FINECOBANK GROUP PUBLIC DISCLOSURE - PILLAR III

AS AT 30 SEPTEMBER 2021

FINECO. SIMPLIFYING BANKING.

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"FinecoBank Banca Fineco S.p.A."
or in abbreviated form "FinecoBank S.p.A.", or "Banca Fineco S.p.A." or "Fineco Banca S.p.A.".
Bank enrolled in the Register of Banks and Parent Company of the FinecoBank Banking Group – enrolled in the Register of Banking Groups at No. 3015, Member of the National Guarantee Fund and National Interbank Deposit Guarantee Fund.
Tax Code and Milan-Monza-Brianza-Lodi Companies Register no. 01392970404 – R.E.A. (Economic and Administrative Index) no. 1598155, VAT No. 12962340159

Introduction

The FinecoBank Group public disclosure Pillar III – (hereafter "Disclosure") has been prepared in accordance with the prudential rules for banks and investment companies, which came into force on January 1, 2014 and is contained in Directive 2013/36/EU (Capital Requirements Directive, CRD IV) and in Regulation 575/2013/EU (Capital Requirements Regulation, CRR), and subsequent Directives and Regulations amending its content, including, in particular, the Directive (EU) 2019/878 (so called CRD V), the Regulation (EU) 2019/876 of the European Parliament and of the Council (so-called CRR II) and the Regulation (EU) 2020/873 of the European Parliament and of the Council (so called CRR Quick-fix). In the following pages of this document, the term "CRR" refers to Regulation no. 575/2013/EU as subsequently amended.

Following the publication in the Official Journal of the European Union on June 7, 2019 of Regulation (EU) 2019/876, which is part of the broader reform package that also includes CRD V (Capital Requirements Directive V), BRRD II (Banking Recovery and Resolution Directive II) and SRMR II (Single Resolution Mechanism Regulation II), significant changes have been envisaged with particular reference to Part eight of the CRR. Consistent with the regulatory changes introduced by CRR II, in order to rationalize and homogenize the disclosures to be provided periodically to the market, the EBA, responding to the mandate given to it by Article 434 a "Disclosure templates" of CRR II, in June 2020 published the implementing technical standards (EBA/ITS/2020/04), intended for all institutions subject to the disclosure requirements of Part eight of CRR. These implementing technical standards were transposed by Commission Implementing Regulation (EU) 637/2021 of 15 March 2021 laying down implementing technical standards regarding the publication by institutions of the information referred to in Part Eight, Titles II and III of Regulation (EU) No 575/2013 and repealing Implementing Regulation (EU) No 1423/2013, Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Delegated Regulation (EU) 2017/2295. These provisions are applicable from June 2021.

The Directive and the Regulation transpose into European Union legislation the framework known as Basel III, defined by the Basel Committee on Banking Supervision in order to strengthen banks' ability to absorb shocks arising from financial and economic tensions, regardless of their origin, to improve risk management and governance of banks, as well as to strengthen their transparency and disclosure. The new EU rules were collated and implemented by the Bank of Italy through the "Supervisory Regulations for Banks" (Circular 285 of December 17, 2013 and subsequent update).

The CRR requires Institutions to publish the information set out in Title I Part Eight in conjunction with the financial statements. This public disclosure obligation aims to integrate the minimum capital requirements (Pillar 1) and the prudential control process (Pillar 2), through the identification of a set of disclosure transparency requirements that allow market participants to have relevant, complete and reliable information about capital adequacy, risk exposure and the general characteristics of the systems responsible for identifying, measuring and managing these risks.

FinecoBank qualifies as a "Large Institution" under the CRR and therefore publishes its Public Disclosure as at 30 September 2021, reporting the information required to large institutions on quarterly basis. In line with Article 433 of the CRR, FinecoBank S.p.A., as the Parent Company of the FinecoBank Banking Group (hereinafter the "Group"), publishes its Public Disclosure at a consolidated level.

In addition to the European Union regulations, there are also the provisions issued by the Bank of Italy, in particular with Circular no. 285 "Supervisory provisions for banks" of December 17, 2013 (and subsequent updates), which in Chapter 13 of Part Two (public disclosure) governs the matter. The aforementioned circular does not lay down specific rules for the preparation and publication of Pillar III, but refers to the provisions for this purpose provided for by EU Regulation no. 575/2013 (Capital Requirements Regulation, so-called CRR), the Regulations of the European Commission whose preparation may be delegated to the EBA (European Banking Authority) and the EBA Guidelines.

The subject is therefore regulated:

- by the CRR, Part 8 "Disclosure by institutions" (art. 431–455);
- by regulations of the European Commission, the preparation of which may be delegated to the EBA, containing the regulatory or implementing technical standards to govern the uniform models for publishing the various types of information. In particular, reference is made to the following guidelines and regulations:
  - Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295 (EBA/RTS/2020/20 implemented by the Implementing Regulation 2021/637);
  - guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 (EBA/GL/2014/14);
  - guidelines on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 as regards the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds (EBA/GL/2018/01);
  - guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07);
  - guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic (EBA/GL/2020/12).

Finally, this Disclosure takes into account the indications contained in the document "Enhancing the risk disclosures of banks" prepared by the international Enhanced Disclosure Task Force - EDTF established under the auspices of the Financial Stability Board (FSB) and published in 2012. This document contains a number of recommendations aimed at enhancing banks' disclosure transparency on risk profiles for which investors have highlighted the need for clearer and more complete information.

