ACCOUNTS AND REPORTS 2022

FINECO

# Contents

# Contents

# Board of Directors, Board of Statutory Auditors and External Auditors

**Board of Directors**

| | |
|---|---|
| Marco Mangiagalli | Chairman |
| Francesco Saita | Vice Chairman |
| Alessandro Foti | Chief Executive Officer and General Manager |
| Alessandra Pasini<br>Elena Biffi<br>Giancarla Branda<br>Gianmarco Montanari<br>Maria Alessandra Zunino De Pignier<br>Marin Gueorguiev<br>Paola Giannotti De Ponti<br>Patrizia Albano | Directors |

**Board of Statutory Auditors**

| | |
|---|---|
| Luisa Marina Pasotti | Chairman |
| Giacomo Ramenghi<br>Massimo Gatto | Standing Auditors |
| Lucia Montecamozzo<br>Alessandro Gaetano | Alternate Auditors |
| KPMG S.p.A. | External Auditors |
| Lorena Pelliciari | Nominated Official in charge of drawing up Company Accounts |

The Board of Directors and the Board of Statutory Auditors will remain in office until the date of the Shareholders' Meeting held to approve the Financial Statements for the year ended December 31st, 2022.

**Registered office**

Piazza Durante 11, 20131 Milan, Italy

"FinecoBank Banca Fineco S.p.A."
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 to the annual Accounts and Reports

In implementation of Legislative Decree no. 38 of February 28th, 2005, these annual Accounts and Reports comprise the Consolidated Financial Report and Accounts of the FinecoBank Group (hereinafter Group) and the Financial Report and Accounts of FinecoBank Banca Fineco S.p.A. (hereinafter FinecoBank or Fineco or the Bank), which have been prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretation documents, as endorsed by the European Commission, pursuant to EU Regulation 1606/2002 of July 19th, 2002 and applicable to financial reports for the periods starting on January 1st, 2022.

In its Circular 262 of December 22, 2005 as amended, the Bank of Italy laid down the formats for the financial statements and explanatory notes to the accounts of banks and regulated financial companies that are parents of banking groups, in the exercise of the powers established by art. 43 of the legislative decree August 18th, 2015 n. 136, which have been used by the Bank to prepare the Consolidated Report and Accounts and the Separate Report and Accounts.

The Consolidated Report and Accounts includes:

- the **Consolidated Financial Statements** comprise the Consolidated Balance Sheet, the Consolidated Income Statement, the Statement of Consolidated Comprehensive Income, the Statement of Changes in Consolidated Shareholders' Equity, the Consolidated Cash Flow Statement, presented with a comparison to the corresponding financial statements of 2021;
- the **Notes to the Consolidated Accounts**;

and is accompanied by:

- the **Consolidated Report on Operations**, which includes the condensed accounts, the main results of the various business areas, and comments on the results for the year, as well as the additional information required by Consob. In support of the comments on the results for the year, the condensed Income Statement and Balance Sheet tables are presented and illustrated in the Consolidated Report on Operations, the reconciliation of which with the consolidated Financial Statements is shown in the Annexes (in line with Consob Communication No. 6064293 of July 28th, 2006), and the Alternative Performance Measures ("APMs") are used, the explanatory description of which regarding the content and, if applicable, the calculation methods used are shown in the Glossary (in line with the guidelines published on October 5th, 2015 by the European Securities and Markets Authority (ESMA/2015/1415));
- the **Certification of the Consolidated Report and Accounts pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14th, 1999 and subsequent amendments.**

Any lack of correspondence between the figures shown in the Consolidated Report on Operations and the Consolidated Financial Statements is solely due to roundings.

The Financial Report and Accounts includes:

- the **Financial Statements** comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement, presented with a comparison to the corresponding financial statements of 2021;
- the **Notes to the Accounts**;

and it is accompanied **by the Certification of the Annual Financial Statements pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14th, 1999 and subsequent amendments**.

For the Report on Operations pertaining to the Financial Report and Accounts of FinecoBank S.p.A., please refer to the Consolidated Report on Operations in which, in a specific section, the reclassified financial statements are shown and the comments on the Bank results of the financial year. The reconciliation of the condensed Financial Statements with the Financial Statements is reported in the Annexes.

The annual report also includes:

- the Report of the Board of Statutory Auditors;
- the Reports of the External Auditors.

As previously mentioned, FinecoBank prepares a single document called "Report and accounts" wich include the Group's Consolidated Financial Statements and the FinecoBank's Financial Statements. The integration of the contents of the two Financial Statements documents into a single one leads to the elimination of duplications of some of qualitative information presented in both documents and the adoption of a system of cross-references between the chapters dedicated to the consolidated financial statements and the company ones, in order to facilitate the reading; pursuant to these references the contents of the each referenced paragraph is entirely reported in the paragraph containing the reference. For further details on this, please refer to the Annex "Summary of references to qualitative informaion in the consolidated financial statements" of the Financial Statements of FinecoBank S.p.A..

# Introduction to the annual Accounts and Reports

Information regarding corporate governance and ownership structures, required pursuant to art. 123-bis, paragraph 3 of Legislative Decree February 24th 1998 n. 58, appear in a separate report approved by the Board of Directors, which can be consulted in the "Governance" section of the FinecoBank website (https://about.finecobank.com).

The Consolidated Non-Financial Statement (or Non-Financial Statement) of the FinecoBank Group, prepared pursuant to Legislative Decree 254/2016, constitutes a separate report approved by the Board of Directors, as required by the option of art. 5, paragraph 3, letter b) of Legislative Decree 254/2016, and can be consulted on the FinecoBank website (https://about.finecobank.com).

In addition, the following documents, drawn up in accordance with the relevant approval procedures, are also published and made available on the FinecoBank website (https://about.finecobank.com): the "Report on the remuneration policy and remuneration paid", drawn up in accordance with art. 123-ter of Legislative Decree no. 58 of 24 February 1998 and art. 84-quater, paragraph 1, of the Issuers' Regulation); the document "Country by Country Information", drawn up pursuant to art. 89 of Directive 2013/36/EU of the European Parliament and of the European Council (CRD IV), amended by Directive (EU) 2019/878 (so-called CRD V), and the document "Disclosure to the public of the FinecoBank Group - Pillar III as at December 31st, 2022", by Regulation (EU) 575/2013 (so called CRR) and subsequent Regulations amending its content.

Finally, it should be noted that, under Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815, it is mandatory for issuers of securities listed on regulated markets in the European Union to prepare their annual financial reports in the XHTML format and to tag their IFRS consolidated financial statements using the XBRL tagging language, based on the European Single Electronic Format (ESEF) approved by ESMA. The Group's Consolidated Annual Financial Report, which includes both the consolidated and parent company financial statements, is prepared in XHTML format and includes the tagging for the consolidated financial statements of the information required by the Regulations for 2022. In particular, issuers are required to mark all information disclosed in the IFRS consolidated financial statements, or through cross-references to other parts of the annual financial reports, that corresponds to the information specified in Annex II of the Delegated Regulation, if present in the IFRS consolidated financial statements. It can be consulted on FinecoBank's website (https://www.finecobank.com). For further information, please refer to the paragraph "The single electronic reporting format for preparing annual financial reports" in Part A - Accounting policies of the Notes to the consolidated accounts.

This document, PDF format, does not fulfill the obligations deriving from Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 (the "ESEF Regulation" - European Single Electronic Format) for which a dedicated XHTML format has been prepared.

This report has been translated into the English language solely for the convenience of international readers.

# Summary data

FinecoBank is one of the leading FinTech banks in Europe. Listed on the FTSE MIB, Fineco offers a unique business model in Europe, combining the best platforms with a large network of financial advisors. It offers banking, credit, trading and investment services from a single account through transactional and advisory platforms developed with proprietary technologies. Fineco is one of the main players in brokerage in Europe, and one of the most important players in private banking in Italy, with evolved and highly personalized advisory services.

The FinecoBank Group consists of the Parent Company Fineco and Fineco Asset Management DAC (hereinafter Fineco AM), a collective asset management company under Irish law, whose mission is to develop investments solutions in partnership with top international assets manager.

FinecoBank is listed on the Milan Stock Market and, as of April 1st, 2016, is included on Borsa Italiana's FTSE Mib index. On March 20th, 2017, the stock became part of the STOXX Europe 600 Index.

On July 29th, 2022, S&P Global Ratings agency revised the outlook from positive to stable and confirmed the rating assigned to Fineco: "BBB" long-term and "A-2" short-term. The stable outlook on the Bank mirrors that on Italy.

FinecoBank is on the Standard Ethics Italian Banks Index© and the Standard Ethics Italian Index (comprising the largest 40 companies listed on the Borsa Italiana FTSE-MIB), one of the leading performance indexes and a benchmark for environmental, social and governance concerns. During 2022, the independent agency Standard Ethics confirmed FinecoBank's rating for the third year running at the "EE+" level, placing the Bank among the credit institutions with the highest rating assigned within the banking sector. In addition, there was an improvement in the scores assigned by the other major ESG rating agencies: Sustainalytics improved Fineco's ESG risk rating from 16.0 (Low risk) in 2021 to 13.2 (Low risk), confirming its position among the best banks internationally; S&P's Corporate Sustainability Assessment saw an increase in the score from 65 to 68 points out of 100; MSCI improved the ESG rating assigned to Fineco, from "A" (average) to "AA" (leader) in the "diversified financials" sector; Moody's ESG Solutions (formerly Vigeo Eiris) upgraded Fineco's ESG rating from 54 to 57 points out of 100 (robust performance), allowing Fineco to maintain its inclusion in Euronext's MIB ESG Index; while Refinitiv and MSCI confirmed the ratings assigned the previous year, equal to 85 points out of 100, indicating excellent ESG performance and a high degree of transparency in public sustainability reporting. Finally, in December 2022 Fineco obtained its first CDP Climate Change rating equal to "B", demonstrating that it addresses the environmental impacts of its activities and ensures good environmental management. At the end of the year, the Bank was also included in the FTSE4Good Sustainability Index, the Bloomberg Gender Equality Index (GEI) 2022, the S&P Global 1200 ESG Index, the Standard Ethics Italian Banks Index and the Standard Ethics Italian Index.

The strong growth recorded during 2022 reflects the Group's ability to adapt perfectly to the new scenario, marked by the Russian invasion of Ukraine and rising inflation, benefiting from both the rise in interest rates and the solid drive toward investments highlighted by clients. Indeed, the transparent approach by financial advisors is proving decisive in going along with the new trend that has emerged among savers, who are less influenced by volatility and more inclined than in the past to invest even in the most complex periods. Added to this is the growing contribution of Fineco AM, which is able to propose solutions adapted to different market phases and characterized by great efficiency and fair pricing. A picture completed by the relevant results of the brokerage-related business, which is now growing structurally and continues to increase its market share.

**Net sales** came to € 10,259 million during 2022, substantially in line with the record result of € 10,651 million recorded in 2021, even if with a different composition; the net sales of assets under management came to € 3,579 million, the net sales of assets under custody came to € 5,606 million and direct deposits came to € 1,075 million. Fineco AM's ratio, calculated by comparing the company's net retail sales to net sales of assets under management, is 77.4% (53.3% in 2021). This is a result that confirms, on the one hand, the effectiveness of a business model capable of coping with difficult market phases and, on the other hand, an ever-increasing appetite for investment on a particularly advanced clientele. During 2022, net sales through the network of Personal Financial Advisors totalled € 8,782 million.

In 2022, the balance of **Total Financial Assets** from customers stood at € 106,558 million, down to 1.3% compared to € 107,915 million at the end of 2021, due to the generalized correction of the markets since the beginning of the year. Fineco AM's asset under management totaled € 25.9 billion, of which € 15.8 billion are related to retail classes and € 10.1 billion are related to institutional classes. This result highlights the ongoing acceleration in the company's growth process. Fineco AM's ratio, calculated by relating the company's retail assets to the balance of assets under management, is 30.3%. As at December 31st, 2022 the balance of Total Financial Assets of the Network of personal financial advisors amounts to € 93,212 million.

The balance of Total Financial Assets related to Private clients, i.e. with assets above € 500,000, totaled € 45,252 million, equals to 42.5% of the Group's Total Financial Assets, down to 7.2% compared to December 31st, 2021.

During the 2022, € 276 million in personal loans, € 378 million in mortgages were granted, and € 1,128 million in current account overdrafts was arranged, with an increase in exposures in current account € 292 million; this determined an overall 9.2%[1] aggregate increase in **loans receivable with ordinary customers** compared to December 31st, 2021. Credit quality remains high, with a cost of risk at 4 bps, driven by the principle of offering credit exclusively to existing customers, making use of specialist tools to analyse the bank's vast information base. The cost of risk, structurally low, is being further reduced thanks also to the effect of new loans, which are mainly secured and low-risk. Net impaired loans was 0.06% of loans to ordinary customers as at December 31st, 2022 (0.08% as at December 31st, 2021).

99,024 new customers joined Fineco in 2022, reaching a total of 1,487,250. Customers continue to reward Fineco's transparent approach, high quality and comprehensive range of financial services as represented through the "one-stop solution" concept.

[1] Loans receivable with ordinary customers include solely to loans granted to customers (current account overdrafts, credit cards, personal loans, mortgages and unsecured loans).

# Summary data

The 2022 results confirm the sustainability and strength of the business model, which can generate profits in all market conditions. The **net profit for the year** amounted to € 428.5 million, with an increase of 12.6% on the previous year. The cost/income ratio amounted to 29.6% (32.21% as at December 31st, 2021), confirming the operating efficiency of the Group and the spread of the company culture on controlling costs. The net profit of the year net of the non-recurring items booked in the 2022[2] should be equal to € 428.8 million, up 22.8% compared to the 2021 net profit net of the non-recurring items[3].

The Group's offering is split into **three integrated areas of activity**: (i) Banking, including current account, payment services, and issuing debit, credit and prepaid cards, mortgages and personal loans; (ii) Brokerage, providing order execution services on behalf of customers, with direct access to major global equity markets and the ability to trade CFDs, futures, options, bonds, ETFs and certificates; (iii) Investing, including the asset management activity carried out by Fineco AM, placement and distribution services of about 6,000 products, including mutual funds and SICAV sub-funds managed by 75 leading Italian and international investment firms, insurance and pension products, as well as investment advisory services through a network of 2,918 personal financial advisors as of December 31st, 2022, distributed throughout the territory with 426 Fineco Centers as of December 31st, 2022.

## Condensed financial statements and indicators

The Consolidated Report on operations presents and illustrates the reclassified income statement and balance sheet (Alternative Performance Measures, “APMs”), the reconciliation of which with the consolidated financial statements is shown in the Appendices "Reconciliation Schedules for the Preparation of the Reclassified Consolidated Financial Statements" (in line with Consob Communication No.6064293 of July 28th, 2006); in addition, other APMs are also used, the content and, where applicable, the calculation methods used of which are described in the Glossary (in line with the guidelines published on October 5th, 2015 by the European Securities and Markets Authority (ESMA/2015/1415)).

With reference to APMs, the European Securities and Markets Authority (ESMA) has issued specific guidelines[4] on the criteria for their presentation in regulated information, including therefore the Consolidated Financial Report, when such indicators are not defined or provided for in the financial reporting framework. These guidelines are intended to promote the usefulness and transparency of APMs, and compliance with them will improve the comparability, reliability and understandability of APMs, with consequent benefits for users of financial information. Consob has transposed the Guidelines in Italy and incorporated them into its own supervisory practices[5] . According to the definition of the ESMA Guidelines, an APM is an indicator of historical or future financial performance, financial position or cash flows that is different from a financial indicator defined or specified in applicable financial reporting frameworks and is usually derived from financial statement items prepared in accordance with applicable financial reporting frameworks. Indicators published in application of the prudential regulation do not strictly fall within the definition of APM.

[2] Cancellation of exposure in equity securities to the Voluntary Scheme established by the Interbank Deposit Protection Fund in the amount of € -0.3 million (net of tax effect).

[3] Tax benefit from the tax realignment of goodwill carried out by FinecoBank, as required by Article 110 of DL 104 of 2020, in the amount of € 32 million, and change in fair value of the exposure in equity securities to the Voluntary Scheme established by the Interbank Deposit Protection Fund in the amount of €-0.5 million (net of tax effect).

[4] ESMA/2015/1415.

[5] Consob Communication No. 0092543 of December 3rd, 2015.

# Summary data

## Condensed Accounts

### Consolidated balance sheet

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| **ASSETS** | **12/31/2022** | **12/31/2021** | **Amounts** | **%** |
| Cash and cash balances | 1,469,713 | 1,464,182 | 5,531 | 0.4% |
| Financial assets held for trading | 16,926 | 20,240 | (3,314) | -16.4% |
| Loans and receivables with banks | 426,696 | 379,862 | 46,834 | 12.3% |
| Loans and receivables with customers | 6,445,713 | 6,001,596 | 444,117 | 7.4% |
| Financial investments | 24,634,034 | 24,560,350 | 73,684 | 0.3% |
| Hedging instruments | 1,424,704 | 125,913 | 1,298,791 | n.a. |
| Property, plant and equipment | 146,208 | 150,347 | (4,139) | -2.8% |
| Goodwill | 89,602 | 89,602 | - | n.a. |
| Other intangible assets | 36,787 | 39,084 | (2,297) | -5.9% |
| Tax assets | 46,577 | 42,974 | 3,603 | 8.4% |
| Tax credits acquired | 1,093,255 | 508,764 | 584,491 | 114.9% |
| Other assets | 438,670 | 484,261 | (45,591) | -9.4% |
| **Total assets** | **36,268,885** | **33,867,175** | **2,401,710** | **7.1%** |

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | **12/31/2022** | **12/31/2021** | **Amounts** | **%** |
| Deposits from banks | 1,677,235 | 1,225,213 | 452,022 | 36.9% |
| Deposits from customers | 31,695,647 | 29,847,722 | 1,847,925 | 6.2% |
| Debt securities in issue | 497,926 | 497,266 | 660 | 0.1% |
| Financial liabilities held for trading | 4,574 | 4,417 | 157 | 3.6% |
| Hedging instruments | (3,180) | 65,263 | (68,443) | n.a. |
| Tax liabilities | 42,627 | 35,864 | 6,763 | 18.9% |
| Other liabilities | 443,659 | 464,633 | (20,974) | -4.5% |
| Shareholders' equity | 1,910,397 | 1,726,797 | 183,600 | 10.6% |
| *- capital and reserves* | *1,479,771* | *1,351,963* | *127,808* | 9.5% |
| *- revaluation reserves* | *2,121* | *(5,877)* | *7,998* | n.a. |
| *- net profit* | *428,505* | *380,711* | *47,794* | 12.6% |
| **Total liabilities and Shareholders' equity** | **36,268,885** | **33,867,175** | **2,401,710** | **7.1%** |

# Summary data

## Consolidated balance sheet - Quarterly data

(Amounts in € thousand)

| | Amounts as at | | | | |
|---|---|---|---|---|---|
| ASSETS | 12/31/2022 | 09/30/2022 | 06/30/2022 | 03/31/2022 | 12/31/2021 |
| Cash and cash balances | 1,469,713 | 1,681,556 | 1,542,372 | 1,752,145 | 1,464,182 |
| Financial assets held for trading | 16,926 | 22,285 | 20,020 | 20,123 | 20,240 |
| Loans and receivables with banks | 426,696 | 458,028 | 400,215 | 380,873 | 379,862 |
| Loans and receivables with customers | 6,445,713 | 6,318,315 | 6,310,789 | 6,088,369 | 6,001,596 |
| Financial investments | 24,634,034 | 25,068,513 | 25,294,566 | 25,368,592 | 24,560,350 |
| Hedging instruments | 1,424,704 | 1,390,127 | 948,764 | 465,840 | 125,913 |
| Property, plant and equipment | 146,208 | 143,333 | 146,686 | 148,424 | 150,347 |
| Goodwill | 89,602 | 89,602 | 89,602 | 89,602 | 89,602 |
| Other intangible assets | 36,787 | 36,601 | 37,525 | 38,264 | 39,084 |
| Tax assets | 46,577 | 58,048 | 44,681 | 44,355 | 42,974 |
| Tax credits acquired | 1,093,255 | 902,259 | 827,217 | 601,178 | 508,764 |
| Other assets | 438,670 | 382,040 | 415,278 | 401,015 | 484,261 |
| **Total assets** | **36,268,885** | **36,550,707** | **36,077,715** | **35,398,780** | **33,867,175** |

(Amounts in € thousand)

| | Amounts as at | | | | |
|---|---|---|---|---|---|
| LIABILITIES AND SHAREHOLDERS' EQUITY | 12/31/2022 | 09/30/2022 | 06/30/2022 | 03/31/2022 | 12/31/2021 |
| Deposits from banks | 1,677,235 | 2,791,259 | 2,333,322 | 1,808,045 | 1,225,213 |
| Deposits from customers | 31,695,647 | 30,945,493 | 30,827,605 | 30,735,609 | 29,847,722 |
| Debt securities in issue | 497,926 | 499,629 | 498,833 | 498,045 | 497,266 |
| Financial liabilities held for trading | 4,574 | 8,976 | 7,104 | 9,666 | 4,417 |
| Hedging instruments | (3,180) | (3,584) | 2,581 | (754) | 65,263 |
| Tax liabilities | 42,627 | 82,923 | 118,430 | 89,277 | 35,864 |
| Other liabilities | 443,659 | 432,744 | 580,560 | 404,164 | 464,633 |
| Shareholders' equity | 1,910,397 | 1,793,267 | 1,709,280 | 1,854,728 | 1,726,797 |
| *- capital and reserves* | *1,479,771* | *1,488,223* | *1,487,091* | *1,733,365* | *1,351,963* |
| *- revaluation reserves* | *2,121* | *2,651* | *(174)* | *(2,097)* | *(5,877)* |
| *- net profit* | *428,505* | *302,393* | *222,363* | *123,460* | *380,711* |
| **Total liabilities and Shareholders' equity** | **36,268,885** | **36,550,707** | **36,077,715** | **35,398,780** | **33,867,175** |

# Summary data

## Consolidated Income Statement

(Amounts in € thousand)

| | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amounts | % |
| Financial margin | 392,200 | 280,030 | 112,170 | 40.1% |
| of which Net interest | 342,796 | 247,889 | 94,907 | 38.3% |
| of which Profits from Treasury | 49,404 | 32,141 | 17,263 | 53.7% |
| Dividends and other income from equity investments | (276) | (26) | (250) | n.a. |
| Net fee and commission income | 465,627 | 450,808 | 14,819 | 3.3% |
| Net trading, hedging and fair value income | 89,899 | 74,308 | 15,591 | 21.0% |
| Net other expenses/income | 156 | (1,310) | 1,466 | n.a. |
| **REVENUES** | **947,606** | **803,810** | **143,796** | **17.9%** |
| Staff expenses | (117,294) | (109,600) | (7,694) | 7.0% |
| Other administrative expenses | (273,486) | (262,546) | (10,940) | 4.2% |
| Recovery of expenses | 136,830 | 139,471 | (2,641) | -1.9% |
| Impairment/write-backs on intangible and tangible assets | (26,865) | (26,218) | (647) | 2.5% |
| **Operating costs** | **(280,815)** | **(258,893)** | **(21,922)** | **8.5%** |
| **OPERATING PROFIT (LOSS)** | **666,791** | **544,917** | **121,874** | **22.4%** |
| Net impairment losses on loans and provisions for guarantees and commitments | (3,115) | (1,655) | (1,460) | 88.2% |
| **NET OPERATING PROFIT (LOSS)** | **663,676** | **543,262** | **120,414** | **22.2%** |
| Other charges and provisions | (57,762) | (49,938) | (7,824) | 15.7% |
| Net income from investments | (1,552) | 1,079 | (2,631) | n.a. |
| **PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **604,362** | **494,403** | **109,959** | **22.2%** |
| Income tax for the year | (175,857) | (113,692) | (62,165) | 54.7% |
| **NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS** | **428,505** | **380,711** | **47,794** | **12.6%** |
| **PROFIT (LOSS) FOR THE YEAR** | **428,505** | **380,711** | **47,794** | **12.6%** |
| **NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE GROUP** | **428,505** | **380,711** | **47,794** | **12.6%** |

# Summary data

## Consolidated Income Statement - Quarterly data

(Amounts in € thousand)

| | 2022 | | | |
|---|---|---|---|---|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Financial margin | 107,461 | 68,946 | 84,219 | 131,574 |
| of which Net interest | 59,347 | 67,614 | 84,261 | 131,574 |
| of which Profits from Treasury | 48,114 | 1,332 | (42) | - |
| Dividends and other income from equity investments | (45) | (103) | (20) | (108) |
| Net fee and commission income | 118,637 | 113,877 | 114,105 | 119,008 |
| Net trading, hedging and fair value income | 28,989 | 25,854 | 21,212 | 13,844 |
| Net other expenses/income | 365 | 51 | 139 | (399) |
| **REVENUES** | **255,407** | **208,625** | **219,655** | **263,919** |
| Staff expenses | (28,348) | (29,190) | (28,958) | (30,798) |
| Other administrative expenses | (69,366) | (64,998) | (65,477) | (73,645) |
| Recovery of expenses | 35,335 | 33,728 | 33,250 | 34,517 |
| Impairment/write-backs on intangible and tangible assets | (6,590) | (6,601) | (6,636) | (7,038) |
| **Operating costs** | **(68,969)** | **(67,061)** | **(67,821)** | **(76,964)** |
| **OPERATING PROFIT (LOSS)** | **186,438** | **141,564** | **151,834** | **186,955** |
| Net impairment losses on loans and provisions for guarantees and commitments | (801) | (424) | (292) | (1,598) |
| **NET OPERATING PROFIT (LOSS)** | **185,637** | **141,140** | **151,542** | **185,357** |
| Other charges and provisions | (10,239) | (2,259) | (41,617) | (3,647) |
| Net income from investments | (553) | (201) | (325) | (473) |
| **PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **174,845** | **138,680** | **109,600** | **181,237** |
| Income tax for the period | (51,385) | (39,777) | (29,570) | (55,125) |
| **NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS** | **123,460** | **98,903** | **80,030** | **126,112** |
| **PROFIT (LOSS) FOR THE PERIOD** | **123,460** | **98,903** | **80,030** | **126,112** |
| **NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP** | **123,460** | **98,903** | **80,030** | **126,112** |

# Summary data

(Amounts in € thousand)

| | 2021 | | | |
|---|---|---|---|---|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Financial margin | 75,071 | 72,826 | 69,239 | 62,894 |
| of which Net interest | 61,823 | 62,515 | 61,798 | 61,753 |
| of which Profits from Treasury | 13,248 | 10,311 | 7,441 | 1,141 |
| Dividends and other income from equity investments | - | - | - | (26) |
| Net fee and commission income | 108,080 | 106,266 | 110,083 | 126,379 |
| Net trading, hedging and fair value income | 23,888 | 16,683 | 15,614 | 18,123 |
| Net other expenses/income | 512 | 132 | (1,457) | (497) |
| **REVENUES** | **207,551** | **195,907** | **193,479** | **206,873** |
| Staff expenses | (26,217) | (26,667) | (27,369) | (29,347) |
| Other administrative expenses | (62,979) | (65,049) | (63,396) | (71,122) |
| Recovery of expenses | 32,367 | 35,103 | 35,751 | 36,250 |
| Impairment/write-backs on intangible and tangible assets | (6,275) | (6,387) | (6,437) | (7,119) |
| **Operating costs** | **(63,104)** | **(63,000)** | **(61,451)** | **(71,338)** |
| **OPERATING PROFIT (LOSS)** | **144,447** | **132,907** | **132,028** | **135,535** |
| Net impairment losses on loans and provisions for guarantees and commitments | (477) | (1,211) | (360) | 393 |
| **NET OPERATING PROFIT (LOSS)** | **143,970** | **131,696** | **131,668** | **135,928** |
| Other charges and provisions | (8,236) | (5,787) | (31,058) | (4,857) |
| Net income from investments | (583) | 1,822 | 280 | (440) |
| **PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **135,151** | **127,731** | **100,890** | **130,631** |
| Income tax for the period | (40,407) | (5,805) | (28,302) | (39,178) |
| **NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS** | **94,744** | **121,926** | **72,588** | **91,453** |
| **PROFIT (LOSS) FOR THE PERIOD** | **94,744** | **121,926** | **72,588** | **91,453** |
| **NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP** | **94,744** | **121,926** | **72,588** | **91,453** |

# Summary data

## Main balance sheet figures

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amounts | % |
| Loans receivable with ordinary customers [1] | 5,916,090 | 5,416,604 | 499,486 | 9.2% |
| Total assets | 36,268,885 | 33,867,175 | 2,401,710 | 7.1% |
| Direct deposits [2] | 30,569,876 | 29,495,292 | 1,074,584 | 3.6% |
| Assets under administration [3] | 75,987,994 | 78,420,121 | (2,432,127) | -3.1% |
| Total customers sales (direct and indirect) | 106,557,870 | 107,915,413 | (1,357,543) | -1.3% |
| Shareholders' equity | 1,910,397 | 1,726,797 | 183,600 | 10.6% |

(1) Loans receivables with ordinary customers refer solely to loans granted to customers (current account overdrafts, credit cards, personal loans, mortgages and unsecured loans).
(2) Direct deposits include overdrawn current accounts.
(3) Assets under administration consist of products placed online or through FinecoBank personal financial advisors.

## Operating structure

| | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| No. Employees | 1,336 | 1,305 |
| No. Personal financial advisors | 2,918 | 2,790 |
| No. Financial shops [1] | 426 | 424 |

(1) Number of operating financial shops: financial shops managed by the Bank and financial shops managed by personal financial advisors (so called Fineco Centers).

# Summary data

## Profitability, productivity and efficiency ratios

(Amounts in € thousand)

| | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Financial margin/Revenues | 41.39% | 34.84% |
| Income from brokerage and other income/Revenues | 58.64% | 65.16% |
| Income from brokerage and other income/Operating costs | 197.88% | 202.33% |
| Cost/income ratio | 29.63% | 32.21% |
| Operating costs/TFA | 0.26% | 0.26% |
| Cost of risk | 4 | 4 |
| CoR (incentive system) | 4 | 3 |
| ROE | 27.61% | 23.91% |
| Return on assets | 1.18% | 1.12% |
| EVA (calculated on allocated capital) | 367,339 | 340,177 |
| EVA (calculated on accounting capital) | 264,529 | 243,881 |
| RARORAC (calculated on allocated capital) | 55.10% | 62.44% |
| RARORAC (calculated on accounting capital) | 14.75% | 13.26% |
| ROAC (calculated on allocated capital) | 64.28% | 69.88% |
| ROAC (calculated on accounting capital) | 23.89% | 20.70% |
| Total sales to customers/Average employees | 80,695 | 84,079 |
| Total customer sales/(Average employees + average PFAs) | 25,526 | 27,104 |

**Key**

Income from brokerage and other income: Net fee and commission income, Net trading, hedging and fair value income and Net other expenses/income.

Cost/income ratio: Operating Costs divided by Revenues.

Operating costs/TFA: ratio of operating costs to Total Financial Assets (direct and indirect inflows). The TFA used for the ratio is the average for the year, calculated as the average between the balance as at December 31st, 2022 and the balance as at the previous December 31.

Cost of risk: is the ratio of Net impairment losses of loans with customers in the last 12 months to loans and receivables with customers (average of the averages of the last four quarters, calculated as the average balance at the end of the quarter and the balance at the end of the previous quarter). The scope only includes loans to ordinary customers.

CoR (incentive system): is the ratio of Net impairment losses of commercial loans with customers in the last 12 months to commercial loans and receivables with customers (average of the balance as at December 31st, 2022 and the balance at December 31st of the previous year).

ROE: ratio between the net profit and the average book shareholders' equity (excluding dividends expected to be distributed and the revaluation reserves) for the year (average between the amount of the end of year and the amount of the shareholders' equity as at December 31st of previous year).

Return on assets: ROA: ratio of profit (loss) for the year to total assets.

EVA (Economic Value Added): shows the firm's ability to create value; calculated as the difference between net profit, excluding extraordinary charges/income and related tax effects (integration costs and net profits from extraordinary investments), and the figurative cost of the allocated capital; the latter was calculated using either the greater of the regulatory capital and the economic capital[6] absorbed either using the book value of shareholders' equity (average of single end quarters).

RARORAC (Risk adjusted Return on Risk adjusted Capital): the ratio between EVA (as described above) and the average of the quarters of the year of the allocated capital (calculated with the same methods envisaged for the calculation of the EVA) and expresses in percentage terms the capacity to create value per unit of risk taken.

ROAC (Return on Allocated Capital): the ratio of net operating profit to the average of the quarters of the year of the allocated capital (calculated with the same methods envisaged for the calculation of the EVA).

[6] Allocated capital is the greater of regulatory capital and economic capital. The economic capital as at December 31st, 2022 is maintained at the same level as at September 30th, 2022, the latest available figure.

# Summary data

## Balance Sheet indicators

| | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Loans receivable with ordinary customers/Total assets | 16.31% | 15.99% |
| Loans and receivables with banks/Total assets | 1.18% | 1.12% |
| Financial assets/Total assets | 67.92% | 72.52% |
| Direct sales/Total liabilities and Shareholders' equity | 84.29% | 87.09% |
| Shareholders' equity (including profit)/Total liabilities and Shareholders' equity | 5.27% | 5.10% |
| Ordinary customer loans/Direct deposits | 19.35% | 18.36% |

| Credit quality | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Non-performing loans/Loans receivable with ordinary customers | 0.06% | 0.08% |
| Bad loans/Loans receivable with ordinary customers | 0.02% | 0.04% |
| Coverage ratio[1] - Bad loans | 92.65% | 88.70% |
| Coverage ratio[1] - Unlikely to pay | 68.13% | 66.10% |
| Coverage ratio[1] - Impaired past-due exposures | 57.92% | 50.05% |
| Coverage ratio[1] - Total Non-performing loans | 86.02% | 82.15% |

(1) Calculated as the ratio between the amount of write-down provision and gross exposure.

## The macroeconomic scenario and monetary policy

In the early months of the year, the recovery of the euro area economy and the improvement of the labor market continued, thanks to substantial support from economic policies. Shortages of materials, equipment, and labor, however, held back production in some industries, and high energy costs began to affect household incomes and corporate profits. Inflation, which had risen sharply in the last months of 2021, also continued its upward trend.

Russia's subsequent invasion of Ukraine had consequences for the economy, in Europe and beyond. The conflict and its associated uncertainty severely affected business and consumer confidence, led to trade disruptions and material shortages, and contributed to high energy and commodity prices. Against this backdrop, inflation has continued its run.

As an effect of Russia's invasion of Ukraine, the European Commission made it official in early March that the conflict would cause a slowdown in the economy. The EU executive had decided to give governments some freedom in finalizing government budgets in 2023, not to open excessive deficit procedures in the spring and not to apply the rule requiring a debt cut of one-twentieth per year.

In the third quarter, the global economy continued to be affected by high inflation, worsening financial conditions, uncertainty related to the conflict in Ukraine, weak activity in China, and, to a lesser extent than at the beginning of the year, supply difficulties along value chains.

The global cyclical picture deteriorated again in the fourth quarter of 2022: according to available indicators, activity in advanced countries - still affected by the repercussions of the war in Ukraine and high inflation - slowed. Consumer inflation remained high (9.2% in December on an annual basis), although it has been declining since November; the underlying component continued to strengthen partly due to a gradual transmission of past energy price increases.

According to Bank of Italy estimates, economic activity in Italy weakened in the last quarter of 2022. Both the dampening of the recovery of value added in services, which returned to pre-pandemic values already in the summer months, and the decline in industrial production would have contributed to this. Household spending would have slowed, despite measures to support disposable income amid high inflation.

In the autumn months, harmonized consumer inflation reached new highs (12.3% in December on an annual basis), still supported by the energy component, which continues to transmit to the prices of other goods and services. According to Bank of Italy estimates, which consider both direct

# Summary data

and indirect effects, in the average of the fourth quarter of 2022 just over 70% of total inflation was attributable to energy; over the same period, government energy measures would have mitigated consumer price dynamics by more than one percentage point.

The Bank of Italy's projections for the Italian economy continue to be purely indicative in nature, given the current context of high uncertainty associated mainly with the evolution of the conflict in Ukraine. In the baseline scenario, it is assumed that tensions associated with the war will still remain high in the first months of 2023 and gradually decline over the forecast horizon. After an increase of nearly 4% in 2022, GDP would slow in 2023 to 0.6%. Growth would return to strength in the following two years, thanks to acceleration in both exports and domestic demand. Inflation, which rose to nearly 9% in 2022, would fall to 6.5% in 2023 and more sharply thereafter, to 2.0% in 2025.

In a scenario assuming permanent suspension of energy commodity supplies from Russia to Europe, output would contract in 2023 and 2024 and grow moderately in the following year; inflation would rise further in 2023, then fall sharply in the next two years. The scenario does not take into account new measures introduced to mitigate the effects of these possibly more unfavorable developments; it also does not consider the possibility that the sharp weakening of economic activity would be reflected, more than suggested by historical regularities, on inflation, leading to its lower value at the end of the forecast horizon.

With regard to monetary policy decisions, at its meeting on July 21st, 2022, the Governing Council of the European Central Bank (ECB) decided to raise the three key interest rates; the interest rates on the main refinancing operations, the marginal lending operations, and deposits with the central bank were raised to 0.50%, 0.75%, and 0.00%, respectively, effective July 27th, 2022. At subsequent meetings, the Governing Council of the ECB decided on further increases, and finally, at its meeting on February 2nd, 2023, it raised the interest rates on the main refinancing operations, the marginal lending facility and deposits with the central bank to 3.00%, 3.25% and 2.50%, respectively, effective February 8th, 2023. The Governing Council of the ECB has, in addition, announced that it will continue to raise interest rates significantly at a steady pace and keep them at sufficiently restrictive levels to ensure a timely return of inflation to its 2% target over the medium term. In addition, the holdings of securities held by the Eurosystem under the Asset Purchase Program (AAP) will be reduced at a measured and predictable pace, averaging € 15 billion per month from the beginning of March 2023 until the end of June 2023 and will then be determined over time.

As for the PEPP (pandemic emergency purchase program), the Governing Council of the ECB intends to reinvest the principal repaid on securities maturing under the program at least until the end of 2024. In any case, future reduction of the PEPP portfolio will be managed to avoid interference with the appropriate monetary policy stance. The Governing Council will continue to flexibly reinvest the principal repaid on maturing securities in the PEPP portfolio to counter risks to the monetary policy transmission mechanism attributable to the pandemic.

The Group has assessed that the current macroeconomic environment and possible uncertainties, mainly related to the development of the conflict in Ukraine, will not have a significant impact on its balance sheet. In addition, the rise in market rates will have a positive effect on net interest income, as already seen during the last quarter of 2022. Lastly, it should be noted that in the calculation of ECL, the Group has adopted scenarios that take into account the Russia-Ukraine conflict and inflation growth.

# Summary data

## The Russian-Ukrainian conflict and the COVID-19 pandemic

The first weeks of 2022 were marked by a new wave of infections in our country caused by the rapid spread of the Omicron variant, started in late 2021, which led to the extension of the state of emergency until March 31st, 2022 (Christmas Decree-D.L. No. 221 of Dec. 24, 2021). The following months saw a gradual attenuation of the contagions, and Decree-Law No. 24 of March 24th, 2022, "Urgent provisions to overcome the measures to counter the spread of the COVID-19 epidemic, as a result of the termination of the state of emergency," ended the state of emergency, which had been resolved by the Council of Ministers on January 31st, 2020, and gradually extended. The rule modified the anti-Covid measures, phasing out, starting April 1st, the restrictions then in place.

At the same time, a military operation by Russia in Ukraine began on February 24th, 2022, triggering a military conflict and an international crisis. Since February, the European Union has imposed several sanctions packages on Russia, including targeted restrictive measures (individual sanctions), economic sanctions and diplomatic measures. The conflict has weighed on the economy in Europe and beyond its borders; it affected trade, caused material shortages, and contributed to high energy and commodity prices and, as a result, a significant rise in inflation.

On March 14th, 2022, the European Securities and Markets Authority (ESMA) published the Public Statement "ESMA71-99-1864" on the impacts of the Russian-Ukrainian crisis on EU financial markets, which outlines the supervisory and coordination activities undertaken in this context and contains recommendations to issuers on the information to be disclosed when approving their 2021 financial statements and subsequent financial reports. In this context, on March 18, 2022, Consob drew the attention of listed companies and other supervised issuers to the following issues coordinated in ESMA:

- disclose as soon as possible any inside information regarding the impacts of the crisis on fundamentals, prospects, and financial situation, consistent with transparency requirements under the Market Abuse Regulation, unless conditions exist for delaying the disclosure of the same; and
- provide information, to the extent possible on both a qualitative and quantitative basis, on the current and foreseeable direct and indirect effects of the crisis on business activities, exposures to affected markets, supply chains, financial position, and economic performance in the 2021 financial reports, if these have not yet been approved, and at the annual shareholders' meeting or otherwise in interim financial reports.

Consob expects the auditors and supervisory bodies to pay special attention to the above issues in their audits of financial reports, having particular regard to the effects on the issuer and its subsidiaries of the restrictive measures adopted by the EU.

In light of the recommendations issued by the National Cybersecurity Agency, Consob recommends that special attention should be paid to the assessment of cybersecurity-related risks. Finally, it points out the advisability of preparing adequate and effective organizational and technical safeguards aimed at mitigating this risk, including providing for the strengthening of information flows with supervisory bodies.

On May 13rd, 2022, ESMA published Public Statement ESMA32-63-1277 “Implications of Russia’s invasion of Ukraine on half-yearly financial reports” with the intent to promote transparency and consistent application at the European level of disclosure requirements in half-yearly financial reports, with particular reference to the Russian invasion of Ukraine. In particular, ESMA emphasizes the need for issuers to provide information that adequately reflects the current and, to the extent possible, anticipated impact of the Russian invasion of Ukraine on their financial position, performance, and cash flows, as well as the importance of providing information on the principal risks and uncertainties to which issuers are exposed. In addition, ESMA provides specific recommendations on the application of accounting standards in the context of half-yearly reporting, recalling the elements that may be impacted by the conflict and the aspects that issuers should consider in their evaluations and estimates, and on the information that issuers should provide in interim reports, as well as their consistency with halfyearly reporting. In addition, on May 19th, 2022, Consob published the Attention Reminder No. 3/22, by which the Authority incorporates the contents of the ESMA Public Statement.

Finally, on October 28th, 2022, ESMA published Public Statement ESMA32-63-1320, "European common enforcement priorities for 2022 annual financial reports," in which it specified the relevance of the contents reported in Public Statement ESMA32-63-1277 also in the context of the preparation of annual financial reports, as well as setting out the European common enforcement priorities for the preparation of 2022 annual financial reports of issuers admitted to trading on EEA regulated markets.

With reference to ICT and Cyber risks, on February 24th, 2022, the CSIRT (the National Cybersecurity Agency's response team) called for raising attention and taking all measures to protect ICT assets, an alert addressed to Italian companies that have dealings with Ukrainian operators. On February 28th, 2022, the agency produced a new alert, this time addressed to all national digital infrastructure operators, urging them to adopt "a posture of maximum cyber defense": the offensive could in fact be directed against the coalition that has mobilized to support the attacked country. In the crosshairs, as far as Italy is concerned, are generally ministries, government agencies, and companies strategic to the national interest including financial institutions. The Group's objective is to ensure the protection of clients by guaranteeing data security, declined in its characteristics of availability, confidentiality and integrity: in light of the Russian-Ukrainian crisis on EU financial markets, special attention has been paid to the assessment of related risks. In compliance with the measures provided for by current legislation, Fineco has undertaken a series of initiatives aimed at verifying its security posture and operational readiness, also making use of the indications and recommendations suggested by various national and international bodies. Without prejudice to the adoption from the outset of best practices in the field of security, both in terms of technical and organizational/procedural measures, in any case, additional mechanisms have been evaluated and introduced to deal with any impacts arising from the contingent situation, ensuring at the same time constant and continuous monitoring of the evolving environment.

**Risks, uncertainties and impacts of the Russia-Ukraine conflict and the COVID-19 pandemic**

Despite this context of uncertainty, in 2022 there are no significant impacts for the Group either in terms of deterioration of credit exposures (migration of positions to non-performing or increase in the credit risk of counterparties with which the Group conducts credit activities) or in terms of liquidity management, and from a forward-looking perspective there are no impacts in terms of strategic orientation, objectives and business model. In fact, the Group's business model appears to be diversified and well-balanced: in fact, the Group can count on a business model whose revenue sources are widely diversified and which allow it to deal with complex stress situations such as the current one. The FinecoBank Group's revenues are based on three main components (banking, brokerage, and investing), which tend to have uncorrelated trends in times of crisis.

The Group has no direct exposure to the Russian assets affected by the conflict, and indirect exposures, represented by guarantees received under pledge-backed financing transactions (Credit Lombard and pledged overdraft), are of insignificant amounts. The Group has no direct exposure in commodities and has limited exposure in rubles. With respect to (i) obligations to freeze funds with respect to sanctioned persons and entities, (ii) restrictions on the buying and selling of certain securities because they are issued by or linked to sanctioned issuers, (iii) restrictions on financial flows to and from Russia, unless specific exceptions are made, and (iv) reporting obligations to the relevant authorities, the Group uses safeguards to monitor the names of sanctioned persons and entities and the ISINs of sanctioned financial instruments, which are necessary to initiate the consequent asset freezing activities required by the regulations. As of December 31st, 2022, there were no direct or indirect exposures with individuals or entities subject to sanction measures applicable to the Group, therefore, no asset freezing actions required by the regulations have been implemented on the individuals concerned. Finally, the Group constantly monitors the evolution of the regulatory framework of reference through information tools that enable the timely updating of the sanctions framework applicable to the Bank and the appropriate adjustment of the safeguards in place.

The financial investments held by the Group, consisting mainly of government securities, are held by the Parent Company for long-term investment purposes and are accounted for in the Held to Collect portfolio measured at amortized cost; therefore, measurement at fair value does not have an impact on the consolidated income statement, consolidated shareholders' equity and consolidated own funds.

With reference to the financial instruments in the trading portfolio, it should be noted that the Group tends not to take risk positions; the positions in the proprietary portfolio are mainly represented by over-the-counter derivative contracts (CFDs and Knock Out Options) traded against customers and hedged managerially with listed equity securities and derivative contracts listed on regulated markets or entered into with institutional counterparties.

In 2022 there was no significant deterioration in the Group's loan portfolio of loans to ordinary customers. In fact, the latter consists mainly of loans granted by the Parent Company FinecoBank to retail customers, mainly backed by financial and real estate collateral, and disbursed in application of a careful and prudent lending policy. In the case of land loans, the average loan-to-value is, in fact, about 50 percent and the credit facilities granted involve the acquisition of guarantees with conservative margins. Most of the moratoriums granted by FinecoBank to support customers' financial needs related to the COVID-19 health emergency, which are of insignificant amount overall, have also resumed payments: moratoriums still outstanding as of December 31st, 2022 amount to € 383 thousand. It should be noted that the moratoria, if there are no additional elements not strictly related to the moratorium under consideration, have been recognized in the accounts by applying the so-called modification accounting, in line with ESMA guidelines, as the contractual changes have been assessed as insubstantial. The Group conducted a qualitative assessment and considered that these support measures provide temporary relief to borrowers affected by the COVID-19 pandemic, without significantly affecting the economic value of the loan.

For the purpose of calculating expected losses, the Group uses specific models that leverage Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure At Default ("EAD") parameters that are conservatively estimated and to which specific adjustments are made in order to ensure full consistency with accounting regulations. Expected loss for institutional counterparties is calculated using risk parameters provided by the external provider Moody's Analytics; for retail counterparties, not having internal rating systems available, PD and LGD parameters are estimated by product type through models developed internally by the CRO Department (personal loans and mortgages) or proxies (other exposures). To implement the requirements of IFRS 9 accounting standard, the parameters are adjusted by forward-looking analyses through the development of specific scenarios, developed by external provider Moody's Analytics. The scenarios as of December 31st, 2022 incorporate forward-looking information that considers different possible developments in the pandemic crisis and the military conflict in Ukraine. Specifically, the forward-looking component is determined by three macroeconomic scenarios, a base ("Baseline") scenario, a positive scenario, and an adverse scenario. The baseline scenario is weighted at 40% as it is considered the most likely to be realised; the positive and adverse scenarios, on the other hand, are weighted at 30%, and represent alternative best- and worst-case realizations, respectively. If the conflict results in a decrease in economic growth (Italy and Spain first and foremost), this scenario may lead to higher value adjustments for the exposures held, loans and debt securities, due to the update of the Forward Looking Information component of IFRS 9 accounting standard.

The Group's overall liquidity situation remained solid and stable, and during 2022 all liquidity adequacy indicators and analyses showed ample safety margins with respect to regulatory and internal limits. In addition, FinecoBank did not encounter any impediments or deteriorations in the conditions for access to markets and completion (volumes, prices) of related transactions (repurchase agreements, purchase and sale of securities). With regard to derivative transactions, the increased volatility in financial markets has made cash movements related to margining more substantial and volatile, but without materially and negatively affecting the Group's forecasting capacity and overall liquidity situation. Underlying this higher absorption must also be considered the increase in volumes traded by Fineco. As the Parent Company has invested part of its assets in "high-quality liquid assets" ("HQLA") debt securities issued by governments and supranational organisations, the value of the Group's assets could be impaired due to possible negative changes in fair value. This reduction, which has no impact on the income statement and shareholders' equity as the financial investments are recognised in the Held to Collect portfolio measured at amortised cost, could lead to a decrease in the liquidity potentially available from the refinancing of the HQLA portfolio - either through market transactions, such as repurchase agreements, or through refinancing transactions with the central bank - which, in any case, is largely consistent and constantly growing thanks to new investments. For further details on liquidity management and related risks, please refer to Part E - Information on risks and related hedging policies of these notes to the consolidated accounts.

With reference to the projections of future cash flows, assumptions and parameters used for the purposes of assessing the recoverability of the goodwill, brands and Fineco domains recorded in the financial statements, it should be noted that the parameters and information used are significantly affected by the macroeconomic market framework, which could experience unforeseeable changes in light of the uncertainties highlighted above. In this regard, it should be noted that as at December 15th 2022, the Board of Directors approved the procedure adopted to determine the value in use of goodwill, brands and domains (model, assumptions and parameters used). The results, approved by the Board of Directors on 7 February 2023, confirm the sustainability of the goodwill recorded in the financial statements, in none of the hypothesised scenarios would an impairment loss arise, confirming a value in use significantly higher than the carrying amount. Also the sensitivity analyses carried out show that the impairment test would reach a break-even level assuming changes in the main parameters used in the valuation model that cannot be reasonably assumed at present. For further details on the impairment test and related sensitivity analyses, see Part B - Information on the consolidated balance sheet - Section 10 - Intangible assets of these notes to the consolidated accounts. On the same date, the Board of Directors approved the method for determining the value in use of the investment in Vorvel Sim S.p.A., formerly Hi-MTF Sim S.p.A., (model, assumptions and parameters used), the results of which show a recoverable value higher than the value recorded in the financial statements.

It should be noted that the Group, specifically the Parent Company, owns one property for functional use and one for investment use both located in Italy. In order to assess whether there are any indications that the assets may be impaired, also considering the current uncertain environment, the Bank has requested appraisals from independent third-party companies from which no evidence has emerged that would lead to the need for impairment under IAS 36.

With regard to actuarial gains/losses calculated in accordance with IAS 19R, related in particular to severance pay and FISC of personal financial advisors, the actuarial assumptions used reflected the current economic outlook and resulted in a positive impact of € 12.3 million, net of tax effect, on revaluation reserves.

With reference to the application of IFRS 2 "Share-based payments," it should be noted that no change has been made to the estimated vesting of share-based payments.

There was also no impact on the application of IFRS 2 "Share-based payments", no change has been made to the estimated vesting of share-based payments, and regarding the recoverability of deferred tax assets. The amount of deferred tax assets recorded in the financial statements must be tested to verify that there is a likelihood of future taxable income that would allow their recovery. The test carried out at the close of the financial statements as of December 31st, 2022, resulted in a positive outcome, revealing no uncertainty in this regard.

It should be noted, however, that it cannot be ruled out that, by their nature, the estimates and assumptions reasonably made may not be confirmed in the actual future scenarios in which the Group will operate.

# Summary data

## Events during the period

### *Significant Entity Classification*

The European Central Bank classified FinecoBank as a significant institution subject to direct supervision, effective January 1st, 2022. The European Central Bank's decision is motivated by exceeding the size threshold of significance of € 30 billion, identified by Regulation 468/2014 (MVU).

### *Shareholders' Meeting*

On April 28th, 2022, the FinecoBank Shareholders' Meeting was held and resolved favorably on all items on the agenda.

In the ordinary session, the resolutions concerned:

- approval of the Financial Statements for the year 2021 of FinecoBank S.p.A;
- appropriation of FinecoBank S.p.A.'s fiscal year 2021 result;
- Report on the remuneration policy 2022;
- Report on compensation paid in fiscal year 2021;
- 2022 Incentive System for Employees belonging to the Most Relevant Personnel;
- 2022 Incentive System for Financial Advisors identified as "Most Relevant Personnel";
- authorization to purchase and dispose of treasury shares to service the 2022 PFA System. Related and Consequential Resolutions.

At the extraordinary meeting, the resolutions concerned:

- the delegation to the Board of Directors, pursuant to Article 2443 of the Civil Code, of the power to resolve, also in several times and for a maximum period of five years from the date of the shareholders' meeting resolution, a free share capital increase, pursuant to Article 2349 of the Civil Code, for a maximum amount of € 120,976.02 (to be charged entirely to capital), with the issuance of up to 366,594 new ordinary FinecoBank shares with a par value of € 0.33 each, having the same characteristics as those in circulation and regular dividend entitlement, to be allotted to FinecoBank's Most Relevant Personnel 2022, for the purpose of executing the 2022 Incentive System; consequent amendments to the Articles of Association;
- the delegation to the Board of Directors, pursuant to Article 2443 of the Civil Code, of the power to resolve in 2027 a free share capital increase, pursuant to Article 2349 of the Civil Code, of up to a maximum of € 35,671.35 corresponding to a maximum number of 108,095 ordinary FinecoBank shares with a par value of € 0.33 each, having the same characteristics as those in circulation, regular dividend entitlement, to be allotted to FinecoBank's 2021 Most Relevant Personnel, for the purpose of completing the execution of the 2021 Incentive System; consequent amendments to the Articles of Association.

With reference to the allocation of FinecoBank S.p.A.'s 2021 results, the Shareholders' Meeting approved the proposals formulated by the Board of Directors, which provide, among other things, for the distribution to the Shareholders of a unit dividend of € 0.39 per share, which was put up for payment, in accordance with the applicable laws and regulations, on May 25th, 2022 with an "ex-dividend" date of May 23rd, 2022. Pursuant to Article 83-terdecies of Legislative Decree No. 58 of February 24, 1998 ("TUF"), those who were shareholders on the basis of the evidence of the accounts relating to the end of the accounting day of May 24th, 2022 were, therefore, entitled to receive the dividend.

### *Capital increase of Vorvel SIM S.p.A.*

On May 10th, 2022 the Shareholder's Meeting of Vorvel SIM S.p.A. approved the capital increase in the total amount of € 3.5 million, corresponding to a contribution of € 0.7 million for each shareholder. FinecoBank subscribed to its own capital increase during May 2022, keeping its shareholding unchanged at 20%.

It should be noted that Vorvel SIM S.p.A. adopted the current company name effective December 12nd, 2022, instead the previous name Hi-Mtf SIM S.p.A..

### *Repayment of TLTRO (Targeted Longer-Term Refinancing Operations) Financing*

In November 2022, the Parent Company repaid in advance and in full the two loans received under the Targeted Longer Term Refinancing Operations (TLTRO III) program in December 2020 and March 2021, respectively, for a total of € 1,045 million. The repayment was made as a result of the changed monetary policy scenario and in particular the change in the terms and conditions applied to the third series of the TLTRO program. In fact, the Governing Council of the ECB revised its stance in the second half of 2022 by significantly raising key interest rates and making considerable

# Summary data

progress in abandoning accommodative monetary policy measures. Specifically, on October 27th, 2022, the ECB decided that from November 23rd, 2022, and until the maturity or early redemption date of each respective outstanding TLTRO III, the interest rate will be indexed to the average of the applicable ECB deposit rates for each operation during that period (and no longer referring as previously, to the entire life of the operation) and has therefore introduced new and additional dates for voluntary early repayment of amounts, so as to ensure prompt and full possibility of exit from the program in the face of changing conditions and, consequently, their lower profitability.

### *Establishment of Fineco International LTD*

On November 22nd, 2022, the company Fineco International Ltd, based in Great Britain, was established. As of December 31st, 2022, the company, a wholly owned subsidiary of FinecoBank S.p.A., was not operational, pending completion of the process at the British Supervisory Authority (Financial Conduct Authority) in order to obtain authorization to provide investment/financial services.

As of December 31st., 2022, the above company was excluded from the scope of consolidation as it does not exceed the materiality thresholds defined in the Group's policy.

# Summary data

## Consolidated Own funds and capital ratios

| | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Common Equity Tier 1 Capital (€ thousand) | 987,099 | 868,214 |
| Total Own Funds (€ thousand) | 1,487,099 | 1,368,214 |
| Total risk-weighted assets (€ thousand) | 4,740,149 | 4,617,709 |
| Ratio - Common Equity Tier 1 Capital | 20.82% | 18.80% |
| Ratio - Tier 1 Capital | 31.37% | 29.63% |
| Ratio - Total Own Funds | 31.37% | 29.63% |

| | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Tier 1 Capital (€ thousand) | 1,487,099 | 1,368,214 |
| Exposure for leverage (€ thousand) | 36,857,107 | 34,045,310 |
| Leverage ratio | 4.03% | 4.02% |

The Group's prudential requirements as at December 31st, 2022 were determined on the basis of the harmonized regulation for banks and investment firms contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of June 26th, 2013 and subsequent Directives/Regulations amending their content, in particular Directive (EU) 878/2019 (CRD V), Regulation (EU) 876/2019 (CRR II) and Regulation (EU) 873/2020 of the European Parliament and of the Council (CRR Quick-fix), which transpose into the European Union the standards defined by the Basel Committee on Banking Supervision (Basel III framework), collected and implemented by the Bank of Italy through Circular No. 285 of December 17th, 2013 "Supervisory Provisions for Banks" and subsequent updates.

As at December 31st, 2022 the Consolidated Own funds amounted to € 1,487.1 million, including the profit for 2022, equal to € 428.5 million, net of dividends to be distributed totaling € 299.2 million, which the Board of Directors will propose for approval at the Shareholders' Meeting called for 27 April 2023, and foreseeable charges of € 1.5 million, represented by the coupons, net of the related taxation, accrued on the Additional Tier 1 financial instruments issued by FinecoBank, assuming that the conditions provided for in Art. 26 (2), of EU Regulation 575/2013 (CRR) are met.

The increase in Risk-Weighted Assets in 2022 is mainly driven by credit risk, due to the growth of the business and, in particular, to lending to customers and operational risk due to the update of the Relevant Indicator, with the inclusion of 2022 revenues and the exclusion of 2019 revenues.

With reference to the capital requirements applicable to FinecoBank Group, it should be noted that, further to the Supervisory Review and Evaluation Process (SREP), the European Central Bank announced on December 14th, 2022 the following capital requirements applicable to FinecoBank Group starting from January 1st, 2023:

These requirements are:

- 8.02% of Common Equity Tier 1 ratio, including the Pillar II Requirement (P2R) equal to 0.98%;
- 9.85% of Tier 1 Ratio, including the P2R equal to 1.31%;
- 12.29% of Total Capital Ratio including the P2R equal to 1.75%.

It should be noted that until December 31st, 2022, the additional capital requirements (P2R) for the Group were as follows: 1.12% in terms of CET1, 1.50% in terms of T1, and 2.00% in terms of Total Capital.

# Summary data

The following is a summary of the capital requirements and reserves for the FinecoBank Group as at December 31st, 2022.

| Requirements | CET1 | T1 | TOTAL CAPITAL |
|---|---|---|---|
| A) Pillar 1 requirements | 4.50 % | 6.00 % | 8.00 % |
| B) Pillar 2 requirements | 1.12 % | 1.50 % | 2.00 % |
| **C) TSCR (A+B)** | **5.62 %** | **7.50 %** | **10.00 %** |
| D) Combined Buffer requirement, of which: | 2.54 % | 2.54 % | 2.54 % |
| 1. Capital Conservation Buffer (CCB) | 2.50 % | 2.50 % | 2.50 % |
| 2. Institution-specific Countercyclical Capital Buffer (CCyB) | 0.04 % | 0.04 % | 0.04 % |
| **E) Overall Capital Requirement (C+D)** | **8.16 %** | **10.04 %** | **12.54 %** |

As at December 31st, 2022, Group ratios are compliant with all the above requirements.

As at December 31st, 2022, the Financial Leverage ratio stands at 4.03%, a level higher than the applicable regulatory requirement of 3%. It should be noted that, as at December 31st, 2022, the FinecoBank Group applied the provisions of Article 429 bis of the CRR, which allowed certain exposures to central banks to be excluded from the overall Leverage exposure in light of the COVID-19 pandemic. This temporary treatment is no longer applicable starting from April 1st, 2022.

Furthermore, it should be noted that at the end of the administrative process related to the determination of the Minimum Requirement of Own Funds and Eligible Liabilities (MREL), in March 2023 FinecoBank received from the Bank of Italy and the Single Resolution Board the updated decision on the determination of the MREL, which replaces the previous decision communicated to the public in August 2021. Starting from 1 January 2024, FinecoBank shall comply, on a consolidated basis, with an MREL requirement equal to 18.91% of TREA (Total Risk Exposure Amount) - 21.45% inclusive of the Combined Buffer Requirement - and equal to 5.25% of LRE (Leverage Ratio Exposure), ensuring a linear build-up of own funds and eligible liabilities towards the requirements. It is recalled that the intermediate MREL LRE target on 1 January 2022 was set at 4.11% in the previous decision[7]. For the purpose of compliance with the requirement and the computation of other eligible liabilities issued by Fineco, there is no subordinationrequirement in the issuance of eligible MREL instruments (e.g. senior unsecured) at the current stage. As at 31 December 2022, FinecoBank is above the requirements to be met from 1 January 2024.

With respect to the initiatives put in place in 2020, which are still in force, please also note Regulation (EU) 2020/873 ("CRR "Quick-fix") of the EU Parliament and Council published on 26 June 2020 which updates the Regulation (EU) 575/2013 ("CRR") and the Regulation (EU 876/2019 ("CRR II"), introducing certain adjustments to the prudential regulatory framework in response to the COVID-19 pandemic, allowing the credit institutions to apply specific transitional arrangements with the aim to support institution in their role in financing the real economy in the context of COVID-19 pandemic. In addition, the aforementioned Regulation anticipated the application of some measures contained in CRR II, which are therefore valid until the latter comes into force starting from June 28th, 2021 The main measures, still in force, are:

- the introduction of a period of temporary treatment, from January 1st, 2020 to December 31st, 2022, during which institutions may remove from the calculation of their Common Equity Tier 1 the amount of unrealized gains and losses accumulated since 31 December 2019 accounted for as 'fair value changes of debt instruments measured at fair value through other comprehensive income' in the balance sheet, corresponding to exposures to central governments, to regional governments or to local authorities referred to in Article 115(2) of CRR and to public sector entities referred to in Article 116(4) of CRR, excluding those financial assets that are impaired (Temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic); Group decided not to make use of the temporary treatment as at December 31st, 2022;
- the postponement until December 31st, 2024 of the transitional arrangements which bring relief on CET1 from the impact of the higher expected credit loss provisions calculated according to the IFRS 9 impairment model, phasing in this impact in CET1 ("Temporary treatment for mitigating impact of the introduction of IFRS 9 on own funds"). The Group decided not to make use of the temporary treatment as at December 1st, 2022;
- the reactivation of the temporary treatment of public debt issued in the currency of another Member State until December 31st, 2024, which allows institutions to apply a more favorable risk weight, which gradually increases until the end of the transitional period, and is applicable to exposures to the central governments and central banks of Member States, where those exposures are denominated and funded in the domestic currency of another Member State ("Temporary treatment of public debt issued in the currency of another Member State"). This treatment had no impact on the Group's RWA as at December 31st, 2022.

For further details on the composition of own funds, changes during the period with reference to Risk-weighted Assets and Exposure for leverage purposes, please refer to the information contained in the document "Public disclosure of the FinecoBank Group - Pillar III as at 31 December 2022" published on the Company's website www.finecobank.com.

[7] The previous decision set an MREL requirement of 18.33% of TREA and 5.18% of LRE.

# Summary data

## Market share

| Trading on Italian Stock Market (Assosim) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Third party volumes traded on MTA | 26.44% | 26.08% |
| Classification of third party volumes traded on MTA | 1st | 1st |

| Personal financial advisors (Assoreti) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Stock volumes | 13.34% | 12.03% |
| Stock Classification | 2nd | 3rd |

| Personal financial advisors (Assoreti) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Net Sales volumes | 19.55% | 17.22% |
| Net Sales Classification | 2nd | 2nd |

| | 09/30/2022 | 12/31/2021 |
|---|---|---|
| Market share - Total Financial Assets | 2.07% | 2.16% |
| Market share - Direct Deposits | 1.57% | 1.62% |
| Market share - Assets under Administration | 2.53% | 2.60% |

Some of the above figures refer to September 30th, 2022 as they are the latest figures available.

# Business performance

## Performance of total financial assets

Despite a particularly complex market phase, the solidity of the Group's growth path enabled it to achieve extremely robust funding results in 2022. This is a result that confirms, on the one hand, the effectiveness of a business model capable of coping with difficult market phases, and on the other, an ever-increasing propensity to invest on the part of a particularly evolved clientele. Indeed, customers appreciate the support of financial advisors for qualified advice, but also the efficiency of an integrated transactional platform.

As at December 31st, 2022 the balance of total financial assets (direct and indirect) amounted to € 106,558 million down to 1.3% compared to December 31st, 2021, due to the generalised correction in the markets, since the beginning of the year, leading to a negative market effect of € -11,617 million. Total net sales recorded in 2022 were € 10,259 million, in line with the result of 2021, albeit with a different composition. The quality of sales was confirmed through continuous refinement of the offer considering the difficult market environment.

At the end of 2022 the balance of total financial assets (Assets Under Management-AUM and Assets Under Custody-AUC) amounted to € 75,988 million, down from € 78,420 million of December 31st, 2021, due to the above-mentioned correction in the markets since the beginning of the year. In fact, net sales during the period were positive and amounted to € 9,185 million.

The balance of direct deposits from customer registered a growth of 3.6% compared to the end of the previous year, reaching € 30,570 million. The growth in direct deposits is driven by the high appreciation degree of the quality of services offered by the Group – indeed the preponderant amount of direct deposits is of a "transactional" nature, supporting the overall operations of customers.

The table below shows the figures for the balance of direct and indirect deposits of the Bank's customers, including both those linked to a personal financial advisor and those operating exclusively through the online channel.

### Total financial assets

(Amounts in € thousand)

| | Amounts as at | | Amounts as at | | Changes | |
|---|---|---|---|---|---|---|
| | 12/31/2022 | Comp% | 12/31/2021 | Comp% | Absolute | % |
| Current accounts and demand deposits | 30,569,876 | 28.7% | 29,495,291 | 27.3% | 1,074,585 | 3.6% |
| Time deposits and reverse repos | - | 0.0% | 1 | 0.0% | (1) | -100.0% |
| **DIRECT DEPOSITS** | **30,569,876** | **28.7%** | **29,495,292** | **27.3%** | **1,074,584** | **3.6%** |
| Segregated accounts | 318,115 | 0.3% | 329,710 | 0.3% | (11,595) | -3.5% |
| UCITS and other investment funds | 33,827,309 | 31.7% | 38,052,645 | 35.3% | (4,225,336) | -11.1% |
| Insurance products | 15,595,412 | 14.6% | 14,962,876 | 13.9% | 632,536 | 4.2% |
| Asset under custody and Direct deposits under advisory | 2,331,802 | 2.2% | 2,104,995 | 2.0% | 226,807 | 10.8% |
| **ASSETS UNDER MANAGEMENT BALANCE** | **52,072,638** | **48.9%** | **55,450,226** | **51.4%** | **(3,377,588)** | **-6.1%** |
| Government securities, bonds and stocks | 23,915,356 | 22.4% | 22,969,895 | 21.3% | 945,461 | 4.1% |
| **ASSETS UNDER CUSTODY** | **23,915,356** | **22.4%** | **22,969,895** | **21.3%** | **945,461** | **4.1%** |
| **TOTAL FINANCIAL ASSETS** | **106,557,870** | **100.0%** | **107,915,413** | **100.0%** | **(1,357,543)** | **-1.3%** |
| of which Guided products & services | 40,221,024 | 37.7% | 42,304,154 | 39.2% | (2,083,130) | -4.9% |

It should be noted that the percentage reported for Guided products & Services, which is equal to 37.7% as at December 31st, 2022, is calculated by comparing their amounts with total financial assets amounts.

# Business performance

The table below shows the figures for net direct sales, assets under management and assets under administration during the 2022 compared with the same period of the previous year, for both customers linked to a personal financial advisor and online-only customers.

## Net sales

(Amounts in € thousand)

| | Year 2022 | Comp % | Year 2021 | Comp % | Changes Absolute | Changes % |
|---|---|---|---|---|---|---|
| Current accounts and demand deposits | 1,074,585 | 10.5% | 1,481,516 | 13.9% | (406,931) | -27.5% |
| Time deposits and reverse repos | (1) | 0.0% | (211) | 0.0% | 210 | -99.5% |
| **DIRECT DEPOSITS** | **1,074,584** | **10.5%** | **1,481,305** | **13.9%** | **(406,721)** | **-27.5%** |
| Segregated accounts | 29,298 | 0.3% | 106,554 | 1.0% | (77,256) | -72.5% |
| UCITS and other investment funds | 1,718,166 | 16.7% | 4,370,511 | 41.0% | (2,652,345) | -60.7% |
| Insurance products | 1,288,819 | 12.6% | 2,660,329 | 25.0% | (1,371,510) | -51.6% |
| Asset under custody and Direct deposits under advisory | 542,651 | 5.3% | 156,457 | 1.5% | 386,194 | 246.8% |
| **ASSETS UNDER MANAGEMENT** | **3,578,934** | **34.9%** | **7,293,851** | **68.5%** | **(3,714,917)** | **-50.9%** |
| Government securities, bonds and stocks | 5,605,749 | 54.6% | 1,875,915 | 17.6% | 3,729,834 | 198.8% |
| **ASSETS UNDER ADMINISTRATION** | **5,605,749** | **54.6%** | **1,875,915** | **17.6%** | **3,729,834** | **198.8%** |
| **NET SALES** | **10,259,267** | **100.0%** | **10,651,071** | **100.0%** | **(391,804)** | **-3.7%** |
| of which Guided products & services | 3,491,748 | 34.0% | 6,793,943 | 63.8% | (3,302,195) | -48.6% |

It should be noted that the percentage reported for Guided products & Services, which is equal to 34% as at December 31st, 2022, is calculated by comparing their amounts with total net sales amounts.

# Business performance

## Performance of main income statement aggregates

**Revenues** amounted to € 947.6 million, registering a 17.9% increase compared to the € 803.8 million recorded in 2021, mainly thanks to the contribution of **Financial margin**, which grew by € 112.2 million (+40.1% y/y), **Net fee and commission income** up by € 14.8 million (+3.3% y/y) and **Net trading, hedging and fair value income** up by € 15.6 million (+21% y/y).

**Financial margin** amounted to € 392.2 million, up by 40.1% compared to 2021, thanks to contribution of net interests, amounted to € 342.8 million and registered an increase of € 94.9 million over 2021 (+38.3% y/y), mainly supported by the increase in market interest rates. The average gross rate on the interest-earning assets stood at 1.03% (0.79% on 31 December 2021[7]). Profits from Treasury also contributed to the growth in Financial Margin, which amounted to € 49.4 million, up € 17.3 million from 2021 (+53.7% y/y).

**Net fee and commission income** amounted to € 465.6 million and showed an increase of € 14.8 million compared to the previous year (+3.3% y/y), mainly attributable to commissions generated by Investing (+ € 33 million) thanks to the increase in average assets under management, generated by net sales, and to the greater contribution of Fineco AM. During 2022, the subsidiary Fineco AM generated net commissions of € 139 million. There was also growth in commissions generated by the Banking segment (+ € 7.5 million) due to the positive contribution of net fees generated by payment systems, while net commissions relating to the Brokerage segment decreased (- € 25.7 million), influenced by low volumes and low markets as well as a different order mix.

**Net trading, hedging and fair value income** amounted to € 89.9 million and showed an increase of € 15.6 million compared to previous year. This item consists mainly of profits realised by the Brokerage segment, which includes internalisation of securities and regulated/OTC derivatives, financial instruments used for operational hedging of securities and internalised derivatives and the exchange differences on assets and liabilities denominated in currency. The item also includes the ineffectiveness component of hedging transactions, in the amount of € 12.2 million, determined by the application of different curves for the fair value valuation of derivative contracts hedging interest rate risk and hedged items as part of fair value hedge transactions.

**Operating costs** highlight an increased by € 21.9 million compared to the previous year (+ € 7.7 million for "Staff expenses", + € 13.6 million for "Other administrative expenses net of Recovery of expenses" and + € 0.6 million for "Impairment/write-backs on intangible and tangible assets"). The 8.5% increase in operating costs is mainly determined by expenses closely linked to the growth of the business (assets, volumes, customers and structure), certified by a cost/income ratio of 29.6% (32.2% at December 31st, 2021) confirming the Group's strong operating leverage and widespread corporate culture of cost management.

**Net write-downs of loans and provisions for guarantees and commitments** in 2022 amounted to - € 3.1 million (- € 1.7 million in 2021) and benefit from write-backs due to the improvement of the macroeconomic scenario in the amount of € 1.5 million (+ € 2 million in 2021), determined on the basis of the evidence resulting from the IFRS9 impairment models. The cost of risk is 4 basis point.

**Other charges and provisions** amounted to € 57.8 million, up 15.7% on 2021. Specifically, there was an increase in the contributions paid to the Interbank Deposit Guarantee Fund under the Deposit Guarantee Scheme (DGS) totalling € 40 million compared to € 32.3 million paid in the previous year. In addition, in 2022 the ordinary annual contribution required for the year 2022, in accordance with Directive 2014/59/EU (Single Resolution Fund), was recognised in the amount of € 7.6 million (€ 5.8 million for 2021). It should be noted that, in 2021, the additional contributions to the National Resolution Fund pursuant to Article 1, paragraph 848, of Law no. 208/2015 recalled by the Bank of Italy from the banking system, in the amount of € 1.9 million.

The **Net income from investments** stood at - € 1.6 million showing a decrease of € 2.6 million compared to 2021 and include impairment losses due to the improvement in the macroeconomic scenario for an amount of approximately € 1.4 million (write-backs € 3.1 million were recognised in 2021), determined on the basis of the evidence resulting from the IFRS9 impairment models. The item also includes the gain of € 0.6 million recorded as a result of the sale of the investment property held by the Parent Company realised in 2022.

**Profit before tax from continuing operations** amounted to € 604.4 million, up 22.2% compared to the previous year, mainly thanks to higher Financial margin, Net fee and commission income, Net trading, hedging and fair value income partially offset by an increase in Operating costs and higher systemic charges recognised in Other charges and provisions. Excluding the non-recurring items 2022 mentioned before[8], the Profit before tax from continuing operations would record a growth of 22.2% compared to 2021 net of non-recurring items[9], standing at € 604.8 million.

Regarding **Income Taxes for the year**, it should be noted that, in 2021, the item included the tax benefit of € 32 million, resulting from the goodwill realignment operation under Article 110 of Decree Law 104/2020.

---

[7] The figure differs from the one published in the 2021 Annual Report because a change was made in the 2022 for the purpose of a better presentation.

[8] Cancellation of the exposure in equity securities versus the Voluntary Scheme established by the Interbank Fund for the Protection of Deposits for an amount of - € 0.5 million (gross of the tax effect).

[9] Change in fair value of the exposure in equity securities versus the Voluntary Scheme established by the Interbank Fund for the Protection of Deposits for an amount of - € 0.7 million (gross of the tax effect).

# Business performance

The **Net profit for the year** amounted to € 428.5 million, showing an increase of 12.6% compared to € 380.7 million of the previous year. Excluding the non-recurring items recorded in 2022 mentioned before[10], the Net profit for the year should be € 428.8 million, up 22.8% compared to 2021 net of non-recurring items[11].

## Performance of main balance sheet aggregates

**Cash and cash balances** amounted to € 1,469.7 million up by € 5.5 million from December 31st, 2021 (€ 1,464.2 million). The item consisted mainly from the overnight deposit opened at the Bank of Italy, in the total amount of € 1,197 million, in addition to the liquidity deposited with the Bank of Italy net of the stock related to the minimum reserve requirement allocated for the current reporting period, which is represented in the item Loans to banks, in the amount of € 0.7 million, as well as liquidity deposited on current accounts with credit institutions for the settlement of payment transactions, for the settlement of securities transactions, for the management of the liquidity of UK customers and for the management of Fineco AM's liquidity, for an amount of € 272 million.

**Loans and receivables with banks** came to € 426.7 million, show an increase of € 46.8 million compared to December 31st, 2021 mainly due by the growth in variation margins with credit institutions for derivative and other financial instruments transactions.

**Loans and receivables with customers** came to € 6,445.7 million, show an increase of € 444.1 million compared to December 31st, 2021 thanks to the growth in lending activity. During 2022, € 276 million in personal loans and € 378 million in mortgages were granted and € 1,128 million in current account overdrafts were arranged, with an increase in exposures in current account of € 292 million; this has resulted an overall 9.2% aggregate increase in loans to ordinary customers compared to December 31st, 2021. Impaired loans net of impairment losses totalled € 3.5 million (€ 4.4 million as at December 31st, 2021), with a coverage ratio of 86%. The ratio between impaired loans and total loans to ordinary customers was confirmed equal to 0.06% (0.08% as at December 31st, 2021).

**Financial investments** came to € 24,634 million, up € 73.7 million compared to December 31st, 2021. They include the negative valuation of fixed-rate securities specifically hedged against interest rate risk, which show a decrease of - € 1,314 million compared to December 31st, 2021, attributable to the growth of the curve based on the Euribor rate used for the fair value measurement of hedged items with reference to the hedged risk. The carrying amount of the debt securities issued by the UniCredit S.p.A. amount to € 1,681.3 million, down compared to € 3,856.4 million recorded as at December 31st, 2021 due to the repayment of securities maturing during 2022. The purchases made by the Group during 2022 mainly concerned securities issued by sovereign States (mainly Italy and Spain).

**Hedges recognised as assets** in the balance sheet amounted to € 1,424.7 million, an increase of € 1,298.8 million compared to December 31st, 2021. They include the positive fair value valuation of hedging derivatives and the value adjustment of assets subject to generic hedging, represented by fixed-rate mortgages. **Hedges recognised as liabilities** in the balance sheet amounted to - € 3.2 million, a decrease of € 68.4 million compared to December 31st, 2021. They include the negative fair value measurement of hedging derivatives and the value adjustment of liabilities subject to generic hedging, represented by direct funding from customers. The positive change from December 31st, 2021 is mainly attributable to the increase in the fair value of derivative contracts hedging securities and mortgages, which provide for the payment of the fixed rate and the collection of the indexed rate, as a result of the increase in the Euribor-based curve, partially offset by the decrease in the fair value of derivative contracts to hedge direct funding from customers, which, on the contrary, provide for the payment of the indexed rate and the collection of the fixed rate. The valuation of the hedged items, as a result, evolved in the opposite direction, recording a negative change in assets subject to generic hedging represented by mortgages and a positive change in the liabilities subject to generic hedging. It should be noted that the negative change recorded by securities specifically hedged, is shown in Other Financial investments item, as described above.

