivables							
- Loans							
- Debt securities					140	140	102
2. Loans and advances to customers							
a) Acquired or originated impaired							
- Loans							
- Debt securities							
b) Other receivables							
- Loans	(2)	(52)	90	1,030		1,066	(1,991)
- Debt securities					92	92	71
TOTAL	(2)	(52)	90	1,030	232	1,298	(1,818)

The item includes the adjustments and the value recoveries deriving from the measurement of the expected loss on the portfolio of debt securities and loans, managed according to the *Held to Collect* business model in accordance with the accounting standard IFRS 9-Financial Instruments.

The reversals of impairment relating to Stage III recognised during the year relate to repayments of portions of non-performing loans that had been fully or partially impaired in previous years, while the impairment losses recognised in 2024 related to non-performing loans impaired during the previous financial years.

The recoveries relating to Stages I and II recorded on debt securities in the year refer to the decrease of expected losses on debt securities compared to the origination or recognised at the end of the previous year.

8.2 Net impairment losses for credit risk related to financial assets at fair value through other comprehensive income: detail

	Write-downs (1)			Write-backs (2)		2025 (1)+(2)	2024 (1)+(2)
	Stage III		Stage I and II	Stage III	Stage I and II		
	Write-off	Other					
1. Debt securities					35	35	264
2. Loans of which acquired or originated impaired							
- to banks							
- to customers							
TOTAL					35	35	264

The item includes the adjustments and the value recoveries deriving from the measurement of the expected loss on the portfolio of debt securities, managed according to the *Held to Collect and Sell* business model in accordance with the accounting standard IFRS 9-*Financial Instruments*.

The reversals of impairment relating to Stages I and II recognised during the year relate to a reduction in expected credit losses compared with those recognised at initial recognition or at the end of the previous financial year. The reversals recognised in 2024 were recorded for the same reason.

SECTION 9 – Administrative expenses (Item 150 Income statement)

9.1 Staff expenses: detail

	2025	2024
A. Staff		
1. Wages and salaries	(7,074)	(6,761)
2. Social security charges		
3. Severance pay		
4. Supplementary benefits	(843)	(792)
5. Staff severance provision	(610)	(581)
6. Provisions for post-employment benefits		
(a) defined contribution plans		
(b) defined benefit plans	(5,169)	(5,213)
7. Payments to complementary pension plans		
(a) defined contribution plans		
(b) defined benefit plans		
8. Other benefits for employees	(906)	(751)
B. Personnel with contracts pursuant to art. 10 (par.1)		
1. letter (b)		
2. letter (c)		
3. letter (d)		
C. Fees and expenses relating to the Governing Bodies (Board of Superintendence and Director General)	(953)	(873)
D. Early retirement cost		
E. Recovery of expenses relating to employees seconded to other entities		
F. Reimbursement of expenses for employees of the institutions and organisations of the Holy See and the Vatican City State seconded to the Institute		
TOTAL	(15,555)	(14,971)

9.2 Average number of employees by categories

CATEGORY	Total	Executives	Officials	Staff
Average number	110	11	26	73

9.3 Post-employment defined benefit plans: costs and revenues

POST-EMPLOYMENT DEFINED BENEFIT PLANS: COSTS	2025	2024
Service Cost of internal Pension Plan	(1,858)	(1,997)
Interest Cost of internal Pension Plan	(3,262)	(3,165)
New position cost	(49)	(51)
Contribution to Vatican Pension Plan	(843)	(792)
TOTAL COSTS	(6,012)	(6,005)
Post-employment defined benefit plans: revenues		
TOTAL	(6,012)	(6,005)

9.5 Professional service expenses: detail

	2025	2024
A. Professional service expenses		
1. Legal services	(2,183)	(1,854)
2. Notary services		
3. Management consultancies	(657)	(206)
4. Technical consultancies	(684)	(869)
5. Operational consultancies	(437)	(167)
6. Translation services	(81)	(45)
B. Expenses related to work contracts		
1. ex art. 10 (par. 1) letter (a)		
2. ex art. 11 (par. 1)		
C. Expenses related to outsourcing contracts		
D. Expenses related to external auditors	(105)	(101)
TOTAL	(4,147)	(3,242)

9.6 Other administrative expenses: detail

OTHER ADMINISTRATIVE EXPENSES	2025	2024
1. Software maintenance	(2,177)	(2,071)
2. Other maintenance	(603)	(634)
3. Information providers	(1,404)	(1,304)
4. Other expenses	(1,361)	(1,530)
TOTAL	(5,545)	(5,539)

SECTION 11 – Net value adjustments to/recoveries on tangible assets (Item 170 Income statement)

11.1 Net value adjustments to/recoveries on tangible assets: detail

	2025				2024			
	Depreciation (a)	Impairment losses (b)	Recoveries (c)	Net result (a+b-c)	Depreciation (a)	Impairment losses (b)	Recoveries (c)	Net result (a+b-c)
A. Tangible assets								
A.1 Owned assets								
- Functional use	(323)			(323)	(258)			(258)
- For investment								
- Inventories								
A.2 Acquired under finance lease								
- Functional use	-			-	(43)			(43)
- For investment								
TOTAL	(323)			(323)	(301)			(301)

SECTION 12 – Net value adjustments to/recoveries on intangible assets (Item 180 Income statement)

12.1 Net value adjustments to/recoveries on intangible assets: detail

	2025				2024			
	Depreciation (a)	Impairment losses (b)	Recoveries (c)	Net result (a+b-c)	Depreciation (a)	Impairment losses (b)	Recoveries (c)	Net result (a+b-c)
A. Tangible assets								
A.1 Owned assets								
- Internally generated by the Institute								
- Other	(737)			(737)	(827)			(827)
A.2 Acquired under finance lease								
TOTAL	(737)			(737)	(827)			(827)

SECTION 13 – Other operating income (expenses) (Item 190 Income statement)

13.1 Other operating income (expense): detail

	2025	2024
A. Income	9,722	7,652
Legates closure	1,805	
Compensation	555	1,650
Extraordinary income	2,577	451
Write-backs from gold and precious metals		
Gain on sale of property		
P&L result of employees' Pension Plan (gain)	1,796	3,587
Realised gain from gold and precious metals	2,989	1,964
Tax recoveries		
B. Expenses	(115)	(54)
Operating losses	(40)	(53)
Extraordinary expenses	(75)	(1)
Impairment on gold and precious metals		
Realised loss from gold and precious metals		
P&L result of employees' Pension Plan (loss)		
TOTAL	9,607	7,598

In 2025, this item mainly consists of the closure of non-autonomous pious foundations ("Legates") in accordance with Canon Law (2025: EUR 1.8 million), the positive result relating to the management of the Employees' Pension Plan (2025: EUR 1.8 million; 2024: EUR 3.6 million), the gain arising from gold trading (2025: EUR 3.0 million; 2024: EUR 2.0 million), the extraordinary income resulting from the reversal of a cost accrued in previous financial years and no longer payable (2025: EUR 2.5 million), and the compensation of a lawsuit for past abuse (2025: EUR 0.55 million; 2024: EUR 1.65 million).

SECTION 15 – Net result of fair value measurement of tangible and intangible assets (Item 220 Income statement)

15.1 Net result of changes in the fair value (or the revalued value) or the presumable realisable value of tangible and intangible assets: detail

	2025				2024					
	Revaluations (a)	Impairment (b)	Foreign exchange differences		Net result (a-b+c-d)	Revaluations (a)	Impairment (b)	Foreign exchange differences		Net result (a-b+c-d)
			Positive (c)	Negative (d)				Positive (c)	Negative (d)	
A. Tangible assets										
A.1 Owned assets										
- Functional use										
- Held for investment	70	(20)			50	90				90
B. Intangible assets										
B.1 Owned assets										
B.1.1 Internally generated by the Institute										
B.1.2 Other										
B.2 Acquired under finance lease										
TOTAL	70	(20)			50	90				90

PART 4. INFORMATION ON COMPREHENSIVE INCOME

	2025			2024		
	Amount before tax	Income tax	Net amount	Amount before tax	Income tax	Net amount
10. Profit (loss) for the year	50,954		50,954	32,760		32,760
Other comprehensive income that will not be reclassified to the Income Statement						
20. Equity instruments designated at fair value through other comprehensive income						
a) change in fair value	(47)		(47)	524		524
b) transfer to other components of Equity (equity securities cancelled)						
c) transfer to the Income Statement	19		19	1		1
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)						
40. Hedge accounting of equity instruments designated at fair value through other comprehensive income						
a) change in fair value (hedged item)						
b) change in fair value (hedging instrument)						
50. Tangible assets						
60. Intangible assets						
70. Defined-benefit plans: change in actuarial reserve	12,466		12,466	4,653		4,653
70.1 Return on Plan Assets of defined-benefit plans	17,513		17,513	5,872		5,872
80. Non-current assets and disposal groups classified as held for sale						
90. Portion of valuation reserves from investments valued at equity method						
100. Income taxes relating to other income components without reversal to the Income Statement						
Other comprehensive income that will be reclassified to Income Statement (after tax)						
110. Hedging of foreign investments						
(a) change in fair value						
(b) transfer to the Income Statement						
(c) other changes						
120. Foreign exchange differences						
(a) change in fair value						
(b) transfer to the Income Statement						
(c) other changes						

	2025			2024		
	Amount before tax	Income tax	Net amount	Amount before tax	Income tax	Net amount
130. Cash flow hedging						
(a) change in fair value						
(b) transfer to the Income Statement						
(c) other changes						
of which: result of net positions						
140. Hedging instruments						
(a) change in fair value						
(b) transfer to the Income Statement						
(c) other changes						
150. Financial assets (different from equity instruments) at fair value through other comprehensive income						
(a) change in fair value	18,697		18,697	42,359		42,359
(b) transfer to the Income Statement	(2,374)		(2,374)	(8,344)		(8,344)
(c) other changes						
160. Non-current assets and disposal groups classified as held for sale						
(a) change in fair value						
(b) transfer to the Income Statement						
(c) other changes						
170. Portion of valuation reserves from investments valued at equity method						
(a) change in fair value						
(b) transfer to the Income Statement						
(c) other changes						
180. Income taxes related to other comprehensive income that will be reclassified to Income Statement						
190. Total other comprehensive income	46,274		46,274	45,065		45,065
200. Comprehensive income (Item 10+190)	97,228		97,228	77,825		77,825

ATTACHMENTS

A.1 Disclosure concerning the fees of the independent auditors and services other than auditing

During 2025, no remuneration was paid to entities belonging to the Deloitte & Touche S.p.A. audit other than fees relating to the statutory audit of the financial statements.

For audit services, fees amount to EUR 105 thousand (2024: EUR 101 thousand). The fees due are those contractually agreed, not including out-of-pocket expenses or taxes while inclusive of any indexation and flat rate reimbursement of expenses.

A.2 Exchange rates at the balance sheet date

The balances at year-end denominated in foreign currencies are mainly measured at the exchange rates observed by the European Central Bank on the last working day of the year (in 2025: 31 December).

Exchange rates not quoted by the European Central Bank were obtained from primary information providers at the same date.

For the 2025 financial statements, the exchange rates applied are as follows:

CURRENCY		2025	2024
USD	USD	1.1750	1.0389
CHF	CHF	0.9314	0.9412
CAD	CAD	1.6088	1.4948
English Pounds	GBP	0.8726	0.8292
AUD	AUD	1.7581	1.6772
Japanese Yen	JPY	184.09	163.06
Czech Crowns	CZK	24,237	25.185
Danish Crowns	DKK	7.4689	7.4578
Norwegian Crowns	NOK	11.843	11.795
Polish Zloty	PLZ	4.2210	4.275
Swedish Crowns	SEK	10.8215	11.459
South African Rand	ZAR	19.4439	19.6188
Singapore Dollars	SGD	1.5105	1.4164
New Zealand Dollars	NZD	2.0380	1.8532

A.3 Date of authorisation for issue

The financial statements were presented and authorised for issuance by the Director General on 01 April 2026 and approved by the Board of Superintendence on 28 April 2026.

PART 5. INFORMATION ON RISKS AND HEDGING POLICIES

5.1 Introduction

The Institute's policies and procedures for the management and monitoring of risks arising from investment decisions are summarised in the following paragraphs, with a focus on the bodies involved and their responsibilities. The Institute decided:

- a) to assign risk measurement functions and risk control to a specific department, i.e. the Risk Management Department;
- b) to assign the definition of operating limits, the authorisation of possible overruns or payment requests within assigned limits, to a Control Functions Committee.

This structure is based on the Vatican laws and rules and requirements provided by the Supervisory and Financial Information Authority (ASIF), as defined by Regulation ASIF no.1/2015 on prudential supervision of entities carrying out financial activities on a professional basis (Regulation no.1), implementing Title III of the Law no. XVIII promulgated on 8 October 2013 covering norms on "Transparency, Supervision and Financial Intelligence" (Law no. XVIII).

The Risk Management Department is a structure independent from risk-taking functions, which reports to the Director General with a hard line and reports to the Board of Superintendence with a dotted line.

The following paragraphs disclose the roles of the different organisational structures and the governing bodies involved in the monitoring and management of risks.

5.1.1 Duties and responsibilities of bodies involved

The Institute bodies involved in various capacities in the management and monitoring of risk relating to investment decisions are the following:

- Board of Superintendence;
- Director General;
- Control Functions Committee;
- Crisis Committee;
- Risk Management Department;
- Compliance, AML and CFT Department;
- Security and Business Continuity Department;
- Internal Audit Department;
- Finance and Investments Area.

5.1.1.1 Board of Superintendence

The Board of Superintendence is responsible for defining the strategic guidelines, the Risk Appetite and general policies for risk management. The Board of Superintendence can request the Director General to update the guidelines for the measurement and assessment of risks and periodically monitors the performance of risks and compliance with the limits established on the basis of the information produced by the Risk Management Department and the Control Functions Committee.

Furthermore, the Board of Superintendence, consistently with general roles and responsibilities assigned by the Statutes:

- defines and approves strategic guidelines and provides for their periodic review, considering the business evolution of the Institute and the reference framework in order to guarantee their effectiveness over time;
- defines and approves, based on a proposal from the Director General, the business model according which the Institute shall manage financial assets and the subsequent classification and measurement in accordance with the provisions of international accounting standard in force from time to time;
- defines and approves, based on a proposal from the Director General, changes to the current business model and the consequent reclassification of financial assets in compliance with provisions of the international accounting standards, the laws and regulations of the Holy See, Vatican City State and ASIF and in proper compliance with economic and financial rules, fully respecting the Institute's mission;
- ensures, through the Director General, the implementation of the programs and the objectives defined with regard to investments and other activities, while verifying their consistency with the business models adopted;
- ratifies, in case of stress circumstances, the disposals of financial assets held in the Held to Collect portfolio, authorised by the Director General based on the proposal of the Control Functions Committee, exceeding the risk and maturity limits and frequency and significance thresholds defined in the existing policy.

In these areas, the Supervisory Board is supported by the Audit & Risk Committee, a Board committee established in accordance with the Institute's Statute.

5.1.1.2 Director General

Based on the guidelines set forth by the Board of Superintendence, the Director General establishes the risk management and monitoring methodologies and their implementation and integration proposed by the Control Functions Committee, and the general structure of market and credit operational limits (counterparty risk and issuer risk), consistent with the overall Risk Appetite.