Introduction

In 2020 the European Central Bank adopted a series of measures to ensure that directly supervised credit institutions could continue to perform their role of financing the real economy in light of the economic effects of COVID-19, measures which, where envisaged, were also adopted by the Bank of Italy with reference to less significant credit institutions. To this end, the European Central Bank and, accepting the latter's invitation, the Bank of Italy granted credit institutions the possibility of temporarily operating below the level of the target component assigned as a result of the SREP process, but, at the same time, recommended to consider not distributing any dividends for the years 2019, 2020 and, finally, interim dividends from 2021 profits and to refrain from repurchasing treasury shares aimed at remunerating shareholders, in order to increase loss absorption capacity and support the lending to households, small businesses and corporate companies. In this regard, it is recalled:

- the Press Release of March 20, 2020 with which the Bank of Italy, in line with the initiatives taken by the European Central Bank with reference to significant banks, granted intermediaries the possibility of temporarily operating below the level of the target component assigned as a result of the SREP process (Pillar 2 Guidance - P2G), the Capital Conservation Buffer (CCB) and the Liquidity Coverage Ratio (LCR);
- Recommendation ECB/2020/19 of March 27, 2020 with which the European Central Bank and, accepting the latter's invitation, the Bank of Italy have recommended banks not to proceed with the payment of dividends for the years 2019 and 2020 at least until October 1, 2020 and to refrain from the repurchase of own shares aimed at remunerating shareholders, in order to increase loss absorption capacity and support the lending to households, small businesses and corporate companies;
- Recommendation ECB/2020/35 of the European Central Bank of July 27, 2020 (repealing Recommendation ECB/2020/19 of March 27, 2020) whereby the European Central Bank renewed its recommendation not to proceed with the payment of dividends relating to the 2019 and 2020 financial years, including reserve distributions, not to make any irrevocable commitment for the payment of dividends relating to the same financial years and not to proceed with the repurchase of shares aimed at remunerating shareholders until January 1, 2021. On July 28, 2020, the Bank of Italy also renewed its recommendation in line with that provided by the European Central Bank for significant banks, continuing to encourage banks and non-banking intermediaries under its supervision to use the target component assigned as a result of the SREP process (Pillar 2 Guidance - P2G), the Capital Conservation Buffer (CCB) and the Liquidity Coverage Ratio (LCR) to absorb losses in an orderly manner and to encourage lending to households and businesses, in line with that communicated by the European Central Bank;
- Recommendation ECB/2020/62 of the European Central Bank of 15 December 2020 (repealing Recommendation ECB/2020/35 of 27 July 2020) concerning the policies on dividend distributions and share buybacks that credit institutions and significant supervised groups should adopt in the economic context burdened by the COVID-19 emergency, in which the importance of continuing to adopt a prudent attitude with reference to dividend distribution transactions or share buybacks in order to remunerate shareholders is stressed, which was followed by the Press Release of December 16, 2020 by the Bank of Italy, in which it expressed its decision to maintain an extremely prudent approach, in line with the approach adopted by the European Central Bank for significant banks, in order to safeguard the banks' ability to absorb losses and grant loans to support the economy. In particular, the Bank of Italy has recommended that less significant Italian banks, until September 30, 2021:
    - to refrain from recognizing or paying dividends or limit the amount of such dividends to no more than 15% of 2019-20 cumulative earnings or 20 basis points of the CET1 ratio (whichever is less);
    - to refrain from recognizing or paying interim dividends out of 2021 earnings;
    - to exercise extreme caution in the recognition of variable compensation.

Taking into account the Recommendations of the European Central Bank and the Bank of Italy issued on December 15, 2020 and December 16, 2020, respectively, relating to dividend policy in the context resulting from the Covid-19 pandemic, FinecoBank's Board of Directors on February 9, 2021 had resolved to propose to the Shareholders' Meeting that the entire profit for the year 2020 be allocated to reserves, a proposal approved by the Shareholders' Meeting on April 28, 2021. It is recalled that also the Board of Directors' meeting of April 6, 2020, taking into account the Recommendations of March 27, 2020 of the European Central Bank and the Bank of Italy, had proposed to the Shareholders' Meeting the allocation to reserves of the entire profit for the year 2019, a proposal approved by the Shareholders' Meeting of April 28, 2020.

In July 2021 the European Central Bank and the Bank of Italy, on 23 July 2021 and 27 July 2021 respectively, communicated their decision not to extend their respective Recommendations on dividends beyond 30 September 2021

Without prejudice to the ongoing dialogue with the Bank of Italy, taking into account the shareholders' equity resulting from the financial statements for the year ended December 31, 2020, the sustainability of the business model and the regulatory constraints to which FinecoBank is subject, also in its capacity as Parent Company of the FinecoBank Banking Group, the Board of Directors of August 3, 2021 resolved to propose to the Shareholders' Meeting to be held on October 21st, 2021 the distribution of a unit dividend of 0.53 euro for each of the 609,899,770 shares, to be distributed to Shareholders holding ordinary shares entitled to payment on the scheduled dividend date, for a total amount of 323.2 euro million, drawn from the available profit reserves.

The Ordinary Shareholders' Meeting of FinecoBank S.p.A., held on 21 October 2021, approved the proposal formulated by the Board of Directors which provides for the distribution to the Shareholders of a unit dividend equal to €0.53 per share which will be paid, in accordance with the applicable laws and regulations, on 24 November 2021 with an "ex-dividend" date of 22 November 2021.

Therefore, retained earnings included in the CET1 capital at 30 September 2021 take into account foreseeable 2021 dividends of €180.1 million and foreseeable charges of €329.6 million. The foreseeable charges include dividends drawn from the aforementioned available earnings reserves, which the Shareholders' Meeting of 21 October 2021 approved to distribute in November 2021, and accrued coupons, net of related taxation, on Additional Tier 1 financial instruments issued by FinecoBank, for €6.4 million.