**Tax credits acquired** include the carrying amount of tax credits purchased under Decree-Law 34/2020, for a carrying amount of € 1,093.3 million, up € 584.5 million compared to December 31st, 2022. They include both tax credits purchased because of assignment by direct beneficiaries and purchased as a result of assignment by previous purchasers.

**Deposits from banks** totaled € 1,667.2 million, up € 452 million compared to December 31st, 2021, as a result of the increase in variation margins received for derivative transactions (+ € 1,528.5 million), related to the positive change in fair value recorded by the hedging derivative contracts described above, partially offset by the early repayment of the two tranches of the TLTRO III program. On November 23rd, 2022, the Parent Company early repaid both tranches of loans received in December 2020 and March 2021, respectively, for a total of € 1,045 million.

**Deposits from customers** came to € 31,659.6 million, up € 1,847.9 million compared to December 31st, 2021, due to the growth in direct deposits on current accounts from customers (+ € 1,074.6 million) and repurchase transactions carried out by the parent company treasury on the Repo MTS market (+ € 826 million).

**Debt securities in issue**, amounting to € 497.9 million, exclusively include the Senior Preferred Bond issued by FinecoBank in October 2021.

**Shareholders' equity** amounted to € 1,910.4 million, up € 183.6 million compared to December 31st, 2021, attributable mainly to the profit earned in the 2022, equal to € 428.5 million, partially offset by the payment of dividends for 2021, in the amount of € 237.9 million, and the payment of coupons on AT1 instruments, in the amount of € 19.8 million. Shareholders' equity also benefited from the positive change in valuation reserves, in the amount

[10] Cancellation of the exposure in equity securities versus the Voluntary Scheme established by the Interbank Fund for the Protection of Deposits for an amount of - € 0.3 million (gross of the tax effect).

[11] Tax benefit arising from the tax realignment of goodwill carried out by FinecoBank, as provided for in Article 110 of Legislative Decree 104 of 2020, in the amount of € 32 million, and change in the fair value of the equity exposure to the Voluntary Scheme established by the Interbank Fund for the Protection of Deposits in the amount of € -0.5 million (net of tax effect).

# Business performance

of € 8 million, and from the increase in the reserve related to Equity Settled plans due to the recognition, during the vesting period of the instruments, of the economic and equity effects of the share-based payment agreements settled with FinecoBank ordinary shares, in accordance with IFRS 2, in the amount of € 5.6 million. Finally, treasury shares were purchased to service incentive schemes in favour of personal financial advisors for a total of € 0.8 million.

# Business performance

## Communications and external relations

In 2022, global inflationary pressures, together with interest rate interventions by central banks, were among the main topics analysed by the media. Fineco was a protagonist of these in-depth reports on several occasions, through interviews with the bank's leading figures.

Advertising campaigns to support the advisory and investment segment were constant throughout the year. In the latter part of 2022, communication activity was strengthened not only on digital channels but also on TV, with a final advertising flight to support the acquisition and awareness of Fineco's investment solutions in global markets.

Marketing and communication activities in the UK focused on increasing the Bank's presence in in-depth coverage of financial issues in the UK trade media, starting with its commitment to sustainability. Constant attention was paid to the production of analysis on the fintech segment, and several partnerships were developed with trading publications to analyse the performance of the most traded securities on the platform. In this way, accreditation activity towards the UK media continued, highlighting Fineco's positioning not only as an advanced trading platform, but as a complete solution for all financial needs.

With reference to the main solidarity initiatives, the FinecoBank Group was committed to supporting the efforts of associations active in Ukraine, particularly in caring for the weaker segments of the population. A first project, "Insieme a Soleterre per l'emergenza Ucraina" ("Together with Soleterre for the Ukraine emergency"), saw the Bank's participation alongside its customers to finance the treatment of underage cancer patients in a territory devastated by war. The second initiative, launched with AiBi – "Associazione Italiana Amici dei Bambini" (Italian Association Friends of Children), concerned the care and support of families and children victims of the war in Ukraine and the support of refugees from the conflict arriving in Moldova. A fundraising campaign was also launched through the Fineco website, thanks to which over one million euros were raised.

Also in 2022, the Group continued its commitment to supporting the community through donations and support to foundations and non-profit associations with the objectives of improving the quality of life of people suffering from serious illnesses and their families, favouring the creation of protected spaces to combat marginalisation, isolation, educational, affective and cultural poverty of children in disadvantaged suburbs and, in general, of families in conditions of low income, hardship or vulnerability.

The activity of the consultants was accompanied by a special focus both at a territorial level, through articles and editorials published in local newspapers to illustrate the services available to families and private customers, and at a national level, highlighting the growth of the consultancy network and supporting recruitment activities with numerous articles and interviews with area managers to announce new recruits.

As part of the Reputation Management program - which involves the ongoing monthly measurement by Reputation Institute[12] of the company's reputation among a representative sample of the Italian population (General Public) - FinecoBank's reputational index recorded a further increase compared to the all-time highs reached in 2020, placing Fineco's customer satisfaction levels at 95%.

FinecoBank was confirmed as "Top Employer Italy" again in 2022, thanks to the attention devoted to the enhancement of resources and the development of skills, fostering a positive and stimulating working environment.

Lastly, FinecoBank continued to support the initiatives organised by TEDxMilano, concretising its commitment by supporting the TEDx Global event on climate change: Countdown. A highly topical theme that saw numerous speakers from a variety of sectors speak and raise awareness of the urgency of the fight against climate change, a mission that the Group shares.

**Main environmental protection initiatives**

The Group confirmed its important collaboration with FAI – "Fondo Ambiente Italiano" ("Italian Environment Fund"). FinecoBank has continued to be a Corporate Golden Donor of FAI since 2017, a qualification that rewards the companies most active in the field of culture and protection of the territory's artistic heritage. Moreover, as in 2021, Fineco was the main sponsor of the "FAI Spring Days" and the "FAI Autumn Days" in the 2022 edition, the biggest street festivals dedicated to Italy's cultural heritage and landscape, with more than 1,000 extraordinary openings during weekends in hundreds of Italian cities.

The project launched by the Municipality of Milan, 'Care for and Adopt Public Green Areas', continued with a collaboration for the redevelopment of urban green areas in the Lombard capital, in the area between Corso Como, Corso Garibaldi and Largo La Foppa. The aim of the three-year sponsorship project is to contribute to the conservation and improvement of existing green areas. In particular, several sets of decorative railings were built in 2022, which will then be left to the city to continue to preserve the green areas, including the beautiful centuries-old olive trees, and the greenery was enhanced with maintenance actions, selecting and planting various types of plants.

In addition, with regard to territorial support, the redevelopment project of the NOLO district area in Milan is continuing. The intervention is part of the 'Tunnel Boulevard', a wide-ranging regeneration operation, aimed at transforming and redefining the entire route of Via Pontano (linking Via Padova

[12] The Reputation Institute ('RI') is the world's leading reputation consultancy and advisory company. RI enables many of the world's leading companies to make more confident business decisions that build and protect reputation capital, analyse risk and sustainability issues, and drive competitive advantage. RI's most important management tool is the RepTrak® model for analysing the reputation of companies and institutions - best known through the Global RepTrak® 100, the world's largest and most comprehensive study of corporate reputation.

and Viale Monza) with participatory social design, public art, and urban art activities, and involving as many as five railway tunnels starting from the one in question.

The project with Lifegate, in the Plasticless project, was continued in 2022 with the aim of not only consolidating the action begun in 2021 in the fight for the recovery of plastic materials in seas and lakes, but also of increasing the extent of the commitment itself, to support a total of 12 device units (Seabin). This investment led to tangible results: 4.5 tonnes of floating plastic waste were collected in 2022. The initiative was also accompanied by the activation of a grassroots dissemination plan to raise awareness on plastic waste issues, meeting many hundreds of people across the country.

## Sustainability

During 2022, Fineco continued its sustainability efforts in the various areas of intervention outlined in the ESG Plan 2020-2023.

In particular, in July 2022 FinecoBank published its first Global Sustainability Policy, which defines the framework and connection for all the Group's sustainability commitments, as well as for defining the governance structure and compliance oversight with respect to ESG issues, for regulating the process of identifying and managing ESG risks, and for identifying the main areas of integration of sustainability factors into the Group's business and activities. During 2022, Fineco AM updated its "Responsible Investment Policy" which governs the approach of the company to responsible investments and ESG/sustainability, and published its first “Investment Exclusion Policy”, which describes the exclusion criteria adopted to avoid making investments that could be deemed incompatible with the principles of responsible investment. In addition, the Group’s asset management company has kept the SFDR categorisation of its funds up-to-date and, at the end of December 2022, 43% of Fineco AM's funds were related to funds that promote, among other characteristics, environmental or social characteristics, or a combination thereof (ex-Article 8 SFDR), while 1% were related to funds with a sustainable investment objective (ex-Article 9 SFDR). At the same date, at Group level, about 56% of the funds distributed on Fineco’s platform were classified under Article 8 SFDR, while about 5% were classified under Article 9.

In the area of responsible finance, the Bank has two collateral switch transactions (collateralised securities lending) with ESG criteria in place. Compared to traditional transactions, the transactions envisages the payment of an extra fee related to Fineco's achievement of the following sustainability targets: (i) 100% of new ESG-rated funds placed on the Italian platform between 1 January 2021 and 31 December 2023 (ii) S&P Corporate Sustainability Assessment score greater than 67 out of 100. When the transaction expires, set for April 2024, the extra fee will be paid to Fineco by the counterparty and retroceded by Fineco to Save the Children if the Bank reaches the agreed targets, while it will be retroceded directly by the counterparty to Save the Children if Fineco does not reach the targets.

In the context of the external initiatives to which the Group adheres, since March 2022 Fineco AM has subscribed to the 10 Principles of the UN Global Compact, deciding to align its strategies and activities with the universal principles on human rights, labour, environment and anti-corruption. Furthermore, in order to follow up on the commitments deriving from the signing of the Principles for Responsible Banking, in June 2022 FinecoBank published its first "Reporting and Self-Assessment" document, i.e. a high-level response on how the Bank is implementing its underlying commitments by formulating a summary self-assessment on the fulfilment of its objectives.

In the area of environmental impact management, in September 2022 FinecoBank became the first asset gatherer in Italy to obtain the EMAS (Eco-Management and Audit Scheme) certification, an EU-wide recognition of excellence awarded to organisations that adopt an environmental policy capable of reducing impacts in a concrete and measurable way, developing new solutions to foster sustainability. Furthermore, in August 2022, the Board of Directors of FinecoBank approved the commitment to achieve a status of Net-Zero emissions by 2050 regarding both operational and financed[13] emissions. Through this objective, the Group commits to reduce its Scope 1 and 2 operational emissions by 35% and its Scope 3 operational emissions by 20% by 2030, achieving a 90% reduction in these emissions by 2050, with the residual emissions being neutralised from the Net-Zero year. The Group is also committed to ensuring that its assets are aligned with the climate objectives of the Paris Agreement, with particular reference to government and bank debt securities.

Raising sustainability awareness among its stakeholders is a key activity in Fineco's ESG journey, so a number of initiatives in this direction were carried out in the first half of 2022. In March 2022, Fineco organised two public webinars dedicated to the topic "investment and sustainability", on the occasion of the UN International Days. Specifically, the webinars were held on (i) 3rd March, the meeting "Sustainability: the future also depends on our investments", for World Nature and Biodiversity Day; (ii) 22nd March, the meeting "The future of blue gold: how to invest in water", for World Oceans Day. In May 2022, an Induction session was also organised for the Board of Directors entitled 'The Evolution of Sustainability in the Bank's Management, in Relation to Competitors and Regulatory Changes', which saw the direct involvement and participation of various corporate functions, such as the Chief Financial Officer and Chief Risk Officer Departments, the Sustainability structure and the Compliance and Global Business Departments. In November 2022, a mandatory training course entitled “Sustainability: commitments and initiatives at Fineco” was launched for all Group employees in Italy and Ireland, and for all Personal Financial Advisors.

With regard to social aspects, at the beginning of 2022 Fineco AM financed the AIxGirls project, i.e. a free weekly campus dedicated to girls finishing the fourth year of high school to encourage their enrolment in degree courses in technological disciplines. The initiative represents the first example in Italy.

[13] The financed emissions are emissions associated with credit and investment activities (for example, the emissions generated by the countries issuing debt securities purchased by Fineco).

# Business performance

Equally positive is the feedback from ESG rating agencies as previously reported in "Summary Data" paragraph of the Consolidated report on operations.
At the end of 2022, the Bank was also included in Euronext's MIB ESG Index, FTSE4Good, Bloomberg Gender Equality Index (GEI) 2022, Standard Ethics Italian Banks Index, Standard Ethics Italian Index and S&P Global 1200 ESG Index.

**Awards**

Below are the awards given to Fineco in 2022:

- **Bluerating Awards 2022**: Alessandro Foti received the "Manager of the Year" award;
- **CityWire Private Banking Awards 2022**: Fineco won the first prize in the category "Technological Platform of the Year" for the second year in a row;
- **Leader in Sustainability 2022**: title conferred by Statista/Forbes/Il Sole 24 Ore, i.e. the Bank's inclusion among the 150 companies in Italy that stand out for their truly sustainability-oriented choices;
- **Italian Leader in Diversity**: a survey conducted by Statista and published in the Financial Times ranks Fineco first in Italy and fourth in Europe for its commitment to promoting diversity policies at European level;
- **MF ESG Awards 2022**: as part of the Sustainable Future Forum, prizes were awarded to companies that have managed to rise above international sustainability standards, based on Standard Ethics' rating of listed and unlisted Italian companies that have best adhered to the sustainability principles promoted by the UN, OECD and EU. Fineco was awarded for its ability to integrate digital banking with a strategic focus on sustainability;
- **MF Best ESG rating Award 2022** and **MF Investment Manager & Advisor Award 2022**: Fineco was honoured as part of the Sustainable Future Forum, where the awards were presented to companies that have managed to position themselves above international sustainability standards, based on the Standard Ethics rating. For the third year running, Fineco also won the award as part of the "Investment Manager & Advisor Awards", which again this year honoured excellence in the Italian asset management industry.
- **Best company in ESG** (Mid Cap): for the Italian Investor Relations Award, presented by Institutional Investor;
- **Best company in IR** (Small-Mid Cap): for the Italian Investor Relations Award, presented by Institutional Investor;
- **S&P's**: designata quale S&P's Sustainability Yearbook Member;
- **Statista and Newsweek World's Most Socially Responsible Banks 2022**: Fineco was listed among the most responsible banks in terms of resource utilisation, transparency, anti-corruption and customer and employee management;
- **Private Banking Awards 2022**: Fineco was awarded the Wealth Management Innovation prize for its ability to continue on the path of innovation that has seen the bank increasingly committed to offering the best technologies to meet all the needs of large asset management;
- **Top Employer Italia 2022**: for the fourth year running, the Bank stood out for its attention to the enhancement of resources and development of skills, fostering a positive and stimulating working environment.

# FinecoBank shares

## Share information

As of December 31st, 2022, the price of the share was equal to € 15.52, in line compared to the last trading day of 2021 equal to € 15.44. The average value recorded by the share in 2022 was € 13.40, down compared to the average value recorded in 2021 due to the market correction in the period.

The company's market capitalization equaled to € 9,469 million as of December 31st, 2022.

| | Year 2014 | Year 2015 | Year 2016 | Year 2017 | Year 2018 | Year 2019 | Year 2020 | Year 2021 | Year 2022 |
|---|---|---|---|---|---|---|---|---|---|
| **Official price of ordinary shares (€)** | | | | | | | | | |
| - maximum | 4.750 | 7.805 | 7.400 | 8.735 | 11.890 | 12.385 | 13.425 | 17.305 | 16.180 |
| - minimum | 3.808 | 4.438 | 4.622 | 5.345 | 7.956 | 8.514 | 6.918 | 12.875 | 10.335 |
| - average | 4.173 | 6.479 | 5.980 | 6.914 | 9.823 | 10.234 | 11.329 | 14.947 | 13.401 |
| - period-end | 4.668 | 7.625 | 5.330 | 8.535 | 8.778 | 10.690 | 13.400 | 15.435 | 15.520 |
| **Number of shares (million)** | | | | | | | | | |
| - outstanding at period end | 606.3 | 606.5 | 606.8 | 607.7 | 608.4 | 608.9 | 609.6 | 609.9 | 610.1 |

# Results achieved in the main areas of activity

The following pages contain the main indicators and results of the main business segments: Banking, Brokerage and Investing, also including the asset management activity carried out by the subsidiary Fineco AM.

Given the Bank's specific business model that provides for a high level of vertical integration among its different activities, these main business segments are interdependent. Indeed, the Group offers its services (banking and investment services) through a network of personal financial advisors and online and mobile channels that operate in a coordinated and integrated manner. The completeness of the services offered makes it possible to offer as the customer's only point of reference (one stop solution) for banking operations and investment needs. This highly integrated and customer-based strategy has the consequence that the revenues and margins related to the different products/services (investing, banking and brokerage) are, therefore, deeply interdependent.

All the activities were carried out with the aim of obtaining economic results from the "industrial" management of the businesses, to minimise their financial risk. The Group's financial management approach is to manage risks with a view to protecting the industrial returns on the various businesses while not assuming risk positions on its own account.

## Banking

### Banking and Payment cards

During 2022, Fineco has continued the product and service growth and the digital process optimization, in order to make them more suitable to customer needs. In particular, it should be noted:

- the integration of Banca Progetto's 'Deposito Vincolato Progetto' account, designed specifically for Fineco customers, into the distribution platform of third-party bank deposit accounts;
- the migration of credit transfers, MAV and RAV, F24, postal slips, CBILL and Riba, to a new technical infrastructure to improve the services in terms of performance and usability for customers;
- the integration on all payments above € 5,000 of the option for the customer to register online and in real time, the information on the actual payer if different from the person making the payment;
- the digitalisation of the request to transfer "payment services" from another account. From Fineco's website, customers can request the transfer of utilities, recurring transfers and the balance of an account with another bank to their Fineco account;
- the digitisation of the current account redemption request. Starting from the end of April 2022, customers can, in fact, request account extinction from the reserved area of the site and digitally sign their account;
- the introduction of the virtual version of the debit (Visa Debit) and reloadable (Visa and Mastercard) card, which can currently only be required after the opening of a current account; this version does not involve the production of plastic, and therefore provides for exclusive use via payment wallets or by entering card data on payment websites and apps;
- the raising of contactless limits to € 50 for payment transactions made in Italy;
- the amendment of the rate conditions (annual nominal interest rate - APR) applied to Classic credit cards (single and multifunctional) when using the revolving option, bringing them into line with those of the "Extra Card";
- the introduction of a process to allow the "Extra Card" customer to change the amount of the instalments by increasing them (from a choice of two predefined amounts);
- the introduction of new layouts for rechargeable cards (from which the customer can choose) and the addition of a "qr code" on the plastics of debit, credit and prepaid cards by means of which the customer can immediately call up a page containing all the main information concerning the management of the card;
- in the UK, the process of identifying prospects for Anti-Money-Laundering purposes has been strengthened through the introduction of new certification safeguards.

It should also be noted that as part of the process for issuing consent to debit interest, FinecoBank developed a dedicated function in the reserved area Fineco's website to allow customers to issue and modify their choice in complete autonomy by signing the declaration with a digital signature.

During the 2022, activities were also focused on the revision and simultaneous optimisation of the account opening process through the introduction,of the identification method via video selfie (on the Italy channel and for single-account opening requests from the Finecobank.com website and the Fineco App). This has also enabled the bank to strengthen the controls for verifying customers' identification documents using a dedicated technology solution. The images of customer documents are in fact analysed both by artificial intelligence systems (Automatic Control) and by experts who provide the bank with an assessment of their authenticity and the absence of counterfeits (Manual Control).

# Results achieved in the main areas of activity

The table below shows the credit card spending and the amounts as at December 31st, 2022 compared to December 31st, 2021. Credit card spending increased of 14.9% compared to the previous year.

(Amounts in € thousand)

| Credit Products | Year 2022 | | Year 2021 | | Changes | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Spending | | Amounts as at | |
| | Spending | Amounts as at | Spending | Amounts as at | Amounts | % | Amounts | % |
| Revolving credit cards | 38,821 | 34,802 | 38,505 | 35,256 | 316 | 0.8% | (454) | -1.3% |
| Credit cards full payment of balance | 3,199,203 | 305,822 | 2,780,670 | 290,545 | 418,533 | 15.1% | 15,277 | 5.3% |
| **Total** | **3,238,024** | **340,624** | **2,819,175** | **325,801** | **418,849** | **14.9%** | **14,823** | **4.6%** |

## Mortgages, credit facilities and personal loans

With regard to lending activities, in 2022 Fineco continued the optimisation of the current product portfolio. In particular, the following should be noted:

- increase to € 20,000 of the maximum amount that can be applied for the Personal Loan product, if the minimum requirements are met.
- safeguards have been improved on Mortgages Loans to ensure the "coolig-off period" aimed at ensuring the customer's protection and products transparency;
- introduction of the Pledge Overdraft product dedicated to legal entities; this is the first credit product designed for this target of customers.

In addition, in order to adjust the economic conditions of credit products to the growing trend in interest rates, repricing manoeuvres were carried out on Personal Loan, Mortgage and Credit Lombard products, aimed on the one hand at maintaining the positioning of Fineco's offer in a market context that recorded general rate increases, and on the other hand at guaranteeing more competitive rates to customers with higher added value.

The effort in *marketing* continued regarding the personal loan product, recurring promotional campaigns aimed at accelerating subscriptions have been carried out.

The table below shows a reduction in disbursements of 35.5% overall compared to the year 2021; however, the amounts show an increase of 9.5% compared to December 31st, 2021

(Amounts in € thousand)

| Credit Products | Year 2022 | | Year 2021 | | Changes | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Disbursements | | Amounts as at | |
| | Disbursements | Amounts as at | Disbursements | Amounts as at | Amount | % | Amount | % |
| Personal loans and unsecured loans | 276,252 | 552,369 | 265,928 | 499,313 | 10,324 | 3.9% | 53,056 | 10.6% |
| Current account credit facilities* | 1,127,631 | 2,401,690 | 1,466,609 | 2,109,642 | (338,978) | -23.1% | 292,048 | 13.8% |
| Mortgages | 377,742 | 2,619,278 | 1,029,748 | 2,479,355 | (652,006) | -63.3% | 139,923 | 5.6% |
| **Total** | **1,781,625** | **5,573,337** | **2,762,285** | **5,088,310** | **(980,660)** | **-35.5%** | **485,027** | **9.5%** |

* With regard to Current account credit lines the column Disbursements shows the amounts granted.

Furthermore, it should be noted that the credit lines guaranteed by securities granted in 2022 totaled € 1,109 million (€ 1,101 million related to "Credit Lombard" product, € 7 million related to credit facilities secured by pledged and € 1 million related to credit facilities with mandate for sale), equals to 98% of total amount of credit lines granted.

# Results achieved in the main areas of activity

## Brokerage

2022 was a difficult year for the financial markets, after 2008, it closes as the worst year of the new millennium for the world stock exchanges. Although in the second half of the year there was a rebound in the stock market that began at the end of September, especially in Europe, the downward trend from the beginning of the year continued in the last quarter. Piazza Affari lost 10%, while the US stock index lends itself to closing the year down by more than 9%.

The Fineco model proved capable of supporting customers by offering solutions adapted to different market contexts. Fineco's decision to position itself to support savers with a strong focus on transparency and costs is optimal for continuing its growth path. This is demonstrated by brokerage orders in 2022, which show only a slight decrease compared to the year 2021 and the Assosim Report for 2022 classified Fineco in first place (26.44% as market share compared to 25.23% in the previous year) for volumes traded on behalf of third parties on Euronext Milan Domestic, Euronext Growth Milan and EQUIDUCT, as well as on the systematic internalisers managed. Fineco also ranks first in volumes brokered on Mini Futures on Index, with 37.83% of the market and Micro Futures on Index, with 55.40% of the market.

Product and service developments continued in 2022, including:

- the extension of the trading hours for CFDs with underlying indices and commodities of the CME and the trading hours of the Knock Out with underlying currency crosses until 10:50 PM;
- the expansion of the offer in OTC derivative financial instruments (CFDs and Knock Out) with underlying futures on cryptocurrencies: Bitcoin and Ethreum;
- the extension of the Hi-cert segment of the Hi-MTF market (from 08:10 AM to 09:55 PM) for the negotiation of Fineco Turbo Certificates, which also allowed the expansion of the range of underlyings to include the main US stock indices and commodities such as gold, natural gas and crude oil;
- the display, for all tradable asset classes, of the ex ante and ex post costs that customers could incur in the series of orders;
- the agreement with the major ETF manufacturers for the negotiation of a range of instruments with zero commissions for clients, behind their retrocession from the manufacturer themselves.

The following table shows the number of orders on financial instruments recorded during the 2022 compared to the previous year.

(Amounts in € thousand)

| | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Absolute | % |
| Orders - Equity Italy (including internalised orders) | 8,642,549 | 9,692,810 | (1,050,261) | -10.8% |
| Orders - Equity USA (including internalised orders) | 2,751,775 | 4,991,610 | (2,239,835) | -44.9% |
| Orders - Equity other markets (including internalised orders) | 915,481 | 1,184,657 | (269,176) | -22.7% |
| *Total Equity orders* | *12,309,805* | *15,869,077* | *(3,559,272)* | *-22.4%* |
| Orders - Bonds | 576,955 | 346,785 | 230,170 | 66.4% |
| Orders - Derivatives | 12,511,096 | 9,845,076 | 2,666,020 | 27.1% |
| Orders - Forex | 1,110,676 | 884,596 | 226,080 | 25.6% |
| Orders - CFDs | 2,381,047 | 1,991,551 | 389,496 | 19.6% |
| Orders - Funds | 4,417,392 | 4,586,827 | (169,435) | -3.7% |
| **Total orders** | **33,306,971** | **33,523,912** | **(216,941)** | **-0.6%** |

# Results achieved in the main areas of activity

## Investing

The Group uses a guided open architecture business model to offer customers an extremely wide range of asset management products – comprising collective asset management products, such as units of UCITS and SICAV shares – from carefully selected Italian and international investment firms, as well as pension and insurance products and investment advisory services. IPOs of Investment Certificates are also carried out continuously through the advisory services.

The fund platform on the Italian market consists of 75 investment houses with a total of approximately 6,000 ISINs subscribable as at December 31st, 2022. With reference to collective asset management products, it should be noted that from September 2019, the placement of funds also began on the UK market. On the UK platform there are 21 Investment Houses and approximately 800 ISINs that can be subscribed to.

With regard to collective asset management products, the range was expanded during 2022 with the addition of 91 new ISINs to the platform, including 51 Fineco AM funds available to customers.

In fact, Fineco AM's offering was further expanded with the entry of new versions of the FAM Target Boost funds (Fineco AM Megatrends Target, Fineco AM Sustainable Target, Fineco AM Emerging Markets Target and Fineco AM Advisory 9 Target) whose characteristic feature is based on the decumulation plan's ability to take advantage of market correction phases to increase equity exposure.

As a part of FAM Evolution family, Fineco AM Cube Trend Opportunity Fund were launched, it expands the offering with a complementary product that invests in funds, passive instruments and high (€ 500 thousand) administered savings instruments. Fineco AM Passive Underlyings funds, also, were launched with the goal to achieve capital growth over a medium- to long-term horizon. These portfolios are realized with passive instruments within an aggressive risk-return profile and managed according to a disciplined quantitative model. The maximum allocation of the equity component ranges from 15% (PU3) to 100% (PU8). The decision to expand Fineco's range with passive funds is a consequence of the European asset management landscape of the past decade, whose passive funds have strengthened their market share in terms of AUM, along with ETFs.

It should be noted that, in addition to Fineco AM's passive funds, the launch of the same type of product belonging to the Amundi Index Solutions Sicav, containing indexed passive solutions with a class dedicated to the retail market, has also been defined. At the moment, 4 strategies have been placed: Amundi Index J.P. Morgan GBI Global Govies, Amundi Index MSCI Japan, Amundi Index FTSE EPRA NAREIT Global and Amundi Index Barclays Global AGG 500M. Within the same product type, the Bnp Paribas Easy fund family was launched. The following strategies are currently available for subscription: BNP Paribas Easy MSCI Emerging ESG Filtered Min TE Privilege, BNP Paribas Easy ECPI Circular Economy Leaders Track Privilege, BNP Paribas Easy - Low Carbon 300 World PAB Track Privilege, BNP Paribas Easy € High Yield SRI Fossil Free Track Privilege. All funds mentioned aim to replicate the relevant index.

Regarding FAM Series, during 2022, three new ESG Target Global Coupon 2026 Fineco AM Fund were added, whose objective is to increase capital over the next 5 years through a gradual exposure to the equity market with a focus on global companies that take environmental, social and governance "ESG" factors into account in carrying out their business activities; new ESG Target Global Infrastructure Coupon 2026 Fineco AM Fund, fund whose objective is to pay an annual coupon and increase capital: the fund invests gradually over the course of 4 years in a selection of US, European and Chinese securities linked to the theme of infrastructure until reaching a maximum equity exposure of 75% at the end of the investment plan; two Smart Defence Equity 2028 Fineco AM Fund and two Smart Global Defence 2028 Fineco AM Fund, capital protected strategies with the objective of distributing an annual coupon and which met with considerable favour, so much so that subscriptions closed well in advance of the period set at launch to reach the plafond. In addition, during the year, new proxy funds were launched and managed by both FAM and third-party houses (FAM Euro Inflation-Linked Government Bond Fund, Global Disruptive Opportunities FAM Fund, Medtech Fam Fund, Global Stars Equity Fam Fund, Sustainable Future Connectivity Fam Fund, Changing Lifestyles Fam Fund and Morgan Stanley Us Advantage Fam Fund).

Also from FAM Series, the FAM Investment Grade Euro Aggregate Bond fund was launched, an active strategy managed directly by the Fineco AM team that invests mainly in bonds issued by governments or companies domiciled in the European Union whose long-term credit rating is at least investment grade. Finally, nine passive funds were added to the range (Bluestar Global Logistics Index Fam Fund, Fam Msci Ac Asia Pacific Ex Japan Index Fund, FAM MSCI Emerging Markets Index Fund, MSCI World Index FAM Fund, S&P 500 Index FAM Fund, Smart Factors Europe Fam, Smart Factors Us Fam Fund, Smart Factors World Fam Fund and STOXX Europe 600 Index FAM Fund) which are characterised by very low management fees and no entry fees.

In exclusive placement for FinecoBank's customers, among the proxy solutions for private customers, the range of asset management schemes represented by the lines in securities, Private Value and Private Etiche, and the lines in ETFs and funds known as Private Global, each with a risk profile ranging from prudent to dynamic and characterised by a growing equity exposure, was consolidated. Despite a difficult market environment, private clients' interest in asset management is constant and focuses more on the lines in Private Value securities with greater equity exposure (Private Value Equity and Private Value Development).

With regard to pension products, customers increasingly focused on the Core Pension open-ended pension fund, available exclusively to the FinecoBank network. Thanks to the paperless proposition through the collection of subscriptions in digital mode and through web collaboration, assets under management increased by 26% compared to December 31st, 2021.

In the area of insurance advisory services, in 2022 the collection continued mainly on the Multiramo Extra, Multiramo Target and Multiramo Private products for a total amount of € 1 billion. Regarding the new investment proposals, two tariffs with bonuses were added to the Advice Unit product, completing the range of products with a line dedicated exclusively to the HNWI target clientele.

# Results achieved in the main areas of activity

Regarding the offer on the primary market (IPO), the placement of Investment Certificates continued in 2022. The structures mainly used are those "conditionally protected" through protection barriers up to 70%, also quarterly autocallable with conditional coupon and memory effect. Four different issuers were used and 12 placements were made with a total collection of close to € 98 million. The continuous increase in the number of Certificates listed on the secondary market, also in ESG themes, broadens the solutions that can be used within the Bank's advisory services.

With reference to advisory services, the Bank continued its activities and solutions aimed at improving the services offered to Fineco's customers and personal financial advisors. The requests to customise private portfolios of over € 500,000, received by the Bank's Senior Investment Specialist team, reached a countervalue of over € 3.3 billion, demonstrating the appreciation of the service provided and the need by customers to receive customised investment solutions.

With a view to supporting the activities of financial advisors on clients with positions spread over several portfolios or belonging to an extended household, the "Active Monitoring" service was launched in 2020. This service involves a constant dialogue between the personal financial advisor and a team of Senior Investment Specialists who constantly monitor the client's entire position using a dedicated and technologically advanced platform. At present, the service provides a depth of analysis of positions comparable to that carried out by asset managers. The activation requests of this service, dedicated to customers with portfolios of more than € 2.5 million, have exceeded € 1.9 billion at the end of 2022.

As part of the ongoing process of developing solutions for financial advisers, the 'Private Diagnostics' service was enhanced with new portfolio analyses, such as: sector and geographic exposure based on the underlying exposure.

The supports available to Private Banking segment have been further enriched, developing a specific ESG analysis section in the 3 private analysis reports available to advisors: private diagnosis, private comparison diagnosis, and fund insight.

During 2022, the number of portfolio diagnoses requested increased considerably, up +23% compared to the previous year. It should be noted a significant increase of +41% in prospect client portfolio diagnostics in 2022, compared to 2021. With a view to continuity and integration of advice services, the factor analysis and Single VaR models were finalized and implemented for the Advice service as well, at the same time as the release of the Efficient Frontier update.

Finally, the analysis reporting for financial advisors associated with all model portfolios proposed by the Bank has been further improved.

The following table shows in detail the composition of the products of assets under management as at December 31st, 2022, whose balance shows a decrease of 6.1% compared to December 31st, 2021, due to negative market effect of 2022 previously mentioned.

(Amounts in € thousand)

| | Amounts as at | | Amounts as at | | Changes | |
|---|---|---|---|---|---|---|
| | 12/31/2022 | Comp % | 12/31/2021 | Comp % | Absolute | % |
| UCITS and other investment funds | 33,827,309 | 65.0% | 38,052,645 | 68.6% | (4,225,336) | -11.1% |
| Insurance products | 15,595,412 | 29.9% | 14,962,876 | 27.0% | 632,536 | 4.2% |
| Segregated accounts | 318,115 | 0.6% | 329,710 | 0.6% | (11,595) | -3.5% |
| Asset under custody and Direct deposits under advisory | 2,331,802 | 4.5% | 2,104,995 | 3.8% | 226,807 | 10.8% |
| **Total assets under management** | **52,072,638** | **100.0%** | **55,450,226** | **100.0%** | **(3,377,588)** | **-6.1%** |

# The network of personal financial advisors

Year 2022 presented a significantly changed scenario from the recent past, characterised by great volatility in markets, which were turbulent for the entire year, due to the various events we are witnessing and which have had a decisive impact on the overall economic framework: the energy crisis, which has led to a sharp rise in prices and a consequent increase in inflation; the change in monetary policy by central banks with restrictive signals in response to inflationary tensions; and the Russia-Ukraine conflict, which has complicated the geo-political framework, consolidating inflationary expectations.

At a time that is complex to understand, Fineco's ability to continue on its growth path once again confirms the efficiency of a business model that is able to cope with every market phase and the effectiveness of our strategy aimed at offering the right solutions for profitable, long-term planning.

The solid net funding figure is particularly positive considering the complex situation on markets. This confirms the ability of our financial advisors to support clients in professional savings management, supporting them and responding concretely to their needs, with a wide range of solutions and a fair and transparent approach.

Financial advisors and customers have shown an attitude that appears more mature than in the past, avoiding disinvestments led by the awe of the moment and confirming the proclivity of customers on continuing their investments even in a complex market phase characterised by stock market volatility. Although some slowdown in investment transactions is noticeable, the significant inflow of funds is a sign of customer confidence and a prerequisite for future upgrading.

As at December 31st, 2022, the Network of personal financial advisor recorded significant results, confirming steady, healthy and sustainable growth, in particular:

- Total Net Sales: € 8,782 million
- Total Net Sales Assets Under Management: € 3,581 million
- Net sales in Guided Products: € 3,483 million
- New customers acquired: 61,069

placing the Bank in 2nd place for net inflows as at December 31st, 2022 according to the Assoreti classification with 19.6% of the system's net inflows (+2.4% compared to compared to December 31st, 2021) and in 3rd place for sales in assets under management (17.9% equal to +1% compared to December 31st, 2021).

The lower number of new customers, compared to the same period of last year (61,069 compared to 75,672) is related to the contingent situation, but also to a greater selectivity in customer acquisition by personal financial advisors.

Without any commercial campaigns and despite the market effect, the Network's average portfolio decreased by about 6% compared to 2021 (€ 31.9 million compared to € 33.9 million as of December 31st, 2021), reflecting the healthy collection activities carried out in the past and the solid trust relationship established with customers.

Thanks to the important contribution Fineco AM had in perfecting innovative instruments and in proposing solutions adapted to different contexts, financial advisors were able to be particularly prompt in offering customers defensive solutions, meeting the needs of customers with a more cautious profile. The introduction of passive solutions in advisory services, which combine the efficiency of the instrument with a focus on costs and a broad diversification, is thus optimal to continue its growth path.

As of December 31st, 2022, assets referable to Private customers assisted by financial advisors stood at € 41.3 billion referring to about 41,360 customers. Fineco confirms its leadership position in Italian Private Banking environment, even in a year characterised by the negative performance of the financial markets.

As of December 31st, 2022 the number of Financial Advisors comes to 2,918. The strong attractiveness of our model increases recruitment activity, a complement to the growth and qualitative improvement of the Network, particularly for those professionals operating in more traditional models. In 2022, 86 new financial advisors were recruited, mainly from the world of financial advisory networks, traditional banks and institutions specializing in Private Banking. "Millennials" are confirmed as an important resource to focus on, and we have initiated 128 new advisors into the profession as part of our "youth project." The net balance of the Financial Advisors Network is 128 unit in 2022, which shows a very low turnover rate (equal to about 3%).

Fineco kept up its commitment to financial education, with events dedicated primarily to customers and involving prospect customers, with the aim of increasing knowledge on issues concerning investments, financial and estate planning, behavioral finance, and answering questions from our customers, covering various topics of "financial news".

About 1,400 events were made in 2022 (including 650 in web mode) attended by about 62,300 customers and prospects. Of these, there were 52 events dedicated to high-end clients on the topic of wealth planning, with over 4,400 private customers involved, concerning the broader topic of estate planning.

The widespread presence of the Network in the country is supported by the 426 financial shops. During the year, 19 new openings were developed to further support the image and capillarity.

# The network of personal financial advisors

The table below shows the breakdown of net direct sales, assets under management and assets under administration attributable to the personal financial advisors network in 2022 compared to the previous year. Total net sales amounted to € 8,781.6 million, down 11 % from the previous year.

## Net sales - Personal Financial Advisors Network

(Amounts in € thousand)

| | Year 2022 | Comp % | Year 2021 | Comp % | Changes Absolute | Changes % |
|---|---|---|---|---|---|---|
| Current accounts and demand deposits | 1,187,547 | 13.5% | 1,562,229 | 15.8% | (374,682) | -24.0% |
| Time deposits and reverse repos | (1) | 0.0% | (183) | 0.0% | 182 | -99.5% |
| **DIRECT DEPOSITS** | **1,187,546** | **13.5%** | **1,562,046** | **15.8%** | **(374,500)** | **-24.0%** |
| Segregated accounts | 29,298 | 0.3% | 106,554 | 1.1% | (77,256) | -72.5% |
| UCITS and other investment funds | 1,717,634 | 19.6% | 4,307,013 | 43.6% | (2,589,379) | -60.1% |
| Insurance products | 1,291,416 | 14.7% | 2,663,199 | 27.0% | (1,371,783) | -51.5% |
| Asset under custody and Direct deposits under advisory | 542,691 | 6.2% | 156,819 | 1.6% | 385,872 | 246.1% |
| **ASSETS UNDER MANAGEMENT** | **3,581,039** | **40.8%** | **7,233,585** | **73.3%** | **(3,652,546)** | **-50.5%** |
| Government securities, bonds and stocks | 4,012,986 | 45.7% | 1,073,735 | 10.9% | 2,939,251 | 273.7% |
| **ASSETS UNDER ADMINISTRATION** | **4,012,986** | **45.7%** | **1,073,735** | **10.9%** | **2,939,251** | **273.7%** |
| **NET SALES - PERSONAL FINANCIAL ADVISORS NETWORK** | **8,781,571** | **100.0%** | **9,869,366** | **100.0%** | **(1,087,795)** | **-11.0%** |
| of which Guided products & services | 3,483,339 | 39.7% | 6,773,803 | 68.6% | (3,290,464) | -48.6% |

It should be noted that the percentage reported for Guided products & Services, equal to 39.7% as at December 31st, 2022, is calculated by comparing their amounts with the amount of total net sales – Personal Financial Advisors Network.

The table below shows the amount of deposits attributable to the network of financial advisors as at December 31st, 2022, amounted to € 93,212 million (€ 94,631 million as at December 31st, 2021). According to Assoreti's ranking, as at December 31st, 2022 FinecoBank ranked 2nd in total assets, accounting for 13.3% of the network system with a 1.3% increase in market share over the previous year.

## Total financial assets – Personal Financial Advisors Network

(Amounts in € thousand)

| | Amounts as at 12/31/2022 | Comp % | Amounts as at 12/31/2021 | Comp % | Changes Absolute | Changes % |
|---|---|---|---|---|---|---|
| Current accounts and demand deposits | 23,876,839 | 25.6% | 22,689,292 | 24.0% | 1,187,547 | 5.2% |
| Time deposits and reverse repos | - | 0.0% | 1 | 0.0% | (1) | -100.0% |
| **DIRECT DEPOSITS** | **23,876,839** | **25.6%** | **22,689,293** | **24.0%** | **1,187,546** | **5.2%** |
| Segregated accounts | 318,115 | 0.3% | 329,710 | 0.3% | (11,595) | -3.5% |
| UCITS and other investment funds | 33,428,469 | 35.9% | 37,557,343 | 39.7% | (4,128,874) | -11.0% |
| Insurance products | 15,544,251 | 16.7% | 14,899,834 | 15.7% | 644,417 | 4.3% |
| Asset under custody and Direct deposits under advisory | 2,331,778 | 2.5% | 2,104,977 | 2.2% | 226,801 | 10.8% |
| **ASSETS UNDER MANAGEMENT BALANCE** | **51,622,613** | **55.4%** | **54,891,864** | **58.0%** | **(3,269,251)** | **-6.0%** |
| Government securities, bonds and stocks | 17,712,757 | 19.0% | 17,049,982 | 18.0% | 662,775 | 3.9% |
| **ASSETS UNDER CUSTODY** | **17,712,757** | **19.0%** | **17,049,982** | **18.0%** | **662,775** | **3.9%** |
| **TOTAL FINANCIAL ASSETS PERSONAL FINANCIAL ADVISORS NETWORK** | **93,212,209** | **100.0%** | **94,631,139** | **100.0%** | **(1,418,930)** | **-1.5%** |
| of which Guided products & services | 40,159,797 | 43.1% | 42,240,277 | 44.6% | (2,080,480) | -4.9% |

It should be noted that the percentage reported for Guided products & Services, equal to 43.1% as at December 31st, 2022, is calculated by comparing their amounts with the amount of total financial assets – Personal Financial Advisors Network.

# Human resources

## The parent: FinecoBank S.p.A.

As at December 31st, 2022, the Bank's employees were 1.279 up compared to 1.261 as at December 31st, 2021.

During 2022, until the health emergency persisted, all employees continued to work remotely, ensuring the continuation of the business. After an initial period of coming back to the office for one day a week, on May 1st the Individual Agile Work Agreement came into force. The Individual Agreement provides the possibility of remote working, indicatively 2 days a week, which can be raised up to 3 within the maximum monthly limit of 12 days. Days cannot be divided into hours.

Further initiatives aimed at facilitating and improving the working and personal life of employees continued, in continuity with what was done in the previous year (for example in the area of health and welfare).Timeliness of intervention and constant monitoring of the evolution of the pandemic situation were the keywords that characterized the Bank's approach in all processes dedicated to human resources.

In addition, hiring activities aimed at strengthening and optimising the areas dedicated to business development, organizational and technological support and risk control and management continued in "remote" mode.

In continuity with previous years, our effort in attracting new talents continued also during 2022, with a particular focus on new Generations (Millenials and Z Generation), also thanks to employer branding initiatives aimed at meeting and hiring new graduates or undergraduates and better understand the behavioral dynamics typical of the new generations. FinecoBank attended Digital Career Days and continued to use different hiring techniques, such as video interviews and remote interviews. Even the onboarding took place very quickly, immediately equipping the new employees with all the equipment needed for remote work.

Out of the 74 recruitments in 2022, many were employed in the Customer Relationship Management area confirming the strong and ongoing focus on young graduates. Customer Relationship Management is in fact the starting point of a path of professional development that can lead to cover different roles in the company.

Also 2022 showed a significant use of internal job rotation that involved 28 resources enabling, on one hand, to cover the vacant positions within the Company, and on the other hand, to guarantee the continuous staff professional development.

During 2022, a total of 56 employees left the Bank, including:

- 42 resignations;
- 14 for other reasons.

The Bank's employees can be broken down as follows:

| | Men | | Women | | Total | |
|---|---|---|---|---|---|---|
| **Category** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** | **12/31/2022** | **12/31/2021** |
| Executives | 24 | 24 | 6 | 6 | 30 | 30 |
| Managers | 314 | 302 | 132 | 125 | 446 | 427 |
| Professional Areas | 402 | 406 | 401 | 398 | 803 | 804 |
| **Total** | **740** | **732** | **539** | **529** | **1,279** | **1,261** |

At December 31st 2022, the Bank has 98 part-time employees (8% of the total), women employees making up 42% of the workforce. The average length of service is about 12,6 years and the average age is about 42.

# Human resources

## Employee training

During 2022, Fineco employee training has been focused both on acquisition and strengthening of specific skills required by the different company needs and on the updating of individual knowledges, with a specific attention to mandatory, technical, linguistic, behavioural and managerial training.

Below, the breakdown of training hours* by training areas:

| Training area | Hours of training |
|---|---|
| Mandatory | 22,075 |
| Technical | 17,881 |
| Foreign Language | 4,121 |
| Conduct – Management | 1,411 |
| **Total** | **45,488** |

*FAM included

## Mandatory training

The Bank is committed to the constant spread and improvement of Risk and Compliance culture across the organisation, elements which enable its business to be, other than profitable, sustainable over time. We believe that training on these topics is fundamental to promote, among employees, how awareness, transparency and rule respect are essential for FinecoBank.

For this reason, considerable attention has been constantly paid to mandatory training, dedicated to all employees and mainly provided through the Learning Next platform, with the creation of courses about relevant topics, as Bank anatocism, Conflicts of interests, Market Abuse, Financial Sanctions and Anti money laundering.

With the aim to ensure successful learning of all employees about these topics and protect the Bank from operational, legal and reputational risks arising from the non-completion of courses, mandatory training is periodically monitored.

Bank Departments that give information to the customers have been provided by mandatory courses about IVASS insurance-related topics, professional development courses for the purposes of Consob intermediary regulation and annual skills Assessment based on ESMA subjects.

In addition, in order to be compliant with Safety and Security Regulations, the Bank guarantees adequate training to all involved employees, continuously and periodically, according to regulations in force.

To guarantee Business continuity in case of crisis, BCP training paths have been organized and held by essential resources, in order to train replacement resources, for a total amount of 636 hours.

In addition, the following courses have been delivered, throughout the year:

- "Percorso formativo per Smart Workers", with the aim to support employees managing remote working activity, providing a specific focus on regulation and security;
- "Sostenibilità: impegni e iniziative in Fineco", with the aim to describe in which way Sustainability and Finance themes permeate the strategy and Bank's operation, stimulating virtuous behaviors towards the environment and in the social sphere;
- "Cybersecurity", to increase the knowledge and awareness on cyber threats and be able to react appropriately in case of danger.

## Technical, Behavioural and Managerial Training

During 2022, with the assistance of external suppliers, strategical business partners, Universities and internal specialists, the Bank organized training sessions for the acquisition of technical and behavioural skills needed to be improved not only company productivity, but also the level of employee specialisation.

These have included, for example:

- availability of Microsoft 365 new features course;
- activation of Project Management training paths, dedicated to both Managers and Professionals;
- Training pills for Managers, to support them in their role, with a specific focus on "Hybrid working model" Team Management.

# Human resources

As every year, in the Customer Care Area, in order to maintain high quality service and customer focus, training courses were held for newly employed and existing staff, with a total of 13,487 hours, focused on the acquisition of key technical and role-specific skills.

Furthermore, in order to fulfil employees needs on behavioural, managerial and personal skills, online courses catalogue has been constantly enhanced with new courses, freely available, and focused on communication skills, self-efficacy, leadership, teamwork, motivation. Ethical matters, diversity & inclusion and stress management courses are also available.

Even for 2022, FinecoBank has renewed the partnership with Valore D, that offers to employees the chance of having access to contents and courses designed to enhance the female talent and promote the Company inclusive culture.

## Foreign Language Training

Even in 2022, all employees had the opportunity to use a dedicated training platform, based on Artificial Intelligence, that had the aim to increase English language skills of everyone through a custom learning path, based on the initial level of knowledge and on personal interests of the learner.

300 employees have been involved into the usual English training paths for groups and one-to-one lessons, held by phone or virtual classes. In addition, Legal English and German training have been activated for some resources.

Employees partecipation in foreign language training courses is defined on the basis of requests of single Unit Managers, considering the specific professional needs of colleagues.

## The subsidiary: Fineco Asset Management Designated Activity Company (Dac)

As at December 31st, 2022, the Company's employees are 57 of whom women 25 and 32 men and the average age is around 36.

The hirings from the market in 2022 are due to the reinforcement of the functions dedicated to business, staff and control functions.

Employees Training in 2022 has been focused both on the acquisition and on reinforcement of competencies requested by different company's needs and on the update of individual knowledges, with a particular attention to mandatory and technical training.

# Human resources

## Incentive plans

The Board of Directors' meeting of FinecoBank held on January 18th, 2022 – in consideration of the favourable opinion of the Remuneration Committee held on January 17th, 2022 – approved the following incentive systems subsequently approved by the Shareholders' Meeting of April 28th, 2022:

- 2022 Incentive System for employees classified as Identified Staff;
- 2022 Incentive System for Personal Financial Advisors classified as Identified Staff.

On February 9th, 2022, in consideration of the achievement of the minimum entry conditions at Group level and the individual requirements (compliant conduct and continued employment) and on the favourable opinion of the Remuneration Committee held on February 7th, 2022, the Board of Directors of FinecoBank approved:

- for the 2016, 2017, 2018, 2019 and 2020 Incentive Systems (Bonus Pools):
  - the execution of the plans;
  - the allocation of the fourth share tranche of the 2016 plan, awarded in 2017, corresponding to 30,406 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 12th, 2016;
  - the allocation of the third share tranche of the 2017 plan, awarded in 2018, corresponding to 28,457 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 9th, 2017;
  - the allocation of the second share tranche of the 2018 plan and of the third share tranche of the severance payment agreed in 2018 for an executive with strategic responsibility, awarded in 2019, corresponding to overall 42,049 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th, 2018;
  - the allocation of the second share tranche of the 2019 plan, awarded in 2020, corresponding to 1,127 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th, 2019;
  - the allocation of the first share tranche of the 2020 plan, awarded in 2021, corresponding to 65,749 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 15th, 2020;
  - a free capital increase effective from March 31st, 2022 for a total amount of € 55,370.04 corresponding to 167,788 FinecoBank ordinary shares with a nominal value of € 0.33 each (with the same characteristics as those in circulation and with regular dividend entitlement), in partial exercise of the authority granted to the Board of Directors by the Extraordinary Shareholders' Meeting of April 11th 2017, April 11th 2018, April 10th 2019 and April 28th 2020 pursuant to Article 2443 of the Italian Civil Code. The dilution effect resulting from the above free capital increase has been quantified as 0.03% of the fully diluted capital.
- for the 2021 Incentive System (Bonus Pool):
  - the FinecoBank 2021 Bonus Pool;
  - the proposals 2020 bonus for the Chief Executive Officer and General Manager, the Executives with Strategic Responsibilities and other Identified Staff
  - the allocation of 161,018 FinecoBank ordinary shares, to be allocated free of charge to the above-mentioned personnel in accordance with the relevant plan rules.
  - the payment of the first tranche in cash.
- for the 2018-2020 Long Term Incentive Plan for the employees:
  - the execution of the plan;
  - the allocation of the second share tranche of the plan, granted in 2018 and corresponding to 52,302 FinecoBank free ordinary shares, and subsequently, a free capital increase effective from March 31st, 2022, for a total amount of € 17,259.66 effective as of March 31st, 2022 in partial exercise of the authority granted to the Board of Directors by the Extraordinary Shareholders' Meeting of April 11st, 2018 pursuant to Article 2443 of the Italian Civil Code.
- for the 2021 PFA Incentive System plan:
  - the proposed determination of the 2021 Bonus Pool for personal financial advisors;
  - the proposed determination of the 2021 bonus and prior-year deferrals for personal financial advisors classified as Identified Staff;
  - the allocation of 83,388 FinecoBank shares (within the maximum 203,773 ordinary shares), to be allocated free of charge to the above-mentioned personal financial advisors in accordance with the relevant plan rules;
  - the purchase of treasury shares, having obtained the authorisation from the Supervisory Authority, pursuant to Articles 77-78 EU 575/2013 of June 26th, 2013 (CRR) as amended by EU Reg. no. 876/2019, in accordance with the shareholder meeting resolution..
  - the payment of the first tranche in cash.
- For the 2020 PFA Incentive System plan, 2019 PFA Incentive System plan, 2018 PFA Incentive System plan, 2017 PFA Incentive System plan:
  - the execution of the plan;
  - the allocation of the first tranche in shares of "2020 PFA Incentive System plan" corresponding to 28,998 FinecoBank shares and the second tranche in cash to the personal financial advisors classified as "Identified Staff", in accordance with the plan rules.
  - the allocation of the second tranche in shares of "2019 PFA Incentive System plan" to the personal financial advisors classified as "Identified Staff", in accordance with the plan rules, corresponding to 8,227 FinecoBank shares.
  - the allocation of the second tranche in shares of "2018 PFA Incentive System plan", corresponding to 3,435 FinecoBank shares to the personal financial advisors classified as "Identified Staff", in accordance with the plan rules.
  - the allocation of the third tranche in shares of "2017 PFA Incentive System plan", corresponding to 5,527 FinecoBank.

# Human resources

- for the 2018-2020 Long Term Incentive Plan for FinecoBank Personal Financial Advisors classified as Identified Staff:
  - the execution of the plan;
  - the allocation of the second tranche in cash of the Plan to the beneficiaries.

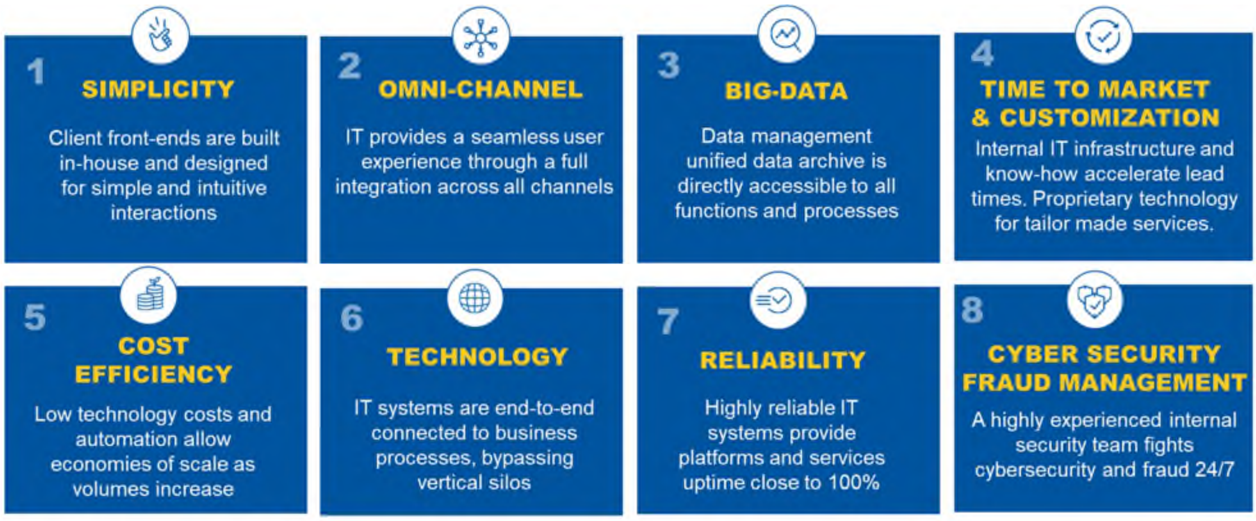
On April 21st, 2022, the Board of Directors of Fineco Asset Management DAC approved the 2022 incentive system for the local Identified Staff.

# Technology infrastructure

FinecoBank is one of the most important FinTech banks and offers a unique business model in Europe, combining the best platforms with a large network of financial advisors. Fineco offers banking, credit, trading and investment services from a single account through transactional and advisory platforms developed with proprietary technologies.

Fineco's competitive strategy is based on an approach that has always driven the Bank: the interpretation of customer needs and the information system represents a tool of primary importance for the achievement of both strategic and operational objectives: Fineco combines customer care with an intrinsic component of innovation that succeeds in following the most current technological trends also through its internal culture, making the customer experience fluid and intuitive on all channels.

Over the years, the strategic choice in IT and Security has been to oversee internally all the technological and security activities that could provide a significant contribution to business development. This approach has made it possible to offer customised and distinctive products, maintain internal know-how and a high level of control over the evolution of its technology and services, maintain intellectual property rights over the applications developed and the algorithms supporting them, and guarantee a rapid time to market, as well as better and more consistent performance in the provision of services.




The current architecture is structured on several logical layers, segregated in terms of networks and delivery systems:

- Frontend layer for web, mobile and phone banking applications;
- Backend layer for the delivery of core services such as banking, trading and consultancy services;
- Technical integration layer that allows the two previous layers to interact and integrate with the necessary counterparts (info-providers, markets, partners, etc.);
- Data layer, which houses all the company's information assets, structured and unstructured.

The architectural and development paradigms in use, oriented towards “agile development'” together with the adoption of latest-generation technologies, enable the effective and sustainable integration of distribution channels, the internal operating platform, and the applications through which customers access their services.

The aim is to have a high degree of sustainability in terms of technological cost structure, a high degree of scalability of a “horizontal” type, to design services that are delivered in a distributed manner, and to keep in-house the development and management of value-added applications that represent a competitive factor for Fineco, whether quantifiable in terms of “time to market” or efficiency/ operational leverage.

As regards Fineco AM, the company uses a third-party platform for the manage investment services.

# Internal control system

The internal control system is a fundamental part of the overall governance system of banks. It ensures that bank activities are in line with bank policies and strategies and are based on principles of sound and prudent management.

Circular no. 285 of December 17th, 2013 (as amended) defines the principles and guidelines with which the internal control system of banks must comply. The circular defines the general principles of organisation, identifies the role and responsibilities of governing bodies, and sets out the characteristics and roles of corporate control functions.

The internal control system must provide protective measures that cover all types of business risk. The primary responsibility for these tasks lies with the bank's bodies, each in accordance with its specific duties. The structure of tasks and lines of responsibility of corporate functions and bodies must be clearly specified.

Banks must apply the provisions according to the proportionality principle, i.e. taking into account the operating scale and organisational complexity, the nature of the activities carried out, and the type of services provided.

As part of the supervisory review and evaluation process, the European Central bank and the Bank of Italy verify the internal control system in terms of completeness, suitability, functionality (in terms of efficiency and effectiveness) and reliability of banks.

In accordance with the provisions laid down by the Supervisory Authority, the Bank's internal control system consists of a set of rules, functions, organisational structures, resources, processes and procedures aimed at ensuring the achievement of the following objectives, in compliance with the principles of sound and prudent management:

- verifying the implementation of the Bank's strategies and policies;
- containing risk within the limits set out in the Bank Risk Appetite Framework - "RAF";
- preventing the Bank's involvement, even if unintentional, in unlawful activities (with specific reference to money laundering, usury and the financing of terrorism);
- protecting the value of assets and preventing losses;
- ensuring the effectiveness and efficiency of corporate processes;
- ensuring the security and reliability of the Bank information and ICT procedures;
- compliance of transactions with the law and supervisory regulations, as well as with the policies, regulations and internal procedures of the Bank and the FinecoBank Group.

FinecoBank, as parent company, has provided the Group with a coherent system of internal controls allowing for effective control of the strategic choices of the group as a whole and the sound management of the individual Group members.

From a methodological point of view, the Internal Control System of the Bank and Fineco AM, the only subsidiary[14], provides for three types of controls:

- level one controls ("line controls"): these are controls for individual activities and are carried out according to specific operational procedures based on a specific internal regulation. Monitoring and continuously updating these processes is entrusted to 'process supervisors' who are charged with devising controls able to ensure the proper performance of daily activities by the staff concerned, as well as the observance of any delegated powers. The processes subject to control relate to units that have contact with customers, as well as completely internal units;
- level two controls: these are controls related to daily operations connected with the process of measuring risks and are carried out continuously by non-operating units. The Risk Management function controls market, credit and operational risks, as regards compliance with limits assigned to operating functions and the consistency of operations of individual production areas with established risk/return objectives; the Compliance Department is responsible for controls on non-compliance risks; for regulatory areas which already have types of control performed by the specialised structures, monitoring of compliance risk is assigned to these structures based on the 'Indirect Coverage' operating model;
- level three controls: these controls are typical of internal auditing, based on analysis of information obtained from databases or company reports, as well as on-site controls. This type of control aims to identify breaches of procedures and regulations, in addition to periodically assessing the completeness, adequacy, functioning (in terms of efficiency and effectiveness) and reliability of the internal control system and information system (ICT audit) at a set frequency based on the nature and level of the risks. These controls are assigned to the Internal Audit function; to verify the compliance of the behaviour of the companies belonging to the Group with the guidelines of the Parent Company as well as the effectiveness of the internal control system, the internal audit function of FinecoBank, on a consolidated level, periodically carries out on-site controls on the components of the Group, taking into account the importance of the different types of risk assumed by the entities.

With regard to the subsidiary Fineco AM, the organisational structure involves the performance of Compliance, Risk Management and Internal Audit activities by units within the company.

[14] It should be noted that as at December 31st, 2022, Fineco International Ltd, a wholly-owned subsidiary of FinecoBank S.p.A., was not operational.

# Internal control system

As parent company, FinecoBank defines the relevant control and monitor measures of the subsidiary Fineco AM, ensuring an alignment of the implementation of the group internal control system, where possible, in consideration of the specific business carried out by the Irish controlled entity.

The Parent Company's 2nd and 3rd level controls units submit an annual report to the corporate bodies illustrating the controls carried out, their results, and the weaknesses detected with reference to the Parent Company and the banking Group as a whole, and proposing steps to be taken to remedy these deficiencies.

Institutional supervisory controls have also been set up at the Parent Company: these refer to controls by the Bank's supervisory bodies, including in particular the Board of Statutory Auditors and the Supervisory Body pursuant to Italian Legislative Decree no. 231 of June 8th, 2001.

Considering the functions and units involved, the FinecoBank's internal control system is based on:

- control bodies and functions including, according to their respective responsibilities, the Board of Directors, the Risk and Related Parties Committee, the Remuneration Committee, the Appointments Committee, the Corporate Governance and Environmental and Social Sustainability Committee, the Chief Executive Officer and General Manager, the Board of Statutory Auditors, the Supervisory Body set up pursuant to Legislative Decree 231/01 and the corporate control functions (Risk Management, Compliance[15], Internal Audit) as well as other company functions with specific internal control duties[16];
- procedures for the coordination of entities involved in the internal control and risk management system, which provide for:
    - cooperation and coordination among control functions, through specific information flows that are formalised in internal regulations and through managerial committees dedicated to control issues;
    - definition of information flows between the Bank's corporate bodies and control functions.

In addition, it should be noted that, under Article 49, paragraph 1, of the Regulation (EU) No. 468/2014 of the European Central Bank (ECB/2014/17) (the SSM - single supervisory mechanism - Framework Regulation), the ECB has published, since September 4th, 2014, a periodically updated list of the names of supervised entities and groups that fall under the direct supervision of the ECB ("significant supervised entities" and "significant supervised groups", as defined in Article 2, points 16 and 22 of the SSM Framework Regulation), indicating the specific reason for direct supervision for each of them, and, if classified as significant based on size, the total value of the assets of the entity or group supervised.

Finally, it is recalled that during 2021, the European Central Bank notified FinecoBank of its own decision on the classification of FinecoBank as a Significant Institution, starting from January 1st, 2022. Such decision is backed by the overtake, as of December 31st, 2020, of the € 30 billion dimensional threshold for significance, envisaged by regulation n. 468/2014 (MVU). Consequently, in 2022, the annual Supervisory Review and Evaluation Process (SREP) and the required Comprehensive Assessment, were carried out by a Joint Supervisory Team (JST), composed by BCE analyst from the DG "Specialized Institutions & LSIs" as well as members of the "Banks Supervisory Services 1" of the Bank of Italy.

# Main risks and uncertainties

For more details of the risks and uncertainties faced by the Bank and the Group in the current market situation, see Part A - Accounting policies and Part E – Information on risks and hedging policies of the notes to the consolidated accounts and of the notes to the accounts.

---

[15] This function includes the Anti Money Laundering and Anti-Terrorism Function, responsible for managing the correct application of regulations on anti-money laundering and combating the financing of terrorism, headed by the Head of the Anti-Money Laundering Function.

[16] The legislative framework and the codes of conduct assign control tasks to specific functions - other than corporate control functions - whose work should be seen as being a functional part of the Internal Control System. In this regard, the Bank has identified some functions / organizational structures which, on the basis of specific tasks assigned, oversee certain regulatory areas. In particular, the safeguards of the Manager in charge of preparing the corporate accounting documents and that of Control on the sales network of the tied agents are relevant.

The indirect monitoring model also provides that, with reference to other regulations for which specific forms of specialized supervision are already envisaged - adequate to manage the risk profiles of non-compliance - the compliance function can be graduated. Compliance however remains responsible, in collaboration with the specialized functions in charge, at least for the definition of the methodologies for assessing the risk of non-compliance and for the identification of the related procedures, and verifies the adequacy of the procedures themselves to prevent the risk of non-compliance.

Currently, specialist controls have been identified in the following corporate functions:

- Corporate Law & Board Secretary's Office in relation to transactions with related parties and associated persons; Delegate for Occupational Health and Safety (Delegate 81); Works Supervisor pursuant to Article 89, paragraph 1, letter c), of Legislative Decree 9 April 2008, no. 81; Human resources; GBS - Bank Organization and Operations - Business Continuity Manager; CFO - Tax Affairs and Consulting; CFO - Supervisory Board Administration and Reporting; CFO - Management Representative pursuant to EMAS Regulation (Eco-Management and Audit Scheme) no. 1221/2009 / EC.

All corporate functions, other than corporate control functions, also participate in the Internal Control System by carrying out the level-one controls included in the business processes within their responsibility.

# Organisational structure

## The Parent Company's Organisational Model

The Parent Company follows a functional organisational model that groups operations on the basis of a specific function and common processes; all knowledge and abilities concerning specific operations are constantly built and strengthened, creating thorough expertise for every individual unit and thus for the organisation as a whole. The strength of the functional model is its ability to promote economies of scale, as all employees belonging to a given function will share competencies and processes, avoiding duplication and waste. The functional model also facilitates the development of vertical capacities and knowledge within the specific area and ensures a dynamic decision-making process. Although the Parent Company's current arrangement applies the concept of "functional specialisation", horizontal connections across the different functions are maintained, in part through a project-based approach at every phase of definition and release of products and services: project groups involve one or more members of the appropriate functions who bring their own in-depth knowledge from their area of expertise. The horizontal connections are also guaranteed by the work of managerial committees whose duties include monitoring progress on the most important projects. The synergies between the distribution channels and the monitoring of decision-making processes that cut across the departments are ensured by a Management Committee.

The model followed by the Bank identifies the following corporate control functions: i) compliance with regulations; ii) risk management; iii) internal audit; as well as additional specialised functions, including the CFO (Chief Financial Officer), Legal Affairs, Chief People Officer, Corporate Identity, and oversight of the PFA network.

In addition, the model identifies three additional functional lines, which govern:

- the sales network (Network PFA & Private Banking Department);
- the business (Global Business Department);
- operational functioning (Global Banking Services Department).

In brief:

- the Network PFA & Private Banking Department is responsible for overseeing the management and development of the personal financial advisors network enabled for off-site distribution, and for providing the necessary support to the sales network in the management of Private Banking customers;
- the Global Business Department is responsible for overseeing the development of Trading, Banking, Credit and Investing products and the financial advisory services provided to the Bank's customers;
- the Global Banking Services (GBS) Department coordinates the organisational units in charge of monitoring the organisational/operating processes and the ICT and logistics systems needed to ensure the effective and efficient operation of business support systems. The following organisational units report to the GBS Department: ICT & Security Office Department (CIO), Customer Relationship Management (CRM) Department, Organisation & Bank Operations Department, Financial Operations Department, Procurement Office Team, Real Estate Unit, General Services Unit and Operational Monitoring & Private Bankers Team.

The three Deputy General Managers and related Departments (Network PFA & Private Banking Department, Global Business Department and Global Banking Services Department) report to the Chief Executive Officer and General Manager, in addition to the following organizational structures: the Chief Financial Officer (CFO) Department, the Chief Risk Officer (CRO) Department, the Chief Lending Officer (CLO) Department, the Network Controls, Monitoring & Services Department, the Legal & Corporate Affairs Department, Chief People Officer Department, Compliance Department, the Regulatory Affairs Team and the Identity & Communications Team.

Internal Audit reports directly to the Board of Directors, the Body responsible for Strategic Supervision.

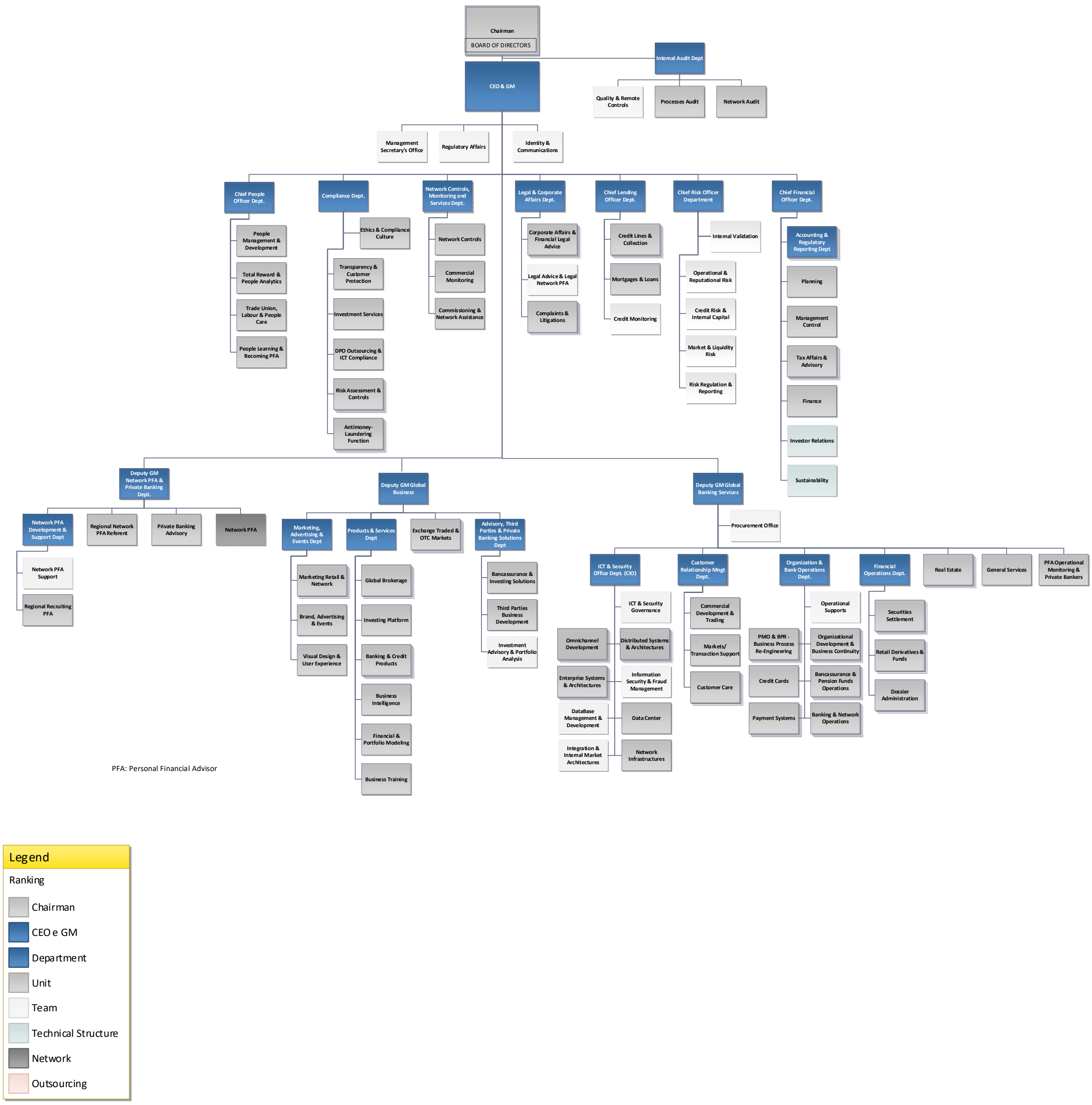
The Board of Directors resolved, effective from January 1st, 2022, to reorganise the Compliance Department in order to qualitatively and quantitatively strengthen the Regulatory Compliance Function, better organising the Department by identifying vertical controls in specific areas (for example, in the areas of banking transparency and customer protection, ICT compliance). Similarly, it was decided to rename the Human Resources Department in Chief People Officer Department, as well as the renaming of direct reporting structures, to be more consistent with the current context and to highlight the central role of people.

With effect from November 1st, 2022, the Board of Directors resolved to transfer model portfolio management activities from the *Advisory, Third Parties & Private Banking Solutions Department* to the *Products & Services Department*, to be more effective in the conception and development of new platforms, reporting and functionalities of advisory services.

Effective December 1st, 2022, the Board of Directors resolved on a reorganisation of the *Real Estate unit* (reporting directly to the Deputy General Manager Global Banking Services), reallocating all technical management activities related to real estate within the same structure. In addition, the Board of Directors approved the new organisation of the Employer's proxies, in the area of Health and Safety pursuant to Legislative Decree 81/08, conferring responsibilities on the Chief People Officer, the Real Estate Manager and the Procurement Office Manager, each according to their sphere of competence. Lastly within the Organisation and Bank Operations Department (reporting directly to the Deputy General Manager Global Banking Services), specific dedicated teams were created, reporting to the Organisational Development and Business Continuity unit and the Insurance and Pension Funds Operations unit, with the aim of better identifying activities and responsibilities. In particular, reporting to the *Organisational Development and Business Continuity unit*, the *Process Management and Global Rules Coordination* team was created, dedicated to process

# Organisational structure

management activities and the coordination of the FinecoBank Group's global rules, and the *Critical Counterparties and Access Rights* team, mainly dedicated to the management of deliverables for the Single Resolution Board in charge of the Organisation, in addition to the organisational analysis of third-party counterparties, also for business continuity and in resolution.



# Organisational structure

## Group management system

The Parent Company FinecoBank is responsible for maximizing the long-term value of the Group as a whole, guaranteeing the unitary governance, direction and control of the Group entities.

For this purpose, FinecoBank has defined rules for the governance of the FinecoBank Banking Group in order to fully exercise its role in managing and coordinating the Group[17], as well as outlining the Group's managerial/functional management system and disciplined the key processes between the Parent Company and the entities of the Group.

The Parent Company ensures the coordination of the entities' activities with a managerial management system based on the concept of the "competence lines", through the strong functional link between the Parent Company structure and the organizational structure of the entities (the entity's homologous function).

The Competence Lines are represented by the structures/functions which, operating transversally between the Parent Company and the Group' entities, have the objective of directing, coordinating and controlling the activities and risks of the Group as a whole and through the structures/functions present locally of the entities. The Competence Lines operate in the following areas: Investor Relations, Finance and Treasury, Planning and Control, Accounting & Regulatory reporting, Planning and Tax Affairs and Advisory (Chief Financial Officer area); Risk Management (within the Chief Risk Officer area); Credit (within the Chief Lending Officer); Legal/Corporate; Compliance; Internal Audit, Chief People Officer, Identity & Communication, Organization/Business Continuity & Crisis Management/ICT/Security/Purchasing (Global Banking Services).

With the aim of achieving a strong functional and managerial connection at Group level, within the constraints set by applicable local laws and regulations, the Competence Line Managers have a direct role and, in compliance with the responsibilities of the Corporate Bodies of the Entities, specific powers of direction, support and control with reference to the corresponding functions of the entities, always in coordination with the Top Management of the respective entity.

[17] In accordance with Article 61 of Legislative Decree no. 385 of September 1st, 1993 (the "Italian Banking Law") and the Supervisory Instructions issued by the Bank of Italy.

# Business Continuity Plan (BCP)

At consolidated level, the Parent Company has issued guidelines on emergency and crisis management and business continuity management, which envisage a decentralised model of emergency management, based on the plans of the individual companies which reflect their specific circumstances.

As required by the applicable regulations, the Parent Company has adopted a model that comprises organisational units dedicated to managing Business Continuity and Crises, both in normal operating conditions and in emergency situations.

The Bank's Business Continuity and Crisis Management framework includes *i)* the emergency and crises management plan (ECM Plan), *ii)* the business continuity plan (BCP) – which are an integral part of the disaster recovery plan (DRP, which establishes the measures for the restoration of applications and information technology systems affected by disasters) and of the cyber attack plan (which sets out the strategies for handling large scale cyber attacks) – and *iii)* the management plan for pandemics (which reflects the experience gained during the health emergency caused by the COVID-19 pandemic. During 2022, the ECM, BCP and DRP were updated as appropriate, in alignment with business developments.

In the context of the ongoing pandemic emergency, the Bank has maintained remote working also during the first quarter of 2022 as the main emergency management measure, in addition to preventive and behavioural measures. Remote working still remains the main emergency measure under the BC Plan.

The Irish subsidiary Fineco AM DAC also provide remote working as main emergency measure on its Business Continuity plan. In line with governance guidelines and business developments, the subsidiary has its own ECM, BCP and DRP plans.

# Main balance sheet aggregates

## Cash and cash balances

**Cash and cash balances** amounted to € 1,469.7 million as at December 31st, 2022 (€ 1,464.2 million as at December 31st, 2021), consisted mainly of the overnight deposit with the Bank of Italy, for a total amount of € 1,197 million, the liquidity deposited with the Bank of Italy, net of the balance relating to the minimum reserve allocated for the current reporting period, which is shown in the item Loans and receivables with banks, in the amount of € 0.7 million, in addition to the liquidity deposited on the current accounts opened with credit institutions for the settlement of transactions on payment circuits, for the settlement of securities transactions, for the management of UK clients' liquidity and for the management of Fineco AM's liquidity, for a total amount of € 272 million.