The Director General monitors risk exposure on a daily basis through reports produced by the Risk Management Department and is informed promptly by the department when operational limits have been exceeded and can request an emergency meeting of the Control Functions Committee.

When operational limits are exceeded, an escalation procedure is defined with the involvement of different levels of governance, including the Board of Superintendence, as well as specific deadlines for return, depending on the significance of the events. When needed and supported by the Control Functions Committee, the Director General determines a further and specific way in which the overrun may be managed:

- the Director General can authorise the overrun specifying the period for which the authorisation is granted;
- the Director General can ask the head of the operating area involved for a recovery plan to be established.

Furthermore, the Director General:

- ensures the implementation of the strategic decisions defined by the Board of Superintendence;
- proposes, for approval by the Board of Superintendence, the Institute's business according to which the Institute shall manage financial assets and the subsequent classification and measurement in accordance with the provisions of international accounting standards in force from time to time;
- proposes, for approval by the Board of Superintendence, changes to the current business model and the subsequent reclassification of financial assets in accordance with provisions of the international accounting standards and in compliance with laws and regulations of the Holy See, Vatican City State and ASIF and in proper compliance with economic and financial rules;
- leads and coordinates activities carried out by the Chief Financial Officer (CFO), for the implementation of programs and the objectives defined with regard to investments and other activities;
- authorises, in case of stress situations, the sales of financial assets included in the Held to Collect portfolio, on proposal of the Control Functions Committee, exceeding the risk and maturity limits and frequency and significance thresholds defined in the existing policy.

5.1.1.3 Control Functions Committee

The Control Functions Committee, chaired by the Director General, addresses matters relating to internal control and risk management, in particular through the assessment of risks relevant to the Institute, deficiencies in the internal control system, and the progress of corrective actions to be implemented for risk mitigation purposes.

The Control Functions Committee:

- monitors and assesses the risks relevant to the Institute, including the main risks arising from non-compliance with rules and regulations that may lead to sanctions or damage the Institute's reputation, highlighting the corrective actions agreed to mitigate such risks;
- enables coordination between the Control Functions in planning and carrying out control activities;
- examines the results of the monitoring activities carried out by the first, second and third level units, by the Supervisory Authority and by the independent auditors;
- examines the results of the monitoring activities carried out in the area of IT risks and by the Delegates Law No. LIV, analysing any incidents in order to understand their causes and plan the corrective actions required;
- analyse the progress of corrective actions, highlighting any delays in their implementation;
- resolve on proposals for risk acceptance submitted by the owner of the corrective action, where the action is deemed not feasible on a cost-benefit basis, providing the supporting rationale for the proposal;
- makes proposals to the Board of Superintendence for the definition of the *Risk Appetite Framework*, defining a limit structure for the Institute's operational areas;
- analyses RAF metrics;
- reviews the reports produced by the Control Functions;
- examines the ICAAP report on the Institution's capital adequacy before it is submitted to the Board of Superintendence;

- assess the Business Continuity Plan (including its updates), presented by the Business Continuity Manager, before it is submitted to the Supervisory Board;

The Control Functions Committee also performs the following relevant tasks for the financial reporting:

- decide, upon proposal of the CFO, in stress scenarios, on the disposal of financial assets held under the Held to Collect business model, subject to subsequent approval by the Director General and ratification by the Supervisory Board, in derogation from the limits on frequency and materiality defined by the applicable policy;
- proposes, with the support of the Head of the Accounting Office, any changes to the policy on the classification and measurement of financial assets.

The organisational aspects of the Control Functions Committee are disclosed in an appropriate regulation.

5.1.1.4 Crisis Committee

The Crisis Committee represents the body responsible for crisis management, within which all decisions necessary to ensure the restoration of the Institute's critical processes within tolerable timeframes are taken, while limiting economic, operational and reputational impacts and ensuring the protection of personnel. The organisational aspects of the Crisis Committee are governed by a specific Regulation.

The Committee supports the Director General in assessing scenarios and actions to be undertaken in order to address the emergency, mitigate its impact and restore normal operating conditions.

In particular, in the event of a crisis:

- assesses, with the support of the Business Continuity Manager (BCM) and the Support Team, the impacts caused by the event;
- defines the crisis management plan and the recovery plan;
- proposes the most appropriate external communication strategy;
- continuously monitors the evolution of the crisis;
- assesses the information to be provided to the Supervisory Board;
- defines the communication to be provided to the ASIF/EPC;
- assesses medium- and long-term threats and opportunities arising from the crisis, as well as any improvement actions to be implemented following recovery.

In addition, the Committee meets in the ordinary course of business in order to:

- approve the measures necessary for the development of the Business Continuity Plan;
- approve formal updates to the Plan;
- define the communications to be issued following updates to the Plan.

5.1.1.5 Risk Management Department

The IOR Risk Management Department:

- presents to the Control Functions Committee issues related to the Institute's exposure to market, credit, liquidity, operational and reputational risks, proposing methodologies, instruments and processes for the management of those risks;

- is responsible for the implementation, validation and maintenance of a risk exposure control system and its performance;
- observes the market, credit and liquidity risks and trading activity performance of IOR securities on a daily basis, preparing specific reports for the Board, the Director General and the Finance&Treasury Department;
- monitors compliance with the risk indicators outlined in the *Risk Appetite Framework* approved by the Board of Superintendence, preparing specific reports;
- monitors that the financial assets are managed in compliance with the *Risk Appetite Framework* and with the business model defined on the basis of international accounting standards;
- monitors adherence to operational limits in the Institute's trading activity, promptly informing the Director General, the CFO and the Finance&Treasury Department of any overruns. When limits are exceeded, it can request an emergency meeting of the Control Functions Committee;
- calculates capital requirements in compliance with regulatory requirements;
- supports, together with the Accounting Office, the Finance&Treasury Department, in carrying out analyses for the classification and valuation of financial instruments according to the requirements of the chosen business model Held to Collect, Held to Collect and Sell, Other/Negotiation (FVTPL);
- monitors, within the scope of controls for which it is responsible, the execution of the SPPI test provided by the Finance&Treasury Department;
- monitors the respect of the risk and maturity limits and the defined frequency and significance thresholds in case of sale of securities of the *Held to Collect* portfolio;
- supports the Business functions in identification and managing operational risks and consolidates the relative information in reporting to the Director General, the Control Functions Committee and the Board of Superintendence;
- periodically monitors the risk mitigation actions taken by Business functions on the main operational risks identified;
- promotes a risk culture within the Institute, particularly in relation to operational risks;
- monitors sustainability trends in the financial sector, supporting the Compliance, AML and CFT Function in analysing applicable European and international regulations;
- contributes to the identification of sustainability guidelines, in line with the Institute's strategic objectives and the principles of the Social Doctrine of the Catholic Church (SDC);
- cooperates with the Institute's organisational units to integrate sustainable practices into operations;
- monitors the implementation of SDC investment strategies identified by the Institute;
- contributes to the Institute's risk assessment, with particular reference to ESG and FCI risks;
- supports periodic reporting to the Institute's governing bodies on the management of sustainability-related risks;
- oversees communication and reporting on sustainability matters;
- promotes a culture of sustainability through internal and external initiatives.

5.1.1.6 Compliance, AML and CFT Department

The IOR Compliance Department, in accordance with the ASIF Regulation no. 1/2015, oversees, using a risk-based approach, management of the risk of non-compliance in corporate activity.

In particular, it is responsible for managing the risk of non-compliance with the most important regulations, such as those relating to financial activity and brokerage, anti-money laundering, and management of conflicts of interest.

As regulated by Article 29 of Regulation no. 1/2015, the Compliance Department:

- continuously identifies the rules applicable to the Institute and its activities and services provided; measures and assesses the impact of any changes on existing processes and internal procedures;
- verifies compliance with external regulatory requirements and self-regulation;
- proposes organisational and procedural changes that ensure adequate supervision of the risk of non-compliance with identified rules;
- monitors effectiveness of the suggested organisational changes for prevention of the risk of non-compliance;
- prepares direct information flows for the Institute's governance bodies and for the other functions/structures concerned;
- provides advice and assistance to the Institute's governance bodies for all matters in which the non-compliance risk is relevant;
- collaborates in training personnel on the provisions applicable to the Institute's activities.

5.1.1.7 Security and Business Continuity Department

This function is responsible for defining and implementing the Institute's logical and physical security policies. Its main activities include:

- defining logical and physical security policies, identifying their scope and ensuring their adequacy in light of technological developments and emerging threats;
- managing responses to physical and IT security incidents, with the support of the IT Department and the Control Functions, including the classification of incidents and the monitoring of the related management processes;
- analysing and assessing vulnerabilities and threats affecting the Institute's information system through security posture assessments, including vulnerability assessments and penetration tests;
- overseeing Disaster Recovery testing;
- evaluating the adoption of new technological solutions aimed at enhancing the protection of the information system, in coordination with the IT Department;
- analysing and defining logical and physical security requirements in the context of new projects and system developments;
- performing IT risk assessments and monitoring IT risk indicators in line with the Institute's Risk Appetite;
- overseeing the Security Operations Centre (SOC) and threat intelligence systems;

- ensuring the physical security of the Institute, particularly in relation to anti-intrusion, anti-terrorism, anti-theft and robbery protection, including cash transportation, ATMs and POS terminals located within the territory of the Vatican City State, mainly through risk analysis and the development and maintenance of dedicated standards and safeguards;
- defining and monitoring the implementation of logical and physical security controls, such as firewalls, antivirus and anti-malware systems, and perimeter controls (e.g. video surveillance, alarms and access control for internal and external personnel), in collaboration with the relevant organisational units such as the IT Department and the Operations Department;
- periodically verifying the adequacy of user profiles and access rights;
- verifying the adequacy of the system for managing user accounts for both internal and external users;
- promoting a culture of IT risk prevention and physical security, including proposing training initiatives to the Human Resources Office, and assessing the Institute's preparedness to address cyber risks and cyberattacks, also through attack simulations where appropriate;
- raising awareness among customers regarding cyber risks, proposing information initiatives in coordination with the Client Area;
- assessing the risk of banking fraud associated with digital services offered to customers, and proposing appropriate mitigating controls;
- defining the rules for the classification and management of the Institute's information and monitoring their proper application by users;
- defining the methodology for Business Impact Analysis (BIA) and performing periodic assessments;
- defining and proposing Business Continuity (BC) policies and related requirements, communicating them to the operational units for implementation;
- ensuring coordination with the Corps of Gendarmerie, as well as with other entities of the Holy See and the Vatican City State (e.g. Customs and Goods Transit Services, Engineering Laboratory, Fire Brigade), both in the ordinary management of physical security and in the event of incidents or crisis situations.

5.1.1.8 Internal Audit Department

As indicated in Article 31 of the General Regulations of the IOR and in line with the provisions of Article 31 of the ASIF Regulation no. 1/2015, the Internal Audit function verifies (through third-level control activities) the evolution of results and risks, completeness, adequacy, functionality and reliability of the organisational structure and other components of the internal control system, bringing possible improvements to the attention of the bodies of the Institute.

The Internal Audit department, inter alia, performs the following activities:

- evaluates the completeness, adequacy, functionality and reliability of the system of internal controls, including its ability to detect errors and irregularities;
- assesses the effectiveness and efficiency of operational processes;
- assesses the effectiveness of the RAF definition process, the internal consistency of the overall framework and the compliance of operations with the RAF;
- verifies the regularity of operations of the Offices;
- assesses the organisation, powers and responsibilities of the Risk Management function and the Compliance function.

As indicated in art. 31 of the IOR General Regulations and in line with the provisions of art. 27 par. 3 ii) of ASIF Regulation no. 1/2015, Internal Audit reports to the Board of Superintendence.

5.1.1.9 Finance and Investments Area

The Finance and Investments Area, reporting directly to the Director General, is responsible for the Institute's financial activities, the definition of the budget, the preparation of the annual financial statements, and the procurement process for goods and services. The Area implements the strategic and operational decisions defined by the Supervisory Board and the Director General regarding the management of the Institute's proprietary investment portfolio. The Finance&Treasury Department reports to this Area.

The Finance&Treasury Department, operating under the coordination of the Chief Financial Officer (CFO), is responsible for the management and monitoring of the Institute's proprietary portfolio and liquidity, and also oversees the Institute's foreign currency exposure. Portfolio management is carried out in accordance with the investment strategies approved by the Finance Investment Committee and in compliance with the Risk Appetite Framework (RAF) and operational limits.

The Finance&Treasury Department, which operates under the coordination of the CFO, performs the following tasks:

- defines the operating investment decisions to be realised on financial markets, ensuring consistency with strategic goals and predetermined limits;
- requests revisions to the assigned operational limits, or the authorisation to engage with new partners, subject to review by the Control Functions Committee;
- defines, within the limits of the authority granted, the necessary corrective actions to restore the defined risk/return profile;
- manages financial instruments consistent with the business model defined and approved by the Board of Superintendence, in compliance with laws and regulations of the Holy See, Vatican City State, ASIF and with adherence to the best practice of international markets;
- assigns the business model to any new debt instrument bought for the IOR portfolio and is responsible for the business model test execution for classification purposes;
- executes the SPPI test, for the purposes of measuring any new debt instrument bought for the IOR portfolio if managed according to the Held to Collect or Held to Collect and Sell business models.

5.1.2 Risk culture and further developments

Over the years, the Institute has undertaken a comprehensive review of its approach to managing financial, credit, liquidity, operational and reputational risks. This process has involved the strengthening of first-level controls, second-level controls (Risk Management and Compliance) and third-level controls (Internal Audit), as well as the revision of risk measurement and assessment systems and alignment with market best practices.

The approval of a Risk Appetite Framework integrated in the activities of daily risk management allows for the development and dissemination of a risk culture, while the consolidation of the role of the Control Functions Committee has contributed to maintaining a high level of attention from the management.

5.2 Credit risk

Information on credit risk and related hedging policies

5.2.1 Qualitative information

5.2.1.1 General aspects

Credit risk rises from the possibility that counterparties may fail to meet its obligations. Depending on the nature of those commitments, the Institute's credit risk concerns two categories:

- a) credit risk arising from the Institute's investment and trading activity for their own account and on behalf of its clients. Credit risk represents the risk that a counterparty may not fulfil its contractual obligations related to a transaction concerning financial instruments. This risk may be classified in three categories:
 1. cash risk (e.g. bank deposits);
 2. issuer risk (e.g. debt securities);
 3. counterparty risk, mainly generated by the operations in Delivery versus Payment (e.g. term operations, repos).
- b) credit risk arising from loans to customers.

It should be mentioned that the Institute credit activity is residual and strictly subject to the constraints of the ASIF authorisation and the limits established by the Board of Superintendence.

In general, the main sources of credit risk derive from the investment in bonds, mainly issued by government, financial and corporate "Investment Grade" and by deposits with banks.

At the reporting date, the bond portfolio totalled approximately EUR 2.1 billion, with an average duration of about 2.48 years - including cash - and high credit quality (97% rated investment grade). The portfolio is diversified across sovereign securities issued by major European countries (including both core and peripheral), the United States of America, and, marginally, non-OECD countries, as well as securities issued by financial and corporate issuers.

Additional details on the composition of the bond portfolio are provided in the following paragraphs.