With regard to the initiatives put in place in 2020, please also note Regulation (EU) 873/2020 (so-called. CRR "Quick-fix") of the EU Parliament and Council published on June 26, 2020, which amends Regulation (EU) 575/2013 ("CRR") and Regulation (EU) 876/2019 ("CRR II") and made a number of adjustments to the prudential framework in light of the Covid-19 health emergency, allowing credit institutions to apply specific transitional provisions and anticipating the application of certain measures under CRR II, with the aim of providing capital support to enable credit institutions to continue to support the real economy in the context of the Covid-19 pandemic. The main measures still in force include:

- the introduction of a transitional period, from January 1, 2020 to December 31, 2022, during which institutions may exclude from the calculation of their CET1 capital the amount of unrealized gains and losses accumulated starting from December 31, 2019 on debt instruments measured at fair value recognized in other comprehensive income corresponding to exposures to central government regional governments or local authorities as defined in Article 115(2) of the CRR, and to public sector entities as defined in Article 116(4) of the CRR, excluding impaired financial assets ("Temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in light of the COVID-19 pandemic"). As of September 30, 2021, the Group did not make use of the option to apply the temporary treatment;
- the extension until December 31, 2024 of the transitional regime that allows to reduce the potential impact on CET1 deriving from the increase in provisions for expected losses on receivables calculated according to the IFRS 9 impairment model, through the gradual inclusion in CET1 ("Temporary treatment to mitigate the impact of the introduction of IFRS 9 on own funds"). It is envisaged that banks that had previously decided to make use or not to make use of the transitional provisions can revoke their decision at any time during the new transitional period. As of September 30, 2021, the Group did not make use of the option to apply the temporary treatment;
- the anticipation by one year of the more favourable prudential treatment of certain loans backed by pensions or salaries, for exposures to SMEs and for exposures to entities that operate or finance physical structures or facilities, systems and networks that provide or support essential public services. These provisions have not had any impact on the Group's capital requirements;
- the reintroduction until December 31, 2024 of the transitional treatment provided for public debt issued in the currency of another member state, which allows for the application of a more favourable risk weight, which increases progressively until the end of the transitional period, for exposures to central governments and central banks of member states denominated in the national currency of another member state ("Temporary treatment of public debt issued in the currency of another member state"). This treatment have not had any impact on the Group risk weighted assets as of September, 30, 2021;
- amendment of the discipline of calendar provisioning in order to align the treatment of impaired exposures backed by government guarantees or counter-guarantees granted by individual national governments with that reserved for impaired exposures guaranteed or insured by official export credit agencies, so that for the first seven years there is no minimum level of provisioning on the guaranteed part;
- the anticipation of the partial deduction from CET1 of intangible assets represented by software. On October 14, 2020, the final draft of regulatory technical standards (RTS) specifying the prudential treatment of assets in the form of software was published, which entered into force as of December 22, 2020 with the publication of EU Delegated Regulation 2020/2176 in the European Official Journal. The intangible assets not deducted from CET 1 capital have been included in the RWA for credit risk with a risk weight of 100%.

With regard to the public disclosure requirements related to the provisions contained in Regulation 873/2020, the Bank of Italy, with a communication dated 8 September 2020, implemented the EBA Guidelines providing clarifications and guidance on the compilation of the supervisory reporting formats and public disclosures (EBA Guidelines 2020/11 and 2020/12), which are therefore also applicable to less significant banks and banking groups in Italy. The EBA Guidelines 2020/12 amend EBA/GL/2018/01 to take account of the impact on capital of the changes regarding the temporary treatment of unrealised gains and losses measured at fair value recognised in other comprehensive income and the extension of the IFRS9 transitional provisions. The main changes concern:

- the extension of the disclosure period due to the extension of the transitional arrangements for IFRS 9 and the introduction of additional qualitative disclosure requirements aimed at covering decisions taken as part of the discretions provided for in article 473a CRR, as amended by the CRR Quick-fix;
- the introduction of new disclosure requirements relating to the transitional prudential treatment provided for unrealized gains and losses on exposures to central governments, regional governments or local authorities referred to in article 115, paragraph 2 of the CRR, and to public sector entities referred to in article 116, paragraph 4 of the CRR, excluding impaired financial assets measured at fair value with an impact on comprehensive income.

With reference to the abovementioned transitional provisions introduced by the CRR Quick-fix, since the Group, as at 30 September 2021, did not make use of the option to apply the "Temporary treatment to mitigate the impact of the introduction of IFRS 9 on own funds" and the "Temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in light of the COVID-19 pandemic", own funds and capital already reflect the full impact of the above components and, consequently, the disclosure requirements specified in EBA Guidelines 2020/12 do not apply.

Introduction

In the context of the COVID-19 pandemic, in order to mitigate any negative effects of the current crisis and ensure disclosure in respect of the areas affected by the measures adopted to this end, on 2 June 2020 the EBA published the final version of the document "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis" (EBA/GL/2020/07), containing the reporting and disclosure guidelines relating to exposures subject to measures applied in response to the COVID-19 crisis. These guidelines require information to be provided on:

- loans subject to "moratoria" that fall within the scope of the EBA Guidelines on legislative and non-legislative moratoria on loan payments applied in light of the COVID-19 crisis (EBA/GL/2020/02[1]);
- loans subject to forbearance measures applied in response to the COVID-19 crisis;
- new loans guaranteed by the State or other public entity in response to the COVID-19 crisis.

In view of the provisions contained in the Bank of Italy Communication of June 30, 2021, declaring the existence of exceptional circumstances that began on December 31, 2019, starting from the reference date of June 30, 2021, the FinecoBank Group has applied the provisions of Article 429a of the CRR, which allows certain exposures to central banks to be excluded from the overall exposure measure of Leverage ratio in view of the COVID-19 pandemic, resulting in a recalculation of the applicable minimum regulatory requirement ("adjusted leverage ratio"), which as at 30 September 2021 was 3.19%. At September 30, 2021 the value of the exemption amounts to €2,053 thousand, with an impact on the indicator of +0.23%, which brings the leverage ratio calculated without the above exclusion from 4.04% to 3.80%.

That said, there were no further significant actions by regulators during the first nine months of 2021 as compared to those rolled out during 2020, the guidance for which remains valid.

Please note that the disclosure of the Group is prepared in accordance with a formal policy (Internal Regulation) adopted in the application of the CRR Article 431 (3) that sets out the internal controls and procedures.