## Financial assets held for trading

**Financial assets held for trading** totalled € 16.9 million and include financial instruments that meets the definition of held for trading, in particular:

- equities, amounted to € 10.6 million (€ 14.8 million as at December 31st, 2021), held in the Group's portfolio as mainly used for the operational hedging of CFD positions on shares open in counterpart of the customers and, to a lesser extent, from the internalisation activity and intended to be traded in the short term;
- the positive valuation of spot contracts for securities in the held for trading portfolio and currencies to be settled in time frames established by market practices ("regular way") for € 2.5 million (€ 2.1 million as at December 31st, 2021), which correspond to negative valuations booked under "Financial liabilities held for trading";
- the positive valuation of CFD derivatives, traded in counterpart of the customers, and derivative contracts settled or entered into with institutional counterparties used for the related operational hedging of the above-mentioned derivative contracts, of the derivative contracts Knock Out Options and Certificates issued, for a total amount of € 3.9 million (€ 3.3 million as at December 31st, 2021).

CFDs are "Over the counter" derivative contracts that require the payment of a spread generated by the difference between the opening and closing price of the financial instrument. The Bank in operational terms hedges the imbalance of customer positions by underwriting futures or the purchase/sale of equity securities on the same underlyings or through forex transactions with institutional.

## Loans and receivables with banks

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| **Loans and receivables with central banks** | **311,357** | **298,040** | **13,317** | **4.5%** |
| **Loans and receivables with banks** | **115,339** | **81,822** | **33,517** | **41.0%** |
| Time deposits | 66,486 | 69,508 | (3,022) | -4.3% |
| Other loans: | 48,853 | 12,314 | 36,539 | 296.7% |
| 1. Reverse repos | 261 | 222 | 39 | 17.6% |
| 2. Others | 48,592 | 12,092 | 36,500 | n.a. |
| **Total** | **426,696** | **379,862** | **46,834** | **12.3%** |

**Loans and receivables with banks** amounted to € 426.7 million, show an increase of 12.3% compared to December 31st, 2021, mainly due to the growth of compulsory reserve at the Bank of Italy and the variation margins paid to credit institutions for transactions in derivative contracts and other financial instruments transactions booked in the item "Other loans – 2. Others".

“Loans and receivables with central banks” consist exclusively of the compulsory reserve deposit previously deposited with Bank of Italy which, as described above, corresponds to the stock of the minimum reserve requirement allocated for the current reporting period.

The item "Other loans: 1. Reverse repos" does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown as "off-balance sheet" transactions in table A.1.4 in Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidation - Quantitative information in the notes to the consolidated accounts.

The item “Other loans: 2. Others” consists of € 41.3 million for the amount of the initial and variations margins and collateral deposits placed with credit institutions for derivative transactions for transactions in derivative contracts and other transactions in financial instruments (€ 4 million as at December 31st, 2021) and € 7.3 million for current receivables associated with the provision of financial services (€ 8.1 million as at December 31st, 2021).

# Main balance sheet aggregates

## Loans and receivables with customers

(Amounts in € thousand)

| | Amount as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| Current accounts | 2,401,690 | 2,109,642 | 292,048 | 13.8% |
| Reverse repos | 139,026 | 193,276 | (54,250) | -28.1% |
| Mortgages | 2,619,278 | 2,479,355 | 139,923 | 5.6% |
| Credit cards and personal loans | 892,064 | 824,223 | 67,841 | 8.2% |
| Other loans | 393,655 | 395,100 | (1,445) | -0.4% |
| **Total** | **6,445,713** | **6,001,596** | **444,117** | **7.4%** |

**Loans and receivables with customers** amounted to € 6,445.7 million, up 7.4% compared to the amount as at December 31st, 2021, and can be broken down as follows:

- credit facilities in current accounts of € 2,401.7 million, up € 292 million compared to December 31st, 2021, of which loans with a security collateral (in particular "Credit Lombard") totalled to € 2,339.9 million;
- € 139 million in reverse repos, down by € 54.3 million compared to December 31st, 2021, made mainly by "Multiday leverage" with retail customers and stock lending transactions with transactions institutional customers, securities lending transactions guaranteed by sums of money readily available to the lender and which are basically the equivalent of repos on securities, the amount of which is directly linked to the transactions carried out by customers and outstanding at the balance sheet date;
- € 2,619.3 million in mortgages, up € 139.9 million compared to December 31st, 2021, thanks to the disbursements made in 2022;
- € 892.1 million in credit cards (revolving and use) and personal loans, up € 67.8 million;
- € 393.6 million in other loans, mainly made by collateral deposits and initial and variation margins for derivative and other financial instrument transactions, for an amount of € 259.9 million (€ 253.4 million as at December 31st, 2021), and current receivables associated with the provision of financial services, for an amount of € 130.7 million (€ 138.3 million as at December 31st, 2021).

The item "Reverse repos" does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown as "off-balance sheet" transactions in table A.1.5 in Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidation - Quantitative information in the notes to the consolidated accounts.

# Main balance sheet aggregates

The portfolio of **loan receivables with ordinary customers** amounts to € 5,916.1 million and mainly consists of receivables for personal loans, mortgages, credit facilities in current accounts and credit card revolving and use; overall, loans receivable with ordinary customers increased of 9.2% thanks to the disbursement during 2022 of a further € 276 million in personal loan and € 378 million in mortgages in addition to new credit facilities in current accounts for a granted amount of € 1,128 million.

(Amounts in € thousand)

| Loans and Receivables with Customers (Management Reclassification) | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| Current accounts | 2,399,917 | 2,107,400 | 292,517 | 13.9% |
| Credit cards use | 340,579 | 325,763 | 14,816 | 4.5% |
| Mortgages | 2,618,344 | 2,478,473 | 139,871 | 5.6% |
| Personal loans | 550,764 | 497,440 | 53,324 | 10.7% |
| Other loans | 3,032 | 3,332 | (300) | -9.0% |
| *Performing loans* | *5,912,636* | *5,412,408* | *500,228* | *9.2%* |
| Current accounts | 1,772 | 2,242 | (470) | -21.0% |
| Mortgages | 934 | 882 | 52 | 5.9% |
| Credit cards use | 46 | 38 | 8 | 21.1% |
| Personal loans | 676 | 982 | (306) | -31.2% |
| Other loans | 26 | 52 | (26) | -50.0% |
| *Impaired loans* | *3,454* | *4,196* | *(742)* | -17.7% |
| **Loans receivable with ordinary customers** | **5,916,090** | **5,416,604** | **499,486** | **9.2%** |
| Reverse repos | 138,988 | 193,176 | (54,188) | -28.1% |
| Reverse repos - impaired | 37 | 100 | (63) | -63.0% |
| Collateral deposits and initial and variation margins | 259,849 | 253,386 | 6,463 | 2.6% |
| Current receivables associated with the provision of financial services | 130,713 | 138,246 | (7,533) | -5.4% |
| Current receivables associated with the provision of financial services - impaired | 36 | 84 | (48) | -57.1% |
| ***Current receivables and other receivables*** | ***529,623*** | ***584,992*** | ***(55,369)*** | ***-9.5%*** |
| **Loans and receivables with customers** | **6,445,713** | **6,001,596** | **444,117** | **7.4%** |

## Impaired assets

(Amounts in € thousand)

| Category | Gross amount | | Impairment provision | | Net amount | | Coverage ratio* | |
|---|---|---|---|---|---|---|---|---|
| | Amount as at | | Amount as at | | Amount as at | | Data as at | |
| | 12/31/2022 | 12/31/2021 | 12/31/2022 | 12/31/2021 | 12/31/2022 | 12/31/2021 | 12/31/2022 | 12/31/2021 |
| Bad exposures | 19,104 | 18,939 | (17,699) | (16,798) | 1,405 | 2,141 | 92.6% | 88.7% |
| Unlikely to pay | 4,459 | 3,478 | (3,038) | (2,299) | 1,421 | 1,179 | 68.1% | 66.1% |
| Past-due loans | 1,666 | 2,124 | (965) | (1,063) | 701 | 1,061 | 57.9% | 50.0% |
| **Total** | **25,229** | **24,541** | **(21,702)** | **(20,160)** | **3,527** | **4,381** | **86.0%** | **82.1%** |

(*) Ratio of the data in the column Impairment Provision and Gross Amount

The amount of non-performing loans net of impairment losses was € 3.5 million, of which € 1.4 million in bad exposures, € 1.4 million in unlikely to pay exposures and € 0.7 million in past-due loans. There was a reduction of approximately € 0.9 million in bad exposures as a result of write-offs recognised during the year. The impaired assets are the 0.06% of loan receivables with ordinary customers (0.08% as at December 31st, 2021). Coverage ratio increased to 86% compared to 82.1% as at December 31st,2021.

# Main balance sheet aggregates

## Financial investments

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value | 5,552 | 5,538 | 14 | 0.3% |
| Financial assets at fair value through other comprehensive income | 26,872 | 39,017 | (12,145) | -31.1% |
| Financial assets at amortised cost | 24,599,892 | 24,514,501 | 85,391 | 0.3% |
| - financial assets at amortised cost with banks - debt securities | 3,602,498 | 5,377,644 | (1,775,146) | -33.0% |
| - financial assets at amortised cost with customers - debt securities | 20,997,394 | 19,136,857 | 1,860,537 | 9.7% |
| Investments in associates and joint ventures | 1,718 | 1,294 | 424 | 32.8% |
| **Total** | **24,634,034** | **24,560,350** | **73,684** | **0.3%** |

“Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value” mainly consist of the Visa INC preferred shares (class “C” and “A”) for a total amount of € 5 million, as well as debt securities and UCITS units in the amount of € 0.6 million. It should be noted that as at December 31st, 2021 this item included exposure to the Voluntary Scheme, which amounted to € 0,5 million and was cancelled during 2022. For further details on the cancellation of exposure to the Voluntary Scheme refer to Part A - Accounting Policies – Section 5 – Other matters of the notes to the consolidated accounts.

"Financial assets designated at fair value through other comprehensive income" consist of securities issued by sovereign States and residually of equity interests in companies in which the Group does not exercise control or significant influence for € 7 thousand for which, upon first application of IFRS 9, the "FVTOCI"[18] option was exercised. The following table shows the debt securities issued by sovereign States:

(Amounts in € thousand)

| Counterparty | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| France | 26,865 | - | 26,865 | n.a. |
| Ireland | - | 39,012 | (39,012) | -100.0% |
| **Total** | **26,865** | **39,012** | **(12,147)** | **-31.1%** |

The debt securities recorded in "Financial assets at amortised cost" issued by banks include, in particular, bonds issued by UniCredit S.p.A. for a total amount of € 1,681.3 million (€ 3,856.4 million as at December 31st, 2021), covered bonds issued by credit institutions and bonds issued by Supranational organisations and Supranational agencies that fall within the definition of credit institutions, for a total amount of € 1,921.2 million (€ 1,521.2 million as at December 31st, 2021).

[18] With regard to non-trading equity instruments, IFRS 9 provides for the possibility of measuring them at the fair value recognised through other comprehensive income (so-called FVTOCI – fair value through Other Comprehensive Income).

# Main balance sheet aggregates

The debt securities recorded in "Financial assets at amortised cost" issued by customers mainly consist of Sovereign and Supranational exposure. The breakdown of securities valued at amortised cost issued by sovereign States, including securities issued by the European Financial Stability Facility and the European Stability Mechanism, are shown below. The remaining securities valued at amortised cost, which amount of € 2,202.7 million (€ 1,192.5 million as at December 31st, 2021) are mainly consist of securities issued by local Authorities and European Union. It should be noted that the carrying amount includes the negative valuation of fixed-rate securities subject to specific hedging of interest rate risk, the negative change in which is attributable to the increase in the Euribor-based curve used for the fair value valuation of the hedged items.

(Amounts in € thousand)

| Counterparty | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| Italy | 7,659,647 | 7,263,632 | 396,015 | 5.5% |
| Spain | 4,521,003 | 4,749,778 | (228,775) | -4.8% |
| Germany | 171,506 | 126,716 | 44,790 | 35.3% |
| France | 1,456,728 | 1,289,919 | 166,809 | 12.9% |
| USA | 547,721 | 745,907 | (198,186) | -26.6% |
| Austria | 670,898 | 519,695 | 151,203 | 29.1% |
| Ireland | 912,684 | 943,463 | (30,779) | -3.3% |
| United Kingdom | 56,199 | 48,988 | 7,211 | 14.7% |
| Belgium | 719,639 | 557,732 | 161,907 | 29.0% |
| Portugal | 379,113 | 386,528 | (7,415) | -1.9% |
| Switzerland | 32,477 | 44,164 | (11,687) | -26.5% |
| Saudi Arabia | 90,316 | 90,305 | 11 | 0.0% |
| Chile | 214,101 | 215,488 | (1,387) | -0.6% |
| China | 165,210 | 165,160 | 50 | 0.0% |
| Latvia | 29,740 | 29,710 | 30 | 0.1% |
| Iceland | 14,967 | 14,962 | 5 | 0.0% |
| EFSF (European Financial Stability Facility) | 640,874 | 400,511 | 240,363 | 60.0% |
| ESM (European Stability Mechanism) | 511,905 | 351,692 | 160,213 | 45.6% |
| **Total** | **18,794,728** | **17,944,350** | **850,378** | **4.7%** |

# Main balance sheet aggregates

## Hedging instruments

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| Asset hedging derivatives - positive valuations | 1,691,642 | 118,601 | 1,573,041 | n.a. |
| Liability hedging derivatives - positive valuations | - | 8,847 | (8,847) | -100.0% |
| Adjustment to the value of assets under macro-hedge | (266,938) | (1,535) | (265,403) | n.a. |
| **Total assets** | **1,424,704** | **125,913** | **1,298,791** | **n.a.** |
| of which: | | | | |
| Positive valuations | 1,697,148 | 140,110 | 1,557,038 | n.a. |
| Accrued interest | (5,506) | (12,662) | 7,156 | -56.5% |
| Adjustments to the value of hedged assets | (266,938) | (1,535) | (265,403) | n.a. |
| **Total assets** | **1,424,704** | **125,913** | **1,298,791** | **n.a.** |
| Asset hedging derivatives - negative valuations | 403 | 57,313 | (56,910) | -99.3% |
| Liability hedging derivatives - negative valuations | 63,349 | - | 63,349 | n.a. |
| Adjustment to the value of assets under macro-hedge | (66,932) | 7,950 | (74,882) | n.a. |
| **Total liabilities** | **(3,180)** | **65,263** | **(68,443)** | **n.a.** |
| of which: | | | | |
| Negative valuations | 66,861 | 32,334 | 34,527 | 106.8% |
| Accrued interest | (3,109) | 24,979 | (28,088) | n.a. |
| Adjustments to the value of hedged liabilities | (66,932) | 7,950 | (74,882) | n.a. |
| **Total liabilities** | **(3,180)** | **65,263** | **(68,443)** | **n.a.** |

(Amounts in € thousand)

| Summary of hedging derivative valuations | Assets | Liabilities | Difference |
|---|---|---|---|
| Valuation of hedging derivatives for assets and liabilities | 1,697,148 | 66,861 | 1,630,287 |
| Change in macro fair value hedged of assets/liabilities | (266,938) | (66,932) | (200,006) |
| Change in micro fair value hedged of financial assets/liabilities | (1,416,588) | - | (1,416,588) |
| **Total** | **13,622** | **(71)** | **13,693** |

As at December 31st, 2022 the financial assets under macro-hedge consisted of mortgages with customers shown in “Financial assets at amortised cost”, while the financial liabilities under macro-hedge consisted of direct deposits with customers shown in “Financial liabilities at amortised cost”.

The financial assets under micro-hedge are represented by securities issued by sovereign States recorded in "Financial assets at amortized cost".

Positive and negative valuations of hedging derivatives related solely to derivative contracts that the Bank has entered into to hedge against interest rate risk inherent in the above-mentioned assets and liabilities, whose ineffectiveness of coverage amounts to € 13.7 million, of which € 12.2 million was recognised in the income statement for 2022, as previously described.

# Main balance sheet aggregates

## Property, plant and equipment

**Property, plant and equipment** are made by properties, electronic equipment, office furniture and fittings, plant and machinery, including any “usage rights” determined in accordance with IFRS 16.

On Investments in electronic equipment were made to guarantee the ongoing update of the hardware used by all Group’s departments. Investments in office furniture and fittings and in plant and machinery are intended for use in company offices and in financial shops.

(Amounts in € thousand)

| Property, plant and equipment | Balance 12/31/2021 | Investments year 2022 | Other changes and sales Year 2022 | Amortisation and impairment Year 2022 | Balance 12/31/2022 |
|---|---|---|---|---|---|
| Lands | 23,932 | - | - | - | 23,932 |
| Properties | 105,416 | 8,466 | (846) | (12,510) | 100,526 |
| Electronic equipment | 15,001 | 6,522 | (7) | (5,681) | 15,835 |
| Office furniture and fittings | 3,089 | 1,040 | (1) | (1,086) | 3,042 |
| Plant and machinery | 2,909 | 944 | 1 | (981) | 2,873 |
| **Total** | **150,347** | **16,972** | **(853)** | **(20,258)** | **146,208** |

It should be noted that the Properties includes the book value of € 39.5 million of the building in which the Bank’s registered office is located, Milan, Piazza Durante 11 (€ 63.4 million including land under the item “Lands”), and the "right of use" relating to buildings for an amount of € 61 million, determined in accordance with the provisions of IFRS 16.

It should also be noted that the column "Other changes and sales" relating to the item "Properties" includes changes in assets consisting of the right of use due to changes in lease payments due after initial recognition and the sale of the investment property held by the Parent Company, which took place in the fourth quarter of the year 2022, for an amount of € 2.3 million.

## Goodwill

The **Goodwill** recognised in the financial statements and amounting to of €89.6 million derives from transactions carried out in the years from 2001 to 2008, involving acquisitions and mergers by absorption of business units and businesses engaged in trading operations or the distribution of financial, banking and insurance products through the personal financial advisors (Fineco On Line Sim S.p.A., Trading and Banking business unit of Banca della Rete, personal financial advisors business unit of the former FinecoGroup S.p.A., and UniCredit Xelion Banca S.p.A.).

These activities have been fully integrated with the Bank’s ordinary operations. As a result, it is no longer possible to isolate the contribution of each company/business division from the Bank's overall income; this means that to establish the reasonableness of the value of goodwill recognised in the financial statements it is necessary to take account of the Bank's comprehensive income. The cash generating unit (CGU) is therefore the Bank as a whole, including the contribution from the subsidiary Fineco Asset Management DAC, through a vertically integrated business model.

In fact, in view of the specific business model adopted by the Group, which envisages a high level of integration between personal financial advisors and the trading and banking platform, the allocation of costs/revenues to the macro areas of activity is not considered relevant or meaningful; the personal financial advisors network is an integral part of the overall offer, along with banking, brokerage and investing services.

Impairment testing on goodwill, performed on December 31st, 2022, did not identify any impairment. For all other information on the impairment test, see Part B – Consolidated Balance Sheet in the notes to the consolidated accounts.

# Main balance sheet aggregates

## Other intangible assets

**Other intangible assets** include Fineco's trademarks and domains, amounting to € 27.5 million, and software with long-term usefulness, necessary to manage the evolution and the continuous offer by the Group of new and more versatile high-added-value services for customers, as well as infrastructure and application optimizations, improvements to the architecture dedicated to application security and developments needed to meet new regulatory and financial reporting requirements, amounting to € 9.3 million.

It should be noted that Fineco Trademarks and Domains are intangible assets with an indefinite useful life and are subject to impairment test together with Goodwill.

(Amounts in € thousand)

| Intangibles assets | Balance 12/31/2021 | Investments Year 2022 | Other changes and sales Year 2022 | Amortisation and impairment Year 2022 | Balance 12/31/2022 |
|---|---|---|---|---|---|
| Software | 11,499 | 4,310 | 1 | (6,520) | 9,290 |
| Brands | 27,459 | - | - | - | 27,459 |
| Other intangible assets | 126 | - | (1) | (87) | 38 |
| **Total** | **39,084** | **4,310** | **-** | **(6,607)** | **36,787** |

## Tax credits acquired

**Tax credits acquired** include the carrying amount of tax credits purchased under Decree-Law 34/2020, for a carrying amount of € 1,093 million, up from € 508.8 million outstanding as of December 31st, 2021 due to purchases made during 2022. They include both tax credits purchased as a result of assignment by direct beneficiaries and purchased as a result of assignment by previous purchasers. For further details see Part B – Consolidated Balance Sheet, Section 13 – Other assets – Item 130 of the notes to the consolidated accounts.

# Main balance sheet aggregates

## Tax Assets and Other Assets

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| **Tax assets** | | | | |
| Deferred tax assets | 47,823 | 43,056 | 4,767 | 11.1% |
| Deferred tax assets pursuant to Law 214/2011 | 2,407 | 2,772 | (365) | -13.2% |
| *Total before IAS 12 offsetting* | *50,230* | *45,828* | *4,402* | *9.6%* |
| Offsetting with deferred tax liabilities - IAS 12 | (3,653) | (2,853) | (800) | 28.0% |
| **Total Tax assets** | **46,577** | **42,975** | **3,602** | **8.4%** |
| **Other assets** | | | | |
| Trade receivables according to IFRS15 | 7,896 | 5,397 | 2,499 | 46.3% |
| Current receivables not related with the provision of financial services | 2,050 | 1,299 | 751 | 57.8% |
| Receivables due to disputed items not deriving from lending | 129 | - | 129 | n.a. |
| Improvement and incremental expenses incurred on leasehold assets | 3,691 | 5,236 | (1,545) | -29.5% |
| Definitive items not recognised under other items | 19,673 | 14,593 | 5,080 | 34.8% |
| - securities and coupons to be settled | 3,589 | 1,435 | 2,154 | 150.1% |
| - other transactions | 16,084 | 13,158 | 2,926 | 22.2% |
| Tax items other than those included in the item "Tax assets" | 295,937 | 352,224 | (56,287) | -16.0% |
| - tax advances | 290,700 | 346,953 | (56,253) | -16.2% |
| - tax credit | 5,237 | 5,271 | (34) | -0.6% |
| Items awaiting settlement | 4,153 | 6,480 | (2,327) | -35.9% |
| - notes, cheques and other documents | 4,153 | 6,480 | (2,327) | -35.9% |
| Items in processing | 7,753 | 5,900 | 1,853 | 31.4% |
| - POS, bancomat and Visa debit | 7,749 | 5,897 | 1,852 | 31.4% |
| - others | 4 | 3 | 1 | 33.3% |
| Items in transit not allocated to relevant accounts | 1 | 4 | (3) | -75.0% |
| Accrued income and prepaid expenses other than those related to contracts with customers and other than capitalised in related financial assets or liabilities | 16,980 | 13,562 | 3,418 | 25.2% |
| Accrued income and prepaid expenses related to contracts with customers other than capitalised in related financial assets or liabilities | 80,407 | 79,566 | 841 | 1.1% |
| **Total other assets** | **438,670** | **484,261** | **(45,591)** | **-9.4%** |

It is also noted that “Deferred tax assets” are shown in the Balance Sheet net of the relevant “Deferred tax liabilities”, where the requirements set out in IAS 12 are met.

The increase in **Tax assets**, post IAS 12 offsetting, is mainly due to the recognition of the 2022 portion of the Patent Box tax benefit on software pursuant to Law 190/2014, as amended by Article 5 of Decree-Law 3/2015 for € 4.4 million.

With regard to **Other assets**, it should be noted that there was a decrease of € 56.3 million in “Tax items other than those included in the item "Tax assets" item, mainly due to lower advance payments made, in their capacity as withholding agents, for substitute tax on miscellaneous income.

With reference to the item "Accrued income and prepaid expenses other than those related to contracts with customers and other than capitalised in related financial assets or liabilities", the item recorded an incecrease of € 3.4 million, determined by higher prepaid expenses related to administrative expenses.

# Main balance sheet aggregates

## Deposits from banks

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| **Deposits from central banks** | **-** | **1,034,228** | **(1,034,228)** | **-100.0%** |
| **Deposits from banks** | **1,677,235** | **190,985** | **1,486,250** | **n.a.** |
| Current accounts and demand deposits | 7,812 | 62,800 | (54,988) | -87.6% |
| Loans | 55,321 | 42,437 | 12,884 | 30.4% |
| -Repos | 55,321 | 42,437 | 12,884 | 30.4% |
| Lease liabilities | 3,691 | 3,910 | (219) | -5.6% |
| Other liabilities | 1,610,411 | 81,838 | 1,528,573 | n.a. |
| **Total** | **1,677,235** | **1,225,213** | **452,022** | **36.9%** |

**Deposits from banks** amounted to € 1,677.2 million and show an increase of € 452 million compared to December 31st, 2021, as a result of growth in variation margins received for derivative transactions (+ € 1,528.5 million), due to the positive change in fair value of hedging derivative contracts, as previously described, partially offset by zeroing of "Deposit from central banks".

The item "Deposits from central banks", as at December 31st, 2021, included, exclusively, the deposit opened with the Central Bank in the context of TLTRO III operations. It should be noted that the Parent Company participated in the 6th and 7th tranches of the program for a total amount of € 1,045 million. On November 23rd, 2022, FinecoBank early repaid both tranches of the loans received in December 2020 and March 2021.

The item "Current accounts and demand deposits" mainly consisted of current accounts opened by customer banks worth € 7.7 million (€ 62.4 million as at December 31st, 2021).

The item "Loans - Repos" is represented by repos and securities lending transactions with credit institutions, securities lending transactions guaranteed by sums of money readily available to the lender and which are basically the equivalent of repos on securities. This item does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" transactions in table A.1.5 in Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidation - Quantitative information in the notes to the consolidated accounts.

The item "Lease liabilities" represents the financial debt corresponding to the present value of the payments due in the lease agreements stipulated with credit institutions not paid at the reporting date, as required by IFRS 16.

The item "Other liabilities" mainly includes margin variations received for derivative contract transactions for an amount of € 1,610.4 million (€ 81.8 million as at December 31st, 2021, including variation margins also on other financial instrument transactions), mainly increased as a result of the positive change in fair value of hedging derivative contracts, as previously described.

## Deposits from customers

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| Current accounts and demand deposits | 30,538,691 | 29,518,974 | 1,019,717 | 3.5% |
| Time deposits | - | 1 | (1) | -100.0% |
| Loans | 930,840 | 100,301 | 830,539 | n.a. |
| - Repos | 930,840 | 100,301 | 830,539 | n.a. |
| Lease liabilities | 59,660 | 61,425 | (1,765) | -2.9% |
| Other liabilities | 166,456 | 167,021 | (565) | -0.3% |
| **Deposits from customers** | **31,695,647** | **29,847,722** | **1,847,925** | **6.2%** |

**Deposits from customers** totalled € 31,659.6 million, up € 1,847.9 million compared to December 31st, 2021 and mainly consisting of current accounts with customers, increased by € 1,019.7 million (+3.5%).

# Main balance sheet aggregates

The item “Loans - Repos” consist of:

- “*Short selling*” with retail customers and stock lending transactions with transactions institutional customers, securities lending transactions guaranteed by sums of money readily available to the lender and which are basically the equivalent of repos on securities, for an amount of € 96.4 million;
- repos on securities executed on Repo MTS market and settled through a Central Counterparty, subject to accounting offsetting as set out in IAS 32, for an amount of € 834.5 million.

This item does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" transactions in table A.1.5 in Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidation - Quantitative information in the notes to the consolidated accounts.

The item "Lease liabilities" represents the financial debt corresponding to the present value of the payments due in the lease agreements stipulated with parties other than credit institutions not paid at the reporting date, as required by IFRS 16.

The item “Other liabilities” comprises current payables related to the provision of financial services, totalling € 51.1 million (€ 54.4 million as at December 31st, 2021), initial and variations margins for derivative and financial instrument transactions, which came to € 53.2 million (€ 56.8 million as at December 31st, 2021) and other liabilities for rechargeable credit cards and bankers’ drafts, amounting to € 62.1 million (€ 55.8 million at December 31st, 2021).

## Debt securities in issue

Debt securities in issue amount to € 497.9 million (€ 497.3 million as at December 31st, 2021) and include exclusively the Senior Preferred instrument issued by FinecoBank in October 2021 for a nominal amount of € 500 million.

## Financial liabilities held for trading

**Financial liabilities held for trading** totalled € 4.6 million (€ 4.4 million as at December 31st, 2021) and include financial instruments that meets the definition of held for trading, in particular:

- technical overdrafts, amounting to € 0.4 million (€ 0.3 million as at December 31st, 2021), used for the operational hedging of CFD positions on shares open with customers and intended to be traded in the short term;
- the negative valuation of spot contracts for securities in the held for trading portfolio and currencies to be settled in time frames established by market practices ("regular way") for € 2.4 million (€ 1.9 million as at December 31st, 2021), which correspond to negative valuations booked under "Financial liabilities held for trading";
- the negative valuation of CFD derivative contracts, Knock Out Options and Certificates issued, traded in counterpart of the customers, as well as regulated derivative contracts or contracts entered into with institutional counterparties for the purpose of hedging such derivative contracts on a managerial basis, for an overall amount of € 1.8 million (€ 2.2 million as at December 31st, 2021).

CFDs are "Over the counter" derivative contracts that require the payment of a spread generated by the difference between the opening and closing price of the financial instrument. The Bank in operational terms hedges the imbalance of customer positions by underwriting futures or the purchase/sale of equity securities on the same underlyings or through forex transactions with institutional.

# Main balance sheet aggregates

## Tax liabilities and Other liabilities

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| **Tax liabilities** | | | | |
| Current liabilities | 42,627 | 35,864 | 6,763 | 18.9% |
| Deferred tax liabilities | 3,653 | 2,853 | 800 | 28.0% |
| *Total before IAS 12 offsetting* | *46,280* | *38,717* | *7,563* | *19.5%* |
| Offset against deferred tax liabilities - IAS 12 | (3,653) | (2,853) | (800) | 28.0% |
| **Total Tax liabilities** | **42,627** | **35,864** | **6,763** | **18.9%** |
| **Other liabilities** | | | | |
| Payables to Directors and Statutory auditors | 241 | 337 | (96) | -28.5% |
| Payables to employees | 17,305 | 16,069 | 1,236 | 7.7% |
| Social security contributions payable | 7,717 | 7,818 | (101) | -1.3% |
| Current payables not related with the provision of financial services | 42,589 | 32,888 | 9,701 | 29.5% |
| Payables for share-based payments | - | 35 | (35) | -100.0% |
| Definitive items not recognised under other items | 45,955 | 51,357 | (5,402) | -10.5% |
| - securities and coupons to be settled | 10,318 | 11,535 | (1,217) | -10.6% |
| - payment authorisations | 24,480 | 27,339 | (2,859) | -10.5% |
| - other items | 11,157 | 12,483 | (1,326) | -10.6% |
| Tax items other than those included in the item "Tax liabilities" | 55,995 | 102,033 | (46,038) | -45.1% |
| - sums withheld from third parties as withholding agent | 31,631 | 54,332 | (22,701) | -41.8% |
| - other | 24,364 | 47,701 | (23,337) | -48.9% |
| Illiquid items for portfolio transactions | 2,017 | 15,407 | (13,390) | -86.9% |
| Items awaiting settlement | 130,091 | 88,879 | 41,212 | 46.4% |
| - outgoing bank transfers | 115,172 | 88,851 | 26,321 | 29.6% |
| - POS and ATM cards | 14,919 | 28 | 14,891 | n.a. |
| Items in processing | 880 | 1,018 | (138) | -13.6% |
| - incoming bank transfers | 808 | 986 | (178) | -18.1% |
| - other items in processing | 72 | 32 | 40 | 125.0% |
| Deferred income other than those related to contracts with customers and other than capitalised in related financial assets or liabilities | 275 | 361 | (86) | -23.8% |
| Deferred income related to contracts with customers other than those capitalised on the related financial assets or liabilities | 19,572 | 17,886 | 1,686 | 9.4% |
| Sums available to be paid to customers | 11,715 | 8,756 | 2,959 | 33.8% |
| Provisions for employee severance pay | 3,942 | 5,033 | (1,091) | -21.7% |
| Provisions for risks and charges | 105,365 | 116,756 | (11,391) | -9.8% |
| **Total Other liabilities** | **443,659** | **464,633** | **(20,974)** | **-4.5%** |

It is also noted that, when the requirements of IAS 12 are met, the “Deferred tax liabilities” are offset against “Deferred tax assets” in the balance sheet.

The **Tax liabilities**, after IAS 12 offsetting, increased by € 6.8 million mainly attributable to the recognition of current taxes.

For **Other liabilities**, it should be noted the increase in the item “Items awaiting settlement” by € 41.2 million, due to bank transfers and POS card transactions to be settled, as well as a decrease of item “Tax items other than those included in the item Tax liabilities" by € 46 million mainly due to the decrease in the amounts due to the Treasury as withholding agent for the substitute tax on administered assets and for stamp duty, and in the item "Illiquid items for portfolio transactions" for € 13.4 million, due to lower transactions to be settled.

# Main balance sheet aggregates

With reference to the items "Provisions for employee severance pay" and "Provisions for risks and charges", it should be noted that the actuarial valuation, carried out in accordance with IAS 19 Revised, resulted in a reduction of € 1.1 million and € 17.3 million, respectively, due mainly to the increase in the discount rate. The actuarial gain was recognised in shareholders' equity, in revaluation reserves.

The **Provision for risks and charges** consists of:

- Provisions for credit risk relating to commitments and financial guarantees for an amount of € 74 thousand (€ 52 thousand as at December 31st, 2021);
- Provisions for risks and charges - Other provisions which include allowances for a total of € 105.3 million, for which, given a liability of uncertain amount and expiry date, a current obligation was identified as a result of a past event and the amount arising from fulfilment of said obligation could be estimated reliably.

The disbursements, with estimated maturity exceeding 18 months, were discounted to present value using a rate equal to the time value of money.

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| **Provision for risks and charges for commitments and guarantees given** | **74** | **52** | **22** | **42.3%** |
| **Legal and fiscal disputes** | **27,417** | **28,288** | **(871)** | **-3.1%** |
| - Pending cases | 19,661 | 20,635 | (974) | -4.7% |
| - Complaints | 4,339 | 3,917 | 422 | 10.8% |
| - Tax disputes | 3,417 | 3,736 | (319) | -8.5% |
| **Staff expenses** | **6,799** | **5,918** | **881** | **14.9%** |
| **Other** | **71,075** | **82,498** | **(11,423)** | **-13.8%** |
| - Supplementary customer indemnity provision | 68,584 | 79,801 | (11,217) | -14.1% |
| - provision for contractual payments and payments under non-competition agreements | 383 | 434 | (51) | -11.8% |
| - Other provision | 2,108 | 2,263 | (155) | -6.8% |
| **Provision for risks and charges - Other provision** | **105,291** | **116,704** | **(11,413)** | **-9.8%** |
| **Total provision for risks and charges** | **105,365** | **116,756** | **(11,391)** | **-9.8%** |

The item "Staff expenses", solely includes, the provisions made for the variable remuneration to be paid to employees in subsequent years, which have an uncertain due date and/or amount.

As previously described, the actuarial valuation of the Supplementary customers indemnity, carried out in accordance with IAS 19 Revised, resulted in a reduction in the provision of € 17.3 million, mainly due to the increase in the discount rate.

# Main balance sheet aggregates

## Shareholders' equity

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amount | % |
| Share capital | 201,340 | 201,267 | 73 | n.a. |
| Share premium reserve | 1,934 | 1,934 | - | n.a. |
| Reserves | 778,211 | 650,202 | 128,009 | 19.7% |
| (Treasury shares) | (1,714) | (1,440) | (274) | 19.0% |
| Revaluation reserves | 2,121 | (5,877) | 7,998 | -136.1% |
| Equity instruments | 500,000 | 500,000 | - | n.a. |
| Net profit (Loss) for the year | 428,505 | 380,711 | 47,794 | 12.6% |
| **Total** | **1,910,397** | **1,726,797** | **183,600** | **10.6%** |

As at December 31st, 2022, the share capital came to € 201.3 million, divided into 610,119,860 ordinary shares with a par value of € 0.33 each. Share premium reserve amounts to € 1.9 million.

The reserves consisted of the:

- Legal reserve, amounting to € 40.3 million;
- Reserve for treasury shares held, amounting to € 1.7 million;
- Other reserves, of which:
    - Reserve related to equity-settled plans, amounting to € 41.4 million;
    - Consolidation reserve, amounting to € 28.2 million;
    - Reserves of unavailable profits pursuant to Article 6 paragraph 2 of Legislative Decree 38/2005, for an amount equal to € 1.5 million;
    - other profit reserves, amounting to € 665.1 million, of which € 86.4 million subject to a taxability restriction in the event of distribution, allocated as a result of the tax realignment of goodwill provided for by Article 110 of Decree-Law 104 of 2020.

Consolidated Shareholders' equity includes the following financial instrument:

- Additional Tier 1 issued on January 31st, 2018. The financial instrument is a perpetual private placement[19], issued for a total of € 200 million and entirely subscribed by UniCredit S.p.A. The coupon for the first 5.5 years has been fixed at 4.82%. During 2022 the payment of the related coupon had been accounted for in decrease of the Extraordinary reserve for € 7 million, net of the related taxation;
- Additional Tier 1 issued on July 11th, 2019. The financial instrument is a perpetual public placement, traded on Euronext Dublin's non-regulated market, Global Exchange Market, notes rating of BB- (S&P Global Ratings), issued for a total of € 300 million. The coupon for the first 5 years has been fixed at 5.875%. During 2022 the coupons paid were accounted for as a reduction in Extraordinary Reserve for an amount of € 12.8 million, net of related taxes.

On February 9th, 2022, in consideration of the achievement of the minimum entry conditions at Group level and the individual requirements (compliant conduct and continued employment) and on the favourable opinion of the Remuneration Committee held on February 7th, 2022, the Board of Directors of FinecoBank approved:

- the allocation of:
    - the fourth share tranche of the 2016 plan, awarded in 2017, corresponding to 30,406 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 12th, 2016;
    - the third share tranche of the 2017 plan, awarded in 2018, corresponding to 28,457 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 9th, 2017;
    - the second share tranche of the 2018 plan and of the third share tranche of the severance payment agreed in 2018 for an executive with strategic responsibility, awarded in 2019, corresponding to overall 42,049 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th, 2018;
    - the second share tranche of the 2019 plan, awarded in 2020, corresponding to 1,127 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th, 2019;
    - the first share tranche of the 2020 plan, awarded in 2021, corresponding to 65,749 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 15th, 2020 and consequently a free capital increase for a total amount of € 0.05 million corresponding to 167,788 FinecoBank ordinary shares with a nominal value of € 0.33 each (with the same characteristics as those in circulation and with regular dividend entitlement) with effect from March 31st, 2022, in partial exercise of the authority

[19] Unrated and unlisted.

# Main balance sheet aggregates

granted to the Board of Directors by the Extraordinary Shareholders' Meeting of April 11th, 2017, April 11th, 2018, April 10th, 2019 and April 28th, 2020 pursuant to Article 2443 of the Italian Civil Code. The dilution effect resulting from the above free capital increase has been quantified as 0.03% of the fully diluted capital;

- the allocation of the second share tranche of the “2018-2020 Long Term Incentive Plan” for the employees, granted in 2018 and corresponding to 52,302 FinecoBank free ordinary shares, and subsequently, a free capital increase effective from March 31st, 2022, for a total amount of € 0.02 million in partial exercise of the authority delegated to the Board of Directors conferred by the Extraordinary Shareholders' Meeting of April 11th, 2018 pursuant to Article 2443 of the Civil Code.

As a result of the aforementioned capital increases, the available profit reseves was reduced, and in particular, the reserve related to the medium/long-term incentive scheme for FinecoBank's personnel, established with the Extraordinary Reserve. The Extraordinary Reserve was also used to cover transaction costs directly attributable to the transactions.

The FinecoBank Shareholders’ Meeting held on April 28th, 2022 approved the allocation of the profit of FinecoBank S.p.A. for the year 2021, amounting to € 368.6 million, as follows:

- to the 610,119,860 ordinary shares with a par value of € 0.33, constituting the share capital including 220,090 shares relating to the capital increase to support the employee incentive system approved by the Board of Directors on February 9th, 2022, a unit dividend of € 0.39 for a total of € 238 million;
- € 0.01 million to the Legal Reserve, corresponding to 0.004% of the profit for the year, having reached the limit of a fifth of the share capital;
- € 130.6 million to the Extraordinary Reserve.

The portion of dividends not distributed in respect of treasury shares held by the Bank at the record date was transferred to the extraordinary reserve, amounting to € 0.05 million.

It should also be noted that, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree No. 38/2005, a portion of the year's earnings corresponding to capital gains recognised in the income statement, net of the related tax charge and other than those relating to trading and hedging financial instruments, which result from the application of the fair value or equity criteria, must be recognised in a non-distributable reserve. In the financial year 2022, this reserve was released and allocated to an extraordinary reserve in the amount of € 4.2 million, corresponding to the change in capital gains, also due to realisation, recognised in 2021.

As at December 31st, 2022, the Group, specifically the Bank, held 136,479 shares of the Parent Company FinecoBank, in relation to the incentive plans for financial advisors, corresponding to 0.02% of the shares representing the share capital, for an amount of € 1.7 million. During 2022, 59,800 shares, amounting to € 0.8 million, were purchased in relation to the "2021 PFA incentive scheme" in favour of financial advisors identified as " Key Personnel" and 5,527, 3,435, 8,227 and 28,998 FinecoBank ordinary shares, held in portfolio, under the "2017 PFA Incentive System", "2018 PFA Incentive System", "2019 PFA Incentive System" and "2020 PFA Incentive System" respectively, for a total amount of € 0.6 million. Consequently, the Treasury shares reserve increased by a total of € 0.3 million with a simultaneous reduction in the Extraordinary reserve.

The "Reserve related to Equity Settled plans" increased by € 5.6 million as a result of the recognition, during the vesting period of the instruments, of the economic and equity effects, in accordance with International Financial Reporting Standard IFRS 2, of the share-based payment agreements and settled with FinecoBank ordinary shares and was used for € 0.6 million following the allocation to the financial advisors of the share tranches relating to the "Incentive System 2017 PFA", "Incentive System 2018 PFA", "Incentive System 2019 PFA" and "Incentive System 2020 PFA" plans, for a total of 46,187 FinecoBank ordinary shares.

The Valuation reserve consist of:

- € -3.9 million from the net negative valuation reserve for debt securities issued by sovereign States accounted for in "Financial assets at fair value through other comprehensive income", which recorded a negative change of € 4.3 million as at December 31st, 2022, of which € -3.9 million related to the negative change in fair value and € -0.4 million related to the reversal to profit and loss of the reserve at December 31st, 2022 for realisations;
- € 6 million from the reserve for defined benefit plans, which shows a positive change of € 12.3 million as December 31st, 2022 due to the recognition of actuarial gains mainly related to the provision for supplementary clientele severance indemnity.

# Main balance sheet aggregates

## Reconciliation between Shareholders' equity and net profit/(loss) for the year of FinecoBank and corresponding consolidated figures

(Amounts in € thousand)

| Description | Shareholders' Equity 12/31/2022 | of which: Net Profit 12/31/2022 |
|---|---|---|
| **FinecoBank balances** | **1,875,711** | **421,985** |
| Effect of consolidation of Fineco AM | 131,888 | 103,722 |
| Dividends from Fineco AM cashed in the period | (97,202) | (97,202) |
| Shareholders' equity and profit attributable to minorities | - | - |
| **Balances attributable to the Group** | **1,910,397** | **428,505** |

# Shareholders

As at December 31st, 2022, the fully subscribed and paid-up share capital totalled € 201,339,553.80, divided into 610,119,860 ordinary shares with a nominal value of € 0.33.

As at December 31st, 2022, the major shareholders were:

| **Major Shareholders** | **% owned** |
|---|---|
| BlackRock Inc. | 9.193% |
| Wellington Management Group LLP | 5,441% |
| Capital Research and Management Company | 5.038% |
| FMR LLC | 4.464% |

# Income Statement Figures

## Financial margin

**Financial margin** stood at € 392.2 million, increasing by € 112.2 million compared to the previous year (+40.1% y/y) thanks, in particular, to the contribution of interest margin.

**Net interest** in 2022 amounted to € 342.8 million, up 38.3% on the previous year mainly thanks to the growth in market interest rates. It should be noted that a portion of loans and debt securities are sensitive to changes in interest rates, partly due to the conclusion of derivative contracts to hedge interest rate risk, which provide for the collection of the variable rate and the payment of the fixed rate. The item Net interest also includes income generated by securities lending activities carried out by the Parent Company's treasury, amounting to € 5.2 million (€ 4.7 million in 2021). The average gross rate on the interest-earning assets stood at 1.03% (0.79% on 31 December 2021[20]).

**Profits from Treasury** amounted to € 49.4 million and included net gains generated from the sale of securities accounted for in "Financial assets at amortised cost" of € 49.1 million (€ 29.2 million in 2021) and net gains generated from the sale of securities accounted for in "Financial assets at fair value through comprehensive income" of € 0.3 million (€ 2.9 million in 2021). The sales took place in accordance with IFRS9 and in application of the rules defined for the HTC business model.

The following table provides a breakdown of interest income by the financial assets/liabilities that gave rise to it.

(Amounts in € thousand)

| Interest Income | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| Financial Assets held for trading | 1 | - | 1 | n.a. |
| Financial assets at fair value through comprehensive income | 212 | 695 | (483) | -69.5% |
| Other financial assets mandatorily at fair value | 5 | 4 | 1 | 25.0% |
| Financial assets at amortised cost - Debt securities issued by banks | 49,265 | 59,469 | (10,204) | -17.2% |
| Financial assets at amortised cost - Debt securities issued by customers | 184,148 | 133,349 | 50,799 | 38.1% |
| Financial assets at amortised cost - Loans and receivables with banks | 2,834 | 89 | 2,745 | n.a. |
| Financial assets at amortised cost - Loans and receivables with customers | 94,209 | 75,768 | 18,441 | 24.3% |
| Hedging derivatives | (5,358) | (34,309) | 28,951 | -84.4% |
| Other assets | 19,615 | 2,448 | 17,167 | n.a. |
| Financial liabilities | 12,339 | 13,085 | (746) | -5.7% |
| Other financial margins from Treasury activities | 5,248 | 4,740 | 508 | 10.7% |
| **Total interest income** | **362,518** | **255,338** | **107,180** | **42.0%** |

**Interest income on Financial assets at fair value through comprehensive income** decreased due to the reduction in volumes for 2022 compared to the previous year.

**Interest income on Financial assets at amortised cost - Debt securities issued by banks** mainly refer to interest accrued on bonds issued by UniCredit S.p.A.. The decrease is mainly due to the in volumes due to the redemption of maturing securities.

**Interest income on Financial assets at amortised cost - Debt securities issued by customers** mainly refer to interest accrued on securities issued by government and supranational institution. The increase is attributable to the growth in volumes due to purchases made during the year and the increase in market interest rates previously mentioned.

**Hedging Derivatives** includes the positive and negative differentials of derivative contracts entered into to hedge interest rate risk on mortgages disbursed to customers and debt securities accounted for in "Financial assets measured at amortized cost," which provide for payment of the fixed rate and collection of the indexed rate, and direct customer deposits accounted for in "Financial liabilities measured at amortized cost," which provide for payment of the indexed rate and collection of the fixed rate. The previously mentioned increase in market rates led to a reduction in negative differentials of € 29 million.

[20] The figure differs from the one published in the 2021 Annual Report because a change was made in the 2022 for the purpose of a better presentation.

# Income Statement Figures

**Interest income recognized on Other assets** includes interest accrued on purchased tax credits in the amount of € 13.7 million (€ 2.4 million in 2021) and accrued interest on demand receivables from banks recognised under "Cash and cash equivalents" in the amount of € 5.9 million (€ 0.1 million in 2021).

**Interest income recognized on Financial Liabilities** refers, primarily, to interest accrued on the TLTRO III transaction, in the amount of € 6.5 million (€ 10.4 million in 2021), and interest recognised on repurchase agreements made on the Repo MTS market, in the amount of € 3.2 million (€ 2.1 million in 2021) and negative interest accrued on variation margins and cash collateral in the amount of € 2.4 million (€ 0.2 million in 2021).

**Other financial margins** from treasury activities include income generated from securities lending activities carried out by the parent company treasury.

With reference to **interest on Financial Assets at amortized cost – Loans and receivables**, a table detailing the composition by counterparty, banks and customers, and technical form is given below:

(Amounts in € thousand)

| Breakdown of interest income | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| **Interest income on loans and receivables with banks** | **2,834** | **89** | **2,745** | **n.a.** |
| - reverse repos | 5 | 1 | 4 | n.a. |
| - time deposit for compulsory reserves | 1,769 | - | 1,769 | n.a. |
| - time deposits | 970 | 88 | 882 | n.a. |
| - other loans and cash collaterals | 90 | - | 90 | n.a. |
| **Interest income on loans and receivables with customers** | **94,209** | **75,768** | **18,441** | **24.3%** |
| - current accounts | 27,715 | 15,963 | 11,752 | 73.6% |
| - reverse repos | 12,125 | 16,001 | (3,876) | -24.2% |
| - mortgages | 30,571 | 22,362 | 8,209 | 36.7% |
| - credit cards | 3,967 | 3,996 | (29) | -0.7% |
| - personal loans | 19,116 | 17,408 | 1,708 | 9.8% |
| - other loans and cash collaterals | 715 | 38 | 677 | n.a. |

**Interest income on loans and receivables with banks** amounted to € 2.8 million, showing an increase of € 2.7 million compared 2021, due to interest accrued on the time deposit for reserve requirements and on time deposits with banks, because of the increase in market rates.

**Interest income on loans and receivables with customers** amounted to € 94.2 million, showing an increase of 24.3% compared to the previous year, with a positive contribution from current account overdrafts, mortgages and personal loans, thanks to growth in market rates and volumes. On the other hand, a reduction in interest generated by Multiday Leverage operations is shown, due to the particularly complex market phase recorded in 2022, which impacted customer operations by reducing their volumes.

# Income Statement Figures

The following table provides a breakdown of interest expense by the financial liabilities/assets that gave rise to it.

(Amounts in € thousand)

| Interest Expenses | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| Financial liabilities at amortised cost - Deposits from banks | (5,330) | (109) | (5,221) | n.a. |
| Financial liabilities at amortised cost - Deposits from customers | (7,674) | (1,541) | (6,133) | n.a. |
| Debt securities in issue | (3,160) | (614) | (2,546) | n.a. |
| Financial assets | (3,558) | (5,185) | 1,627 | -31.4% |
| **Total interest expenses** | **(19,722)** | **(7,449)** | **(12,273)** | **164.8%** |
| **Net interest** | **342,796** | **247,889** | **94,907** | **38.3%** |
| | | | | |
| **Profits from Treasury** | **49,404** | **32,141** | **17,263** | **53.7%** |
| | | | | |
| **Financial margin** | **392,200** | **280,030** | **112,170** | **40.1%** |

**Interest expense on Debt securities in issue** refers to the interest accrued on the Senior Preferred Bond issued by FinecoBank in October 2021.

**Interest Expense on Financial Assets** refers, primarily, to interest recognized on initial margins and escrow deposits paid for derivative and financial market transactions, interest recognized on securities owned, and interest recognized on cash at banks and central banks.

With regard to **interest on financial liabilities at amortised cost**, the table below provides a breakdown by counterparty, banks and customers, and technical form:

(Amounts in € thousand)

| Breakdown of interest expenses | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| **Interest expenses on deposits from banks** | **(5,330)** | **(109)** | **(5,221)** | **n.a.** |
| - correspondent current accounts | (1) | - | (1) | n.a. |
| - demand deposits and cash collaterals | (5,038) | - | (5,038) | n.a. |
| - other current accounts | (11) | (18) | 7 | -38.9% |
| - reverse repos | (195) | - | (195) | n.a. |
| - lease liabilities | (85) | (91) | 6 | -6.6% |
| **Interest expenses on deposits from customers** | **(7,674)** | **(1,541)** | **(6,133)** | **n.a.** |
| - current accounts | (5,100) | (652) | (4,448) | n.a. |
| - reverse repos | (1,612) | - | (1,612) | n.a. |
| - lease liabilities | (962) | (889) | (73) | 8.2% |

**Interest expenses on deposits from banks** amounted to € 5.3 million, up from 2021 due mainly to interest expense recognised on variation margins for transactions in derivative contracts with credit institutions. In 2021, this interest was positive and was represented in interest income recognised on Financial liabilities.

**Interest expenses on deposits from customers** amounted to € 7.6 million, showing an increase of € 6.1 million compared to the previous year, mainly due to higher interest expenses on customer current accounts in currencies other than the euro, because of higher market interest rates. Also contributing to the increase in interest expense was € 1.6 million of interest recognised on repurchase agreements conducted on the Repo MTS market.

# Income Statement Figures

## Revenues

(Amounts in € thousand)

| | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amounts | % |
| Financial margin | 392,200 | 280,030 | 112,170 | 40.1% |
| Dividends and other income from equity investments | (276) | (26) | (250) | n.a. |
| Net fee and commission income | 465,627 | 450,808 | 14,819 | 3.3% |
| Net trading, hedging and fair value income | 89,899 | 74,308 | 15,591 | 21.0% |
| Net other expenses/income | 156 | (1,310) | 1,466 | n.a. |
| **REVENUES** | **947,606** | **803,810** | **143,796** | **17.9%** |

## Dividends and other income from equity investments

**Dividends and other income from equity investments** include only the negative effect recognised in the income statement for the year 2022 following the equity valuation of Vorvel SIM S.p.A., company subject to significant influence.

## Net fee and commission income

(Amounts in € thousand)

| Management reclassification | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| **Brokerage** | **100,515** | **126,225** | **(25,710)** | **-20,4%** |
| *of which:* | | | | |
| - Equity | 70,039 | 109,463 | (30,424) | -27,8% |
| - Bond | 7,171 | 4,623 | 2,548 | 55,1% |
| - Derivatives | 12,018 | 10,138 | 1,880 | 18,5% |
| - Other commissions | 2,287 | 2,001 | 286 | 14,3% |
| **Investing** | **308,957** | **275,946** | **33,011** | **12,0%** |
| *of which:* | | | | |
| - Placement fees | 5,234 | 7,483 | (2,249) | -30,1% |
| - Management fees | 374,404 | 327,875 | 46,529 | 14,2% |
| - Other | 4,566 | 4,846 | (280) | -5,8% |
| - Other to PFA | (75,247) | (64,258) | (10,989) | 17,1% |
| **Banking** | **56,155** | **48,637** | **7,518** | **15,5%** |
| **Total** | **465,627** | **450,808** | **14,819** | **3,3%** |

The table above shows net commissions broken down according to the three macro-areas of integrated activities into which the Group's offerings are divided, as described above. Specifically, Banking includes current account services, payment services and the issuance of debit, credit and prepaid cards, mortgages, overdrafts and personal loans; Brokerage, includes the service of executing orders on behalf of clients; Investing includes the asset management activity performed by Fineco AM, placement and distribution services for third-party financial products, including mutual funds, open-ended investment companies sub-funds, insurance and pension products, as well as investment advisory services.

**Net commissions** increased by € 14.8 million compared to the previous year, mainly thanks to fees and commissions generated by the Investing segment (+€ 33 million), thanks to the increase in average assets under management, generated by net sales, and the increased contribution of Fineco AM. In 2022, the subsidiary Fineco AM generated net fee and commission income of € 139 million. Net fee and commission income generated by the Banking segment increased by + € 7.5 million, while net commissions related to Brokerage decreased by € -25.7 million, influenced by low volumes and low market volatility as well as a different order mix, while still maintaining a high value due to the increase in the customer base operating on the Bank's platform and the revised offer.

It should be noted that starting from 2022, the item "Banking" includes fees and commission expenses previously included in “Other Commissions” item; for the sake of consistency of comparison, the amounts for 2021 have been restated.

# Income Statement Figures

**Net trading, hedging and fair value income** amounted to € 89.9 million and showed an increase of € 15.6 million compared to the previous year. The item mainly includes profits realised by the Brokerage segment, which includes internalisation of securities and regulated/OTC derivatives, financial instruments used for operational hedging of securities and internalised derivative contracts and the exchange differences on assets and liabilities denominated in currency. The item also includes the ineffectiveness component of hedging transactions in the amount of € 12.2 million (€ 2.5 million 2021), determined by the application of different curves for the fair value measurement of hedging derivatives and hedged items in fair value hedge transactions. This result also includes the income components from financial instruments recognised under "Other financial assets mandatorily at fair value", which include the Visa INC Class "C" and "A" preferred shares, whose fair value measurement resulted in a positive result of € 0.1 million in 2022 (€ 0.4 million in the 2021), and the exposure in equity securities recognised for contributions paid to the Voluntary Scheme set up by the Interbank Deposit Guarantee Fund, the cancellation of which resulted in a negative result of € 0.5 million.

**Net other expenses/income** is positive for € 0.2 million and show an increase of € 1.5 million compared to the previous year. It should be noted that in the financial year 2021, this item included indemnities and refunds paid to customers for costs erroneously charged in connection with the transparency of banking transactions and services and the fairness of customer relations in the amount of approximately € 1.5 million.

## Operating costs

(Amounts in € thousand)

| | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| Staff expenses | (117,294) | (109,600) | (7,694) | 7.0% |
| Other administrative expenses | (273,486) | (262,546) | (10,940) | 4.2% |
| Recovery of expenses | 136,830 | 139,471 | (2,641) | -1.9% |
| Impairment/write-backs on intangible and tangible assets | (26,865) | (26,218) | (647) | 2.5% |
| **Total operating costs** | **(280,815)** | **(258,893)** | **(21,922)** | **8.5%** |

**Operating costs** show an increase of 8.5% compared to the previous year, partly determined by costs closely linked to business growth (assets, volumes, customers and structure), certified by the cost/income ratio, which stood at 29.6% (32.2% at December 31st, 2021).

# Income Statement Figures

**Staff expenses** amounted to € 117.3 million, of which € 10.2 million relating to staff expenses of Fineco AM, increasing by 7% compared to the previous year, thanks to continuous growth of the operating structure. In fact, the number of employees rose from 1,305 resources as at December 31st, 2021 to 1,336 resources as at December 31st, 2022.

(Amounts in € thousand)

| Staff expenses | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| **1) Employees** | **(115,204)** | **(107,508)** | **(7,696)** | **7.2%** |
| - wages and salaries | (78,465) | (73,451) | (5,014) | 6.8% |
| - social security contributions | (18,463) | (17,850) | (613) | 3.4% |
| - provision for employee severance pay | (734) | (748) | 14 | -1.9% |
| - allocation to employee severance pay provision | (121) | (60) | (61) | 101.7% |
| - payment to supplementary external pension funds: | (5,502) | (5,169) | (333) | 6.4% |
| a) defined contribution | (5,502) | (5,169) | (333) | 6.4% |
| - costs related to share-based payments* | (4,998) | (4,703) | (295) | 6.3% |
| - other employee benefits | (6,921) | (5,527) | (1,394) | 25.2% |
| **2) Directors and statutory auditors** | **(2,105)** | **(2,096)** | **(9)** | **0.4%** |
| **3) Recovery of expenses for employees seconded to other companies** | **15** | **13** | **2** | **15.4%** |
| **4) Recovery of expenses for employees seconded to the company** | **-** | **(9)** | **9** | **-100.0%** |
| **Total staff expenses** | **(117,294)** | **(109,600)** | **(7,694)** | **7.0%** |

It should be noted that the item "other employee benefits" includes the cost of meal vouchers, which increased by € 0.7 million due to both the gradual return to the office work and the increase in the unit value

# Income Statement Figures

(Amounts in € thousand)

| Other Administrative Expenses and Recovery of expenses | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| **1) INDIRECT TAXES AND DUTIES** | **(142,916)** | **(145,162)** | **2,246** | **-1.5%** |
| **2) MISCELLANEOUS COSTS AND EXPENSES** | | | | |
| **A) Advertising expenses - Marketing and communication** | **(26,459)** | **(20,898)** | **(5,561)** | **26.6%** |
| Mass media communications | (21,928) | (17,686) | (4,242) | 24.0% |
| Marketing and promotions | (3,524) | (2,749) | (775) | 28.2% |
| Sponsorships | (582) | (456) | (126) | 27.6% |
| Conventions and internal communications | (425) | (7) | (418) | n.a. |
| **B) Expenses related to credit risk** | **(1,493)** | **(1,549)** | **56** | **-3.6%** |
| Credit recovery expenses | (215) | (240) | 25 | -10.4% |
| Commercial information and company searches | (1,278) | (1,309) | 31 | -2.4% |
| **C) Indirect expenses related to personnel and to personal financial advisors** | **(3,131)** | **(2,455)** | **(676)** | **27.5%** |
| Other staff expenses | (1,096) | (440) | (656) | 149.1% |
| Personal financial advisors expenses | (2,035) | (2,015) | (20) | 1.0% |
| **D) ICT expenses** | **(54,633)** | **(51,275)** | **(3,358)** | **6.5%** |
| Lease of ICT equipment and software | (2,180) | (3,121) | 941 | -30.2% |
| Software expenses: lease and maintenance | (13,217) | (12,294) | (923) | 7.5% |
| ICT communication systems, messaging and phone expenses | (7,565) | (7,359) | (206) | 2.8% |
| Consultancy and ICT services provided by third parties | (14,834) | (14,113) | (721) | 5.1% |
| Financial information providers | (16,837) | (14,388) | (2,449) | 17.0% |
| **E) Consultancies and professional services** | **(5,240)** | **(5,164)** | **(76)** | **1.5%** |
| Consultancies and professional services | (4,266) | (3,888) | 299 | -9.1% |
| Legal expenses and disputes | (445) | (692) | (79) | 197.5% |
| Auditing company expenses | (529) | (584) | 55 | -9.4% |
| **F) Furniture, machinery and equipment expenses and Real estate expenses** | **(6,393)** | **(4,722)** | **(1,671)** | **35.4%** |
| Repair and maintenance of furniture, machinery, and equipment | (304) | (404) | 100 | -24.8% |
| Maintenance and cleaning of premises | (1,372) | (1,247) | (107) | 11.6% |
| Premises rentals | (840) | (937) | 97 | -10.4% |
| Utilities and condominium expenses | (3,877) | (2,134) | (1,743) | 81.7% |
| **G) Other functioning costs** | **(31,386)** | **(29,127)** | **(2,259)** | **7.8%** |
| Postage and transport of documents | (3,312) | (3,460) | 148 | -4.3% |
| Administrative, logistic and call center services | (17,043) | (17,179) | 136 | -0.8% |
| Insurance | (4,404) | (3,992) | (412) | 10.3% |
| Association dues and fees | (4,277) | (2,323) | (1,954) | 84.1% |
| Other administrative expenses | (2,350) | (2,173) | (177) | 8.1% |
| **H) Adjustments of leasehold improvements** | **(1,835)** | **(2,194)** | **359** | **-16.4%** |
| **I) Recovery of costs** | **136,830** | **139,471** | **(2,641)** | **-1.9%** |
| Recovery of ancillary expenses | 912 | 43 | 869 | n.a. |
| Recovery of taxes | 135,918 | 139,428 | (3,510) | -2.5% |
| **Total other administrative expenses and recovery of expenses** | **(136,656)** | **(123,075)** | **(13,581)** | **11.0%** |

**Other administrative expenses** net of **Recovery of expenses** came to € 136.7 million, with an increase of € 13.6 million compared to the previous year. In particular, the following should be noted:

- "Advertising Expenses - Marketing and Communication" up by € 5.6 million;
- "ICT expenses" up by € 3.4 million, referred to higher "Software expenses: lease and maintenance" for € 0.9 million, "Consultancy and ICT services provided by third parties" for € 0.7 million and "Financial information providers" for € 2.4 million;

# Income Statement Figures

- "Furniture, machinery and equipment expenses and Real estate expenses " up by € 1.7 million, mainly due to the increase in the item "Utilities and condominium expenses";
- "Other functioning costs" increased by € 2.3 million, mainly due to the increase in the item " Association dues and fees ", amounting to € 2 million, which also includes contributions paid to Supervisory Authorities, and the increase in the item "Insurance", amounting to € 0.4 million;
- "Indirect taxes and duties" net of "Tax recoveries" increased by € 1.3 million, mainly due to higher Tobin Tax paid by FinecoBank.

**Impairment/write-backs on intangible and tangible assets** showed an increase of € 0.6 million mainly referred to the depreciation recognized on right of use of properties.

## Profit/(loss) before tax from continuing operations

(Amounts in € thousand)

| | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| **OPERATING PROFIT (LOSS)** | **666,791** | **544,917** | **121,874** | **22.4%** |
| Net impairment losses on loans and provisions for guarantees and commitments | (3,115) | (1,655) | (1,460) | 88.2% |
| **NET OPERATING PROFIT (LOSS)** | **663,676** | **543,262** | **120,414** | **22.2%** |
| Other charges and provisions | (57,762) | (49,938) | (7,824) | 15.7% |
| Net income from investments | (1,552) | 1,079 | (2,631) | n.a. |
| **PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **604,362** | **494,403** | **109,959** | **22.2%** |

**Net write-downs of loans and provisions for guarantees and commitments** in 2022 amounted to - € 3.1 million (- € 1.7 million in 2021) and benefit from reversals of impairment losses due to the improvement in the macroeconomic scenario for an amount of approximately € 1.5 million (+ € 2 million in 2021), determined on the basis of the evidence resulting from the IFRS9 impairment models.

**Other charges and provisions** amounted to € 57.8 million, up 7.8% on 2021 (+15.7% y/y). Specifically, there was an increase in the contributions paid to the Interbank Deposit Guarantee Fund under the Deposit Guarantee Scheme (DGS) totaling € 40 million compared to € 32.3 million paid in the previous year. The item also includes the ordinary annual contribution required for the year 2022, in accordance with Directive 2014/59/EU (Single Resolution Fund), for an amount of € 7.6 million (€ 5.8 million in 2021). It should be noted that in 2021 Bank of Italy called in additional contributions to the National Resolution Fund pursuant to Article 1, paragraph 848 of Law 208/2015 in the amount of € 1.9 million in 2021).

**Net income from investments** amounted to - € 1.6 million, decreasing by € 2.6 million compared to 2021, and benefited from write-backs of approximately € 1.4 million due to the improvement in the macroeconomic scenario (write-backs of € 3.1 million were recognised in 2021), determined on the basis of the evidence resulting from the IFRS9 impairment models. The item also includes € 0.6 million profit recorded following the sale of the investment property held by the Parent Company in 2022.

**Profit (loss) before tax from continuing operations** amounted to € 604.4 million, increasing by 22.2 % on the on the previous year. The result was achieved, mainly, thanks to the increase in Financial margin (+ € 112.2 million), Net commissions (+ € 14.8 million) and Net trading, hedging and fair value income (+ € 15.6 milion), partially offset by higher Operating costs (- € 21.9 million) and Other charges and provisions (- € 7.8 million) due to increased systemic burdens. Excluding non-recurring items in the year 2022 as previously described[21], Profit before tax from continuing operations would still grow by 22.2% compared to year 2021 (also net of non-recurring items[22]) amounting to € 604.8 million.

[21] Cancellation of the equity exposure to the Voluntary Scheme set up by the Interbank Deposit Guarantee Fund totalling -€ 0.5 million (gross of tax effect).
[22] Change in the fair value of the equity exposure to the Voluntary Scheme set up by the Interbank Deposit Guarantee Fund totalling -€ 0.7 million (gross of tax effect).

# Income Statement Figures

## Income tax for the year

(Amounts in € thousand)

| Income tax for the year | Year | | Changes | |
|---|---|---|---|---|
| | 2022 | 2021 | Amount | % |
| Current IRES income tax charges | (132,319) | (111,477) | (20,842) | 18.7% |
| Current IRAP corporate tax charges | (31,307) | (26,001) | (5,306) | 20.4% |
| Current foreign corporate tax charges | (15,040) | (10,592) | (4,448) | 42.0% |
| **Total current tax** | **(178,666)** | **(148,070)** | **(30,596)** | **20.7%** |
| Change in deferred tax assets | 3,635 | 13,121 | (9,486) | -72.3% |
| Change in deferred tax liabilities | (826) | 23,928 | (24,754) | n.a. |
| **Total deferred tax liabilities** | **2,809** | **37,049** | **(34,240)** | **-92.4%** |
| Substitute tax | - | (2,671) | 2,671 | -100.0% |
| **Income tax for the year** | **(175,857)** | **(113,692)** | **(62,165)** | **54.7%** |

**Income tax for the year** were calculated according to the legal provisions introduced by Legislative Decree no. 38 of February 28th, 2005, which incorporated the IAS/IFRS Accounting Standards into Italian legislation, of Decree no. 48 of April 1st, 2009 which introduced provisions for the implementation and coordination of tax requirements for IAS Adopter parties and subsequent provisions. In particular, in 2019 the decree issued by the Italian Ministry of the Economy and Finance on August 5th, 2019, of coordination between international accounting standards and business income, and the subsequent amendment introduced by the law were implemented 160/2019 on the deductibility of adjustments to customer loans, to be carried out in future tax periods, were implemented. Lastly, the Bank took into account of the recently issued provisions pursuant to Law Decree April 30th, 2019, n. 34 converted with amendments by the law of June 28th, 2019, n. 58 (so-called Growth Decree).

Current taxes were determined applying an IRES income tax rate of 27.5% (24% ordinary rate and 3.5% additional rate for banks) and an IRAP tax rate of 5.57% in Italy.

As regards Fineco AM, current income taxes were calculated at a rate of 12.5%, according to the currently applicable tax regime.

With reference to the Patent Box pursuant to former Law 190/2014, as amended by Article 5 of Law Decree no. 3/2015, after having claimed the tax benefit for the five-year period 2015-2019 following an agreement with the Revenue Agency in 2020 for the trademark and certain software, taking into account the acceptance of the renewal request for the subsequent five-year period 2020-2024 and pending the definition of the envisaged ruling agreement, in the 2022 financial year the estimated benefit envisaged with regard to software was recognised on an accrual basis - given the exclusion of the trademark by express regulatory provision.

It should be noted that in 2021 FinecoBank exercised the option to realign goodwill pursuant to Article 110 of Legislative Decree 104/2020, an operation that resulted in the cancellation of deferred taxes of € 24.5 million and the recognition of deferred tax assets of € 10.2 million, in addition to the payment of the substitute tax of € 2.7 million for the realignment of goodwill, with a positive effect in taxes for 2021 of € 32 million. Starting from 2021, the amortisation plan for goodwill began for a portion equal to one fiftieth of the realigned amount.

## Net profit (loss) for the year and Net profit (loss) attributable to the Group

The **Net profit for the year** – which is the same as the net profit attributable to the Group as Fineco AM is 100% controlled by the Bank – amounted to € 428.5 million, with an increase of 12.6% on the previous year. Excluding the non-recurring items accounted for in 2022 mentioned before[23] the Net profit for the year should be € 428.8 million, up 22.8% compared to the net profit of 2021 net of non-recurring items[24].

[23] Cancellation of the equity exposure to the Voluntary Scheme set up by the Interbank Deposit Guarantee Fund totalling -€ 0.3 million (net of tax effect).

[24] Tax benefit arising from the tax realignment of goodwill carried out by FinecoBank, as provided for by Article 110 of Legislative Decree 104 of 2020, in the amount of € 32 million, and change in the fair value of the equity exposure to the Voluntary Scheme established by the Interbank Deposit Protection Fund in the amount of € -0.5 million (net of tax effect).

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

The key figures, the reclassified Balance sheet and Income statement of FinecoBank S.p.A. at individual level in comparison with those of the 2021 financial year and a report on the results achieved are shown below.

### Key figures

#### Operating structure

| | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| No. Employees | 1,279 | 1,261 |
| No. Personal financial advisors | 2,918 | 2,790 |
| No. Financial shops [1] | 426 | 424 |

(1) Number of operating financial shops: financial shops managed by the Bank and financial shops managed by personal financial advisors (Fineco Centers).

#### Main balance sheet figures

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2021 | Amounts | % |
| Loans receivable with ordinary customers [1] | 5,916,089 | 5,416,604 | 499,485 | 9.2% |
| Total assets | 36,208,289 | 33,819,561 | 2,388,728 | 7.1% |
| Direct deposits [2] | 30,569,876 | 29,495,292 | 1,074,584 | 3.6% |
| Assets under administration [3] | 75,987,994 | 78,420,121 | (2,432,127) | -3.1% |
| Total customers sales (direct and indirect) | 106,557,870 | 107,915,413 | (1,357,543) | -1.3% |
| Shareholders' equity | 1,875,711 | 1,698,631 | 177,080 | 10.4% |

(1) Loans receivable with ordinary customers refer solely to loans granted to customers (current account overdrafts, credit cards, personal loans, mortgages and unsecured loans);
(2) Direct deposits include overdrawn current accounts;
(3) Assets under administration consist of products placed online or through the sales networks of FinecoBank.

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

### Balance Sheet indicators

| | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Loans receivable with ordinary customers/Total assets | 16.34% | 16.02% |
| Loans and receivables with banks/Total assets | 1.15% | 1.09% |
| Financial assets/Total assets | 68.04% | 72.63% |
| Direct sales/Total liabilities and Shareholders' equity | 84.43% | 87.21% |
| Shareholders' equity (including profit)/Total liabilities and Shareholders' equity | 5.18% | 5.02% |
| Ordinary customer loans/Direct deposits | 19.35% | 18.36% |

| **Credit quality** | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Non-performing loans/Loans receivable with ordinary customers | 0.06% | 0.08% |
| Bad loans/Loans receivable with ordinary customers | 0.02% | 0.04% |
| Coverage [1] - Bad loans | 92.65% | 88.70% |
| Coverage [1] - Unlikely to pay | 68.13% | 66.10% |
| Coverage [1] - Impaired past-due exposures | 57.92% | 50.05% |
| Coverage [1] - Total Non-performing loans | 86.02% | 82.15% |

(1) Calculated as the ratio between the amount of impairment provision and gross exposure.

### Own funds and capital ratios

| | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Common Equity Tier 1 Capital (€ thousand) | 952,411 | 840,053 |
| Total Own Funds (€ thousand) | 1,452,411 | 1,340,053 |
| Total risk-weighted assets (€ thousand) | 4,689,014 | 4,576,088 |
| Ratio - Common Equity Tier 1 Capital | 20.31% | 18.36% |
| Ratio - Tier 1 Capital | 30.97% | 29.28% |
| Ratio - Total Own Funds | 30.97% | 29.28% |

| | Data as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Tier 1 Capital (€ thousand) | 1,452,411 | 1,340,053 |
| Exposure for leverage (€ thousand) | 36,782,307 | 33,997,696 |
| Leverage ratio | 3.95% | 3.94% |

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

The Bank's prudential requirements as at December 31st, 2022 were determined on the basis of the harmonized regulation for banks and investment firms contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of June 26th, 2013 and subsequent Directives/Regulations amending their content, in particular Directive (EU) 878/2019 (CRD V), Regulation (EU) 876/2019 (CRR II) and Regulation (EU) 873/2020 of the European Parliament and of the Council (CRR Quick-fix), which transpose into the European Union the standards defined by the Basel Committee on Banking Supervision (Basel III framework), collected and implemented by the Bank of Italy through Circular No. 285 of December 17th, 2013 "Supervisory Provisions for Banks" and subsequent updates.

As at December 31st, 2022 the Own funds amounted to € 1,452.4 million, including the profit for 2022, equal to € 422.0 million, net of dividends to be distributed totaling € 299.2 million, which the Board of Directors will propose for approval at the Shareholders' Meeting called for April 27th, 2023, and foreseeable charges of € 1.5 million, represented by the coupons, net of the related taxation, accrued on the Additional Tier 1 financial instruments issued by FinecoBank, assuming that the conditions provided for in Art. 26 (2), of EU Regulation 575/2013 (CRR) are met.

The increase in Risk-Weighted Assets in 2022 is mainly driven by credit risk, due to the growth of the business and, in particular, to lending to customers and by operational risk due to the update of the Relevant Indicator, with the inclusion of 2022 revenues and the exclusion of 2019 revenues.

The leverage ratio stands at 3.95% as at December 31st, 2022, which is well above the applicable minimum regulatory requirement 3%. It should be noted that, as at December 31st, 2021, FinecoBank has applied the provisions of Article 429 bis of the CRR, which allowed certain exposures to central banks to be excluded from the overall Leverage exposure in light of the COVID-19 pandemic. This transitional treatment is no longer applicable starting from April 1st, 2022.