5.2.1.2 Credit risk management policies

5.2.1.2.1 Organisational aspects

The credit risks related to proprietary investment activity, as already disclosed, concerns almost all of the credit risk of the Institute and is managed by Finance and Investment Area. The Finance&Treasury Department is responsible for managing credit risk on operational basis in compliance with operational limits.

In particular, the process of risk assumption involves the following:

- the Board of Superintendence which approves the Budget, the Risk Appetite Framework, the investment portfolio strategy and risk profile, including exposure to the main credit risks;
- the Director General who delegates the operational management of market and credit risks to the Finance & Treasury Department, through the Chief Financial Officer (CFO), within the limits defined by the Risk Appetite Framework and pre-established operational limits;

- the Finance&Treasury Department, which assumes credit risk in its operations in compliance with defined limits. The assumption of credit risk for amounts greater than the predetermined limit assigned to the Department requires the authorisation of the CFO, the Director General or the Board of Superintendence;
- the Control Functions Committee which supports the Director General in establishing a system of credit risk management and monitoring, defining operational limits, analysing any overruns and in evaluating authorisations of exceeded limits;
- the Risk Management Department, which monitors compliance with operational limits, promptly reporting any unauthorised overruns to the Director General.

5.2.1.2.2 Management, measurement and control systems

Credit risk monitoring activity is delegated to the Risk Management Department, applying the Institute's specific methodology, validated by the Control Functions Committee and approved by the Director General.

This methodology provides, for the definition of:

- a list of counterparties with whom the Finance&Treasury Department is allowed to engage. For each counterparty, the type of risk that the Institute can assume and the maximum amount of exposure are defined;
- credit risk quantification criteria for each financial instrument, distinguishing between counterparty risk, issuer risk and cash risk.

In order to quantify the maximum amount of exposure to each counterparty the method provides the use of an internal rating, defined according to the credit rating expressed from the main International Rating Agencies.

5.2.1.2.3 Expected loss measurement models

The Institute has developed a methodology for measuring the expected loss in line with the accounting standard IFRS 9-Financial instruments, differentiating between the main types of debtors and financial assets to which credit exposures relate. In particular, with regard to advances, credit lines and overdrafts, two categories of customers have been identified: "Consumers" and "No Profit"; in the case of other exposures (debt securities and deposits), the categories "Corporates", "Financials" and "Sovereigns" have been identified.

For each category, the Institute has defined the methodological criteria and consistently estimated the credit parameters relating to the "Probability of Default" (PD), "Loss Given Default" (LGD) and "Exposure at Default" (EAD) using a combination of internally observed historical data (in particular in the case of the Consumer and No Profit categories) and external data taken from official and public databases.

Since no internal credit rating models have been developed with respect to the "Consumer" and "No Profit" classes, the parameters are estimated in aggregate terms, i.e. without differentiating between different degrees of risk, with the exception of the LGD and EAD parameters, which depend on the collaterals and the facility type. For the other categories of debtors, the risk differentiation is carried out in accordance with external ratings.

Consistently with the accounting standard IFRS 9-Financial instruments, a method has also been developed for the calculation of annual and multi-period expected losses ("lifetime"), in the latter case using econometric models to link the observed default rates to macroeconomic variables. With regard to the prospective estimates of the macroeconomic variables, the Institute uses as a reference the macroeconomic scenarios prepared by the European Central Bank.

The use of expected annual or multi-period losses depends on the stage of each credit exposure, i.e. the existence of signs of significant deterioration in creditworthiness. In order to determine the stage of exposure, the Institute considers historical and, as far as possible, perspective data and information. In practice, for the categories "Consumers" and "No Profit" the main indicator considered is the number of past-due days.

5.2.1.2.4 Credit risk mitigation techniques

The Institute applies permitted credit risk mitigation techniques for the purpose of calculating the capital requirement, pursuant to Articles 81 et seq. of ASIF Regulation No. 1/2015, consistently with the previous financial year.

Credit risk mitigation has been applied to loans granted and secured by pledges over financial assets of customers deposited with the IOR, resulting in a reduction in the credit risk exposure expressed in Risk-Weighted Assets (RWA).

Currently, the Institute has no offsetting agreements in place with financial counterparties and does not operate in the credit derivatives market.

5.2.1.3 Non-performing financial assets

5.2.1.3.1 Strategies and policies for managing non-performing financial assets

For amounts due from clients, an internal monitoring system has been implemented to determine if there is objective evidence of the impairment of loans, based on the following criteria:

- default in contractual payments of both capital and interest;
- delays in payments due to liquidity problems of customers;
- deterioration in the value of the guarantees provided.

This also applies to guarantees issued. The Institute has in fact issued guarantees requested by customers, which are counter-guaranteed by securities held in custody, as described in paragraph 13.1 "Guarantees and commitments" in Part 2 "Information on the Statement of Financial Position" of these notes to the financial statements.

5.2.1.3.2 Write-offs of impaired financial assets

When a loan becomes uncollectible it is written off.

Such exposures are written off after all the necessary procedures have been performed and the extent of the loss has been determined.

Regarding loans to customers, periodically, the Client Area analyses all exposures and submits to the Director General a proposal on how to manage aged loans at risk for non-collection. Particularly, when the balance is deemed to be collectible within a short period, an analytic impairment loss is not recognised, but the trend is monitored; when the balance is deemed to be collectible in a mid/long term period, an analytic impairment loss is recognised; when the positions are past due and uncollectible, even after adequate activity of the legal department, the area proposes to write off the amount as a loss on loans to the Director General.

5.2.1.3.3 Purchased or originated impaired financial assets

Credit exposures that are already non-performing on initial recognition or origination are defined “Purchased or originated impaired financial assets” (“POCI”) (IFRS 9 B.5.4.7, B.5.5.26).

The Institute qualifies as a POCI:

- the purchase of non-performing loans;
- new loans to customers who are already classified as non-performing;
- considerable contractual changes that lead to the derecognition of the existing credit and the recording of a new credit to a customer in a state of deterioration (in a non-performing condition);
- acquisition of non-performing loans in the context of a business combination transaction according to IFRS 3.

If a financial asset meets the definition of POCI, it must be recognised according to specific rules provided for this category until derecognition.

POCI impairment is always based on the ECL lifetime methodology.

The exit of a POCI from the category of non-performing following an improvement in credit risk does not imply the allocation of this asset in a different category: no circumstance permits leaving POCI status.

During 2025, as well as during 2024, no POCI assets were recognised.

5.2.2 Quantitative information

5.2.2.A Credit quality

Financial assets included in the current section do not comprise equity securities and UCI units.

A.1. Performing and non-performing credit exposures: amounts, adjustments, changes, economic and geographical detail

A.1.1. Detail of credit exposures by portfolio classification and credit quality (carrying values)

	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets at fair value through other comprehensive income					1,386,590	1,386,590
2. Financial assets at amortised cost		2,169			789,490	791,659
3. Financial assets designated at fair value						
4. Other financial assets mandatorily measured at fair value						
5. Financial assets being disposed						
TOTAL 2025		2,169			2,176,080	2,178,249
TOTAL 2024		2,401			2,256,513	2,258,914

Bad loans are represented with zero value as they are fully impaired.

Loans Unlikely to pay comprise two partially impaired positions and are related to loans granted prior to 2014. For one of these positions a restructuring agreement was made in 2023, the agreement is subject to the rules of non-performing forbore exposure (more details in Part 1, Accounting Policies).

Non-performing past due exposures are not present at the closing date of these financial statements.

Performing past due exposures are loans classified as Stage 2.

A.1.2. Detail of credit exposures by portfolio classification and credit quality (gross and net values)

	Non-performing assets				Performing assets			Total (net exposure)
	Gross exposure	Total adjustments	Net exposure	Write-offs*	Gross exposure	Total adjustments	Net exposure	
1. Financial assets at fair value through other comprehensive income					1,387,128	(538)	1,386,590	1,386,590
2. Financial assets at amortised cost	11,514	(9,345)	2,169	54	790,016	(526)	789,490	791,659
3. Financial assets designated at fair value								
4. Other financial assets mandatorily measured at fair value								
5. Financial assets being disposed								
TOTAL 2025	11,514	(9,345)	2,169	54	2,177,144	(1,064)	2,176,080	2,178,249
TOTAL 2024	12,753	(10,352)	2,401	2	2,257,954	(1,441)	2,256,513	2,258,914

(*) Amount disclosed for information purposes.

	Assets with markedly poor credit quality		Other assets
	Cumulated capital losses	Net exposure	Net exposure
1. Financial assets held for trading			134,417
2. Hedging derivatives			
TOTAL 2025			134,417
TOTAL 2024			34,676

A.1.3. Breakdown of financial assets by past-due buckets (carrying value)

	Stage I			Stage II			Stage III		
	From 1 to 30 days	Over 30 and up to 90 days	Over 90 Days	From 1 to 30 days	Over 30 and up to 90 days	Over 90 Days	From 1 to 30 days	Over 30 and up to 90 days	Over 90 Days
Financial assets at amortised cost	22								2,169
Financial assets at fair value through other comprehensive income									
TOTAL 2025	22								2,169
TOTAL 2024									102

A.1.4. Financial assets, commitments and financial guarantees issued: changes in overall impairment and provisions

	Total adjustments												Total provisions on loans commitments and financial guarantees granted			Total	
	Financial assets stage I				Financial assets stage II				Financial assets stage III				Of which: acquired or originated impaired financial assets	Stage I	Stage II		Stage III
	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Of which: individual impairment	Of which: collective impairment	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Of which: individual impairment	Of which: collective impairment	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Of which: individual impairment	Of which: collective impairment					
Opening balance (gross amount)	852	590		1,442					10,352		10,352					1,699	13,493
Increases in acquired or originated financial assets									636		636						636
Reversals other than write-offs																	
Net losses/ (recoveries) on credit impairment	(326)	(35)		(364)					(1,643)		(1,643)						(2,004)
Contractual changes without cancellation																	
Changes in estimation methodology																	
Write-offs																	
Other changes	4	(17)		(13)													(13)
Closing balance (gross amount)	530	538		1,065					9,345		9,345					1,699	12,112
Recoveries from financial assets previously written off																	
Write-offs recognised directly through profit or loss																	

A.1.5 Financial assets, loan commitments and financial guarantees granted: transfers between risk stages (gross and nominal values)

There were no transfers between credit risk stages in 2025, consistent with 2024.

A.1.6 On- and off-balance sheet credit exposures to banks: gross and net values

	Gross exposure		Individual adjustments	Net exposure	Write-offs
	Non-performing assets	Performing assets			
A. On-balance sheet exposures					
a) Bad loans					
- of which: forborne exposures					
b) Unlikely to pay					
- of which: forborne exposures					
c) Non-performing past due exposures					
- of which: forborne exposures					
d) Performing past due exposures					
- of which: forborne exposures					
e) Other performing exposures		732,903	493	732,410	
- of which: forborne exposures					
TOTAL A		732,903	493	732,410	
B. Off-balance sheet exposures					
a) Non-performing					
b) Performing					
TOTAL B					
TOTAL A + B		732,903	493	732,410	

On-balance sheet credit exposures to banks include all financial assets claimed from banks, irrespective of their portfolio of allocation.

As disclosed, the use of the term “credit exposures” excludes equity securities and UCI units.

A.1.7 On- and off-balance sheet credit exposures to customers: gross and net values

	Gross exposure		Individual adjustments	Net exposure	Write-offs
	Non-performing assets	Performing assets			
A. On-balance sheet exposures					
a) Bad loans	3,019		3,019	-	
- of which: forborne exposures					
b) Unlikely to pay	8,496		6,326	2,169	
- of which: forborne exposures	8,337		6,261	2,076	
c) Non-performing past due exposures					
- of which: forborne exposures					
d) Performing past due exposures					
- of which: forborne exposures					
e) Other performing exposures		1,578,658	571	1,578,087	
- of which: forborne exposures					
TOTAL A	11,515	1,578,658	9,916	1,580,256	
B. Off-balance sheet exposures					
a) Non-performing					
b) Performing		7,462		7,462	
TOTAL B		7,462		7,462	
TOTAL A + B	11,515	1,586,120	9,916	1,587,718	

On-balance sheet credit exposures to customers include all on-balance sheet financial assets claimed from customers, irrespective of their portfolio of allocation.

A.1.8. On-balance sheet non-performing credit exposures to banks: changes in gross non-performing exposures

The Institute has no impaired cash and off-balance sheet credit exposures to banks.

A.1.9 On-balance sheet non-performing credit exposures to customers: changes in gross non-performing exposures

	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Initial gross exposures	3,389	9,365	
- of which: exposures sold not derecognised			
B. Increases			
B.1 Transfers from performing loans	6		
B.2 transfers from other non-performing exposure categories			
B.3 other increases	62		
C. Decreases			
C.1 recoveries on impairment losses			
C.2 write-offs	(54)		
C.3 recoveries on repayments	(384)	(869)	
C.4 profits on disposal			
C.5 loss on disposal			
C.6 transfers to other non-performing exposure categories			
C.7 other decreases			
D. Final gross exposures	3,019	8,496	
- of which: exposures sold not derecognised			

A.1.9 bis On-balance sheet credit exposures to customers: changes in gross forborne exposures broken down by credit quality

	Forborne exposures: non-performing	Forborne exposures: performing
A. Initial gross exposures	9,197	
- of which: exposures sold not derecognised		
B. Increases		
B.1 Transfers from non-forborne performing exposures		
B.2 transfers from forborne performing exposures		
B.3 transfers from forborne non-performing exposures		
B.4 other increases		
C. Decreases		
C.1 recoveries on non-forborne performing exposures		
C.2 recoveries on forborne performing exposures		
C.3 recoveries on forborne non-performing exposures		
C.4 write-offs		
C.5 recoveries on repayments	(860)	
C.6 profits on disposal		
C.7 loss on disposal		
C.8 other decreases		
D. Final gross exposures	8,337	
- of which: exposures sold not derecognised		

In 2023 the Institute made a restructuring agreement subject to the rules of non-performing forborne exposure (more details in Part 1, Accounting Policies).

A.1.11. On-balance sheet non-performing credit exposures to customers: changes in total adjustments

	Bad loans		Unlikely to pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Initial total adjustments	3,389		6,963			
- of which: exposures sold not derecognised						
B. Increases						
B.1 impairment losses	6					
B.2 losses on disposal						
B.3 transfers from other non-performing exposure categories						
B.4 other increases	62					
C. Decreases						
C.1 recoveries on impairment losses	(384)		(637)			
C.2 recoveries on repayments						
C.3 profits on disposal						
C.4 write-offs	(54)					
C.5 transfers to other non-performing exposure categories						
C.6 other decreases						
D. Final total adjustments	3,019		6,326			
- of which: exposures sold not derecognised						

A.2. Classification of exposures based on external and internal ratings

A.2.1 Detail off and on-balance sheet credit exposures by external rating class (gross values)

EXPOSURES	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
1. Financial assets at amortised cost								
- Stage I	51,166	119,104	556,555	6,669			56,522	790,016
- Stage II								
- Stage III							11,514	11,514
2. Financial assets at fair value through other comprehensive income								
- Stage I	422,946	597,551	337,718	28,913				1,387,128
- Stage II								
- Stage III								
Total on-balance sheet financial assets	474,122	716,655	894,273	35,582			68,036	2,188,658
of which: acquired or originated impaired financial assets								
3. Loan commitments and financial guarantees granted								
- Stage I							7,462	7,462
- Stage II								
- Stage III								
Total commitments and financial guarantees							7,462	7,462
Total	474,122	716,655	894,273	35,582			75,498	2,196,120

S&P ratings were used in the preparation of the above table.