The key elements of this policy are:

- identification of roles and responsibilities of the corporate bodies, departments and Legal Entities involved in the process of producing the disclosure;;
- identification of the information to be published (in accordance with EBA GL/2014/14 and CRR Article 432 and 433 and with the subsequent Regulation (EU) 2019/876 in relation with the requirements applicable as of 30 September 2021);
- approval by the Board of Directors;
- publication on the FinecoBank website.

This document has been prepared in accordance with the indications of the EBA guidelines in compliance with the proportionality principle and publishing only information that is material and not exclusive or confidential in accordance with Article 432 of the CRR. Finally, for the publication of qualitative and quantitative information, FinecoBank has adopted, firstly, the models provided by the EU Regulations or by the applicable EBA Guidelines mentioned above, secondly, free models. In this regard, the tables below report references to the location, in this document, of the required information. Any discrepancies between data disclosed in this document are due to the effect of rounding. All amounts, unless otherwise specified, are expressed in thousands of euros.

Reference to regulatory reporting requirements on a semi-annual basis: Implementing Regulation (EU) 637/2021La

The table below shows the templates required on quarterly basis, applicable to FinecoBank Group:

TABLE	TOPIC	CHAPTER
Commission Implementing Regulation (EU) 2021/637		
EU OV1	Overview of total risk exposure amounts	Own funds requirements and risk-weighted exposure amounts
EU KM1	Key metrics	Key metrics
EU LIQ1	Quantitative information of LCR	Liquidity requirements
EU LIQB	Qualitative information on LCR, which complements template EU LIQ1	Liquidity requirements

[1] These Guidelines were amended by the subsequent EBA/GL/2020/15 by which the EBA reactivated the guidelines on legislative and other moratoria and not until March 31, 2021, previously applicable initially until June 30 and then until September 30, 2020.

Introduction

Reference to the EBA requirements: EBA/GL/2020/07 and EBA/GL/2020/12

Please note that the “Template IFRS9/Article 468/FL: Comparison of institutions’ own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR” is not subject to publication because, as previously mentioned, the Group did not make use of the option to apply the "Temporary treatment to mitigate the impact of the introduction of IFRS 9 on own funds” and the “Temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in light of the COVID-19 pandemic”. Therefore, FinecoBank Group's capital and own funds as of September 30, 2021 already reflect the full impact of these items.

Reference to the information required by the Part Eight of CRR

The table shows the information required, on a quarterly basis, by Regulation (EU) n.575/2013 and subsequent amendments.

ARTICLE	TOPIC	CHAPTER
438 letters d) and h)	Disclosure of own funds requirements and risk-weighted exposure amounts	Own funds requirements and risk-weighted exposure amounts
447	Disclosure of key metrics	Key metrics
451a par. 2	Disclosure of liquidity requirements	Liquidity requirements

It should be noted that the information referred to in the sections of the articles listed above for which a semi-annual frequency is required, as detailed in 433a of the CRR, is subject to publication in this document.

Key metrics

Below is reported the EU KM1 table on key metrics, the details and qualitative information of which are reported within the document in the specific dedicated sections.

The following table EU KM1 reports information required by article 447 of CRR, in particular:

- the composition of own funds and own funds requirements;
- the total amount of risk exposure;
- the amount and composition of additional own funds that institutions are required to hold;
- the combined buffer requirement that institutions are required to hold;
- the leverage ratio and exposure measure;
- information in relation to liquidity coverage ratio;
- information in relation to net stable funding requirement.

All minimum requirements applicable to the FinecoBank Group as of September 30, 2021 are largely met.

As anticipated in the Introduction, the calculation of CET1 Capital as at September 30, 2021 takes into account the foreseeable dividends drawn from the available profit reserves, in relation to which the Shareholders Meeting, on 21 of October, approved the distribution during the fourth quarter of 2021. It should be noted that the figures as at September 30, 2020 shown in the table below included the 2020 foreseeable dividends that were reduced to zero as at December 31, 2020, following the recommendations of the European Central Bank and the Bank of Italy, issued on December 15, 2020 and December 16, 2020, respectively.

EU KM1 – Key metrics

(Amounts in thousand)

		a	b	c	d	e
		09/30/2021	06/30/2021	03/31/2021	12/31/2020	09/30/2020
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	841,297	823,545	1,115,841	1,088,909	824,404
2	Tier 1 capital	1,341,297	1,323,545	1,615,841	1,588,909	1,324,404
3	Total capital	1,341,297	1,323,545	1,615,841	1,588,909	1,324,404
	Risk-weighted exposure amounts					
4	Total risk exposure amount	4,580,050	4,430,634	4,208,358	3,812,385	3,540,651
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	18.37%	18.59%	26.51%	28.56%	23.28%
6	Tier 1 ratio (%)	29.29%	29.87%	38.40%	41.68%	37.41%
7	Total capital ratio (%)	29.29%	29.87%	38.40%	41.68%	37.41%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.86%	1.86%	1.86%	1.86%	1.86%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.04%	1.04%	1.04%	1.04%	1.04%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.40%	1.40%	1.40%	1.40%	1.40%
EU 7d	Total SREP own funds requirements (%)	9.86%	9.86%	9.86%	9.86%	9.86%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.005%	0.005%	0.003%	0.003%	0.003%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	2.505%	2.505%	2.503%	2.503%	2.503%
EU 11a	Overall capital requirements (%)	12.365%	12.365%	12.363%	12.363%	12.363%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.83%	13.05%	20.97%	23.02%	17.74%