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

### Condensed Accounts

#### Balance sheet

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| **ASSETS** | **12/31/2022** | **12/31/2021** | **Amounts** | **%** |
| Cash and cash balances | 1,438,427 | 1,442,791 | (4,364) | -0.3% |
| Financial assets held for trading | 16,926 | 20,240 | (3,314) | -16.4% |
| Loans and receivables with banks | 416,733 | 369,863 | 46,870 | 12.7% |
| Loans and receivables with customers | 6,426,087 | 5,983,767 | 442,320 | 7.4% |
| Financial investments | 24,636,590 | 24,563,234 | 73,356 | 0.3% |
| Hedging instruments | 1,424,705 | 125,913 | 1,298,792 | n.a. |
| Property, plant and equipment | 144,102 | 149,506 | (5,404) | -3.6% |
| Goodwill | 89,602 | 89,602 | - | n.a. |
| Other intangible assets | 36,734 | 38,978 | (2,244) | -5.8% |
| Tax assets | 46,467 | 42,955 | 3,512 | 8.2% |
| Tax credits acquired | 1,093,255 | 508,764 | 584,491 | 114.9% |
| Other assets | 438,661 | 483,948 | (45,287) | -9.4% |
| **Total assets** | **36,208,289** | **33,819,561** | **2,388,728** | **7.1%** |

(Amounts in € thousand)

| | Amounts as at | | Changes | |
|---|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | **12/31/2022** | **12/31/2021** | **Amounts** | **%** |
| Deposits from banks | 1,677,235 | 1,225,213 | 452,022 | 36.9% |
| Deposits from customers | 31,679,857 | 29,835,930 | 1,843,927 | 6.2% |
| Debt securities in issue | 497,926 | 497,266 | 660 | 0.1% |
| Financial liabilities held for trading | 4,575 | 4,417 | 158 | 3.6% |
| Hedging instruments | (3,180) | 65,263 | (68,443) | n.a. |
| Tax liabilities | 41,865 | 34,647 | 7,218 | 20.8% |
| Other liabilities | 434,300 | 458,194 | (23,894) | -5.2% |
| Shareholders' equity | 1,875,711 | 1,698,631 | 177,080 | 10.4% |
| *- capital and reserves* | *1,451,605* | *1,335,907* | *115,698* | 8.7% |
| *- revaluation reserves* | *2,121* | *(5,877)* | *7,998* | n.a. |
| *- net profit* | *421,985* | *368,601* | *53,384* | 14.5% |
| **Total liabilities and Shareholders' equity** | **36,208,289** | **33,819,561** | **2,388,728** | **7.1%** |

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

### Balance sheet – Quarterly data

(Amounts in € thousand)

| ASSETS | Amounts as at 12/31/2022 | 09/30/2022 | 06/30/2022 | 03/31/2022 | 12/31/2021 |
|---|---|---|---|---|---|
| Cash and cash balances | 1,438,427 | 1,674,851 | 1,516,548 | 1,724,296 | 1,442,791 |
| Financial assets held for trading | 16,926 | 22,285 | 20,020 | 20,123 | 20,240 |
| Loans and receivables with banks | 416,733 | 393,061 | 385,244 | 365,874 | 369,863 |
| Loans and receivables with customers | 6,426,087 | 6,285,560 | 6,278,481 | 6,054,220 | 5,983,767 |
| Financial investments | 24,636,590 | 25,070,867 | 25,296,891 | 25,371,271 | 24,563,234 |
| Hedging instruments | 1,424,705 | 1,390,127 | 948,764 | 465,840 | 125,913 |
| Property, plant and equipment | 144,102 | 141,071 | 144,685 | 147,636 | 149,506 |
| Goodwill | 89,602 | 89,602 | 89,602 | 89,602 | 89,602 |
| Other intangible assets | 36,734 | 36,535 | 37,445 | 38,171 | 38,978 |
| Tax assets | 46,467 | 57,999 | 43,588 | 44,332 | 42,955 |
| Tax credits acquired | 1,093,255 | 902,259 | 827,217 | 601,178 | 508,764 |
| Other assets | 438,661 | 381,732 | 414,929 | 400,809 | 483,948 |
| **Total assets** | **36,208,289** | **36,445,949** | **36,003,414** | **35,323,352** | **33,819,561** |

(Amounts in € thousand)

| LIABILITIES AND SHAREHOLDERS' EQUITY | Amounts as at 12/31/2022 | 09/30/2022 | 06/30/2022 | 03/31/2022 | 12/31/2021 |
|---|---|---|---|---|---|
| Deposits from banks | 1,677,235 | 2,791,260 | 2,333,322 | 1,808,046 | 1,225,213 |
| Deposits from customers | 31,679,857 | 30,930,308 | 30,814,330 | 30,724,142 | 29,835,930 |
| Debt securities in issue | 497,926 | 499,629 | 498,833 | 498,045 | 497,266 |
| Financial liabilities held for trading | 4,575 | 8,976 | 7,104 | 9,666 | 4,417 |
| Hedging instruments | (3,180) | (3,584) | 2,581 | (754) | 65,263 |
| Tax liabilities | 41,865 | 80,157 | 118,430 | 85,784 | 34,647 |
| Other liabilities | 434,300 | 424,977 | 573,037 | 396,147 | 458,194 |
| Shareholders' equity | 1,875,711 | 1,714,226 | 1,655,777 | 1,802,276 | 1,698,631 |
| *- capital and reserves* | *1,451,605* | *1,460,057* | *1,458,925* | *1,705,199* | *1,335,907* |
| *- revaluation reserves* | *2,121* | *2,651* | *(174)* | *(2,097)* | *(5,877)* |
| *- net profit* | *421,985* | *251,518* | *197,026* | *99,174* | *368,601* |
| **Total liabilities and Shareholders' equity** | **36,208,289** | **36,445,949** | **36,003,414** | **35,323,352** | **33,819,561** |

**Cash and cash balances,** amounted to € 1,438.4 million down by € 4.4 million compared to December 31st, 2021 (€ 1,442.8 million). The item consisted mainly from the overnight deposit opened at the Bank of Italy, in the total amount of € 1,197 million, in addition to the liquidity deposited with the Bank of Italy net of the stock related to the minimum reserve requirement allocated for the current reporting period, which is represented in the item Loans and receivables with banks, in the amount of € 0.7 million, as well as liquidity deposited on current accounts with credit institutions for the settlement of payment transactions, for the settlement of securities transactions, for the management of the liquidity of UK customers, for a total amount of € 240.7 million.

**Loans and receivables with banks,** came to € 416.7 million, showing an increase of € 46.9 million compared to December 31st, 2021 mainly due by the growth in variation margins with credit institutions for derivative and other financial instruments transactions.

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

**Loans and receivables with customers** came to € 6,426.1 million, an increase of € 442.3 million compared to December 31st, 2021 thanks to the growth in lending activity. During 2022, € 276 million in personal loans and € 378 million in mortgages were granted and € 1,128 million in current account overdrafts were arranged, with an increase in exposures in current account of € 292 million. Impaired loans net of impairment losses totalled € 3.5 million (€ 4.4 million as at December 31st, 2021), with a coverage ratio of 86%.

**Financial investments** came to € 24,636.6 million, up € 73.4 million compared to December 31st, 2021. They include the negative valuation of fixed-rate securities specifically hedged against interest rate risk, which show a decrease of - € 1,314 million compared to December 31st, 2021, attributable to the growth of the curve based on the Euribor rate used for the fair value measurement of hedged items with reference to the hedged risk. The carrying amount of the debt securities issued by the UniCredit S.p.A. amount to € 1,681.3 million, down compared to € 3,856.4 million recorded as at December 31st, 2021 due to the repayment of securities maturing during 2022. The purchases made by the Group during 2022 mainly concerned securities issued by sovereign States (mainly Italy and Spain).

**Hedges recognised as assets** in the balance sheet amounted to € 1,424.7 million, an increase of € 1,298.8 million compared to December 31st, 2021. They include the positive fair value valuation of hedging derivatives and the value adjustment of assets subject to generic hedging, represented by fixed-rate mortgages. **Hedges recognised as liabilities** in the balance sheet amounted to - € 3.2 million, a decrease of € 68.4 million compared to December 31st, 2021. They include the negative fair value measurement of hedging derivatives and the value adjustment of liabilities subject to generic hedging, represented by direct funding from customers. The positive change from December 31st, 2021 is mainly attributable to the increase in the fair value of derivative contracts hedging securities and mortgages, which provide for the payment of the fixed rate and the collection of the indexed rate, as a result of the increase in the Euribor-based curve, partially offset by the decrease in the fair value of derivative contracts to hedge direct funding from customers, which, on the contrary, provide for the payment of the indexed rate and the collection of the fixed rate. The valuation of the hedged items, as a result, evolved in the opposite direction, recording a negative change in assets subject to generic hedging represented by mortgages and a positive change in the liabilities subject to generic hedging. It should be noted that the negative change recorded by securities specifically hedged, is shown in Other Financial investments item, as described above.

**Tax credits acquired** include the carrying amount of tax credits purchased during the 2022 financial year under Decree-Law 34/2020, for a carrying amount of € 1,093.3 million, up € 584.5 million compared to December 31st, 2021. They include both tax credits purchased because of assignment by direct beneficiaries and purchased as a result of assignment by previous purchasers.

**Deposits from banks** totaled € 1,667.2 million, up € 452 million compared to December 31st, 2021, as a result of the increase in variation margins received for derivative transactions (+ € 1,528.5 million), related to the positive change in fair value recorded by the hedging derivative contracts described above, partially offset by the early repayment of the two tranches of the TLTRO III program. On November 23rd, 2022, FinecoBank early repaid both tranches of loans received in December 2020 and March 2021, respectively, for a total of € 1,045 million.

**Deposits from customers** came to € 31,679.9 million, up € 1,843.9 million compared to December 31st, 2021, due to the growth in direct deposits on current accounts from customers (+ € 1,074.6 million) and repurchase transactions carried out by the parent company treasury on the Repo MTS market (+ € 826 million).

**Debt securities in issue**, amounting to € 497.9 million, exclusively include the Senior Preferred Bond issued by FinecoBank in October 2021.

**Shareholders' equity** amounted to € 1,875.7 million, up € 177.1 million compared to December 31st, 2021, attributable mainly to the profit earned in the 2022, equal to € 422 million, partially offset by the payment of dividends for 2021, in the amount of € 237.9 million, and the payment of coupons on AT1 instruments, in the amount of € 19.8 million. Shareholders' equity also benefited from the positive change in valuation reserves, in the amount of € 8 million, and from the increase in the reserve related to Equity Settled plans due to the recognition, during the vesting period of the instruments, of the economic and equity effects of the share-based payment agreements settled with FinecoBank ordinary shares, in accordance with IFRS 2, in the amount of € 5.6 million. Finally, treasury shares were purchased to service incentive schemes in favour of personal financial advisors for a total of € 0.8 million.

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

### Income Statement

(Amounts in € thousand)

| | Year | | Changes | |
|---|---|---|---|---|
| | **2022** | **2021** | **Amounts** | **%** |
| Financial margin | 392,415 | 280,356 | 112,059 | 40.0% |
| of which Net interest | 343,011 | 248,215 | 94,796 | 38.2% |
| of which Profits from Treasury | 49,404 | 32,141 | 17,263 | 53.7% |
| Dividends and other income from equity investments | 96,926 | 61,548 | 35,378 | 57.5% |
| Net fee and commission income | 326,611 | 352,640 | (26,029) | -7.4% |
| Net trading, hedging and fair value income | 90,053 | 74,299 | 15,754 | 21.2% |
| Net other expenses/income | 1,223 | (888) | 2,111 | n.a. |
| **REVENUES** | **907,228** | **767,955** | **139,273** | **18.1%** |
| Staff expenses | (107,056) | (101,447) | (5,609) | 5.5% |
| Other administrative expenses | (265,403) | (257,796) | (7,607) | 3.0% |
| Recovery of expenses | 136,830 | 139,471 | (2,641) | -1.9% |
| Impairment/write-backs on intangible and tangible assets | (26,296) | (25,960) | (336) | 1.3% |
| **Operating costs** | **(261,925)** | **(245,732)** | **(16,193)** | **6.6%** |
| **OPERATING PROFIT (LOSS)** | **645,303** | **522,223** | **123,080** | **23.6%** |
| Net impairment losses on loans and provisions for guarantees and commitments | (3,096) | (1,655) | (1,441) | 87.1% |
| **NET OPERATING PROFIT (LOSS)** | **642,207** | **520,568** | **121,639** | **23.4%** |
| Other charges and provisions | (57,762) | (49,938) | (7,824) | 15.7% |
| Net income from investments | (1,552) | 1,079 | (2,631) | n.a. |
| **PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **582,893** | **471,709** | **111,184** | **23.6%** |
| Income tax for the year | (160,908) | (103,108) | (57,800) | 56.1% |
| **NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS** | **421,985** | **368,601** | **53,384** | **14.5%** |
| **PROFIT (LOSS) FOR THE YEAR** | **421,985** | **368,601** | **53,384** | **14.5%** |

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

### Income Statement - Quarterly data

(Amounts in € thousand)

| | 2022 | | | |
|---|---|---|---|---|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Financial margin | 107,548 | 69,070 | 84,258 | 131,539 |
| of which Net interest | 59,434 | 67,738 | 84,300 | 131,539 |
| of which Profits from Treasury | 48,114 | 1,332 | (42) | - |
| Dividends and other income from equity investments | (45) | 23,061 | (20) | 73,930 |
| Net fee and commission income | 86,016 | 80,657 | 79,870 | 80,068 |
| Net trading, hedging and fair value income | 28,994 | 26,007 | 21,238 | 13,814 |
| Net other expenses/income | 525 | 212 | 274 | 212 |
| **REVENUES** | **223,038** | **199,007** | **185,620** | **299,563** |
| Staff expenses | (25,844) | (26,271) | (26,400) | (28,541) |
| Other administrative expenses | (67,349) | (62,919) | (63,619) | (71,516) |
| Recovery of expenses | 35,335 | 33,728 | 33,250 | 34,517 |
| Impairment/write-backs on intangible and tangible assets | (6,524) | (6,469) | (6,449) | (6,854) |
| **Operating costs** | **(64,382)** | **(61,931)** | **(63,218)** | **(72,394)** |
| **OPERATING PROFIT (LOSS)** | **158,656** | **137,076** | **122,402** | **227,169** |
| Net impairment losses on loans and provisions for guarantees and commitments | (795) | (424) | (285) | (1,592) |
| **NET OPERATING PROFIT (LOSS)** | **157,861** | **136,652** | **122,117** | **225,577** |
| Other charges and provisions | (10,239) | (2,259) | (41,617) | (3,647) |
| Net income from investments | (553) | (201) | (325) | (473) |
| **PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **147,069** | **134,192** | **80,175** | **221,457** |
| Income tax for the period | (47,895) | (36,340) | (25,683) | (50,990) |
| **NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS** | **99,174** | **97,852** | **54,492** | **170,467** |
| **PROFIT (LOSS) FOR THE PERIOD** | **99,174** | **97,852** | **54,492** | **170,467** |

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

(Amounts in € thousand)

| | 2021 | | | |
|---|---|---|---|---|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Financial margin | 75,117 | 72,894 | 69,326 | 63,019 |
| of which Net interest | 61,869 | 62,583 | 61,885 | 61,878 |
| of which Profits from Treasury | 13,248 | 10,311 | 7,441 | 1,141 |
| Dividends and other income from equity investments | - | 13,704 | - | 47,844 |
| Net fee and commission income | 88,986 | 84,483 | 85,651 | 93,520 |
| Net trading, hedging and fair value income | 23,889 | 16,674 | 15,617 | 18,119 |
| Net other expenses/income | 550 | 148 | (1,385) | (201) |
| **REVENUES** | **188,542** | **187,903** | **169,209** | **222,301** |
| Staff expenses | (24,557) | (25,046) | (25,093) | (26,751) |
| Other administrative expenses | (61,848) | (64,092) | (62,302) | (69,554) |
| Recovery of expenses | 32,367 | 35,103 | 35,751 | 36,250 |
| Impairment/write-backs on intangible and tangible assets | (6,212) | (6,321) | (6,373) | (7,054) |
| **Operating costs** | **(60,250)** | **(60,356)** | **(58,017)** | **(67,109)** |
| **OPERATING PROFIT (LOSS)** | **128,292** | **127,547** | **111,192** | **155,192** |
| Net impairment losses on loans and provisions for guarantees and commitments | (477) | (1,212) | (359) | 393 |
| **NET OPERATING PROFIT (LOSS)** | **127,815** | **126,335** | **110,833** | **155,585** |
| Other charges and provisions | (8,236) | (5,787) | (31,058) | (4,857) |
| Net income from investments | (583) | 1,822 | 280 | (440) |
| **PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **118,996** | **122,370** | **80,055** | **150,288** |
| Income tax for the period | (38,380) | (3,415) | (25,684) | (35,629) |
| **NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS** | **80,616** | **118,955** | **54,371** | **114,659** |
| **PROFIT (LOSS) FOR THE PERIOD** | **80,616** | **118,955** | **54,371** | **114,659** |

**Revenues** amounted to € 907.2 million, registering a 18.1% increase compared to the € 768 million recorded in 2021, mainly thanks to the contribution of **Financial margin**, grew by € 112.2 million (+40% y/y), **Net trading, hedging and fair value income**, increased by € 15.7 million (+21.2% y/y), and **Dividends and other income from equity investments**, up by € 35.4 million (+57.5% y/y), which offset the €26 million decrease in **Net fee and commission income** (-7.4% y/y).

**Financial margin** amounted to € 392.4 million, up by 40% compared to the previous year, thanks to contribution of Net interests, amounted to € 343 million and registered an increase of € 94.8 million over 2021 (+38.2% y/y), mainly supported, mainly, by the increase in market interest rates. Profits from Treasury also contributed to the growth in Financial Margin, which amounted to € 49.4 million, up € 17.3 million from 2021 (+53.7% y/y).

**Dividends and other income from equity investments** only include the dividend received from Fineco AM, amounting to € 97.2 million (€ 61.6 million in 2021), net of the negative effect recognised following the equity valuation of Vorvel SIM S.p.A. in the amount of - € 0.3 million.

**Net fee and commission income** decreased by € 26 million compared to the previous year, mainly attributable to the reduction of commissions generated by Brokerage segment (- € 25.7 million) influenced by low volumes and low markets as well as a different order mix. It should be noted the growth in commissions generated by the Banking segment (+ € 7.5 million), due to the positive contribution of net fees generated by payment systems, offset by the reduction of Investing segment commissions (- € 7.8 million).

**Net trading, hedging and fair value income** showed an increase of € 15.8 million compared to the previous year. This item mainly consists of profits realised by the Brokerage segment, which includes internalisation of securities and regulated/OTC derivatives, financial instruments used for operational hedging of securities and internalised derivatives and the exchange differences on assets and liabilities denominated in currency. The item also includes the ineffectiveness component of hedging transactions, in the amount of € 12.2 million (€ 2.5 million in 2021), determined by the application of different curves for the fair value valuation of derivative contracts hedging interest rate risk and hedged items as part of fair value hedge transactions. The result also includes the income components generated by the financial instruments accounted for in "Other financial assets mandatory at fair value", including the preferred shares of Visa INC Class "C" and “A”, whose fair value measurement resulted in a positive result of €

# Results of the parent and the subsidiary

## The parent: FinecoBank S.p.A.

0.1 million in the 2022 (+ € 0.4 million in 2021) and the cancellation of the exposure in equity securities recognised for the contributions paid to the Voluntary Scheme established by the Interbank Deposit Protection Fund, which determined a negative result of € 0.5 million.

**Net other expense/ income** was positive for € 1.2 million, up by € 2.1 million from the previous year. It should be noter that in 2021, the item includes indemnities and refunds paid to customers for costs erroneously charged in terms of transparency of banking transactions and services and fairness of customer relations for approximately € 1.5 million.

**Operating costs** increased by € 16.2 million compared to the previous year (+ € 5.6 million for "Staff expenses", + € 10.2 million for "Other administrative expenses net of Recovery of expenses" and + € 0.3 million for "Impairment/write-backs on intangible and tangible assets"). The 6.6% increase in operating costs is mainly determined by expenses closely linked to the growth of the business (assets, volumes, customers and structure), certified by a cost/income ratio of 28.9% (32% at December 31st, 2021) confirming the Bank's strong operating leverage and widespread corporate culture of cost management.

**Net write-downs of loans and provisions for guarantees and commitments** in 2022 amounted to - € 3.1 million (-€ 1.7 million in 2021) and benefit from write-backs due to the improvement of the macroeconomic scenario for an amount of € 1.5 million (+ € 2 million in 2021), determined on the basis of the evidence resulting from the IFRS9 impairment models.

**Other charges and provisions** amounted to € 57.8 million, up 15.7% on 2021. Specifically, there was an increase in the contributions paid to the Interbank Deposit Guarantee Fund under the Deposit Guarantee Scheme (DGS) totalling € 40 million compared to € 32.3 million paid in the previous year. In addition, in 2022 the ordinary annual contribution required for the year 2022, in accordance with Directive 2014/59/EU (Single Resolution Fund), was recognised in the amount of € 7.6 million (€ 5.8 million for 2021). It should be noted that, in 2021, the additional contributions to the National Resolution Fund pursuant to Article 1, paragraph 848, of Law no. 208/2015 recalled by the Bank of Italy from the banking system, in the amount of € 1.9 million.

The **Net income from investments** stood at - € 1.6 million showing a decrease of € 2.6 million compared to 2021 and include impairment losses due to the improvement in the macroeconomic scenario for an amount of approximately € 1.4 million (write-backs of € 3.1 million were recognised in 2021), determined on the basis of the evidence resulting from the IFRS9 impairment models. The item also includes the gain of € 0.6 million recorded as a result of the sale, realised in 2022, of the investment property held by the Bank.

**Profit before tax from continuing operations** amounted to € 582.9 million, up 23.6% compared to the previous year, mainly thanks to higher Financial margin, Dividends and other income from equity investments and Net trading, hedging and fair value income partially offset by the reduction in Net fee and commission income, by the growth in Operating costs and higher systemic charges recognised in Other charges and provisions. Excluding the non-recurring items recorded in 2022 mentioned before[25], the Profit before tax from continuing operations would record a growth of 23.5% compared to 2021 net of non-recurring items[26], standing at € 583.3 million.

Regarding **Income Taxes for the year**, it should be noted that, in 2021, the item included the tax benefit of € 32 million, resulting from the goodwill realignment operation under Article 110 of Decree Law 104/2020.

The **Net profit for the year** amounted to € 422 million, showing an increase of 14.5% compared to € 368.6 million of the previous year. Excluding the non-recurring items 2022 mentioned before[27], the Net profit for the year should be € 422.3 million, up 25.2% compared to 2021 net of non-recurring items[28].

[25] Cancellation of the exposure in equity securities versus the Voluntary Scheme established by the Interbank Fund for the Protection of Deposits for an amount of - € 0.5 million (gross of the tax effect).

[26] Change in fair value of the exposure in equity securities versus the Voluntary Scheme established by the Interbank Fund for the Protection of Deposits for an amount of - € 0.7 million (gross of the tax effect).

[27] Cancellation of the exposure in equity securities versus the Voluntary Scheme established by the Interbank Fund for the Protection of Deposits for an amount of - € 0.3 million (gross of the tax effect).

[28] Tax benefit arising from the tax realignment of goodwill carried out by FinecoBank, as provided for in Article 110 of Legislative Decree 104 of 2020, in the amount of € 32 million, and change in the fair value of the equity exposure to the Voluntary Scheme established by the Interbank Fund for the Protection of Deposits in the amount of € -0.5 million (net of tax effect).

# Results of the parent and the subsidiary

## The subsidiary: Fineco Asset Management DAC

Fineco AM, a wholly owned subsidiary of FinecoBank, is a UCITS Management Company and was established on October 26th, 2017 in the Republic of Ireland. The principal activity of Fineco AM to offer its customers a range of UCITS product with a strategy focused on the definition of strategic asset allocation and selection of the best international managers, and therefore, diversify and improve the offer of asset management products and further increase the competitiveness of the Group within its vertically integrated business model.

The assets under management managed by Fineco AM at December 31st, 2022 amounted to € 25.9 billion (€ 24.8 billion as at December 31st, 2021), in particular:

- € 4.3 billion referred to Core Series (€ 5.2 billion as at December 31st, 2021);
- € 15.5 billion referred to FAM Series (€ 13.8 billion as at December 31st, 2021);
- € 6.1 billion referred to FAM Evolution (€ 5.8 billion as at December 31st, 2021).

It should also be noted that € 15.8 billion relate to retail classes and € 10.1 billion relating to institutional classes.

As at December 31st, 2022, Fineco AM has a total asset of € 76.8 million. This consists of **Loans and receivables with banks**, represented by a time deposit for an amount of € 10 million, by **Cash and Cash balances** for € 31.1 million deposited with credit institutions, and by **Loans and receivables with customers**, exclusively represented operating receivables associated with the provision of services, for an amount of € 32.4 million.

Fineco AM also holds shares in its UCITS Funds for an amount of € 0.2 million and a debt security of € 0.2 million, which are recorded under "**Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value**" and **Other assets** for an amount of € 0.4 million relating to prepaid expenses and definitive items not attributable to other items.

**Deposits from banks** and **Deposits from customers** totalled € 28.6 million, are represented exclusively by operating payables connected with the provision of financial services, relating to the placement and management fees of UCITS to be paid back to the placers, including FinecoBank for € 12.8 million, and to investment advisors, It should be noted that the item **Deposits from customers** also includes the "Lease liabilities" from customers, amounting to € 1.8 million representing the financial debt corresponding to the present value of the payments due in the lease agreements stipulated with credit institutions not paid at the reporting date, as required by IFRS 16.

The **Other liabilities**, equal to € 9.8 million, are recognised in payables to employees and other personnel and in current payables not related with the provision of financial services.

**Shareholders' equity** amounted to € 37.7 million and consists of share capital for € 3 million, of retained earnings for € 5 million and net income for the year of € 103.7 million, net of dividends paid to the parent company FinecoBank in the last quarter of 2022 for an amount of € 74 million.

In 2022 Fineco AM generated **Net commissions** for € 139 million (€ 311.6 million in fee and commission income, € 177.2 million in fee and commission expenses and € 4.6 million of other operating expenses/income related to the asset manager business related to the application of the "Fixed Operating Expenses" model) and the **Net Profit for the year** amounted to € 103.7 million.

# Related-party Transactions

At its meeting of December 16th, 2021 (effective January 15th, 2022) and with the prior favourable opinion of the Risk and Related Parties Committee and the Board of Statutory Auditors, the Board of Directors, to ensure continued compliance with applicable legal and regulatory provisions on the corporate disclosure of transactions with related parties and persons in conflict of interest, approved the new version of the Global Policy "Procedure for the management of transactions with persons in potential conflict of interest of the FinecoBank Group" (the "Global Policy").

The Global Policy contains the provisions to observe when managing:

- related party transactions pursuant to Consob Regulation no. 17221 of March 12th, 2010 (as amended);
- transactions with associated persons pursuant to the regulations on "Risk activities and conflicts of interest with associated persons" laid down by Bank of Italy Circular no. 263 of December 27th, 2006 (Title V, Chapter 5: "New regulations for the prudential supervision of banks", as amended);
- obligations of bank officers pursuant to Article 136 of Legislative Decree 385 of September 1st, 1993 (the Consolidated Banking Act);
- transactions with other relevant persons in potential conflict of interest as defined by the Bank on a self-regulatory basis, taking into account the applicable legal and regulatory provisions;
- loans granted to Directors (i.e. members of the administrative, management and control bodies) and their related parties, pursuant to art. 88 of the CRD.

Considering the above, during 2022 the Group conducted less material transactions with related parties in Italy and abroad in the course of ordinary business and associated financial activities, carried out under standard conditions, hence under the terms normally applied to transactions with unrelated parties; no other transactions were undertaken with related parties that could significantly affect the Bank's or the Group's asset situation and results, nor were any atypical and/or unusual transactions conducted, including of an intercompany or related party nature. For more details on transactions with related parties, please refer to Part H – Related-party transactions in the notes to the consolidated accounts.

## Transactions with Group companies

FinecoBank is Parent Company of Banking Group FinecoBank.

The following table provides a summary of outstanding assets, liabilities, guarantees and commitments as at December 31, 2022 as well as the costs (-) and revenues (+) recorded in 2022 with Fineco AM, which is the sole wholly-owned and consolidated company.

(Amounts in € thousand)

| | Assets | Liabilities | Guarantees and commitments | Revenues (+) | Costs (-) |
|---|---|---|---|---|---|
| Fineco Asset Management DAC | 13,202 | - | - | 242,490 | - |

It should be noted that the assets shown in the table mainly refer to current receivables associated with the provision of financial services to be collected by the subsidiary Fineco AM and recorded in "Financial assets at amortized cost". At the same time, the revenues column includes placement and management fee income paid back by the subsidiary and accounted for by the Bank during 2022, in addition to the dividends recognized by Fineco AM for a total of € 97.2 million.

As previously described, it should be noted that on 22 November 2022 the company Fineco International Ltd, based in the UK, was incorporated. As at December 31st, 2022, the company, a wholly-owned subsidiary of FinecoBank S.p.A., was not operational, pending completion of the process with the British Supervisory Authority (Financial Conduct Authority) in order to obtain authorisation to provide investment/financial services. As at December 31st, 2022, the company was excluded from the scope of consolidation as it does not exceed the materiality thresholds defined in the Group's policy.

# Related-party Transactions

## Transactions with companies subject to significant influence

The following table provides a summary of outstanding assets, liabilities, guarantees and commitments as at December 31, 2022 as well as the costs (-) and revenues (+) recorded in 2022 with respect to Vorvel SIM S.p.A., the only investment subject to influence and consolidated using the equity method.

(Amounts in € thousand)

| | Assets | Liabilities | Guarantees and commitments | Revenues (+) | Costs (-) |
|---|---|---|---|---|---|
| Vorvel SIM S.p.A. (former Hi-MTF SIM S.p.A.) | - | 129 | - | - | (411) |

The income statement and balance sheet transactions presented above mainly originate from the agreement entered into by the Bank with Vorvel SIM S.p.A. for the trading, on the Hi-Cert segment, of Certificates issued by Fineco.

Please note that the Shareholders' Meeting of Vorvel SIM S.p.A. of May 10th, 2022 approved the capital increase for a total amount of € 3.5 million, corresponding to a contribution of € 0.7 million for each shareholder. FinecoBank subscribed the capital increase of its own shareholding in May 2022, keeping its shareholding unchanged at 20%.

It should be noted that Vorvel SIM S.p.A. adopted the current company name with effect from December 12th, 2022, instead of the previous name Hi-MTF SIM S.p.A..

# Other information

## Report on corporate governance and proprietary structures

Pursuant to Article 123-bis, paragraph 3 of Legislative Decree no. 58 of February 24th, 1998, the Report on Corporate Governance and Proprietary Structures is available at the “Governance” section of the FinecoBank website (https://about.finecobank.com).

## Remuneration policy and Remuneration report

Pursuant to Art.123-ter of the Legislative Decree no. 58 of February 24th, 1998 and to Art. 84-quater, paragraph 1, of the Issuers’ Regulations, the “Remuneration policy and Remuneration report” is available on FinecoBank’s website (https://about.finecobank.com).

## Research and development

To promote technical solutions in line with the company mission, research and development is focused on developing software that enables the provision of increasingly innovative financial advice and accessibility to financial instruments together with exclusive own-account trading.

More specifically, the main software applications that have been developed over the years are:

- Advice, a computer program through which the Bank enables its personal financial advisors to offer a professional advisory service to customers who want a personalised financial plan;
- Internaliser, a computer program through which the Bank executes customer orders in its own account relating to trading on financial markets as an alternative counterparty to the market;
- Powerdesk and Webtrading, software that allows the Bank to, respectively, offer customers sophisticated and efficient tools for online trading on the main international financial markets and simple solutions to complement the direct banking services.

The activities were split between developing new applications and strengthening/maintaining existing features to meet customer needs increasingly efficiently.

## Information on the time limits for convening the ordinary Shareholders’ Meeting

Pursuant to Article 2364, paragraph 2, of the Italian Civil Code and Art. 6, paragraph 4, of FinecoBank’s Articles of Association, the Annual Accounts will be submitted to the Ordinary Shareholders’ Meeting for approval within 120 days from the end of the financial year.

## Consolidated Non-Financial declaration pursuant to article 3 and article 4, Legislative Decree 254 of December 30, 2016

The Consolidated Non-Financial declaration of the FinecoBank Group, prepared pursuant to Legislative Decree 254/2016, constitutes a separate report with respect to the Consolidated Financial Statements, as required by the option of Art. 5, paragraph 3, letter b) of Legislative Decree 254/2016, and has published on the FinecoBank website (https://about.finecobank.com).

## Country-by-Country Reporting

Country-by-Country Reporting pursuant to art. 89 of Directive 2013/36 / EU of the European Parliament and of the Council (CRD IV), amended by Directive (EU) 2019/878 (so-called CRD V), has published on the FinecoBank website (https://about.finecobank.com).

## Information on the derogation from the obligation to publish the information document in the cases provided for in articles 70, paragraph 6, and 71, paragraph 1, of the Issuers Regulation

Pursuant to article 70, paragraph 8, and article 71, paragraph 1-bis, of the Issuers Regulation, FinecoBank S.p.A. has availed itself of the right to derogate from the obligation to publish the information document in the cases provided for in articles 70, paragraph 6, and 71, paragraph 1, of the Issuers Regulation.

# Subsequent events and outlook

## Subsequent events

### *Incentive systems*

The Board of Directors' of FinecoBank held on January 23rd, 2023 – in consideration of the favorable opinion of the Remuneration Committee held on January 16th, 2023 – approved the following incentive systems that will be submitted to the Shareholders' Meeting called for April 27th, 2023:

- 2023 Incentive System for Employees classified as Identified Staff;
- 2023 Incentive System for Personal Financial Advisors classified as "Identified Staff".

In addition, the Board of Directors' meeting of FinecoBank held on February 7th, 2023 – in consideration of the favorable opinion of the Remuneration Committee held on February 6th, 2023 – approved the implementation of the following incentive / loyalty systems:

- 2018-2020 Long Term Incentive Plan for employees. In particular, the assignment of n. 342,170 free ordinary shares to the beneficiaries of the first, second and third share tranche of the Plan, granted in 2018, and consequently a free share capital increase for a total amount of € 112,916.10 effective from March 31st, 2023;
- Incentive Systems 2017, 2018, 2019, 2020, 2021 and 2022 for employees. In particular, it was approved:
  - the assignment of n. 169,605 free ordinary shares to beneficiaries of the fourth share tranche of the 2017 Incentive System, of the third share tranche of the 2018 Incentive System, of the fourth share tranche of the severance agreement agreed in 2018 for an Executive with Strategic Responsibilities, of the second and third share tranche of the 2019 Incentive System, of the second share tranche of the 2020 Incentive System and of the first share tranche of the 2021 Incentive System, and consequently a free share capital increase for a total amount of € 55,969.65 effective from March 31st, 2023;
  - the assignment of the first cash tranche related to the 2022 Incentive System, of the second cash tranche related to the 2020 Incentive System, of the third cash tranche related to the 2019 Incentive System, of the third cash tranche of the 2017 Incentive System and of the third cash tranche of the severance agreement agreed in 2018 for an Executive with Strategic Responsibilities;
- Incentive Systems 2018, 2019, 2020, 2021 and 2022 for Financial Advisors classified as "Identified Staff". In particular, it was approved:
  - the assignment of n. 3,435 shares of the third share tranche related to the 2018 Incentive System;
  - the assignment of n. 8,827 shares of the third share tranche related to the 2019 Incentive System;
  - the assignment of the second cash tranche related to the 2019 Incentive Systems;
  - the assignment of n. 12,781 shares of the second share tranche related to the 2020 Incentive System;
  - the assignment of the third cash tranche related to the 2020 Incentive Systems;
  - the assignment of n. 45,380 shares of the first share tranche related to the 2021 Incentive System;
  - the assignment of the second cash tranche related to the 2021 Incentive Systems;
  - the assignment of the first cash tranche related to the 2022 Incentive System;
- Incentive 2018-2020 Long Term Incentive Plan for Financial Advisors classified as "Identified Staff". In particular, it was approved the assignment of the n. 6,197 share of the first share tranche.

### *Issuance of a Senior Preferred bond*

On February 16th, 2023, FinecoBank successfully completed the placement of its second issuance on the market of Senior Preferred notes, intended for qualified investors, in the amount of € 300 million. The issue has an annual fixed rate coupon for the first 5 years equal to 4.625% (with a spread equal to 5 years Mid Swap rate + 150 basis points, compared to an initial guidance of 5 years Mid swap rate + 175 basis points), a floating rate between the fifth and sixth year, maturity 6 years with call option for the issuer on the fifth year, is intended for trading on the regulated market managed by Euronext Dublin and has a rating of BBB (S&P Global Ratings).

The Issue of the Senior Preferred instrument is part of the EMTN (Euro Medium Term Notes) programme, approved by FinecoBank's Board of Directors on December 15th, 2022 and finalized on February 13th, 2023.

The issue registered an order volume of € 1.2 billion, confirming the appreciation shown towards FinecoBank by the market also in the fixed-income segment. The placement allows the Parent Company to have an additional buffer above MREL LRE fully loaded requirement (MREL requirement calculated on leverage exposure).

Only institutional investors took part in the placement, mainly asset managers (71% of the total) and banks/private banks (19%), mainly based in Italy (36%), the United Kingdom (26%), France (16%), Germany and Austria (16%).

# Subsequent events and outlook

## Outlook

The prospective scenario, despite a context of pressure on margins, consolidation of inflationary expectations and general uncertainty resulting from the military conflict between Russia and Ukraine, from rising inflation and by the effects of the Coronavirus pandemic, sees the Group benefiting from two structural trends that are transforming Italian society: digitization and demand for advisory services. We are, in fact, witnessing an acceleration towards solutions that will lead to a more modern and digitised world: the management of banking services by customers will be increasingly oriented towards the use of digital platforms, favouring the Group's business model, which has always been oriented in this direction.

The effectiveness of a diversified and sustainable business model, capable of producing solid results in all market phases, is confirmed. The new contest, characterized by significant changes, represents for Fineco a boost to grow in all its business areas: from banking, which takes advantage of an increase in the net interest income, to investing, thanks to Fineco AM's contribution, and brokerage, confirming a structurally higher floor compared to pre-pandemic level. In addition, the ability to integrate all services in an unique advanced platform allows a stable and healthy Group's business development confirming an improvement both in investments on our growth and in future dividends, together with a constant commitment in sustainability.

The Group will continue to pursue its strategy based primarily on organic growth through efficient processes and quality services. The objective is to further strengthen its competitive position in the integrated banking, brokerage and investing services sector through the high quality and completeness of the financial services offered, summarised in the "one stop solution" concept, thanks also to the asset management activity carried out by Fineco AM, which will allow the Bank to be even closer to its clients' needs, more efficient in its product selection and more profitable thanks to its vertically integrated business model.

FinecoBank had a market share by Total Financial Assets ("TFA")[29] for 2.07% in September 2022 (last available data), with significant potential growth margins.

As previously described, on November 22nd, 2022, the company Fineco International Ltd, based in the United Kingdom, was incorporated. As at December 31st, 2022, the company, a wholly-owned subsidiary of FinecoBank S.p.A., was not operational. During 2023, it is expected to complete the process with the UK Financial Conduct Authority in order to obtain authorisation to provide investment/financial services.

Considering the typical risks of the sector to which it belongs, a positive operating performance is expected for the financial year 2023, also favoured by expectations of an increase in interest rates, except in the case of the occurrence of further events of an exceptional nature or dependent on variables that are substantially beyond the control of the Directors and Management.

[29] Source Bank of Italy, Bastra return flows.

# Proposal for the approval of the accounts and allocation of profit for the year

We submit for your approval the Financial Statements for the year 2022 of the Parent Company FinecoBank S.p.A. and the proposed allocation of the profit for the year 2022, which amounts to € 421,984,575.17.

It should be noted that, pursuant to art. 6, paragraph 1, letter a) of Legislative Decree no. 38/2005, a portion of the year's profits corresponding to the capital gains recognised in the income statement, net of the related tax charge and other than those relating to financial instruments held for trading and to foreign exchange and hedging transactions, which derive from the application of the fair value or equity criteria, must be recognised in an unavailable reserve. This reserve shall therefore be increased by the amount of € 720,806.60, corresponding to the change in unrealised capital gains recognised in the year 2022.

In conclusion, the Shareholders' Meeting is invited to approve:

- the FinecoBank's Financial Statements for the year 2022 in all its parts and findings;
- the allocation of the profit for the year 2022 of € 421,984,575.17 as follows:
  - to the 610,631,635 ordinary shares with a par value of € 0.33, constituting the share capital including 511,775 shares relating to the capital increase to support the employee incentive system approved by the Board of Directors on February 7th, 2023, a unit dividend of € 0.49 for a total of € 299,209,501.15;
  - € 33,777.15 to the Legal Reserve, corresponding to 0.008% of the profit for the year, having reached the limit of a fifth of the share capital;
  - € 720,806.60 to the Unavailable Reserve pursuant to Article 6, Paragraph 1, Letter a) of Legislative Decree 38/2005;
  - € 122,020,490.27 to the Extraordinary Reserve.

The payment of the above dividend, in accordance with the law, will take place on May 24th, 2023, with an "ex-dividend" date of May 22nd, 2023. Pursuant to Article 83-terdecies of Legislative Decree No. 58 of February 24th, 1998 ("TUF"), those who are shareholders on the basis of the evidence in the accounts at the end of the accounting day of May 23th, 2023 ("record date") will therefore be entitled to receive the dividend.

The undistributed portion of dividends on treasury shares held by the Bank on the record date will be transferred to the Extraordinary Reserve.

The Board of Directors

Milan, March 14th, 2023

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

FinecoBank S.p.A.
Chairman
Marco Mangiagalli

# Consolidated balance sheet

(Amounts in € thousand)

| Assets | 12/31/2022 | 12/31/2021 |
|---|---|---|
| 10. Cash and cash balances | 1,469,713 | 1,464,182 |
| 20. Financial assets at fair value through profit and loss | 22,478 | 25,778 |
| a) financial assets held for trading | 16,926 | 20,240 |
| c) other financial assets mandatorily at fair value | 5,552 | 5,538 |
| 30. Financial assets at fair value through other comprehensive income | 26,872 | 39,017 |
| 40. Financial assets at amortised cost | 31,472,301 | 30,895,959 |
| a) loans and receivables with banks | 4,029,194 | 5,757,506 |
| b) loans and receivables with customers | 27,443,107 | 25,138,453 |
| 50. Hedging derivatives | 1,691,642 | 127,448 |
| 60. Changes in fair value of portfolio hedged financial assets (+/-) | (266,938) | (1,535) |
| 70. Equity investments | 1,718 | 1,294 |
| 90. Property, plant and equipment | 146,208 | 150,347 |
| 100. Intangible assets | 126,389 | 128,686 |
| - goodwill | 89,602 | 89,602 |
| 110. Tax assets | 46,577 | 42,974 |
| b) deferred tax assets | 46,577 | 42,974 |
| 130. Other assets | 1,531,925 | 993,025 |
| **Total assets** | **36,268,885** | **33,867,175** |

# Consolidated balance sheet

(Amounts in € thousand)

| Liabilities and shareholders' equity | 12/31/2022 | 12/31/2021 |
|---|---|---|
| 10. Financial liabilities at amortised cost | 33,870,808 | 31,570,201 |
| a) deposits from banks | 1,677,235 | 1,225,213 |
| b) deposits from customers | 31,695,647 | 29,847,722 |
| c) debt securities in issue | 497,926 | 497,266 |
| 20. Financial liabilities held for trading | 4,574 | 4,417 |
| 40. Hedging derivatives | 63,752 | 57,313 |
| 50. Changes in fair value of portfolio hedged financial liabilities (+/-) | (66,932) | 7,950 |
| 60. Tax liabilities | 42,627 | 35,864 |
| a) current tax liabilities | 42,627 | 35,864 |
| 80. Other liabilities | 334,352 | 342,844 |
| 90. Provisions for employee severance pay | 3,942 | 5,033 |
| 100. Provisions for risks and charges: | 105,365 | 116,756 |
| a) commitments and guarantees given | 74 | 52 |
| c) other provisions for risks and charges | 105,291 | 116,704 |
| 120. Revaluation reserves | 2,121 | (5,877) |
| 140. Equity instruments | 500,000 | 500,000 |
| 150. Reserves | 778,211 | 650,202 |
| 160. Share premium reserve | 1,934 | 1,934 |
| 170. Share capital | 201,340 | 201,267 |
| 180. Treasury shares (-) | (1,714) | (1,440) |
| 200. Net Profit (Loss) for the year | 428,505 | 380,711 |
| **Total liabilities and Shareholders' equity** | **36,268,885** | **33,867,175** |

# Consolidated Income statement

(Amounts in € thousand)

| Items | | 2022 | 2021 |
|---|---|---|---|
| 10. | Interest income and similar revenues | 357,272 | 250,598 |
| | of which: interest income calculated with the effective interest method | 344,458 | 269,371 |
| 20. | Interest expenses and similar charges | (19,723) | (7,449) |
| **30.** | **Net interest margin** | **337,549** | **243,149** |
| 40. | Fee and commission income | 903,823 | 871,244 |
| 50. | Fee and commission expenses | (437,515) | (420,542) |
| **60.** | **Net fee and commission income** | **466,308** | **450,702** |
| 70. | Dividend income and similar revenue | 206 | 199 |
| 80. | Gains (losses) on financial assets and liabilities held for trading | 77,966 | 71,643 |
| 90. | Fair value adjustments in hedge accounting | 12,207 | 2,505 |
| 100. | Gains and losses on disposal or repurchase of: | 49,404 | 32,141 |
| | a) financial assets at amortised cost | 49,095 | 29,243 |
| | b) financial assets at fair value through other comprehensive income | 309 | 2,898 |
| 110. | Gains (losses) on financial assets and liabilities at fair value through profit or loss | (480) | (39) |
| | b) other financial assets mandatorily at fair value | (480) | (39) |
| **120.** | **Operating income** | **943,160** | **800,300** |
| 130. | Impairment losses/writebacks on: | (5,186) | (586) |
| | a) financial assets at amortised cost | (5,184) | (594) |
| | b) financial assets at fair value through other comprehensive income | (2) | 8 |
| 140. | Profit/loss from contract changes without cancellation | (1) | - |
| **150.** | **Net profit from financial activities** | **937,973** | **799,714** |
| **180.** | **Net profit from financial and insurance activities** | **937,973** | **799,714** |
| 190. | Administrative expenses | (436,679) | (409,991) |
| | a) staff expenses | (117,294) | (109,600) |
| | b) other administrative expenses | (319,385) | (300,391) |
| 200. | Net provisions for risks and charges | (10,051) | (9,890) |
| | a) provision for credit risk of commitments and financial guarantees given | (23) | 9 |
| | b) other net provision | (10,028) | (9,899) |
| 210. | Impairment/write-backs on property, plant and equipment | (20,258) | (19,529) |
| 220. | Impairment/write-backs on intangible assets | (6,607) | (6,689) |
| 230. | Other net operating income | 139,717 | 140,813 |
| **240.** | **Operating costs** | **(333,878)** | **(305,286)** |
| 250. | Profit (Loss) on equity investments | (276) | (26) |
| 280. | Gains (losses) on disposal of investments | 543 | 1 |
| **290.** | **Total profit (loss) before tax from continuing operations** | **604,362** | **494,403** |
| 300. | Tax expense (income) related to profit or loss from continuing operations | (175,857) | (113,692) |
| **310.** | **Total profit (loss) after tax from continuing operations** | **428,505** | **380,711** |
| **330.** | **Profit (loss) for the year** | **428,505** | **380,711** |
| **350.** | **Profit (loss) for the year attributable to the Parent Company** | **428,505** | **380,711** |

| | 2022 | 2021 |
|---|---|---|
| Earnings per share (euro) | 0.70 | 0.62 |
| Diluted earnings per share (euro) | 0.70 | 0.62 |

**Note:**

For further information on "Earnings per share" and "Diluted earnings per share" please see notes to the consolidated accounts, Part C - Information on the Consolidated Income Statement, Section 25.

# Consolidated statement of comprehensive income

(Amounts in € thousand)

| Items | | Total 2022 | Total 2021 |
|---|---|---|---|
| **10.** | **Profit (Loss) of the year** | **428,505** | **380,711** |
| | **Other income components net of taxes without reversal to the income statement** | **12,306** | **(1,076)** |
| **70.** | Defined benefit plans | 12,307 | (1,076) |
| **90.** | Revaluation reserve from investments accounted for using the equity method | (1) | - |
| | **Other comprehensive income after tax with reclassification through profit or loss** | **(4,308)** | **(1,968)** |
| **140.** | Financial assets (other equity securities) designated at fair value through other comprehensive income | (4,308) | (1,968) |
| **170.** | **Total other comprehensive income net tax** | **7,998** | **(3,044)** |
| **180.** | **Comprehensive income (item 10+170)** | **436,503** | **377,667** |
| **200.** | **Consolidated comprehensive income attributable to Parent Company** | **436,503** | **377,667** |

# Statement of changes in consolidated shareholders’ equity

## Statement of changes in consolidated shareholders’ equity at 12/31/2022

(Amounts in € thousand)

| | Balance as at 12/31/2021 | Change in opening balance | Balance as at 01/01/2022 | Allocation of profit from previous year | | Change during the year | | | | | | | | | Shareholders' equity group as at 12/31/2022 | Shareholders' equity minorities as at 12/31/2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shareholders' equity transactions | | | | | | | | | |
| | | | | Reserves | Dividends and other distributions | Changes in reserves | Issues of new shares | Purchase of own shares | Distributions of extraordinary dividends | Changes in equity instruments | Own share derivatives | Stock options | Changes in ownership | Comprehensive income exercise 2022 | | |
| Share capital: | | | | | | | | | | | | | | | | |
| - ordinary shares | 201,267 | | 201,267 | | | | 73 | | | | | | | | 201,340 | - |
| - other shares | | | | | | | | | | | | | | | | |
| Share premium reserve | 1,934 | | 1,934 | | | | | | | | | | | | 1,934 | - |
| Reserves: | | | | | | | | | | | | | | | | |
| - from profits | 613,810 | | 613,810 | 142,764 | | (19,721) | | | | | | (73) | | | 736,780 | - |
| - others | 36,392 | | 36,392 | | | | | | | | | 5,039 | | | 41,431 | - |
| Revaluation reserves | (5,877) | | (5,877) | | | | | | | | | | | 7,998 | 2,121 | - |
| Equity instruments | 500,000 | | 500,000 | | | | | | | | | | | | 500,000 | - |
| Treasury shares | (1,440) | | (1,440) | | | | 576 | (850) | | | | | | | (1,714) | - |
| Profit (loss) for the year | 380,711 | | 380,711 | (142,764) | (237,947) | | | | | | | | | 428,505 | 428,505 | - |
| Shareholders' Equity Group | 1,726,797 | - | 1,726,797 | - | (237,947) | (19,721) | 649 | (850) | - | - | - | 4,966 | - | 436,503 | 1,910,397 | - |
| Shareholders' Equity Minorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

The Shareholders' Meeting of 28 April 2022 approved the distribution of the unit dividend of €0.39, as proposed by the Board of Directors on February 9th, 2022.
The column "Stock options" includes the incentives plans serviced by FinecoBank shares.
The column "Changes in reserves" includes the coupons paid on equity instruments, net of related taxes, the transaction costs directly attributable to the issue of new ordinary shares during the period, net of related taxes, as well as the portion of dividends not distributed in respect of treasury shares held by the Bank at the record date.

## Statement of changes in consolidated shareholders’ equity at 12/31/2021

(Amounts in € thousand)

| | Balance as at 12/31/2020 | Change in opening balance | Balance as at 01/01/2021 | Allocation of profit from previous year | | Change during the year | | | | | | | | | Shareholders' equity group as at 12/31/2021 | Shareholders' equity minorities as at 12/31/2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shareholders' equity transactions | | | | | | | | | |
| | | | | Reserves | Dividends and other distributions | Changes in reserves | Issues of new shares | Purchase of own shares | Distributions of extraordinary dividends | Changes in equity instruments | Own share derivatives | Stock options | Changes in ownership | Comprehensive income exercise 2021 | | |
| Share capital: | | | | | | | | | | | | | | | | |
| - ordinary shares | 201,153 | | 201,153 | | | | 114 | | | | | | | | 201,267 | - |
| - other shares | | | | | | | | | | | | | | | | |
| Share premium reserve | 1,934 | | 1,934 | | | | | | | | | | | | 1,934 | - |
| Reserves: | | | | | | | | | | | | | | | | |
| - from profits | 633,306 | | 633,306 | 323,571 | | (19,706) | | | (323,247) | | | (114) | | | 613,810 | - |
| - others | 31,183 | | 31,183 | | | | | | | | | 5,209 | | | 36,392 | - |
| Revaluation reserves | (2,833) | | (2,833) | | | | | | | | | | | (3,044) | (5,877) | - |
| Equity instruments | 500,000 | | 500,000 | | | | | | | | | | | | 500,000 | - |
| Treasury shares | (1,189) | | (1,189) | | | | 570 | (821) | | | | | | | (1,440) | - |
| Profit (loss) for the year | 323,571 | | 323,571 | (323,571) | | | | | | | | | | 380,711 | 380,711 | - |
| Shareholders' Equity Group | 1,687,125 | - | 1,687,125 | - | - | (19,706) | 684 | (821) | (323,247) | - | - | 5,095 | - | 377,677 | 1,726,797 | - |
| Shareholders' Equity Minorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

The Shareholders' Meeting of 28 April 2021 approved the allocation of the entire profit for the 2020 financial year to reserves, as proposed by the Board of Directors on 9 February 2021.
The column “Distribution of extraordinary dividends" includes the distribution of the unit dividend of €0.53 paid on 24 November 2021, approved by the Shareholders' Meeting of 21 October 2021 as proposed by the Board of Directors on 3 August 2021.
The column "Stock options" includes the incentives plans serviced by FinecoBank shares.
The column "Changes in reserves" includes the coupons paid on equity instruments, net of related taxes, the transaction costs directly attributable to the issue of new ordinary shares during the period, net of related taxes, as well as the portion of dividends not distributed in respect of treasury shares held by the Bank at the record date.

# Consolidated cash flow statement

## Indirect method

(Amounts in € thousand)

| Items | Amount | |
|---|---|---|
| | 2022 | 2021 |
| **A. OPERATING ACTIVITIES** | | |
| **1. Operations** | **596,581** | **589,263** |
| - operating result (+/-) | 428,505 | 380,711 |
| - capital gains/losses on financial assets held for trading and on assets designated at fair value through profit and loss (-/+) | (491) | 190 |
| - capital gains/losses on hedging operations (+/-) | 9,426 | (1,043) |
| - net write-offs/write-backs due to impairment (+/-) | 7,339 | 3,443 |
| - net write-offs/write-backs on tangible and intangible assets (+/-) | 26,865 | 26,218 |
| - provisions and other incomes/expenses (+/-) | 23,846 | 22,606 |
| -Net uncashed premiums (-) | - | - |
| -Other non-cashed income/insurance charges (-/+) | - | - |
| - not paied tax (+/-) | 2,403 | 27,567 |
| - disposal groups classified as held for sale (-/+) | - | - |
| - other adjustments (+) | 98,688 | 129,571 |
| **2. Liquidity generated/absorbed by financial assets** | **(2,573,483)** | **(3,003,503)** |
| - financial assets held for trading | 4,009 | (4,871) |
| - financial assets at fair value | - | - |
| - other assets mandatorly valued at fair value | 72 | 5,056 |
| - financial assets valued at fair value with impact on overall profitability | 17,593 | 100,276 |
| - financial assets valued at amortized cost | (2,056,183) | (2,476,736) |
| - other assets | (538,974) | (627,228) |
| **3. Liquidity generated/absorbed by financial liabilities** | **2,245,999** | **2,198,984** |
| - financial liabilities valued at amortized cost | 2,280,211 | 2,145,703 |
| - financial liabilities held for trading | (133) | 360 |
| - financial liabilities designated at fair value | - | - |
| - other liabilities | (34,079) | 52,921 |
| **Net liquidity generated/absorbed by operating assets** | 269,097 | (215,256) |
| **B. INVESTMENT ACTIVITY** | | |
| **1. Liquidity generated by** | 1,677 | - |
| - equity investments | - | - |
| - collected dividends on equity investments | - | - |
| - sells of tangible assets | 1,677 | - |
| - sells of intangible assets | - | - |
| - sales/purchases divisions | - | - |
| **2. Liquidity absorbed by:** | **(14,080)** | **(15,857)** |
| - purchases of equity investments | (700) | (1,321) |
| - purchases of tangible assets | (9,070) | (8,360) |
| - purchases of intangible assets | (4,310) | (6,176) |
| - purchases of subsidiaries and company branches | - | - |
| **Net liquidity generated/absorbed by investment activity** | **(12,403)** | **(15,857)** |
| **C. FUNDING ACTIVITIES** | | |
| - issue/purchase of treasury shares | (201) | (136) |
| - issue/purchase of equity instruments | - | - |
| - distribution of dividends and other scopes | (258,316) | (343,640) |
| -Sale/purchase of control of third parties | - | - |
| **Net liquidity generated/absorbed by funding activities** | **(258,517)** | **(343,776)** |
| **NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR** | **(1,823)** | **(574,889)** |

# Consolidated cash flow statement

## RECONCILIATION

(Amounts in € thousand)

| Items | Amount | |
|---|---|---|
| | 2022 | 2021 |
| Cash and cash equivalent at the beginning of year | 1,464,216 | 2,014,508 |
| Total nel liquidity generated/absorbed in the year | (1,823) | (574,889) |
| Cash and cash equivalents: effect of exchange rate variations | 7,359 | 24,597 |
| Cash and cash equivalent at the end of year | 1,469,752 | 1,464,216 |

**Key**
(+) generated
(-) used

The term “Cash and cash equivalents" refers to cash and on-demand claims, in the technical form of current accounts and deposits, on banks and central banks accounted for in asset item 10. "Cash and cash balances" of the balance sheet, excluding any impairment provisions and accruals made on financial assets.

Cash flows from/used by financial liabilities of the Group, although in accordance with IAS 7 par. 44A is representative of flows deriving from the financing/funding activity, is classified, in line with the banking activity carried out and as required by Bank of Italy Circular 262/2005, as liquidity deriving from the operating activity.

# Part A - Accounting policies

## A.1 General

### Section 1 - Statement of Compliance with IFRS

The Consolidated Financial Statements of the FinecoBank Banking Group (represented by the Bank and its subsidiary Fineco Asset Management DAC, hereinafter "FinecoBank Group" or "Group") is prepared, in implementation of Legislative Decree no. 38 of February 28th, 2005, in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretation documents, as endorsed by the European Commission, pursuant to EU Regulation 1606/2002 of July 19th, 2002 and applicable to financial reports for the periods starting on or after January 1st, 2022.

It's an integral part of the Annual Financial Report as required by art. 154-ter, paragraph 1 of the Consolidated Finance Act (TUF, Italian Legislative Decree no. 58 of February 24th, 1998).

In its circular 262 of December 22, 2005 as amended, the Bank of Italy laid down the formats for the consolidated financial statements and Notes to the consolidated accounts of banks and regulated financial companies that are parents of banking groups, which have been used to prepare these Consolidated financial statements.

### Section 2 - Preparation criteria

As mentioned above, these Consolidated financial statements have been prepared in accordance with the IAS/IFRS endorsed by the European Commission. The following documents have been used to interpret and support the application of IFRS, even though not all of them have been endorsed by the European Commission:

- The Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRICs and any other documents prepared by the IASB or International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretation documents on the application of IFRS in Italy prepared by the *Organismo Italiano di Contabilità* (Italian Accounting Body);
- the documents issued by ESMA (European Securities and Markets Authority), by European Banking Authority, by European Central Bank, by Bank of Italy and by Consob that refer to the application of specific provisions in the IFRS, with particular reference to the representation of the effects deriving from the COVID-19 pandemic, the Russian-Ukrainian conflict and their impact on the valuation processes;
- the documents prepared by Italian Banking Association (ABI).

The Consolidated financial statements comprise the consolidated Balance Sheet, the consolidated Income Statement, the consolidated Statement of Comprehensive Income, the consolidated Statement of Changes in Shareholders' Equity, the consolidated Cash Flow Statement (compiled using the indirect method), and these Notes to the consolidated accounts, together with the Directors' Report on Operations ("Consolidated Report on Operations") and the Annexes. Any discrepancies between the figures shown in the Consolidated financial statements and the Notes to the consolidated accounts is solely due to roundings.

The consolidated Balance Sheet and the consolidated Income Statement are compared with the corresponding statements for the previous year.

In the consolidated statement of comprehensive income, to the profit (loss) for the year recognised in the consolidated income statement, are added to the income components recognised, in accordance with international accounting standards, as an offsetting entry to the valuation reserves, net of the related tax effect. The consolidated statement of comprehensive income is presented with separate evidence of the income components that will not be recognised in the income statement in the future and those that may otherwise be reclassified to profit (loss) for the year if certain conditions are met. The statement is compared with the corresponding statement for the previous year.

The statement of changes in consolidated shareholders' equity shows the composition of and changes in shareholders' equity during the year of the financial statements and the previous year.

The consolidated cash flow statement shows the cash flows occurred during the year of the financial statements compared to those of the previous year and has been prepared using the indirect method, whereby cash flows from operating activities are represented by the result for the year adjusted for the effects of non-monetary transactions.

The figures in the Consolidated financial statements and the Notes to the consolidated Accounts are provided in thousands of euros, unless otherwise indicated and have been prepared with reference to the instructions on banks' financial statements set out in the Bank of Italy's Circular 262 of December 22nd, 2005, and subsequent updates. In accordance with the Bank of Italy Circular 262/2005, items in the consolidated Balance Sheet, consolidated Income Statement and consolidated Statement of Comprehensive Income for which there is no significant information to be disclosed for the reporting period and the previous year, are not provided. In addition, the tables in the Notes to the Consolidated Accounts that do not have any significant information to be disclosed are not shown either for the reporting period or the previous year.

# Part A - Accounting policies

With reference to IAS 1, these Consolidated financial statements have been prepared on a going concern basis, as there are no doubts or uncertainties, considering the Group's economic and financial situation, as to the ability of the Group to continue its business operations and to continue operating for the foreseeable future (at least for the next 12 months).

The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form.

Lastly, pursuant to Art. 123-bis par. 3 of Consolidated Finance Act, as noted in the "Other Information" section of the Consolidated Report on Operations, the Report on Corporate Governance and Ownership Structures is available in the "Governance" section of the FinecoBank website.

## Section 3 – Consolidation Procedures and Scope

The consolidation criteria and principles adopted in the preparation of the consolidated financial statements as at December 31st, 2022 are set out below.

### *Scope of consolidation*

The scope of consolidation includes FinecoBank and its direct subsidiaries. There are no companies indirectly controlled by FinecoBank.

The following was used for full consolidation:

- the draft accounts at December 31st, 2022 of FinecoBank S.p.A.;
- the draft accounts at December 31st, 2022 of Fineco Asset Management DAC ("Fineco AM"), fully consolidated and wholly owned, prepared in accordance with IAS/IFRS where the items have been appropriately reclassified and adjusted for consolidation requirements.

It should be noted that on November 22nd, 2022, the company Fineco International Ltd, based in the UK, was incorporated. As at December 31st, 2022, the company, a wholly-owned subsidiary of FinecoBank S.p.A., was not operational, pending completion of the process with the UK Financial Conduct Authority in order to obtain authorisation to provide investment/financial services, and was excluded from the scope of consolidation as it does not exceed the materiality thresholds defined in the Group's policy.

Preliminary data referring to the accounting date of December 31st, 2022 provided by Vorvel SIM S.p.A., the only equity investment subject to significant influence and included in the scope, were used for consolidation using the equity method.

### *Changes in the scope of consolidation*

There are no changes in the scope of consolidation since December 31st, 2021.

### *1. Interests in fully-owned subsidiaries*

| Company names | Headquarters | Registered office | Type of relationship (1) | Ownership relationship | | Voting rights % (2) |
|---|---|---|---|---|---|---|
| | | | | held by | holding % | |
| 1. Fineco Asset Management DAC | Dublin | Dublin | 1 | FinecoBank | 100% | 100% effective |

**Key:**
(1) Type of relationship:
1 = majority of voting rights and the ordinary Shareholders' Meeting
(2) Availability of votes in the ordinary Shareholders' Meeting, with a distinction between actual and potential votes.

### *2. Valuations and key assumptions to define the scope of consolidation*

### *Subsidiaries*

The Group determines the existence of control and, consequently, the scope of consolidation by considering the following factors:

1. the purpose and constitution of the investee in order to identify what the entity's objectives are, the activities that determine its returns and how those activities are governed;
2. power in order to understand whether it has contractual rights that give it the ability to govern the relevant activities; for this purpose only substantive rights that provide practical capacity to govern are considered;

3. exposure to variability of returns and the ability to use the power held to influence the returns to which it is exposed;
4. the existence of potential “principal/agent' relationships, as defined in IFRS 10.

Where the relevant assets are governed by voting rights, the existence of control is verified by considering the voting rights, including potential ones, held and the existence of any agreements or shareholders' agreements that give the right to control the majority of the voting rights, to appoint the majority of the governing body or in any case the power to determine the financial and operating policies of the entity.

The Group differentiates between entities governed by voting rights, so-called operating entities, and entities not governed by voting rights, which include, for example, special purpose entities and investment funds.

In the case of operating entities, the following factors provide evidence of control:

- own, directly or indirectly through your subsidiaries, more than half of the voting power of an enterprise unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control;
- own half or less of the votes exercisable at the shareholders' meeting and have the practical ability to govern the relevant activities unilaterally through:
  - controlling more than half of the voting rights by virtue of an agreement with other investors;
  - the power to determine the financial and operating policies of the entity by virtue of a clause in the articles of association or a contract;
  - the power to appoint or remove the majority of the members of the board of directors or equivalent corporate governance body, and the management of the company is the responsibility of that board or body;
  - the power to exercise the majority of voting rights at meetings of the Board of Directors or equivalent corporate governance body, and the management of the company is the responsibility of that board or body.

Special purpose entities are considered to be subsidiaries where the Group is able to govern/manage the underlying assets concurrently with an exposure to at least 30% of the first loss risk associated with the underlying (usually coinciding with the most junior exposure classes of the liabilities issued by the SPE).

The control of investment funds is typically evidenced by the contractual right to manage the investment choices/strategies of the fund itself (either directly, by acting as asset manager, or indirectly through the ability to remove the asset manager) in conjunction with ownership of at least 30% of the exposure (combined with the units and fees received by the fund in the case where the investor is also an asset manager). In the context of funds managed by Group companies, funds in the Seed/Warehousing phase are not considered controlled. In fact, in this phase, the purpose of the fund is to invest, according to the provisions of the relative regulation, in financial and non-financial assets in order to place the units with third party investors. Consequently, it is believed that the management company is not in a position to exercise effective power due to the limited discretionary scope.

### *Associates*

An associated company is an enterprise in which the investor exercises significant influence and which is neither an exclusive subsidiary nor a joint subsidiary.

Significant influence is presumed when the Group holds, directly or indirectly, at least 20% of the capital of another company, or - albeit with a lower share of voting rights - has the power to participate in determining the financial and management policies of the investee company by virtue of particular legal ties such as participation in shareholders' agreements.

Only entities whose governance is exercised through voting rights can be classified as companies with significant influence.

## *3. Interests in fully-owned subsidiaries with major minority interests*

As at December 31st, 2022, the only wholly-owned subsidiary, Fineco AM, is 100% owned. As described above, it should be noted that FinecoBank also holds 100% of Fineco International Ltd, which is not operational as at December 31st, 2022.

#### *3.1 Minority interests, availability of minority votes and dividends distributed to minority shareholders*
No data to report.

#### *3.2 Significant minority interests: accounting data*
No data to report.

## *4. Significant restrictions*

No data to report.

# Part A - Accounting policies

### *5. Other information*

As required by paragraph 11 of IFRS 12, it should be noted that there are no financial statements of subsidiaries used in the preparation of the consolidated financial statements that are dated other than the date of the consolidated financial statements.

### *Consolidation methods*

Full consolidation

Investments in subsidiaries are consolidated on a line-by-line basis, which consists of the acquisition of the subsidiary's balance sheet and income statement aggregates "line by line".

After any attribution to third parties, in their own items, of their share of the equity and the economic result (respectively item "190. Minority interests" and item "340. Profit (loss) for the period attributable to minority interests"), the book value of the investment is written off - against the assumption of the related assets and liabilities - against the corresponding portion of shareholders' equity attributable to the parent company (100% in the case of a company wholly owned by the parent company). Differences resulting from this transaction, if positive, are recognised - after any allocation to assets or liabilities of the subsidiary, including intangible assets - as goodwill under Intangible Assets. Any negative differences are recognised in the income statement. Assets and liabilities, off-balance sheet transactions, income and expenses as well as profits and losses between the companies are fully eliminated in accordance with the consolidation method adopted. Dividends distributed by subsidiaries are eliminated from the consolidated profit and loss account with a counter-entry to retained earnings.

Consolidation using the equity method

Investments in associates and joint ventures are consolidated, in accordance with IAS 28, using the equity method, which consists of the initial recognition of the investment at acquisition cost, including initial direct costs associated with the acquisition, and its subsequent value adjustment based on the investor's share of the investee's equity.

At the time of acquisition, the difference between the cost of the investment and the investor's share of the net fair value of the investee's identifiable assets and liabilities must be identified; if the difference is positive, it is recognised as goodwill and included in the carrying amount of the investment; if it is negative, it is recognised as income in determining the investor's share of the associate's profit or loss for the period in which the investment is acquired.

Subsequently, the carrying amount is increased or decreased by the investor's share of the investee's profits or losses realised after the date of acquisition, recognised in profit or loss in item 250. “Profit (Loss) on equity investments”.

This share must be adjusted to take account of:

- the profits and losses resulting from the transactions of the associated company, in proportion to the percentage of the shareholding in that company;
- amortisation of depreciable assets based on their fair value at the date of acquisition and impairment losses on goodwill and any other non-cash items.

Dividends received are not recognised in the income statement but are treated as a mere equity transaction that reduces the carrying amount of the investment against the cash received.

Changes in valuation reserves of associates are disclosed separately in the consolidated statement of comprehensive income.

If the associate prepares its financial statements in foreign currency, the translation differences at the balance sheet date are recognised in a separate currency translation reserve to be reported in the consolidated statement of comprehensive income.

If there is evidence that the value of an investment may have decreased, the recoverable amount of the investment is estimated, taking into account the present value of future cash flows that the investment may generate, including the final disposal value of the investment. If the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement under item 250. “Profit (Loss) on equity investments”. If the reasons for the impairment loss are removed as a result of an event occurring after the impairment was recognised, the related reversals are recognised in the same income statement item.

## Section 4 - Subsequent events

No significant events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Consolidated Financial Statements as at December 31st, 2022

The Consolidated Financial Statements at December 31st, 2022 were approved by the Board of Directors of March 14th, 2023, which authorised their publication also pursuant to IAS10.

## Section 5 – Other matters

During 2022, the following accounting standards, amendments and interpretations, approved by the European Commission, become effective for reporting periods beginning on or after January 1st, 2022

- Amendments to IAS 16 Property, Plant and Equipment, Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Amendments to IFRS 3 Business Combinations, and Annual IFRS Improvements Cycle 2018-2020 (EU Reg. 2021/1080).

Where applicable, these accounting standards, amendments and interpretations had no relevant impact on the consolidated financial statements as at December 31st, 2022.

In addition, at December 31st, 2022, the following accounting standards had been endorsed and are applicable for annual periods beginning after 2022:

- IFRS 17 - Insurance Contracts (EU Reg. 2021/2036);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (EU Reg. 2022/357);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: definition of accounting estimates (EU Reg. 2022/357);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (EU Reg. 2022/1392);
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (EU Reg. 2022/1491).

As at December 31st, 2022, the IASB had issued the following standards and accounting interpretations or revisions thereof, the application of which is, however, still subject to the completion of the endorsement process by the competent bodies of the European Union, which is still underway:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-current - Deferral of Effective Date - Non-current Liabilities with Covenants (January 2020, July 2020 and October 2022, respectively);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (September 2022).

The possible effects of the future adoption of these standards, interpretations and amendments, to the extent that they are applicable and relevant to the Group, are reasonably estimated to be immaterial; the related analyses, also in relation to the fact that endorsement has not yet taken place, are still to be completed.

It should also be noted that on October 28th, 2022, ESMA published Public Statement ESMA32-63-1320 'European common enforcement priorities for 2022 annual financial reports', the annual public statement in which it set out the common European priorities for the preparation of the 2022 annual financial reports of issuers admitted to trading on EEA regulated markets ('European Economic Agreement'). With regard to annual financial reports, ESMA lists the following priorities:

- Climate-related issues. In this context, ESMA draws attention to the following aspects:
    - consistency between IFRS financial statements and non-financial information, insofar as the effects of these aspects are material;
    - impairment of non-financial assets as a result of measures to prevent or mitigate climate-related risks;
    - provisions, contingent liabilities and contingent assets, as climate commitments may give rise to legal or constructive obligations;
    - transparency on the financial impacts and accounting treatment applied power purchase agreements.
- Financial impact directly related to Russia's invasion of Ukraine. In this context, ESMA points out that most of the messages contained in Public Statement ESMA32-63-1277 "Implications of Russia's invasion of Ukraine on half-yearly financial reports" of May 13th, 2022 are also relevant in the context of the preparation of annual financial reports and draws attention to the following aspects:
    - presentation of the impacts of the Russian invasion of Russia in the financial statements. ESMA urges caution with regard to the separate presentation of the impacts of the Russian invasion of Ukraine in the income statement; instead of presenting the impacts separately in the income statement, ESMA encourages issuers to provide qualitative and quantitative information in the notes on the significant impacts, valuations and assumptions applied in the recognition, measurement and presentation of assets and liabilities, as well as the effects on the income statement;
    - loss of control, joint control or the ability to exercise significant influence, for the assessment of which ESMA recommends careful consideration of all facts and circumstances and the use of judgement;
    - discontinued operations, non-current assets and disposal groups held for sale with respect to exit plans relating to assets located in Russia and Belarus. ESMA recommends caution in the classification of non-current assets held for sale and/or discontinued operations under IFRS 5 and calls for transparency regarding any judgements made on the classification and measurement of assets and liabilities under IFRS 5;
    - impairment of non-financial assets. ESMA requires that, as a result of gas supply restrictions and potential energy rationing for certain industries in connection with the Ukrainian/Russian conflict, issuers should consider the impact of various energy price scenarios and potential restrictions in the sensitivity analysis of the impairment test and disclose the key assumptions adopted in accordance with IAS 36.

- Macroeconomic context. In this area, ESMA notes that the current macroeconomic environment poses significant challenges to issuers and their operations and urges issuers to (i) assess and reflect the impacts that the macroeconomic environment and uncertainties will have on their balance sheets and (ii) provide clear and detailed information to ensure that investors obtain relevant, accurate and timely information. In this context, ESMA draws attention to the following aspects:
  - impairment of non-financial assets, as ESMA expects that rising interest rates and uncertainty will affect the discount rates used in impairment test;
  - employee benefits. ESMA reminds issuers to ensure that the actuarial assumptions used reflect the current economic outlook and are all consistent, including estimates of future salary increases;
  - revenues from contracts with customers. ESMA urges caution when recognising an asset arising from costs incurred in fulfilling a contract in a high inflation environment, as the additional costs may not be recovered;
  - financial instruments. In the current environment of rising interest rates and funding costs, ESMA emphasises the importance of disclosures that enable users of financial statements to assess issuers' exposure to interest rate risk, commodity price risk and related liquidity risk, and to provide with sufficient transparency the impact that the changing economic environment has on the calculation of ECL.

ESMA also recommends:

- pay particular attention to climate-related issues and their effects when providing a balanced and comprehensive analysis of the company's business development and performance and its positioning, together with a description of the principal risks and uncertainties it faces. In particular, issuers should consider whether the degree of emphasis placed on climate-related issues in the annual report and non-financial information is consistent with the extent of disclosure of how the risks and opportunities arising from climate issues have been reflected in the assessments and estimates applied in the financial statements;
- transparency in the disclosure to be provided in the 2022 annual financial report with regard to the implementation of IFRS 17 - Insurance Contracts.

To the extent applicable, the aforementioned recommendations have been adopted for the preparation of consolidated financial statements as of December 31st, 2022.

Finally, ESMA reminds issuers that, starting from 2022, the disclosures included in IFRS consolidated financial statements must, as a minimum, be marked with the elements contained in Annex II of the RTS on ESEF. Annex II of the RTS on ESEF includes a number of elements defined with the "textBlockItemType", i.e. block tags for larger information of different granularity. Therefore, issuers must consider the accounting meaning of an element of the taxonomy when selecting the appropriate block tag to mark that disclosure.

### *Risks, uncertainties and impacts of the Russia-Ukraine military conflict*

On February 24th, 2022, a military operation by Russia in Ukraine began, triggering a military conflict and an international crisis. Since February, the European Union has imposed six sanctions packages on Russia, including targeted restrictive measures (individual sanctions), economic sanctions, and diplomatic measures. The conflict has weighed on the economy in the first half of the year in Europe and beyond its borders; it has affected trade, caused material shortages, and contributed to high energy and commodity prices and a significant rise in inflation.

As described in the section "The COVID-19 pandemic and the Russian-Ukrainian conflict" reported in the Consolidated Report on Operations (to which we refer for more details), despite this context of uncertainty, in 2022 there were no significant impacts for the Group either in terms of deterioration of credit exposures (migration of positions to nonperforming or increase in the credit risk of counterparties with which the Group carries out lending activities), nor in terms of liquidity management, which has remained solid and stable, and from a forward-looking perspective there are no impacts in terms of strategic orientation, objectives and business model.

The Group is not directly exposed to Russian assets affected by the conflict, and indirect exposures represented by guarantees received under of pledge-backed financing transactions (Credit Lombard and pledged overdraft) are of insignificant amount. The Group has no exposures direct in commodities and has limited exposure in rubles.

With reference to: (i) to obligations to freeze funds of sanctioned persons and entities, (ii) to restrictions on the buying and selling of certain securities because they are issued by or linked to sanctioned issuers, (iii) to restrictions on financial flows to and from Russia, both in terms of prohibition of credit exposure in favour of sanctioned entities and in terms of prohibition of accepting deposits from Russian nationals or individuals or legal entities residing in Russia, subject to specific exceptions, (iv) to the obligations to report to the competent authorities, Fineco uses safeguards to monitor the names of sanctioned individuals and entities and the ISINs of sanctioned financial instruments, necessary to initiate the consequent asset freezing activities required by the regulations. As of December 31st, 2022, there are no direct or indirect exposures with individuals or entities subject to sanction measures applicable to the Bank, therefore, no asset freezing actions required by the regulations have been implemented on the individuals concerned. Finally, the Bank constantly monitors the evolution of the regulatory framework of reference through tools information that allow the timely updating of the sanction framework applicable to the Bank and the appropriate adjustment of the safeguards in place in place.

# Part A - Accounting policies

On March 14th, 2022, the European Securities and Markets Authority (ESMA) published Public Statement "ESMA71-99-1864" on the impacts of the Russian-Ukrainian crisis on EU financial markets, which outlines the supervisory and coordination activities undertaken in this context and contains recommendations to issuers on the information to be disclosed when approving their 2021 financial statements and subsequent reporting financial statements. In this context, on March 18, 2022, Consob drew the attention of listed companies and other supervised issuers to the following issues coordinated in ESMA:

- disclose as soon as possible any inside information regarding the impacts of the crisis on the fundamentals, prospects and financial situation, in line with transparency obligations under the Market Abuse Regulation, unless there are conditions for delaying the publication of the same; and
- provide information (on a qualitative and quantitative basis if possible), on the current and foreseeable direct and indirect effects of the crisis on business activities, exposures to affected markets, supply chains, financial position and performance economic performance in the 2021 financial reports, if these have not yet been approved, and in the annual shareholders' meeting or otherwise in interim financial reports.

Consob expects the auditors and supervisory bodies to pay special attention to the above-mentioned issues in their audits of financial reports, having particular regard to the effects on the issuer and subsidiaries of the restrictive measures adopted by the EU.

Considering the recommendations released by the National Cybersecurity Agency, Consob recommends special attention to the assessment of cybersecurity-related risks. Finally, it points out that it is advisable to put in place adequate and effective organizational and technical measures aimed at mitigating this risk, including providing for the strengthening of information flows with the supervisory bodies.

On May 13th, 2022, ESMA published Public Statement "ESMA32-63-1277" with the intent to promote transparency and consistent European-wide application of the disclosure requirements in half-yearly financial reports, with reference to the Russian invasion of Ukraine. ESMA emphasizes the need for issuers to provide information that adequately reflects the current and, if possible, anticipated impact of the Russian invasion of Ukraine on their financial position, performance, and cash flows, as well as the importance of providing information on the principal risks and uncertainties to which issuers are exposed. In addition, ESMA provides specific recommendations regarding the application of accounting standards in the context of half-yearly reporting, recalling the elements that may be impacted by the conflict and the aspects that issuers should consider in their own assessments and estimates, and to the information that issuers must provide in their interim reports, as well as their consistency with half-yearly reporting.

As described in Section 4 - Other Matters, on October 28th, 2022, ESMA published Public Statement ESMA32-63-1320 "European common enforcement priorities for 2022 annual financial reports", in which it clarifies that most of the messages contained in Public Statement ESMA32-63-1277 "Implications of Russia's invasion of Ukraine on half-yearly financial reports" of May 13th, 2022 are also relevant in the context of the preparation of annual financial reports.

With reference to ICT and Cyber risks, on February 24th, 2022, the CSIRT (the National Cybersecurity Agency's response team) called for raising attention and taking all measures to protect ICT assets, an alert addressed to Italian companies that have dealings with Ukrainian operators. On Feb. 28th, 2022, the agency produced a new alert, this time addressed to all national digital infrastructure operators, urging them to adopt "a posture of maximum cyber defence": the offensive could in fact be directed against the coalition that has mobilized to support the attacked country. In the crosshairs, as far as Italy is concerned, are generally ministries, government agencies, and companies strategic to the national interest including financial institutions. The Group's objective is to ensure the protection of clients by guaranteeing data security, declined in its characteristics of availability, confidentiality and integrity: in light of the Russian-Ukrainian crisis on EU financial markets, special attention has been paid to the assessment of related risks. In compliance with the measures provided for by current legislation, Fineco has undertaken a series of initiatives aimed at verifying its security posture and operational readiness also making use of the indications and recommendations suggested by the various bodies national and international bodies. Without prejudice to the fact that it has always adopted best practices in the field of security, both in terms of technical and organizational/procedural, additional mechanisms have in any case been evaluated and introduced to cope with any impacts arising from the situation contingency, ensuring at the same time constant and continuous monitoring of the evolving environment.