The following is a reconciliation between risk classes and ratings:

Class 1 – from AAA to AA-

Class 2 – from A+ to A-

Class 3 – from BBB+ to BBB-

Class 4 – from BB+ to BB-

Class 5 – from B+ to B-

Class 6 – Others

For the analysis of the credit rating of debtors, if only one credit rating is available from an external agency among those selected, this is assigned directly. If there are two credit ratings for the same exposure, the worst of the two is used. If there are more, the two best ratings are selected and the worst of the two is selected.

A.3 Detail of guaranteed credit exposures by type of guarantee

A.3.2. On-balance sheet and Off-balance sheet guaranteed credit exposures to customers

	Gross exposure	Net exposure	Real collateral (1)				Guarantees (2)								Total (1)+(2)	
			Real estate assets - mortgages	Real estate assets - financial lease	Securities	Other real guarantees	Credit derivatives				Credit commitments					
							Credit Linked Notes	Other derivatives			Governments and Central Banks	Other Public Entities	Banks	Other subjects		
								Governments and Central	Other Public Entities	Banks						Other subjects
1. Guaranteed on balance sheet credit exposures:																
1.1 totally guaranteed	55,206	53,779	3,300		77,256								1,194			81,750
- of which non-performing	1,351		3,300													3,300
1.2 Partly guaranteed	1,402	1,332														636
- of which non-performing	159	94														28
2. Guaranteed off-balance sheet credit exposures:																
2.1 Totally guaranteed	2,580	2,580			3,508											3,508
- of which non-performing																
2.2 Partly guaranteed																
- of which non-performing																

5.2.2.B Distribution and concentration of credit exposures

B.1. Detail by sector of on-balance and off-balance sheet credit exposures to customers (carrying amount)

Exposures / Counterparties	Holy See/VCS			Foreign Public Sector									Foreign Private Sector											
	Public Authorities			Foreign Public Authorities			Regional – Local Public Authorities		International Public Authorities		Other Public Entities		Financial companies			Insurance companies			Non-financial companies			Other subjects		
	Net exposure	Individual adjustments	Portfolio adjustments	Net exposure	Individual adjustments	Portfolio adjustments	Net exposure	Individual adjustments	Portfolio adjustments	Net exposure	Individual adjustments	Portfolio adjustments	Net exposure	Individual adjustments	Portfolio adjustments	Net exposure	Individual adjustments	Portfolio adjustments	Net exposure	Individual adjustments	Portfolio adjustments	Net exposure	Individual adjustments	Portfolio adjustments
A. On-balance sheet exposures																								
A.1 Bad loans																								
- of which: forborne exposures																								
A.2 Unlikely to pay																								
- of which: forborne exposures																								
A.3 Non-performing past due exposures																								
- of which: forborne exposures																								
A.4 Performing exposures				1,257,222	(268)							48,432	(35)	46,419	(66)	216,217	(164)	9,798					(38)	
- of which: forborne exposures																								
TOTAL A				1,257,222	(268)							48,432	(35)	46,419	(66)	216,217	(164)	11,967	(9,345)	(38)				
B. Off-balance sheet exposures																								
B.1 Bad loans																								
B.2 Unlikely to pay																								
B.3 Other non-performing assets																								
B.4 Performing exposures																								
TOTAL B																								
TOTAL (A+B) 2025				1,257,222	(268)							48,432	(35)	46,419	(66)	216,217	(164)	19,429	(9,345)	(38)				
TOTAL (A+B) 2024	29,863	(137)		1,256,141	(339)							33,844	(31)	54,209	(101)	257,964	(190)	14,464	(10,352)	(45)				

B.2. Detail by geographical area of on- and off-balance sheet credit exposures to customers (carrying amount)

	Holy See/VCS		European Countries		America		Asia		Rest of the world	
	Net exposure	Real estate assets - financial lease	Net exposure	Real estate assets - financial lease	Net exposure	Real estate assets - financial lease	Net exposure	Real estate assets - financial lease	Net exposure	Real estate assets - financial lease
A. On-balance sheet exposures										
A.1 Bad loans				(3,019)						
A.2 Unlikely to pay			2,169	(6,326)						
A.3 Non-performing past due exposures										
A.4 Performing exposures			1,100,898	(484)	273,791	(66)	26,212	(20)	177,186	(1)
TOTAL A			1,103,067	(9,829)	273,791	(66)	26,212	(20)	177,186	(1)
B. Off-balance sheet exposures										
B.1 Bad loans										
B.2 Unlikely to pay										
B.3 Other non-performing exposures										
B.4 Performing exposures			7,462							
TOTAL B			7,462							
TOTAL A+B 2025			1,110,529	(9,829)	273,791	(66)	26,212	(20)	177,186	(1)
TOTAL A+B 2024	29,863	(137)	1,222,304	(10,961)	288,855	(80)	20,429	(14)	85,034	(3)

B.3. Detail by geographical area of on- and off-balance sheet credit exposures to banks (carrying amount)

EXPOSURES / GEOGRAPHICAL AREAS	Holy See/VCS		European Countries		America		Asia		Rest of the world	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet exposures										
A.1 Bad loans										
A.2 Unlikely to pay										
A.3 Non-performing past due exposures										
A.4 Performing exposures			612,270	(451)	101,124	(31)	8,284	(5)	10,732	(6)
TOTAL A			612,270	(451)	101,124	(31)	8,284	(5)	10,732	(6)
B. Off-balance sheet exposures										
B.1 Bad loans										
B.2 Unlikely to pay										
B.3 Other non-performing exposures										
B.4 Performing exposures										
TOTAL B										
TOTAL A+B 2025			612,270	(451)	101,124	(31)	8,284	(5)	10,732	(6)
TOTAL A+B 2024			569,078	(572)	60,322	(16)	8,528	(6)	10,157	(6)

B.4. Large exposures

With regard to concentration risk arising from exposures to a counterparty, a customer or a group of connected customers, the Institute has exposures - as defined in Article 108 of ASIF Regulation No. 1/2015 - mainly towards leading Italian banks. These exposures do not give rise to additional own funds requirements, as they are assigned a zero risk weight for credit risk purposes, in accordance with Article 108(2-ter) of ASIF Regulation No. 1/2015.

5.2.2.C Securitisation

No securitisation transactions were made by the IOR.

5.2.2.D Information on unconsolidated structured entities

For unconsolidated structured entities, the Institute considers the shares held in externally managed investment funds, when it is the owner of a significant number of shares. In fact, the Institute does not control these funds because it does not participate in investment decisions, either directly or indirectly, and it does not have the ability to affect the returns of the above-mentioned funds.

The information required by IFRS 12-*Disclosure of interests in other entities* on the unconsolidated structured entities is given below.

As at the reporting date, the Institute holds investments in funds managed by third parties and acquired before 2014, which have been subject to prudent impairment in prior years. They are closed-end funds, i.e. funds that can be subscribed to by specific parties and only at certain times. The Institute does not have control over these closed-end funds.

With regard to their underlying asset classes, closed-end funds held by the Institute invest exclusively in real estate.

Regarding geographical distribution, using the criteria of the legally registered domicile, all the funds are located within the European Union.

No dividends were collected from these funds in 2025, or in 2024.

FUND TYPE	2025		2024	
	Balance sheet exposure		Balance sheet exposure	
	Nominal Value (quantity)	Carrying value	Nominal Value (quantity)	Carrying value
Open-end fund				
Closed-end fund	17,360,063	-	17,360,063	-
Hedge fund				
Exchange traded fund				
Unit Investment Trust				
Fund of fund				
Seed Fund				
TOTAL		-		-
UNDERLYING ASSET CLASS	Balance sheet exposure		Balance sheet exposure	
	Nominal Value (quantity)	Carrying value	Nominal Value (quantity)	Carrying value
Equity				
Debt				
Asset Allocation				
Money Market				
Real Estate	17,360,063	-	17,360,063	-
Commodity				
Alternative Investments				
TOTAL		-		-
GEOGRAPHICAL AREA	Balance sheet exposure		Balance sheet exposure	
	Nominal Value (quantity)	Carrying value	Nominal Value (quantity)	Carrying value
EU	17,360,063	-	17,360,063	-
USA				
TOTAL		-		-

During the year, the IOR did not provide any guidance to unconsolidated structured entities on their investment policies. The Institute has not sponsored any unconsolidated structured entities.

At the balance sheet date, the Institute had a standing commitment for one of these funds towards third parties for EUR 4 million.

Lastly, the Institute holds 100% of the share capital of S.G.I.R. S.r.l. and 29.5% of Ste Immobiliere Bourbonnaise. The Institute does not prepare consolidated financial statements, since the information that would arise from their preparation would be of limited relevance to the users of the financial statements. The balances of the investee companies are immaterial compared with those of the Institute, and consequently the consolidated financial statements would not materially differ from these financial statements.

5.2.2.F Models for the measurement of credit risk

For credit risk measurement, the Institute has adopted the standard methodology defined by ASIF Regulation no. 1/2015, articles 63-89. No individual and portfolio internal models are used.

5.3 Market risk

Information on market risk and relative hedging policies

5.3.1 Interest rate risk and trading portfolio price risk

5.3.1.1 Qualitative information

5.3.1.1.1 General aspects

Market risk is the risk of change in portfolio value from adverse fluctuations in market parameters, such as interest or currency rates, equity prices or prices of commodities underlying derivative contracts.

The Institute's trading portfolio, limited in amount of exposure because the Institute prefers the *Held to Collect* and the *Held to Collect and Sell* business model, consists mainly of bond securities and the main associated risks are interest rate and the issuer's creditworthiness.

Interest rate risk related to the trading portfolio is derived from the Institute's trading activity in financial instruments, mainly exchanged on regulated markets, put in place by the Finance&Treasury Department. This risk pertains to positions in bonds, particularly those based on a fixed rate, the value of which is closely linked to the trend in interest rates. In line with the objectives of budget in liquidity management and capital, and with the Institute's risk threshold, the level of risk in the trading portfolio is rather low, as indicated by the short holding period.

Price risk comes from the exposure on equity securities, ETFs and funds. The Institute maintains a limited risk appetite, and its exposures primarily result from the need to diversify the sources of return of its investment portfolio.

5.3.1.1.2 Operating procedures and methods for measuring interest rate risk and price risk

Interest rate risk and price risk are measured and managed as part of the overall management and monitoring of risk.

The power to assume market risk belongs to the Director General, who plays an active role in risk management and monitoring, according to the guidelines issued by the Board of Superintendence. Specifically, the Director General delegates the assumption of market risk and management to the Finance&Treasury Department, through the CFO, which operates autonomously in accordance with the assigned limits and the approved budget.

The department responsible for the assumption and the management of market risk is separate from the department that deals with confirmation and settlement, which are, in any case, external to the Risk Management Department.

During 2025, as well as during 2024, the Institute did not hold derivatives.

The system of measurement of financial risks and the establishment of operational limits of the Institute are based on the use of statistical calculation tools. Specifically, the three measures of potential loss are: Value at Risk, Expected Shortfall and Stress Test. These measures are defined as follows:

- Value at Risk (VaR) is defined as the maximum loss that the Institute could withstand, over a period of time, with probability equal to predetermined confidence levels, in the case of market trends adverse to the position taken;
- Expected Shortfall is defined as the average loss that the Institute could withstand in case of a VaR overrun;
- Stress Test is defined as the loss that the Institute could withstand in case of negative events affecting main risk indicators (equity prices and indexes, interest rates, currency rates, credit spread) analysed independently and as established by the *Risk Appetite Framework*.

The VaR is calculated using the historic method (one year of data), with a 1-day timeline and confidence level at 95%.

The Stress Tests are calculated by simulating adverse and extreme scenarios of the main risk factors (interest rate, spread equity price), starting from the worst movements recorded in the history of the world's financial markets.

Monitoring compliance with limits on a daily basis is performed by the Risk Management Department, which updates to the Director General on the level of risk assumed and compliance with operational limits.

When operational limits have been exceeded, there is a process for reporting and eventual authorisation of the same. The Risk Management Department promptly informs the Director General, the CFO and the Finance&Treasury Department about the overrun for the appropriate action, and the Director General deliberates on the matter.

In establishing a system of market risk measurement, the definition of operational limits, and the monitoring of compliance with the limits, the Director General is supported by the Control Functions Committee, which has advisory functions.

During 2025, the Institute maintained a prudential approach in the management of financial risks. During the year, the trading portfolio reported an average daily Value at Risk (VaR) of EUR 35 thousand and a maximum daily VaR of EUR 178 thousand, with no instances of exceeding the operational VaR limits for financial risk. The VaR at the reporting date stood at EUR 66 thousand.

The Risk Management Department, in order to verify the adequacy of the VaR calculation, periodically conducts retrospective reviews (backtesting), comparing the actual trading results achieved, with the VaR measures previously calculated. In 2025, 11 daily VaR exceedances were recorded, compared with 12 statistically expected.

The potential impact of a shock of +/- 100 basis point on the portfolio held for trading could have an impact of EUR 345 thousand, representing 0.52%, 0.62% and 0.042% of interest margin, profit for the year and equity, respectively.

Interest rate risk stress test results indicate a value loss of EUR 589 thousand at the end of the financial year following a +50% shock in interest rates, with a minimum shift of 50 basis points. The exposure is concentrated 96.9% in EUR interest rate risk and 3.1% in USD interest rate risk.

The management and monitoring of risk are also supported by the position keeping system utilised by the Finance&Treasury Department which allows the monitoring of positions and profits with different levels of aggregation, from single deal to portfolio.

5.3.1.2 Quantitative information

1. Trading portfolio: detail by re-pricing date of financial assets and liabilities on balance sheet and financial derivatives

TYPE / RE-PRICING DATE	On demand	Up to 3 months	3 - 6 months	6 -12 months	1 - 5 years	5 - 10 years	Over 10 years	Undefined
1. Cash assets								
1.1 Debt securities								
- with early redemption option					29,686			
- other					104,731			
1.2 Other assets								
2. Cash liabilities								
B.1 Bad loans								
2.1 Repurchase agreements								
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivatives								
+ Long positions								
+ Short positions								
3.2 Without underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivatives								
+ Long positions								
+ Short positions								

2. Trading portfolio: detail of equity securities and index exposures for the main countries quoted markets

At 2025 year-end, IOR does not hold equity securities in trading portfolio.

With reference to the price risk of other financial instruments classified as held for trading, at the end of 2025, the Institute's portfolio had the following exposure:

- Closed-end investment funds with a carrying amount of zero (2024: zero).