Key metrics

Continued EU KM1 – Key metrics

(Amounts in thousand)

		a	b	c	d	e
		09/30/2021	06/30/2021	03/31/2021	12/31/2020	09/30/2020
	Leverage ratio					
13	Total exposure measure	33,223,510	32,851,896	33,844,724	32,792,126	30,431,184
14	Leverage ratio (%)	4.04%	4.03%	4.77%	4.85%	4.35%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.19%	3.19%	0.00%	0.00%	0.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.19%	3.19%	0.00%	0.00%	0.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	17,827,332	17,140,336	16,588,447	16,207,278	15,811,900
EU 16a	Cash outflows - Total weighted value	3,596,183	3,502,658	3,423,112	3,380,730	3,279,704
EU 16b	Cash inflows - Total weighted value	1,412,908	1,418,702	1,425,800	1,467,603	1,442,288
16	Total net cash outflows (adjusted value)	2,183,275	2,083,956	1,997,312	1,913,127	1,837,416
17	Liquidity coverage ratio (%)	824.61%	834.44%	841.27%	858.09%	871.38%
	Net Stable Funding Ratio					
18	Total available stable funding	29,006,232	29,260,008			
19	Total required stable funding	8,730,136	9,104,320			
20	NSFR ratio (%)	332.25%	321.39%			

Please note that the EU KM1 table does not show the NSFR ratio for previous periods, as this metric came in force starting from June 2021.

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Own funds requirements and risk-weighted exposure amounts

The Group deems as a priority the activities of capital management and allocation based on the risk assumed in order to expand its operations and create value. These activities involve the various planning and control stages and, specifically, the planning, budgeting and monitoring processes (analysis of expected and actual performance, analysis and monitoring of limits, performance analysis and monitoring of capital ratios)..

In the dynamic management of capital, the Group draws up the financial plan and monitors the regulatory capital requirements, anticipating the appropriate actions to achieve the targets.

On the basis of the EU regulations set out in Directive 2013/36/EU and Regulation No 575/2013/EU and subsequent updates, collated and implemented by the Bank of Italy through Circular No. 285 of December 17, 2013 "Supervisory Regulations for Banks" as amended, the Bank must satisfy the following own funds requirements established in Article 92 of the CRR, expressed as a percentage of the total risk exposure amount (RWA – Risk Weighted Assets):

- a Common Equity Tier 1 capital ratio of at least 4.5%;
- a Tier 1 capital ratio of at least 6%;
- a Total capital ratio of at least 8%.

Furthermore, in addition to these minimum requirements, banks are required to meet the combined buffer requirement, according to the article 128(6) of EU Directive 2013/36/EU. Failure to comply with such combined buffer requirement triggers restrictions on distributions, requiring the calculation of the Maximum Distributable Amount (MDA), and the need to adopt a capital conservation plan.

The combined buffer requirement applicable to FinecoBank includes the following buffers:

- Capital Conservation Buffer (CCB) according to the article 129 of CRDIV, which is equal to 2.5% of the total Group risk weighted assets;
- Institution specific countercyclical capital buffer (CCyB) to be applied in periods of excessive credit growth, coherently with the article 160 of CRDIV (paragraphs 1 to 4) which for the Bank is equal to 0.005% as at 30 September 2021. This buffer is calculated depending on the geographical distribution of the relevant Group's credit exposures and on the national authorities' decisions, which define country-specific buffers.

With reference to the capital requirements applicable to the FinecoBank Group, it should be noted that, at the end of the Supervisory Review and Evaluation Process (SREP), in August 2020 the Bank of Italy communicated the capital requirements applicable to the Group starting from 30 September 2020. These requirements are equal to:

- 8.04% in terms of Common Equity Tier 1 ratio, which includes the Pillar 2 Requirement (P2R), set at 1.04%;
- 9.90% in terms of Tier 1 Ratio, which includes a P2R, set at 1.40%;
- 12.36% in terms of Total Capital Ratio, which includes a P2R, set at 1.86%.

Please, find below a scheme of FinecoBank capital requirements and buffers.

Capital requirements and buffers for FinecoBank Group

Requirements	CET1	T1	TOTAL CAPITAL
A) Pillar 1 requirements	4.500%	6.000%	8.000%
B) Pillar 2 requirements	1.040%	1.400%	1.860%
C) TSCR (A+B) - CET1	**5.540%**	**7.400%**	**9.860%**
D) Combined Buffer requirement, of which: - CET1	2.505%	2.505%	2.505%
1. Capital Conservation Buffer (CCB)	2.500%	2.500%	2.500%
2. Institution-specific Countercyclical Capital Buffer (CCyB)	0.005%	0.005%	0.005%
E) Overall Capital Requirement (C+D) - CET1	**8.045%**	**9.905%**	**12.365%**

As at 30 September 2021, FinecoBank ratios are compliant with the above requirements.

To calculate regulatory requirements for credit, market risks and operational risks the Group applies standardised approaches, in accordance with Part Three, Title II, Chapter 2 and Part Three, Title III, Chapter 3 of Regulation (EU) No. 575/2013 (CRR).

The Group assesses capital adequacy by managing and allocating (regulatory and economic) capital according to the risks assumed and with the aim of directing its operations towards the creation of value. The Group has the goal of generating income in excess of that necessary to remunerate risk (cost of equity). This goal is pursued by allocating capital according to specific risk profiles and ability to generate sustainable earnings, measured as EVA (Economic Value Added) and ROAC (Return on Allocated Capital), which are the main risk-related performance indicators.

Own funds requirements and risk-weighted exposure amounts

Capital and its allocation are therefore extremely important in defining strategies, since on the one hand it represents the shareholders' investment in the Group, which must be adequately remunerated, while on the other hand it is a scarce resource on which there are external limitations imposed by supervisory regulations.

The definitions of capital used in the allocation process are as follows:

- Risk or employed capital: this is the equity component provided by shareholders (employed capital) for which a return that is greater than or equal to expectations (cost of equity) must be provided;
- Capital at risk: this is the portion of capital and reserves that is used (the budgeted amount or allocated capital) or was used to cover (at period-end - absorbed capital) risks assumed to pursue the objective of creating value.

Capital at risk is measured according to risk management techniques, for which risk capital is defined as internal capital, on the one hand, and supervisory regulations, for which risk capital is defined as regulatory capital, on the other.