### *Risks, uncertainties and impacts of the COVID-19 pandemic*

The first weeks of 2022 were marked by a new wave of infections in our country caused by the rapid spread of the Omicron variant, started in late 2021, which led to the extension of the state of emergency until March 31st, 2022 (Christmas Decree - Decree-Law No. 221 of December 24th, 2021). The following months saw a gradual attenuation of the contagions, and Decree-Law No. 24 of March 24th, 2022, "Urgent provisions to overcome the measures to counter the spread of the COVID-19 epidemic, as a result of the termination of the state of emergency," ended on March 31st, 2022, the state of emergency, which had been resolved by the Council of Ministers on January 31st, 2020, and gradually extended. The rule amended the anti-Covid measures, phasing out, starting April 1st, the restrictions then in place.

As described in the section "The COVID-19 pandemic and the Russian-Ukrainian conflict" given in the Consolidated report on operations, to which we refer for more details, in 2022, there were no significant impacts for the Group, but evolution in the near future remains, however, difficult to predict.

# Part A - Accounting policies

### *Risks and uncertainties related to the use of estimates*

In accordance with IFRS and irrespective of the crisis brought about by the COVID-19 pandemic or the Russia-Ukraine military conflict, management must make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, expenses, and revenues recognized in the financial statements, as well as on the disclosure of contingent assets and liabilities. The estimates and related assumptions, set out below, take into account all information available at the date of preparation of the half-yearly report and are based on past experience and other factors considered reasonable in the case and have been adopted to estimate the carrying value of assets and liabilities that are not readily apparent from other sources.

In the presentation of the consolidated financial statements at December 31st, 2022, estimates have been used to support the carrying amount of some of the valuation-based items, as required by the accounting standards and regulations described above. These estimates are largely based, as regards assets, on calculations of future recoverability of the values recognised in the accounts and as regards liabilities, on estimates of the probability of using resources to meet the Group's obligations and on the amount of resources necessary to that end, according to the rules laid down in current legislation and standards. They have been made on the assumption of a going concern, on which basis these consolidated financial statements have been prepared, i.e. without contemplating the possibility of the forced sale of the estimated items. The processes adopted support the carrying amounts at December 31st, 2022. For some of the above items, the valuation is particularly complex given the uncertainty of the macroeconomic and market situation, characterised by significant levels of volatility in the financial parameters determining the valuation and continued high indicators of deterioration in credit quality, and, more generally, uncertainty and instability in the banking sector. For other items, the complexity and subjectivity of estimates is influenced by the intricacy of the underlying assumptions, the amount and variability of available information and the uncertainties connected with possible future outcomes of proceedings, disputes and litigation.

The parameters and information used to determine the above-mentioned values are therefore significantly affected by multiple factors, which could change rapidly in ways that are currently unforeseeable and, as a result, future effects on the estimated carrying amounts cannot be ruled out.

Estimates and underlying assumptions are regularly reviewed. Any changes resulting from these reviews are recognised in the period in which the review was carried out, provided the change only concerns that period. If the revision concerns both current and future periods it is recognised accordingly in both current and future periods.

Uncertainty affecting estimates is inherent, among other factors, in the determination of:

- fair value of financial instruments not listed in active markets;
- loans/debt securities and related adjustments and, in general, any other financial assets/liabilities. These include, but are not limited to, the risk of uncertainty in determining the parameters for a significant increase in credit risk, the inclusion of forward-looking factors, including macroeconomic factors, in determining PD and LGD, and the determination of future cash flows from impaired loans (for more details see the specific section "Impairment" set out in Part A - Accounting policies of the notes to the consolidated accounts);
- employee severance pay provision and other employee and personal financial advisor benefits;
- provisions for risks and charges, the quantification of which is estimated with reference to the amount of expenditure required to meet the obligations, taking into account the actual probability of having to use resources;
- the value in use of intangible assets with an indefinite life, represented by goodwill, trademarks and domains;
- deferred tax assets;
- tax liabilities;

the quantification of the above items can vary even significantly over time, depending on changes in national and international social and economic conditions and their impact on the Group's earnings, customer solvency and the credit quality of borrowers; the performance of the financial markets, which influence interest rate fluctuation, prices and actuarial assumptions used to make estimates; legislative and regulatory changes affecting the market; and developments in existing or potential disputes.

For the purpose of calculating expected losses, the Group uses specific models that leverage the parameters of Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure At Default ("EAD") estimated conservatively and to which specific adjustments are made in order to ensure full consistency with the accounting regulations. The expected loss for institutional counterparties is calculated using the risk parameters provided by the external provider Moody's Analytics; for retail counterparties, since internal rating systems are not available, the PD and LGD curves are estimated by product type using models developed internally by the CRO Department (personal loans and mortgages) or proxies (other exposures). In order to implement the provisions of the IFRS 9 accounting standard, the parameters are adjusted through forward-looking Information (FLI), integrated with the development of specific scenarios, elaborated by the external supplier Moody's Analytics. In particular, the FLI component is determined by three macroeconomic scenarios, a baseline scenario, a positive scenario and an adverse scenario. The base scenario is weighted at 40% as it is considered the most probable one; the positive and adverse scenarios, on the other hand, are weighted at 30%, and represent alternative outcomes, respectively better and worse. The forward-looking factors used as at December 31st, 2022 include forward-looking information updated on the COVID-19 health emergency and the geopolitical and economic crisis triggered by the conflict between Russia and Ukraine. Another key aspect required by the IFRS 9 accounting standard is represented by the need to detect at each reference date whether there has been a significant increase in credit risk (SICR) on each individual credit exposure, which in the FinecoBank Group was implemented through a three-stage Approach. This model envisages a first stage (stage 1) which includes newly granted exposures and exposures which at the reporting date do not show a significant deterioration in credit risk with respect to the initial recognition, a second stage (stage 2) which includes exposures showing a significant deterioration in credit risk since the initial recognition, and a third stage (stage 3), which includes non-performing exposures (NPE). With reference to the institutional counterparties with which the Group carries out credit business, the staging allocation method consist of comparing the rating at the reporting date and that recorded at the date on which the exposure was first recognized in the financial statements. The method, which makes use of the external rating assigned by the Moody's credit agency, is also applied to the securities purchased by the Group as investments. With reference to retail counterparties, in the absence of internal ratings, the Group makes use of the backstops envisaged by accounting rules and further internal evidence. In this context, all exposures showing more than 30 days past due, or for which additional information is available which suggests a deterioration in the creditworthiness of the counterparty, are classified in stage 2. For further details on the models and parameters used to measure IFRS 9 value adjustments, please refer to the information in Part E - Information on risks and related hedging policies - Section 2 - Credit risk management policies of these notes to the consolidated accounts as at December 31st, 2022.

Despite the fragile political and economic context, a significant deterioration of the loan portfolio was not recorded in 2022, either on the Group's strategic financial investments or on the loan receivables from ordinary customers. On institutional counterparties issuing financial instruments that the Group has acquired as an investment, although there has been a deterioration in credit parameters mainly due to the application of forward-looking factors, which incorporate the effects of the deteriorated macroeconomic context, no changes in creditworthiness such as to trigger a passage to stage 2. Loan receivables from ordinary customers, on the other hand, did not show significant increases in flows to stage 2 or stage 3. In fact, the latter are disbursed in application of a careful and prudent lending policy and are mainly backed by financial and real estate collateral. In the case of real estate mortgages, the average loan to value is, in fact, equal to approximately 50% and the credit facilities granted provide for the acquisition of guarantees with conservative margins. Also most of the moratoriums granted by FinecoBank to support the financial needs of customers related to the COVID-19 health emergency, overall for an insignificant amount, have regularly resumed payments: the moratoriums still in place as at December 31st, 2022 amounted to € 383 thousands.

It should be remembered that the moratoriums, in the absence of further evidence, even not strictly connected to the moratorium in question, have been recognized in the financial statement by applying the so-called modification accounting, in line with ESMA indications, as the contractual modifications have been assessed as not substantial. The Group carried out a qualitative assessment and considered that these relief measures provide temporary relief to debtors affected by the COVID-19 pandemic, without significantly affecting the economic value of the loan.

With reference to the projections of future cash flows, assumptions and parameters used to assess the recoverability of the goodwill, brands and Fineco' domains recognised in the financial statements, it should be noted that the parameters and information used are significantly influenced by the macroeconomic market framework, which could undergo unforeseeable changes in light of the uncertainties highlighted above. In this regard, it should be noted that as at December 15th, 2022, the Board of Directors approved the procedure adopted to determine the value in use of goodwill, brands and domains (model, assumptions and parameters used). The results, approved by the Board of Directors on February 7th, 2023, confirm the sustainability of the goodwill recorded in the financial statements, in none of the hypothesised scenarios would an impairment loss arise, confirming a value in use significantly higher than the carrying amount. Also the sensitivity analyses carried out show that the impairment test would reach a break-even level assuming changes in the main parameters used in the valuation model that cannot be reasonably assumed at present. For further details on the impairment test and related sensitivity analyses, see Part B - Information on the consolidated balance sheet - Section 10 - Intangible assets of these notes to the consolidated accounts. On the same date, the Board of Directors approved the method for determining the value in use of the investment in Vorvel SIM S.p.A. - model, assumptions and parameters used-, the results of which show a recoverable value higher than the value recorded in the financial statements.

With regard to the property owned for functional use held by FinecoBank, in order to assess whether there are any indications that the assets may be impaired, the Bank, at the time of the closing of the financial statements as at December 31st, 2022, requested an appraisals from independent third party company from which no evidence emerged that would lead to the need for impairment pursuant to IAS 36.

With regard to actuarial gains/losses calculated in accordance with IAS 19R, particularly related to severance pay and FISC for financial advisors, the actuarial assumptions used reflect the current economic outlook.

There is also no uncertainty as to the recoverability of deferred tax assets. The amount of deferred tax assets recognised in the financial statements must be tested to verify that there is a likelihood of future taxable income allowing for their recovery. The test performed at the closing of the financial statements at December 31st, 2022 gave a positive result.

With regard to valuation techniques, unobservable inputs and parameters used to measure fair value and sensitivity to change in those inputs, see Part A - Section A.4 "Information on fair value" of these Notes to the consolidated accounts.

Lastly, with regard to the provisions for risks and charges arising from legal disputes and claims, see Part E – Information on risks and related hedging policies - Section 5 - Operating risk of these notes to these consolidated financial accounts.

### *Going concern declaration*

Despite a context of uncertainty, characterised, in particular, by the Russian invasion of Ukraine and by rising inflation, it is believed that there are no uncertainties regarding the Group's ability to continue as a going concern in the foreseeable future, nor there are any uncertainties that would give rise to significant adjustments to book values within the next year. However, it cannot be ruled out that, by their nature, the assumptions reasonably made may not be confirmed in the actual future scenarios in which the Group will operate. In making this assessment, moreover, key regulatory indicators, in terms of point data as of December 31st, 2022, relative buffers against minimum regulatory requirements and their evolution in the foreseeable future were considered.

# Part A - Accounting policies

Therefore, from a prospective point of view, there is no substantial impact on the Group's strategic orientation, objectives and business model, which remains innovative and well-diversified, nor are significant economic and financial impacts estimated.

The Directors have considered these circumstances and consider that it is reasonably certain that the Group will continue to operate successfully in the foreseeable future and, therefore, in accordance with IAS 1, the consolidated financial statements for the year ended December 31st, 2022 have been prepared on a going concern basis.

### *Contract modifications resulting from COVID-19*

### *1. Contract modifications and derecognition (IFRS 9)*

To limit the long-term effects of the crisis generated by the health emergency, the Italian Government adopted extraordinary measures to limit unemployment and support the most vulnerable sectors, which were accompanied by government-backed bank loans to businesses. The aid fund for first home mortgages (the Gasparrini Fund) was also extended to employees, self-employed workers and freelance professionals that have suffered more than a 33% decrease in revenue, due to the coronavirus emergency, compared with the turnover in the last quarter of 2019, as a result of the restrictions adopted for the COVID-19 emergency. The extraordinary measures have been extended to December 31st, 2022, as reported in the regulation n.234 of December 30th, 2021 “Bilancio di previsione dello Stato per l’anno finanziario 2022 e bilancio pluriennale per il triennio 2022-2024”. Interested parties may suspend loan instalments for a specified period of time by bearing the compensatory interest payment to the extent of 50% of the interest accrued on the outstanding debt during the suspension period. The Gasparrini Fund (known as Consap) covers the remaining 50% of the interest accrued during the suspension period.

The contract modifications occurred after the moratoria measure were considered to be immaterial following the application of modification accounting, in line with the ESMA guidance. The Group conducted a qualitative assessment and considered that these support measures provide temporary relief to borrowers affected by the COVID-19 pandemic, without significantly impairing the economic value of the loan.

Given that interest accrues on the postponed amounts, no significant modification losses have been identified.

### *Interbank Deposit Guarantee Fund - Voluntary Scheme*

FinecoBank has subscribed to the "Voluntary Scheme", introduced by the Interbank Deposit Guarantee Fund ("IDGF") in November 2015, through an amendment to its bylaws. The Voluntary Scheme is an instrument for resolving bank crises through support measures in favour of banks subscribing to it, when specific conditions established by the regulations apply. The Voluntary Scheme has its own independent financial resources and the banks subscribing to it have committed to provide funds on request for implementation of the measures.

From 2016 to 2018, the Voluntary Scheme, in a capacity as a private entity, approved initiatives to support some banks, and in particular Cassa di Risparmio di Cesena (CariCesena), Cassa di Risparmio di Rimini (Carim), Cassa di Risparmio di San Miniato (Carismi) and Banca Carige.

For the above initiatives, FinecoBank made cash payments with simultaneous recognition in the financial statements, as indicated in this regard by the Bank of Italy, recognised in the financial statements as equity instruments and previously classified as "Financial assets available for sale" under the accounting standard IAS 39 in effect until December 31st, 2017, and subsequently from January 1st, 2018, based on the current accounting standard IFRS 9, as "Financial assets measured at fair value through profit or loss, c) other financial assets mandatorily at fair value".

As at December 31st, 2022, total exposure of equity instruments, arising from grants deriving from the aforementioned contributions paid by the Parent Company, were completely wiped out, as the asset items arising in past years between the member banks and the Voluntary Scheme are considered extinct, resulting in a loss of € 457 thousand in 2022.

In particular, with reference to the equity instruments taken over by the Parent Company as part of the intervention in favour of Banca Carige S.p.A, it should be noted that in the meeting of February 14th, 2022, the statutory bodies of the FITD unanimously approved a preventive intervention in favour of Banca Carige, for an amount of € 530 million, in the form of a capital contribution, as part of an overall transaction that, subject to the authorisations by law, would be carried out by Bper Banca and which envisaged, among other things, the purchase at a symbolic price of the equity investment held by the FITD and the Voluntary Scheme in Banca Carige S. p.A. (approximately 80%) and of the subordinated loan issued by the latter in 2018 for a consideration of € 5 million, equal to its nominal value. On June 3rd, 2022, the FITD announced that it had finalised, within the contractual terms, the closing of the transaction for the sale of the FITD's and the Voluntary Scheme's shareholding in Banca Carige in favour of Bper Banca, for the consideration of € 1 and subject to the payment of a contribution by the FITD of € 530 million by way of capital contribution. As part of the transaction, Bper Banca also acquired the subordinated bonds issued by Banca Carige owned by the Voluntary Scheme for a nominal € 5 million.

With reference to the capital securities acquired by the Bank as part of the intervention in favour of Credit Agricole CariParma in support of CariCesena, Cassa di Risparmio di Rimini (Carim) and Cassa di Risparmio di San Miniato (Carismi), it should be noted that on September 29th, 2022, the FITD announced that on July 21st, 2022 it had sold all the mezzanine and junior tranches subscribed at a total price of € 6.6 million. The cash proceeds from the sales settled the debt owed by the Voluntary Scheme to the FITD, arising from the latter's advance payment of the amount owed by the Scheme as a result of the income from the financial assets held by it being subject to substitute tax from 2021 onwards. In addition, the remaining liquidity was partly used to support the costs related to the Carige transaction and partly, approximately € 1.2 million, will be used to meet the Scheme's operating expenses and charges.

### *Contributions to guarantee and resolution funds*

Directive 2014/49/EU of April 16th, 2014 on Deposit Guarantee Schemes (DGS) aims to enhance the protection of depositors by harmonising national legislation. It calls for a mandatory national contribution mechanism that will allow a target level of 0.8% of the amount of its members' covered deposits to be collected by July 3rd, 2024. Where the financing capacity falls short of the target level, the payment of contributions shall resume at least until the target level is reached again. If, after the target level has been reached for the first time, the available financial means have been reduced to less than two-thirds of the target level, the regular contribution shall be set at a level allowing the target level to be reached within six years. The contribution mechanism involves ordinary annual contribution instalments, with the aim of distributing the costs evenly over time for the contributing banks, in addition to extraordinary contributions, if the available financial resources of a DGS are insufficient to repay depositors; the extraordinary contributions cannot exceed 0.5% of covered deposits per calendar year, but in exceptional cases and with the consent of the competent authority, the DGS may demand even higher contributions.

With regard to the contribution obligations under the above-mentioned directive, the Interbank Deposit Guarantee Fund announced that the total contribution due from the Consortium Members for 2022 was € 1,406,386 thousand (€ 1,186,841 thousand in 2021), broken down as follows:

- € 888,101 thousand as ordinary contributions to the endowment (€ 865,267 thousand in 2021);
- € 471,248 thousand as additional contribution (€ 294,581 thousand in 2021), aimed at gradually replenishing, until 2024, the part of the financial envelope that has been used in total for interventions (Statute, Art. 25),
- € 47,037 thousand as additional contribution (€ 26,993 thousand in 2021).

The share of each consortium member was calculated based on their respective amount of protected deposits at September 30th, 2022 and risk-adjusted on the basis of the management indicators of the Fund's risk-based model for calculating the contributions, in accordance with Article 28, paragraph 2 of its Articles of Association.

The Group's share for the year 2022, which is only paid by the Parent Company FinecoBank, is recognised under item 190. "Administrative expenses b) other administrative expenses", and totalled € 40,008 thousand (€ 32,334 thousand in 2021), broken down as follows:

- € 25,264 thousand for the ordinary annual contribution (€ 23,573 thousand in 2021);
- € 13,406 thousand for the additional contribution (€ 8,026 thousand in 2021);
- € 1,338 thousand for the supplementary contribution (€ 735 thousand in 2021).

With European Directive 2014/59/EU, the Regulation on the Single Resolution Mechanism ("BRRD Directive" Regulation (EU) No. 806/2014 of the European Parliament and of the Council dated July 15th, 2014) established a framework for the recovery and resolution of crises in credit institutions, by setting up a single resolution committee and resolution fund for banks (Single Resolution Fund or SRF). The Directive entails a compulsory contribution mechanism allowing the collection by December 31st, 2023 of the target level of resources, corresponding to 1% of the covered deposits of all authorised institutions in the European territory. The accumulation period can be extended by a further four years if the cumulative disbursements from the contribution schemes have exceeded 0.5% of protected deposits. If, after the accumulation period, the available funds fall below the target level, the collection of contributions resumes until said level is reinstated. Additionally, having reached the target level for the first time and, in the event that the available funds fall to less than two thirds of the target level, these contributions are set at the level which allows the target level to be reached within six years. The contribution mechanism provides for ordinary annual contributions, with the aim of distributing the costs evenly over time for the contributing banks, and extraordinary additional contributions of up to three times the standard annual amount when the available funds are not sufficient to cover the losses and costs of interventions.

The Group's share for the year 2022, which is only paid by the Parent Company FinecoBank, is recognised under item 190. "Administrative expenses b) other administrative expenses" and amounted to € 7,601 thousand (€ 5,812 thousand in 2021). It should be noted that during 2021, Bank of Italy recalled from the banking system an additional contribution to the National Resolution Fund (NRF) under Article 1, paragraph 848, of Law No. 208/2015, in the amount of € 1,893 thousand.

Both Directives No. 49 and No. 59 allow for the possibility of introducing irrevocable payment commitments as an alternative form of collection to non-reimbursable cash contributions, up to a maximum of 30% of the total target resources, an option that the Group has not used.

# Part A - Accounting policies

### *Single electronic reporting format for the preparation of annual financial reports*

Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the requirement for securities issuers listed on regulated markets in the European Union to prepare their annual financial report in the XHTML language, based on the ESMA-approved European Single Electronic Format (ESEF).

XBRL (eXtensible Business Reporting Language) is machine-readable and enables the automated use of large amounts of information. XBRL is well established and used in several jurisdictions and is currently the only appropriate markup language for the information contained in financial statements. The use of the XBRL markup language consists of applying a taxonomy to convert human readable text into machine-readable information. The IFRS taxonomy, made available by the IFRS Foundation, is a consolidated taxonomy developed to markup disclosures in accordance with the IFRS. The use of the IFRS taxonomy facilitates worldwide comparability of markups in financial statements prepared in accordance with the IFRS.

Issuers are required to prepare their annual financial reports in the XHTML language and to "mark up" the IFRS consolidated financial statements contained in their annual financial reports for financial years beginning on or after January 1st, 2021. For the "markups", issuers shall use the XBRL markup language and a taxonomy whose elements are those of the basic taxonomy contained in Delegated Regulation (EU) 2019/815 and subsequent Regulations amending its content. In particular, the taxonomy used for 2022 tagging is that contained in Commission Delegated Regulation (EU) 2022/352 of November 29th, 2021. If it is not appropriate to use elements of the base taxonomy, issuers shall create the elements of the extension taxonomy.

With reference to the annual financial report for the year ending December 31st, 2022, the following information must be marked up:

- Basic identification details;
- Consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows);
- Notes to the consolidated accounts.

Annex II of the RTS (Regulatory Technical Standards) on ESEF includes a number of elements defined with the "textBlockItemType" which are expected to be used for marking up (following the block tagging approach) larger pieces of information contained in the IFRS consolidated financial statements such as explanatory notes and accounting policies. Those elements are of different granularity. Therefore, preparers have to consider the accounting meaning of a taxonomy element when selecting the appropriate block tag for marking up such disclosure. This is particularly important for cases where there are multiple block tags that can match a given disclosure. ESMA is of the opinion that issuers shall, as a minimum, mark up information contained in the IFRS consolidated financial statements (including headers/titles) with the elements of Annex II. In case of a disclosure corresponding to more than one element of different granularity (with narrower and wider elements), preparers should use each of them and multi tag the information to the extent that corresponds with the underlying accounting meaning of the information. In certain cases, content of tables (i.e. selected columns or rows) presented in issuer's financial statements may correspond to multiple elements listed in the Annex II Table.

Taking into consideration technical complexity and the fact that tags applied within such tables could not be understandable without layout information. ESMA recommends that the lowest level of granularity for block tagging the IFRS consolidated financial statements be individual tables contained within a single note. Therefore, issuers are not required to apply "textBlockItemType" elements from Annex II on selected rows or columns of such table, and instead shall apply corresponding elements on the entire table.

At its meeting of March 14th, 2023, the Board of Directors of FinecoBank approved the taxonomy to be used for marking up the schedules and the Notes of these 2022 Consolidated Financial Statements, an integral part of FinecoBank's annual financial report, and the XHTML version, included in the ESEF package, of the same annual financial report, which will therefore be published in the XHTML language on the basis of the single electronic communication format ESEF approved by ESMA, on Fineco's website (https://www.finecobank.com), in order to comply with the communication obligations provided for by Directive 2004/109/EC (so-called Transparency Directive). Please note that the Group's consolidated annual financial report includes both the consolidated financial statements and the separate financial statements of the Parent Company FinecoBank. Finally, note that this document "Accounts and Reports 2022" was approved by the Board of Directors of FinecoBank at the same meeting on March 14th, 2023.

### *Other information*

The Consolidated financial statements as at December 31th, 2022 have been reviewed, pursuant to Italian Legislative Decree no. 39 of January 27th, 2010 and Regulation (UE) 2014/537, by KPMG S.p.A. appointed as auditor of the Bank's accounts in implementation of the Shareholders' Meeting resolution of April 28th, 2021.

The entire document is lodged with the competent offices and entities as required by law.

# Part A - Accounting policies

## A.2 The main items of the accounts

### 1 – Financial assets at fair value through profit and loss

#### a) Financial assets held for trading (HFT)

A financial asset is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- a derivative contract not designated within hedge accounting operations, with a positive fair value incorporated into financial liabilities other than those valued at fair value through profit and loss.

Financial assets held for trading financial are initially recognised, at settlement date with regard to debt and equity securities and disbursement data with regard to loans, at its *fair value*, which is usually equal to the amount paid, excluding transaction costs and income, which are recognised through profit or loss even when directly attributable to the financial assets. Trading book derivatives are recognised at trade date.

After initial recognition these financial assets are measured at their fair value through consolidated profit or loss.

An exception is represented by derivatives settled by delivery of an unlisted equity instrument whose fair value cannot be reliably measured, and which are therefore measured at cost.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (usually called the 'underlying') provided that in case of non-financial variable, this is not specific of one of the parties;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

An embedded derivative is separated from financial liabilities other than those measured at fair value through profit or loss and from non-financial instruments, and is recognized as a derivative, if:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- the hybrid (combined) instrument is not measured entirely at fair value through profit or loss.

When an embedded derivative is separated, the host contract is accounted for according to its accounting classification.

A gain or loss arising from sale or redemption or a change in the fair value of a HFT financial asset is recognised in consolidated income statement in item 80 "Gains (losses) on financial assets and liabilities held for trading", including financial derivatives relating to a fair value option.

If the fair value of an instrument falls below zero, which may happen with derivative contracts, it is recognised in item 20. "Financial liabilities held for trading" of the liabilities in the consolidated balance sheet.

#### b) Financial assets designated at fair value

A non-derivative financial asset may be designated at fair value if such designation avoids accounting mismatches deriving from the valuation of assets and associated liabilities according to different valuation criteria.

These assets are accounted for alike "Financial assets held for trading" (see point a) Financial Assets held for trading) with the exception of gains and losses, both realised and unrealised, that are recognised in the consolidated income statement in item 110. "Gains (losses) on financial assets and liabilities at fair value through profit and loss: a) financial assets and liabilities designated at fair value".

At the balance sheet date, no financial assets classified as "Financial assets designated at fair value" were held.

**c) Other financial assets mandatorily at fair value**

A financial asset, that is not held for trading, is classified as financial asset mandatorily at fair value if it does not meet the conditions, in terms of business model or cash flow characteristics, for being measured at amortised cost or at fair value through other comprehensive income.

Specifically, the following assets have been classified in this portfolio:

- debt instruments, securities and loans held within a business model whose objective is not the holding of assets for the purpose of collecting contractual cash flows (Held to collect), nor the holding of assets for the purpose of both collecting contractual cash flows and selling financial assets (Held to collect & sell) and which are not a financial asset held for trading;
- debt instruments, securities and loans with cash flows that are not solely payment of principal and interest;
- units in investment funds;
- equity instruments for which the Group does not apply the option granted by the standard of valuing these instruments at fair value through other comprehensive income.

These assets are accounted for alike “Financial assets held for trading” (see point “a) Financial Assets held for trading”) with the exception of gains and losses, both realised and unrealised, that are recognised in the consolidated income statement item 110. "Gains (losses) on financial assets and liabilities at fair value through profit and loss: b) other financial assets mandatorily at fair value".

## 2 - Financial assets at fair value through comprehensive income

A financial asset is classified among financial assets at fair value through comprehensive income if:

- its business model is held to collect and sell;
- 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.

This item also includes equity instrument, not held for trading purposes, for which at the date of initial recognition, or in the first time adoption of the principle, the Group exercised the option, granted by the standard, to designate this instruments at fair value with an impact on Statement of comprehensive income.

Financial assets measured at fair value through comprehensive income are initially recognised, at settlement date with regard to debt and equity securities and disbursement data with regard to loans, at its fair value, which is usually equal to the consideration of the transaction, plus transaction costs and income directly attributable to the instrument.

The interest accruing on interest-bearing instruments is recognised on the income statement, in net interest margin, on an accrual basis using the effective interest rate method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a) purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

Delay interest is taken to the consolidated income statement on collection or receipt.

After initial recognition, for debt instruments, gains or losses arising from changes in fair value are recognized in the Consolidated Statement of comprehensive income and shown in item 120. “Revaluation reserves” in consolidated shareholders' equity.

These instruments are the subject to reductions / write backs in accordance with the illustration given in the next relevant section “Impairment”. Gain/losses are recorded in the consolidated income statement item 130. "Impairment losses/write backs on: b) financial assets at fair value through comprehensive income” with contra-entry in the Consolidated Statement of Comprehensive Income and are also shown in item 120. “Revaluation reserves” in consolidated shareholders' equity. The time value interests are recognised in the interest margin.

In the event of disposal, the accumulated profits and losses are recognised in the consolidated income statement in item 100. "Gains (losses) on disposal or repurchase of: b) financial assets at fair value through comprehensive income".

With regard to equity instrument, the profits and losses from changes in fair value are recognised in the Consolidated Statement of Comprehensive Income and shown in item 120. “Revaluation reserves” in consolidated shareholders' equity. In accordance with the provisions of IFRS9, no impairment losses on equity instruments are recognized in the income statement. In the event of disposal, the accumulated profits and losses are recorded in item 150. “Other Reserves” in consolidated shareholders' equity.

## 3 - Financial assets at amortised cost

A financial asset is classified within the financial assets measured at amortised cost if:

- its business model is held to collect;
- 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.

More specifically, this item includes:

- loans to banks and customers in the various technical forms that meet the requirements of the previous paragraph;
- debt securities that meet the requirements of the previous paragraph.

This item also includes current receivables associated with the provision of financial assets and services as defined by the T.U.B. and from the T.U.F. (e.g. current receivables associated with the distribution of financial products). The latter category also includes receivables from product companies and receivables from the personal financial advisor network in respect of commission advances paid. "On demand" deposits, in the technical form of current accounts and deposits, on banks and central banks (with the exception of compulsory reserves) are excluded, and are reported under "Cash and cash balances".

Financial assets at amortised cost are initially recognised, at settlement date with regard to debt securities and disbursement data with regard to loans, at its fair value, which is usually equal to the consideration paid, plus transaction costs and income directly attributable to the instrument.

The interest is recognised on the income statement, in net interest margin, on an accrual basis using the effective interest rate method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition;
- financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

Amortised cost method is not used for assets - valued at historical cost - whose short duration makes the effect of applying the effective interest rate criterion negligible, for those without a defined maturity and for revocable loans.

Delay interest is taken to the income statement on collection or receipt.

After initial recognition at fair value, these assets are measured at amortised cost using the effective interest method, which can be adjusted to take account of any write-downs/write-backs resulting from the valuation process in accordance with the illustration given in the next relevant section “Impairment”. Gain/losses are recorded in the consolidated income statement item 130. "Impairment losses/write backs on: a) financial assets at amortised cost”. The time value interest are recognised in the interest margin.

In the event of derecognition, the profits and losses are recognised in the consolidated income statement in item 100. "Gains (losses) on disposal or repurchase of: a) financial assets at amortised cost".

## 4 - Hedge Accounting

The Group applies the hedge accounting rules set out in IFRS 9, with the exception of fair value hedges of the interest rate exposure of a portfolio of financial assets or liabilities, for which it continues to apply the hedge accounting provisions of IAS 39, as set out in IFRS 9 paragraph 6.1.3.

Hedging transactions are carried out with the aim of reducing the market risks (interest rate, exchange rate, price) to which the hedged positions are exposed. The following types of hedges can be identified:

- hedging of the fair value of a recognised asset or liability or of an identified portion of that asset or liability;

- a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss in future periods;
- hedging a net investment in a foreign company whose assets are managed in a currency other than the euro.

Hedging transactions IFRS 9 - Specific hedges ("Micro Hedge Accounting")

The Group applies the hedge accounting rules set out in IFRS 9 to specific hedging transactions. The Group enters into hedging transactions by entering into derivative contracts, which are initially recognised on the "trade date" based on their fair value.

A derivative financial instrument is classified as a hedge if the relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the strategy for undertaking the hedge and the methods that will be used to verify its effectiveness.

A hedging relationship is considered effective if all of the following requirements are met:

- there is an economic relationship between the hedged item and the hedging instrument. This implies that the value of the hedging instrument generally evolves in the opposite direction of that of the hedged item as a result of the same risk, which is the hedged risk;
- the effect of credit risk does not prevail over changes in value resulting from the economic relationship;
- the hedge ratio used for hedge accounting purposes is the same as that which the entity actually uses to hedge the amount of the hedged item. This designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would cause the hedge to be ineffective (whether or not recognised) and could result in an accounting result that would be inconsistent with the purpose of hedge accounting.

The effectiveness of the hedging relationship must be tested at the beginning of the relationship and on an ongoing basis, at least at each financial statements or interim reporting date, and in any case whenever there is a significant change in the circumstances affecting the effectiveness requirements. The effectiveness test may also be qualitative and performed only on a prospective basis.

The ineffectiveness of a hedging relationship is measured by the changes in fair value of the hedged instrument and the hedging instrument, comparing the changes in their values. The measurement of the value of the hedged instrument must take into account the time value of money, so it must be measured at net present value. In order to measure changes in the value of the hedged instrument, the Group uses, as a practical expedient, a "hypothetical" derivative with identical terms to those of the instrument (but without including other elements - present in the hedging derivative - which the hedged instrument lacks).

The following may be excluded from the hedging relationship as hedging costs

- the time value of purchased options
- the forward element of forward contracts
- basis spreads in foreign currencies

The excluded component is suspended in equity and amortised.

If the tests do not confirm the effectiveness of the hedge, hedge accounting is discontinued and the hedging derivative contract is reclassified as a trading instrument.

The hedging relationship also ceases in its entirety when it no longer meets the eligibility criteria, e.g:

- the hedging relationship no longer meets the risk management objective on the basis of which it was eligible for hedge accounting;
- the hedging instrument is sold or terminated;
- the economic relationship between the hedged item and the hedging instrument is lost or the effect of credit risk takes precedence over changes in value determined by the economic relationship.

It is not permissible to reclassify, and thus terminate, a hedging relationship that:

- still meets the risk management objective on the basis of which it was eligible for hedge accounting (i.e. the entity still pursues that risk management objective);
- continues to meet all other eligibility criteria (after taking into account any rebalancing of the hedging relationship, if applicable).

Hedging transactions are measured at fair value, in particular:

- in the case of **fair value hedges**, the change in the fair value of the hedging instrument is recognised in the consolidated income statement under item 90. "Fair value adjustments in hedge accounting", which are attributable to the risk hedged with the derivative instrument, are recognised in the same item of the consolidated income statement as an offsetting entry to the change in the carrying amount of the hedged item. The ineffectiveness of the hedge is represented by the difference between the change in the fair value of the hedging instruments and the change in the fair value of the hedged item. If the hedging relationship ends, for reasons other than the sale of the hedged item, the hedged item returns to be measured in accordance with the accounting policy for the category to which it belongs and the cumulative change in fair value is amortised in the income statement to interest income or expense using the effective interest rate recalculated at the date amortisation begins. In the event that the hedged item is sold or redeemed, the unamortised portion of the fair value is recognised immediately in item 100. "Gains (losses) on disposal or repurchase" of the consolidated income statement. The difference in fair value of the hedging derivative with respect to the last effective measurement date is recognised immediately in the consolidated income statement under item 90. “Fair value adjustments in hedge accounting”;

- in the case of **cash flow hedges**, the hedging derivatives are measured at fair value. The change in the fair value of the hedging instrument that is considered effective is recognised in item 120. “Valuation reserves” of the consolidated shareholders’ equity. The ineffective part of the hedge is recognised in the consolidated income statement under item 90. “Fair value adjustments in hedge accounting”. If the cash flow hedge is no longer considered to be effective or the hedging relationship is terminated, the total amount of gains or losses on the hedging instrument, which has already been recognised under "Revaluation reserves", remains there until the hedged transaction takes place or it is considered that there is no longer any possibility of the transaction taking place. The total fair value changes recognised in item 120. "Revaluation reserves" are disclosed in the consolidated statement of comprehensive income;
- **hedges of investments in foreign companies** whose assets are managed in a currency other than the euro are recognised in a similar way to cash flow hedges. The gain or loss on the hedging instrument relating to the effective portion of the hedge is classified in consolidated equity and recognised in the consolidated income statement when the net investment in the entity is disposed of. Changes in fair value recognised in item 120. “Revaluation reserves”, are also presented in the consolidated statement of comprehensive income, while the ineffective portion is recognised in the consolidated income statement under item 90. “Fair value adjustments in hedge accounting”.

At the reporting date of these consolidated financial statements, the Group has specific hedging transactions in place for the interest rate risk of debt securities.

Hedging transactions IAS 39 - Generic hedging ("Macro Hedge Accounting")

The Group applies the hedge accounting provisions of IAS 39 to fair value hedges of the interest rate exposure of a portfolio of financial assets or liabilities. The Group enters into hedging transactions by entering into derivative contracts, which are initially recognised on the “trade date” at their fair value.

A derivative financial instrument is classified as a hedge if the relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the strategy for undertaking the hedge and the methods that will be used to verify its prospective and retrospective effectiveness. Accordingly, it is necessary to verify, both at the inception of the transaction and throughout its term, that the hedge using the derivative instrument is highly effective in offsetting changes in the fair value or expected cash flows of the hedged item.

Generally, a hedge is considered highly effective if at the inception of the hedge and in subsequent periods it is expected to be highly effective and if its retrospective results (the ratio of changes in value of the hedged item to that of the hedging derivative) are within a defined range (80% - 125%). The hedge is assessed on the basis of a criterion of continuity; it must therefore prospectively remain highly effective for all the reference periods for which it has been designated. The assessment of effectiveness is carried out at each balance sheet or interim reporting date. If the assessment does not confirm the effectiveness of the hedge, hedge accounting is discontinued and the hedging derivative contract is reclassified as a trading instrument.

The hedging relationship also ceases when the derivative expires, is sold, terminated or exercised; the hedged item is sold, expires or is redeemed; it is no longer highly probable that the hedged future transaction will occur.

In the case of **macro-hedging of portfolios of assets/liabilities**, IAS 39 allows the fair value to be hedged against interest rate risk not only by a single financial asset or liability, but also by a monetary amount contained in a number of financial assets and liabilities (or portions thereof), so that a set of derivative contracts can be used to reduce the fair value fluctuations of the hedged items when market interest rates change. Net amounts arising from the mismatch of assets and liabilities cannot be designated as macrohedged. A macro hedge is considered highly effective if, both at inception and during its term, changes in the fair value of the hedged monetary amount are offset by changes in the fair value of the hedging derivatives and if the actual results are within a range of 80% to 125%. The positive or negative balance of changes in the value of assets and liabilities, respectively, subject to macro-hedging measured with reference to the hedged risk is recognised in asset item 60. "Value adjustments of financial assets subject to macro-hedging (+/-)" or liability item 50. "Value adjustments of financial liabilities subject to macro-hedging (+/-)", with an offsetting entry in consolidated income statement item 90. The change in fair value of the hedging instrument is recognised in the same item of the consolidated income statement.

The ineffectiveness of the hedge is represented by the difference between the change in the fair value of the hedging instruments and the change in the fair value of the hedged monetary amount. The ineffectiveness portion of the hedge is nevertheless included in item 90. "Net result from hedging activities" in the consolidated income statement. If the hedging relationship is terminated for reasons other than the sale of the hedged items, the cumulative revaluation/devaluation recognised in asset item 60 or liability item 50 is recognised in the consolidated income statement under interest income or expense over the remaining life of the hedged financial assets or liabilities. In the event that the hedged financial assets or liabilities are sold or repaid, the unamortised portion of the fair value is recognised immediately in consolidated income statement item 100 "Gains and losses on disposal or repurchase".

At the reporting date of the consolidated financial statements the Group has in place generic interest rate hedges of mortgages to retail customers and fixed rate direct funding from customers.

## 5 - Equity Investments

This item includes interests held in associates and joint ventures, as well as interests in subsidiaries excluded from the scope of consolidation pursuant to Group policies.

The initial recognition and subsequent valuation criteria for interests governed by IFRS10 Consolidated Financial Statements, IAS27 Separate Financial Statements, IAS28 Investments in associates and joint ventures and IFRS11 Joint Arrangements, are detailed to the applicable extent in Section 3. Consolidation scope and methods of Section A.1 of these Notes to the consolidated accounts, that includes information on valuation and key assumptions made to establish the presence of control, joint control or significant influence in compliance with the provisions of IFRS12 (paragraphs 7-9).

The remaining interests other than subsidiaries, associates and joint ventures, and interests recognised in the consolidated balance sheet in items 120. "Non-current assets and disposal groups classified as held for sale" (see Section 8 - Non-Current assets and disposal groups classified as Held for Sale) are classified as financial assets at fair value through other comprehensive income or financial assets s mandatorily at fair value and treated accordingly (see Section 1 – "Financial assets at fair value through profit and loss: c) other financial assets mandatorily at fair value" and Section 2 – "Financial assets at fair value through other comprehensive income").

## 6 – Property, Plant and Equipment (Tangible Assets)

The item includes:

- lands
- buildings
- furniture and fixtures
- electronic machinery and equipments
- plant and other machinery and equipments
- motor vehicles

and is divided between:

- assets used in the business
- assets held as investments
- inventories of property, plant and equipment under IAS 2

This item may also include tangible assets arising from the enforcement of guarantees received.

Assets used in the business and Assets held for investment purposes

Tangible assets used in the business are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment include rights of use of tangible assets, as defined by IFRS16, and leasehold improvements relating to assets which can be separately identified. They are classified according to the specific sub-items relating to the asset type (e.g. plants). Leasehold improvements are usually borne in order to make leased premises fit for the expected use. Improvements and additional expenses relating to property, plant and equipment identifiable but not separable are recognised in the consolidated balance sheet in item 130. "Other assets".

Tangible assets held for investment purposes are properties covered by IAS 40, i.e. properties held in order to derive rentals and/or a capital gain.

Property, plant and equipment are initially recognised at cost including all costs directly attributable to bringing the asset into use (transaction costs, professional fees, direct transport costs incurred in bringing the asset to the desired location, installation costs and dismantling costs).

With regard to the property, plant and equipment for the right of use acquired with lease, at the time of the initial registration this asset is evaluated on the basis of the financial flows associated with the leasing contract, corresponding to the present value of future installments due for unpaid leasing amounts on that date: "lease liability", including installments made on or before the effective date and the initial direct costs incurred by the lessee. Installments due for leasing are determined in light of the provisions of the lease agreement and calculated net of the VAT component, where applicable, by virtue of the fact that the obligation to pay this tax arises at the time the invoice is issued by of the lessor and not as of the effective date of the leasing contract, and are discounted using the marginal loan rate of the Group, determined on the basis of the cost of funding for liabilities of a duration and guarantees similar to those implicit in the leasing contracts.

After initial recognition, this asset is measured based on the provisions for property, plant and equipment under IAS 16 or IAS 40 and, therefore, at cost net of amortization and any impairment, at the "redetermined value" or at fair value according to as applicable.

Subsequent costs are added to the carrying amount or recognised as a separate asset only when it is probable that there will be future economic benefits in excess of those initially foreseen and the cost can be reliably measured. Other expenses borne at a later time (e.g. normal maintenance costs) are recognised in the year they are incurred in consolidated profit and loss items:

- 190. “Administrative expenses: b) Other administrative expenses", if they refer to assets used in the business;

or:

- 230. "Other net operating income", if they refer to property held for investment.

After being recognised as an asset, an item of property, plant and equipment is carried at cost less any accumulated depreciation and any cumulative impairment losses.

An item with a finite useful life is subject to straight-line depreciation.

Buildings, if separately quantifiable, are recognised separately, even if acquired together. Land is not depreciated since it usually has an indefinite useful life. Buildings, conversely, have a finite useful life and are therefore subject to depreciation.

Residual useful life is usually assessed as follows:

- Buildings up to 33,3 years
- Office furniture and fittings up to 9 years
- Electronic machinery and equipments up to 5 years
- Plants, other machinery and equipments up to 14 years
- Motor vehicles up to 4 years

The estimate of the useful life of an asset is reviewed at least at each accounting period-end on the basis inter alia of the conditions of use of the asset, of maintenance conditions and expected obsolescence, and, if expectations differ from previous estimates, the relative useful life is recalculated and the depreciation amount for the current and subsequent periods is adjusted accordingly.

In particular, it should be noted that the expenses for improvements capitalized on the main asset, in particular on properties, may result in a significant increase in the useful life of the asset, which may not in any case exceed the useful live below starting from the capitalization date of the improvement.

If there is objective evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e. the present value of future cash flows expected to originate from the asset. Any impairment loss is recognised in the consolidated income statement in item 210. “Net impairment/Write-backs on property, plant and equipment”.

If the value of a previously impaired asset is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there had been no losses recognised on the prior-year impairment.

A tangible asset is de-recognised from the balance sheet (i) on disposal or (ii) when no future economic benefits are expected from its use or sale; and any difference between sale proceeds or recoverable value and carrying value is recognised in the consolidated income statement in item 280. "Gains (losses) on disposal of investments" or 210. “Net impairment/write-backs on property, plant and equipment".

At the date of these consolidated financial statements, the Group did not hold any tangible assets arising from the enforcement of guarantees received.

Inventories of property, plant and equipment under IAS 2

Property, plant and equipment constitute inventories when they are held for sale in the ordinary course of business. These assets are measured at the lower of cost and net realisable value. Any value adjustments resulting from the application of this criterion are recognised under item 210. “Impairment/write-backs on property, plant and equipment" in the income statement.

At the date of these consolidated financial statements, the Group did not have any inventories of property, plant and equipment under IAS 2.

## 7 - Intangible assets

An intangible asset is an identifiable non-monetary without physical substance, controlled by the Group, which is expected to be used during more than one period and from which future economic benefits are probable.

Intangible assets mainly consist of goodwill, brands and domains, software and costs incurred for the creation of the new Fineco website.

Intangible assets other than goodwill are recognised at purchase cost, i.e. including any cost incurred to bring the asset into use, less accumulated amortisation and any recognised impairment losses.

An intangible asset with a finite life is subject to straight-line amortisation over its estimated useful life.

Residual useful life is usually assessed as follows:

- Software up to 3 years;
- other intangible assets up to 5 years.

There are no intangible assets with an indefinite life, except for goodwill, Fineco' brand and domains.

If there is objective evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e. the present value of future cash flows expected to originate from the asset. Any impairment loss is recognised in the consolidated income statement in item 220. “Net impairment/write-backs on intangible assets”.

If the value of a previously impaired intangible asset, other than goodwill is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there were no losses recognised on the prior-year impairment.

An intangible asset is de-recognised from the consolidated balance sheet (i) on disposal or (ii) when no additional future economic benefits are expected from its use or sale; and any difference between sale proceeds or recoverable value and carrying value is recognised in the consolidated income statement in item 280. "Gains (losses) on disposal of investments" or 220. “Net impairment/write-backs on intangible assets".

### Goodwill

In accordance with IFRS3, goodwill is the excess of the cost of a business combination over the interest acquired in the net fair value, at the acquisition date, of the assets and liabilities acquired.

Goodwill arising from the acquisition of subsidiaries and joint ventures (consolidated proportionately) is recognised as an intangible asset; whereas goodwill arising from the acquisition of associates is included in the acquisition cost and, then, shown as an increase in the value of the investments.

Specifically, the goodwill recorded under intangible assets in these consolidated financial statements – corresponding to the goodwill recorded in the Bank's annual financial statements – derives from the acquisitions of merged or acquired companies.

At a subsequent financial reporting date, goodwill is recognised net of any cumulative impairment losses and is not amortised.

Goodwill is tested for impairment annually. Impairment losses on goodwill are recognised in consolidated income statement in item 270. "Impairment of goodwill". In respect of goodwill, no write-backs are allowed.

Goodwill relates to buy-outs of divisions or companies engaged in trading activities or the distribution of financial, banking and insurance products through personal financial advisors. These activities have been fully integrated with the Bank's ordinary operations; as a result, it is not possible to isolate the contribution of each company/business division from the Bank's overall business. This means that to establish the reasonableness of the value of goodwill recognised in the financial statements it is necessary to take account of FinecoBank’s comprehensive income. The cash generating unit (CGU) is the Bank as a whole including the contribution from the subsidiary Fineco Asset Management DAC, an asset management company incorporated under Irish law, thanks a vertically integrated business model.

In fact, in view of the specific business model adopted by the Group, which involves a high level of integration between personal financial advisors and the trading and banking platform, so that the personal financial advisors network is an integral part of the overall offer, which includes banking, brokerage and investing services, an allocation of costs/revenues to the macro areas of activity is not considered relevant or meaningful.

Please see Section 10.3 “Intangible assets - Other information” in Part B of these notes to the consolidated accounts for further information on goodwill and related impairment tests.

## 8 - Non-current assets classified as held for sale

These categories include individual assets held for disposal (tangible, intangible and financial assets) or groups of assets held for sale, with the associated liabilities, as required by IFRS 5.

Individual assets (or groups of assets held for sale) and relating liabilities are recognised in the consolidated balance sheet in item 120. "Non-current assets and disposal groups held for sale" and 70. "Liabilities included in disposal groups classified as held for sale", respectively, at the lower of their carrying amounts and fair values less costs to sell.

The revaluation reserves relating to Non-current assets held for sale, which are recorded as a contra item to changes in value relevant for this purpose), are reported separately in the statement of consolidated comprehensive income (see Part D – Consolidated comprehensive income).

The net balance of profits (dividends, interest income, etc.) and losses (interest expense, etc.) attributable to groups of assets or liabilities held for sale are recognised in the consolidated income statement in item 320. "Profit (Loss) after tax from discontinued operations". Profits and losses attributable to individual assets held for disposal are recognised in the consolidated income statement under the most appropriate item.

At the date of these consolidated financial statements, the Group does not hold "non-current assets classified as held for sale".

## 9 - Current and Deferred Tax

Tax assets and liabilities are recognised in the consolidated balance sheet respectively in item 110. "Tax assets" and in liability item 60. "Tax liabilities".

In compliance with the "Balance sheet liability method", current and deferred tax items are:

- current tax assets, i.e. amount of tax paid in excess of income tax due under the current tax regulations;
- current tax liabilities, i.e. tax payables due under the current tax regulations;
- deferred tax assets, i.e. amounts of income tax recoverable in future fiscal years and relating to:
  - deductible temporary differences;
  - the carry-forward of unused tax losses;
  - the carry-forward of unused tax credits;
  - deferred tax liabilities, i.e. the payables for income tax due in future fiscal years in respect of taxable temporary differences.

Current and deferred tax assets and tax liabilities are calculated in accordance with local tax regulations (with reference to each company consolidated on line-by-line basis) and are recognised in profit or loss on an accrual basis and are accounted for as expenses (income) on the same accrual basis as the costs and revenues that gave rise to them.

More specifically, with regard to FinecoBank, for current IRES income tax, a rate of 27.50% has been calculated; for IRAP corporate tax, the rate applied was 5.57%. In this regard, it should be noted that the effects of the reduction in the IRES income tax rate from 27.50% to 24% introduced, with effect from January 1, 2017 effective for tax periods after the period to December 31st, 2016, introduced by the Stability Law for 2016 were "neutralised" for the Bank as a result of the introduction, by the same Law, of an additional 3.5 percentage points for credit institutions effective for the same tax periods.

With regard to the Irish subsidiary Fineco AM, taxes were calculated using a rate of 12.5% (as per tax legislation).

In general, deferred tax assets and liabilities arise when there is a difference between the accounting treatment and the tax treatment of the carrying amount of an asset or liability.

Deferred tax assets and liabilities are recognised applying tax rates that at the balance sheet date are expected to apply in the period when the carrying amount of the asset will be recovered or the liability will be settled on the basis of tax regulations in force and are periodically reviewed in order to reflect any changes in regulations.

Furthermore, deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable profit will be generated. In accordance with the provisions of IAS12, the probability that sufficient future taxable profit will be available, against which the deferred tax assets can be utilised, is reviewed periodically. The carrying amount of deferred tax assets should be reduced to the extent that it is not probable that sufficient taxable profit will be available.

Deferred tax liabilities are always recognised.

Current and deferred taxes are recognised in the consolidated income statement in item 300. "Tax expense (income) related to profit or loss from continuing operations", except for tax referred to items that in the same or in another fiscal year are credited or charged directly to equity, such as those relating to valuation gains or losses on financial assets at fair value through other comprehensive income, whose changes in value are recognised, after tax, under the revaluation reserves directly in the consolidated statement of comprehensive income.

Current tax assets are shown in the consolidated balance sheet net of related current tax liabilities, where the following requirements are met:

- there is a right to offset the recognised amounts; and
- there is an intention to settle the asset and liability positions with a single payment on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets are shown in the consolidated balance sheet net of related deferred tax liabilities, where the following requirements are met:

- there is a right to offset the underlying current tax assets with the current tax liabilities; and
- deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities which intend to settle current tax assets and liabilities on a net basis (usually under a tax consolidation agreement).

## 10 - Provisions for risks and charges

### Provisions for risks and charges for commitments and guarantees given

The sub-item of the provisions for risks and charges in question includes the funds for credit risk recognized for commitments to disburse funds and guarantees given which fall within the scope of application of the rules on impairment in accordance with IFRS 9, according to illustrated in the next specific section “Impairment”. The effects of valuation are recognised in item 200. “Net provisions for risks and charges: a) commitments and guarantees given" in the consolidated income statement.

### Provisions for retirement payments and similar obligations

Retirement provisions – i.e. provisions for employee benefits paid after leaving employment – are defined as defined contribution plans or defined benefit plans according to the economic nature of the plan.

In particular:

- Defined-benefit plans provide a series of benefits depending on factors such as age, years of service and compensation policies. Under this type of plan actuarial and investment risks are borne by the company.
- Defined-contribution plans are plans under which the company makes fixed contributions. Benefits are the result of the amount of contributions paid and return on contributions invested. The employer bears no actuarial and/or investment risks connected with this type of plan as it has no legal or implicit obligation to make further contributions, should the plan not be sufficient to provide benefit to all employees.

Defined-benefit plans are present-valued by an external actuary using the unit credit projection method.

This method distributes the cost of the benefit evenly over the employee's working life. The liability is determined as the present value of average future payments adjusted according to the ratio of years of service to theoretical total years of service at the time of payment of the benefit.

More specifically, the amount recognised according to IAS 19 Revised, as a net liability/asset in the consolidated balance sheet in item 100. “Provisions for risks and charges: b) Post-retirement benefit obligations” is the present value of the obligation at the balance sheet date, less any pension charges relating to benefits already provided but not yet recognised, less the fair value at the balance sheet date of plan assets other than those due to directly settle the obligations adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. Actuarial gains or losses from the defined-benefit liabilities are recognised as a contra-entry to consolidated equity under item 120. “Revaluation reserves” are reported in the Consolidated statement of comprehensive income.

The discount rate used to discount obligations (whether financed or not) relating to benefits to be provided after retirement varies according to the currency of denomination and country where the liabilities are allocated and is determined on the basis of market yield at the balance sheet date of prime issuers' bonds with an average life in keeping with that of the relevant liability.

At the date of these consolidated financial statements, there were no provisions for retirement payments and similar obligations.

### Other provisions

Provisions for risks and charges consist of liabilities recognised when:

- the entity has a present obligation (legal or constructive) as a result of a past event;

- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amounts recognised as provisions are the best estimate of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround the relevant events and circumstances are taken into account in reaching the best estimate of a provision.

In addition to the legal expenses to be borne by the Group in the event of an unfavourable outcome of the dispute, the provision for risks and charges for legal disputes includes the estimated expenses to be paid to the legal advisors and any technical consultants and/or experts assisting the Group in ongoing disputes up to the estimated amount of the expenses that will not be reimbursed by the counterparties.

This estimate, with regard to the fees of the lawyers assisting the Group, has been made in relation to the ongoing litigation, mainly on the basis of the Legal Tariffs set by the applicable regulations.

In addition, where the effect of the time value of money is significant (usually when the expense is expected to materialise more than 18 months after its recognition), the amount of the provision should be the present value of the best estimate of the cost required to settle the obligation. The discount rate used reflects the current market assessments.

Provisions are reviewed periodically and adjusted to reflect the current best estimate. If it becomes clear that it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions are used only for expenses for which they were originally recognised. Provisions for the year are recognised in the consolidated income statement in item 200. “Net provisions for risks and charges: b) other net provisions" include increases due to the passage of time; they are also net of any re-attributions.

"Other provisions" also include obligations relating to benefits due to personal financial advisors, specifically supplementary customer portfolio payments and contractual payments, which can be considered defined benefit plans; accordingly, these obligations are calculated by an actuary using the unit credit projection method (see paragraph "Retirement Payments and Similar Obligations"), and payments under non-competition agreements.

In certain cases, provisions for risks and charges (for example related to staff expenses and administrative costs) have been recognised under their own item in the consolidated income statement to better reflect their nature.

## 11 - Financial liabilities at amortised cost

Financial liabilities valued at an amortised cost include financial instruments (other than trading liabilities and those valued at fair value), representing various forms of third-party funding (including deposits, current accounts, loans, lease liability, current payables related to the provision of financial services as defined by the T.U.B. and T.U.F.).

On initial recognition, at settlement date, financial liabilities at amortised cost are measured at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability; the interest is recognised on the income statement, in net interest margin, on an accrual basis using the effective interest rate method.

After initial recognition, these instruments are measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost include the lease liabilities initially recognized equal to the present value of future installments due for unpaid leasing amounts on that date. Payments due for leasing are discounted using the Group's marginal financing rate, determined on the basis of the cost of funding for liabilities of a duration and guarantees similar to those implicit in the leasing contracts. The lease liability must be restated, after the effective date, if changes are made to the payments due for the lease; the amount of the restatement of the liability for the lease must be recognized as an adjustment to the corresponding asset by right of use.

Hybrid debt instruments (combined) relating to equity instruments, foreign exchange, credit instruments or indexes, are treated as structured instruments. The embedded derivative is separated from the host contract and recognised as a derivative, provided that separation requirements are met, and recognised at fair value. The embedded derivative is entered at fair value, classified under financial assets or liabilities held for trading, and is then valued at fair value, with the relative profits or losses recognised in the consolidated income statement in item 80 "Gains (losses) on financial assets and liabilities held for trading". The difference between the total amount received and the initial fair value of the embedded derivative is attributed to the host contract.

Instruments convertible into treasury shares imply recognition, at the issuing date, of a financial liability and of the equity part, recognized in item 140. “Equity instruments”, whenever the contractual terms provide for physical delivery. The equity component is initially measured at residual value, i.e., the overall value of the instrument less the separately determined value of a financial liability with no conversion clause and the same cash flow. The financial liability is recognised at amortised cost using the effective interest method.

Securities in issue are recognised net of the repurchased amounts; the difference between the book value of the liability and the amount paid to buy it, is recorded in the consolidated income statement in item 100."Gains (losses) on disposal or repurchase of: c) financial liabilities". Subsequent disposal by the issuer is considered as a new issue which doesn't generate gains or losses.

It should be noted that the Group's debt exposures may include negative pledges and covenants, the content of which is standard according to normal practice. The nature of the commitments undertaken, in line with market practice, and the remote likelihood of default events occurring, allow these clauses to be considered immaterial.

## 12 - Financial liabilities held for trading

Financial liabilities held for trading include:

- derivatives that are not designated as hedging instruments;
- obligations to deliver financial assets borrowed by a short seller (i.e., an entity that sells financial assets it does not yet own);
- financial liabilities issued with an intention to repurchase them in the near term;
- financial liabilities that are part of a portfolio of financial instruments considered as a unit and for which there is evidence of a recent pattern of trading.

Financial liabilities held for trading, including derivatives, are measured at fair value initially and for the life of the transaction.

A gain or loss arising from sale or redemption or a change in the fair value of a HFT financial asset is recognised in consolidated income statement in item 80. "Gains (losses) on financial assets and liabilities held for trading", including financial derivatives relating to a fair value option.

## 13 - Financial liabilities designated at fair value

Financial liabilities, like financial assets may also be designated or in the first time adoption of the principle, according to IFRS 9, on initial recognition as measured at fair value, provided that:

- this designation eliminates or considerably reduces the discrepancy that could arise from the application of different methods of measurement of assets and liabilities and related gains or losses;

or

- a group of financial assets, financial liabilities or both are managed and measured at fair value under risk management or investment strategy which is internally documented with the Board of Directors or equivalent body.

This category may also include financial liabilities represented by hybrid (combined) instruments containing embedded derivatives that otherwise should have been separated from the host contract.

Financial liabilities in this category, including derivatives, are valued at fair value initially, and during the life of the operation.

Changes in fair value are recognised in consolidated income statement in item 110. "Gains (losses) on financial assets and liabilities at fair value through profit and loss: a) financial assets and liabilities designated at fair value", except for any changes in fair value that derive from changes in the credit rating, which are shown in item 120. “Revaluation reserves” in consolidated shareholders' equity unless that recognition causes a discrepancy that would result from a different valuation of assets and liabilities and related gains and losses, in which case the changes in fair value deriving from changes in credit rating are also recognised on the consolidated income statement.

At the date of these consolidated financial statements, no financial liabilities classified as "Financial liabilities designated at fair value " were held.

## 14 - Foreign currency transactions

A foreign currency transaction is recognised at the spot exchange rate of the transaction date.

Foreign currency monetary assets and liabilities are translated at the closing rate of the year.

Exchange differences arising from settlement of monetary items at rates different from those of the transaction date and unrealised exchange rate differences on foreign currency assets and liabilities not yet settled, other than assets and liabilities designated as measured at fair value and hedging instruments, are recognised in profit and loss item 80. "Gains and losses on financial assets and liabilities held for trading" in the consolidated income statement.

Non-monetary assets and liabilities recognised at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the closing rate.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised through profit or loss, any exchange component of that gain or loss is recognised through profit or loss.

All exchange differences recognised on revaluation reserves in consolidated shareholders' equity are also reported in the Consolidated Statement of Comprehensive Income.

## 15 - Insurance assets and liabilities

IFRS 4 defines insurance contracts as those agreements based on which a party (the insurer) accepts a significant insurance risk from a third party (the insured), agreeing to pay the latter in the event of damages arising from a specific future uncertain event.

These policies are recognised briefly as follows:

- item 170. “Other income (net) from insurance activities” from the consolidated income statement, of gross premiums, inclusive of any amounts accrued during the financial year as a result of the underwriting of insurance contracts, net of any cancellations. Premium transferred to reinsurers during the year is also recognised in this item;
- item 110. “Technical provisions” of liabilities in the Consolidated financial statement, any commitments to insured parties, calculated for each contract with the projection method based on standard market demographic/financial assumptions;
- item 80. “Technical provisions for re-insurers” of assets in the Consolidated financial statement, commitments for re-insurers.

At the date of these consolidated financial statements, no insurance assets and liabilities were held.

## 16 - Other information

### Business Combinations

A business combination is a transaction through which an entity obtains control of a company or of a business segment, resulting in the combination of separate business activities in a single entity required to prepare financial statements.

A business combination may result in a Parent-subsidiary relationship in which the acquirer is the Parent and the acquiree a subsidiary of the acquirer. A business combination may involve the purchase of the net assets of another entity, in which case goodwill can arise, or the purchase of the equity of the other entity (mergers).

IFRS 3 requires that all business combinations shall be accounted for by applying the purchase method, that involves the following steps:

- identifying an acquirer;
- measuring the cost of the business combination;

and

- allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

# Part A - Accounting policies

In particular, the cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for control of the acquiree.

The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. When this is achieved through a single exchange transaction, the date of exchange coincides with the acquisition date.

A business combination may involve more than one exchange transaction; nevertheless, the cost of the business combination remains equal to the fair value of the total shareholding acquired. This involves the revaluation at fair value - and the recognition of the effects in the Income Statement - of the equity investments previously held in the acquired entity.

The cost of a business combination is allocated by recognising the assets, the liabilities and the identifiable contingent liabilities of the acquired company at their acquisition-date fair value. Exceptions to this principle are deferred income tax assets and liabilities, employee benefits, indemnification assets, reacquired rights, non-current assets held for sale, and share-based payment transactions that are subject to review in accordance with the principle applicable to them.

The positive difference between the cost of the business combination and the acquirer's interest at fair value, net of the identifiable assets, liabilities and contingent liabilities, must be accounted for as goodwill.

After initial recognition, goodwill is tested for impairment at least annually.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall reassess the fair values and immediately recognise any excess remaining after that reassessment in profit or loss. If the acquisition concerns a percentage less than 100% of the assets of the acquired company, minorities are recognised.

At the acquisition date, minorities are valued:

- at fair value, or
- as a share of minority interests in the assets, liabilities and potential liabilities that can be identified for the company acquired.

### Purchased or originated Credit Impaired - POCI

When on initial recognition an exposure, presented in the Consolidated financial statement in item 30. "Financial assets at fair value through comprehensive income" or 40. "Financial assets at amortised cost", is non-performing, it is qualified as "Purchased Originated Credit Impaired - POCI".

The amortised cost and the interest income generated by these assets are calculated by considering, in the estimate of future cash flows, the expected credit losses over the entire residual duration of the asset. This expected credit loss is subject to periodic review thus determining the recognition of impairment or write - backs.

The disclosure of impaired financial assets acquired or originated in the notes to the consolidated accounts is excluded from the credit risk stage breakdown and recognised separately.

At the date of these consolidated financial statements, no "Purchased or Originated Credit Impaired – POCI" were held.

### Treasury Shares

Changes in treasury shares are reported as a direct contra item to consolidated shareholders' equity, i.e. as a reduction to the latter in the amount of any purchases, and as an increase in the amount of any sales proceeds. This entails that, if treasury shares are subsequently sold, the difference between the sale price and the related post-tax purchase cost is recognised entirely as a contra item to consolidated shareholders' equity.

### Employee Benefits

Employee benefits are defined as all types of remuneration provided by the company in exchange for the work performed by employees and are divided into

- short-term benefits (other than termination benefits and equity compensation benefits) that are expected to be settled in full within twelve months after the end of the period in which the employees render the service and recognised in full in the income statement when they become vested (for example, wages, salaries and "extraordinary" benefits fall into this category)
- post-employment benefits payable after the termination of employment that obligate the enterprise to make future payments to employees. These include termination benefits and pension funds which, in turn, are divided into defined contribution plans and defined benefit plans or company pension funds;

- termination benefits, i.e. those payments that the company pays to employees as a counterpart to the termination of employment, following the company's decision to terminate the employment relationship before the normal retirement date;
- long-term benefits, other than the above, that are not expected to be settled in full within twelve months after the end of the period in which the employees rendered their services.

Employee benefits are recognised in the consolidated income statement under item 190. "Administrative expenses a) staff expenses" and are normally recognised in the consolidated balance sheet under item 80. "Other liabilities" based on the valuation at the balance sheet date of the commitments undertaken, with the exception of benefits for which the maturity and/or amount are uncertain, which are normally recognised in the consolidated balance sheet under item 100. "Provisions for risks and charges", and of termination benefits, which are recognised in the consolidated balance sheet under item 90. "Provisions for employee severance pay".

### Cash and cash balances

Cash and cash balances include cash and all on-demand deposits, in the form of current accounts and deposits, on banks and central banks (with the exception of the reserve requirement). In the profit and loss account, net credit risk adjustments/write-backs relating to the above loans to banks and central banks on demand are recognised in item 130. “Impairment losses/writebacks”.

### Offsetting financial assets and financial liabilities

The accounting offsetting of assets and liabilities items has been performed according to IAS 32, assessing the fulfilment of the following requirements:

- current legally enforceable right to set off the recognised amounts;
- intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accordance with IFRS 7, further information has been included in the table of these Notes to the consolidated accounts, in Part B - Other information.

Those tables show the following in particular:

- the carrying amounts, before and after the accounting offsetting effects, related to the financial assets and liabilities that meet the criteria for applying those effects;
- the amount of the exposures that do not meet the above-mentioned criteria, but are included in master netting agreements, or similar agreements, that create the right to set-off only under specific circumstances (e.g., default events);
- the amount of the related collateral.

### Contributions to guarantee and resolution funds

The accounting treatment applicable to contributions to resolution funds has been regulated by the Bank of Italy in a Communication of 20 January 2016 "Contributions to resolution funds: treatment in financial statements and in supervisory reporting" and in a Communication of January 25th, 2017 "Additional contributions to the National Resolution Fund: treatment in financial statements and in supervisory reporting". The application of IFRS to contributions to guarantee funds ("Deposit Guarantee Schemes") were the subject of an ESMA Opinion "Application of the IFRS requirements in relation to the recognition of contributions to Deposit Guarantee Schemes in IFRS accounts" (2015/ESMA/1462 of 25 September 2015).

For the purposes of treatment in the financial statements, reference should be made to IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC Interpretation 21 “Levies”. The latter deals with the accounting for a liability relating to the payment of a tax in the event that the liability falls within the scope of IAS 37. According to IFRIC21, a levy represents a use of resources embodying economic benefits imposed by governments on entities in accordance with legislation'. Both 'ordinary' and 'extraordinary' levy obligations arise from legislation and, consequently, are covered by the notion of “levies” in IFRIC 21. IAS 37 and IFRIC21 require that a liability must be recognised when a binding event occurs that creates a present obligation. Since the decree does not provide for contributions to be reduced or returned to intermediaries in whole or in part, the liability associated with the related contributions should be recognised in full each time the binding event occurs. Since neither an intangible asset within the meaning of IAS 38 nor a prepayment asset can be recognised as a balancing entry to the liability, it follows that contributions must be recognised in profit or loss. Since these contributions are treated as taxes, they are recognised in the consolidated income statement under item 190. "Administrative expenses b) other administrative expenses", which includes, inter alia, indirect taxes and taxes (paid and unpaid) for the period.

### Government grants

Government grants take the form of transfers of resources to the corporation provided that the corporation has complied, or is committed to comply, with certain conditions relating to its operating activities. Excluded are those forms of public assistance with which a value cannot reasonably be associated and transactions with public entities that cannot be distinguished from the company's normal business activities.

Government grants can be divided into

- capital grants, for which it is a precondition that the entity purchases, constructs or otherwise acquires fixed assets;
- operating grants, other than capital grants.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs that the grants are intended to compensate and only when there is reasonable assurance that:

- the entity will comply with the terms and conditions; and
- the grants will be received.

The Group recognises government capital grants in the consolidated balance sheet as deferred income in item 80. "Other liabilities" and recognises the portion attributable to the period in the consolidated income statement in item 230 “Other net operating income”.

Operating grants are presented in the consolidated income statement in item 230. "Other net operating income" or are deducted from the related cost if such an offset more appropriately reflects the substance of the transaction.

### Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The effective interest method is a method of allocating the interest income or interest expense over the life of a financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation includes all fees and basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Commissions forming an integral part of the effective interest rate include loan drawdown fees or underwriting fees relating to a financial asset not designated at fair value, e.g., fees received as compensation for the assessment of the issuer's or borrower's financial situation, for valuation and registration of security, and generally for the completion of the transaction (management fees).

For securities issued, amortised cost includes bond placement commissions paid to third parties, quotas paid to stock exchanges, fees paid to the independent auditors for their work on each individual issue and, more generally, costs incurred to complete the transaction.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

### Tax credits related to the “Cura Italia” and “Rilancio” Law Decrees

Decree-Laws no. 18/2020 (the so-called “Cura Italia”) and no. 34/2020 (the so-called “Rilancio”)[30] introduced into the Italian legal system tax incentive measures connected with both investment expenditure (e.g., eco and seismic bonus) and current expenditure (e.g., rents for premises not for residential use), which are commensurate with a percentage of the expenditure incurred and apply to households or businesses (in some cases reaching as much as 110%). These incentives are granted in the form of tax credits or tax deductions (optionally convertible into tax credits). For the eco and seismic bonus, as well as for the other incentives for building works, it is possible to benefit from the incentive also through a discount on the amount due to the supplier, who will receive a tax credit. The beneficiaries of these credits can use them as direct compensation for taxes and contributions or transfer them to third parties (in whole or in part). Potential purchasers may use these credits according to the same rules as the original beneficiary, or may in turn sell them (in whole or in part) to third parties. None of the credits in question can be reimbursed directly by the State, since they can be used for offsetting purposes without the possibility of carrying forward or requesting reimbursement of the portion not offset in the year of reference for reasons of inability to pay.

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

To this end, the Group, taking into consideration the indications expressed by the Authorities[31], has adopted an accounting policy that refers to the accounting rules provided for by IFRS 9, considering that the tax credits in question are, in substance, similar to financial assets.

The tax credit is initially recognised at its fair value, which corresponds to the transaction price, including the initial costs directly attributable to the transaction, and is subsequently measured using an accounting model based on IFRS 9 corresponding to a "Held To Collect" business model, which provides for measurement at amortised cost, as this is considered more suitable for providing relevant and reliable information, considering that FinecoBank's current intentions are to obtain a return over the entire duration of the transaction. The effective interest rate is calculated by estimating

[30] Converted into law, with amendments, respectively by Law no. 27 of April 24th, 2020 and Law no. 77 of July 17th, 2020.

[31] On January 5th, 2021, the Bank of Italy, Consob and IVASS published Document No. 9 of the Coordination Table on the application of IAS/IFRS "Accounting treatment of tax credits related to the "Cura Italia" and "Rilancio" Decree-Laws acquired following disposal by direct beneficiaries or previous purchasers".

# Part A - Accounting policies

the expected cash flows, taking into account all the terms related to the tax credit, including the expected offsets and the fact that the unused tax credit in each offsetting period will be lost.

At each reporting period, the income for the period is recognised in the income statement, amortising according to a financial logic the difference between the nominal value of the tax credit acquired and the amount recognised to the customer plus the initial direct costs related to the file.

When revising the estimates of expected cash flows, the Group recalculates the gross carrying amount of the tax credit as the present value of the new cash flows discounted at the original effective interest rate, as required by paragraph B5.4.6 of IFRS 9. Any prepayments with respect to the originally estimated offsets will generate reversals, while any deferrals will generate adjustments, which will be recognised in profit or loss.

The tax credit is not subject to impairment according to the rules defined by IFRS 9, as the transaction does not expose the Group to credit risk.

As specified by the Joint Paper of the Authorities, taking into account that purchased tax credits do not represent, according to International Accounting Standards, tax assets, government grants, intangible assets or financial assets, the most appropriate classification, for the purposes of presentation in the financial statements, is the residual classification under balance sheet item 130. "Other assets", while income determined using the effective interest rate is recognised under item 10. "Interest income and similar revenues". Gains/losses arising from the revision of estimates of expected cash flows are recognised in the same item, with the exception of those arising from the non-utilisation of purchased tax credits, which are recognised in item 230. "Other operating income/expenses".

In the event of a sale to a third party, the difference between the price received and the residual amortised cost at the date of sale will be recognised in item 100. “Gains (losses) on disposal or repurchase of: a) financial assets at amortised cost”.

### Classification of financial assets

The new standard for the classification and measurement of financial assets provided for by IFRS 9 is based on the “business model” and the financial instrument’s contractual cash flows (SPPI criterion - Solely Payments of Principal and Interests).

Based on the entity’s business model for managing financial instruments, the assets may be classified as:

- “held to collect” contractual cash flows (“HTC”), measured at amortised cost and subject to impairment based on expected losses;
- “held to collect cash flows and for sale” (“HTCS”), measured at fair value through comprehensive income, in an equity reserve, and subject to impairment on the basis of expected losses;
- “held as part of other business models”, e.g. held for trading, measured at fair value through profit and loss.

It is also possible upon initial recognition to:

- irrevocably designate a financial asset as measured at fair value through profit or loss if this eliminates or significantly reduces a mismatch (“accounting mismatch”) that would otherwise arise from a different measurement of assets or liabilities or from the recognition of gains and losses on different bases;
- irrevocably designate particular investments in equity instruments, which would otherwise be measured at fair value through profit or loss, as measured at fair value through other comprehensive income items. Upon disposal, the fair value changes recognised in a specific shareholders' equity reserve are not transferred to profit or loss, but to another shareholders' equity reserve.

# Part A - Accounting policies

*Business* model

With regard to the business model, IFRS 9 identifies three types of cases in relation to the manner in which cash flows are managed and sales of financial assets:

- Held to Collect (HTC): whose objective is to hold assets in order to collect contractual cash flows are managed to realize cash flows by collecting contractual payments over the life of the instrument. The inclusion of a portfolio of financial assets in this business model does not necessarily mean that it is impossible to sell the instruments even if it is necessary to consider the frequency, the value and the timing of sales, the reasons for sales and expectations regarding to future sales;
- Held to Collect and Sell (HTCS): whose objective is achieved by both collecting contractual cash flows and selling financial assets. Both activities (collection of contractual flows and sales) are essential for achieving the business model objective. Therefore, sales are more frequent and significant than an HTC business model and are an integral part of the strategies pursued;
- Other business models: which include both financial assets held for trading purposes and financial assets managed with a business model not attributable to previous business models.

The Group's Business Model is determined by Key management personnel at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The entity's business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not an instrument-by-instrument approach to classification and should be determined on a higher level of aggregation with the corporate objective of pursuing, time in time, specific performance of maximizing net interest income and accessory commissions, in order to limit credit risk, always compatible with the RAF (Risk Appetite Framework) established annually. However, a single entity may have more than one business model for managing its financial instruments.

For the Held to Collect business model, the Group has defined the eligibility thresholds for sales that do not affect the classification (frequent but not significant, individually and in aggregate, or infrequent even if of a significant amount) and, at the same time, the parameters were established to identify sales consistent with this business model as they are attributable to an increase in credit risk.

The Group included the following mainly financial assets in the "HTC" business model, according to the purposes for which they are held and their expected turnover:

- customer loans (mortgages, personal loans, unsecured loans, revolving credit cards, current account credit lines and, usually, overdraft facilities, etc.);
- cash-secured securities loans to "multi-day leverage" retail customers and institutional;
- credit cards full payment of balance;
- deposits, loans and repurchase agreements;
- other trade receivables;
- proprietary securities for which the objective pursued by the Group as part of its investment policy is the ownership of financial assets aimed at the collection of contractual cash flows with the aim of achieving medium/long-term profitability.

The "HTCS" business model includes own securities for which the Group pursues - as part of its investment policy - the management of its current liquidity, the maintenance of a set interest margin or the alignment of the terms of financial assets and liabilities. Sales are an integral part of this business model and, therefore, there is no turnover threshold for portfolio sales, both in terms of frequency and amount. Nevertheless, trading activity is not allowed in order to pursue the business model and any purchases must be effected taking into account a medium to long-term time horizon.

The "Other Business Models" include any assets that do not fall into the aforementioned macro-classes: these are financial assets that are not held as part of a business model whose objective is the holding of assets aimed at the collection of contractual cash flows or whose objective is pursued through both the collection of financial cash flows and the sale of financial activities.

In particular, it involves are the following mainly activities identified by the Group:

- financial assets connected to internalization
- financial assets held for trading
- securities withdrawn from customers
- other securities (not included in the above points).

*SPPI Test*

In order to assess whether the features of contractual cash flows support either an amortised cost valuation (HTC) or at fair value through comprehensive income (HTCS) - in addition to the analysis relating to the business model - it is necessary that the contractual terms of financial assets provide for, at given dates, financial flows consisted solely of principal and interest payments on the outstanding capital share (SPPI criterion - Solely Payments of Principal and Interests).