5.3.2 Interest rate risk and price risk of portfolios other than trading portfolio

5.3.2.2 Quantitative information

1. Portfolios other than trading portfolio: detail by re-pricing date of financial assets and liabilities

TYPE / RE-PRICING DATE	On demand	Up to 3 months	3 - 6 months	6 -12 months	1 - 5 years	5 - 10 years	Over 10 years	Undefined
1. Cash assets								
1.1 Debt securities								
- with early redemption option					288,087	97,262		
- other					544,126	1,028,161	1,905	
1.2 Loans to banks	159,375							
1.3 Loans to customers								
- current accounts	33							
- other loans:								
a) with early redemption option	50,730							
b) other	8,571							
2. Cash liabilities								
2.1 Due to customers								
- current accounts	1,612,126							
- other liabilities:								
a) with early redemption option								
b) other		5,305	17,032	12,924	20			
2.2 Due to banks								
- current accounts								
- other liabilities								
2.3 Debt securities								
- with early redemption option								
- other								
2.4 Other liabilities								
- with early redemption option								
- other								

TYPE / RE-PRICING DATE	On demand	Up to 3 months	3 - 6 months	6 -12 months	1 - 5 years	5 - 10 years	Over 10 years	Undefined
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivatives								
+ Long positions								
+ Short positions								
3.2 Without underlying security								
- Options								
+ Long positions								
+ Short positions								
- Other derivatives								
+ Long positions								
+ Short positions								
4. Other off balance sheet transactions								
+ Long positions								
+ Short positions								

Regarding interest rate risk for financial instruments other than those classified as trading, the Institute's exposure refers to the assets measured at amortised cost and assets measured at fair value through other comprehensive income, as already described in the section on credit risk.

The application of a variation of interest rates of +/- 100 basis points to the portfolio, including other financial instruments (EUR 1.9bn) shows a potential impact of EUR 53.5 million, in terms of variation of the coupon flow representing 80.7%, 105% and 6.6% of interest margin, profit for the year and equity, respectively.

With reference to the price risk of financial instruments not classified as trading, at the end of 2025, the Institute's portfolio had the following exposure:

- Equity instruments designated at FVOCI amounted to EUR 2.3 million;
- The investment in S.G.I.R. S.r.l. amounted to EUR 15.8 million, while the investment in Ste Immobiliere Bourbonnaise amounted to EUR 130 thousand.

With regard to risk monitoring, the Supervisory Board has established investment thresholds for securities held under the Held to Collect business model, relating to credit quality and maturity. For this portfolio, a Value at Risk (VaR) measure is also calculated (EUR 1.1 million, EUR 1.3 million and EUR 1.5 million represent the minimum, average and maximum daily values, respectively); however, no limits are associated with this measure.

At the end of the year, the 1-day VaR was equal to EUR 0.5 million.

A VaR measure is also calculated for the Held to Collect and Sell business model (EUR 1.8 million, EUR 2.9 million and EUR 3.6 million represent the minimum, average and maximum daily values during the year, respectively); at year-end, the 1-day VaR amounted to EUR 1.4 million.

5.3.3 Currency risk

General aspects, operating procedures and methods for measuring currency risk

5.3.3.1 Qualitative information

Currency risk is the risk that the Institute can incur losses due to the adverse variation of currency rates. As mentioned above, the management of currency risk is based on the system in place for the management of financial risks.

For the currency rate, as it was for interest rates, custom stress scenarios were used for each currency providing shock higher for minor currencies and for those not pegged to the Euro. The potential effect of these shocks on the trading portfolio, limited to assets as at the reporting date (2025 year-end), would not have led to losses, given the absence of foreign currency positions.

5.3.3.2 Quantitative information

1. Detail by currency of financial assets, liabilities and derivatives

	Currencies					
	USD	GBP	CAD	AUD	CHF	Other currencies
A. Financial assets						
A.1 Debt securities	350,739				7,541	
A.2 Equity securities	2,202					
A.3 Loans to banks	24,721	3,977	2,513	1,270	4,353	6,534
A.4 Loans to customers	1					
A.5 Other financial assets	7,835	305	237	14	31	183
B. Other assets						
C. Financial liabilities						
C.1 Due to banks						
C.2 Due to customers	387,533	4,710	2,696	683	17,066	2,527
C.3 Debt securities						
C.4 Other financial liabilities	2,814		2	52	11	31
D. Other liabilities						
E. Financial derivatives						
- Options						
+ Long positions						
+ Short positions						
- Other derivatives						
+ Long positions						
+ Short positions						
TOTAL ASSETS	385,498	4,282	2,750	1,284	11,925	6,351
TOTAL LIABILITIES	390,347	4,710	2,698	735	17,077	2,558
Difference (+/-)	(4,849)	(427)	52	549	(5,152)	3,792

The exposure to exchange rate risk, under a 100 basis point stress scenario, would result in an impact of approximately EUR 5 thousand, equivalent respectively to 0.01%, 0.01% and 0.00% of net banking income, profit for the year and equity.

2. Internal models and other methods for sensitivity analysis

For the capital requirement calculation related to currency risk, the IOR adopted the standard methodology provided by ASIF Regulation no. 1/2015.

5.4 Derivative instruments

Derivative instruments and hedging policies

In 2025, IOR did not hold derivative financial instruments.

5.5 Liquidity risk

Information on liquidity risk and relative hedging policies

5.5.1 Qualitative information

5.5.1.1 General aspects, operating procedures and methods for measuring liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulties in meeting payment obligations by cash or by expected or unexpected delivery, compromising daily operations or the financial situation.

With regard to liquidity risk, in 2025 the IOR maintained adequate liquidity conditions without experiencing any tensions. At year-end, the Liquidity Coverage Ratio (LCR) calculated over a 30-day horizon was 1,370%, well above the minimum threshold of 200% established by the Risk Appetite Framework (RAF). The change compared with the previous year (2024: 5,095%) is attributable to the new customer and deposit aggregation model, introduced during the year and previously shared with the Supervisory Authority, which better reflects the characteristics of the customer base, particularly with regard to the stability of deposits held with the Institute. It should be noted that the Institute's liabilities, in addition to equity, consist mainly of customer deposits, generally on demand, as the Institute does not raise funding on the interbank market or on the capital markets.

Given the specific characteristics of the Institute's customer base, these deposits are predominantly considered "stable" deposits in accordance with EBA guidance for the calculation of risk indicators (see The EBA methodological guide: risk indicators and detailed risk analysis tools).

From an operational perspective, liquidity risk is managed by the Finance&Treasury Department, which monitors expected and actual cash flows in the various currencies and maintains a significant portfolio of liquid assets in order to address any unexpected outflows.

Monitoring of liquidity and adherence to liquidity operating limits is performed daily by the Risk Management Department.

5.5.2 Quantitative information

The following tables show the Institute's assets and liabilities with current values, divided by contractual maturities of the financial liabilities and the expected maturities of the financial assets. The first table includes only financial assets and liabilities in Euro, while the second table comprises only financial assets and liabilities in currencies other than the Euro.

1.1 Detail by contractual residual maturity of financial assets and liabilities in Euro

TYPE / RESIDUAL MATURITY	On demand	1 - 7 days	7 - 15 days	15 – 30 days	1 - 3 months	3 - 6 months	6 -12 months	1 - 5 years	Over 5 years	Undefined
Cash assets										
B.1 Government bonds			25,663	65,806	27,493	9,781	55,223	787,756	113,441	
B.2 Other debt securities			15,460	12,811	16,843	47,941	96,253	505,764	71,540	
B.3 UCI units										1,489
B.4 Loans										
- Banks	116,004									
- Customers	32							47,661	11,641	
Cash liabilities										
B.5 Deposits and current accounts										
- Banks										
- Customers	1,205,303			3,171	370	12,304	11,045			
B.6 Debt securities										
B.7 Other liabilities										
Off balance sheet transactions										
B.8 Financial derivatives with exchange of capital										
- long positions										
- short positions										
B.9 Financial derivatives without exchange of capital										
- long positions										
- short positions										
B.10 Deposits and loans to be settled										
- long positions										
- short positions										

TYPE / RESIDUAL MATURITY	On demand	1 - 7 days	7 - 15 days	15 – 30 days	1 - 3 months	3 - 6 months	6 -12 months	1 - 5 years	Over 5 years	Undefined
B.11 Irrevocable commitments to lend funds										
- long positions										4,000
- short positions										
B.12 Financial guarantees granted									882	
B.13 Financial guarantees received										
B.14 Credit derivatives with exchange of capital										
- long positions										
- short positions										
B.15 Credit derivative without exchange of capital										
- long positions										
- short positions										

IOR does not hold financial assets subject to securitisation transactions.

1.2 Detail by contractual residual maturity of financial assets and liabilities in currencies other than the Euro

TYPE / RESIDUAL MATURITY	On demand	1 - 7 days	7 - 15 days	15 - 30 days	1 - 3 months	3 - 6 months	6 -12 months	1 - 5 years	Over 5 years	Undefined
Cash assets										
B.1 Government bonds	255			17	69,154	14,851	4,672	88,376	31,883	
B.2 Other debt securities		53	2,951	171	19,818	11,539	43,916	86,272	12,116	
B.3 UCI units										
B.4 Loans										
- Banks	43,370									
- Customers										
Cash liabilities										
B.5 Deposits and current accounts										
- Banks										
- Customers	406,824			1,742	22	4,727	1,879	21		
B.6 Debt securities										
B.7 Other liabilities										
Off balance sheet transactions										
B.8 Financial derivatives with exchange of capital										
- long positions										
- short positions										
B.9 Financial derivatives without exchange of capital										
- long positions										
- short positions										
B.10 Deposits and loans to be settled										
- long positions										
- short positions										

TYPE / RESIDUAL MATURITY	On demand	1 - 7 days	7 - 15 days	15 – 30 days	1 - 3 months	3 - 6 months	6 -12 months	1 - 5 years	Over 5 years	Undefined
B.11 Irrevocable commitments to lend funds										
- long positions										
- short positions										
B.12 Financial guarantees granted										
B.13 Financial guarantees received										
B.14 Credit derivatives with exchange of capital										
- long positions										
- short positions										
B.15 Credit derivative without exchange of capital										
- long positions										
- short positions										

IOR does not hold financial assets subject to securitisation transactions.

5.6 Operational risk

Information on operational risk and relative hedging policies

5.6.1 General aspects, operating procedures and methods for measuring operational risk

Operational risk represents the risk of loss caused by inadequate and failure of processes, human resources and internal systems, or caused by external events.

Operational risk does not include strategic and reputational risks, but includes legal risk, which is the risk of loss from violations of laws and regulations, contractual or non-contractual liability, or other disputes.

Operational risk includes, among other things, the risk arising from the insufficient process setting (for example, absence or inadequacy of line controls), human resources risk (for example, a lack of professional training for staff), and IT risk (for example, inadequacy of the computer system that could cause loss of data or interruption of operations) or risk from external cyber attacks.

The Institute has adopted a policy for the management of operational risk and has implemented a framework for the identification, assessment, management and monitoring of operational risk. More specifically, the Institute has defined the process of data collection of losses and related accounting reconciliation process. In addition, the Institute monitors risk evolution through the analysis of results of Key Risk Indicators defined on the relevant processes and identifies action plans for risk mitigation of the key risks.

As part of the annual Risk Self Assessment, the operational risk inherent in each process is evaluated, leading to the identification of the Institute's Operational Risk Map. The identification and monitoring of operational risks are supported by a dedicated IT system (SIRO – Operational Risk Information System), through which potential risks and incidents, losses, Key Risk Indicators (KRIs), existing control measures, additional risk mitigation elements, ongoing corrective actions and the affected business, governance or support processes are recorded.

For the 2025 financial year, 42 operational risk events were recorded (55 in 2024), with net losses amounting to approximately EUR 60 thousand (EUR 72 thousand in 2024).

Compared with the previous year, a reduction in operational losses (-16%) was observed, mainly attributable to the improvement of the securities settlement process, which resulted in a significant reduction in penalties paid to market counterparties. The net amount of losses does not include recoveries from counterparties relating to penalties for delayed settlement of securities transactions, as such amounts cannot be attributed to individual transactions.

It should also be noted that operational risk events include both loss events and near misses, and that legal expenses related to litigation are not included in the calculation of net losses.

PART 6. INFORMATION CONCERNING EQUITY

6.1 Shareholders' Equity

6.1.1 Qualitative information

The Institute's equity represents capital funding provided by the owner or generated by the business to create value.

In managing capital (a broader concept than "equity" presented in the balance sheet and consistent with regulatory capital, which is not comprised solely of equity in the strict sense), the Institute's objectives are:

- to safeguard the Institute's ability to continue as an ongoing concern, so that it can continue to provide benefits for all stakeholders;
- to maintain a strong capital base to support business growth.

In assessing the capital adequacy of the IOR, it is necessary to take into account certain characteristics of Vatican finance that do not have an equivalent elsewhere. In particular, reference is made to the role performed by the Institute as: i) guarantor of customer deposits, in the absence of an interbank deposit protection scheme; ii) guarantor of pension benefits for its employees; iii) guarantor of liquidity conditions in the absence of a lender of last resort. In addition, the IOR is not permitted to raise funding by accessing the capital markets, for example through bond issuances. The Institute's equity is preserved and increased primarily by allocating a portion of the profits generated each year for this purpose.

The Institute pursues its objectives of capital management during the planning processes, through the analysis of risks associated with planned activities, and during the monitoring processes through the analysis and monitoring of compliance with limits.

In managing capital, the Institute observes regulatory capital requirements established by the regulatory framework related to prudential supervision.

6.1.2 Quantitative information

6.1.2.A.1 Detail

	2025	2024
1. Capital	300,000	300,000
2. Reserves		
(a) Earning reserves		
(i) Unavailable reserves for distribution	100,000	100,000
(ii) Available reserves for distribution	367,159	348,200
(b) Other	1,648	1,629
3. Equity instruments		
4. Valuation reserves		
(a) Financial assets at fair value through other comprehensive income	(20,601)	(36,877)
(b) Tangible assets		
(c) Intangible assets		
(d) Hedging of foreign investments		
(e) Cash flow hedging		
(f) Hedging instruments (non-designated items)		
(g) Foreign exchange differences		
(h) Non-current assets and disposal groups classified as held for sale		
(i) Financial liabilities at fair value through profit or loss (change in credit rating)		
(j) Actuarial gains (losses) on defined benefit plans	(6,313)	(18,779)
(j.1) Return on Plan Assets of defined-benefit plans	22,496	4,983
(k) Share of valuation reserves connected with investments carried at equity		
5. Profit (loss) for the year	50,954	32,760
TOTAL	815,343	731,916

Capital, clearly identified as a component of Equity, represents a permanent endowment that cannot be reduced or distributed, except in case of cessation or liquidation of the entity.

Unavailable reserves for distribution are profit reserves designed to further strengthen the Institute's Equity and long-term stability.

The Available reserve for distribution serves as the first level of protection for Capital. Available reserves for distribution increased during 2025, as a result of the allocation of a portion of the 2024 net result. In the allocation of the 2024 profit, EUR 19 million were appropriated to increase the Institute's reserves.

Other reserves include the Reserve from the first-time adoption of IAS/IFRS standards, created on 1 January 2018 to record the equity impact arising from the initial application of IFRS 9 – Financial Instruments, as well as the Unavailable reserve for distribution relating to non-significant equity investments, which includes the value of the investment in Ste Immobiliere Bourbonnaise, recognised at cost.

Other Reserves also includes realised profit of equity securities not held for trading for which the entity applies the option granted by the standard measuring the assets at fair value through other comprehensive income (“FVOCI option”).

Valuation Reserves for Financial asset at fair value through other comprehensive income represent the net fair value gain/loss recognised on debt securities managed according to the *Held to Collect and Sell* business model that pass the SPPI test and on equity securities designated at fair value through other comprehensive income.

Valuation Reserves for Actuarial gains (losses) on defined benefit plans represent the actuarial unrealised gain or loss related to both the post-employment benefit plans. Reserves include the Return on Plan Assets related to the Pension Fund.