Internal capital and regulatory capital differ in terms of their definition and the categories of risk covered. The former is based on the actual measurement of exposure assumed, while the latter is based on templates specified in regulatory provisions. Economic capital is set at a level that will cover adverse events with a certain probability (confidence interval), while regulatory capital is quantified based on a CET1 target ratio higher than that required by the supervisory regulations in force.

The process of capital allocation is based on a "dual track" logic, considering both economic capital, measured through the full evaluation of risks via risk management models, and regulatory capital, quantified applying internal capitalisation targets to regulatory capital requirements.

The Group dynamically manages its capital base by monitoring regulatory capital ratios, anticipating the appropriate changes necessary to achieve its defined targets, and optimising the composition of its assets and equity. The capital monitoring and planning is performed by the Group in relation to regulatory capital (Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital and Own funds), and in relation to risk-weighted assets (RWAs).

The assessment of the Bank's total internal capital is a dynamic process that requires constant monitoring designed to control the level of available resources compared to the capital used, and also to provide indications to the decision-making bodies. The monitoring is accompanied by an efficient and appropriate communications system, both for management purposes and communications with the supervisory authorities.

With reference to the risk-weighted exposures (RWA) as at 30 September 2021, it should be noted that following the deconsolidation of FinecoBank from the UniCredit Group, FinecoBank and UniCredit S.p.A. entered into a contract ("Pledge Agreement") that provides for the granting by UniCredit S.p.A. of financial guarantees in favour of FinecoBank aimed at guaranteeing the credit risk exposures represented by the UniCredit bonds, until the natural maturity of the same, and by the financial guarantees issued by FinecoBank in favour of the Italian Tax Agency ("Agenzia delle Entrate") at the request of UniCredit S.p.A, until they are completely extinguished. This guarantee as at September 30, 2021 is represented by the bond "Impresa2 FRN 20/12/2061 Asset Backed", issued by Impresa Two S.r.l. as part of a securitization transaction pursuant to Law 130/99 relating to receivables from businesses sold by UniCredit S.p.A., and repurchased by UniCredit S.p.A. itself. This bond meets the requirements of the applicable regulations in order to be eligible for credit risk mitigation techniques (CRM), with a consequent reduction in risk-weighted exposures and exposure for the purposes of Large Exposures.

Disclosure on Brexit

As of February 1, 2020, following its exit from the European Union, the United Kingdom ceased to be a member state. The Withdrawal Agreement entered into subsequently ("Withdrawal Agreement") provided for a transition period until December 31, 2020, during which time the application of European Union law to the United Kingdom remained unchanged. As of January 1, 2021, the transitional period is no longer applicable and consequently the United Kingdom has been regarded as a third country.

This new treatment has had an impact on the Group's RWA as the regulatory treatment of UK counterparties has changed in accordance with CRR Articles 107(3), 119 and 114.

The following EU OV1 table shows the information required on a half-yearly basis under Article 438 letter d) of the CRR. In particular, it shows the total amount of risk-weighted exposure and the corresponding total own funds requirement, broken down by the different risk categories.

Own funds requirements and risk-weighted exposure amounts

EU OV1 – Overview of total risk exposure amounts

(Amounts in thousand)

		Total risk exposure amounts (TREA)		Total risk exposure amounts (TREA)
		a	b	c
		09/30/2021	06/30/2021	09/30/2021
1	Credit risk (excluding CCR)	2,791,493	2,683,221	223,319
2	*Of which the standardised approach*	*2,791,493*	*2,683,221*	*223,319*
3	*Of which the Foundation IRB (F-IRB) approach*	-	-	-
4	*Of which slotting approach*	-	-	-
EU 4a	*Of which equities under the simple riskweighted approach*	-	-	-
5	*Of which the Advanced IRB (A-IRB) approach*	-	-	-
6	Counterparty credit risk - CCR	517,832	496,305	41,427
7	*Of which the standardised approach*	*25,341*	*24,449*	*2,027*
8	*Of which internal model method (IMM)*	-	-	-
EU 8a	*Of which exposures to a CCP*	*9,036*	*10,668*	*723*
EU 8b	*Of which credit valuation adjustment - CVA*	*997*	*275*	*80*
9	*Of which other CCR*	*482,457*	*460,913*	*38,597*
15	Settlement risk	12	14	1
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	*Of which SEC-IRBA approach*	-	-	-
18	*Of which SEC-ERBA (including IAA)*	-	-	-
19	*Of which SEC-SA approach*	-	-	-
EU 19a	*Of which 1250% / deduction*	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	75,841	56,223	6,067
21	*Of which the standardised approach*	*75,841*	*56,223*	*6,067*
22	*Of which IMA*	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	1,194,871	1,194,871	95,590
EU 23a	*Of which basic indicator approach*	-	-	-
EU 23b	*Of which standardised approach*	*1,194,871*	*1,194,871*	*95,590*
EU 23c	*Of which advanced measurement approach*	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	125,468	93,479	10,037
29	**Total**	**4,580,050**	**4,430,634**	**366,404**

The increase in RWA compared to June 30, 2021 is mainly attributable to credit risk due to business growth, in particular lending to customers.

FinecoBank Group does not exceed the thresholds for deduction from Common Equity Tier 1 Capital; therefore, the above numbers include RWA related to DTA weighted at 250%.