# Part A - Accounting policies

The tests were carried out on each individual financial instrument at initial recognition in the financial statements. Subsequent to initial recognition, and as long as it is recognized in the financial statements, the asset is no longer subject to new assessments for the purpose of the SPPI test. If a financial instrument is cancelled (derecognition) and a new financial asset is recognised, the SPPI test must be carried out on the new asset.

For the application of the SPPI test, IFRS 9 provides the following definitions:

- Principal: is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset, for example if there are repayments of principal;
- Interest: consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

For the assess of the SPPI test in the context of credit granting processes and for transactions in debt securities, a tool was developed based on an internally developed methodology (decision trees).

For transactions in debt securities, the test is carried out using the previously mentioned tool at the time of purchase of the financial instrument.

For standard credit products, the SPPI test is carried out during the proposal to market a new product or to change the standard conditions of an existing product, except for periodic repricing of interest rates, and the test result is extended to all the individual relationships referable to the same product catalog. For credit products with contractual conditions other than those stated in standard term sheet, the SPPI test is performed at the time of disbursement of each loan/concession of a new credit line using the same tool.

It should be noted that the Group did not set minimum or false thresholds considering any clause contractual cash flow characteristics that does not comply with the SPPI requirement as a trigger that result in the test's failure, considering the nature of its loans and securities portfolio, consisting of plain vanilla financial assets.

### *Derecognition of financial assets*

Derecognition is the removal of a previously recognised financial asset from an entity's consolidated balance sheet.

Before evaluating whether, and to what extent, derecognition is appropriate, under IFRS 9 an entity should determine whether the relevant conditions apply to a financial asset in its entirety or to a part of a financial asset. The standard is applied to a part of financial assets being transferred if, and only if, the part being considered for de-recognition meets one of the following conditions:

- the part comprises only specifically identified cash flows from a financial asset (or a group of similar financial assets);
- the part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset (or a group of similar financial assets);
- the part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

In all other cases, the standard is applied to the financial asset in its entirety (or to the group of similar financial assets) in their entirety.

An entity shall derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual rights to receive the cash flows of the financial asset to a third party.

Rights to cash flow are considered to be transferred even if contractual rights to receive the asset's cash flow are retained but there is an obligation to pay this cash flow to one or more entities and all the following conditions are fulfilled (pass-through agreement):

- there is no obligation on the company to pay uncollected amounts associated with the original asset;
- sale or pledge of the original asset is not allowed, unless it secures the obligation to pay cash flow;
- there is an obligation to transfer forthwith all cash flows received and may not invest them, except for liquidity invested for the short period between the date of receipt and that of payment, provided that the interest accrued in that period is paid on.

Furthermore, the derecognition of a financial asset is subject to verification that all risks and rewards of ownership of the rights have been substantially transferred. Where substantially all risks and rewards are transferred, the asset (or group of assets) transferred is derecognised and the rights and obligations relating to the transfer are recognised separately as assets or liabilities.

Conversely, if the entity substantially retains all the risks and rewards of ownership of the asset (or group of assets), the entity shall continue to recognise the transferred asset(s). In this case it is necessary to recognise a liability corresponding to the amount received under the transfer and subsequently recognise all income accruing on the asset or expense accruing on the liability.

The main transactions that do not allow, under the above rules, total derecognition of a financial asset are securitisations, repurchase (sell and buy-backs) and securities lending transactions.

In the case of securitisations, the company does not de-recognise the financial asset on purchase of the equity tranche or provision of other forms of support of the structure which result in retention by the company of the credit risk of the securitised portfolio.

In the case of repurchase transactions and stock lending, the assets transacted are not derecognised since the terms of the transaction entail the retention of all their risks and rewards.

Lastly, it should be noted that securities lending transactions collateralised by other securities or not collateralised were recorded as off-balance sheet items.

At the date of these consolidated financial statements, no loan securitisation transactions were present.

***Impairment***

*General matters*

Loans and debt instruments classified in the items: Financial assets at amortised cost, Financial assets at fair value through comprehensive income and the relevant off-balance sheet exposures (Commitments and guarantees given), are subjected to an impairment calculation in accordance with IFRS 9, taking into account the integrated reference regulations of the internal regulations and policies which regulate the credit classification rules and their transfer to the various categories.

The exposures are classified in Stage 1, Stage 2 or Stage 3 depending on their absolute or relative credit rating, compared to the initial disbursement. In particular:

- Stage 1: this includes newly originated or acquired credit exposures and exposures that have not suffered a significant deterioration in credit risk compared to the date of first recognition;
- Stage 2: this includes credit exposures that are performing but which have suffered a significant deterioration in credit risk compared to the date of first recognition;
- Stage 3: this includes impaired credit exposures.

For Stage 1 exposures, the impairment is equal to the expected loss calculated on a time frame of up to one year. For Stage 2 and Stage 3 exposures, the impairment is equal to the expected loss calculated on a timeframe equivalent to the residual duration of the related exposure.

In order to meet the standard, the Parent Company developed specific models to calculate the expected loss. These models draw on the PD, LGD and EAD criteria used for regulatory purposes, to which specific adjustments are made to ensure full consistency with the accounting standard[32]. In this regard, forward-looking information has also been included[33] with the elaboration of specific scenarios.

The expected loss is calculated for institutional counterparties, using the credit parameters provided by Moody's Analytics.For retail counterparties, not having internal rating systems available, PD and LGD parameters are estimated with a different methodology according to the type of credit facility concerned. For further information, please refer to paragraph 2.3 "Methods for measuring expected losses" of part E "Information on risks and related hedging policies" of these consolidated explanatory notes.

A key aspect of the new accounting model required to calculate the expected loss is the Stage Allocation model, the aim of which is to transfer exposures between Stage 1 and Stage 2 (as Stage 3 is equivalent to that of impaired exposures), where Stage 1 mainly includes newly disbursed exposures and exposures that have no significant impairment of credit risk compared to initial recognition. The Stage Allocation valuation model always operates at the level of the individual exposure, and is based on a combination of relative and absolute elements. The main elements were:

- the comparison between the rating of the counterparty at the reference date and the rating recorded at the date of the opening of the relationship/purchase of securities. Under the methodology, the position will move to stage 2 when a certain threshold is exceeded, set in terms of notch by the rating recorded on the date the relationship was first opened ;
- absolute elements such as the backstops provided for by the regulation (e.g. 30 day Expired);
- other internal findings (forborne classification).

With reference to the institutional counterparties with which the Group carries out credit business, the staging allocation methodology makes use of the external rating assigned by the Moody's agency, and it is also applied to financial instruments purchased by the Group for investment purposes. With reference to retail counterparties, in the absence of internal ratings, the Group makes use of the backstops envisaged by the regulations and further internal evidence. In this context, all exposures having more than 30 days past due, or for which further information that suggesting a deterioration in the creditworthiness of the counterparty are available, are classified in stage 2.

The criteria for determining the write-downs of receivables are based on the discounting of expected cash flows of principal and interest. In line with the business model, these can also refer to market operations; for determining the present value of cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the discounting rate used. The amount of the loss on impaired exposures classified as non-

[32] See paragraph "Parameters and definitions of risk level used in the calculation of value adjustments" for a more detailed explanation of the risk measures used within the Group to calculate the expected credit loss in accordance with IFRS 9.
[33] See paragraph "Forward-looking information used in calculating value adjustments" for a more detailed explanation of the forward-looking information and scenarios used to calculate the expected credit loss in accordance with IFRS 9.

performing, unlikely to pay and past due according to the categories specified below, is the difference between the carrying value and the present value of estimated cash flows discounted at the original interest rate of the financial asset. For all fixed-rate positions, the interest rate determined in this manner is also held constant in future years, while for floating rate positions the interest rate is updated according to contractual terms. If the original interest rate is not directly available, or if finding it would be excessively onerous, the interest rate that best approximates the original one is applied, including through practical expedients that do not affect the substance and ensure consistency with international accounting standards.

Recovery times are estimated on the basis of business plans or forecasts based on historical recovery experience observed for similar classes of loans, taking into account the customer segment, type of loan, type of security and any other factors considered relevant, or if the conditions of expected market transactions are met.

### *Parameters and definitions of risk level used in the calculation of value adjustments*

As mentioned above the models to calculate the expected loss, which draw on the PD, LGD and EAD criteria, as well as the effective interest rate. These models are used for calculating value adjustments of all the institutional counterparties common to the Group, for the most part made up of FIBS (Financial Institutions, Banks and Sovereigns) counterparties.

Specifically:

- PD (Probability of Default) expresses the percentage of estimated loss, and hence the expected recovery rate whenever a credit position default event occurs;
- LGD (Loss Given Default) expresses the percentage of estimated loss, and hence the expected recovery rate is the complement to the unit (of the LGD) whenever a credit position default event occurs;
- EAD (Exposure at Default) expresses the measurement of the exposure at the time of the credit position default event;
- Effective Interest Rate is the discount rate expressing the time value of the money.

These parameters are calculated on the basis of identical parameters used for the purpose of calculating Internal Capital, with specific adjustments made to ensure full cohesion with the requirements of the IFRS 9.

The main adjustments are made in order to:

- introduce “point-in-time” required by the accounting standard;
- include forward-looking information;
- extend the credit risk parameters to a multi-year perspective.

With regard to the lifetime PD, the through-the-cycle PD curves obtained by adapting the cumulative non-compliance rates are adjusted to reflect point-in-time provisions and forward-looking provisions with regard to the portfolio non-compliance rates.

The rate of recovery incorporated in the through-the-cycle LGD was adapted in order to reflect the latest trends in recovery rates, and expectations about future trends discounted to the actual interest rate or its best approximation.

For Stage 3, this includes the corresponding impaired exposures towards debtors who fall, in accordance with the Bank of Italy rules defined in Circular 272 of July 30th, 2008 as updated, into the “Non-performing” category pursuant to Regulation 630/2019 amending Regulation (EU) No 575/2013 and Commission Implementing Regulation (EU) No 451/2021, as amended and supplemented (Implementing Technical Standards). Financial instruments included in the portfolio “Financial assets held for trading” and derivative contracts are excluded.

For the purposes of identifying and classifying impaired credit exposures, account must also be taken of the provisions of the EBA Guidelines on the application of the definition of default pursuant to Article 178 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (EBA/GL/2016/07) and EU Regulation 2018/171. Impaired credit exposures must, during the 3-month “cure period” provided for in paragraph 71(a) of EBA/GL/2016/07, continue to be recognised in the relevant categories in which they were located.

The aforementioned Circular 272 establishes that the impaired assets aggregate is divided into the following categories:

- Bad exposures, i.e., the on-balance-sheet and off-balance-sheet exposures to insolvent borrowers, even if the insolvency has not been recognised in a court of law. They are generally measured individually (including by verifying statistically defined coverage levels for some loan portfolios below a predefined threshold) or, for individually insignificant amounts, on a flat basis by type of homogeneous exposure.
- Unlikely to pay – on – and off-balance sheet exposures which do not meet the borrower’s condition for classification as bad exposures and for which, in the absence of actions such as the enforcement of collateral, the debtor’s ability to fully meet its credit obligations (principal and/or interest) is assessed as unlikely. This assessment is made independently of any past due and unpaid amount (or instalment). The classification of an exposure as “unlikely to pay” is not necessarily tied to evident issues (non-repayment), but is rather linked to indicators of a potential default of the borrower. The "unlikely to pay" exposures are measured in the accounts individually (including by verifying statistically defined coverage levels for some loan portfolios below a predefined threshold) or by applying a percentage on a flat basis by type of homogeneous exposures. Exposures classified as unlikely to pay and identified as forborne, may only be reclassified to unimpaired loans after at least one year has passed from the time of the forbearance and the conditions established in paragraph 157 of the EBA Implementing and Technical Standards have been met. With regard to their measurement, they are generally measured on an individual

basis or by applying a percentage on a flat basis by type of homogeneous exposures and the resulting allowance may include the discounted cost due to renegotiation of the Interest rate at a rate lower than the original contractual rate.

- Past due and/or overdrawn impaired exposures - on-balance sheet exposures, other than those classified as bad exposures or unlikely to pay that are past due or overdrawn at the reporting date. The past due and/or overdrawn impaired exposures are determined with respect to the individual debtor. Specifically, they represent the total exposure to any borrower not included in the unlikely to pay and non-performing loans categories, who at the reporting date has expired facilities or unauthorised overdrafts that are more than 90 days past due if the amount of principal, interest or fees unpaid at the date they were due exceeds both of the following thresholds: a) an absolute limit of €100 for retail exposures and of € 500 for non-retail exposures; b) a relative limit of 1% given by the ratio of the total amount past due and/or in arrears to the total amount of all credit exposures to the same debtor. Impaired past due and/or in arrears exposures are valued on a lump-sum basis on a historical/statistical basis.

### *Forward-looking information used in calculating value adjustments*

The credit loss expected from the parameters described in the forgoing paragraph considers macroeconomic forecasts by applying multiple scenarios to the forward looking components. Specifically, the forward looking component is determined by three macroeconomic scenarios, a basic scenario ("Baseline"), a positive scenario and an adverse scenario. The basic scenario is the central scenario of reference and is therefore considered the most probable realization; the positive and adverse scenarios represent alternative realizations, respectively better and worse. For further details, please refer to Section 2 - Risk of the prudential consolidated perimeter, of Part E - Information on Risks and relating hedging policies of these Consolidated Notes to the consolidated accounts.

**Leases IFRS 16**

A contract is, or contains, a lease if, in return for consideration, it confers the right to control the use of a specified asset for a period of time. IFRS 16 provides a definition of a lease based on the notion of control ("right of use") of an asset to distinguish leases from service contracts, identifying the following as the determinants of leases: identification of the asset, the right to replace the asset, the right to obtain substantially all the economic benefits embodied in the use of the asset, and the right to direct (i.e. control) the use of the leased asset. In addition to leases proper, leases are also defined as rental, hire, lease and loan agreements.

The accounting model to be applied by the lessee provides that, for all types of leases (operating and finance leases), an asset representing the right of use of the leased asset and, at the same time, the financial liability for the lease payments ("lease liabilities") must be recognised.

With regard to the accounting model to be applied by the lessor, the accounting standard distinguishes between an operating lease and a finance lease: a lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset; a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

<u>Lessee</u>

At initial recognition, the asset, representing the right of use of the leased asset, is measured based on the cash flows associated with the lease at the lease inception date, corresponding to the present value of unpaid lease payments at that date ('lease liabilities'), including payments made on or before the inception date and initial direct costs incurred by the lessee (if any). Lease payments are determined in accordance with the terms of the lease and are calculated net of VAT, where applicable, as the obligation to pay VAT arises at the time the lessor issues the invoice and not at the commencement date of the lease, and are discounted using the Bank's marginal borrowing rate, which is determined on the basis of the cost of funding liabilities of similar durations and guarantees as those implied by the leases. Subsequent to initial recognition, this asset is measured in accordance with the requirements for property, plant and equipment in IAS 16 or IAS 40 and, therefore, at cost less depreciation and any impairment losses, at "revalued amount" or at fair value as applicable (see paragraph 6 - Property, plant and equipment for further details).

The lease liability shall be restated after the effective date if changes are made to the lease payments due; the amount of the restatement of the lease liability shall be recognised as an adjustment to the right-of-use asset.

The amount of the restatement of the lease liability should be recognised as an adjustment to the right-of-use asset. In accordance with the standard, which grants exemptions in this respect, contracts involving low-value assets (the threshold of which was identified as €5 thousand), all leases with a contractual duration of 12 months or less (known as "short term leases") were excluded and it was decided not to apply the standard to leases of intangible assets (mainly software leases). For these contracts, the related lease payments are recognised in the income statement on a straight-line basis for the corresponding duration. It should also be noted that the non-lease components are separated from the lease components and recognised in the income statement on an accrual basis in accordance with the applicable accounting policy, and that the costs of variable lease payments not included in the measurement of lease payables are also recognised in the income statement.

Lessor

Lease agreements entered into by the Group have been classified as operating leases, therefore payments received are recognised as income on a straight-line basis in income statement item 230 "Other operating income/expenses". Underlying assets subject to operating leases are depreciated and subjected to the impairment testing process in a manner similar to similar assets (for further details see paragraph 6 - Property, plant and equipment).

For further details on leasing operations, please refer to Part M - Leasing information, contained in these notes to the consolidated accounts.

### Repos and securities lending

Securities received in a transaction that entails a contractual obligation to sell them at a later date or delivered under a contractual obligation to repurchase are neither recognised nor derecognised. In respect of securities purchased under an agreement to resell, the consideration is recognised as financial assets at amortised cost, or as an asset held for trading; in respect of securities held in a repurchase agreement, the liability is recognised as financial liabilities at amortised cost, or as financial liabilities held for trading. Revenue from these loans, being the coupons accrued on the securities and the difference between the sale/purchase and resale/repurchase prices, is recognised in consolidated profit or loss through interest income and expenses on an accruals basis.

These transactions can only be offset if, and only if, they are carried out with the same counterparty and provided that such offset is provided for in the underlying contracts.

The same rules apply to securities lending transactions collateralised by cash fully available to the lender.

The profit or loss items connected with these transactions are booked respectively:

- in the item Interest, for the positive component (borrower) and the negative component (lender) related to the return on cash paid to the lender;
- in the item Fees and commissions, for the negative component (borrower) and the positive component (lender) related to the service received (provided) through the provision of the security by the lender.
-

With reference to securities lending transactions collateralised by other securities, or not collateralised, the security lent or the security put up as collateral are still recognised as assets in the balance sheet, depending on the role - lender or borrower, respectively - played in the transaction.

### Targeted Longer Term Refinancing Operations III - TLTRO III

TLTRO III operations are unconventional monetary policy instruments that allow Eurosystem credit institutions to finance themselves on a long-term basis at very favourable rates, with the aim of increasing lending to businesses and consumers in the euro area.

At the date of these financial statements, the Group had no outstanding TLTRO III operations. Transactions closed during 2022 were recognised in “Financial liabilities at amortised cost” and are measured at amortised cost, applying the provisions of IFRS 9.

### Share-Based Payment

Equity-settled payments made to employees or other staff (in particular, personal financial advisors) in consideration of work services rendered or other goods received or services rendered, using shares, which may consist in the assignment of:

- stock options;
- rights to receive shares upon attainment of certain objectives (“performance shares”), which are settled with equity instruments;
- Performance shares (i.e. awarded on attainment of certain objectives) settled in cash.

Considering the difficulty of reliably measuring the fair value of the services acquired against equity-settled payments, reference is made to the fair value of the instruments, measured at the date of their allocation.

The fair value of equity-settled payments or the purchase on the market of shares in FinecoBank in exchange of work or services is recognised as cost in consolidated income statement in item 190. “Administrative expenses” or 50. “Fee and commission expenses” as a contra-entry to item 150. "Reserves” in consolidated shareholders' equity, on an accruals basis over the period in which the services are acquired.

In any share-based payments settled in cash, the services acquired and the liabilities assumed are measured at the latter’s fair value and recognised in profit or loss as counterparty of the Item 80. "Other Liabilities". Until the liability is settled, the fair value is recalculated at each balance sheet date until the settlement date, and all changes in fair value are recognised in profit or loss.

# Part A - Accounting policies

### Renegotiations

When, during the life of an instrument, the contractual clauses are subject to modification by the parties to the contract, it is necessary to verify whether following the renegotiation the original asset must continue to be recognized in the financial statements and accounted for using the "modification accounting" or if, on the contrary, the original instrument must be cancelled from the financial statements (derecognition) and a new financial instrument must be recognised.

To this end, the renegotiations of financial instruments that lead to a change in the contractual terms are recognised on the basis of the "substantiality" of those contractual changes.

The assessment of the substantial nature of the change must be carried out considering both qualitative elements and, in the case of financial liabilities, quantitative elements. In some cases it is possible to establish whether the modification introduced substantially change the characteristics and/or contractual cash flows of a given asset/liability through a qualitative analysis. With regard to the financial liabilities, moreover, further analyses, including quantitative ones, must be carried out to appreciate the effects of the same and verify the need to proceed or not with the derecognition of the liability and the recognition of a new financial instrument (10% threshold test).

If the risks and rewards of ownership of the financial asset, after the modification, are not substantially transferred, the accounting representation that offers the most relevant information for the reader of the financial statements is that performed through the "modification accounting", which implies that the gross value is redetermined by calculating the present value of cash flows resulting from the renegotiation, at the original rate of the exposure. The difference between the gross value of the financial instrument prior to and after the renegotiation of the contractual terms, adjusted to consider the associated changes to the cumulative value adjustments, is recognised as a profit or loss in item 140. “Profit/loss from contractual modification without derecognition” on the consolidated income statement.

Otherwise, when the risks and rewards of ownership of the financial asset, after the modification, are substantially transferred, it is necessary to proceed with the derecognition.

Renegotiations formalised by means of changes to the existing contract or by the signing of a new contract, which lead to the exclusion of the right to receive cash flows according to the provisions of the original contract, are considered to be significant. The rights to receive cash flows are considered to be excluded in the case of renegotiations that lead to the introduction of clauses resulting in a change of classification of the instrument, which result in a change in the currency and which are made at market conditions, thus not constituting a credit exposure.

### Equity instruments

Equity instruments represent a residual interest in assets of the Company, net of liabilities. An instrument is classified as equity instrument if there are no contractual obligations to make payments in the form of principal, interest or other types of returns.

Specifically, instruments that meet the following requirements are classified as equity instruments:

- unlimited term or at least equal to the term of the company;
- full discretion of the issuer in coupon payments and redemptions, also advanced, of the principal outstanding.

Equity instruments include Additional Tier 1 instruments under Regulation (EU) No. 575/2013 (CRR) on prudential requirements for credit institutions and investment firms, which in addition to the above characteristics:

- maintain the issuer’s full discretion as to the reinstatement of the nominal value (write-up) following a capital event that resulted in a write-down;
- do not include provisions that require the issuer to make payments (must pay clauses) as a result of actual events under the control of the parties.

Equity instruments other than ordinary or savings shares, are classified in the consolidated balance sheet in item 140. “Equity instruments” for the amount received. Any coupons and transaction costs attributable to the transaction paid are deducted from Item 150. “Reserve” in consolidated shareholders' equity, net of related taxes.

# Part A - Accounting policies

### Provisions for employee severance pay

The "TFR" provision for Italy-based employee benefits is to be construed as a "post-retirement defined benefit". It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using the unit credit projection method (see Section 10 - under “Provisions for Risks and Charges - Retirement Payments and Similar Obligations”). This method distributes the cost of the benefit evenly over the employee's working life. The liability is determined as the present value of average future payments adjusted according to the ratio of years of service to total years of service at the time of payment of the benefit.

Following pension reform by Law 252 of December 5, 2005, TFR instalments accrued to December 31, 2006 (or to the date between January 1, 2007 and June 30, 2007 on which the employee opted to devolve their TFR to a supplementary pension fund) stay in the employer and are considered a post-employment defined benefit plan therefore incurring actuarial valuation, though with simplified actuarial assumptions, i.e., forecast future pay rises are not considered.

TFR instalments accrued since January 1, 2007 (date of Law 252 coming into effect) (or since the date between January 1, 2007 and June 30, 2007) are, at the employee's discretion, either paid into a pension fund or left in the company and (where the company has in excess of 50 employees) paid into an INPS Treasury fund by the employer, and are assimilated to a defined-contribution plan.

Costs relating to TFR are recognised in the Consolidated Income Statement in item 190. "Administrative expenses: a) staff expenses" and include, for the part of the defined benefit plan: (i) interest cost accrued in the year, for the part of plan considered defined contribution plan (ii) the accrued instalments for the year paid into the complementary pension scheme or to the Treasury fund of INPS.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of obligations at period end, are recognised in consolidated Shareholders' equity under the Revaluation reserves in accordance with IAS 19 Revised and are also shown in the Consolidated Statement of Comprehensive Income.

### Write – offs

The Group records a write-off of a financial asset whenever there are no reasonable expectations of recovering capital and interests.

The evaluations on possible write-offs are implemented based on different criteria, listed below (by way of example and not exhaustive), such as:

- Untraceable of borrower and/or guarantor, if present;
- Lack of enforceable assets (i.e. lack of salary, real estate);
- Unprofitable and expensive judicial actions in relation to the receivable;
- Decease of the debtor and possible no living heirs and / or renunciation of the inheritance.

In any case, the Group policy is to not continue recovery activities after a write-off has been recorded.

## RECOGNITION OF INCOME AND EXPENSES

The main revenues and costs are recorded in the income statement as follows:

- interest is recognized pro rata temporis based on the contractual interest rate or the effective interest rate if the amortised cost method is applied. Interest expenses (or interest income, in case of negative interest expenses) also includes the interest on lease liabilities determinated based on the marginal loan rate. Interest income (or interest expense) also includes the spreads or margins, positive (or negative), accrued up to the reporting date, relating to:
  - derivative financial contracts hedging interest-bearing assets and liabilities;
  - financial derivative contracts classified in the balance sheet as held for trading, but operationally linked to financial assets and / or liabilities designated at fair value (*fair value option*);
  - financial derivative contracts operationally linked to assets and liabilities classified in the balance sheet as held for trading or operationally linked to "other financial assets required to be measured at fair value" and which provide for the settlement of spreads or margins with several maturities ("multi-flow contracts");
- default interest is taken to the income statement on actual collection;
- dividends are recognised in profit or loss in the financial year in which their distribution has been approved, unless that date is not known or the information is not immediately available, in which case recognition at the time of collection is permitted;
- fees and commissions from services are recognized, based on the underlying contractual agreements, in relation to the provision of the services from which they originated, as defined by provisions of IFRS 15 (as detailed below). The fees included in amortised cost to calculate the effective interest rate are recognized as interest;

- gains and losses from securities trading are recognized in the income statement at the time the sale is finalized, based on the difference between the amount paid or collected and the carrying amount of the instruments;
- gains and losses from the sale of non-financial assets are recognized at the time the sale is finalized, or when the performance obligation to the customer is fulfilled;
- the costs are recognized in the income statement according to the accrual principle; the costs recognized for the acquisition of contracts with customers, which the Group would not have incurred had it not obtained the contract, are recognized as assets and systematically amortised in the income statement in line with the recognition of revenues related to the transfer to customers of the goods or services to which the asset refers.

Among costs, administrative expenses also include short-term lease payments, low value lease payments (i.e. contracts whose assets underlying the contract do not exceed, when new, the threshold of € 5 thousand), costs for variable payments due for leasing not included in the evaluation of the lease liability, the VAT component of the lease payments to be paid/paid on the leasing contracts recognized in accordance with IFRS 16 and the fees for the leasing of intangible assets.

Fees and commissions income and other operating income are accounted for in the income statement as the entity satisfies the performance obligation embedded in the contract, according to "IFRS15 Revenue from Contracts with Customers" rules. In particular, revenues from commissions from services and other income are recognized in the income statement:

- at a specific moment, when the entity fulfills the obligation to transfer the promised good or service ("point in time") to the customer,

or

- over time, as the entity fulfils its obligation to transfer the promised good or service ("over time") to the customer.

The promised good or service, i.e. the asset, is transferred when the customer has control.

If the timing of cash-in of the contractual amount is not aligned to the way the performance obligation is satisfied, the Group accounts for a contract asset or a contract liability for the portion of revenue accrued in the period or to defer in the following periods.

The amount of revenues linked to fees and commissions income and other operating income is measured based on contractual provisions. If the amount contractually foreseen is subject, totally or partially, to variability, a revenue has to be booked based on the most probable amount that the Group expects to receive. Such amount is determined on the basis of all facts and circumstances considered relevant for the evaluation, that depend on the type of service provided and, in particular, on the presumption that it is not highly probable that the revenue recognized will not be significantly reversed.

If a contract regards different goods/services whose performance obligations are not satisfied at the same time, the revenue is allocated among the different obligation proportionally to the stand-alone price of the single item delivered. These amounts will be therefore accounted for in P&L through different methods ("over time" or "point in time") on the basis of the timing of satisfaction of each obligation. If the allocation is particularly burdensome and where revenues are not material, revenue is entirely allocated to the main performance obligation.

Where envisaged, the fees to be paid to customers are recorded as a reduction in revenues from the supply of goods or services and consistently with the recognition of said goods or services.

Any revenues that include a significant funding component are adjusted to take into account the effects of the time value of money, to reflect the price that the customer would have paid if the payment had occurred upon (or gradually with) the transfer of the promised goods or services. The Group uses the practical expedient envisaged by paragraph 63 of IFRS 15; as a result of which the Group does not adjust the promised amount to take into account the effects of a funding component when the time interval expected between the transfer of the promised good or service and the related payment is less than one year.

To this end, it is worth noting that the performance of financial services provided over a given period of time (for example, the keeping and management of current accounts, advisory services, management of UCITS or insurance products) have been considered satisfied over time, regardless of the moment the consideration is paid by the customer, while performances of financial services that require the execution of specific activities (for example, purchase, sale or placement of securities, UCITS or insurance products, execution of money transfers) have been considered fulfilled at a given time ("point in time"), even if the contract requires the service is provided for an indefinite period.

With reference to the main revenue recognized by the Group in application of the IFRS 15 accounting standard, it should be noted that:

- the commissions for trading, order collection and placement of financial instruments are accounted for "point in time", as the service is intended provided when the service is rendered. The consideration is quantified as a fixed or percentage amount, based on the contractual conditions, on the value of the instrument traded/placed;
- advisory, portfolio management and insurance product management commissions are recorded "over time", as the service is intended provided during the term of the contract (input method). For this kind of fees, in fact, it is deemed that the input which are necessary to provide the service incorporated in the performance obligation are evenly distributed during the term of the contract. There are no performance fees on asset management instruments. With regard to placement of insurance policies, whose return is determined on the

# Part A - Accounting policies

basis of the performance of the separate management on the annual recurrence of the policy, it should be noted that there is a variability determined by the performance of the separate management, which may result in a reduction in applicable rate;

- commissions related to payment systems are mainly recognized "point in time", except for some services that are recorded "over time" during the term of the contract (SEPA Electronic Database Alignment). The considerations are quantified as a fixed amount, mainly with reference to transactions carried out on behalf of customers (for example ATM withdrawals, Visa debit withdrawals, foreign money transfers or in other currencies other than euro, postal bills, etc... ), or as percentage of the value of the transaction, mainly with reference to revenues received from the circuits and generated by transactions carried out on behalf of customers (credit cards / Visa debit, Pos, etc.);
- recoveries of the stamp duty on financial assets are recorded "over time", according to the provisions in force, as the service is considered provided during the term of the contract.

# Part A - Accounting policies

## A.3 Disclosure on transfers between portfolios of financial assets

IFRS 9 and IFRS 7 allow, after initial recognition, the modification of their business model for managing financial assets and, consequently, impose the reclassification of reclassify all affected financial assets.

Such changes are expected to be very infrequent. Such changes are determined by the entity's senior management as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties. Accordingly, a change in a Group's business model will occur only when an entity either begins or ceases to perform an activity that is significant to its operations; for example, when the entity has acquired, disposed of or terminated a business line.

Specifically, the following may be reclassified:

- the financial assets out of the amortised cost measurement category and into the fair value through profit or loss measurement category and vice versa;
- the financial assets out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category and vice versa;
- the financial assets out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category and vice versa.

The following changes in circumstances are not considered reclassifications:

- an item that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- an item becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge;
- changes in measurement.

The following are not changes in business model:

- a change in intention related to particular financial assets (even in circumstances of significant changes in market conditions);
- the temporary disappearance of a particular market for financial assets;
- a transfer of financial assets between parts of the entity with different business models.

During 2022 the Group has not made changes to its business models and, consequently, did not make any changes.

### A.3.1 Reclassified financial assets: change of business model, book value and interest income

No data to report.

### A.3.2 Reclassified financial assets: change of business model, fair value and impact on comprehensive income

No data to report.

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

No data to report.

# A.4 Information on fair value

## Qualitative information

This section presents a disclosure on fair value hierarchy as required by IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (i.e. an exit price).

The fair value of a payable financial liability (e.g. a demand deposit) shall not be less than the amount payable on demand, discounted from the first date at which it may be required to be paid.

As far as financial instruments listed in active markets are concerned, the fair value is determined on the basis of official prices quoted in the principal market (or the most advantageous) to which the Group has access to (Mark to Market).

A financial instrument shall be considered as quoted in an active market if quoted prices are readily and regularly available from a pricing service, dealer, broker, pricing or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If official listing in an active market is not available for a financial instrument as a whale, but active markets exist for its component parts, fair value is determined on the basis of the relevant market prices for the component parts.

The Group uses valuation models (Mark to Model) aligned with the methods generally accepted and used by the market. Valuation models which include techniques based on the discounting of future cash flows and volatility estimates are subject to revision both during their development and periodically in order to ensure their consistency with the objectives of the valuation.

As a further guarantee of the objectivity of valuations resulting from valuation models, the Group performs:

- independent price verifications (IPVs);
- Fair Value Adjustment or FVAs.

Independent price verification requires prices to be monthly verified by the CRO Department, which, as the risk management function, is independent from risk-taking units. The verification thereof requires comparison and adjustments to the daily price according to valuations carried out by independent market participants. As far as instruments not listed in active markets are concerned, the above verification process takes as reference the prices provided by infoproviders, assigning greater relevance to those most representative of the instrument being valued. Such valuation includes: the "executability" of the transaction at the price observed, the number of contributors, the degree of similarity of the financial instruments, the consistency of prices coming from different sources, and the process followed by the info provider to get the information.

The internal legal framework consists of a Global Policy and a Global Operational Regulation. The Global Policy sets the principles and the rules governing the fair value measuring framework and the independent price verification process, whereas the Global Operational Regulation describes the process in detail and identify Fair Value measuring techniques as well as independent price verification methodologies applicable for each financial instrument held by the Group.

## A.4.1 Fair value levels 2 and 3: valuation techniques and input used

In order to determine a fair value or Level 2 and Level 3 financial instruments not listed and actively traded on the market, the Group uses the following valuation techniques widely-used in the market.

### Description of evaluation techniques

Among the evaluation methods used by the Group, the following are worth mentioning:

- Discounted cash flow: evaluation techniques based on discounted cash flow consist of estimating expected future cash flow collectable during the life of the financial instrument. The model requires an estimate of cash flows and the adoption of market parameters for the discounting: the discount rate or margin reflects the credit and / or financing spread required by the market for instruments with similar risk and liquidity profiles, in order to define a "discounted value". The fair value of the contract is the sum of the discounted future cash flows;
- Option price model: Option price models are generally used for instrument awarding a mandatory right or duty based on the occurrence of a future event, such as the attainment of a predetermined strike price. Option models estimate the probability of occurrence of a specific event, incorporating assumptions like the volatility of the underlying returns and the price of the underlying instrument;
- Market approach: evaluation techniques exploiting prices resulting from actual market transactions involving identical or comparable asset and liabilities or groups of identical or comparable asset and liabilities;

- Adjusted Net Asset Value (NAV): the NAV is the value of a fund's assets minus the value of its liabilities. An increase in such amount result in a Fair Value increase as well.

### *Fair Value Adjustments (FVAs)*

For financial instruments not listed in active markets, as the Fair Value is determined through evaluation models, there may be necessary value adjustments in order to consider estimation uncertainties or difficulties in disinvestment. Such Adjustments represents amendments to the theoretical fair value, determined through an evaluation technique, for factors not included in the basic discounted value considered by market participant for the estimation of an exit price.

Adjustments may be calculated as additional components of valuation, or be directly included in the evaluation itself. Shall the Group acquire any instrument whose evaluation does requires adjustments, the latter will be estimated by the CRO Department keeping into consideration the following risk sources: Close out cost, market liquidity, model risk, CVA/DVA.

## Assets and liabilities measured at fair value on recurring basis

The main information on the valuation models used for the valuation of assets and liabilities measured at fair value on a recurring basis is summarized below by type of financial instrument.

With reference to the quantitative disclosure required by IFRS 13 on significant unobservable inputs used in the fair value measurement and the sensitivity analysis of level 3 financial assets and liabilities measured at fair value, it should be noted that the Group does not hold significant positions in financial instruments classified in level 3 of the fair value hierarchy. The only exception are Visa INC class "C" and class "A" preferred shares, for which reference is made to the following paragraph "Equities".

### *Fixed Income Securities*

Fixed Income Securities are priced through two main process depending on the reference market liquidity. Liquid instruments listed on active markets are assigned the fair value hierarchy of 1 and the Bid price (for long positions) and the Ask price (for short positions) are considered. Instruments not traded in active markets are marked-to-model.

Instruments not traded in active markets are valued through models using implied credit spread curves derived from Level 1 instruments. The model maximises the use of observable input and minimises the use of unobservable inputs. With this respect, depending on the adequacy of the credit spread curve applied, bonds are marked as Level 2 or Level 3 respectively; Level 3 is applied in case a significant unobservable credit spread is used.

The accuracy of valuations coming from both market prices of Level 1 bonds and pricing models for illiquid bonds is regularly verified through the bond Independent Price Verification (IPV) process.

### *Structured Financial Products*

The Group determines the fair value of structured financial products using the appropriate valuation methodology consistently with the nature and the structure of the instrument itself. Such instruments shall be classified as Level 2 or Level 3 depending on the observability of the significant inputs used by the model.

### *OTC derivatives*

The fair value of derivatives not traded in an active market derives from the application of mark-to-model valuation techniques. When there is an active market for input parameters constituting the different components of the derivative, the fair value is determined through a valuation model on the basis of the market prices of these components. Valuation techniques based on observable inputs are classified as Level 2, while those based on significant unobservable inputs are classified as Level 3.

The determination of the fair value of financial instruments and the related independent price verification process are governed at Group level by a specific Global Policy and Global Operational Regulation. With particular reference to OTC derivatives, a distinction must be made between derivatives that the Group trades directly with customers, mainly CFDs (Contract for Difference) and options (daily options and knockout options), and those that the Group trades as hedges with other financial institutions.

To calculate the price of CFDs (Contract for Difference) Fineco uses contractual rules and data from Info Providers according to the specifications provided by the business functions. For knockout options, the pricing model is the same as that applied to the client, who is offered a product with a linear payoff that is easy to understand. The valuation of options by the relevant risk control functions for IPV purposes is carried out using market best practices (e.g. Hull for exotic options). The option pricing model is based on the Black & Scholes formula, which considers the following inputs:

- current price of the underlying "St"
- strike "K";
- barrier "L" (in the case of exotic options such as Barrier Options);
- interest rate "r";
- volatility "σt".

# Part A - Accounting policies

Finally, for derivative instruments such as asset swaps and interest rate swaps, which the Group trades as hedges with other financial institutions, the fair value is determined through the use of a Position Keeping system, which applies the Discounting Cash Flow method. The net present value of the derivative, which is recognised on a daily basis, is used to meet clearing obligations in accordance with EMIR regulations and as agreed between the counterparties. The fair value is monitored as part of the independent price verification (IPV) process by the CRO Department. The CRO Department performs a quarterly comparison between the curves provided by the Treasury Department and those considered as the reference set for the valuation of balance sheet positions.

### *Equity Instruments*

Equity Instruments shall be marked as to Level 1 when a quoted price is available on an active market. In this case, the closing price of the most liquid regulated market to which Fineco has access is considered. Equity securities, if listed, are classified as Level 2 if the volume of activity on the listing market is significantly reduced and as Level 3 when there are no listings or listings have been suspended indefinitely.

In order to provide a fair value for Visa INC preferred shares class "C", the Group has adopted a model which converts the market price in dollars of Visa INC class "A" shares into euro and applies a discount factor. For the class "C" preferred shares valuation as at December 31st, 2022 such factor was determined equal to 8.90%, estimating as at December 31st, 2022, litigation risk at 2.90% and illiquidity risk at 6%. The litigation risk component has been extracted from an historical series of data provided by Visa INC, whereas the illiquidity risk component has been derived from the illiquidity of shares having limitations on their transferability for a certain period. Preferred shares class "A", on the other hand, are subject to a valuation method in the financial statements which does not provide for the application of a "Litigation Discount". Furthermore, since the latter are convertible into VISA-A Common shares and can subsequently be sold, the "Illiquidity Risk" component is lower than for Visa class "C", therefore the discount factor was estimated at 4.01%. The Visa INC preferred shares class "C" and "A" have been marked as level 3 of fair value hierarchy.

### *Investment Funds*

The Group may hold investments in investment funds publishing a Net Asset Value (NAV) per share and may include investments in funds managed by the Group itself. Funds are generally classified as Level 1 when an official price is available on active markets. Funds shall be classified as Level 2 and Level 3 depending on the NAV availability, the transparency of the portfolio and any possible constraints/limitations.

## Assets and liabilities not measured fair value or measured at fair value on a non-recurring basis

The main information on the valuation models used to measure assets and liabilities measured at fair value on a non-recurring basis is summarized below.

Financial instruments not measured at fair value on a recurrent basis, including loans and receivables at amortised cost, are not managed on a fair value basis. For these financial instruments the fair value is calculated for disclosure purposes only, and it has no impact on the balance sheet or through profits and losses. In addition, fair value estimations on assets and liabilities not generally traded is based on internal parameters not directly observable on active markets, as defined by IFRS 13.

### *Financial assets at amortised cost*

For financial assets at amortised cost, whose fair value is not based on prices observed on active markets (level 1), the fair value is determined using the discounted cash flow model adjusted for credit risk. Some portfolios are valued using simplified approaches, which however take into account their financial characteristics.

The fair value of on-demand or callable items, and of financial assets with a maturity of less than 12 months and operating receivables related to the provision of financial activities and services, is approximated equal to the balance sheet value; these assets are assigned the level 3 fair value hierarchy.

The fair value of impaired loans was determined by considering that the realisable value expressed by the net book value represents the best estimate of the foreseeable future cash flows discounted at the valuation date; these assets are assigned the level 3 fair value hierarchy.

Lastly, the UniCredit S.p.A. securities recorded in "Financial assets at amortised cost" have been assigned the level 2 fair value hierarchy. The fair value has been calculated using the discounted cash flow methodology, which consists of producing estimate forecast of the estimated cash flows over the life of the instrument and discounting at a rate that incorporates the credit spread. The credit spread is calculated according on the credit spread curve of the issuer, constructed by selecting issues, also from the secondary market, having the same specific characteristics.

### *Financial liabilities at amortised cost*

The fair value of financial liabilities at amortised cost is determined through the use of a present value model adjusted for the associated issuer risk.

The fair value of on-demand financial liabilities with a maturity of less than 12 months is approximated equal to the balance sheet value; these liabilities are assigned the fair value hierarchy level 3.

### *Cash and cash balances*

The fair value of on-demand loans and receivables from banks and central banks recognised in the item "Cash and cash balances" is approximated equal to the carrying amount; these assets are assigned the fair value hierarchy level 3.

### Description of the inputs used in measuring the fair value of Level 2 and Level 3 instruments

The following is a description of the main significant inputs used in measuring the fair value of assets and liabilities measured at fair value on a recurring and non-recurring basis belonging to Levels 2 and 3 of the fair value hierarchy.

Level 2 inputs are prices other than quoted Level 1 prices that are observable either directly or indirectly for the assets or liabilities. In particular, they may be

- quoted prices in active markets for similar assets or liabilities;
- quoted prices in markets that are not active for similar or identical assets or liabilities;
- inputs other than quoted prices that are observable for assets or liabilities (e.g. interest rates and yield curves observable at commonly quoted intervals; implied volatilities; credit spreads);
- inputs corroborated by market data that cannot be directly observed but are based on or supported by market data.

Level 2 factors must be observable (either directly or indirectly, e.g. through confirmations with market data) throughout the contractual life of the asset or liability being valued. Market factors that may not be directly observable but are based on or supported by observable market data are included in Level 2 because such factors are less subjective than unobservable factors classified as Level 3. Examples of Level 2 instruments are bonds whose value is derived from a similar publicly traded bond, over-the-counter interest rate swaps valued from a model whose inputs are observable, corporate bonds, asset-backed securities, high-yield debt securities as well as certain structured products where the valuation inputs are based primarily on readily available pricing information.

Level 3 valuation inputs are not observable and are relevant in the absence of Level 1 and Level 2 inputs. Given the need to estimate an exit price at the valuation date also for instruments classified in hierarchy 3, these inputs are exploited by internally developed valuation models.

Examples of Level 3 inputs for assets and liabilities are as follows:

- historical volatility, when it is not possible to observe the implied volatility (e.g. of similar options because they are not sufficiently liquid). Historical volatility generally does not represent market participants' current expectations of future volatility, even though it is the only information available to evaluate an option;
- financial forecasts developed using own data in case there is no information available;
- correlation between non-liquid assets. There are several types of correlation inputs, including credit correlation, cross-asset correlation (e.g. equity and interest rate correlation) and correlation between assets of the same type (e.g. interest rate correlation) that are generally used to value hybrid and exotic instruments;
- credit spread when it is unobservable or cannot be corroborated by observable market data.

## A.4.2 - Valuation processes and sensitivity of fair value measurements

The Group verifies that the value assigned at each trading position properly reflects the current fair value. The fair value measurement of assets and liabilities is calculated using various techniques, including discounted cash flow models and internal measurement models. All instruments shall be classified as Level 1, Level 2 or Level 3 of the fair value hierarchy according to the observability of the input used. When a position is characterised by one or more significant inputs not directly observable, a further price verification procedure shall be implemented. Procedures thereof include the revision of relevant historical data, the analysis of profits and losses, the individual valuation of each component for structural products and benchmarking. In order to ensure an appropriate level of separation between developing functions and validation functions, all valuation models developed by front office units shall be independently and centrally tested and validated. The aim thereof is to assess model risk arising from model's theoretical robustness, calibration techniques where applicable and suitability of the model to valuate a specific instrument in a defined market.

In addition to the daily mark to market or mark to model valuation, an Independent Price Verification (IPV) is carried out monthly by the Group's Market & Liquidity Risk function in order to provide an independent fair value.

With regard to the sensitivity analysis of financial assets and liabilities measured at fair value on a recurring basis at level 3 as required by IFRS 13, it should be noted that the Group does not hold significant positions in financial instruments classified in the fair value hierarchy 3, with the exception of exposures in preferred shares of Visa INC class "C", for which reference should be made to the paragraph "Equity Securities" above.

## A.4.3 Fair value hierarchy

The IFRS 13 principle establishes a fair value hierarchy according to the observability of the input used in the valuation techniques adopted.

The fair value hierarchy level associated with assets and liabilities shall be the lowest level among those associated to all significant inputs used. As a rule, an input of valuation is not considered significant for the fair value of an instrument if the remaining inputs are able to explain most of the variance of the fair value over a period of three months. In some specific cases, the magnitude of the limit is verified in relation to the fair value of the instrument at the measurement date.

# Part A - Accounting policies

In particular, three levels are considered:

- Level 1: the fair value of instruments classified in this level is determined by quotation prices observed in active markets for identical assets or liabilities that the Group has access to at the measurement date. An active market is an active market if transactions in the asset or liability being valued occur frequently and in sufficient volume to provide useful pricing information on an ongoing basis;
- Level 2: the fair value for instruments classified within this level is determined according to valuation models using observable market inputs, other than market prices already included in Level 1. Inputs are considered observable if they are developed on the basis of information available to the market regarding current events or transactions and reflect the assumptions that market counterparties would use to value the asset or liability;
- Level 3: the fair value of instruments classified in this level is determined on the basis of valuation models using primarily significant inputs, other than those included in Level 1 and Level 1, that are not observable in active markets. The unobservable inputs must, however, reflect the assumptions that market participants would use in valuing the asset or liability, including assumptions about risk.

The transfer of the fair value level of financial assets and liabilities measured at fair value on a recurring basis may occur if the inputs used by the valuation model change (e.g. if a quotation on an active market is no longer available for an instrument). If a valuation technique that uses inputs from different levels of the hierarchy is used to measure an instrument, the instrument is classified entirely in the same level of the hierarchy as the lowest level input that is significant to the measurement. A valuation input is not considered significant for the purposes of assigning the fair value hierarchy if the remaining inputs determine 90% of the fair value of the instrument.

## A.4.4 Other information

No information is required to be disclosed with respect to the requirements of IFRS 13 paragraphs 48, 93(i) and 96.

# Part A - Accounting policies

## Quantitative information

## A.4.5 Fair value hierarchy

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

(Amounts in € thousand)

| Assets/Liabilities at fair value | 12/31/2022 | | | 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| 1. Financial assets at fair value through profit or loss | 13,360 | 4,067 | 5,051 | 17,083 | 3,348 | 5,347 |
| a) financial assets held for trading | 13,037 | 3,866 | 23 | 16,894 | 3,346 | - |
| b) financial assets designated at fair value | - | - | - | - | - | - |
| c) other financial assets mandatorily at fair value | 323 | 201 | 5,028 | 189 | 2 | 5,347 |
| 2. Financial assets at fair value through other comprehensive income | 26,865 | - | 7 | 39,012 | - | 5 |
| 3. Hedging derivatives | - | 1,691,642 | - | - | 127,448 | - |
| 4. Property, plant and equipment | - | - | - | - | - | - |
| 5. Intangible assets | - | - | - | - | - | - |
| **Total** | **40,225** | **1,695,709** | **5,058** | **56,095** | **130,796** | **5,352** |
| 1. Financial liabilities held for trading | 3,184 | 1,387 | 3 | 2,486 | 1,931 | - |
| 2. Financial liabilities designated at fair value | - | - | - | - | - | - |
| 3. Hedging derivatives | - | 63,752 | - | - | 57,313 | - |
| **Total** | **3,184** | **65,139** | **3** | **2,486** | **59,244** | **-** |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

During the current financial year, there were no significant transfers of financial assets between fair value hierarchy 1 and 2.

No Credit Value Adjustment (CVA) and/or Debit Value Adjustment (DVA) was applied in determining the fair value of derivative financial instruments.

***Impacts of the crisis unfolded by COVID-19 pandemic and the Russia-Ukraine military conflict on fair value measurement***

The crisis caused by the COVID-19 pandemic and the Russia-Ukraine military conflict had no impact in terms of fair value measurement. In particular, there were no reductions/disappearances in prices quoted on active markets (Level 1) and/or observable inputs (Level 2), nor transfers between the various levels of the fair value hierarchy for financial instruments in which the Group holds significant investments.

# Part A - Accounting policies

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

(Amounts in € thousand)

| | Financial assets measured at fair value with impact on the income statement | | | | Financial assets at fair value through other comprehensive income | Hedging derivatives | Property, plant and equipment | Intangible assets |
|---|---|---|---|---|---|---|---|---|
| | Total | of which: a) financial assets held for trading | of which: b) financial assets designated at fair value | of which: c) other financial assets mandatorily at fair value | | | | |
| **1. Opening balance** | **5,347** | **-** | **-** | **5,347** | **5** | **-** | **-** | **-** |
| **2. Increases** | **2,883** | **168** | **-** | **2,715** | **2** | **-** | **-** | **-** |
| 2.1. Purchases | 174 | 155 | - | 19 | 2 | - | - | - |
| 2.2. Profits recognised in: | 2,705 | 9 | - | 2,696 | - | - | - | - |
| 2.2.1. Income Statement | 2,705 | 9 | - | 2,696 | - | - | - | - |
| - of which unrealised gains | 2,704 | 8 | - | 2,696 | - | - | - | - |
| 2.2.2. Shareholders' Equity | - | X | X | X | - | - | - | - |
| 2.3.Transfers from other levels | - | - | - | - | - | - | - | - |
| 2.4. Other increases | 4 | 4 | - | - | - | - | - | - |
| **3. Decreases** | **(3,179)** | **(145)** | **-** | **(3,034)** | **-** | **-** | **-** | **-** |
| 3.1. Sales | (145) | (145) | - | - | - | - | - | - |
| 3.2. Redemptions | - | - | - | - | - | - | - | - |
| 3.3. Losses recognised in: | (3,034) | - | - | (3,034) | - | - | - | - |
| 3.3.1. Income Statement | (3,034) | - | - | (3,034) | - | - | - | - |
| - of which unrealised losses | (2,576) | - | - | (2,576) | - | - | - | - |
| 3.3.2. Shareholders' Equity | - | X | X | X | - | - | - | - |
| 3.4. Transfers to other levels | - | - | - | - | - | - | - | - |
| 3.5. Other decreases | - | - | - | - | - | - | - | - |
| **4. Closing balances** | **5,051** | **23** | **-** | **5,028** | **7** | **-** | **-** | **-** |

The sub-items 2.2.1 “Profits recognized in Income Statement” and 3.3.1 “Losses recognized in Income Statement” are included, where present, in consolidated income statement in the following items:

- Item 80: Gains (losses) on financial assets and liabilities held for trading;
- Item 110: Gains (losses) on financial assets and liabilities at fair value through profit and loss;
- Item 90: Fair value adjustments in hedge accounting.

The sub-items 2.2.2 “Profits recognised in Shareholders’ equity” and 3.3.2 “Losses recognised in Shareholders’ equity” arising from changes in fair value of “Financial assets at fair value through other comprehensive income” are recognised, if any, in equity item 120. "Revaluation reserves" of consolidated shareholder’s equity - except losses due to impairment and exchange rate gains or losses on monetary items (debt instruments) which are recognised under item 130. "Impairment losses/write backs on: b) financial assets at fair value through other comprehensive income" and item 80. "Gains (losses) on financial assets and liabilities held for trading" of the consolidated income statement, respectively - until the financial asset is sold, at which time cumulative gains and losses are recognised in consolidated profit or loss in item 100. "Gains (losses) on disposal or repurchase of: b) financial assets at fair value through other comprehensive income".

# Part A - Accounting policies

### A.4.5.3 Annual changes in financial liabilities measured at fair value level 3 on a recurring basis

(Amounts in € thousand)

| | Financial liabilities held for trading | Financial liabilities at fair value through profit or loss | Hedging derivatives |
|---|---|---|---|
| **1. Opening balance** | **-** | **-** | **-** |
| **2. Increases** | **4** | **-** | **-** |
| 2.1. Issues | - | - | - |
| 2.2. Losses allocated to: | - | - | - |
| 2.2.1. Income Statement | - | - | - |
| - of which capital losses | - | - | - |
| 2.2.2. Shareholders' Equity | X | - | - |
| 2.3. Trasferts from other levels | - | - | - |
| 2.4. Other increases | 4 | - | - |
| **3. Decreases** | **(1)** | **-** | **-** |
| 3.1. Reimbursements | - | - | - |
| 3.2. Repurchases | - | - | - |
| 3.3. Profits recognised in: | (1) | - | - |
| 3.3.1. Income Statement | (1) | - | - |
| - of which capital gains | (1) | - | - |
| 3.3.2. In equity | X | - | - |
| 3.4. Trasferts to other levels | - | - | - |
| 3.5. Other decreases | - | - | - |
| **4. Closing balances** | **3** | **-** | **-** |

# Part A - Accounting policies

### A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by level of fair value

(Amounts in € thousand)

| Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis | 12/31/2022 | | | | 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | L1 | L2 | L3 | BV | L1 | L2 | L3 |
| 1. Financial assets at amortised cost | 31,472,301 | 20,844,398 | 1,962,312 | 6,707,496 | 30,895,959 | 20,783,239 | 4,235,999 | 6,607,661 |
| 2. Tangible assets held for investment | - | - | - | - | 1,764 | - | - | 2,292 |
| 3. Non-current assets and disposal groups classified as held for sale | - | - | - | - | - | - | - | - |
| **Total** | **31,472,301** | **20,844,398** | **1,962,312** | **6,707,496** | **30,897,723** | **20,783,239** | **4,235,999** | **6,609,953** |
| 1. Financial liabilities at amortised cost | 33,870,808 | 428,061 | - | 33,372,882 | 31,570,201 | 489,712 | 1,032,069 | 30,038,707 |
| 2. Liabilities included in disposal group classified as held for sale | - | - | - | - | - | - | - | - |
| **Total** | **33,870,808** | **428,061** | **-** | **33,372,882** | **31,570,201** | **489,712** | **1,032,069** | **30,038,707** |

**Key:**
L1 = Level 1 - L2 = Level 2 - L3 = Level 3 - BV = Book Value

As previously described, assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis are presented on the basis of their fair value and fair value hierarchy for the sole purpose of meeting financial statement disclosure requirements.

Tangible assets held for investment purposes present at December 31st, 2021 were sold during 2022.

# Part A - Accounting policies

## A.5 Day-one profit/loss

Financial instruments must be initially recognised at fair value.

Normally, the fair value of a financial instrument, at the date of initial recognition, is equal to the price paid/amount paid for the acquisition of the financial assets or the amount received for the financial liabilities. This assertion is generally found in the case of transactions referring to financial instruments belonging to the level 1 and also level 2 fair value hierarchy, considering that the prices are normally derived indirectly from the market.

In the case of level 3, on the other hand, there is a partial discretion in the determination of fair value, but due to the absence of an unequivocal benchmark to be compared with the transaction price, initial recognition must always be at the transaction price. In the latter case, however, the subsequent measurement cannot include the difference between the price paid/amount disbursed and the fair value found at the time of the initial measurement, also referred to as "Day one profit/loss". This difference must be recognised in profit or loss only if it arises from changes in the factors on which market participants base their valuations in setting prices.

The adoption of prudent valuation models, the review processes thereof and their parameters, as well as value adjustments to reflect model risk ensure that the amount recognised in the income statement is not derived from the use of unobservable valuation parameters. In particular, the quantification of value adjustments related to model risk ensures that the part of the fair value of these instruments resulting from the adoption of subjective parameters is not recognised through profit or loss, but rather as an adjustment to their balance sheet value. Variations shall be recognized through profit or loss only where objective parameters prevail and, consequently, adjustments are no longer required.

There are no day-one profits/losses to disclose in accordance with paragraph 28 of IFRS 7.

# Part B - Consolidated Balance Sheet

## Assets

### Section 1 - Cash and cash balances - Item 10

#### 1.1 Cash and cash balances: breakdown

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| a) Cash | 4 | 335 |
| b) Current account and demand deposits with Central banks | 1,197,698 | 1,256,399 |
| c) Current accounts and demand deposits with banks | 272,011 | 207,448 |
| **Total** | **1,469,713** | **1,464,182** |

The item “(b) Demand deposits with central banks” refers to the overnight deposit and the liquidity deposited with Bank of Italy, net of the balance related to the minimum reserve requirement allocated for the current reporting period, which is represented in the item “Financial assets at amortized cost: loans and receivables with banks”.

Item "c) Current accounts and demand deposits with banks" consists of current accounts opened with credit institutions for the settlement of transactions on payment circuits, for the settlement of securities transactions, for the management of the liquidity of UK clients and for the management of Fineco AM's liquidity.

# Part B - Consolidated Balance Sheet

## Section 2 - Financial assets at fair value through profit or loss - Item 20

### 2.1 Financial assets held for trading: product breakdown

(Amounts in € thousand)

| Items/Amounts | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| **A. Balance sheet assets** | | | | | | |
| 1. Debt securities | - | - | - | - | - | - |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | - | - | - | - | - | - |
| 2. Equity instruments | 10,533 | - | - | 14,792 | - | - |
| 3. Units in investment funds | 6 | - | 23 | 5 | - | - |
| 4. Loans | - | - | - | - | - | - |
| 4.1 Reverse repos | - | - | - | - | - | - |
| 4.2 Others | - | - | - | - | - | - |
| **Total (A)** | **10,539** | **-** | **23** | **14,797** | **-** | **-** |
| **B. Derivative instruments** | - | - | - | - | - | - |
| 1. Financial derivatives | 2,498 | 3,866 | - | 2,097 | 3,346 | - |
| 1.1 Trading | 2,498 | 3,866 | - | 2,097 | 3,346 | - |
| 1.2 Linked to fair value option | - | - | - | - | - | - |
| 1.3 Others | - | - | - | - | - | - |
| 2. Credit derivatives | - | - | - | - | - | - |
| 2.1 Trading | - | - | - | - | - | - |
| 2.2 Linked to fair value option | - | - | - | - | - | - |
| 2.3 Others | - | - | - | - | - | - |
| **Total (B)** | **2,498** | **3,866** | **-** | **2,097** | **3,346** | **-** |
| **Total (A+B)** | **13,037** | **3,866** | **23** | **16,894** | **3,346** | **-** |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

Equities in the proprietary portfolio are mainly used for management hedging of open equity positions in counterpart to customers and, to a lesser extent, may arise from internalisation activities and are intended to be traded in the short term.

Financial derivatives refer to the positive valuation of CFD contracts traded against customers, as well as derivative contracts regulated or entered into with institutional counterparties for the purpose of hedging such derivative contracts, Knock Out Options and Certificates issued, and for a total amount of € 3,830 thousand (€ 3,310 thousand as at December 31st, 2021).

Sub-item B.1.1 “Derivative instruments - Trading financial derivatives” also includes the positive valuations of spot contracts for securities that meets the definition of held for trading and currencies to be settled in times established by market practices ("regular way"). They amounted to € 2,534 thousand (€ 2,133 thousand as at December 31st, 2021).

# Part B - Consolidated Balance Sheet

## 2.2 Financial assets held for trading: breakdown by issuer/borrower

(Amounts in € thousand)

| Items/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **A. On-balance sheet assets** | | |
| 1. Debt securities | - | - |
| a) Central Banks | - | - |
| b) Public Entities | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| 2. Equity instruments | 10,533 | 14,792 |
| a) Banks | 1 | - |
| b) Other financial companies | 397 | 1,153 |
| of which: Insurance companies | - | - |
| c) Non-financial companies | 10,135 | 13,639 |
| d) Other issuers | - | - |
| 3. Units in investment funds | 29 | 5 |
| 4. Loans | - | - |
| a) Central Banks | - | - |
| b) Public Entities | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| f) Households | - | - |
| **Total (A)** | **10,562** | **14,797** |
| **B. Derivative instruments** | | |
| a) Central Counterparties | 177 | 93 |
| b) Others | 6,187 | 5,350 |
| **Total (B)** | **6,364** | **5,443** |
| **Total (A+B)** | **16,926** | **20,240** |

Item B. “Derivative instruments” also includes the positive valuations of spot contracts for securities classified in the “Financial Assets held for trading” portfolio and currencies to be settled within times established by market practices ("regular way").

## 2.3 Financial assets designated at fair value: product breakdown

No data to report.

## 2.4 Financial assets designated at fair value: breakdown by issuer/borrower

No data to report.

# Part B - Consolidated Balance Sheet

## 2.5 Other financial assets mandatorily at fair value: product breakdown

(Amounts in € thousand)

| Items/Accounts | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| **1. Debt securities** | **77** | **201** | **-** | **72** | **2** | **-** |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 77 | 201 | - | 72 | 2 | - |
| **2. Equity instruments** | **1** | **-** | **5,028** | **1** | **-** | **5,347** |
| **3. Units in investment funds** | **245** | **-** | **-** | **116** | **-** | **-** |
| **4. Loans** | **-** | **-** | **-** | **-** | **-** | **-** |
| 4.1 Reverse repos | - | - | - | - | - | - |
| 4.2 Others | - | - | - | - | - | - |
| **Total** | **323** | **201** | **5,028** | **189** | **2** | **5,347** |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

Equity securities included in “Other financial assets mandatorily at fair value” primarily consist of the Visa INC class “C” and “A” preferred shares, for an amount of € 5,009 thousand. For more details on the fair value measurement of financial instruments, please refer to Part A - Accounting Policies - A.4 Information on the fair value of these notes to the consolidated accounts.

As previously described, the equity securities recognised by the Parent Company in the context of the intervention in favour of Cassa di Risparmio di Cesena (CariCesena), Cassa di Risparmio di Rimini (Carim), Cassa di Risparmio di San Miniato (Carismi) and Banca Carige, present in the 2021 Financial Statements, were cancelled, resulting in a loss in the 2022 income statement of € 457 thousand.

Equity securities of issuers in default were classified by the Group as bad loans in the financial statements for a total amount of € 2 thousand.

# Part B - Consolidated Balance Sheet

### 2.6 Other financial assets mandatorily at fair value: breakdown by issuer/borrower

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Equity instruments** | **5,029** | **5,348** |
| of which: banks | 14 | 1 |
| of which: other financial companies | 5,010 | 5,341 |
| of which: other non-financial companies | 5 | 5 |
| **2. Debts securities** | **278** | **74** |
| a) Central Banks | - | - |
| b) Public Entities | 76 | 71 |
| c) Banks | 202 | 3 |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| **3. Units investment funds** | **245** | **116** |
| **4. Loans** | **-** | **-** |
| a) Central Banks | - | - |
| b) Public Entities | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| f) Households | - | - |
| **Total** | **5,552** | **5,538** |

## Section 3 - Financial assets at fair value through comprehensive income - Item 30

### 3.1 Financial assets at fair value through comprehensive income: product breakdown

(Amounts in € thousand)

| Item/Amounts | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| **1. Debts securities** | **26,865** | **-** | **-** | **39,012** | **-** | **-** |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 26,865 | - | - | 39,012 | - | - |
| **2. Equity instruments** | **-** | **-** | **7** | **-** | **-** | **5** |
| **3. Loans** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **26,865** | **-** | **7** | **39,012** | **-** | **5** |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

# Part B - Consolidated Balance Sheet

"Financial assets at fair value through other comprehensive income" consist of securities issued by sovereign States and, residually, of equity interests in companies in which the Group does not exercise control or significant influence for € 7 thousand for which the "FVTOCI"[34] option was exercised. For more details, see the information in exposures on securities issued by Sovereign States set out in Part E of the notes to the consolidated accounts.

### 3.2 Financial assets at fair value through comprehensive income: breakdown by issuer/borrower

(Amounts in € thousand)

| Items/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Debt securities** | **26,865** | **39,012** |
| a) Central Banks | - | - |
| b) Public Entities | 26,865 | 39,012 |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| **2. Equity Instruments** | **7** | **5** |
| a) Banks | - | - |
| b) Other issuers: | 7 | 5 |
| - other financial companies | - | - |
| of which: insurance companies | - | - |
| - non-financial companies | 7 | 5 |
| - others | - | - |
| **3. Loans** | **-** | **-** |
| a) Central Banks | - | - |
| b) Public Entities | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| f) Households | - | - |
| **Total** | **26,872** | **39,017** |

34 With regard to non-trading equity instruments, IFRS 9 provides for the possibility of classifying them at fair value recognized in the other components of the comprehensive income statement (so-called "FVTOCI" - Fair Value Through Other Comprehensive Income).

# Part B - Consolidated Balance Sheet

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

(Amounts in € thousand)

| | Gross amount | | | | | Writedowns | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | of which: low credit risk | Stage 2 | Stage 3 | Purchased or originated credit-impaired | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | Partial write-offs |
| Debt securities | 26,867 | - | - | - | - | (2) | - | - | - | - |
| Loans | - | - | - | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **26,867** | **-** | **-** | **-** | **-** | **(2)** | **-** | **-** | **-** | **-** |
| **Total 12/31/2021** | **39,018** | **-** | **-** | **-** | **-** | **(6)** | **-** | **-** | **-** | **-** |

### 3.3a Loans and advances measured at fair value with an impact on overall profitability subject to measures applied in response to the COVID-19: gross values and writedown

No data to report.

# Part B - Consolidated Balance Sheet

## Section 4 - Financial assets at amortised cost – Item 40

### 4.1 Financial assets at amortized cost: product breackdown of loans and receivables to banks

(Amounts in € thousand)

| Type of transaction/Values | Total 12/31/2022 | | | | | | Total 12/31/2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book value | | | Fair value | | | Book value | | | Fair value | | |
| | Stage 1 and Stage 2 | Stage 3 | Purchased or originated credit-impaired | L1 | L2 | L3 | Stage 1 and Stage 2 | Stage 3 | Purchased or originated credit-impaired | L1 | L2 | L3 |
| **A. Loans and receivables to Central Banks** | **311,357** | **-** | **-** | **-** | **-** | **311,357** | **298,040** | **-** | **-** | **-** | **-** | **298,040** |
| 1. Time deposits | - | - | - | X | X | X | - | - | - | X | X | X |
| 2. Compulsory reserves | 311,357 | - | - | X | X | X | 298,040 | - | - | X | X | X |
| 3. Reverse repos | - | - | - | X | X | X | - | - | - | X | X | X |
| 4. Others | - | - | - | X | X | X | - | - | - | X | X | X |
| **B. Loans and receivables to banks** | **3,717,837** | **-** | **-** | **1,604,553** | **1,784,822** | **115,339** | **5,459,466** | **-** | **-** | **1,438,943** | **3,991,717** | **81,822** |
| 1. Loans | 115,339 | - | - | - | - | 115,339 | 81,822 | - | - | - | - | 81,822 |
| 1.1. Current accounts | - | - | - | X | X | X | - | - | - | X | X | X |
| 1.2. Time deposits | 66,486 | - | - | X | X | X | 69,508 | - | - | X | X | X |
| 1.3. Other loans | 48,853 | - | - | X | X | X | 12,314 | - | - | X | X | X |
| - Reverse repos | 261 | - | - | X | X | X | 222 | - | - | X | X | X |
| - Finance leases | - | - | - | X | X | X | - | - | - | X | X | X |
| - Others | 48,592 | - | - | X | X | X | 12,092 | - | - | X | X | X |
| 2. Debts securities | 3,602,498 | - | - | 1,604,553 | 1,784,822 | - | 5,377,644 | - | - | 1,438,943 | 3,991,717 | - |
| 2.1. Structured | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2. Other | 3,602,498 | - | - | 1,604,553 | 1,784,822 | - | 5,377,644 | - | - | 1,438,943 | 3,991,717 | - |
| **Total** | **4,029,194** | **-** | **-** | **1,604,553** | **1,784,822** | **426,696** | **5,757,506** | **-** | **-** | **1,438,943** | **3,991,717** | **379,862** |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

"Reverse repos" do not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" transactions in table A.1.4 in Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidation - Quantitative information of these to the consolidated accounts.

The item "Other loans: Other" amounting to € 41,306 thousand refers to the amount of the initial and variation margins and collateral deposits placed with credit institutions for derivative transactions and other financial transactions (€ 3,960 thousand as at December 31st, 2021), and € 7,286 thousand to current receivables associated with the provision of financial services (€ 8,132 thousand as at December 31st, 2021).

The item "Debt securities" consist mainly of debt securities issued by UniCredit S.p.A. for € 1,681,254 thousand (€ 3,856,364 thousand as at December 31st, 2021).

Financial assets measured at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph "A.4 - Fair value disclosures" in Part A - Accounting policies of these notes to the consolidated accounts.

# Part B - Consolidated Balance Sheet

### 4.2 Financial asset at amortised cost: product breakdown of receivables to customers

(Amounts in € thousand)

| Type of transaction/Values | Total 12/31/2022 | | | | | | Total 12/31/2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book value | | | Fair value | | | Book value | | | Fair value | | |
| | Stage 1 and Stage 2 | Stage 3 | Purchased or originated credit-impaired | L1 | L2 | L3 | Stage 1 and Stage 2 | Stage 3 | Purchased or originated credit-impaired | L1 | L2 | L3 |
| **1. Loans** | **6,442,186** | **3,527** | **-** | **-** | **-** | **6,280,800** | **5,997,216** | **4,380** | **-** | **-** | **-** | **6,227,799** |
| 1.1. Current accounts | 2,399,917 | 1,773 | - | X | X | X | 2,107,400 | 2,242 | - | X | X | X |
| 1.2. Reverse repos | 138,989 | 37 | - | X | X | X | 193,176 | 100 | - | X | X | X |
| 1.3. Mortgages | 2,618,344 | 934 | - | X | X | X | 2,478,473 | 882 | - | X | X | X |
| 1.4. Credit cards, personal loans and wage assignment | 891,343 | 721 | - | X | X | X | 823,203 | 1,020 | - | X | X | X |
| 1.5. Factoring | - | - | - | X | X | X | - | - | - | X | X | X |
| 1.6. Factoring | - | - | - | X | X | X | - | - | - | X | X | X |
| 1.7. Other loans | 393,593 | 62 | - | X | X | X | 394,964 | 136 | - | X | X | X |
| **2. Debt securities** | **20,997,394** | **-** | **-** | **19,239,845** | **177,490** | **-** | **19,136,857** | **-** | **-** | **19,344,296** | **244,282** | **-** |
| 2.1. Structured | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2. Other | 20,997,394 | - | - | 19,239,845 | 177,490 | - | 19,136,857 | - | - | 19,344,296 | 244,282 | - |
| **Total** | **27,439,580** | **3,527** | **-** | **19,239,845** | **177,490** | **6,280,800** | **25,134,073** | **4,380** | **-** | **19,344,296** | **244,282** | **6,227,799** |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item "Reverse repos" does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" transactions in table A.1.5 in Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidation - Quantitative information of these notes to the consolidated accounts.

Debt securities mainly consist of government securities and securities issued by Supranational entities. For more details, see the information on securities issued by Sovereign States set out in Part E of the notes to the consolidated accounts.

Financial assets and liabilities may be offset when the company currently has a legal right to offset the recognised amounts and intends to settle for the net residual, or realise the asset and settle the liability simultaneously, as required by IAS 32.

In addition to complying with IAS 32, the Group offsets financial assets and liabilities only when:

- the transactions have the same explicit final settlement date;
- the right to set off the amount due to the counterparty against the amount due from the counterparty is legally enforceable in the ordinary course of business and in the event of default, insolvency or bankruptcy;
- either the counterparties intend to settle on a net basis or simultaneously, or the transactions are subject to a settlement mechanism that functionally results in the equivalent of net settlement.

In the table above, repo transactions entered into on the MTS and settled through a Central Counterparty have been shown netted. The effect of netting is shown in table "6. Financial assets subject to accounting offsetting or master netting agreements or similar arrangements" and table "7. Financial liabilities subject to accounting offsetting or master netting agreements or similar arrangements" in Part B - Balance Sheet Information of these notes to the consolidated accounts.

# Part B - Consolidated Balance Sheet

Financial assets measured at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph 'A.4 - Fair value disclosures' in Part A - Accounting policies of these notes to the consolidated accounts.

### 4.3 Financial assets at amortized cost: breakdown by debtors/issuers of receivables to customers

(Amounts in € thousand)

| Type of transaction / Values | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | Stage 1 and Stage 2 | Stage 3 | Purchased or originated credit-impaired | Stage 1 and Stage 2 | Stage 3 | Purchased or originated credit-impaired |
| **1. Debt securities** | **20,997,394** | **-** | **-** | **19,136,857** | **-** | **-** |
| a) Public Administration | 20,997,394 | - | - | 19,136,857 | - | - |
| b) Other financial company | - | - | - | - | - | - |
| of which: insurance companies | - | - | - | - | - | - |
| c) Non financial companies | - | - | - | - | - | - |
| **2. Loans to:** | **6,442,186** | **3,527** | **-** | **5,997,216** | **4,380** | **-** |
| a) Public Administration | 2 | - | - | 5 | - | - |
| b) Other financial company | 381,053 | 1 | - | 377,439 | 1 | - |
| of which: insurance companies | 28,909 | - | - | 27,042 | - | - |
| c) Non financial companies | 1,149 | 17 | - | 718 | 21 | - |
| d) Households | 6,059,982 | 3,509 | - | 5,619,054 | 4,358 | - |
| **Total** | **27,439,580** | **3,527** | **-** | **25,134,073** | **4,380** | **-** |

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

(Amounts in € thousand)

| | | Gross amount | | | | | Writedowns | | | | Partial write-offs |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | of which: low credit risk | Stage 2 | Stage 3 | Purchased or originated credit-impaired | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | |
| Debt securities | | 24,607,397 | - | - | - | - | (7,505) | - | - | - | - |
| Loans | | 6,839,553 | - | 41,720 | 25,229 | - | (7,789) | (4,602) | (21,702) | - | - |
| **Total** | **12/31/2022** | **31,446,950** | **-** | **41,720** | **25,229** | **-** | **(15,294)** | **(4,602)** | **(21,702)** | **-** | **-** |
| **Total** | **12/31/2021** | **30,894,291** | **-** | **15,639** | **24,540** | **-** | **(14,478)** | **(3,873)** | **(20,160)** | **-** | **-** |

# Part B - Consolidated Balance Sheet

### 4.4a Financial assets at amortised cost subject to COVID-19 support measures: gross values and writedown

(Amounts in € thousand)

| | Gross value | | | | | Writedown | | | | Write off partial total* |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | of which: low credit risk | Stage 2 | Stage 3 | Purchased or originated credit-impaired | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | |
| 1. EBA-compliant moratoria loans and receivables | - | - | - | - | - | - | - | - | - | - |
| 2. Loans under moratorium no longer compliant to GL requirements and not valued as forborne exposure | - | - | - | - | - | - | - | - | - | - |
| 3. Other loans and advances subject to COVID-19-related forbearance measures | - | - | 385 | - | - | - | (2) | - | - | - |
| 4. Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **-** | **-** | **385** | **-** | **-** | **-** | **(2)** | **-** | **-** | **-** |
| **Total 12/31/2021** | **231** | **-** | **773** | **-** | **-** | **(2)** | **(11)** | **-** | **-** | **-** |

## Section 5 – Hedging derivatives – Item 50

### 5.1 Hedging derivatives: breakdown by type of hedge and by level

(Amounts in € thousand)

| | Fair Value 12/31/2022 | | | NA 12/31/2022 | Fair Value 12/31/2021 | | | NA 12/31/2021 |
|---|---|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | | L1 | L2 | L3 | |
| **A. Financial derivatives** | | | | | | | | |
| 1. Fair value | - | 1,691,642 | - | 9,976,612 | - | 127,448 | - | 6,228,710 |
| 2. Cash flows | - | - | - | - | - | - | - | - |
| 3. Net investment in foreign subsidiaries | - | - | - | - | - | - | - | - |
| **B. Credit derivatives** | | | | | | | | |
| 1. Fair value | - | - | - | - | - | - | - | - |
| 2. Cash flows | - | - | - | - | - | - | - | - |
| **Total** | **-** | **1,691,642** | **-** | **9,976,612** | **-** | **127,448** | **-** | **6,228,710** |

**Key:**
NA = notional amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

# Part B - Consolidated Balance Sheet

### 5.2 Hedging derivatives: breakdown by hedged assets and risk (balance sheet value)

(Amounts in € thousand)

| Transaction/Type of hedge | Fair Value | | | | | | | Cash-flow hedges | | Net investments in foreign subsidiaries |
|---|---|---|---|---|---|---|---|---|---|---|
| | Micro | | | | | | Macro | Micro | Macro | |
| | debt securities and interest rates | equity instruments and index | currencies and gold | credit | commodities | others | | | | |
| 1. Financial assets at fair value through other comprehensive income | - | - | - | - | X | X | X | - | X | X |
| 2. Financial assets at amortised cost | 1,419,590 | X | - | - | X | X | X | - | X | X |
| 3. Portfolio | X | X | X | X | X | X | 272,052 | X | - | X |
| 4. Others | - | - | - | - | - | - | X | - | X | - |
| **Total assets** | **1,419,590** | **-** | **-** | **-** | **-** | **-** | **272,052** | **-** | **-** | **-** |
| 1. Financial Liabilities | - | X | - | - | - | - | X | - | X | X |
| 2. Portfolio | X | X | X | X | X | X | - | X | - | X |
| **Total liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | |
| 1. Expected transactions | X | X | X | X | X | X | X | - | X | X |
| 2. Financial assets and liabilities portfolio | X | X | X | X | X | X | - | X | - | - |

## Section 6 – Changes in fair value of portfolio hedged financial assets – Item 60

### 6.1 Fair value change of hedged assets: breakdown by hedged portfolio

(Amounts in € thousand)

| Fair value of hedged assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Positive changes** | **-** | **19,648** |
| 1.1 of specific portfolios: | - | 19,648 |
| a) financial assets at amortized cost | - | 19,648 |
| b) financial assets at fair value through other comprehensive income | - | - |
| 1.2 overall | - | - |
| **2. Negative changes** | **(266,938)** | **(21,183)** |
| 2.1 of specific portfolios | (266,938) | (21,183) |
| a) financial assets at amortized cost | (266,938) | (21,183) |
| b) financial assets at fair value through other comprehensive income | - | - |
| 2.2 overall | - | - |
| **Total** | **(266,938)** | **(1,535)** |

# Part B - Consolidated Balance Sheet

## Section 7 - Equity investments - Item 70

### 7.1 Equity investments: information on shareholders' equity

| Denominations | Registred office | Place of business | Relationship type | Shareholding relationships | | Vote availability % |
|---|---|---|---|---|---|---|
| | | | | Participating company | Share % | |
| **A. Joint ventures** | | | | | | |
| | | | | | | |
| **B. Companies under significant influence** | | | | | | |
| Vorvel SIM S.p.A. | Milano | Milano | Significant influence | FinecoBank S.p.A. | 20% | 20% |

As previously described , as at December 31st, 2022, Fineco International Ltd was not operational and was excluded from the scope of consolidation as it did not exceed the materiality thresholds defined in the Group's policy.