6.1.2.A.2 Fair value reserve of financial assets at fair value through other comprehensive income: detail

	2025		2024	
	Positive Reserve	Negative Reserve	Positive Reserve	Negative Reserve
1. Debt securities	-	(22,853)	-	(39,176)
2. Equity securities	2,252	-	2,299	-
3. Loans				
TOTAL	2,252	(22,853)	2,299	(39,176)

6.1.2.A.3 Fair value reserve of financial assets at fair value through other comprehensive income: annual changes

	Debt securities	Equity securities	Loans
1. Opening balance	(39,176)	2,299	
2. Positive changes			
2.1 Fair value increases	18,697	16	
2.2 Reclassification from negative reserves to the Income statement:			
- For impairment for credit risk			
- For disposal			
2.3 Transfer to other components of equity (equity securities)			
2.4 Other changes			
3. Negative changes			
3.1 Fair value decreases		(63)	
3.2 Impairment for credit risk			
3.3 Reclassification from positive reserves to the Income statement:			
- For disposal	(2,374)		
3.4 Transfer to other components of equity (equity securities)			
3.5 Other changes			
4. Closing balance	(22,853)	2,252	

6.1.2.A.4 Valuation reserves related to defined benefit plans- Actuarial gains (losses): annual changes

	Provisions for pensions	Staff severance provision	Defined benefit plans
1. Opening balance	(17,251)	(1,528)	(18,779)
2. Positive changes			
2.1 Actuarial gain of the year on defined benefit plans	12,131	335	12,466
3. Negative changes			
3.1 Actuarial loss of the year on defined benefit plans			
4. Closing balance (gross amount)	(5,120)	(1,193)	(6,313)

6.1.2.A.5 Valuation reserves related to defined benefit plans- Profitability: annual changes

	Provisions for pensions	Total
1. Opening balance	4,983	4,983
2. Positive changes		
2.1 Profit of the year on defined benefit plans		
- Realised gain	16,862	16,862
- Unrealised gain	651	651
3. Negative changes		
3.1 Loss of the year on defined benefit plans		
- Realised Loss		
- Unrealised Loss		
4. Closing balance (gross amount)	22,496	22,496

6.2. Structure and content of the disclosures on own funds and prudential capital ratios

6.2.B.1 Own equity

	2025	2024
A. Positive components		
1. Capital	300,000	300,000
2. Supplemental Capital		
(a) Retained earnings		
(i) Unavailable Reserves for distribution	100,000	100,000
(ii) Available Reserves for distribution	367,159	348,200
(iii) Others	1,648	1,629
(b) Provisions		
(c) Reserves	(4,418)	(50,673)
3. Positive prudential filter IAS/IFRS		
B. Negative components		
1. Goodwill		
2. Intangible assets	(1,236)	(1,560)
3. Impairments on loans		
4. Losses recognised in previous financial year and in the current year		
5. Adjustments to the regulatory value of assets measured at fair value		
6. Negative IAS/IFRS prudential filters	(12,380)	(3,641)
Common Equity	750,773	693,955

Capital, as defined by Article 3(8) of ASIF Regulation No. 1, represents the initial or subsequent cash contribution made by the Holy See or the Vatican City State .

- a) it is paid pursuant to the legislation of the Holy See and Vatican City State;
- b) it is clearly and distinctly identified in the financial statements;
- c) it cannot be reduced or distributed, except in the case of cessation or liquidation of the entity, ensuring that it is distributed proportionally to legitimate creditors, in accordance with the legislation of the Holy See and Vatican City State, and acquired by the Apostolic See.

For regulatory purposes, the term “Capital” shall be considered as equivalent to “core capital”.

The Supplemental Capital is defined under the ASIF Regulation no. 1 art. 3 (68) as the sum of retained earnings, accumulated as other comprehensive income and other reserves.

The Common Equity is defined under Regulation no. 1, art. 3 (12) as:

- the sum of the following positive components:
 - a. the Capital;
 - b. the Supplemental Capital;
- deducting the following components:
 - a. goodwill;
 - b. intangible assets;
 - c. adjustments to the value of receivables;
 - d. losses recognised in previous financial periods and in the current period;
 - e. adjustments to the regulatory value of assets measured at fair value.

For regulatory purposes, “common equity” shall be considered as equivalent to “common equity tier 1”.

Regulatory capital consists of Tier 1 capital. It is calculated on a monthly basis, although the Supervisory Authority requires its calculation on a quarterly basis.

The Common Equity at the end of 2025 amounted to EUR 751 million (2024: EUR 694 million).

Considering the items comprising the Institute’s equity, the sole prudential filter in common equity is applied to the positive fair value reserve relating to debt securities at fair value through other comprehensive income that are managed according to the Held to Collect and Sell business model and positive fair value reserve relating to equity securities designated at fair value through other comprehensive income having utilised the “FVOCI option”. These reserves are computed using a negative prudential filter, for an amount equal to 50%. As at 31 December 2025, the unrealised gains and the related adjustments arising from the application of prudential filters relate to equity instruments designated at FVOCI and to equity and debt instruments held as plan assets for the pension plan.

For prudential purposes, the profit for the year has not been included in the calculation of Tier 1 capital.

6.2.B.2 Capital adequacy

The verification of prudential supervisory ratios is carried out by the Risk Management Function in order to ensure compliance with regulatory requirements.

The table below shows the data relating to capital requirements at the end of 2025 and corresponding values for the previous year.

	Unweighted amounts		Weighted amounts/Capital requirements	
	2025	2024	2025	2024
A. Risk asset				
A.1 Credit and counterparty risk				
1. Standardised approach	2,350,519	2,411,404	836,525	862,225
2. Approach based on internal ratings				
2.1 Based				
2.2 Advanced				
3. Securitisations				
B. Capital requirements				
B.1 Credit and counterparty risk			66,922	68,978
B.2 Credit valuation adjustment risk				
B.3 Settlement risk				
B.4 Market risk				
1. Standardised approach			8,286	3,992
2. Internal model				
3. Concentration risk				
B.5 Operational risk				
1. Basic indicator approach			8,372	6,992
2. Standardised approach				
3. Advanced approach				
B.6 Other calculation elements				
B.7 Total capital requirements			83,580	79,962
C. Risk weighted assets and capital ratios				
C.1 Risk-weighted assets			1,044,744	999,524
C.2 Capital/ Risk-weighted assets			28.72%	30.01%
C.3 Common equity/Risk-weighted assets (Tier 1)			71.86%	69.43%

The increase in the Tier 1 ratio compared with the previous reporting period is primarily attributable to the strengthening of Tier 1 capital, reflecting the increase in reserves related to securities measured at Fair Value Through OCI and the allocation of a portion of the 2024 profit to reserves. A reduction in credit and counterparty risk and in market risk was also observed.

Although the securities subject to credit and counterparty risk increased slightly, the corresponding capital requirement amounts to approximately EUR 67 million, compared with EUR 69 million in the previous year. The improvement in the requirement is also linked to the improved credit quality of the issuers in the portfolio, mainly investment-grade Euro area government securities.

In line with this, Capital/Risk-weighted assets reached 28.72% and Common equity/Risk-weighted assets reached 71.86%.

PART 7. RELATED PARTY TRANSACTIONS

Related parties of the Institute include the Commission of Cardinals and key management personnel (Board of Superintendence and Director General).

Transactions with these related parties relate to salaries and remuneration.

Details of key management compensation

Compensation due to related parties was EUR 569 thousand in 2025, of which EUR 240 thousand was not yet paid as at 31 December 2025.

These amounts are related to Board of Superintendence and Director General and are recognised in the Income Statement as Staff Expenses.

Members of the Commission of Cardinals do not receive any remuneration for their role at the IOR.

Related-party transactions

During 2025, there were no transactions with key management, except for the management of the deposit accounts opened with the Institute and the salaries and remuneration discussed above.

As at the balance sheet date, the balance of deposits by the members of the Commission of Cardinals was EUR 1.3 million.

Key management personnel had deposits totalling EUR 440 thousand.

Furthermore, the Institute signed a lease agreement with S.G.I.R. S.r.l. for the use of 3 real estate properties for free. In 2025, S.G.I.R. S.r.l. earned rental income for EUR 74 thousand on these properties.



IOR ISTITUTO PER
LE OPERE
DI RELIGIONE

REPORT ON THE
EXTERNAL AUDITORS

2025

YEAR 2025

INDEPENDENT AUDITOR'S REPORT PURSUANT TO THE ASIF CIRCULAR AS AT 4 JULY 2019

**To the Members of the Board of Superintendence
of Istituto per le Opere di Religione**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Istituto per le Opere di Religione (the "Institute"), which comprise the balance sheet as at 31 December 2025, and the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of the regulations issued by the Supervisory and Financial Information Authority of the Vatican City State (the "Requirements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the ethical and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants and the independence provisions applicable under the laws of Vatican City State for the audit of the financial statements and we have fulfilled our responsibilities in accordance with these principles and provisions. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Istituto per le Opere di Religione for the period ended as at 31 December 2024 were audited by another auditor that on 14 April 2025 expressed an unmodified opinion on those financial statements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.688.930,00 i.v.

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Responsibilities of Directorate for the Financial Statements

The Directorate is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the Requirements and, within the terms established by law, for such internal control as the Directorate determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directorate is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless he has identified the existence of the conditions for the liquidation of the Institute or for the termination of the operations or has no realistic alternative to such choices.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directorate.
- Conclude on the appropriateness of Directorate's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by International Standards on Auditing (ISAs), regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Board of Superintendence and the Directorate are responsible for the preparation, of the sections within their respective competence, of the management report of Istituto per le Opere di Religione as at 31 December 2025, including its consistency with the related financial statements and its compliance with the Requirements.

Our opinion on the financial statements does not extend to the management report.

In connection with our audit of the financial statements, as required by the ASIF Circular as at 4 July 2019, our responsibility is to read the management report, controlling the presentation of the same in all its components, to express an opinion on the consistency of the management report with the financial statements and the compliance with the Requirements of the management report. If, based on the work we have performed, we conclude that there is a material misstatement in the management report, we are required to report that fact.

In our opinion, the management report is consistent with the financial statements of Istituto per le Opere di Religione as at 31 December 2025 and is prepared in accordance with the Requirements.

With reference to the statement about any material misstatement in the management report, made on the basis of the knowledge and understanding of the nature, *status*, and activity of the Institute acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Antonio Sportillo
Partner

Rome (Italy), 1 April 2026

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



IOR ISTITUTO PER
LE OPERE
DI RELIGIONE

**ANNEX - DISCLOSURE ON RISK
MANAGEMENT AS PER ARTICLE 119
OF ASIF REGULATION NO. 1/2015**

2025

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INTRODUCTION

The present Disclosure on risk management meets the transparency obligations to the public set forth in ASIF Regulation No. 1/2015, with specific reference to Article 119 and Annex XXVII.

The document is divided into sections marked with one capital letter, corresponding to the information required by the aforementioned Annex. A comprehensive overview of the location of the information required by the Annex is provided in the table included in Appendix 1 to this document.

This document is provided solely as an appendix to the financial statements as of December 31, 2025, and the data contained herein have not been audited.

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (F)

The Institute's internal control structure is defined in the Statute, the General Regulations, and the related regulations and procedures adopted by the competent bodies of the Institute, and takes into account ASIF Regulation No. 1/2015 on the prudential supervision of entities that professionally carry out financial activities (Regulation No. 1), issued by the Financial Supervision and Information Authority (ASIF), implementing Title III of Law No. XVIII of 8 October 2013, on 'Transparency, supervision, and financial information' (Law No. XVIII).

The role played by the governing bodies and organisational functions, with particular reference to risk management and control, is described in Part 5 of the Notes to the Financial Statements.

1.1 Risk control system

Risk governance and control activities are part of the Institute's broader internal control system, governed by internal regulations, aimed at ensuring sound and prudent management based on the principles of effectiveness, efficiency, transparency and fairness.

The internal control structure is based on current legislation and the regulations established by the Financial Supervision and Information Authority (ASIF), pursuant to ASIF Regulation No. 1/2015 on the prudential supervision of entities professionally engaged in financial activities in implementation of Title III of Law No. XVIII of 8 October 2013 on 'Transparency, supervision and financial information'.

The risk management and control processes aim to ensure that the value generated by the Institute is characterised by reliability and sustainability, safeguarding the Institute's financial soundness and reputation and providing a transparent representation of the risks assumed. In particular, the risk control system aims to:

- identify methods for measuring/assessing and managing all types of risk to which the Institute is exposed in view of the activities carried out, with a view to pursuing informed governance;
- verify compliance with the limits set on risk-taking, ensuring that operations are consistent with the assigned risk objectives;
- monitor the adequacy of capital in relation to the risks assumed.

The internal control system, in implementation of the guidelines provided by current legislation and bearing in mind best practices in the sector, adopts the following guiding principles:

- clear allocation of tasks and responsibilities;
- separation and independence of control Departments from operational Departments;

- identification of control activities at each operational level (so-called line, second-level and third-level controls); organisational procedures formalise these controls;
- dissemination of a culture of control and sharing of a risk/control language at all levels of the organisation;
- awareness of the risks assumed, through the identification, measurement and monitoring of all types of risk, assumed or assumable, deemed relevant; the risk assessments conducted periodically for AML and ICT security are clear examples of this;
- consistency in the definition and adoption of assessment methods and tools, pursuing the uniform use of taxonomies, metrics and qualitative-quantitative methodologies;
- direct communication between control Departments and corporate bodies, without restrictions or intermediaries, to ensure that any significant anomalies found are promptly brought to the attention of the appropriate hierarchical levels and dealt with swiftly;
- adoption of reliable information systems capable of providing the data and information necessary for recipients to perform their activities in a timely manner and with an adequate level of detail.

Primary responsibility for the governance of the internal control system and its proper functioning lies with the Institute's bodies and Departments; specific control tasks are assigned to the internal Departments responsible for monitoring specific areas of risk and/or operations.

In particular, each Organisational Unit is required, within its area of competence, to ensure the proper conduct of operations by carrying out so-called 'line controls'.

The internal control system is regularly reviewed and updated to reflect changes in operations and the external environment. The assessment of the adequacy and effectiveness of the internal control system, both as a whole and in its main components, is the responsibility of the Internal Audit Department.

Within the internal control system, risk and compliance controls ('second-level controls') are designed, among other things, to ensure the proper implementation of the risk management process, to define criteria and methodologies for measuring risk exposure, to verify compliance with the operational limits assigned to the various Departments, and to ascertain the compliance of business processes with legal and supervisory requirements. These control activities are carried out by Departments that are separate and independent, from an organisational point of view, from the units responsible for risk-taking.

1.2 Consistency between the overall risk profile and the Institute's strategies

The IOR's Risk Appetite Framework (RAF) defines risk appetite, tolerance thresholds, risk limits and risk governance policies, in line with the maximum risk that can be assumed and with the Institute's business model and Strategic Plan.