Liquidity requirements

Liquidity Coverage Ratio – LCR

The Liquidity Coverage Ratio (LCR) is the regulatory metric of liquidity under stress introduced by the Basel Committee. The indicator is calculated as the ratio of high-quality liquid assets (HQLA) to expected net cash flows for the next 30 days under stress conditions. Compliance with this regulatory requirement is constantly monitored by setting internal limits within the risk appetite framework that are above the minimum regulatory level of 100%. The Liquidity Coverage Ratio (LCR), introduced by Basel 3 prudential regulation, is a short time indicator, which aims to ensure that credit institutions maintain an adequate liquidity buffer to cover the net liquidity outflows under severe conditions of stress over a period of 30 days. The regulatory framework applied is represented by:

- with reference to the requirements to be met:
  - CRR article 412 “Liquidity coverage requirement”;
  - Delegated Regulation (EU) 2015/61 of October 10, 2014, subsequently amended by Delegated Regulation (EU) 2018/1620 of July 13, 2018, which establishes the rules specifying in detail the liquidity coverage requirement set forth in Article 412(1) of the CRR. Specifically, for each year of the transitional period, the requirement that all banks authorized in Italy must comply with is 100%;
  - Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 repealing Implementing Regulation (EU) 680/2014 laying down implementing technical standards with regard to the reporting by institutions for supervisory purposes in accordance with the CRR regulation.
- with reference to the disclosure information to be published:
  - CRR article 435 defining disclosure requirements for each risk category, including key ratios (letter f) and CRR article 451a defining disclosure of liquidity requirements;
  - Article 7 of Implementing Regulation (EU) 637/2021 laying down implementing technical standards with regard to liquidity reporting;
  - EDTF recommendation ("Enhancing the risk disclosures of banks") no. 4, which requires the publication of key ratios (including LCR).

The following EU LIQ1 template and EU LIQB section report the information required on a semi-annual basis under Article 451a paragraph 2 of the CRR. In particular:

- the average of the liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;
- the average of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer;
- the averages of their liquidity outflows, inflows and net liquidity outflows, based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.

Liquidity requirements

EU LIQ1 – Quantitative information of LCR

(Amounts in thousand)

	Scope of consolidation: consolidated		b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	**09/30/2021**	**06/30/2021**	**03/31/2021**	**12/31/2020**	**09/30/2021**	**06/30/2021**	**03/31/2021**	**12/31/2020**
EU 1b	**Number of data points used in the calculation of averages**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
	HIGH-QUALITY LIQUID ASSETS								
1	Total high-quality liquid assets (HQLA)					17,827,332	17,140,336	16,588,447	16,207,278
	CASH – OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	27,577,416	26,957,215	26,442,225	25,832,272	1,941,753	1,895,008	1,854,048	1,803,695
3	*Stable deposits*	*20,109,440*	*19,647,504*	*19,362,431*	*19,164,051*	*1,005,472*	*982,375*	*968,122*	*958,203*
4	*Less stable deposits*	*7,460,533*	*7,293,233*	*7,060,741*	*6,649,169*	*936,281*	*912,633*	*885,927*	*845,492*
5	*Unsecured wholesale funding*	*802,207*	*805,415*	*813,423*	*854,178*	*484,838*	*475,777*	*464,896*	*464,563*
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	*802,207*	*805,415*	*813,423*	*854,178*	*484,838*	*475,777*	*464,896*	*464,563*
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	*Secured wholesale funding*					*14,535*	*133,311*	*127,166*	*138,764*
10	Additional requirements	170,014	167,111	160,914	148,101	167,540	164,128	158,660	145,781
11	*Outflows related to derivative exposures and other collateral requirements*	*167,398*	*163,956*	*158,528*	*145,649*	*167,398*	*163,956*	*158,528*	*145,649*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*2,616*	*3,155*	*2,386*	*2,451*	*142*	*172*	*132*	*132*
14	Other contractual funding obligations	670,982	695,532	710,734	752,449	643,914	624,196	609,480	617,885
15	Other contingent funding obligations	2,659,256	2,566,952	2,497,571	2,457,035	212,603	210,239	208,861	210,042
16	TOTAL CASH OUTFLOWS					3,596,183	3,502,658	3,423,112	3,380,730
	CASH – INFLOWS								
17	Secured lending (eg reverse repos)	1,171,195	1,060,988	833,574	697,478	50,384	65,926	78,414	84,383
18	Inflows from fully performing exposures	551,438	551,175	529,972	540,164	427,926	428,937	411,762	417,866
19	Other cash inflows	2,299,916	2,207,712	2,145,239	2,113,552	934,599	923,839	935,624	965,354
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	*4,022,549*	*3,819,874*	*3,508,784*	*3,351,194*	*1,412,908*	*1,418,702*	*1,425,800*	*1,467,603*
EU-20a	*Fully exempt inflows*	-	-	-		-	-	-	-
EU-20b	*Inflows Subject to 90% Cap*	-	-	-		-	-	-	-
EU-20c	*Inflows Subject to 75% Cap*	*4,022,549*	*3,819,874*	*3,508,784*	*3,351,194*	*1,412,908*	*1,418,702*	*1,425,800*	*1,467,603*
	TOTAL ADJUSTED VALUE								
21	LIQUIDITY BUFFER					17,827,332	17,140,336	16,588,447	16,207,278
22	TOTAL NET CASH OUTFLOWS					2,183,275	2,083,956	1,997,312	1,913,127
23	LIQUIDITY COVERAGE RATIO (%)					824.61%	834.44%	841.27%	858.09%

Liquidity requirements

EU LIQB: qualitative information on LCR, which complements template EU LIQ1

Explanations of the main factors and changes that determine LCR results over time

With reference to the average ratios shown in the table and calculated on a point-in-time basis for the previous 12 months, the downward trend is explained by a steady increase in outflows, mainly due to an increase in retail and non-operational deposits, an increase in securities receivable transactions with customers and an increase in derivatives transactions. The liquidity reserve (buffer) increased due to the purchase of securities that are part of the high-quality liquid assets.

During the first 9M 2021, despite the pandemic continuing, all liquidity adequacy indicators and analyses were comfortably within the regulatory and internally established limits. Lastly, FinecoBank experienced no difficulty or worsening of conditions in accessing markets or of the conditions for closing market transactions (repos and securities trading) in terms of volume and price.

Actual concentration of funding sources

Funding sources concentration risk may arise if and when the Group can count on a limited amount of funding channels that can cause liquidity tensions in case of disruption of one of them.