Please also note that Vorvel SIM S.p.A. adopted the current company name with effect from December 12th, 2022, replacing the previous name Hi-MTF SIM S.p.A..

For further details on the illustration of the criteria and principles concerning the scope and methods of consolidation, please refer to Section 3 - Part A - Accounting policies.

### 7.2 Significant Shareholdings: book value, fair value and dividends received

No data to report.

### 7.3 Significant Shareholdings: accounting information

No data to report.

### 7.4 Non-significant equity investments: accounting information

(Amounts in € thousand)

| Denominations | Equity investments book value | Total assets | Total liabilities | Total earnings | Profit (Loss) of current operativity at net value of levies | Profit (Loss) of operative assets at net value of levies | Profit (Loss) for the year (1) | Other income components at net value of levies (2) | Total earnings (3) = (1) + (2) |
|---|---|---|---|---|---|---|---|---|---|
| **Joint ventures** | | | | | | | | | |
| | | | | | | | | | |
| **Companies under significant influence** | | | | | | | | | |
| Vorvel SIM S.p.A. | 1,718 | 8,325 | 996 | 2,313 | (1,151) | | (1,151) | | (1,151) |

# Part B - Consolidated Balance Sheet

## 7.5 Equity investments: annual changes

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **A. Opening balance** | **1,295** | **-** |
| **B. Increases** | **700** | **1,321** |
| B.1 Purchases | - | 1,321 |
| B.2 Writebacks | - | - |
| B.3 Revaluations | - | - |
| B.4 Other changes | 700 | - |
| **C. Decreases** | **(277)** | **(26)** |
| C.1 Sales | - | - |
| C.2 Adjustments | - | - |
| C.3 Depreciations | (276) | (26) |
| C.4 Other changes | (1) | - |
| **D. Closing balance** | **1,718** | **1,295** |
| **E. Total revaluations** | **-** | **-** |
| **F. Total adjustments** | **-** | **-** |

The Shareholders' Meeting of Vorvel SIM S.p.A. held on May 10th, 2022 approved the capital increase in the total amount of € 3.5 million, corresponding to a contribution of € 0.7 million for each shareholder. FinecoBank subscribed to the capital increase in its own right during May 2022, keeping its shareholding unchanged at 20%. This change is shown under "B.4 Other changes" in the table above.

### Impairment testing of investments

As required by IAS/IFRS, impairment testing of investments is performed when there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the net investment, and these loss events have an impact on the expected future cash flows.

For investments in associates and joint ventures, the process of recognising objective evidence of impairment includes testing for impairment indicators of a qualitative and quantitative nature. In the presence of impairment indicators, the recoverable amount, represented by the higher of fair value less costs to sell and value in use, is determined and if the latter is lower than the carrying amount, an impairment loss is recognised. It is not always necessary to determine both fair value and value in use. If either value is higher than the carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.

To determine the value in use of the investment in Vorvel SIM S.p.A., the only company subject to significant influence, the Discounted Cash Flow (DCF) model was used, where the cost of capital (ke) was calculated using the same values that FinecoBank uses in other models already in use in other contexts, except for Beta for which reference was made to a basket of comparable companies.

To determine the value in use of the investment in Vorvel SIM S.p.A., the only company subject to significant influence, the Discounted Cash Flow (DCF) model was used, where the cost of capital (ke) was calculated using the same values that FinecoBank uses in other models already in use in other contexts, with the exception of Beta for which reference was made to a basket of comparable companies. The results of the impairment test carried out showed a recoverable value that was higher than the value recorded in the financial statements, therefore no impairment adjustment was made. It should be noted that the equity valuation at December 31st, 2022 resulted in a negative economic impact of € 276 thousand.

The method for determining the recoverable amount described above (model, assumptions and parameters used) was approved by the Board of Directors on February 7th, 2023.

## 7.6 Valuation and significant assumptions to establish the existence of joint control or significant influence

Companies under joint control (joint ventures) are entities for which, on a contractual basis, control is shared between the Group and one or more other counterparties and where the unanimous consent of all parties sharing control is required for decisions relating to significant activities.

Companies subject to significant influence (associates) are entities in which the Group holds, directly or indirectly, at least 20% of the capital, or - although with a lower percentage of voting rights - has the power to participate in determining the financial and operating policies of the investee by virtue of particular legal ties such as participation in shareholders' agreements.

# Part B - Consolidated Balance Sheet

### 7.7 Commitments related to equity investments in jointly-controlled companies

There are no commitments related to jointly-controlled companies.

### 7.8 Commitments related to equity investments in companies subject to significant influence

There are no commitments related to companies subject to significant influence.

### 7.9 Significant restrictions

No data to report.

### 7.10 Other information

For the equity method valuation of Vorvel SIM S.p.A., preliminary data referring to the accounting date of December 31st 2022 provided by the Company itself were used.

## Section 8 – Technical provisions for re-insurers – Item 80

No data to report.

## Section 9 - Property, plant and equipment - Item 90

### 9.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Owened assets** | **84,653** | **84,435** |
| a) lands | 23,932 | 23,932 |
| b) buildings | 39,487 | 39,822 |
| c) office furniture and fittings | 3,042 | 3,089 |
| d) electronic system | 15,835 | 15,001 |
| e) other | 2,357 | 2,591 |
| **2. Assets under financial lease** | **61,555** | **64,148** |
| a) lands | - | - |
| b) buildings | 61,039 | 63,830 |
| c) office furniture and fittings | - | - |
| d) electronic system | - | - |
| e) other | 516 | 318 |
| **Total** | **146,208** | **148,583** |
| of which: obtained through enforcement of the guarantees received | - | - |

A description of the methods used to calculate depreciation is provided in Part A – Accounting Policies of the notes to the consolidated accounts.

The Group has operational leasing transactions in place consisting of leases of the surface of the property owned.

# Part B - Consolidated Balance Sheet

## 9.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying value | Fair value | | | Carrying value | Fair value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| **1. Owened assets** | **-** | **-** | **-** | **-** | **1,764** | **-** | **-** | **2,292** |
| a) lands | - | - | - | - | - | - | - | - |
| b) buildings | - | - | - | - | 1,764 | - | - | 2,292 |
| **2. Assets under financial lease** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) lands | - | - | - | - | - | - | - | - |
| b) buildings | - | - | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **1,764** | **-** | **-** | **2,292** |
| of which: obtained through enforcement of the guarantees received | - | - | - | - | - | - | - | - |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

The investment property held by the Parent Company as of 31 December 2021 was sold in 2022, generating a profit on sale, net of costs of sale, of € 541 thousands.

## 9.3 Property, plant and equipment used in the business: breakdown of revalued assets

No data to report.

## 9.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

No data to report.

## 9.5 Inventories of property, plant and equipment regulated by IAS 2: breakdown

No data to report.

## 9.6 Property, plant and equipment used in the business: annual changes

(Amounts in € thousand)

| | Lands | Buildings | Office furniture and fittings | Electronic systems | Others | Total |
|---|---|---|---|---|---|---|
| **A. Gross opening balance** | **23,932** | **132,782** | **18,965** | **47,375** | **13,472** | **236,526** |
| A.1 Total net reduction in value | - | (29,130) | (15,876) | (32,374) | (10,563) | (87,943) |
| **A.2 Net opening balance** | **23,932** | **103,652** | **3,089** | **15,001** | **2,909** | **148,583** |
| **B. Increases:** | **-** | **10,867** | **1,040** | **6,522** | **945** | **19,374** |
| B.1 Purchases | - | 8,466 | 1,040 | 6,518 | 944 | 16,968 |
| B.2 Capitalised expenditure on improvements | - | - | - | - | - | - |
| B.3 Write-backs | - | - | - | - | - | - |
| B.4 Increase in fair value recognised | - | - | - | - | - | - |
| a) in equity | - | - | - | - | - | - |
| b) through profit or loss | - | - | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - | - | - |
| B.6 Transfers from properties held for investment | - | - | X | X | X | - |
| B.7 Other changes | - | 2,401 | - | 4 | 1 | 2,406 |
| **C. Decreases:** | **-** | **(13,993)** | **(1,087)** | **(5,688)** | **(981)** | **(21,749)** |
| C.1 Sales | - | - | - | (5) | - | (5) |
| C.2 Depreciation | - | (12,420) | (1,085) | (5,678) | (977) | (20,160) |
| C.3 Impairment losses recognised | - | - | (1) | (3) | (4) | (8) |
| a) in equity | - | - | - | - | - | - |
| b) through profit or loss | - | - | (1) | (3) | (4) | (8) |
| C.4 Decreases in fair value recognised | - | - | - | - | - | - |
| a) in equity | - | - | - | - | - | - |
| b) through profit or loss | - | - | - | - | - | - |
| C.5 Negative exchange differences | - | - | - | - | - | - |
| C.6 Transfer to: | - | - | - | - | - | - |
| a) property, plant and equipment held for investment | - | - | X | X | X | - |
| b) assets held for sale | - | - | - | - | - | - |
| C.7 Other changes | - | (1,573) | (1) | (2) | - | (1,576) |
| **D. Net closing balance** | **23,932** | **100,526** | **3,042** | **15,835** | **2,873** | **146,208** |
| D.1 Total net reduction in value | - | (37,141) | (16,918) | (37,546) | (11,032) | (102,637) |
| **D.2 Gross closing balance** | **23,932** | **137,667** | **19,960** | **53,381** | **13,905** | **248,845** |
| E. Carried at cost | 23,932 | 100,526 | 3,042 | 15,835 | 2,873 | 146,208 |

The asset classes specified in the table above are carried at cost.

Items B.7 and C.7 "Other changes" include, in addition to the changes deriving from the application of IFRS16, the changes in the activities consisting of the right of use due to the changes made to the payments due for the leasing after the initial recognition. Below is the amount of changes by type of asset.

(Amounts in € thousand)

| | Land | Buildings | Furniture and fittings | Electronic system | Other | Total |
|---|---|---|---|---|---|---|
| Other increases due to changes in rights of use | - | 2,401 | - | - | 1 | 2,402 |
| Other decreases due to changes in rights of use | - | (1,573) | - | - | - | (1,573) |

# Part B - Consolidated Balance Sheet

## 9.7 Property, plant and equipment held for investment: annual changes

(Amounts in € thousand)

| | Total | |
|---|---|---|
| | **Lands** | **Buildings** |
| **A. Opening balance** | **-** | **1,764** |
| **B. Increase** | **-** | **596** |
| B.1 Purchases | - | - |
| B.2 Capitalised expenditure on improvements | - | - |
| B.3 Net increases in fair value | - | - |
| B.4 Write-backs | - | - |
| B.5 Positive exchange differences | - | - |
| B.6 Transfer from properties used in the business | - | - |
| B.7 Other changes | - | 596 |
| **C. Decreases** | **-** | **(2,360)** |
| C.1 Sales | - | (2,270) |
| C.2 Depreciation | - | (90) |
| C.3 Decreases in fair value | - | - |
| C.4 Impairment losses | - | - |
| C.5 Negative exchange difference | - | - |
| C.6 Transfers to other asset portfolios | - | - |
| a) properties used in the business | - | - |
| b) non-current assets classified as held for sale | - | - |
| C.7 Other changes | - | - |
| **D. Closing balance** | **-** | **-** |
| **E. Fair value measurement** | **-** | **-** |

It should be noted that sub-item B.7 "Other changes" includes the profit on sale, gross of costs of sale, realised on the sale of the investment property held by the Parent Company in 2022.

## 9.8 Inventories of property, plant and equipment regulated by IAS 2: annual changes

No data to report.

## 9.9 Commitments to purchase property, plant and equipment

As at December 31st, 2022 the Group had contractual commitments to purchase property, plant and equipment amounting to € 450 thousand.

We also report that there are no restrictions on the ownership of tangible assets and there are no tangible assets pledged as security for liabilities.

# Part B - Consolidated Balance Sheet

## Section 10 - Intangible assets - Item 100

### 10.1 Intangible assets: breakdown by assets type

(Amounts in € thousand)

| Activities/Values | Total 12/31/2022 | | Total 12/31/2021 | |
|---|---|---|---|---|
| | Finite life | Indefinite life | Finite life | Indefinite life |
| **A.1 Goodwill** | X | **89,602** | X | **89,602** |
| A.1.1 attributable to the group | X | 89,602 | X | 89,602 |
| A.1.2 attributable minorities | X | - | X | - |
| **A.2 Other intangible asset** | **9,328** | **27,459** | **11,625** | **27,459** |
| of which: software | 9,290 | - | 11,500 | - |
| A.2.1 Assets valued at cost: | 9,328 | 27,459 | 11,625 | 27,459 |
| a) Intangible assets generated internally | - | - | - | - |
| b) Other assets | 9,328 | 27,459 | 11,625 | 27,459 |
| A.2.2 Assets valued at fair value: | - | - | - | - |
| a) Intangible assets generated internally | - | - | - | - |
| b) Other assets | - | - | - | - |
| **Total** | **9,328** | **117,061** | **11,625** | **117,061** |

Other intangible assets with an indefinite life relate to the Fineco brands and domains.

The useful life of softwares, considered for the calculation of amortisation, is 3 years, while the useful life of other intangible assets with definite life is 5 years. A description of the methods used to calculate depreciation is provided in Part A – Accounting Policies of these Notes to the consolidated accounts.

With regard to the considerations conducted as of December 31st, 2022 regarding the impairment test of intangible assets with finite and indefinite useful lives, specifically goodwill, trademarks, and Fineco domains, there are no indicators that would require adjustments to the related carrying amounts. For further details regarding the impairment test of intangible assets with indefinite useful lives, please refer to the paragraphs below.

## 10.2 Intangible assets: annual changes

(Amounts in € thousand)

| | Goodwill | Other intangible assets: internally generated | | Other intangible assets: others | | Total |
|---|---|---|---|---|---|---|
| | | FIN | INDEF | FIN | INDEF | |
| **A. Gross opening balance** | **124,729** | **-** | **-** | **106,381** | **27,459** | **258,569** |
| A.1 Total net reduction in value | (35,127) | - | - | (94,756) | - | (129,883) |
| **A.2 Net opening balance** | **89,602** | **-** | **-** | **11,625** | **27,459** | **128,686** |
| **B. Increases** | **-** | **-** | **-** | **4,310** | **-** | **4,310** |
| B.1 Purchases | - | - | - | 4,310 | - | 4,310 |
| B.2 Increases in internal intangible assets | X | - | - | - | - | - |
| B.3 Write-backs | X | - | - | - | - | - |
| B.4 Increases in fair value recognised: | - | - | - | - | - | - |
| - in equity | X | - | - | - | - | - |
| - through profit or loss | X | - | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - | - | - |
| B.6 Other changes | - | - | - | - | - | - |
| **C. Decreases** | **-** | **-** | **-** | **(6,607)** | **-** | **(6,607)** |
| C.1 Sales | - | - | - | - | - | - |
| C.2 Impairment losses | - | - | - | (6,607) | - | (6,607) |
| - Amortisations | X | - | - | (6,607) | - | (6,607) |
| - Write-downs | - | - | - | - | - | - |
| + in equity | X | - | - | - | - | - |
| + through profit or loss | - | - | - | - | - | - |
| C.3 Decreases in fair value | - | - | - | - | - | - |
| - in equity | X | - | - | - | - | - |
| - through profit or loss | X | - | - | - | - | - |
| C.4 Transfers to non-current assets and discontinued operations | - | - | - | - | - | - |
| C.5 Negative exchange differrences | - | - | - | - | - | - |
| C.6 Other changes | - | - | - | - | - | - |
| **D. Net closing balance** | **89,602** | **-** | **-** | **9,328** | **27,459** | **126,389** |
| D.1 Total net impairments | (35,127) | - | - | (101,362) | - | (136,489) |
| **E. Gross closing balance** | **124,729** | **-** | **-** | **110,690** | **27,459** | **262,878** |
| F. Carried at cost | 89,602 | - | - | 9,328 | 27,459 | 126,389 |

**Key**
FIN: finite life
INDEF: indefinite life

The asset classes specified in the table above are carried at cost.

## 10.3 Other information

As at December 31st, 2022 the Group had contractual commitments to purchase intangible assets amounting to € 1,157 thousand.

We also report that there were no intangible assets acquired through government concession; no intangible assets were used as collateral for own debts; no intangible assets were held under a finance lease; and there were no revalued intangible assets.

# Part B - Consolidated Balance Sheet

## ***Other information – Intangible assets indefinited life Impairment test***

Under IAS 36, impairment testing of intangible assets with indefinite useful lives must be performed at least annually and, in any case, whenever there is objective evidence of the occurrence of events that may have reduced their value.

Recoverable value is the greater of the value in use (present value of future cash flows generated by the asset being valued) and the associated fair value, net of sales costs. It is not always necessary to determine both fair value and value in use. If either value is higher than the carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.

The recoverable value of the assets subject to impairment testing must be determined for the individual assets, unless both of the following conditions exist:

- the value in use of the asset is not estimated to be close to the fair value net of selling costs;
- the asset does not generate incoming cash flows largely independent of those coming from other assets (or group of assets).

If these conditions exist, the impairment test is conducted at the level of the Cash Generating Unit (CGU) of the asset, as required by the accounting principle.

According to IAS 36, when determining the value in use of assets subject to impairment testing, reference must be made to the cash flows of assets in their current conditions at the testing date and representing the best estimate by the management of the overall economic conditions in place during the residual useful life of the asset.

For the purposes of impairment testing, the value in use of the cash generating unit (CGU) to which the intangible assets have been assigned must be calculated considering the cash flows for all the assets and liabilities included in the CGU and not just those for which goodwill and/or the intangible asset has been recognised upon application of IFRS 3.

## ***Definition of CGU***

Estimating the value in use for the purposes of any impairment testing of intangible assets, including goodwill, which do not independently generate cash flows, but only in conjunction with other business assets, requires that these assets first be attributed to operating units that are relatively autonomous in the business context (from the points of view of independent cash flows generated and of internal planning and reporting). These operating units are defined as Cash Generating Units (CGU).

Goodwill recorded in these consolidated financial statements, deriving from the separate financial statements of the Bank, relates to buy-outs of divisions or companies engaged in trading activities or the distribution of financial, banking and insurance products through personal financial advisors. These activities have been fully integrated with FinecoBank's ordinary operations, as a result it is not possible to isolate the contribution of each company/business division from the Bank's overall income; this means that to establish the recoverability of the value of goodwill recognised in the financial statements it is necessary to take account of the Bank’s comprehensive income.

The cash generating unit (CGU) to be considered for the impairment test is therefore the Bank as a whole (including the contribution from the subsidiary Fineco Asset Management DAC, an asset management company incorporated under Irish law, thanks a vertically integrated business model). In view of the specific business model adopted by the Group, which envisages a high level of integration between personal financial advisors and the trading and banking platform, so that the personal financial advisors network is an integral part of the overall offering of the Bank, which includes banking, brokerage and investing services, an allocation of costs/revenues per business units is not considered relevant or meaningful. The Fineco brand and domains purchased during the year 2019 from UniCredit S.p.A. are attributed to the same CGU following the exit from the related group.

## ***Estimating cash flows to determine the value in use of the CGU***

The applicable accounting principles require that the impairment test be carried out by comparing the book value of the CGU to its recoverable value. When the latter proves to be less than the book value, a write-down must be recorded in the financial statements. The recoverable value is the greater of its fair value (net of sales costs) and the related value in use. The recoverable amount of the CGU in this value in use, determined on the basis of future cash flows.

## ***Impairment test model***

The calculation of the value in use for the purposes of impairment testing is made using the Discounted Cash Flow (DCF) model. The cash flows are determined by subtracting the annual capital requirement generated by the change in the risk-weighted assets from net profit. This capital requirement is determined by considering the long-term capitalisation to be achieved, also in light of the minimum regulatory capital requirements.

# Part B - Consolidated Balance Sheet

### *Cash flows*

The discounted cash flow model used is based on future cash flows estimated by management in four steps:

- year 2023, in which the budget figures were considered (submitted for approval by the Board of Directors on January 23rd, 2023);
- years 2024-2025, which consider the financial forecasts approved by the Board of Directors on January 23rd, 2023;
- intermediate period of five years from 2026 to 2030, for which the forecasts of the financial flows are projected by applying beginning in the last explicit estimate period (2025) rates of growth decreasing up to 2% to the terminal value (TV);
- terminal value calculated using a nominal growth rate of 2%. The average Eurozone actual GDP rate from 2010 to 2021 was 2.8% (of which 1.5% due to inflation).

### *Discount rates of cash flows*

Future financial flows were discounted using a conservative estimate of the discount rate, incorporating the risk factors linked to the business sector into the cost of equity (Ke). The discount rate is a nominal rate, net of taxes.

In particular, the cost of capital for the Bank is the sum of the following:

- Risk-free rate: the daily average at 3 months of the 10-year Btp (equal to 3.97%)
- Equity Risk Premium - ERP (Beta * Market Risk Premium): calculated using the value of 6.20% as a premium for the risk offered by the stock market compared to the risk-free investment (Rm-Rf) and as Beta (coefficient that links the performance of the stock to that of the stock market) the 5-year daily average of the Fineco share compared to FTSEMIB and SXXP indices.

The cost of capital in 2025 is calculated considering the average expected return of the 10-year BTP expected in 2025 as risk free (3-months average, equal to 3.95%); the ERP is instead kept the same as that calculated for 2023. The 2025 cost of capital is then maintained steady until the TV.

### *Impairment test results*

The methodology for calculating the value in use described above (model, assumptions and parameters used) was approved by the Board of Directors on December 15th, 2022. For the impairment testing the carrying amount of the goodwill, the brand (including domains) and Shareholders' equity was compared with its value in use calculated using that methodology. The outcome of the tests, approved by the Board of Directors on February 7th, 2023, confirmed the sustainability of the goodwill and the brand recognised in the financial statements as at December 31st, 2022, with the value in use significantly higher than the carrying amount. It should be noted that the value of “FinecoBank” shares resulted in a market capitalisation of € 9,469 million at December 31st, 2022, markedly higher than the Bank's assets and the results provided by the model used for the impairment test, which confirms the implementation of prudent criteria for calculation of the value in use.

### *Sensitivity analysis*

Given the complexity of the measurement process and the uncertainty involved in making forecasts on future profitability, especially in the long term, some sensitivity analyses were carried out assuming changes to the main parameters used in the impairment test.

The table below shows the change in the value in use, net of book value, of brand and of shareholders' equity, in relation to changes in the main parameters used in the DCF model underlying the impairment test.

| | 1% increase of the discount rate after taxes (ke) | 1% increase of core tier 1 ratio target | 1% decrease of the nominal growth rate for the calculation of terminal value | 5% decrease of annual earnings | Use of core tier 1 ratio as at 12/31/2022 (20.82%) |
|---|---|---|---|---|---|
| Change of value in use | -10.5% | -0.4% | -6.5% | -5.2% | -2.8% |

The results confirm the sustainability of the goodwill recognised in the financial statements, as none of the scenarios hypothesised revealed the need for a write-down, as the value in use, calculated applying those variations, was much higher than the book value.

It should also be noted that the impairment test reaches the break-even assuming changes in the above parameters that are currently unreasonable. The impairment test reached a break-even with an absolute positive change in the discount rate after tax (Ke) of over 32 percentage points, i.e. with a reduction of around 70% of annual earnings (while maintaining all the other parameters and information used unchanged, in both scenarios).

# Part B - Consolidated Balance Sheet

## Section 11 - Tax Assets and Tax Liabilities - Asset item 110 and liability item 60

The item "Tax assets" amounting to € 46,577 thousand at December 31st, 2022, it is exclusively made of Deferred tax assets", already net of the set-off against "Deferred tax liabilities" for € 3,654 thousand.

The item "Tax liabilities" amounting to € 42,627 thousand at the same date, it is exclusively made of "Current tax liabilities", already net of the set-off against tax advances 2022. There are not "Deferred tax liabilities" as they are offset against "Deferred tax assets" for € 3,654 thousand.

### Current Tax Assets and Liabilities

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| Current tax assets | - | - |
| Current tax liabilities | 42,627 | 35,864 |

### Deferred tax assets/liabilities

Deferred tax assets/liabilities are shown in the consolidated Balance Sheet net of the related deferred tax liabilities/assets; the detail is as follows:

- "Deferred tax assets" of € 48,304 thousand recognised as a balancing entry in the income statement;
- "Deferred tax assets" of € 1,926 thousand recognised as a balancing entry of shareholders' equity;
- "Deferred tax liabilities" of € 3,058 thousand recognised as a balancing entry in the income statement;
- "Deferred tax liabilities" of € 596 thousand recognised as a balancing entry of shareholders' equity.

In accordance with the law and regulations currently in force:

- the recognition of deferred tax assets for IRES income tax purposes takes into account the expected income figures of the Group for future years, according to the decisions made by the competent company bodies;
- the recognition of deferred tax assets for IRAP corporate tax purposes takes place on the basis of the Group's expected income figures for future years, and takes into account changes in the legal context;
- deferred tax liabilities are recognised whenever the relevant requirements are satisfied.

When calculating current and deferred tax assets/liabilities, a 27.5% IRES rate was used (24% standard rate and 3.5% additional rate for banks), as well as IRAP rate of 5.57% for Italy.

With regard to Fineco AM, current taxes were calculated using a 12.5% rate.

There are no deferred tax assets/liabilities not recognized in the financial statements in relation to temporary differences. Furthermore, there are no unused tax losses.

# Part B - Consolidated Balance Sheet

## 11.1 Deferred tax assets: breakdown

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **Allocations through profit or loss** | **45,897** | **42,007** |
| - of which Patent Box ex D.L. n.3/2015 | 13,186 | 8,791 |
| - of which Provisions for Risks and Charges | 19,455 | 19,329 |
| - of which Realignment of goodwill art. 110 of D.L. n. 104/2020 | 9,807 | 10,011 |
| - of which Other | 3,449 | 3,876 |
| **Allocations through equity** | **1,926** | **1,048** |
| - of which Revaluation reserve application IAS 19 | - | 1,048 |
| - of which Financial assets at fair value through comprehensive income | 1,926 | - |
| **Impairment losses on receivables (of which pursuant to Law 214/2011)** | **2,407** | **2,772** |
| **Total before IAS 12 offset** | **50,230** | **45,827** |
| Offset against deferred tax liabilities - IAS 12 | (3,653) | (2,853) |
| **Total** | **46,577** | **42,974** |

## 11.2 Deferred tax liabilities: breakdown

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **Allocations through profit or loss** | **3,057** | **2,148** |
| - of which Goodwill and Brand | 2,943 | 1,938 |
| - of which Exposures in equity instruments with Voluntary Scheme | - | 151 |
| - of which Other | 114 | 59 |
| **Allocations through equity** | **596** | **705** |
| - of which Revaluation reserve application IAS 19 | 596 | 502 |
| - of which Financial assets at fair value through comprehensive income | - | 203 |
| **Total before IAS 12 offset** | **3,653** | **2,853** |
| Offset against deferred tax assets - IAS 12 | (3,653) | (2,853) |
| **Total** | **-** | **-** |

# Part B - Consolidated Balance Sheet

### 11.3 Changes in deferred tax assets (through profit or loss)

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **44,779** | **31,322** |
| **2. Increases** | **8,537** | **18,633** |
| 2.1 Deferred tax assets recognised in the year | 8,537 | 18,299 |
| a) relating to prior years | - | - |
| b) due to changes in accounting policies | - | - |
| c) write-backs | - | - |
| d) others | 8,537 | 18,299 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | 334 |
| **3. Decreases** | **(5,012)** | **(5,176)** |
| 3.1 Deferred tax assets cancelled in the year | (4,904) | (5,176) |
| a) reversals of temporary differences | (4,904) | (5,176) |
| b) write-downs of non-recoverable items | - | - |
| c) changes in accountable policies | - | - |
| d) others | - | - |
| 3.2 Decreases in tax rates | - | - |
| 3.3 Other decreases: | (108) | - |
| a) conversion of tax credits as per Law 214/2011 | - | - |
| b) others | (108) | - |
| **4. Closing balance** | **48,304** | **44,779** |

Increases in deferred tax assets recognized during the year with a balancing entry in the income statement refer, mainly, to the tax benefit associated with the Patent Box regime under Decree Law No. 3 of 2015 for the year 2022 and to provisions for risks and charges. Decreases refer, mainly, to uses or releases of provisions for risks and charges.

### 11.4 Changes in deferred tax assets under Law 214/2011

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **2,772** | **3,299** |
| **2. Increases** | **-** | **-** |
| **3. Decreases** | **(365)** | **(527)** |
| 3.1 Reversals | (365) | (527) |
| 3.2 Conversion into tax credits | - | - |
| a) resulting from operating losses | - | - |
| b) resulting from tax losses | - | - |
| 3.3 Other decreases | - | - |
| **4. Closing balance** | **2,407** | **2,772** |

Decreases refer to the deduction of write-downs and losses on loans to customers according to the reabsorption plan provided by Decree Law No. 83 of 2015 as amended by Law No. 145 of 2018 and Law No. 160 of 2019 and subsequently by Article 42 of Decree Law No. 17 of 2022.

# Part B - Consolidated Balance Sheet

### 11.5 Changes in deferred tax liabilities (through profit or loss)

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **2,148** | **26,075** |
| **2. Increases** | **1,060** | **902** |
| 2.1 Deferred tax liabilities arising during the year | 973 | 902 |
| a) relating to prior years | - | - |
| b) due to changes in accounting policies | - | - |
| c) others | 973 | 902 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | 87 | - |
| **3. Decreases** | **(151)** | **(24,829)** |
| 3.1 Deferred tax liabilities de-recognised during the year | (151) | (24,829) |
| a) reversals of temporary differences | (151) | (24,829) |
| b) due to changes in accounting policies | - | - |
| c) others | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases | - | - |
| **4. Closing balance** | **3,057** | **2,148** |

Increases in deferred taxes recognised in the year as a balancing entry in the income statement refer to the recognition of deferred taxes on the amortisation of the brand and goodwill. It should be noted that the decreases recognised in the year 2021 mainly referred to the release to the income statement of pre-existing IRES deferred tax liabilities on goodwill subject to realignment pursuant to Article 110 of Legislative Decree 104/2020.

# Part B - Consolidated Balance Sheet

### 11.6 Changes in deferred tax assets (through equity)

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **1,048** | **835** |
| **2. Increases** | **1,926** | **213** |
| 2.1 Deferred tax assets recognised in the year | 1,926 | 132 |
| a) relating to prior years | - | - |
| b) due to changes in accounting policies | - | - |
| c) others | 1,926 | 132 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | 81 |
| **3. Decreases** | **(1,048)** | **-** |
| 3.1 Deferred tax assets cancelled in the year | (1,048) | - |
| a) reversals of temporary differences | (1,048) | - |
| b) write-downs of non-recoverable items | - | - |
| c) due to changes in accounting policies | - | - |
| d) others | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases | - | - |
| **4. Closing balance** | **1,926** | **1,048** |

Increases in deferred tax assets recognized during the year as an offset to equity relate to write-downs on securities classified in “Financial assets at fair value through other comprehensive income” item. Decreases in deferred tax assets recognized in the year through equity refer to the recognition of deferred taxes for actuarial losses recognized in shareholders' equity as part of the valuation reserves in application of the provisions of IAS 19 Revised.

# Part B - Consolidated Balance Sheet

## 11.7 Changes in deferred tax liabilities (through equity)

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **705** | **1,682** |
| **2. Increases** | **94** | **-** |
| 2.1 Deferred tax assets recognised in the year | 94 | - |
| a) relating to prior years | - | - |
| b) due to changes in accounting policies | - | - |
| c) others | 94 | - |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| **3. Decreases** | **(203)** | **(977)** |
| 3.1 Deferred tax assets cancelled in the year | (203) | (977) |
| a) reversals of temporary differences | (203) | (977) |
| b) write-downs of non-recoverable items | - | - |
| c) due to changes in accounting policies | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases: | - | - |
| **4. Other decreases** | **596** | **705** |

Decreases in deferred tax liabilities recognised during the year through equity refer to the write-down of debt securities booked in ”Financial assets at fair value through other comprehensive income” item.

## 11.8 Other information

No information to report.

# Part B - Consolidated Balance Sheet

## Section 12 - Non-current assets and disposal groups classified as held for sale and associated liabilities - Assets item 120 and liabilities item 70

No information to report.

## Section 13 – Other assets – Item 130

### 13.1 Other assets: breakdown

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| Trade receivables according to IFRS15 | 7,896 | 5,397 |
| Tax credits purchased | 1,093,255 | 508,764 |
| Current receivables not related with the provision of financial services | 2,050 | 1,299 |
| Receivables due to disputed items not deriving from lending | 129 | - |
| Improvement and incremental expenses incurred on leasehold assets | 3,691 | 5,236 |
| Definitive items not recognised under other items: | 19,673 | 14,593 |
| - securities and coupons to be settled | 3,589 | 1,435 |
| - other transactions | 16,084 | 13,158 |
| Tax items other than those included in the item "Tax assets": | 295,937 | 352,224 |
| - tax advances | 290,700 | 346,953 |
| - tax credit | 5,237 | 5,271 |
| Items awaiting settlement | 4,153 | 6,480 |
| Items in processing | 7,753 | 5,900 |
| - POS, bancomat and Visa debit | 7,749 | 5,897 |
| - Others | 4 | 3 |
| Items in transit not allocated to relevant accounts | 1 | 4 |
| Accrued income and prepaid expenses other than those related to contracts with customers and other than capitalised in related financial assets or liabilities | 16,980 | 13,562 |
| Accrued income and prepaid expenses related to contracts with customers other than capitalised in related financial assets or liabilities | 80,407 | 79,566 |
| **Total** | **1,531,925** | **993,025** |

Tax credits purchased include the carrying amount of tax credits purchased during 2021 under Decree-Law 34/2020. They include both the tax credits acquired following their transfer by the direct beneficiaries and those acquired following their transfer by previous purchasers.

It should be noted that among the Tax Credits pursuant to art. 121 of Law Decree 34/2020 acquired by FinecoBank on the secondary market, for a total amount of € 393,021 thousand, there are also credits that have been subject to preventive seizure in criminal proceedings, for a total amount of € 45,294 thousand. Given the Bank's total extraneousness to the facts under investigation, in these Consolidated Financial Statements the aforesaid receivables have remained recognised as tax receivables (item "Tax credits acquired"), in light of the principle according to which, where it is found that the assigning taxpayer had no right to deduction, the assignees are only liable for any use of the tax credit in an irregular manner or to an extent greater than the tax credit received (paragraph 6 of Art. 121 cited above) or in the case of complicity with fraud or gross negligence, with the latter being excluded in the case of the acquisition of all the prescribed documentation (see paragraph 6-bis inserted in Article 121 of LD 34/2020 by Decree-Law No. 11 of February 16th, 2023). In this regard, it should also be noted that: i) since this was a sub-transfer, there was no relationship between FinecoBank and the original beneficiary of the deduction and that, in line with best practice, FinecoBank has put in place a series of in-depth controls, also with the support of specialised companies, so as to prevent any form of liability; (ii) both the clauses and protections included in the contract of assignment of the receivables in question and the rules referred to therein (in particular, Articles 1260 et seq. of the Civil Code) provide adequate protection in favour of FinecoBank, which can claim rights both in terms of the possible termination of the assignment (with the related restitutionary consequences) and in terms of compensation. It should also be noted that, pursuant to Decree-Law No. 4 of January 27th, 2022, converted into Law No. 25 of March 28th 2022, Article 28-ter, in the event that the tax credits pursuant to Articles 121 and 122 of Decree-Law No. 34 of 2020 cannot be utilised because they are subject to seizure ordered by the judicial authorities, the term for the utilisation of the residual portions at the time of the termination of the seizure is increased by a period equal to the duration of the seizure itself.

# Part B - Consolidated Balance Sheet

The following table “Periodic Change of Accrued Income/Expenses and Prepaid Expenses/Income” discloses the changes incurred in the sub-items “Accrued income and prepaid expenses related to contracts with customers other than capitalised on related financial assets or liabilities” and “Accrued expenses and prepaid income related to contracts with customers other than capitalised on related financial assets or liabilities” reported in the tables “Other assets: breakdown” and “Other liabilities: breakdown” (Section 8 - Liabilities of this Part B of these Notes to the consolidated accounts), respectively, as required by the par. 118 of the IFRS15.

## Periodic Change of Accrued Income/Expenses and Prepaid Expenses/Income

(Amounts in € thousand)

| | Accrued income and prepaid expenses 12/31/2022 | Accrued expenses and prepaid income 12/31/2022 |
|---|---|---|
| **Opening balance** | **79,566** | **17,886** |
| **Increases** | **48,807** | **14,802** |
| a) external acquisition | - | - |
| b) cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS 15 Par 118.b) | - | - |
| c) reversal of impairment of a contract asset (IFRS 15 Par 118.c) | 1 | - |
| d) change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS 15 Par 118.d) | - | - |
| e) change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS 15 Par 118.e) | - | - |
| f) other | 48,806 | 14,802 |
| **Decreases** | **(47,966)** | **(13,116)** |
| a) external acquisition | - | - |
| b) cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS 15 Par 118.b) | - | - |
| c) impairment of a contract asset (IFRS 15 Par 118.c) | (212) | - |
| d) change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS 15 Par 118.d) | - | - |
| e) change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS 15 Par 118.e) | - | - |
| f) other | (47,754) | (13,116) |
| **Closing balances** | **80,407** | **19,572** |

The item "Increases f) other" includes the value as at December 31st, 2022 of the accruals that arose in the year 2022. The item “Decreases f) other" includes the reversal to profit and loss, for the portion pertaining to the year 2022, of the accruals existing at 31 December 2021.

With regard to the information required by parag. 120 of IFRS15 ("Transaction price allocated to the remaining performance obligations "), below a quantitative disclosure will be provided with the expected duration (“within 1 year” and “over 1 year”) of "Accrued income related to contracts with customers other than capitalised on the related financial assets or liabilities" and "Deferred income related to contracts with customers other than capitalised on the related financial assets or liabilities".

# Part B - Consolidated Balance Sheet

## Transaction price allocated to the remaining performance obligations

(Amounts in € thousand)

| | Expected duration of performance <=1 year<br>12/31/2022 | Expected duration of performance >1 year<br>12/31/2022 |
|---|---|---|
| Unsatisfied (or Partially Unsatisfied) Performance Obligations - Duration - Other Assets (IFRS 15 Par 120a) | 22,686 | - |
| Unsatisfied (or Partially Unsatisfied) Performance Obligations - Duration - Other Liabilities (IFRS 15 Par 120a) | 1,437 | 5,286 |
| **Total** | **24,123** | **5,286** |

The aggregate amount of revenues from services to customers related to the portion of performance obligations not yet satisfied, showed in the table above is equal to € 29,408 thousand. 82% of this amount regards performance obligations expected to be satisfied by the next year-end reporting date.

# Part B - Consolidated Balance Sheet

## Liabilities

### Section 1 - Financial liabilities at amortised cost - Item 10

#### 1.1 Financial liabilities at amortised cost: product breakdown deposits from banks

(Amounts in € thousand)

| Transactions type/Amounts | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | Fair Value | | | BV | Fair Value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| **1. Deposits from central banks** | **-** | X | X | X | **1,034,228** | X | X | X |
| **2. Deposits from banks** | **1,677,235** | X | X | X | **190,985** | X | X | X |
| 2.1 Other current accounts and demand deposits | 7,812 | X | X | X | 62,800 | X | X | X |
| 2.2 Time deposits | - | X | X | X | - | X | X | X |
| 2.3 Loans | 55,321 | X | X | X | 42,437 | X | X | X |
| 2.3.1 Repos | 55,321 | X | X | X | 42,437 | X | X | X |
| 2.3.2 Other | - | X | X | X | - | X | X | X |
| 2.4 Liabilities relating of commitments to repurchase treasury shares | - | X | X | X | - | X | X | X |
| 2.5 Lease liabilities | 3,691 | X | X | X | 3,910 | X | X | X |
| 2.6 Other liabilities | 1,610,411 | X | X | X | 81,838 | X | X | X |
| **Total** | **1,677,235** | **-** | **-** | **1,677,235** | **1,225,213** | **-** | **1,032,069** | **190,985** |

**Key:**
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Item 2.3.1 "Loans - Repos" does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" in table A.1.4 in Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidation - Quantitative information of these notes to the consolidated accounts.

Item 1. "Deposits from central banks" as at December 31st, 2021 only included liquidity received by the Central Bank as part of TLTRO III operations. In particular, it should be noted that FinecoBank participated in the 6th and 7th tranches of the TLTRO III programme for a total amount of € 1,045,000 thousand. On November 23rd, 2022 FinecoBank early repaid both of its TLTRO III program tranches for loans received in December 2020 and March 2021, respectively.

Item 2.6 Other liabilities mainly includes variation margins received for derivative transactions.

Financial liabilities at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph "A.4 – Information on fair value" in Part A - Accounting policies of these notes to the consolidated accounts.

# Part B - Consolidated Balance Sheet

## 1.2 Financial liabilities at amortised cost: product breakdown deposits from customers

(Amounts in € thousand)

| Transactions type/Amounts | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | Fair Value | | | BV | Fair Value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| 1. Current accounts and demand deposits | 30,538,691 | X | X | X | 29,518,974 | X | X | X |
| 2. Time deposits | - | X | X | X | 1 | X | X | X |
| 3. Loans | 930,840 | X | X | X | 100,301 | X | X | X |
| 3.1 Reverse repos | 930,840 | X | X | X | 100,301 | X | X | X |
| 3.2 Other | - | X | X | X | - | X | X | X |
| 4. Liabilities relating of commitments to repurchase treasury shares | - | X | X | X | - | X | X | X |
| 5. Lease payables | 59,660 | X | X | X | 61,425 | X | X | X |
| 6. Other liabilities | 166,456 | X | X | X | 167,021 | X | X | X |
| **Total** | **31,695,647** | **-** | **-** | **31,695,647** | **29,847,722** | **-** | **-** | **29,847,722** |

**Key:**
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item 3.1 “Loans – Reverse repos " does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" transactions in table A.1.5 in Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidation - Quantitative information of these notes to the consolidated accounts.

Financial assets and liabilities may be offset when the company currently has a legal right to offset the amounts recognised in the accounts and intends to settle for the net residual, or realise the asset and settle the liability at the same time, as required by IAS 32.

In addition to complying with IAS 32, the Bank only offsets financial assets and liabilities when:

- the transactions have the same explicit final settlement date;
- the right to set off the amount due to the counterparty against the amount due from the counterparty is legally enforceable in the ordinary course of business and in the event of default, insolvency or bankruptcy;
- either the counterparties intend to settle on a net basis or simultaneously, or the transactions are subject to a settlement mechanism that functionally results in the equivalent of net settlement.

In the table above, repo transactions entered into on the MTS and settled through a Central Counterparty have been shown netted. The effect of netting is shown in table "6. Financial assets subject to accounting offsetting or master netting agreements or similar agreements" and table "7. Financial liabilities subject to accounting offsetting or master netting agreements or similar agreements" in Part B - Balance Sheet Information of these notes to the consolidated accounts.

Financial liabilities measured at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph "A.4 – Information on fair value" in Part A - Accounting policies of these notes to the consolidated accounts.

# Part B - Consolidated Balance Sheet

### 1.3 Financial liabilities at amortised cost: product breakdown of debt securities in issue

(Amounts in € thousand)

| Type of securities/Values | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | Fair Value | | | BV | Fair Value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| A. Debts securities including bonds | | | | | | | | |
| 1. bonds | 497,926 | 428,061 | - | - | 497,266 | 489,712 | - | - |
| 1.1 structured | - | - | - | - | - | - | - | - |
| 1,2 other | 497,926 | 428,061 | - | - | 497,266 | 489,712 | - | - |
| 2. other securities | - | - | - | - | - | - | - | - |
| 2.1 structured | - | - | - | - | - | - | - | - |
| 2.2 other | - | - | - | - | - | - | - | - |
| **Total** | **497,926** | **428,061** | **-** | **-** | **497,266** | **489,712** | **-** | **-** |

**Key:**
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Financial liabilities measured at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph "A.4 – Information on fair value" in Part A - Accounting policies of these notes to the consolidated accounts.

### 1.4 Breakdown of subordinated deposits/securities

No data to report.

### 1.5 Breakdown of structured deposits/securities

No data to report.

### 1.6 Amounts payable under leases

(Amounts in € thousand)

| Items/Time buckets | Up to 1 year | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 4 years | Between 4 and 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| **Lease liabilities** | **11,244** | **10,960** | **10,276** | **7,866** | **6,615** | **16,390** |
| - Lease liabilities - Banks | 386 | 408 | 418 | 427 | 437 | 1,615 |
| - Lease liabilities - Customers | 10,858 | 10,552 | 9,858 | 7,439 | 6,178 | 14,775 |

The amount of cash flows for leasing paid during 2022 is equal to € 11,774 thousand.

# Part B - Consolidated Balance Sheet

## Section 2 - Financial liabilities held for trading - Item 20

### 2.1 Financial liabilities held for trading: product breakdown

(Amounts in € thousand)

| Transactions type/Amounts | Total 12/31/2022 | | | | | Total 12/31/2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | NA | Fair Value | | | Fair Value * | NA | Fair Value | | | Fair Value * |
| | | L1 | L2 | L3 | | | L1 | L2 | L3 | |
| **A. Cash liabilities** | | | | | | | | | | |
| 1. Deposits from banks | - | - | - | - | - | - | - | - | - | - |
| 2. Deposits from customers | 593 | 396 | - | 3 | 399 | 589 | 272 | - | - | 272 |
| 3. Debt securities | - | - | - | - | X | - | - | - | - | X |
| 3.1 Bonds | - | - | - | - | X | - | - | - | - | X |
| 3.1.1 Structured | - | - | - | - | X | - | - | - | - | X |
| 3.1.2 Other bonds | - | - | - | - | X | - | - | - | - | X |
| 3.2 Other securities | - | - | - | - | X | - | - | - | - | X |
| 3.2.1 Structured | - | - | - | - | X | - | - | - | - | X |
| 3.2.2 Others | - | - | - | - | X | - | - | - | - | X |
| **Total (A)** | **593** | **396** | **-** | **3** | **399** | **589** | **272** | **-** | **-** | **272** |
| **B. Derivatives** | | | | | | | | | | |
| 1. Financial derivatives | X | 2,788 | 1,387 | - | X | X | 2,214 | 1,931 | - | X |
| 1.1 Trading derivatives | X | 2,788 | 1,387 | - | X | X | 2,214 | 1,931 | - | X |
| 1.2 Related to the fair value option | X | - | - | - | X | X | - | - | - | X |
| 1.3 Other | X | - | - | - | X | X | - | - | - | X |
| 2. Credits derivatives | X | - | - | - | X | X | - | - | - | X |
| 2.1 Trading derivatives | X | - | - | - | X | X | - | - | - | X |
| 2.2 Linked to fair value option | X | - | - | - | X | X | - | - | - | X |
| 2.3 Other | X | - | - | - | X | X | - | - | - | X |
| **Total (B)** | **X** | **2,788** | **1,387** | **-** | **X** | **X** | **2,214** | **1,931** | **-** | **X** |
| **Total (A+B)** | **X** | **3,184** | **1,387** | **3** | **X** | **X** | **2,486** | **1,931** | **-** | **X** |

**Key:**
NA = notional amount
L1 = Level 1
L2 = Level 2
L3 = Level 3
FV* = Fair value calculated excluding the changes in value due to the change in the issuer's credit rating since the issue date

Financial derivatives refer to the negative valuation of CFD, Knock Out Options and Certificates issued, as well as derivative contracts regulated or entered into with institutional counterparties used for the operational hedging of the above mentioned derivatives, for a total amount of € 1,784 thousand (€ 2,214 thousand as at December 31st, 2021).

Sub-item B.1.1 "Derivative instruments - Trading financial derivatives" includes the negative valuations of spot contracts for securities that meets the definition of held for trading and currencies to be settled in times established by market practices ("regular way"), for a total amount of € 2,391 thousand (€ 1,931 thousand as at December 31st, 2021).

### 2.2 Breakdown of "Financial liabilities held for trading": subordinated liabilities

No data to report.

# Part B - Consolidated Balance Sheet

### 2.3 Breakdown of "Financial liabilities held for trading": structured debts

No data to report.

## Section 3 – Financial liabilities designated at fair value – Item 30

No data to report.

## Section 4 – Hedging derivatives – Item 40

### 4.1 Hedging derivatives: breakdown by type of hedge and by level

(Amounts in € thousand)

| | Fair value 12/31/2022 | | | NA | Fair value 12/31/2021 | | | NA |
|---|---|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | 12/31/2022 | L1 | L2 | L3 | 12/31/2021 |
| **A. Financial derivatives** | **-** | **63,752** | **-** | **3,420,000** | **-** | **57,313** | **-** | **2,638,780** |
| 1) Fair value | - | 63,752 | - | 3,420,000 | - | 57,313 | - | 2,638,780 |
| 2) Cash flows | - | - | - | - | - | - | - | - |
| 3) Net investment in foreign subsidiaries | - | - | - | - | - | - | - | - |
| **B. Credit derivatives** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1) Fair value | - | - | - | - | - | - | - | - |
| 2) Cash flows | - | - | - | - | - | - | - | - |
| **Total** | **-** | **63,752** | **-** | **3,420,000** | **-** | **57,313** | **-** | **2,638,780** |

**Key:**
NA = notional amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

# Part B - Consolidated Balance Sheet

### 4.2 Hedging derivatives: breakdown by hedged assets and risk

(Amounts in € thousand)

| Transactions/Type of hedge | Fair Value | | | | | | | Cash flow | | Net investment in foreign subsidiaries |
|---|---|---|---|---|---|---|---|---|---|---|
| | Micro | | | | | | Macro | Micro | Macro | |
| | Debt securities and interest rates | Equities and equity index | Currencies and gold | Credit | Commodity | Others | | | | |
| 1. Financial assets at fair value through other comprehensive income | - | - | - | - | X | X | X | - | X | X |
| 2. Financial assets at ammortised cost | 403 | X | - | - | X | X | X | - | X | X |
| 3. Portfolio | X | X | X | X | X | X | - | X | - | X |
| 4. Other transactions | - | - | - | - | - | - | X | - | X | - |
| **Total assets** | **403** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1. Financial liabilities | - | X | - | - | - | - | X | - | X | X |
| 2. Portfolio | X | X | X | X | X | X | 63,349 | X | - | X |
| **Total liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | **63,349** | **-** | **-** | **-** |
| 1. Expected transactions | X | X | X | X | X | X | X | - | X | X |
| 2. Financial assets and liabilities Portfolio | X | X | X | X | X | X | - | X | - | - |

## Section 5 – Changes in fair value of portfolio hedged financial liabilities – Item 50

### 5.1 Changes to macro-hedged financial liabilities

(Amounts in € thousand)

| Adjustments to the value of hedged liabilities/Components of the group | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| 1. Positive changes to financial liabilities | - | 7,950 |
| 2. Negative changes to financial liabilities | (66,932) | - |
| **Total** | **(66,932)** | **7,950** |

## Section 6 – Tax liabilities – Item 60

See section 11 of assets.

## Section 7 – Liabilities included in disposal groups classified as held for sale – Item 70

See section 12 of assets.

# Part B - Consolidated Balance Sheet

## Section 8 – Other liabilities – Item 80

### 8.1 Other liabilities: breakdown

(Amounts in € thousand)

| Items/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| Payables to Directors and Statutory auditors | 241 | 337 |
| Payables to employees | 17,305 | 16,069 |
| Social security contributions payable | 7,717 | 7,818 |
| Current payables not related to the provision of financial services | 42,589 | 32,888 |
| Payables for share-based payments | - | 35 |
| Definitive items not recognised under other items: | 45,955 | 51,357 |
| - securities and coupons to be settled | 10,318 | 11,535 |
| - payment authorisations | 24,480 | 27,339 |
| - other items | 11,157 | 12,483 |
| Tax items other than those included in the item “Tax liabilities”: | 55,995 | 102,033 |
| - sums withheld from third parties as withholding agent | 31,631 | 54,332 |
| - other | 24,364 | 47,701 |
| Illiquid items for portfolio transactions | 2,017 | 15,407 |
| Items awaiting settlement: | 130,091 | 88,879 |
| - outgoing bank transfers | 115,172 | 88,851 |
| - POS and ATM cards | 14,919 | 28 |
| Items in processing: | 880 | 1,018 |
| - incoming bank transfers | 808 | 986 |
| - other items in processing | 72 | 32 |
| Accrued expenses and deferred income other than those related to contracts with customers and other than capitalised on the related financial assets or liabilities | 275 | 361 |
| Deferred income related to contracts with customers other than those capitalised on the related financial assets or liabilities | 19,572 | 17,886 |
| Sums available to be paid to customers | 11,715 | 8,756 |
| **Total** | **334,352** | **342,844** |

# Part B - Consolidated Balance Sheet

## Section 9 – Provisions for employee severance pay – Item 90

### 9.1 Provisions for employee severance pay: annual changes

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **A. Opening balance** | **5,033** | **4,924** |
| **B. Increases** | **49** | **163** |
| B.1 Provision of the year | 49 | 32 |
| B.2 Other increases | - | 131 |
| **C. Decreases** | **(1,140)** | **(54)** |
| C.1 Severance payments | (43) | (54) |
| C.2 Other decreases | (1,097) | - |
| **D. Closing balance** | **3,942** | **5,033** |
| **Total** | **3,942** | **5,033** |

Item C.2 Other changes includes the reduction in provisions for employee severance pay as a result of the actuarial valuation, performed in accordance with IAS 19 Revised, recognised as an offsetting entry to revaluation reserves.

### 9.2 Other information

The "TFR" provision for Italy-based employee benefits is considered to be a "post-retirement defined benefit". It is therefore 201ecognized on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using the unit credit projection method (see Part A.2 – The Main Items of the Accounts).

The Provision for employee severance pay covers the amount of the rights accrued in that respect up to December 31st, 2022 by employees, under current legal regulations, as well as national collective bargaining agreements and supplementary company agreements.

The current year was affected by the normal events referable to the severance indemnity fund in accordance with the provisions of the law and the company agreements in force.

In 2007, the new supplementary pension reform pursuant to Legislative Decree no. 252/2005 became effective and, as a result the amounts accrued up to December 31st, 2006 were kept with the Company, whilst the amounts of employee severance pay provision accruing as of January 1st, 2007 were transferred to the supplementary pension funds or the INPS Treasury fund according to the option adopted by the employees (within June 30th, 2007). The result is that:

- the employee severance fund accrued up to December 31st, 2006 (or until the date of the option - falling between January 1st, 2007 and June 30th, 2007 - adopted by the employees if they decided to transfer their employee severance pay provision to a supplementary pension fund) continues to be a "defined-benefit" plan and therefore subject to actuarial valuation, although based on simplified actuarial assumptions which no longer take account of estimated future pay rises;
- the amounts accrued from January 1st, 2007 (or from the date of the option - falling between January 1st, 2007 and June 30th, 2007 - by the employees if they decided to transfer their employee severance pay provision to a supplementary pension fund), were considered as a "defined-contribution" plan (as the Company's liability ceases at the time it pays the employee severance pay provision accrued to the pension fund chosen by the employee) and therefore the related cost for the period is equal to the amounts paid to the Supplementary Pension fund or the INPS Treasury fund.

The following table shows the main actuarial assumptions used to remeasure the liability.

| Description of the main actuarial assumptions | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Discount rate | 4,10% | 1,00% |
| Expected inflation rate | 2,50% | 1,80% |

# Part B - Consolidated Balance Sheet

(Amounts in € thousand)

| Employee severance pay provision: other information | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **Provisions for the year** | **49** | **32** |
| - Current service cost | - | - |
| - Interest expense on defined benefit obligations | 49 | 32 |
| - Gains and losses on curtailments and settlements | - | - |
| - Past service cost | - | - |
| **Actuarial gains (losses) recognised in revaluation reserves (OCI)** | **(1,097)** | **131** |
| - Actuarial gains (losses) for the year | (61) | 35 |
| - Actuarial gains/losses on demographic assumptions | - | - |
| - Actuarial gains/losses on financial assumptions | (1,036) | 96 |

As required by IAS 19 Revised, a sensitivity analysis was conducted aimed at identifying how the present value of the liability changes when the actuarial assumptions considered most significant are changed, while keeping the other actuarial assumptions constant. A change of -25 basis points in the discount rate would result in an increase in the liability of € 82 thousand (+2.07%), whereas an equivalent increase in the rate would result in a reduction of the liability of € 79 thousand (-2.01 %). A change of -25 basis points in the inflation rate would result in a decrease in the liability of € 48 thousand (-1.23%), whereas an equivalent increase in the rate would result in an increase in the liability of € 49 thousand (+1.25%).

## Section 10 - Provisions for risks and charges - Item 100

### 10.1 Provisions risk and charges: breakdown

(Amounts in € thousand)

| Items/Components | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| 1. Provisions for credit risk of commitments and financial guarantees given | 36 | 52 |
| 2. Provisions for other commitments and other guarantees given | 38 | - |
| 3. Provisions for retirement payments and similar obligations | - | - |
| 4. Other provisions for risks and charges | 105,291 | 116,704 |
| 4.1 legal and tax disputes | 27,417 | 28,288 |
| 4.2 staff expenses | 6,799 | 5,918 |
| 4.3 other | 71,075 | 82,498 |
| **Total** | **105,365** | **116,756** |

Item 4.1 “legal and tax disputes” mainly includes provisions made to cover complaints and disputes for damage to customers arising from the unlawful behaviour of the Bank's personal financial advisors, provisions relating to pending disputes with personal financial advisors (generally employment-related) and other ongoing court and out-of-court litigation with customers, in relation to normal banking activities, and other parties for € 24,000 thousand (€ 24,552 thousand as at December 31st, 2021) and provisions for tax disputes (penalties and interest) for € 3,417 thousand (€ 3,736 thousand as at December 31st, 2021). In addition to the costs incurred by the Group in the event of an unfavourable conclusion of the dispute, this provision includes the estimate of the costs to be paid to legal advisors and any technical consultants and/or experts who assist the Group in ongoing disputes. This estimate was determined by the Group in relation to the ongoing litigation to the extent that it is believed that they will not be reimbursed by the counterparties, mainly on the basis of the Forensic Tariffs envisaged by current legislation.

Item 4.2 “staff expenses” includes, mainly, the provisions made for the variable remuneration to be paid to employees in subsequent years, which have an uncertain due date and/or amount.

Item 4.3 “Other” includes the Supplementary customer indemnity provision, of € 68,584 thousand (€ 79,801 thousand as at December 31st, 2021), Contractual Indemnity Fund and non-competition agreements, of € 383 thousand (€ 434 thousand as at December 31st, 2021) and other provisions made for risks related to the Group’s business and operations, of € 2,108 thousand (€ 2,263 thousand as at December 31st, 2021), including, in particular, provisions made for training events for personal financial advisors.

# Part B - Consolidated Balance Sheet

## 10.2 Provisions for risks and charges: annual changes

(Amounts in € thousand)

| | Provisions for other commitments and other guarantees given | Provisions for retirement payments and similar obligations | Other provisions for risks and charges | Total |
|---|---|---|---|---|
| **A. Opening balance** | **-** | **-** | **116,704** | **116,704** |
| **B. Increases** | **38** | **-** | **19,041** | **19,079** |
| B.1 Provisions for the year | 38 | - | 17,743 | 17,781 |
| B.2 Changes due to the passage of time | - | - | 1,036 | 1,036 |
| B.3 Changes due to variations in the discount rate | - | - | 32 | 32 |
| B.4 Other increases | - | - | 230 | 230 |
| **C. Decreases** | **-** | **-** | **(30,454)** | **(30,454)** |
| C.1 Amounts used in the year | - | - | (12,446) | (12,446) |
| C.2 Changes due to variations in the discount rate | - | - | (650) | (650) |
| C.3 Other decreases | - | - | (17,358) | (17,358) |
| **D. Closing balance** | **38** | **-** | **105,291** | **105,329** |

Item B.1 Provisions for the year includes net provisions recognised in the income statement. Item C.1 Utilisation during the year includes only monetary utilisations.

Item C.3 Other changes includes the reduction in the provision for agents' termination indemnity and the contractual indemnity provision as a result of the actuarial valuation, carried out in accordance with IAS 19 Revised, recognised as an offsetting entry to the valuation reserves.

## 10.3 Funds for credit risk related to release financial obligations and warranties

(Amounts in € thousand)

| | Funds for credit risk related to financial obligation and warranties release | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | Total |
| 1. Loan commitments given | 29 | - | 2 | - | 31 |
| 2. Financial guarantees given | 5 | - | - | - | 5 |
| **Total** | **34** | **-** | **2** | **-** | **36** |

## 10.4 Provisions on other commitments and other guarantees given

(Amounts in € thousand)

| Items/Components | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| 1. Other guarantees given | - | - |
| 2. Other commitments | 38 | - |
| **Total** | **38** | **-** |

## 10.5 Pensions and other post-retirement defined-benefit obligations

No data to report.

### 10.6 Provisions for risks and charges - other provisions

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **Legal and fiscal disputes** | **27,417** | **28,288** |
| - Pending cases | 19,661 | 20,635 |
| - Complaints | 4,339 | 3,917 |
| - Tax disputes | 3,417 | 3,736 |
| **Staff expenses** | **6,799** | **5,918** |
| **Others** | **71,075** | **82,498** |
| - Supplementary customer indemnity provision | 68,584 | 79,801 |
| - Provision for contractual payments and payments under non-competition agreements | 383 | 434 |
| - Other provisions | 2,108 | 2,263 |
| **Total provisions for risks and charges - other provisions** | **105,291** | **116,704** |

(Amounts in € thousand)

| Provisions for risks and charges | Total 12/31/2021 | Uses | Transfers and other changes | Actuarial gains (losses) IAS 19R * | Net provisions** | Total 12/31/2022 |
|---|---|---|---|---|---|---|
| **Legal and fiscal disputes** | **28,288** | **(3,258)** | **230** | **-** | **2,157** | **27,417** |
| - Pending cases | 20,635 | (2,886) | 316 | - | 1,596 | 19,661 |
| - Complaints | 3,917 | (326) | (86) | - | 834 | 4,339 |
| - Tax disputes | 3,736 | (46) | - | - | (273) | 3,417 |
| **Staff expenses** | **5,918** | **(5,913)** | **-** | **-** | **6,794** | **6,799** |
| **Others** | **82,498** | **(3,274)** | **-** | **(17,358)** | **9,209** | **71,075** |
| - Supplementary customer indemnity provision | 79,801 | (1,188) | - | (17,302) | 7,273 | 68,584 |
| - Provision for contractual payments and payments under non-competition agreements | 434 | - | - | (56) | 5 | 383 |
| - Other provisions | 2,263 | (2,086) | - | - | 1,931 | 2,108 |
| **Total provisions for risks and charges - other provisions** | **116,704** | **(12,445)** | **230** | **(17,358)** | **18,160** | **105,291** |

* The item " IAS 19R actuarial gains (losses)" includes the actuarial gains (losses) recognised in the item "Revaluation reserves" in application of IAS 19R.
** The item "Net provisions" includes the costs recognised in their own income statement item to better reflect their nature (e.g. "Staff expenses", "Administrative costs" and "Interest expenses and similar charges").

The following table shows the main actuarial assumptions used to measure the liability for the supplementary customer indemnity provision and the provision for contractual payments.

| Description of the main actuarial assumptions | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Discount rate | 4.10% | 1.00% |
| Rate salary increase | 0.00% | 0.00% |

As required by IAS 19 Revised, a sensitivity analysis was conducted aimed at identifying how the present value of the liability changes when the actuarial assumptions considered most significant are changed, while keeping the other actuarial assumptions constant.

With reference to the supplementary customer indemnity provision, a change of -25 basis points in the discount rate would result in an increase in liabilities of € 1,397 thousand (+2.04%); an equivalent increase in the rate, on the other hand, would reduce the liability by € 1,349 thousand (-1.97%). A change of -25 basis points in the salary base would result in a reduction in the liability of € 329 thousand (-0.48%); an equivalent increase in the rate, on the other hand, would result in an increase in liabilities of € 336 thousand (+0.49%).

# Part B - Consolidated Balance Sheet

With reference to the provision for contractual payments, a change of -25 basis points in the discount rate would result in an increase in liabilities of € 3 thousand (+1.55%); an equivalent increase in the rate, on the other hand, would reduce the liability by € 3 thousand (-1.51%). A change of +/-25 basis points in the salary base would not entail any significant change in the liability.

In addition, for the other provisions recognised in the financial statements on the basis of IAS 37, where the effect of the time value of money is significant (generally when payment is to be made more than 18 months from recognition), the amount of the provision should be the present value of the best estimate of the cost required to settle the obligation. The discount rate used reflects the current market assessments. As at December 31st, 2022 an analysis was conducted to assess the impact on the provision on “Legal and fiscal disputes” and “Other provisions” (with the exception of the supplementary customer indemnity and contractual payment, for which the relating sensitivity analyses have been described above) is made of a variation of +/- 25 basis points in the discount rate and no significant impacts were found.

The **Provision for legal disputes** includes provisions made to cover complaints and disputes for damage to customers arising from the unlawful behaviour of the Bank's personal financial advisors, provisions relating to pending disputes with personal financial advisors (generally employment-related) and other ongoing court and out-of-court litigation with customers, in relation to normal banking activities, and other parties. In addition to the costs incurred by the Group in the event of an unfavourable conclusion of the dispute, this provision includes the estimate of the costs to be paid to legal advisors and any technical consultants and/or experts who assist the Group in ongoing disputes. This estimate was determined by the Group in relation to the ongoing litigation, mainly on the basis of the Forensic Tariffs envisaged by current legislation.

The **Supplementary customer indemnity provision** is accrued to cover the amount of severance indemnity to be paid to the PFA network pursuant to art. 1751 of the Italian Civil Code, in the event of termination of the contract for reasons not attributable to the advisor, such as, for example, when reaching retirement age. The amount of the obligation at the end of the period was assessed with the aid of an independent actuary, in accordance with the provisions of IAS 19.

The **Provision for staff expenses** includes provisions made in relation to the variable remuneration to be paid to employees in subsequent years which have an uncertain due date and amount.

The **Provision for contractual payments and payments under non-competition agreements** is related to a limited number of personal financial advisors; these payments are contractually provided. More specifically, the non-competition agreement is an extension of the loyalty obligation at the end of the employment contract which protects the Bank from competition from former personal financial advisors; contractual payments are a special indemnity that the Bank agrees to pay to personal financial advisors, who opted to transfer the rights and obligations arising from their contract with the Bank to third parties, where these advisors continue to keep an ethical and professional conduct with the Bank after termination of employment, with specific regard to the customer portfolio. The amount of the obligation at the end of the period relating to contractual payments was assessed with the aid of an independent actuary.

The **Provision for tax disputes** is allocated to cover tax demands received from the Italian Revenue Agency following tax audits carried out on the Bank over the years, in relation to which the Bank considers it has calculated the tax correctly and legitimately and has therefore submitted an appeal at various levels of proceedings. The above mentioned provision for risks and charges include the allocations for fines and interest for the additional tax being contested and requested by the Tax Authorities through tax bills or payment notices paid and for the estimated amount of legal expenses to be incurred in the various proceedings.

For more details, see Part E – Information on risks and hedging policies – Section 1.5 – Operational risk – paragraph “Risks arising from tax disputes and audits” of these Notes to the consolidated accounts.

The **Other Provisions** are mainly allocated to cover the risks related to the business and operations of the Group, including, in particular, provisions for training events for personal financial advisors.

# Part B - Consolidated Balance Sheet

## Section 11 – Technical provisions – Item 110

No data to report.

## Section 12 - Redeemable shares - Item 130

No data to report.

## Section 13 - Group Shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180

### 13.1 "Share capital" and "Treasury shares": breakdown

As at December 31st, 2022, share capital came to € 201,340 thousand, comprising 610,119,860 ordinary shares with a par value of € 0.33 each.

As at December 31st, 2022, the Group, specifically the parent company FinecoBank, held in the portfolio 136,479 FinecoBank ordinary shares, in order to execute the PFA incentive plans of the Bank, corresponding to 0.02% of the share capital, for an amount of € 1,714 thousand. During 2022 n. 59,800 shares, for an amount of € 850 thousand, were purchased in relation to the "2021 PFA Incentive System" for personal financial advisors identified as "Key personnel" and n. 5,527, n. 3,435, n. 8,227 and n. 28,998 FinecoBank ordinary shares held in the portfolio were assigned to personal financial advisors respectively in execution to the "2017 PFA Incentive System", "2018 PFA Incentive System", "2019 PFA Incentive System" and "2020 PFA Incentive System" , for an amount of € 576 thousand.

The Board of Directors of FinecoBank on February 9th, 2022, considering the positive result of the verification of the minimum conditions of access at the Group level and the individual ones (behavior compliance and continuous employment), as well as the favourable opinion of the Remuneration Committee meeting on February 7th, 2022, approved

- the allocation:
  - of the fourth share tranche of the 2016 plan, awarded in 2017, corresponding to 30,406 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 12nd, 2016;
  - of the third share tranche of the 2017 plan, granted in 2018, corresponding to 28,457 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 9th, 2017;
  - of the second share tranche of the 2018 plan and the third share tranche of the severance agreed in 2018 for a key executive, granted in 2019, corresponding to a total of 42,049 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 10th, 2018;
  - of the second share tranche of the 2019 plan, granted in 2020, corresponding to 1,127 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 10th, 2019;
  - of the first share tranche of the 2020 plan, granted in 2021, corresponding to 65,749 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 15th, 2020

  and, consequently, a bonus share capital increase in the total amount of € 55,370.04 corresponding to a total of 167,788 FinecoBank ordinary shares with a par value of € 0.33 each (having the same characteristics as those outstanding, regular dividend entitlement) effective March 31st, 2022, in partial exercise of the authority granted to the Board of Directors by the Extraordinary Shareholders' Meetings of April 11th, 2017, April 11th, 2018, April 10th, 2019 and April 28th, 2020 pursuant to Article 2443 of the Civil Code. The dilution effect resulting from the above free capital increases is quantified as 0.03% of fully diluted capital;
- the allocation of the second tranche in shares of the Plan, granted in 2018 and corresponding to 52,302 free ordinary FinecoBank shares, and, consequently, a free share capital increase in the total amount of € 17,259.66 effective March 31st, 2022 in partial exercise of the delegation of authority to the Board of Directors granted by the Extraordinary Shareholders' Meeting of April 11th, 2018 pursuant to Article 2443 of the Civil Code.

# Part B - Consolidated Balance Sheet

In view of the above capital increases, the reserves from allocation of profit from previous years were reduced accordingly.

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| Share capital | 201,340 | 201,267 |
| Share premium reserve | 1,934 | 1,934 |
| Reserves | 778,211 | 650,202 |
| (Treasury shares) | (1,714) | (1,440) |
| Revaluation reserves | 2,121 | (5,877) |
| Equity instruments | 500,000 | 500,000 |
| Net Profit (Loss) for the year | 428,505 | 380,711 |
| **Total** | **1,910,397** | **1,726,797** |

## 13.2 Share capital - Number of shares of the Parent Company: annual changes

(Amounts in € thousand)

| Items/Type | Ordinary | Others |
|---|---|---|
| **A. Shares outstanding at the beginning of the year** | **609,776,904** | **-** |
| - fully paid | 609,899,770 | - |
| - not fully paid | - | - |
| A.1 treasury shares (-) | (122,866) | - |
| **A.2 Shares outstanding: Opening balance** | **609,776,904** | **-** |
| **B. Increases** | **266,277** | **-** |
| B.1 New issues | 220,090 | - |
| - against payment: | - | - |
| - business combination | - | - |
| - bonds converted | - | - |
| - warrants exercised | - | - |
| - others | - | - |
| - free: | 220,090 | - |
| - to employees | 211,819 | - |
| - to directors | - | - |
| - others | 8,271 | - |
| B.2 Sales of treasury shares | - | - |
| B.3 Other changes | 46,187 | - |
| **C. Decreases** | **(59,800)** | **-** |
| C.1 Cancellation | - | - |
| C.2 Purchase of treasury shares | (59,800) | - |
| C.3 Business tranferred | - | - |
| C.4 Other changes | - | - |
| **D. Shares outstanding: closing balance** | **609,983,381** | **-** |
| D.1 Treasury shares (+) | 136,479 | - |
| D.2 Shares outstanding at the end of the year | 610,119,860 | - |
| - fully paid | 610,119,860 | - |
| - not fully paid | - | - |

The item B.3 “Other changes” reports the shares allocated to the personal financial advisors under the stock granting plans “2017 PFA Plan”, “2018 PFA Plan”, “2019 PFA Plan” and "2020 PFA Plan" for FinecoBank’s Personal Financial Advisors and Network Managers.

# Part B - Consolidated Balance Sheet

## 13.3 Share capital: other information

The shares are not subject to any right, privilege or constraint; there are no shares reserved for issue under option and sales contracts.

## 13.4 Reserves from allocation of profit from previous years: other information

The reserves from profits consist of the:

- Legal reserve, amounting to € 40,268 thousand;
- Reserve for treasury shares held, amounting to € 1,714 thousand;
- Consolidation reserve, amounting to € 28,166 thousand;
- Reserves of unavailable profits pursuant to article 6 paragraph 2 of Legislative Decree 38/2005, for an amount equal to € 1,493 thousand;
- Other reserves from profits, amounting to € 675,023 thousand, of which € 86,354 thousand subject to a taxability restriction in the event of distribution, allocated following the tax realignment of goodwill provided for by article 110 of Decree-Law 104 of 2020.

As previously mentioned in para. 13.1 "Share capital and Treasury shares: breakdown", the Board of Directors of FinecoBank held on February 9th, 2022 approved execution of the incentive/loyalty systems with a consequent increase in share capital, against with the reserves from profits have been reduced, extraordinary reservers in particular, for an amount of € 73 thousand. The same reserve was also used for the payment of costs directly attributable to the aforementioned capital increase operations, for an amount of € 7 thousand net of the related taxes.

As previously mentioned in para. 13.1 "Share capital and Treasury shares: breakdown", during 2022 n. 59,800 shares, for an amount of € 850 thousand, were purchased in relation to the "2021 PFA Incentive System" for personal financial advisors identified as "Key personnel" and n. 5,527, n. 3,435, n. 8,227 and n. 28,998 FinecoBank ordinary shares held in the portfolio were assigned to personal financial advisors respectively in execution to the "2017 PFA Incentive System", "2018 PFA Incentive System", "2019 PFA Incentive System" and "2020 PFA Incentive System" , for an amount of € 576 thousand. Consequently, the Reserve for treasury shares increased by a total of € 274 thousand, with a simultaneous reduction in the extraordinary reserve.

The FinecoBank Shareholders' Meeting of April 28th, 2022 approved the allocation of profit for the year 2021 of FinecoBank S.p.A. amounting to € 368,601 thousand, as follows:

- to the 610,119,860 ordinary shares with a par value of € 0.33, constituting the share capital including 220,090 shares related to the capital increase to support the employee incentive system approved by the Board of Directors on February 9th, 2022, a unit dividend of € 0.39 totaling € 237,947 thousand;
- € 15 thousand to the Legal reserve, corresponding to 0.004% of the profit for the year, having reached the limit of a fifth of the share capital;
- € 130,640 thousand to the extraordinary reserves.

The portion of dividends not distributed in respect of the Bank's treasury shares held on the record date, amounting to € 53 thousand, was turned over to the Extraordinary Reserves.

In addition, during 2022, Extraordinary Reserves were used for the payment of the Additional Tier 1's coupons issued by the Bank on January 31st, 2018, for € 6,989 thousand net of the related taxation, and for the payment of transaction costs directly attributable to the issue and of the coupon of the Additional Tier 1 issued on July 11th, 2019, for an amount of € 12,778 thousand net of the related taxation.

Lastly, it should be recalled that, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree No. 38/2005, a portion of the profits for the year corresponding to the capital gains recorded in the income statement, net of the related tax charge and other than those attributable to trading financial instruments and foreign exchange and hedging operations, which result from the application of the fair value or equity criterion, must be recorded in a reserve that is unavailable. This reserve has been released and allocated to Extraordinary reserve in the amount of € 4,153 thousand, corresponding to the change in capital gains, including due to realization, recognized in fiscal year 2021.

# Part B - Consolidated Balance Sheet

### 13.5 Equity instruments: breakdown and annual changes

Equity instruments includes the following financial instrument:

- Additional Tier 1 issued on January 31st, 2018. The financial instrument is a perpetual private placement[35], issued for a total of € 200 million and entirely subscribed by UniCredit S.p.A. The coupon for the first 5.5 years has been fixed at 4.82%;
- Additional Tier 1 issued on July 11th, 2019. The financial instrument is a perpetual public placement, traded on Euronext Dublin's non-regulated market, Global Exchange Market, notes rating of BB- (S&P Global Ratings), issued for a total of € 300 million. The coupon for the first 5 years has been fixed at 5.875%.

No Equity Instruments were issued during 2022.

### 13.6 Other information

No data to report.

## Section 14 – Minority interests – Item 190

### 14.1 Breakdown of Item 190 "Minority interests"

No data to report.

### 14.2 Equity instruments: breakdown and annual changes

No data to report.

[35] Unrated and unlisted

# Part B - Consolidated Balance Sheet

## OTHER INFORMATION

Table “1. Commitments and financial guarantees issued” shows the commitments and guarantees subject to valuation in accordance with IFRS 9. Table “2. Other commitments and other guarantees given” shows the commitments and guarantees that are not subject to measurement according to this standard.

### 1. Commitments and financial guarantees issued

(Amounts in € thousand)

| | Nominal value of commitments and financial guarantees given | | | | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired financial assets | | |
| **1. Commitment to supply funds** | **16,081** | **636** | **30** | **-** | **16,747** | **18,222** |
| a) Central Banks | - | - | - | - | - | - |
| b) Public Administration | - | - | - | - | - | - |
| c) Banks | - | - | - | - | - | - |
| d) Other financial companies | 13 | - | - | - | 13 | - |
| e) Non-financial companies | 59 | - | - | - | 59 | 55 |
| f) Families | 16,009 | 636 | 30 | - | 16,675 | 18,167 |
| **2. Financial guarantees issued** | **28,685** | **-** | **-** | **-** | **28,685** | **27,533** |
| a) Central Banks | - | - | - | - | - | - |
| b) Public Administration | - | - | - | - | - | - |
| c) Banks | 17,170 | - | - | - | 17,170 | 17,170 |
| d) Other financial companies | - | - | - | - | - | - |
| e) Non-financial companies | - | - | - | - | - | - |
| f) Families | 11,515 | - | - | - | 11,515 | 10,363 |

The commitments to disburse funds mainly include the commitments to disburse reverse repos.