The steps for identifying risk objectives and related tolerance levels are governed by the Risk Appetite Framework Management Procedure, as follows:

- formulation of the IOR's risk philosophy through the definition of guiding principles for risk management aligned with the Institute's mission. This task falls under the responsibility of the Board of Superintendence,
- determination of risk appetite (risk appetite statement) for each type of risk underlying the guiding principles of risk management. This task falls under the responsibility of the Institute's leadership, in particular the Board of Superintendence, which evaluates and approves the proposals made by the Director General;
- definition of metrics for quantifying risk in order to monitor the risk assumed (risk profile). This task falls under the responsibility of the Board of Superintendence, which evaluates and approves the proposals put forward by the Director General and Risk Management; the metrics are formalised in the RAF document;

- identification for each metric of the desired limit value (risk appetite), the permitted deviation from the limit value (risk tolerance) and the maximum risk exposure that can be assumed (risk capacity) before incurring operational discontinuity or violating regulations. This task falls under the responsibility of the Board of Superintendence, which evaluates and approves the proposals put forward by the Director General and Risk Management; the metrics are formalised in the RAF document;
- definition of mechanisms to keep the Institute within the desired risk profile. This task falls under the responsibility of the Director General, on the proposal of the Risk Management Department.

In accordance with supervisory provisions, the IOR has defined the methods for linking the Risk Appetite Framework (RAF) and the business model pursued. Below are some key examples illustrating the connection between the Institute's overall risk profile and the strategies pursued.

Management decisions and annual and multi-year strategic guidelines are defined in compliance with the capital adequacy, liquidity and risk-taking constraints established by the RAF for the forward-looking horizon.

The Board of Superintendence monitors compliance with risk appetite by comparing risk objectives and permitted tolerance with the values assumed by the RAF metrics. Based on the monitoring activity carried out in 2025, the IOR's risk profile was consistent with its corporate objectives and strategy.

The risk governance guidelines and their qualitative and quantitative interpretation through risk appetite parameters – both expressed by the Board of Superintendence – form the basis for identifying the objectives and priorities to be implemented within the planning horizon.

On an annual basis, a process of interaction is activated between the definition of guidelines – annual budget or multi-year plan – and the desired (risk appetite) and tolerated (risk tolerance) risk profile in the various areas monitored by the RAF. Taking into account the results of these analyses, the Institute's risk appetite is calibrated where necessary in order to maintain consistency between risk appetite and objectives.

The assumptions made for the planning of activities are subject to sustainability analysis with regard to the maintenance of financial and capital balance, in order to ensure consistency with the constraints of capital adequacy and the financial structure of liabilities, financial leverage, asset quality, liquidity, profitability and risk-taking specified in the Risk Appetite Framework.

The degree to which the objectives defined during planning have been achieved is verified in conjunction with the monitoring of compliance with risk objectives; if the risk metrics show significant deviations, corrective measures are identified and implemented to bring them back within the defined thresholds.

With regard to transactions and activities of particular economic, financial and equity significance carried out during 2025, there were no transactions that could significantly affect the financial position or results for the year; the same considerations apply to transactions with related parties.

For a comprehensive overview of the most significant economic, financial and equity activities that characterised the 2025 financial year, please see the IOR financial statements for 2025 (<https://www.ior.va/content/ior/it.html>).

2. OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURES (I)

With regard to capital requirements and risk-weighted exposures, in addition to the information provided in Part 5 of the Notes to the Financial Statements, it is worth noting that forward-looking capital adequacy is assessed in the ICAAP from two perspectives:

- regulatory perspective: this involves a multi-year assessment of the Institute's ability to meet regulatory requirements and supervisory requirements relating to available capital. This perspective considers the impact of all risks relevant to the Institute's capital, not limited to those covered by Pillar I requirements;
- economic perspective: this complements the regulatory perspective and focuses on the Institute's ability to address, with adequate capital resources, all material risks that could generate economic losses and reduce total available capital (Pillars I and II). In this view, the Institute ensures that it adequately covers risks with capital commensurate with its internal concept of capital adequacy.

Pillar I establishes the minimum capital requirements for the following risks:

- credit risk: The Institute calculates the capital requirement for credit risk, including counterparty risk, using the standardised approach, which involves applying risk weights to exposures according to their classification (counterparty risk, default risk, etc.), based on credit quality (ratings or risk classes);
- market risk: Market risk is calculated separately for general risk and specific risk for both bonds and equities, in accordance with the regulations. This approach is adopted to determine capital requirements related to fluctuations in financial market prices;
- operational risk: Capital adequacy for operational risk is calculated using the Basic Indicator Approach (BIA), which involves applying a fixed percentage (15%) to the Institution's net interest margin over the last three years. This method provides an estimate of the capital needed to cover potential losses arising from unexpected operational events.

Pillar II concerns the analysis and management of risks not considered in Pillar I, but which are essential for a complete assessment of the Institution's capital adequacy.

The main risks analysed under Pillar II are:

- interest rate risk: The Institute identifies the capital required to cope with any interest rate fluctuations that adversely affect the value and profitability of the assets and liabilities held by the Institute;
- concentration risk: The Institute analyses the concentration of credit risk (e.g. whether a large segment of customers or a specific sector presents a high risk) and determines the capital required to cover any losses due to this risk;
- reputational/strategic risk and other non-quantifiable risks: In determining risk capital, the Institute also takes into account intangible risks, such as reputational or strategic risk, which may not be directly measurable but have a significant impact on operations and capital.

The Institute uses basic methods (also known as standard methods) to measure material risks, both for Pillar I (basic risks) and Pillar II (additional risks).

In both perspectives, regulatory and economic, the assessment time horizon is three years. The metrics used to analyse the Institute's capital adequacy refer to:

- internal capital: the capital required to cover losses relating to a specific risk that the Institute considers significant;

- total Internal Capital: this represents the amount of capital needed to cover all the risks assumed by the Institute, both current and prospective, including any capital requirements due to strategic considerations;
- regulatory capital: this is the total capital resources that can be used to cover capital absorption resulting from the quantification of risks.

Measurements of the degree of exposure to risks, carried out both currently and prospectively, as well as under stress conditions, make it possible to determine the internal capital requirements necessary to adequately address the above-mentioned risks.

The Total Internal Capital is then compared with the Regulatory Capital to ensure that all risks are fully covered. In order to safeguard the stability of the Institute, at the RAF operational metrics level, a minimum level of Regulatory Capital not allocated to cover risks (Free Capital) is required to ensure adequate capitalisation even in the event of unexpected shocks.

At the end of the ICAAP process, the Board of Superintendence verifies that the Institute has adequate regulatory capital to cover the capital requirements associated with the material risks to which it is exposed, both in the final balance sheet and in the baseline and stress scenarios, taking into account the expected developments in its activities.

The maintenance of capital adequacy is verified periodically by monitoring the Institute's operating performance and risk exposure.

The capital adequacy targets and thresholds identified in the Risk Appetite Framework (RAF) are used as a reference to assess the adequacy of the Institute's capital requirements determined in the ICAAP, both in current and prospective terms, as well as in adverse scenarios, in line with the minimum regulatory requirements and additional supervisory constraints applicable.

The Institute reports the results of the ICAAP process to the Supervisory Authority annually.

3. COUNTERCYCLICAL CAPITAL RESERVES (K)

The objective of imposing additional capital reserves above the minimum legal requirement is to provide banks with high-quality capital resources to be used in times of market instability to prevent systemic failures in the banking sector and ensure the continuity of credit. In addition, these reserves serve to address the risks arising from the systemic importance, both globally and nationally, of certain intermediaries.

In this context, the countercyclical capital buffer (CCyB) aims to protect the banking sector during periods of strong credit growth. The imposition of this buffer allows Tier 1 capital to be accumulated during periods of credit expansion, so as to cover losses during periods of credit contraction.

As provided for in Annex XIX to ASIF Regulation No. 1/2015, supervised entities must maintain a countercyclical capital buffer equal to their total risk exposure (calculated in terms of risk-weighted assets) multiplied by the specific countercyclical coefficient.

The specific countercyclical buffer for each supervised entity corresponds to the weighted average of the buffers in force in the countries where the relevant credit exposures are located. For 31 December 2025, the Financial Supervisory and Information Authority has set a countercyclical buffer rate for Vatican City State of 0% for exposures held by intermediaries to Vatican counterparties.

Specific countercyclical coefficient for the Institute for 31/12/2025	0,62%
Specific countercyclical capital buffer requirement for the Institute (euro)	6,496,416

The following table shows the geographical distribution of credit exposures relevant for the calculation of the Institute's specific countercyclical capital buffer, as well as the main elements used to determine the amount of the buffer at the reference date.

COUNTRY	RWA (€/mln)	Countercyclical coefficient country specific (%)
Australia	3.67	1.00%
Belgium	7.92	1.00%
Brazil	0.00	2.50%
Canada	9.37	0.00%
Chad	0.00	2.50%
Chile	2.49	0.50%
South Korea	1.68	1.00%
Denmark	2.41	2.50%
Finland	7.03	0.00%
France	121.61	1.00%
Germany	68.65	0.75%
Japan	26.79	0.00%
Iraq	0.00	2.50%
Ireland	13.41	1.50%
Italy	242.11	0.00%
Luxembourg	6.76	0.50%
Mexico	6.46	0.00%
Norway	2.47	2.50%
New Zealand	2.91	2.50%
Netherlands	68.40	2.00%
Panama	5.36	2.50%
Peru	4.86	2.50%
Poland	1.67	1.00%
Portugal	3.64	0.75%
United Kingdom	41.80	2.00%
Czech Republic	1.44	1.25%
Romania	0.00	1.00%
Sierra Leone	0.00	2.50%
Spain	65.36	0.50%
United States	4.05	0.00%
Vatican City	2.90	0.00%
Sweden	12.56	2.00%
Switzerland	12.82	0.00%
Hungary	4.94	1.00%
Weighted average		0.62%

4. ENCUMBERED AND UNENCUMBERED ASSETS (M)

As at 31 December 2025, the transactions for which the Institute restricts part of its financial assets are:

- Securities held for access to the VISA circuit;
- Securities held for access to the SWIFT circuit.

IOR does not carry out transactions that require the pledging of assets as collateral, such as lending transactions with a central bank, repurchase agreements, the issue of covered bonds, etc.

		Carrying amount of encumbered assets		Fair value of encumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
		010	030	040	050
10	assets of the reporting institution	2,314	-	2,314	-
30	Equity instruments	2,314	-	2,314	-
40	Debt securities				
50	<i>of which covered bonds</i>				
60	<i>of which securitisations</i>				
70	<i>of which: issued by general governments</i>				
80	<i>of which issued by financial corporations</i>				
90	<i>of which issued by non-financial corporations</i>				
120	Other assets				

(Euro thousands)

		Carrying amount of encumbered assets		Fair value of encumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
		010	030	040	050
10	assets of the reporting institution	2,478,367	1,313,004	2,446,423	1,289,494
30	Equity instruments	131,143	-	131,143	-
40	Debt securities	2,127,281	1,302,244	2,095,337	1,278,734
50	<i>of which covered bonds</i>				
60	<i>of which securitisations</i>				
70	<i>of which: issued by general governments</i>	1,224,564	1,224,564	1,201,054	1,201,054
80	<i>of which issued by financial corporations</i>	640,082	-	634,380	-
90	<i>of which issued by non-financial corporations</i>	262,635	77,680	259,903	77,680
120	Other assets	219,943	10,760	219,943	10,760

(Euro thousands)

As far as 'Debt securities' are concerned, EHQLA and HQLA constitute the majority of both encumbered and unencumbered assets.

Assets with very high liquidity and credit quality (EHQLA) are the 'Level 1 assets' referred to in Article 416 (Reporting on liquid assets), paragraph 1, second subparagraph, of Regulation (EU) No 575/2013 ('CRR'). Assets with high liquidity and credit quality (HQLA) are the 'level 2 assets' referred to in the same subparagraph of the Regulation. Level 2 assets are further divided into 'level 2A' and 'level 2B' assets, in accordance with Title II, Chapter 2 of the Commission Delegated Regulation (EU) of 10 October 2014.

The items included under Other assets (encumbered and unencumbered) mainly consist of assets relating to cash and cash equivalents, gold and coins, equity investments, tangible and intangible assets, etc. Other assets considered EHQLA relate to cash and cash equivalents.

5. KEY METRICS (Q)

The IOR assesses its current and future capital adequacy by considering both the normal course of risk factors and the occurrence of adverse but plausible situations. During the first part of the year, the robustness of the strategic and operational planning (set out in the multi-year plan and annual budget) is assessed from both a prudential regulatory and managerial perspective. The capital adequacy assessment (ICAAP) and liquidity adequacy assessment (ILAAP) pursue these objectives, as detailed below:

- verification of current and prospective capital adequacy with respect to the strategic plan/budget and the risks assumed through the definition of an informed and prudent strategy;
- pursuit of process integration between capital management, strategic planning and RAF;
- sharing and spreading a culture of risk control;
- developing tools for measuring, controlling and mitigating risk.

The Risk Management Department coordinates the ICAAP and ILAAP processes, involving the various business areas and Departments for their specific areas of expertise.

The ICAAP report considers a three-year time horizon in the base and adverse scenarios and assesses capital adequacy – that is, whether the capital base (Regulatory Capital) exceeds the Total Internal Capital measured against exposure to risks, in compliance with the minimum regulatory requirements set by the supervisory authority and the management requirements established by the IOR.

Synthetic risk profile indicators	Dec-25	Dec-24
Common Equity Tier 1 ratio (CET1 ratio)	71.86%	69.43%
Tier 1 ratio	71.86%	69.43%
Total capital ratio	71.86%	69.43%
Regulatory capital (€ million)	750.77	693.96
Liquidity Coverage ratio (LCR)	1,370%	5.095%
Net Stable Funding ratio (NSFR)	271.5%	251.6%
Leverage (core equity/assets)	29.3%	27.4%
Combined capital conservation buffer	3.12%	3.06%
Capital conservation buffer	2.5%	2.5%
Anticyclical capital buffer specific for IOR	0.62	0.56%
Loans to clients / deposits	4.6%	3.7%
Return on Equity (ROE)	6.7%	4.7%

The following table shows the breakdown by quarter of the main metrics pursuant to letter Q of Annex XXVII to ASIF Regulation No. 1/2015. For the disclosure of information pursuant to letter Q – points a, b, c, h – please see Part 6 of the Notes to the 2025 Financial Statements.

	Dec-25	Sep-25	Jun-25	Mar-25	Dec-24	12-month average
Pillar I capital requirements	84	80	85	85	80	
Regulatory Capital	751	739	734	703	694	
RWA Risk-Weighted Assets	1,045	1,005	1,063	1,063	1,000	
CET1 Ratio	71.86%	73.53%	68.99%	66.14%	69.43%	
Combined capital conservation buffer (€)	32.62	31.31	33.35	32.98	30.55	
Combined capital conservation buffer (%)	3.12%	3.11%	3.14%	3.10%	3.06%	
Capital Conservation Buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%	
Anticyclical capital buffer, entity-specific (%)	0.62%	0.61%	0.64%	0.60%	0.56%	
HQLA High Quality Liquid Assets, non-weighted	1,363	1,410	1,291	1,310	1,443	
LCR Liquidity Coverage Ratio	1,370%	5,672%	4,678%	4,697%	5,095%	3,170%
Total HQLA, weighted	1,296	1,335	1,219	1,230	1,359	1,289.58
Total net outflows, weighted	95	24	26	26	27	40,68
NSFR Net Stable Funding Ratio	271.5%	273.4%	250.9%	269.1%	292.5%	268.1%
ASF Available Stable Funding, weighted	2,021	2,046	2,046	2,081	2,133	2,067
RSF Required Stable Funding, weighted	744	748	815	773	729	771
Financial LEVERAGE	29.3%	28.5%	29.2%	27.1%	27.4%	
Total exposure	2,534	2,596	2,522	2,523	2,534	

(Euro thousands)

6. INTEREST RATE RISK ON POSITIONS NOT HELD IN THE TRADING BOOK (R)

Exposure to interest rate risk is measured with reference to the assets and liabilities included in the banking book, i.e. assets and liabilities other than those assigned to the trading book, in accordance with Annex XIV to ASIF Regulation No. 1/2015.