FinecoBank's funding profile is characterised by its multi-channel nature and consists mainly of sight deposits raised from retail customers; the Bank's funding is therefore not under threat from the withdrawal of cash from a limited number of counterparties or the disappearance of a single funding channel.

Sight deposit based financing, even if collected in a widespread and granular manner from customers, may nevertheless expose the Bank to a concentration in terms of maturity (on call). In order to govern and mitigate this risk, Fineco regularly monitors specific indicators (such as the Net Stable Funding Ratio), both regulatory and managerial.

In addition, FinecoBank has developed the Sight Deposit Model and the related controls, as well as specific and more stringent stress testing activities and monitoring of the level of sight deposits' stability. The Sight Deposit Model is a statistical model whose objective is to estimate the portion of assets that the customer consistently holds in cash, defined as the ratio of cash in the customer's current account to the total financial assets held by the customer at the Bank. At the same time, the model estimates the amount of fixed-rate sight deposits considered to be consistently held despite of rate changes ("Core Insensitive") that can be used to finance fixed-rate loans.

Risk Management verifies on a monthly basis that the liquidity held by the Bank within the year complies with the results of the Sight Deposit Model.

As an additional funding source, FinecoBank, being an active counterparty of monetary policy open market ECB operations, can access the central bank refinancing operations. The enduring easing stance of the ECB monetary policy caused by the macroeconomic scenario let FinecoBank increase its funding sources by participating, starting from December 2020, to the sixth tranche of the Targeted Longer Term Refinancing Operations III (TLTRO III) program for an amount of €950 million and subsequently, in March 2021, with participation in the seventh tranche of the TLTRO III program for 95 euro million.

It should be noted that in October 2021, FinecoBank issued its first Callable Senior Preferred bond under MREL constraints, thus diversifying its sources of funding, particularly in the medium and long term. The issue, identified with ISIN XS2398807383, was finalised with a value date of 21 October 2021 for a nominal value of €500 million and matures on 21 October 2027 with a "one time" early redemption option exercisable on 21 October 2026.

High-level description of the composition of the institution's liquidity buffer

The liquidity reserve consists primarily of securities classified as level 1 HQLA by Article 8 of Regulation 2015/61, in particular government securities.

Derivative exposures and potential collateral calls

FinecoBank trades derivatives both with clearing houses and individual third counterparts (OTC) based on several underlying assets to hedge the following risk factors: move in interest rates, foreign exchange rates and securities market prices.

Upon signing of the contract and in occasion of changes in market conditions, the Groups liquidity got impacted by the obligation to provide proper margining of the derivatives position. The Group is obliged to pay initial and daily variation margins using cash or liquid collateral.

FinecoBank is able to estimate and control the daily requested margining using specific tools made available by clearing broker. FinecoBank monitors also the correct and punctual execution of the margin payments both cash and via collateral placement. In the last case, Treasury identifies the securities to be used as collateral to be then showed in the encumbered assets reports.

The sensitivity is calculated on a daily basis by using the Group's ALM tool and it enables the estimation of the potential liquidity outflows generated by specific shocks of the market curve.

Currency mismatch

The Group operates mainly in euro. EU regulations prescribe the monitoring and the communications of a foreign currencies LCR if the aggregated liabilities denominated in foreign currencies can be considered significant i.e. equal or higher than the 5% of the overall balance sheet liabilities of the Group. For FinecoBank Group as at 30 September 2021 the only significant currency is euro.

Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

Being a payment system participant, even if indirect as FinecoBank, implies the availability of proper intraday liquidity risk management procedures.

Making good use of internal and external available IT systems Treasury department actively manages intraday liquidity flows and guarantees the fulfilment of al payment and settlement obligations, both in ordinary and stressed liquidity conditions.

FinecoBank's main intraday obligations come from the Central bank requirements related to activity of the HAM account held with the Bank of Italy and from the requirements imposed by the third banks offering the correspondent banking services.

FinecoBank Group adopts a basic strategical liquidity management which implies the concentration of its payment capacity on HAM account (only euro) and on specific correspondent banking accounts held with third banks offering cash management services (non euro currencies and residual euros).

Treasury department monitors daily and in real time that the balances of the above mentioned accounts (with a specific focus on beginning and close of business balances) to guarantee:

- Group's ordinary and extraordinary liquidity outflows and punctual execution of each payment obligation with a particular focus on the recurring and time specific ones;
- Compliance with assigned limits;
- Compliance with regulatory and operational principles ruling the relationship with Central Bank (mainly minimum reserve requirements).

In order to guarantee business continuity also in crises, the internal process detailing intraday liquidity management is part of the Business Continuity Plan and includes proper specific back up and contingency measures.

Declaration of the nominated official in charge of drawing up company accounts

The undersigned Lorena Pelliciari, as nominated official in charge of drawing up company accounts of FinecoBank S.p.A.

DECLARES

that, pursuant to article 154-bis of the "Consolidated Law on Financial Intermediation", the information disclosed in this document corresponds to the accounting documents, books and records.

Milan, November 9, 2021

FinecoBank S.p.A.
The Manager Responsible for Preparing
the Company's Financial Reports
Lorena Pelliciari

Statement of compliance with formal policy and internal processes, systems and controls

The undersigned, Alessandro Foti, as Chief Executive Officer and General Manager, and Lorena Pelliciari, as Manager Responsible for preparing Financial Reports of FinecoBank S.p.A.

CERTIFY

in accordance with the disclosure requirements pursuant to Part Eight of Regulation (EU) No. 575/2013 (as amended), that the information provided pursuant to the aforementioned Part Eight has been prepared in accordance with the internal control processes agreed upon at the level of the management body.

Milan, November 9, 2021

FinecoBank S.p.A.
The Chief Executive Officer and
General Manager
Alessandro Foti

FinecoBank S.p.A.
The Manager Responsible for Preparing
the Company's Financial Reports
Lorena Pelliciari

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