To calculate the capital required to cover this risk, the following assets and liabilities sensitive to interest rate changes were identified:

- exposures to banks and loans to customers;
- debts to customers;
- securities in the Held to Collect and Held to Collect and Sell business models;
- assets serving the pension plan for IOR employees.

After verifying the presence of positions in 'relevant currencies'¹ (EUR, USD and other aggregate currencies), the assets and liabilities were classified into the 14 time bands provided for by the regulations. Within each band and currency, active exposures are offset against passive exposures to obtain the net position. The net position for each band is multiplied by the applicable weighting factors. The weighted exposures of the different bands are added together to obtain a value that represents the change in the present value of cash flows in response to the interest rate shock provided for by the regulations (+200 bps), assumed for each currency (offsetting by band). As expressly defined by the regulations, only positive exposures were added together to obtain the total requirement; i.e., offsetting by currency is not permitted.

Below is a summary table of the capital absorbed over the last two financial years.

	Dec-25	Dec-24	Variation
Interest rate risk for the banking book	52.60	34.60	+52%

(Euro millions)

In 2025, the Institute made portfolio management decisions that widened the duration gap between assets and liabilities, resulting in an increase in interest rate risk for the banking book; however, this risk remains within the agreed tolerance.

The Economic Value of Equity (EVE) metric is used to assess the impact of interest rate changes on the Institute's overall economic value; this metric reflects the effect of interest rate fluctuations on the net present value (NPV) of assets and liabilities, considering the entire life of the financial instruments. Compared to 2024, in 2025 the Institute increased its sensitivity to interest rate increases from €7.6 in 2024 to €8.7 million in 2025, in line with the decisions made regarding portfolio management.

¹ Relevant currencies: currencies with a weighting of more than 5% of the total assets or liabilities of the portfolio, as defined in ASIF Regulation No. 1/2015, Annex XIV, point 1.

Net Interest Income (NII) is used to measure the ability to generate income from loans and investments net of interest paid on debt; it is sensitive to changes in interest rates and the structure of the IOR's balance sheet. The NII shows that:

- Any decrease in interest rates leads to a slight reduction in NII; compared to the previous year (2024), the loss is lower (-0.3 million vs -0.5 million) in the case of -50 bps variation;
- Any increase in interest rates will result in a gain of €0.5 million in 2025, an increase from €0.3 million in 2024.

The calculation of risk indicators and the verification of compliance with the relevant system of limits and monitoring thresholds are carried out on a quarterly basis. In the event of a breach of thresholds/limits, different escalation processes are in place depending on the severity of the violation.

When planning its commercial strategies for raising and investing funds from customers, as well as when defining its proprietary investment policies in financial assets, the IOR focuses on seeking a balance between assets and liabilities, thereby optimising the interest rate risk profile. These measures aim to limit the potential impact on economic capital and income results associated with any fluctuations in market rates.

7. EXPOSURES IN SECURITISATION POSITIONS (S)

The IOR does not participate in securitisation transactions.

8. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS (T)

In 2025, the Institute published a specific report on environmental, social and governance risks – covering the year 2024 – to which reference is made.

9. REMUNERATION POLICY (U)

The remuneration policy is approved by the Institute's Board of Superintendence with the support of the internal Human Resources, Ethics, and Remuneration Committee, composed of three members of the Board of Superintendence, which meets on a quarterly basis.

The Institute's remuneration system is defined in accordance with the principle of sound and prudent management and in light of an analysis of long-term institutional strategies and objectives, consistent with the levels of capitalisation and liquidity necessary to support the activities undertaken and in such a way as to avoid distorted incentives that could lead to regulatory violations or encourage risk-taking that exceeds the level tolerated by the Institute.

The Institute's remuneration system is defined in accordance with the principle of sound and prudent management and in light of an analysis of long-term institutional strategies and objectives, consistent with the levels of capitalisation and liquidity necessary to support the activities undertaken and in such a way as to avoid biased incentives that could lead to regulatory violations or encourage risk-taking that exceeds the level tolerated by the Institute.

The remuneration structure, consisting of a fixed and a variable component, is defined ex-ante for each category of personnel, with the aim of avoiding the adoption of excessively risk-oriented behaviour.

The remuneration and incentive policy is designed to ensure fair pay for employees performing similar tasks, guaranteeing equality in the conditions for awarding and paying remuneration.

In determining remuneration, the Institute takes into account various factors, including: (i) professional skills and level of commitment; (ii) formal education level; (iii) availability of qualified profiles on the labour market for specialist roles; (iv) type of contract; (v) experience gained; (vi) professional certifications, if any.

Fixed remuneration

Fixed remuneration is determined and paid on the basis of objective, predetermined, and verifiable parameters, such as the level of professional experience and the degree of responsibility associated with the position held. This component is not influenced by individual performance or that of the Institute, in order to avoid the adoption of risk-oriented behaviour. Fixed remuneration is therefore intended to recognise the skills and responsibilities that are inherent to the role.

Variable remuneration

Variable remuneration includes all forms of compensation or benefits whose allocation is dependent on performance, regardless of how it is measured, or on other observable parameters such as length of service.

The main tool used by the Institute to determine variable remuneration is the 'Short-term evaluation and incentive system' (System), which closely links the awarding of incentives to employees with their professional performance. The System:

- i. is activated only when sufficient financial resources are available, in accordance with the annual budget approved by the Supervisory Board;
- ii. is subject to penalty and/or repayment mechanisms of up to 100% of the amount paid, in the event of conduct that has resulted in significant losses for the Institute;
- iii. is linked to clearly defined performance indicators (KPIs).

Incentives payable through the short-term evaluation and incentive system may never exceed 30% of fixed remuneration.

Aggregate quantitative information on remuneration paid in 2025

The following table shows total remuneration broken down by business area.

Business area	Remuneration aggregate year 2025	Remuneration aggregate year 2024
Client Area	1,562	2,656
Finance and Investment Area	1,119	1,401
Asset Management GPM Area	577	-
IT and Operations Area	2,873	1,868
Staff Functions	1,381	1,167
Control Functions	1,078	1,012
Total	8,590	8,104

(Euro thousands)

The significant year-over-year changes in aggregate compensation observed in certain business areas are primarily due to the changes to the corporate structure implemented in 2025. Specifically:

- the establishment of the Asset Management Area, previously structured as a Department within the Finance and Investments Area.
- the reassignment of certain operational units from the Client Area to the IT and Operations Area.

These changes modified the distribution of personnel across the various Areas, consequently affecting the composition of aggregate compensation in the two financial years.

The following table shows remuneration broken down into fixed remuneration (with a description of the fixed components) and variable remuneration, and the number of beneficiaries:

Type of remuneration	Senior Executives		Key personnel	
	No.	amount	No.	amount
A) Fixed remuneration	7	713	12	1,783
<i>Of which indemnity</i>	-	-	4	64
B) Variable remuneration	-	-	12	246
A+B) Total	7	713	12	2,029

(Euro thousands)

The variable remuneration shown in the table is entirely based on the results of the application of the 2025 Short-Term Evaluation and Incentive System.

As required by ASIF Regulation No. 1/2015, the following information is provided below:

- the total remuneration of members of the Senior Management and Senior Executives amounts to €953,000;
- during the financial year, no severance payments were made in relation to previous financial years;
- during the financial year, new employee severance indemnities totalling €189,000 were recognised;
- no employee receives remuneration equal to or greater than €500,000.

10. LEVERAGE RATIO (V)

The leverage ratio is calculated as the measure of the supervised entity's core capital divided by the measure of the entity's total exposure and is expressed as a percentage, as indicated in Annex XX to ASIF Regulation No. 1/2015. The Institute calculates the metric on a monthly basis and reports it to the Supervisory Authority.

The trend of the indicator during 2025 is shown in the table below; it remains stable within the limits set out in the RAF (minimum 10%) and the regulatory limit (minimum 3%). The risk of excessive leverage is managed by monitoring the indicator under analysis and by maintaining the liquidity characteristics of the assets, which allow them to be disposed of without excessive costs in the event of any liabilities. The increase observed at the end of the financial year compared to the beginning is mainly due to the higher amount of core capital.

Year 2025	FINANCIAL LEVERAGE %
January	26.60
February	26.91
March	27.10
April	27.71
May	28.26
June	29.16
July	27.31
August	27.93
September	28.52
October	29.32
November	28.85
December	29.25

11. LIQUIDITY REQUIREMENTS (W)

ASIF Regulation No. 1/2015 identifies two indicators for monitoring liquidity risk:

- Short-term indicator (Liquidity Coverage Ratio - LCR), with the aim of ensuring compliance with ordinary commitments and enabling the Institute to overcome a liquidity stress situation, with an operating horizon of 30 days; the Institute maintains a liquidity coverage ratio of at least 100% as required by the regulations.

$$\text{LCR} = (\text{HQLA stock}) / (\Sigma \text{ Total Net Outflows}) \geq 100\%$$

- Medium/long-term indicator (Net Stable Funding Ratio – NSFR), with the aim of balancing the liquidity of the main balance sheet items over a one-year horizon. The IOR maintains a stable funding ratio of at least 100%, as required by the regulations.

$$\text{NSFR} = \text{ASF} / \text{RSF} \geq 100\%$$

In accordance with the provisions of the Regulation and in order to pursue alignment with market standards, the IOR calculates the indicators by applying Delegated Regulation (EU) 2015/61, which supplements Regulation (EU) No 575/2013 for the LCR, as well as the document Basel III: the Net Stable Funding Ratio issued by the Basel Committee on Banking Supervision in October 2014 for the NSFR.

The Institute's Risk Appetite Framework identifies not only the regulatory threshold (100%), but also the desired limit and the permitted tolerance for liquidity indicators. The Risk Management Department calculates the value of the indicators and provides periodic reports with an appropriate level of detail to the relevant Departments, promptly communicating any exceedances of the limits to General Management, the Treasury and the Internal Audit Department. In addition, Risk Management reports data on LCR and NSFR liquidity ratios to the supervisory authority on a monthly basis.

The IOR's liquidity conditions are adequate both in the short term ('operational liquidity') and in the long term ('structural liquidity'), with ample compliance with the minimum levels imposed by the regulations.

The following table shows the quarterly trend and the 12-month average value of the indicators and the main constituent elements.

	Dec-25	Sep-25	Jun-25	Mar-25	Dec-24	12-month average
LCR	1,370%	5,672%	4,678%	4,697%	5,095%	3,170%
Total high-quality liquid assets (weighted)	1,296	1,335	1,219	1,230	1,359	1,289.58
Total net cash outflows (weighted)	95	24	26	26	27	40,68
NSFR	271.5%	273.4%	250.9%	269.1%	292.5%	268.1%
Total stable funding available (weighted)	2,021	2,046	2,046	2,081	2,133	2,067
Total stable financing required (weighted)	744	748	815	773	729	771

(Euro thousands)

The change in the LCR ratio after September 2025 is due to a methodological adjustment involving a different classification of customers, so that part of the retail customers' sight deposits is reclassified into the 'non-profit' category. This reclassification is based on in-depth knowledge of customer characteristics and is prudent, as the higher net liquidity outflows expected in the following 30 days (higher for the non-profit category than for the retail category) significantly reduce the LCR value, which nevertheless remains well above the minimum regulatory requirements.

APPENDIX 1. RECONCILIATION BETWEEN THE NOTES TO THE 2025 FINANCIAL STATEMENTS AND ANNEX XXVII TO ASIF REGULATION NO. 1/2015

The following table shows the specific location of the information – required under ASIF Regulation No. 1/215, Annex XXVII – in the 2025 Annual Report or the 2025 Risk Disclosure Statement.

Annex XX to ASIF Regulation No 1/2015	Position
F. Disclosure on risk management objectives and policies	Explanatory Notes, Part 5 and Disclosure on risk management
G. Disclosure on the scope of application	Not applicable
H. Disclosure on own funds	Explanatory Notes, Part 6
I. Disclosure on capital requirements and risk-weighted exposure amounts	Explanatory Notes, Part 6
J. Disclosure on counterparty risk exposures	Explanatory Notes, Part 6
K. Disclosure on countercyclical capital buffers	Disclosure on risk management
L. Disclosure on credit risk and dilution risk exposures	Explanatory Notes, Part 5
M. Disclosure on restricted and unrestricted assets	Disclosure on risk management
N. Disclosure on the use of the standardised approach	Explanatory Notes, Part 5
O. Disclosure on market risk exposure	Explanatory Notes, Part 5
P. Disclosure on operational risk management	Explanatory Notes, Part 5
Q. Disclosure on key metrics	Explanatory Notes, Part 6 & Disclosure on risk management
R. Disclosure on interest rate risk exposures on positions not held in the trading book	Disclosure on risk management
S. Disclosure on exposures in securitisation positions	Not applicable
T. Disclosure on environmental, social, and governance risks	Sustainability Report 2025
U. Disclosure on risk management objectives and policies	Explanatory Notes, Part 5 and Disclosure on risk management
V. Disclosure on the scope of application	Not applicable
W. Disclosure on own funds	Explanatory Notes, Part 6
X. Disclosure on capital requirements and risk-weighted exposure amounts	Explanatory Notes, Part 6
Y. Disclosure on counterparty risk exposures	Explanatory Notes, Part 5
AA. Disclosure on countercyclical capital buffers	Disclosure on risk management

SENIOR MANAGEMENT STATEMENT ON THE DISCLOSURE PURSUANT TO ARTICLE 119, ANNEX XXVII, LETTER A.3 TO ASIF REGULATION N.º. 1/2015

The undersigned, Jean-Baptiste Douville de Franssu in his capacity as President and legal representative of the Institute for Religious Works, certifies, pursuant to paragraph 3 of point A of Annex XXVII to Regulation No. 1/2015, that the document 'Disclosure on risk management for the year 2025 as per Article 119 of ASIF Regulation No. 1/2015' complies with the policies, processes, and internal controls of the IOR.

V.C.S.



Jean-Baptiste Douville de Franssu
President and legal representative

DIRECTOR GENERAL'S STATEMENT PURSUANT TO ANNEX XXVII, LETTER F, POINTS E) AND F) TO ASIF REGULATION NO. 1/2015

The Director General Gian Franco Mammì declares, pursuant to letter F, points e) and f) of Annex XXVII to ASIF Regulation No. 1/2015, that:

- a) the risk management systems implemented by the IOR and described in the document 'Disclosure on risk management for the year 2025 as per Article 119 of ASIF Regulation No. 1/2015' are in line with the profile and strategy of the IOR;
- b) the section 'Risk management objectives and policies (F)' in the paragraph 'Consistency between the overall risk profile and the Institute's strategies' of the aforementioned document summarises the overall risk profile of the IOR in relation to the corporate strategy adopted.

S.C.V.



Gian Franco Mammì

Director General