Financial guarantees given to banks include banks include the guarantees issued in 2012 to the Italian Revenue Agency on request of UniCredit S.p.A., with indefinite duration, for a total amount of € 17,166 thousand (€ 17,166 thousand as at December 31st, 2021).

# Part B - Consolidated Balance Sheet

## 2. Other commitments and other guarantees given

(Amounts in € thousand)

| | Nominal amount Total 12/31/2022 | Nominal amount Total 12/31/2021 |
|---|---|---|
| **1. Other guarantees given** | | |
| of which: impaired credit exposures | - | - |
| a) Central Banks | - | - |
| b) Governments | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| e) Non-financial companies | - | - |
| f) Households | - | - |
| **2. Other commitments** | **2,330,931** | **2,031,840** |
| of which: impaired credit exposures | 101 | 85 |
| a) Central Banks | - | - |
| b) Governments | - | - |
| c) Banks | 2,502 | 1,349 |
| d) Other financial companies | 19,492 | 21,237 |
| e) Non-financial companies | 2,525 | 613 |
| f) Households | 2,306,412 | 2,008,641 |

Other commitments refer to the margins available on revocable credit lines granted to customers and spot sales of securities to be settled in times established by market practices ("regular way").

## 3. Assets given as collateral for own liabilities and commitments

(Amounts in € thousand)

| Portfolios | Amounts 12/31/2022 | Amounts 12/31/2021 |
|---|---|---|
| 1. Financial assets at fair value through profit and loss | 13 | 2 |
| 2. Financial assets at fair value through other comprehensive income | - | - |
| 3. Financial assets at amortized cost | 4,645,362 | 4,611,751 |
| 4. Property, plant and equipment | - | - |
| of which: Property, plant and equipment material assets that constitute inventories | - | - |

Assets given as collateral for own liabilities and commitments shown in the above table refer to:

- debt securities, mainly government bonds, pledged as collateral of repos with the obligation for the buyer to resell the assets covered by the transaction upon expiration of said transaction. The bonds are given as collateral for the entire duration of the transaction;
- debt securities, mainly government bonds, pledged as collateral for bankers' drafts, as guarantee for transactions with the Cassa di Compensazione e Garanzia, to guarantee the operation in foreign markets and/or as guarantee for transactions in derivatives. Securities are used as collateral until the Group decides to stop the transactions for which the collateral or guarantees are granted;
- debt securities issued by UniCredit S.p.A. given as collateral in securities lending transactions carried out with customers. The securities are given as collateral for the entire duration of the transaction.

In addition to the assets shown in the table above, the Group recognised variation margins, initial margins and guarantee deposits, including the default fund, against transactions in derivative contracts and financial instruments totalling € 301,154 thousand (€ 257,346 thousand at December 31st, 2021) in "Financial assets at amortised cost".

# Part B - Consolidated Balance Sheet

## 4. Breakdown of investments for unit-linked and index-linked policies

No data to report.

## 5. Asset management and trading on behalf of others

(Amounts in € thousand)

| Type of service | Total 12/31/2022 |
|---|---|
| **1. Execution of orders for customers** | **415,616,817** |
| **Securities** | **96,513,540** |
| a) purchases | 50,968,884 |
| 1. settled | 50,440,177 |
| 2. unsettled | 528,707 |
| b) sales | 45,544,656 |
| 1. settled | 45,064,675 |
| 2. unsettled | 479,981 |
| **Derivative contracts** | **319,103,277** |
| a) purchases | 159,618,993 |
| 1. settled | 159,368,808 |
| 2. unsettled | 250,185 |
| b) sales | 159,484,284 |
| 1. settled | 159,265,546 |
| 2. unsettled | 218,738 |
| **2. Segregated accounts** | **25,885,693** |
| a) individuals | - |
| b) collectives | 25,885,693 |
| **3. Custody and administration of securities** | |
| a) third party securities on deposits: relating to custodian bank activities (excluding segregated accounts) | - |
| 1. securities issued by the bank preparing the accounts | - |
| 2. other securities | - |
| b) third party securities held in deposits (excluding segregated accounts): other | 20,877,463 |
| 1. securities issued by the bank preparing the accounts | 3,988 |
| 2. other securities | 20,873,475 |
| c) third-party securities deposited with third parties | 20,877,463 |
| d) own securities deposited with third parties | 25,601,791 |
| **4. Other transactions** | **34,502,859** |
| Order receipt and transmission | 34,502,859 |
| a) purchases | 17,168,986 |
| b) sales | 17,333,873 |

# Part B - Consolidated Balance Sheet

### 6. Financial assets subject to accounting offsetting or master netting agreements or similar agreements

(Amounts in € thousand)

| Type | | Gross amount of financial assets (a) | Amount of financial liabilities offset in the financial statements (B) | Net amount of financial assets shown in the financial statements (c=a-b) | Related amounts not recognised in balance sheet | | Net amounts (f=c-d-e) | Net amount |
|---|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments (d) | Cash deposit received as guarantee (e) | 12/31/2022 | 12/31/2021 |
| 1. Derivatives | | 1,691,642 | - | 1,691,642 | 63,752 | 1,627,890 | - | - |
| 2. Reverse repos | | 2,634,476 | 2,632,369 | 2,107 | 2,107 | - | - | - |
| 3. Securities lending | | 261 | - | 261 | 251 | - | 10 | - |
| 4. Others | | - | - | - | - | - | - | - |
| **Total** | **12/31/2022** | **4,326,379** | **2,632,369** | **1,694,010** | **66,110** | **1,627,890** | **10** | **X** |
| **Total** | **12/31/2021** | **3,068,546** | **3,067,815** | **731** | **222** | **509** | **X** | **-** |

### 7. Financial liabilities subject to accounting offsetting or master netting agreements or similar agreements

(Amounts in € thousand)

| Type | | Gross amount of financial liabilities (a) | Amount of financial assets offset in the financial statements (b) | Net amount of financial liabilities shown in the financial statements (c=a-b) | Related amounts not subject to accounting offsetting | | Net amount (f=c-d-e) | Net amount |
|---|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments (d) | Cash deposit received as guarantee (e) | 12/31/2022 | 12/31/2021 |
| 1. Derivatives | | 63,752 | - | 63,752 | 63,752 | - | - | - |
| 2. Reverse repos | | 3,466,841 | 2,632,369 | 834,472 | 771,479 | - | 62,993 | - |
| 3. Securities lending | | 89,881 | - | 89,881 | 83,326 | - | 6,555 | 3,400 |
| 4. Others | | - | - | - | - | - | - | - |
| **Total** | **12/31/2022** | **3,620,474** | **2,632,369** | **988,105** | **918,557** | **-** | **69,548** | **X** |
| **Total** | **12/31/2021** | **3,143,134** | **3,067,815** | **75,319** | **71,919** | **-** | **X** | **3,400** |

IFRS 7 requires specific disclosures to be made about financial instruments that have been offset in the balance sheet in accordance with IAS 32 or that are potentially eligible for offsetting, if certain conditions are met, but are disclosed in the balance sheet without offsetting because they are governed by master netting or similar agreements that do not meet all of the criteria set out in IAS 32, paragraph 42.

In this regard, it should be noted that FinecoBank enters into repurchase agreements on the Repo MTS market, governed by an agreement with Cassa Compensazione e Garanzia and the related Regulation for the centralised clearing of transactions, which meet the requirements of IAS 32, paragraph 42 for offsetting in the balance sheet. The effects of netting are reported under item 2. Repos.

With regard to instruments that can be potentially offset, upon the occurrence of certain events, FinecoBank uses bilateral netting agreements that allow, in the event of counterparty default, the offsetting of credit and debit positions relating to financial derivatives and SFT (Securities Financing Transactions). In particular, there are ISDA Master Agreements (promoted by the International Swaps and Derivatives Association for derivative transactions), GMRA (Global Master Repurchase Agreement for repurchase agreements) and GMSLA (Global Master Securities Lending Agreement

# Part B - Consolidated Balance Sheet

for securities lending transactions). It should also be noted that the derivative contracts included in item 1. Derivatives are subject to clearing with a Central Counterparty and cash collateral is exchanged.

## 8. Securities lending transactions

The Group, in particular the Bank, conducts securities lending transactions on a continuous and systematic basis, with the objective of satisfying the requests of its customers, of institutional counterparties and obtaining a profit. The Bank operates either as a borrower, borrowing securities from its customers, or as a lender, using the borrowed securities for cash-secured securities lending transactions with retail and institutional customers interested in temporary ownership of securities or lending proprietary securities, without collateral or with collateral represented by other securities, to institutional customers interested in temporary ownership.

Against securities lending transactions guaranteed by other securities carried out by the Bank as a borrower with retail customers ("remunerated Portfolio"), the Bank issued as collateral UniCredit S.p.A. bonds, recorded in “Financial asset at amortised cost”, held in a dedicated dossier at the custodian bank for an amount higher than that of the securities borrowed by the customers, with the aim of providing a collective guarantee.

The face value of the underlying securities received on a loan and not recognised as assets in the accounts totalled € 112,428 thousand, for a fair value of € 147,740 thousand, as detailed in the table below. Securities borrowed under securities lending transactions secured by sums of money at the lender's full disposal, which are equivalent to repurchase agreements on securities, recognised in Financial assets measured at amortised cost, are excluded.

The carrying amount of own securities recognised in Financial assets at amortised cost and delivered in securities lending transactions without collateral or with collateral represented by other securities is € 1,996,552 thousand.

(Amounts in € thousand)

| Securities received on loan from: | Type of securities - Nominal value December 31st, 2022 | | |
|---|---|---|---|
| | Sold | Sold in repos | Other purposes |
| Banks | - | - | - |
| Financial companies | - | 8 | - |
| Insurance companies | - | - | - |
| Non-financial companies | - | 672 | 23 |
| Other entities | 566 | 104,828 | 6,331 |
| **Total nominal value** | **566** | **105,508** | **6,354** |

(Amounts in € thousand)

| Securities received on loan from: | Type of securities - Fair value December,31st, 2022 | | |
|---|---|---|---|
| | Sold | Sold in repos | Other purposes |
| Banks | - | - | - |
| Financial companies | - | 124 | 28 |
| Insurance companies | - | - | - |
| Non-financial companies | 12 | 2,866 | 348 |
| Other entities | 426 | 128,895 | 15,041 |
| **Total *fair value*** | **438** | **131,885** | **15,417** |

## 9. Disclosure on joint control activities

No data to report

# Part C - Consolidated Income Statement

## Section 1 - Interest - Items 10 and 20

### 1.1 Interest income and similar revenues: breakdown

(Amounts in € thousand)

| Items/Technical forms | Debt securities | Loans | Other operations | Total 2022 | Total 2021 |
|---|---|---|---|---|---|
| **1. Financial assets at fair value though profit and loss:** | **6** | **-** | **-** | **6** | **4** |
| 1.1 Financial assets held for trading | 1 | - | - | 1 | - |
| 1.2 Financial assets designated at fair value | - | - | - | - | - |
| 1.3 Other financial assets mandatorily at fair value | 5 | - | - | 5 | 4 |
| **2. Financial assets at fair value through other comprehensive income** | **212** | **-** | **X** | **212** | **695** |
| **3. Financial assets at amortised cost:** | **233,413** | **97,091** | **X** | **330,504** | **268,675** |
| 3.1 Loans and receivables with banks | 49,265 | 2,834 | X | 52,099 | 59,558 |
| 3.2 Loans and receivables with customers | 184,148 | 94,257 | X | 278,405 | 209,117 |
| **4. Hedging derivatives** | **X** | **X** | **(5,358)** | **(5,358)** | **(34,309)** |
| **5. Other assets** | **X** | **X** | **19,617** | **19,617** | **2,448** |
| **6. Financial liabilities** | **X** | **X** | **X** | **12,291** | **13,085** |
| **Total** | **233,631** | **97,091** | **14,259** | **357,272** | **250,598** |
| of which: income interests on impaired financial assets | - | 219 | - | 219 | 208 |
| of which: interest income on financial lease | X | - | X | - | - |

The Item 6. "Financial liabilities" also includes the interest accrued on the TLTRO III transaction, for an amount of € 6,478 thousand (€ 10,376 thousand in 2021).

### 1.2 Interest income and similar revenues: other information

#### 1.2.1 Interest income from financial assets denominated in currency

(Amounts in € thousand)

| Items/Type | Total 2022 | Total 2021 |
|---|---|---|
| Interest income on foreign currency financial assets | 14,177 | 9,261 |

# Part C - Consolidated Income Statement

## 1.3 Interest expenses and similar charges: breakdown

(Amounts in € thousand)

| Items/Technical forms | Debts | Securities | Other operations | Total 2022 | Total 2021 |
|---|---|---|---|---|---|
| 1. Financial liabilities at amortized cost | (13,004) | (3,161) | X | (16,165) | (2,264) |
| 1.1 Deposits from central banks | - | X | X | - | - |
| 1.2 Deposits from banks | (5,330) | X | X | (5,330) | (109) |
| 1.3 Deposits from customers | (7,674) | X | X | (7,674) | (1,541) |
| 1.4 Debt securities in issue | X | (3,161) | X | (3,161) | (614) |
| 2. Financial liabilities held for trading | - | - | - | - | - |
| 3. Financial liabilities designated at fair value | - | - | - | - | - |
| 4. Other liabilities and provisions | X | X | - | - | - |
| 5. Hedging derivatives | X | X | - | - | - |
| 6. Financial assets | X | X | X | (3,558) | (5,185) |
| **Total** | **(13,004)** | **(3,161)** | **-** | **(19,723)** | **(7,449)** |
| of which: interest expenses on lease liabilities | (1,047) | X | X | (1,047) | (980) |

## 1.4 Interest expenses and similar charges: other information

### 1.4.1 Interest expenses on liabilities denominated in currency

(Amounts in € thousand)

| Items/Type | Total 2022 | Total 2021 |
|---|---|---|
| Interest expense on liabilities denominated in currency | (5,295) | (956) |

## 1.5 Hedging differential

(Amounts in € thousand)

| Items | Total 2022 | Total 2021 |
|---|---|---|
| A. Positive hedging differentials | 139,349 | 102,958 |
| B. Negative hedging differentials | (144,707) | (137,267) |
| **C. Balance (A-B)** | **(5,358)** | **(34,309)** |

# Part C - Consolidated Income Statement

## Section 2 – Fee and commission income and expense - Items 40 and 50

### 2.1 Fee and commission income: breakdown

(Amounts in € thousand)

| Type of service/Values | Total 2022 | Total 2021 |
|---|---|---|
| a) Financial instruments | 127,298 | 158,264 |
| 1. Securities placement | 13,855 | 18,273 |
| 1.1 Under firm assumption and/or on the basis of an irrevocable commitment | - | - |
| 1.2 Without firm commitment | 13,855 | 18,273 |
| 2. Receipt and transmission of orders and execution for customers | 88,143 | 116,522 |
| 2.1 Receipt and transmission of orders for one or more financial instruments | 25,748 | 40,666 |
| 2.2 Execution of orders on behalf of customers | 62,395 | 75,856 |
| 3. Other fees connected with activities related to financial instruments | 25,300 | 23,469 |
| of which: trading on own account | 25,300 | 23,469 |
| of which: management of individual portfolios | - | - |
| b) Corporate Finance | - | - |
| 1. Merger and Acquisition Advice | - | - |
| 2. Treasury services | - | - |
| 3. Other fees associated with corporate finance services | - | - |
| c) Investment advisory activities | 72,312 | 76,789 |
| d) Clearing and settlement | - | - |
| e) Collective Portfolio Management | 306,031 | 238,117 |
| f) Custody and administration | 1,539 | 868 |
| 1. Custodian bank | - | - |
| 2. Other fees related to custody and administration | 1,539 | 868 |
| g) Central administrative services for collective portfolio management | - | - |
| h) Trust business | 26 | 30 |
| i) Payment services | 83,482 | 72,598 |
| 1. Current accounts | 24,999 | 23,490 |
| 2. Credit cards | 32,035 | 27,492 |
| 3. Debit and other payment cards | 15,813 | 13,034 |
| 4. Wire transfers and other payment orders | 10,635 | 8,582 |
| 5. Other fees related to payment services | - | - |
| j) Distribution of third party services | 302,092 | 312,040 |
| 1. Collective portfolio management | 182,722 | 205,057 |
| 2. Insurance products | 115,525 | 103,756 |
| 3. Other products | 3,845 | 3,227 |
| of which: individual portfolio management | 3,615 | 3,227 |
| k) Structured Finance | - | - |
| l) Servicing for securitization transactions | - | - |
| m) Commitments to disburse funds | - | - |
| n) Financial guarantees issued | 87 | 60 |
| of which: credit derivatives | - | - |
| o) Financing operations | 273 | 431 |
| of which: for factoring transactions | - | - |
| p) Currency trading | - | - |
| q) Goods | - | - |
| r) Other commission income | 1,356 | 1,780 |
| of which: for management activities of multilateral trading systems | - | - |
| of which: for management activities of organized trading systems | - | - |
| s) Securities lending transactions | 9,327 | 10,267 |
| **Total** | **903,823** | **871,244** |

# Part C - Consolidated Income Statement

The amount of fees and commissions recognized in 2022 that was included in the contract liability balance at the beginning of the year is equal to € 1,372 thousand (€ 1,237 thousand in 2021).

Lastly, it should be noted that item j) “Distribution of third-party services 1. Collective portfolio management" also includes the maintenance commissions for UCIT units equal to € 174,621 thousand (€ 197,916 thousand in 2021).

## 2.2 Fee and commission expenses: breakdown

(Amounts in € thousand)

| Services/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| a) Financial instruments | (10,335) | (9,749) |
| of which: trading of financial instruments | (10,335) | (9,749) |
| of which: placement of financial instruments | - | - |
| of which: management of individual portfolios | - | - |
| - Own | - | - |
| - Delegated to third parties | - | - |
| b) Clearing and settlement | (5,495) | (6,366) |
| c) Management of collective portfolios | (32,056) | (31,717) |
| 1. Own | - | - |
| 2. Delegated to third parties | (32,056) | (31,717) |
| d) Custody and administration | (4,287) | (4,428) |
| e) Payment and collection services | (24,040) | (19,863) |
| of which: credit cards, debit cards and other payment cards | (17,296) | (13,362) |
| f) Servicing activities for securitization transactions | - | - |
| g) Commitments to receive funds | - | - |
| h) Financial guarantees received | - | - |
| of which: credit derivatives | - | - |
| i) Off-site offering of financial instruments, products and services | (359,680) | (346,706) |
| j) Currency trading | - | - |
| k) Other commission expenses | (565) | (120) |
| l) securities lending transactions | (1,057) | (1,593) |
| **Total** | **(437,515)** | **(420,542)** |

Item “i) Off-site offering of financial instruments, products and services”, includes costs incurred in relation to Equity Settled plans assigned to personal financial advisors, that are recorded against the item 150. “Reserves” of the net equity for an amount of € 616 thousand (€ 1,076 thousand in 2021).

# Part C - Consolidated Income Statement

## Section 3 – Dividend income and similar revenue – Item 70

### 3.1 Dividend income and similar revenues: breakdown

(Amounts in € thousand)

| Items/Income | Total 2022 | | Total 2021 | |
|---|---|---|---|---|
| | Dividends | Similar revenues | Dividends | Similar revenues |
| A. Financial assets held for trading | 164 | 1 | 153 | - |
| B. Other financial assets mandatorily at fair value | 41 | - | 46 | - |
| C. Financial assets at fair value through other comprehensive income | - | - | - | - |
| D. Equity investments | - | - | - | - |
| **Total** | **205** | **1** | **199** | **-** |

## Section 4 – Gains (losses) on financial assets and liabilities held for trading – Item 80

### 4.1 Gains (losses) on financial assets and liabilities held for trading: breakdown

**As at December 31st, 2022**

(Amounts in € thousand)

| Transactions/Income items | Unrealised gain (A) | Realized gains (B) | Unrealized losses (C) | Realized losses (D) | Net profit (loss) [(A+B) - (C+D)] |
|---|---|---|---|---|---|
| **1. Financial assets held for trading** | **240** | **46,117** | **(420)** | **(35,997)** | **9,940** |
| 1.1 Debt securities | - | 2,960 | - | (2,296) | 664 |
| 1.2 Equity instruments | 232 | 42,365 | (419) | (33,033) | 9,145 |
| 1.3 UCITS units | 8 | 792 | (1) | (668) | 131 |
| 1.4 Loans | - | - | - | - | - |
| 1.5 Others | - | - | - | - | - |
| **2. Financial liabilities held for trading** | **4** | **498** | **(5)** | **(365)** | **132** |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Payables | - | - | - | - | - |
| 2.3 Others | 4 | 498 | (5) | (365) | 132 |
| **3. Financial assets and liabilities: exchange differences** | **X** | **X** | **X** | **X** | **19,825** |
| **4. Derivatives** | **8,864** | **246,878** | **(7,399)** | **(204,941)** | **48,069** |
| 4.1 Financial derivatives: | 8,864 | 246,878 | (7,399) | (204,941) | 48,069 |
| - On debt securities and interest rates | 126 | 2,345 | (108) | (2,257) | 106 |
| - On equity securities and share indices | 8,646 | 201,478 | (7,147) | (167,755) | 35,222 |
| - On currency and gold | X | X | X | X | 4,667 |
| - Others | 92 | 43,055 | (144) | (34,929) | 8,074 |
| 4.2 Credit derivatives | - | - | - | - | - |
| of which: natural hedges related to the fair value option | X | X | X | X | - |
| **Total** | **9,108** | **293,493** | **(7,824)** | **(241,303)** | **77,966** |

# Part C - Consolidated Income Statement

## As at December 31st, 2021

(Amounts in € thousand)

| Transactions/Income items | Unrealised gain (A) | Realized gains (B) | Unrealized losses (C) | Realized losses (D) | Net profit (loss) [(A+B) - (C+D)] |
|---|---|---|---|---|---|
| **1. Financial assets held for trading** | **266** | **176,770** | **(328)** | **(163,138)** | **13,570** |
| 1.1 Debt securities | - | 3,810 | - | (3,359) | 451 |
| 1.2 Equity instruments | 266 | 171,739 | (328) | (158,642) | 13,035 |
| 1.3 UCITS units | - | 1,221 | - | (1,137) | 84 |
| 1.4 Loans | - | - | - | - | - |
| 1.5 Others | - | - | - | - | - |
| **2. Financial liabilities held for trading** | **-** | **636** | **(5)** | **(751)** | **(120)** |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Payables | - | - | - | - | - |
| 2.3 Others | - | 636 | (5) | (751) | (120) |
| **3. Financial assets and liabilities: exchange differences** | **X** | **X** | **X** | **X** | **24,599** |
| **4. Derivatives** | **8,767** | **169,878** | **(8,704)** | **(140,816)** | **33,594** |
| 4.1 Financial derivatives: | 8,767 | 169,878 | (8,704) | (140,816) | 33,594 |
| - On debt securities and interest rates | 51 | 717 | (49) | (405) | 314 |
| - On equity securities and share indices | 8,585 | 146,641 | (8,577) | (123,081) | 23,568 |
| - On currency and gold | X | X | X | X | 4,469 |
| - Others | 131 | 22,520 | (78) | (17,330) | 5,243 |
| 4.2 Credit derivatives | - | - | - | - | - |
| of which: natural hedges related to the fair value option | X | X | X | X | - |
| **Total** | **9,033** | **347,284** | **(9,037)** | **(304,705)** | **71,643** |

# Part C - Consolidated Income Statement

## Section 5 – Fair value adjustments in hedge accounting – Item 90

### 5.1 Fair value adjustments in hedge accounting: breakdown

(Amounts in € thousand)

| Income items/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| **A. Gains on:** | | |
| A.1 Fair value hedging instruments | 1,619,135 | 274,703 |
| A.2 Hedged asset items (in fair value hedge relationship) | - | - |
| A.3 Hedged liability items (in fair value hedge relationship) | 74,882 | 9,764 |
| A.4 Cash-flow hedging derivatives | - | - |
| A.5 Assets and liabilities denominated in currency | - | - |
| **Total gains on hedging activities (A)** | **1,694,017** | **284,467** |
| **B. Losses on:** | | |
| B.1 Fair value hedging instruments | (74,991) | (9,793) |
| B.2 Financial assets items (in fair value hedge relationship) | (1,606,819) | (272,169) |
| B.3 Hedged liability items (in fair value hedge relationship) | - | - |
| B.4 Cash-flow hedging derivatives | - | - |
| B.5 Assets and liabilities denominated in currency | - | - |
| **Total losses on hedging activities (B)** | **(1,681,810)** | **(281,962)** |
| **C. Fair value adjustments in hedge accounting (A-B)** | **12,207** | **2,505** |
| of which: net profit (loss) on net position | - | - |

## Section 6 – Gains (Losses) on disposals/repurchases – Item 100

### 6.1 Gains (Losses) on disposals/repurchases: breakdown

(Amounts in € thousand)

| Items/Income items | Total 2022 | | | Total 2021 | | |
|---|---|---|---|---|---|---|
| | Gain | Losses | Net profit (loss) | Gain | Losses | Net profit (loss) |
| **Financial assets** | | | | | | |
| 1. Financial assets at amortized cost | 49,137 | (42) | 49,095 | 29,429 | (186) | 29,243 |
| 1.1 Loans and receivables with banks | - | - | - | 9,264 | - | 9,264 |
| 1.2 Loans and receivables with customers | 49,137 | (42) | 49,095 | 20,165 | (186) | 19,979 |
| 2. Financial assets at fair value through other comprehensive income | 309 | - | 309 | 2,898 | - | 2,898 |
| 2.1 Debt securities | 309 | - | 309 | 2,898 | - | 2,898 |
| 2.2 Loans | - | - | - | - | - | - |
| **Total assets (A)** | **49,446** | **(42)** | **49,404** | **32,327** | **(186)** | **32,141** |
| **Financial liabilities valued at amortized cost** | - | - | - | - | - | - |
| 1. Deposits from banks | - | - | - | - | - | - |
| 2. Deposits from customers | - | - | - | - | - | - |
| 3. Debt securities in issue | - | - | - | - | - | - |
| **Total liabilities (B)** | **-** | **-** | **-** | **-** | **-** | **-** |

It should be noted that the economic effects arising from sales of financial assets at amortised costs, recognised in item 100. “Gains (losses) on disposals/repurchases of: a) financial assets at amortised cost", took place in accordance with IFRS 9 and in application of the rules defined for the HTC business model.

# Part C - Consolidated Income Statement

## Section 7 – Gains (losses) on financial assets and liabilities measured at fair value through profit and loss – Item 110

### 7.1 Gain (losses) on financial assets and liabilities measured at fair value through profit and loss: breakdown of financial assets and liabilities designated at fair value

No data to report.

### 7.2 Gain (losses) on financial assets and liabilities measured at fair value through profit and loss: breakdown of other financial assets mandatorily at fair value

#### As at December 31, 2022

(Amounts in € thousand)

| Transactions/Income items | Unrealized gain (A) | Realized gain (B) | Unrealized losses (C) | Realized losses (D) | Net Profit (loss) (A+B)-(C+D) |
|---|---|---|---|---|---|
| **1. Financial assets** | **2,394** | **35** | **(2,610)** | **(601)** | **(782)** |
| 1.1 Debt securities | - | 1 | (11) | - | (10) |
| 1.2 Equity securities | 2,394 | 20 | (2,577) | (457) | (620) |
| 1.3 UCITS units | - | 14 | (22) | (144) | (152) |
| 1.4 Loans | - | - | - | - | - |
| **2. Financial assets: exchange differences** | **X** | **X** | **X** | **X** | **302** |
| **Total** | **2,394** | **35** | **(2,610)** | **(601)** | **(480)** |

#### As at December 31, 2021

(Amounts in € thousand)

| Transactions/Income items | Unrealized gain (A) | Realized gain (B) | Unrealized losses (C) | Realized losses (D) | Net Profit (loss) (A+B)-(C+D) |
|---|---|---|---|---|---|
| **1. Financial assets** | **1** | **99** | **(774)** | **(1)** | **(675)** |
| 1.1 Debt securities | - | - | (4) | (1) | (5) |
| 1.2 Equity securities | 1 | 90 | (768) | - | (677) |
| 1.3 UCITS units | - | 9 | (2) | - | 7 |
| 1.4 Loans | - | - | - | - | - |
| **2. Financial assets: exchange differences** | **X** | **X** | **X** | **X** | **636** |
| **Total** | **1** | **99** | **(774)** | **(1)** | **(39)** |

# Part C - Consolidated Income Statement

## Section 8 – Impairment losses/writebacks - Item 130

### 8.1 Net impairment for credit risk related to financial assets at amortized cost: breakdown

(Amounts in € thousand)

| Transactions/Income | Adjustments (1) | | | | | | Write-backs (2) | | | | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | | Purchased or originated credit-impaired | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | |
| | | | Write-off | Others | Write-off | Others | | | | | | |
| **A. Loans and receivables with banks** | **(317)** | **-** | **-** | **-** | **-** | **-** | **27** | | **-** | **-** | **(290)** | **130** |
| - Loans | (115) | - | - | - | - | - | 27 | - | - | - | (88) | 67 |
| - Debt securities | (202) | - | - | - | - | - | - | - | - | - | (202) | 63 |
| **B. Loans and receivables with customers** | **(4,731)** | **(1,320)** | **(123)** | **(4,258)** | **-** | **-** | **3,688** | **583** | **1,267** | **-** | **(4,894)** | **(724)** |
| - Loans | (2,517) | (1,320) | (123) | (4,258) | - | - | 3,365 | 583 | 1,267 | - | (3,003) | (1,731) |
| - Debt securities | (2,214) | - | - | - | - | - | 323 | - | - | - | (1,891) | 1,007 |
| **Total** | **(5,048)** | **(1,320)** | **(123)** | **(4,258)** | **-** | **-** | **3,715** | **583** | **1,267** | **-** | **(5,184)** | **(594)** |

The table above conventionally shows the net impairment for credit risk in respect of on-demand deposits to banks and central banks recognised in the item “Cash and cash balances”, as stated in Circular 262 "Bank financial statements: formats and compilation rules".

### 8.1a Net impairment for credit risk related to loans and advances at amortized cost subject to measures applied in response to the COVID-19: breakdown

(Amounts in € thousand)

| Operation / P&L item | Net Adjustments | | | | | | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | | Purchased or originated credit-impaired | | | |
| | | | Write-off | Others | Write-off | Others | | |
| 1. Loans and advances subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | **-** | **(1)** |
| 2. Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | **-** | **(1)** |
| 3. Other loans and advances subject to COVID-19-related forbearance measures | - | - | - | - | - | - | **-** | **(10)** |
| 4. Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | **-** | **-** |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(12)** |

# Part C - Consolidated Income Statement

### 8.2 Net impairment losses related to: financial assets measured at fair value with an impact on overall profitability

(Amounts in € thousand)

| Transactions/Income | Adjustments (1) | | | | | | Write - backs (2) | | | | Total | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | | Purchased or originated credit-impaired | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | 2022 | 2021 |
| | Write-off | Others | Write-off | Others | Write-off | Other | | | | | | |
| A. Debt Securities | (2) | - | - | - | - | - | - | - | - | - | (2) | 8 |
| B. Loans | - | - | - | - | - | - | - | - | - | - | - | - |
| - To clients | - | - | - | - | - | - | - | - | - | - | - | - |
| - To banks | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **(2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(2)** | **8** |

### 8.2.a Net impairment for credit risk related to loans and advances at fair value with an impact on overall profitability subject to measures applied in response to the COVID-19: breakdown

No information to report

## Section 9 – Profit/loss from contract changes without cancellation – Item 140

### 9.1 Profit (loss) from contract changes: breakdown

(Amounts in € thousand)

| Items/Income items | Total 2022 | | | Total 2021 | | |
|---|---|---|---|---|---|---|
| | Gain | Losses | Net profit (loss) | Gain | Losses | Net profit (loss) |
| 1. Financial assets valued at amortized cost | 1 | (2) | (1) | 2 | (2) | - |
| 1.1 Receivables from banks | - | - | - | - | - | - |
| 1.2 Receivables from customers | 1 | (2) | (1) | 2 | (2) | - |
| 2. Financial assets valued at fair value through other comprehensive income | - | - | - | - | - | - |
| **Total** | **1** | **(2)** | **(1)** | **2** | **(2)** | **-** |

# Part C - Consolidated Income Statement

## Section 10 – Net premiums – Item 160

No data to report.

## Section 11 – Balance of other net operating income and charges from insurance management – Item 170

No data to report.

## Section 12 – Administrative expenses – Item 190

### 12.1 Staff expenses: breakdown

(Amounts in € thousand)

| Type of expenses/Sectors | Total 2022 | Total 2021 |
|---|---|---|
| 1) Employees | (115,189) | (107,495) |
| a) wages and salaries | (78,465) | (73,451) |
| b) social security contributions | (18,463) | (17,850) |
| c) pension costs | (734) | (748) |
| d) severance pay | - | - |
| e) allocation to employee severance pay provision | (121) | (60) |
| f) provision for retirements and similar provisions: | - | - |
| - defined contribution | - | - |
| - defined benefit | - | - |
| g) payments to external pension funds: | (5,502) | (5,169) |
| - defined contribution | (5,502) | (5,169) |
| - defined benefit | - | - |
| h) costs related to share-based payments | (4,998) | (4,703) |
| i) other employee benefits | (6,921) | (5,527) |
| j) recovery of expenses for employees seconded | 15 | 13 |
| 2) Other staffs | - | (9) |
| 3) Directors and statutory auditors | (2,105) | (2,096) |
| 4) Early retirement costs | - | - |
| **Total** | **(117,294)** | **(109,600)** |

Item “1 h) Employees: costs related to share-based payments” includes costs incurred by the Group in relation to payment agreements based on financial instruments issued by the Bank, that are recorded against the item 150. “Reserves” of the net equity for an amount of € 4,998 thousand (€ 4,703 thousand in 2021).

# Part C - Consolidated Income Statement

## 12.2 Average number of employees by category

| | Data as at | |
|---|---|---|
| | 2022 | 2021 |
| **Employees** | **1,264** | **1,238** |
| (a) executives | 40 | 37 |
| (b) managers | 452 | 427 |
| (c) remaining employees | 772 | 774 |
| **Other personnel** | **16** | **16** |

## 12.3 Pensions and other post-retirement defined-benefit obligations costs and revenues

No data to report.

## 12.4 Other employee benefits

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| Leaving incentives | (200) | 127 |
| Medical plan | (1,621) | (1,692) |
| Luncheon vouchers | (921) | (191) |
| Training expenses | (426) | (404) |
| Other | (3,753) | (3,367) |
| **Total** | **(6,921)** | **(5,527)** |

The item "Other" mainly includes the cash component of benefits relating to employee incentive plans, for a total amount of € 2,853 thousands.

# Part C - Consolidated Income Statement

### 12.5 Other administrative expenses: breakdown

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| **1) INDIRECT TAXES AND DUTIES** | **(142,916)** | **(145,162)** |
| **2) MISCELLANEOUS COSTS AND EXPENSES** | | |
| **A) Advertising expenses - Marketing and communication** | **(26,459)** | **(20,898)** |
| Mass media communications | (21,928) | (17,686) |
| Marketing and promotions | (3,524) | (2,749) |
| Sponsorships | (582) | (456) |
| Conventions and internal communications | (425) | (7) |
| **B) Expenses related to credit risk** | **(1,493)** | **(1,549)** |
| Credit recovery expenses | (215) | (240) |
| Commercial information and company searches | (1,278) | (1,309) |
| **C) Expenses related to personnel and to personal financial advisors** | **(3,131)** | **(2,455)** |
| Other staff expenses | (1,096) | (440) |
| Personal financial advisor expenses | (2,035) | (2,015) |
| **D) ICT expenses** | **(54,633)** | **(51,275)** |
| Lease of ICT equipment and software | (2,180) | (3,121) |
| Software expenses: lease and maintenance | (13,217) | (12,294) |
| ICT communication systems, messaging and phone expenses | (7,565) | (7,359) |
| Consultancy and ICT services provided by third parties | (14,834) | (14,113) |
| Financial information providers | (16,837) | (14,388) |
| **E) Consultancies and professional services** | **(5,240)** | **(5,164)** |
| Consultancies and professional services | (4,266) | (3,888) |
| Legal expenses and disputes | (445) | (692) |
| Auditing company expenses | (529) | (584) |
| **F) Furniture, machinery and equipment expenses and Real estate expenses** | **(6,393)** | **(4,722)** |
| Repair and maintenance of furniture, machinery, and equipment | (304) | (404) |
| Maintenance and cleaning of premises | (1,372) | (1,247) |
| Premises rentals | (840) | (937) |
| Utilities and condominium expenses | (3,877) | (2,134) |
| **G) Other functioning costs** | **(31,386)** | **(29,127)** |
| Postage and transport of documents | (3,312) | (3,460) |
| Administrative, logistic and call center services | (17,043) | (17,179) |
| Insurance | (4,404) | (3,992) |
| Association dues and fees | (4,277) | (2,323) |
| Other administrative expenses | (2,350) | (2,173) |
| **H) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)** | **(47,734)** | **(40,039)** |
| **Total** | **(319,385)** | **(300,391)** |

Item "H) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)" shows the costs recorded in the year 2022 for the ordinary, additional and supplementary contribution paid to the Deposit Guarantee Schemes (DGS), in the total amount of € 40,008 thousand (€ 32,334 thousand in the year 2021), the ordinary contribution paid to the Single Resolution Fund, amounting to € 7,601 thousand (€ 5,812 thousand in the year 2021). It should be noted that during 2021 Bank of Italy recalled from the banking system an additional contribution to the National Resolution Fund under Article 1, paragraph 848, of Law No. 208/2015, in the amount of € 1,893 thousand. For further details, see Part A - Accounting policies of these notes to the consolidated accounts.

The same item includes an additional € 125 thousand related to the contribution to the operating expenses of the Voluntary Scheme, whose call was resolved by the General Meeting of the member banks of the Voluntary Scheme at the meeting held on February 28th, 2022. Specifically, the expenses of operation recalled from member banks refer to:

- € 475 thousand, as per 2022 budget;

# Part C - Consolidated Income Statement

- € 3.5 million to restore the resources of the Voluntary Scheme, with a view to the continuation of its activities, including those aimed at realizing the subordinated bonds issued by Banca Carige and the tranches of the Berenice securitization. This also with a view to repaying, with the timing associated with the realization of fixed assets and financial assets, as well as liquidity time to time available, the existing debt to the FITD, amounting to € 11.3 million.

Below is the information required by IFRS 16 regarding the costs recognized in Other administrative expenses relating to short-term leasing, the costs relating to low value assets leasing and the costs for variable payments due for the leasing not included in the valuation of the leasing liabilities.

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 |
|---|---|
| Expenses relating to short-term leases ("Short term lease") | (486) |
| Expenses relating to leases of low-value assets ("Low value assets") | (6) |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | - |
| **Total** | **(492)** |

It should also be noted that the VAT on rental related to the contracts included in the scope of IFRS 16 was also included in the Other administrative expenses, as it is not included in the assessment of the leasing liability.

## Section 13 – Net provisions for risks and charges – Item 200

### 13.1 Net provisions for risks and charges relating to commitments and financial guarantees given: breakdown

(Amounts in € thousand)

| Transactions/Income items | Impairment | | Write-backs | | Total | Total |
|---|---|---|---|---|---|---|
| | Stage 1 and Stage 2 | Stage 3 | Stage 1 and Stage 2 | Stage 3 | 2022 | 2021 |
| | | | | | | |
| 1. Commitments | (27) | (2) | 27 | - | (2) | 22 |
| 2. Financial guarantees given | (3) | - | 21 | - | 18 | (13) |
| **Total** | **(30)** | **(2)** | **48** | **-** | **16** | **9** |

### 13.2 Net provisions for risks and charges relating to other commitments and other guarantees given: breakdown

(Amounts in € thousand)

| Transactions/Income items | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Provisions | Reallocations | Total | Provisions | Reallocations | Total |
| 1. Other commitments | (39) | - | (39) | - | - | - |
| 2. Other guarantees given | - | - | - | - | - | - |
| **Total** | **(39)** | **-** | **(39)** | **-** | **-** | **-** |

# Part C - Consolidated Income Statement

### 13.3 Net provisions to other provisions for risks and charges: breakdown

(Amounts in € thousand)

| Items/Income items | Total 2022 | | | Total 2021 | | |
|---|---|---|---|---|---|---|
| | Provisions | Reallocations | Total | Provisions | Reallocations | Total |
| Legal and fiscal disputes | (5,279) | 3,122 | (2,157) | (5,118) | 2,521 | (2,597) |
| Supplementary customer indemnity provision | (7,273) | - | (7,273) | (6,462) | - | (6,462) |
| Other provisions for risks and charges | (761) | 163 | (598) | (877) | 37 | (840) |
| **Total** | **(13,313)** | **3,285** | **(10,028)** | **(12,457)** | **2,558** | **(9,899)** |

The item "Provisions" also include changes due to the passing of time and changes in the discount rate, if they have resulted in a provision; otherwise, they are recognised in the item "Reallocations".

## Section 14 – Net impairment/write-backs on property, plant and equipment – Item 210

### 14.1 Impairment on property, plant and equipment: breakdown

(Amounts in € thousand)

| Assets/Income items | Depreciation | Write-downs | Write-backs | Net profit (loss) | Net profit (loss) |
|---|---|---|---|---|---|
| | 00/01/1900 (a) | 00/01/1900 (b) | 00/01/1900 (c) | 2022 (a + b - c) | 2021 (a + b - c) |
| A. Property, plant and equipment | (20,250) | (8) | - | (20,258) | (19,529) |
| 1 Owned | (20,160) | (8) | - | (20,168) | (19,421) |
| - Used in the business | (8,840) | (8) | - | (8,848) | (8,555) |
| - Held for investment | (11,320) | - | - | (11,320) | (10,866) |
| 2. Held under finance lease | (90) | - | - | (90) | (108) |
| - Used in the business | (90) | - | - | (90) | (108) |
| - Held for investment | - | - | - | - | - |
| 3 Inventories | X | - | - | - | - |
| **Total** | **(20,250)** | **(8)** | **-** | **(20,258)** | **(19,529)** |

Write-downs were recognised in the period for insignificant amounts and mainly in relation to office furniture and fittings for which a zero value in use was determined.

A description of the methods used to calculate depreciation is provided in Part A – Accounting Policies of the notes to the consolidated accounts.

# Part C - Consolidated Income Statement

## Section 15 – Net impairment/write-backs on intangible assets – Item 220

### 15.1 Impairment on intangible assets: breakdown

(Amounts in € thousand)

| Assets/Income items | Depriciation (a) | Write-downs (b) | Write-backs (c) | Net profit (loss) 2022 (a + b - c) | Net profit (loss) 2021 (a + b - c) |
|---|---|---|---|---|---|
| A. Intangible assets | (6,607) | - | - | (6,607) | (6,689) |
| of which: software | (6,520) | - | - | (6,520) | (6,541) |
| A.1 Owned | (6,607) | - | - | (6,607) | (6,689) |
| - Generated internally by the company | - | - | - | - | - |
| - Others | (6,607) | - | - | (6,607) | (6,689) |
| A.2 Right of use held under finance lease | - | - | - | - | - |
| **Total** | **(6,607)** | **-** | **-** | **(6,607)** | **(6,689)** |

A description of the methods used to calculate depreciation is provided in Part A – Accounting Policies of the notes to the consolidated accounts.

For the disclosures required by IAS 36 paragraph 134, d), e), f) and 135, c), d), e), see Part B paragraph 13.3 Other information.

## Section 16 – Other net operating income – Item 230

### 16.1 Other operating expenses: breakdown

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| Refunds and allowances | (211) | (1,688) |
| Penalties, fines and unfavourable rulings | (871) | (1,033) |
| Improvements and incremental expenses incurred on leasehold properties | (1,835) | (2,194) |
| Exceptional write-downs of assets | (66) | (30) |
| Other operating expenses | (1,429) | (503) |
| **Total** | **(4,412)** | **(5,448)** |

### 16.2 Other operating income: breakdown

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| Recovery of expenses: | 136,830 | 139,471 |
| - recovery of ancillary expenses - other | 912 | 43 |
| - recovery of taxes | 135,918 | 139,428 |
| Rental income from properties | 751 | 730 |
| Other income from current year | 6,548 | 6,060 |
| **Total** | **144,129** | **146,261** |

The amount of other operating income recognized in 2022 and included in the balance at the beginning of the year of liabilities arising from contracts with customers is equal to € 48 thousand (€ 48 thousand in 2021).

# Part C - Consolidated Income Statement

The item “Other income for the current year” includes income related to the asset manager activity carried out by the subsidiary Fineco AM, related to the application of the "Fixed Operating Expenses" model, amounting to € 4,566 thousand (€ 4,846 thousand in 2021), and public grants for the year amounting to € 63 thousand accounted for by the Parent Company.

The Group has not carried out sub-leasing transactions. The Group has no financial leases. As far as operating leases are concerned, the Group, as lessor, has outstanding operations represented by leasing contracts for a part of the property owned by FinecoBank, located in Milan Piazza Durante, 11, the proceeds of which are recognized in the item "Rental income from properties" and may include income for ISTAT revaluations.

## Section 17 – Profit (loss) of associates – Item 250

### 17.1 Profit (Loss) of associates: breakdown

(Amounts in € thousand)

| Income/Value | Total 2022 | Total 2021 |
|---|---|---|
| **1) Joint ventures** | | |
| A. Income | - | - |
| 1. Revaluations | - | - |
| 2. Gains on disposal | - | - |
| 3. Writebacks | - | - |
| 4. Other gains | - | - |
| B. Expenses | - | - |
| 1. Write-down | - | - |
| 2. Impairment losses | - | - |
| 3. Losses on disposal | - | - |
| 4. Other expenses | - | - |
| **Net profit** | **-** | **-** |
| **2) Companies subject to significant influence** | | |
| A. Income | - | - |
| 1. Revaluations | - | - |
| 2. Gains on disposal | - | - |
| 3. Writebacks | - | - |
| 4. Other gains | - | - |
| B. Expenses | (276) | (26) |
| 1. Write-down | (276) | (26) |
| 2. Impairment losses | - | - |
| 3. Losses on disposal | - | - |
| 4. Other expenses | - | - |
| **Net profit** | **(276)** | **(26)** |
| **Total** | **(276)** | **(26)** |

Write-downs on companies subject to significant influence, in the amount of € 276 thousand, refer to the valuation of Vorvel Sim S.p.A. using the equity method.

## Section 18 – Gains (losses) on tangible and intangible assets measured at fair value – Item 260

No data to report.

# Part C - Consolidated Income Statement

## Section 19 – Impairment of goodwill – Item 270

No data to report.

## Section 20 – Gains (losses) on disposal of investments – Item 280

### 20.1 Gains (losses) on disposal of investments

(Amounts in € thousand)

| Items income/Sectors | Total 2022 | Total 2021 |
|---|---|---|
| A. Properties | 541 | - |
| - Gains on disposal | 541 | - |
| - Losses on disposal | - | - |
| B. Other assets | 2 | 1 |
| - Gains on disposal | 4 | 1 |
| - Losses on disposal | (2) | - |
| **Net profit (loss)** | **543** | **1** |

The gain on the disposal of properties was generated by the sale of the property held for investment use, which was realised in the financial year 2022.

The Group has not carried out sales and leasing transactions for tangible assets.

## Section 21 – Tax expense (income) related to profit or loss from continuing operations – Item 300

### 21.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

(Amounts in € thousand)

| Items income/Sectors | Total 2022 | Total 2021 |
|---|---|---|
| 1. Current tax (-) | (178,666) | (150,741) |
| 2. Adjustment to current tax of prior years (+/-) | - | - |
| 3. Reduction in current tax for the year (+) | - | - |
| 3.bis Reduction of current tax for the year due to tax receivables pursuant to Law 214/2011 (+) | - | - |
| 4. Changes in deferred tax assets (+/-) | 3,635 | 13,121 |
| 5. Changes in deferred tax liabilities (+/-) | (826) | 23,928 |
| 6. Tax expense for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5) | (175,857) | (113,692) |

# Part C - Consolidated Income Statement

### 21.2 Reconciliation of theoretical tax charge to actual tax charge

(Amounts in € thousand)

| | Total 2022 |
|---|---|
| Profit before tax | 604,362 |

(Amounts in € thousand)

| Items income/Sectors | Taxes | | | |
|---|---|---|---|---|
| | IRES Italian Tax | IRAP Italian Tax | Taxes Overseas | Total 2022 |
| **Amount corresponding to theoretical tax rate** | **(160,295)** | **(32,467)** | **(14,945)** | **(207,707)** |
| - Tax effects of charges not relevant to the calculation of taxable income | (1,582) | (2,828) | - | (4,410) |
| - Tax effects of income not relevant to the calculation of taxable income | 31,372 | 4,888 | - | 36,260 |
| - Tax effects deriving from the use of tax losses from previous years | - | - | - | - |
| - Tax effects deriving from the application of substitute taxes | - | - | - | - |
| **Amount corresponding to actual tax rate** | **(130,505)** | **(30,407)** | **(14,945)** | **(175,857)** |

## Section 22 – Profit (Loss) after tax from discontinued operations – Item 320

No data to report.

## Section 23 – Minority interests – Item 340

No data to report.

## Section 24 – Other information

No data to report.

### 1.1 Fees for annual audits and related services as prescribed by Art.149-duodecies of the Consob Issuers Regulation

The table below reports a detail of the fees (net of VAT and expenses) paid to the independent auditing company KPMG S.p.A. and to the entities of the network to which the auditing company belongs.

(Amounts in €)

| Type of service | Service provider | Fees |
|---|---|---|
| Accounting Audit | KPMG S.p.A. | 189,140 |
| Accounting Audit | KPMG (Ireland) | 15,000 |
| Certification services | KPMG S.p.A. | 142,650 |
| Certification services | KPMG (Ireland) | 34,500 |
| **Total** | | **381,290** |

# Part C - Consolidated Income Statement

### 1.2 Disclosure regarding the transparency of public funding required by article 1, paragraph 125 of the Italian law 124/2017

For the purposes of fulfilling the requirements of art. 1, paragraph 125 of Law no. 124/2017 - Annual market and competition law, modified by art. 35 of the law decree n. 34/2019, and in accordance with Assonime circular no. 5 of February 22nd, 2019 and also kept the indications provided by the in-depth document issued by Assonime on May 6th, 2019, the Group excluded from the disclosure the attributions that are justified in the performance of the company and in any case typical of the recipient's activity, as well as those aimed at the generality of the companies, such as tax and social security measures, thus limiting the information on the contributions to be presented and detailed in the National Register of State Aid "Transparency" section publicly available on the relevant website.

Pursuant to article 1, paragraph 125 of Italian law 124/2017, in 2022 FinecoBank did not receive public contributions from Italian entities. It should be noted that during 2020, a communication had been submitted for access to the tax credit for advertising investments Art. 57-bis of Decree Law No. 50 of April 24, 2017, converted with amendments by Law No. 96 of June 21, 2017; Prime Minister's Decree No. 90 of May 16, 2018. The tax credit granted was equal to € 181,068, of which € 58,488 used in the year 2020; the residual amount of the benefit, amounting to € 141,512, has not been used by FinecoBank.

For more information, please refer to the National Register of State Aid "Transparency" section.

## Section 25 - Earnings per share

### 25.1 Average number of diluted ordinary shares

Basic earnings per share are calculated by dividing the net profit by the average number of ordinary shares outstanding during the year.

| | 2022 | 2021 |
|---|---|---|
| Net profit for the year (€ thousands) | 428,505 | 380,711 |
| Average number of outstanding shares | 609,932,199 | 609,692,634 |
| Average number of outstanding shares (including potential ordinary shares with dilution effect) | 611,424,585 | 611,147,018 |
| Basic earnings per share | 0,703 | 0.624 |
| Diluted Earnings Per Share | 0,701 | 0.623 |

### 25.2 Other information

No data to report.

# Parte D – Prospetto della redditività consolidata complessiva

## Analytical Statement of consolidated comprehensive income

| Items | | Total 2022 | Total 2021 |
|---|---|---|---|
| **10.** | **Net Profit (Loss) for the year** | **428,505** | **380,711** |
| | **Other comprehensive income after tax without reclassification through profit or loss** | **12,306** | **(1,076)** |
| **20.** | Equity instruments designated at fair value through other comprehensive income: | - | - |
| | a) fair value changes | - | - |
| | b) transfer to other items of shareholders' equity | - | - |
| **30.** | Financial liabilities designated at fair value through profit or loss (own creditworthiness changes): | - | - |
| | a) fair value changes | - | - |
| | b) transfer to other items of shareholders' equity | - | - |
| **40.** | Hedge accounting of equity instruments designated at fair value through other comprehensive income: | - | - |
| | a) fair value changes (hedge item) | - | - |
| | b) fair value changes (hedge instrument) | - | - |
| **50.** | Property, plant and equipment | - | - |
| **60.** | Intangible assets | - | - |
| **70.** | Defined benefit plans | 18,455 | (1,730) |
| **80** | Non-current assets classified as held for sale | - | - |
| **90.** | Revaluation reserve from investments accounted for using the equity method | (1) | - |
| **100.** | Tax for the year related to other comprehensive income without reclassification through profit or loss | (6,148) | 654 |
| | **Other comprehensive income after tax with reclassification through profit or loss** | **(4,308)** | **(1,968)** |
| **110.** | Hedges of foreign investments: | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| **120.** | Exchange differences: | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| **130.** | Cash flow hedges: | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| | of which: result of net positions | - | - |
| **140.** | Hedging instruments (non-designated items): | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| **150.** | Financial assets (different from equity instruments) at fair value through other comprehensive income: | (6,436) | (2,941) |
| | a) fair value changes | (5,823) | (419) |
| | b) reclassification through profit or loss | (613) | (2,522) |
| | 1. adjustments for credit risk | - | (8) |
| | 2. gains/losses on disposals | (613) | (2,514) |
| | c) other changes | - | - |
| **160.** | Non-current assets classified as held for sale: | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| **170.** | Revaluation reserve from investments accounted for using the equity method: | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | 1. due to impairment | - | - |
| | 2. gains/losses on disposals | - | - |
| | c) other changes | - | - |
| **180.** | Tax for the year related to other comprehensive income with reclassification through profit or loss | 2,128 | 973 |
| **190.** | **Total other comprehensive income** | **7,998** | **(3,044)** |
| **200.** | **Comprehensive income (item 10+190)** | **436,503** | **377,667** |
| **210.** | Consolidated comprehensive income attributable to minorities | - | - |
| **220.** | **Consolidated comprehensive income attributable to Parent Company** | **436,503** | **377,667** |

# Part E - Information on Risks and relating hedging policies

## Introduction

In order to ensure efficient and effective management of risks, the risk management process is structured consistently with the supervisory provisions for Banks pertaining to the internal control framework.

Risk oversight and control is performed by the Group's Chief Risk Officer Department (CRO), which, as the risk management function, is independent from risk taking units, and is responsible for credit risk, market risk, operational risk and reputational risk.

The Parent Company is responsible for first and second-level monitoring, especially for verifying that individual risk taking is consistent with the guidelines set by the Board of Directors, capital, and prudential supervisory rules.

### Organisational framework

The Group's internal control system of the Group provides for the involvement of the following control bodies and functions, each for their respective area of competence:

- the Board of Directors;
- the Chief Executive Officer and General Manager;
- the Board of Statutory Auditors;
- the Risk and Related Parties Committee;
- the Remuneration Committee;
- the Appointments Committee;
- the Corporate Governance and Environmental and Social Sustainability Committee;
- the Supervisory Body set up pursuant to Legislative Decree 231/01;
- the corporate control functions (CRO, Compliance, Internal Audit) as well as other company functions with specific internal control tasks.

Corporate bodies and control functions collaborate and coordinate with each other through both specific information flows formalized in internal regulations, and the establishment of managerial committees dedicated to control issues.

The Board of Directors of the Parent Company is tasked with setting strategies and guidelines for the organizational framework, overseeing and monitoring their timely execution within the assigned risk profiles. The Board of Directors is also responsible for establishing and approving risk acknowledgment and evaluation techniques as well as risk management strategic direction and policies. Eventually, the Board of Directors verifies that the internal control framework is consistent with the established risk appetite and approves risk management policies.

The Chief Executive Officer and General Manager has been assigned specific powers by the Board of Directors in all the Group's business areas. These powers shall be exercised in accordance with applicable regulations and within the internal limits established by the strategies, the guidelines, the thresholds, the risk taking procedures and the operational instructions disciplined by the applicable information notices. The Chief Executive Officer and General Manager puts in place the necessary measures to ensure the establishment and maintenance of an efficient and effective internal control system.

As far as risk management is concerned, the Board of Statutory Auditors is responsible for overseeing the completeness, adequacy, functionality and reliability of the Internal Control System and the Risk Appetite Framework. In addition, the Board of Statutory Auditors has been assigned the tasks and responsibilities of the internal control committee and accounting review, pursuant to art. 19 of Legislative Decree No. 39/2010 (as amended by Legislative Decree 135/2016).

The Risks and Related Parties Committee is made up of five non-executive and independent Directors, and has the task of supporting, with an adequate preliminary investigations, the assessments and decisions of the Board of Directors concerning risks and the Internal Control and Risk System, as well as those relating to the approval of periodic financial reports.

The Remuneration Committee is composed of three non-executive and independent Directors and has the task of supporting, with adequate preliminary activities, the assessments and decisions of the Board of Directors in the following main activities: in defining the general remuneration policy for the Chief Executive Officer, the General Manager, the other Executives with strategic responsibilities and the other identified Staff. The Remuneration Committee is also involved in examining stock or monetary incentive plans for employees and the personal financial advisors of the Group and in strategic development policies of human resources.

The Appointments Committee is composed by three non-executive and independent Directors and has the task of supporting the Board of Directors in the process of appointing and co-opting of Directors, the Chief Executive Officer, the General Manager and other members of the top management having strategic responsibilities.

The Corporate Governance and Environmental and Social Sustainability Committee is composed of three non-executive and independent Directors and has the task of supporting the Board of Directors in the following main activities: in defining FinecoBank Corporate Governance Framework, the corporate structure and the Group's corporate governance models and guidelines. Eventually, the committee is involved in every sustainability issue relevant to the FinecoBank business model and interaction dynamics with stakeholders.

# Part E - Information on Risks and relating hedging policies

The Compliance function is in charge of the management of the risk of non-compliance, i.e. the risk of incurring judicial or administrative sanctions, significant financial losses or reputation damages resulting in violations of mandatory rules or self-regulation.

The internal validation function, placed within the Chief Risk Officer Department, is in charge of validating the internal models developed by the competent Group's functions, and it is fully independent from them.

CRO Department, as the risk management function, oversees the proper performance of the Group's risk framework by defining the appropriate methodologies for identifying and measuring the overall current and future risks. Such activity is carried out according to regulatory provisions, following the management decisions envisaged in the Group's Risk Appetite (RAF) and the principles and policies defined by the CRO, through a monitoring activity and ensuring compliance with the established limits.

CRO, with the support of the Chief Financial Officer (CFO), each one for their area of responsibilities, is responsible for proposing the Group Risk Appetite Framework and setting risk management strategies and policies, in line with the Bank's strategies and objectives, coordinating and monitoring their implementation by competent units also pertaining to different company areas.

CRO Department, in the context of second-level controls, is responsible for the management and control of credit, market, operational / reputational risks including ICT risk, interest rate risk, liquidity and sustainability risk in collaboration with the CFO, the CLO and the CIO for their respective areas of competence. As far as communication to Corporate Bodies is concerned (Chief Executive Officer and General Manager, Board of Directors, Risks Committee and Related Parties), the CRO provides a quarterly disclosure on the activity carried out, as well as on the results emerging from the controls performed. The disclosure also incorporate suggestions on the necessary action to address any identified weaknesses, in order to ensure informed management decisions and risk mitigation.

In particular, the Parent Company CRO Department:

- is involved in the definition of the RAF, risk governance policies and the various phases that make up the risk management process, as well as in setting operating limits for the assumption of various risk types. In this context, it has, inter alia, the task of proposing quantitative and qualitative parameters necessary for the definition of the RAF, which also refer to stress scenarios and, in the event of changes to the Group's internal and external operational environment, the adjustment of parameters thereof;
- verifies the adequacy of the RAF;
- continuously checks the adequacy of risk management processes and operating limits;
- develops and maintains risk control models;
- ensures the effective implementation of the IT risk assessment methodology, supporting and coordinating the individual functions involved during the ICT risk assessment process, each for their competence area;
- defines common operational risk assessment metrics consistent with the RAF, coordinating with the compliance function, the ICT function and the business continuity function;
- defines methods of assessment and control of risks arising from environmental, social and governance factors (ESG), as well as reputational risks, coordinating with the compliance function, the sustainability function and any other function which may be involved;
- assists corporate bodies in assessing strategic risk by monitoring significant variables;
- develops and applies indicators highlighting irregularities and shortfall in the risk measurement and control framework;
- evaluates the risks arising from new products and services. In particular, the identification of risks relating to new products and services is guaranteed by the permanent participation of the CRO in the products committee;
- carries out second-level controls aimed at verifying the correct performance of the credit process at both individual and portfolio level;
- continuously monitors the actual risk assumed by the Group and its consistency with risk objectives as well as compliance with the limits assigned to operating units in relation to the assumption of the various types of risk.

The function carries out monitoring and reporting activities to the corporate bodies (Chief Executive Officer and General Manager, Board of Directors and Board of Statutory Auditors) and to the Risk and Related Parties Committee. Disclosure is provided to the corporate bodies through the Quarterly Report on the Group's risk exposures.

Lastly, the participation by the Chief Risk Officer and the Head of the Compliance function in the Products Committee ensures the oversight of the operational risk associated with new business activities, as well as creating and spreading a risk culture in among the Group's functional areas.

# Part E - Information on Risks and relating hedging policies

**Risk Appetite**

The Group gives great importance to risk management and control, as conditions for guaranteeing a reliable and sustainable growth in a controlled risk environment. The risk management strategy aims at a complete and coherent vision of risks, considering both the macroeconomic scenario and the Group's risk profile, stimulating the spreading of the risk culture and strengthening a transparent and accurate representation of risks embedded in the Group's portfolios. Risk-taking strategies are summarized in the Group's Risk Appetite Framework (RAF) are subsequently approved by the Board of Directors. The RAF is defined to ensure that the risk-taking activities remain in line with shareholders' expectations, taking into account the Group's risk position and the global economic situation.

The main objectives of the risk appetite are:

- explicitly assess the risks, and their interconnections at local and Group level, that the Group is willing to assume (or avoid) in a long-term perspective;
- specifying the types of risk that the Group is willing to assume, as required by legislation, the so-called Risk Appetites, Risk Tolerances and Risk Capacities under both normal operating and stressed operating conditions;
- ensure a risk-return profile "ex-ante" consistent with sustainable long-term growth, as defined by the return forecasts of the strategic plan/budget;
- ensure that the business develops within the risk tolerance limits established by the Board of Directors, in accordance with the applicable national and international regulations;
- include social and environmental sustainability principles (ESG) in the Group's strategy, business choices and operational management
- support discussions on future strategic choices concerning the risk profile;
- guide the vision of internal and external stakeholders towards a risk profile consistent with the strategic plan;
- provide qualitative descriptions for risks that are difficult to quantify (e.g. strategic, reputational, compliance) to strategically guide the review of processes and the internal control system.

The Risk Appetite is defined consistently with the Group's business model; for this reason, the Risk Appetite is incorporated in the budget and multi year plan process.

The Risk Appetite includes a Statement and a set of KPIs. The Statement sets out the Group's strategic positioning and the associated risk profile, while KPIs are designed to quantitatively measure the Group's performance in the following categories:

- Pillar 1 KPI: regulatory requirements, to include the KPIs required by the Supervisory Authority (e.g., capital and liquidity requirements such as LCR and NSFR);
- Managerial KPI: to ensure alignment with the budget in terms of return on capital and credit quality;
- Specific Risk KPI: to ensure control of all major risks (such as Pillar 2 capital adequacy, market risk, interest rate risk and operating risk).

For each of the above mentioned categories, one or more KPIs are identified at a consolidated level. KPI are meant to quantitatively measure the Group's performances under several respects: absolute values, ratio between comparable measures and sensitivity analysis on defined parameters.

The Risk Appetite represent the amount of risk (overall and by type) that the Group is willing to take in pursuit of its strategic objectives.

The Risk Tolerance set the maximum deviation from the Risk Appetite; Tolerance thresholds are set in order to ensure sufficient margins for the Group to operate, even under stress conditions, within the allowed maximum risk taking.

The Risk Capacity stand for the maximum level of risk that the Group is technically able to assume without violating regulatory requirements or other constraints imposed by shareholders or supervisory Authorities.

Thresholds setting is evaluated on a case-by-case basis, also through managerial decisions taken by the Board of Directors, in compliance regulatory and supervisory requirements.

Metrics are the subject to a regular monitoring and reporting, at least quarterly. Monitoring activities are carried out by the CRO Department and the CFO Department according to their competence area.

The definition of the Risk Appetite Framework is a structured process led by the Chief Risk Officer and the Chief Financial Officer, which develops in accordance with the ICAAP, ILAAP and Recovery Plan processes and represents the risk framework within which the Budget and the strategic plan are developed. Integration between the processes thereof ensure consistency between the risk-taking strategy and policy and the Planning and Budgeting process.

As far as the RAF annual update process is concerned, the main phases are reported below:

- identification of risks; this phase is shared and preparatory to the capital and liquidity adequacy assessment processes (ICAAP/ILAAP). The activity imply the identification by the Parent Company's Risk Management of all the risks - both quantitative and qualitative - to which the Group is or could be exposed, having regard to its operations and reference markets. The risk identification process also include the Legal Entity Fineco Asset Management, whose evaluations are included in the Group consolidated Risk Map;
- definition and approval of the Risk Appetite by the Group Board of Directors;
- quarterly monitoring and reporting of Risk Appetite indicators.

# Part E - Information on Risks and relating hedging policies

In line with the principle of gradual integration of the principles of environmental and social sustainability (ESG) set out in the Risk Appetite Statement, and in accordance with the most recent indications issued by the regulators on the subject, the Risk Appetite Dashboard integrates some risk / performance indicators. Such indicators are aimed at monitoring, respectively, the objective of the ESG investments in the Banking Book and the concentration of real estate guarantees in areas with high seismic / hydrogeological risk (to specifically protect against climate and environmental risk) as well as a set of metrics concerning conduct risk and transparency.

The innovations introduced in the RAF for the 2023 financial year concern, on the one hand, the inclusion in the Statement of the commitment undertaken by the Bank to reach 95% of investments in countries and institutions with Net-Zero objectives by 2030, as well as the Fineco's willingness to provide an extensive disclosure to customers on ESG issues in the context of the offer of investment and brokerage products, and in financial education initiatives. On the other hand, an indicator was added to the Dashboard in order to monitor the percentage of ESG Funds offered by the FAM out of the total offer of Funds.

#### Impacts of the crisis unfolded by COVID-19 pandemic on RAF indicators

The monitoring of Risk Appetite Framework indicators has not recorded any breach directly related to the COVID-19 health emergency in the threshold limits established by the Board of Directors.

#### ICAAP - Internal Capital Adequacy Assessment Process

The assessment of the Group's overall risk profile is carried out annually within the ICAAP process, which represents the capital adequacy self-assessment process, whose outcomes are subject to discussion and analysis by the Supervisory Authority.

The ICAAP process includes two complementary perspectives: the regulatory perspective, and the economic perspective. Such perspectives complement each other and they are embedded in business activities and relevant decisions.

With the regulatory perspective, the Group manage capital adequacy, fully ensuring at all times compliance with regulatory requirements and capital related regulatory measures, as well as other internal and external capital constraint. The goal is to guarantee, also in a forward-looking view, own funds are always sufficient to cover the Overall Capital Requirements and Pillar 2 Guidance. With the internal economic perspective, the Group manage capital economic adequacy, ensuring economic risks be sufficiently covered by internal capital resources. The economic perspective takes into account a wider risk perimeter then the regulatory perspective (as a way of example it is worth mentioning interest rate risk).

For Pillar 2 economic perspective, the reference metric is the Risk Taking Capacity, which stands for the ratio between the Available Financial Resources (AFR) and the overall Internal Capital; such metric is quarterly monitored and reported to the Corporate Bodies within the reporting on the Group’s Risk exposure.

### Impacts of the crisis unfolded by COVID-19 pandemic on the ICAAP process

Starting from the ICAAP Report 2020, concerning the data as of December 31, 2020, the Group has integrated within the ICAAP stress test the effects of the COVID-19 pandemic on the Group's exposures, profitability and capital adequacy. This representation consider among the macroeconomic assumptions the persistence of the COVID 19 health emergency, depressive shocks on industrial production and demand for goods and services in many sectors as well as the erosion of medium / long-term growth forecasts. Both the solidity and profitability of the Group were little affected by stress test exercises.

No negative impact arising from COVID-19 pandemic has been detected so far, thanks to the diversified business model, the conservative origination policies, which has always characterized the Bank, and the nature of the offered credit products, assisted whenever possible by funded credit protection.

### Risk culture

As indicated in the Risk Appetite Framework, the Group confirms its strategic approach towards the adoption of a robust business model characterized by a low risk appetite aimed at creating sustainable profit and returns on the cost of capital, guaranteeing continuity in generating revenues. The Group's ambition is to achieve such result with the support of an optimal Internal Control System and effective and efficient procedures aimed at managing every risk.

# Part E - Information on Risks and relating hedging policies

In order to embody these principles and values, and apply the risk culture in day-to-day activities, numerous initiatives have been adopted, and in particular:

- institution of Managerial Committees aimed at ensuring an adequate risk awareness at all levels of the organization, with the involvement of both business and control structures (so-called ”tone from the top”);
- adoption of incentive mechanisms that consider a risk weighting linked to the annual performance of a subset of RAF indicators (so called “CRO Dashboard”);
- maintenance of a steady relation with the Chief Risk Officers of Group Companies aimed at sharing information on risk profiles and on development plans, to improve their evolution and risk management;
- realization of regular induction activities with the Board of Directors deeper risk investigation with the Risks and Related Parties Committee;
- a specific training is provided to employees, aimed at developing and standardize risk knowledge and understanding (e.g. related to operational and reputational risks).

## Section 1 – Consolidated financial statements risks

This section provides information referring to FinecoBank and Fineco AM, companies included in the consolidated financial statements risks.

As far as Fineco AM is concerned, risk management and control are ensured by the Risk Management function of the company, entrusted to the Chief Risk Officer, hierarchically dependent on the CEO and functionally dependent on the CRO of FinecoBank S.p.A.. FinecoBank's internal control system is structured according to the regulatory indications provided by the current legislation. Control, monitoring and reporting methodologies already in place in FinecoBank have been extended to Fineco AM adjusting, where necessary, the methods of analysis and controls adapting them to the size, nature and complexity of the business.

Specifically, there are two main risk management activities carried out: the traditional activity of controlling the adherence of the risk/return profile of each fund (Fund Risk Management) and the activity of overseeing operational risks (Operational Risk Management); however provided for in Irish legislation.

### Quantitative information

#### A. Credit quality

As provided for in Circular No. 262 "The banks' Financial Statements: layouts and preparations", on-demand loans to banks and central banks, which are recognised in the balance sheet item "Cash and cash balances", are included in the definition of cash credit exposures but are conventionally excluded from the quantitative credit quality disclosure tables in this Section 1 "Consolidated financial statements risks".

### A.1 Impaired and unimpaired exposure: amounts, impairment, changes, distribution by business activity

#### A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

(Amounts in € thousand)

| Portfolio/quality | | Bad exposures | Unlikely to pay | Past due impaired exposures | Past due unimpaired exposures | Other unimpaired exposures | Total |
|---|---|---|---|---|---|---|---|
| 1. Financial assets at amortised cost | | 1,405 | 1,421 | 701 | 31,252 | 31,437,522 | 31,472,301 |
| 2. Financial assets at fair value through other comprehensive income | | - | - | - | - | 26,865 | 26,865 |
| 3. Financial assets designated at fair value | | - | - | - | - | - | - |
| 4. Other financial assets mandatorily at fair value | | - | - | - | - | 278 | 278 |
| 5. Financial instruments classified as held for sale | | - | - | - | - | - | - |
| **Total** | **12/31/2022** | **1,405** | **1,421** | **701** | **31,252** | **31,464,665** | **31,499,444** |
| **Total** | **12/31/2021** | **2,141** | **1,179** | **1,061** | **22,303** | **30,908,361** | **30,935,045** |

There are no impaired purchased loans.

# Part E - Information on Risks and relating hedging policies

### A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

(Amounts in € thousand)

| Portfolio/quality | Impaired | | | | Unimpaired | | | Total (net exposure) |
|---|---|---|---|---|---|---|---|---|
| | Gross exposure | Total impairment provision | Net exposure | Total partial write-off | Gross exposure | Total impairment provision | Net exposure | |
| 1. Financial assets at amortized cost | 25,229 | (21,702) | 3,527 | - | 31,488,670 | (19,896) | 31,468,774 | 31,472,301 |
| 2. Financial assets at fair value through other comprehensive income | - | - | - | - | 26,867 | (2) | 26,865 | 26,865 |
| 3. Financial assets designated at fair value | - | - | - | - | X | X | - | - |
| 4. Other financial assets mandatorily at fair value | - | - | - | - | X | X | 278 | 278 |
| 5. Financial instruments classified as held for sale | - | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **25,229** | **(21,702)** | **3,527** | **-** | **31,515,537** | **(19,898)** | **31,495,917** | **31,499,444** |
| **Total 12/31/2021** | **24,541** | **(20,160)** | **4,381** | **-** | **30,948,948** | **(18,358)** | **30,930,664** | **30,935,045** |

(Amounts in € thousand)

| Portfolio/quality | Assets with of clearly poor credit quality | | Other assets |
|---|---|---|---|
| | Accumulated unrealised losses | Net exposure | Net exposure |
| 1. Financial assets held for trading | - | 1 | 6,363 |
| 2. Hedging derivatives | - | - | 1,691,642 |
| **Total 12/31/2022** | **-** | **1** | **1,698,005** |
| **Total 12/31/2021** | **-** | **7** | **132,884** |

# Part E - Information on Risks and relating hedging policies

***B. Disclosure on structured entities (other than securitization companies)***

## B.1 Consolidated structured entities

No data to report.

## B.2 Non-consolidated structured entities

### B.2.1 Consolidated structured entities for supervisory purposes

No data to report

### B.2.2 Other structured entities

### Qualitative information

The Group has exposures towards unconsolidated structured entities as a result of investments in units issued by investment funds (UCITS) that qualify as structured entities according to IFRS 12.

### Quantitative information

The table below shows the assets, liabilities and off-balance sheet exposure to structured entities represented by unconsolidated UCITS units.

(Amounts in € thousand)

| Balance sheet items/type of structured entity | Accounting portfolios of assets | Total assets (a) | Accounting portfolios of liabilities | Total liabilities (b) | Net carrying amount (c=a-b) | Maximum exposure to loss (d) | Difference between exposure to the risk of loss and the carrying amount (e=d-c) |
|---|---|---|---|---|---|---|---|
| 1. Vehicle company | - | - | - | - | - | - | - |
| 2. U.C.I.T.S. | MFV | 245 | | - | 245 | 245 | - |
| | AC | 32,424 | AC | 1,575 | 30,849 | 32,424 | 1,575 |
| | HFT | - | | - | - | - | - |
| **Total** | | **32,669** | | **1,575** | **31,094** | **32,669** | **1,575** |

**Key**
MFV = Financial assets mandatorily at fair value AC = Financial assets at amortised cost HFT = Assets Held for trading

It should be noted that in the table above, the exposure in "Financial assets mandatorily at fair value" is represented by U.C.I.T.S. held by the subsidiary Fineco AM, while the assets and liabilities at amortised cost represent, respectively, receivables and payables that the company has towards the ICAV that issued the investment fund.

# Part E - Information on Risks and relating hedging policies

## Section 2 – Risk of the prudential consolidated perimeter
## 1.1 Credit risk

### Qualitative information

#### *1. General Matters*
The Group's objective is to provide an adequate range of products able to satisfy and secure customer loyalty, through a competitive and complete offer. The products offered and under development are consistent with the objective of preserving the portfolio quality and with profitability monitoring processes as well.

Factors generating credit risk are acknowledged according to a specific acceptance and creditworthiness polices, which are always adequately correlated to the risk/return ratio and in line with the Risk Appetite defined by the Board of Directors.

The quality of the loan portfolio, which is constantly monitored and supported by risk mitigation instruments, is overseen by scoring models that contribute to the evaluation during the approval process, ensuring the latter be neat and duly checked. In addition to the risk level assessment, monitoring of the portfolio and its segmentation by product and seniority allow a better understanding of the best loan originating strategies. The identification of any high-risk areas allow intervention on the automated measurement systems as well as on origination policies, with the chance to take measures to limit credit risk in advance.

The credit product offer has evolved over the years, especially through the offer of mortgages loans and the granting of current account credit facilities guaranteed by a pledge on securities and investment funds with the rotational clause (Credit Lombard). Credit Lombard is the solution of FinecoBank to clients holding considerable investments who wish to obtain additional liquidity.

The mortgage offering mainly involves mortgage loans originated for the purchase of first and second homes (including subrogation), as well as those demanded for liquidity purposes. Non-residential mortgages are originated only to a limited extent.

The Group, moreover, has continued to improve already existing by issuing regular credit cards to current account holders and granting personal loans. The latter can also be assessed using the "Instant approval" mode, a service allowing credit applications to be assessed in a few moments and to provide the loan in real time to eligible customers.

Choices concerning the investment of the Bank's liquidity are governed by a prudential approach aimed at containing credit risk. Such approach mainly involve the subscription of Eurozone government bonds to diversify the exposure in bond instruments issued by UniCredit S.p.A. which will be hold until their maturity. In order to optimize its portfolio by diversifying counterparty risk, as at December 31st, 2022 the Group has also increased its exposure to Italian government bonds (for more details, see the Information on securities issued by sovereign States).

#### *Impacts arising from COVID-19 pandemic and the Russia-Ukraine conflict*
As at December 31st, 2022 there are no significant impacts resulting from the COVID-19 pandemic and the Russia-Ukraine conflict of deterioration in the Group's loans receivable with ordinary customers portfolio. This one indeed is composed by retail loans granted with conservative and careful origination policies, and mostly assisted by real estate or financial collateral. In the case of mortgage loans, the average Loan to Value is indeed equal to 50%, whereas relevant overdraft facilities require the funding of financial collateral, using conservative margins.

In response to COVID-19 pandemic and the adoption of supporting measures by EU member states, the main international and European regulators and standard setter (IASB, EBA, ECB, European Commission, etc.) provided guidance on the prudential treatment of credit exposure. According to such guidance, the application of supporting measures in the form of legislative and non-legislative moratoria, complying with a set of requirements established by EBA, did not automatically triggered the forbearance prudential classification until March 2021, as they had preventive nature and generic scope (they were not specifically designed for each client). The supporting measures granted after March 2021 have been evaluated and classified accordingly to the current prudential framework.

As at December 31st, 2022 , FinecoBank has adopted a prudential approach and has considered the evidences related to financial situation of clients applied for supporting measures, increased the provision related to these exposures.

For the asset quality quantitative disclosure on moratorias accorded by FinecoBank to its clients, reference is made to the reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis, required by EBA/GL/2020/07. Such disclosure is sent to Regulators on a regular basis, and it has been integrated in Pillar III consolidated disclosure as at December 31st, 2022.

In consideration of the limited impacts described above, the Group did not deem it necessary to change either its credit strategies or its credit risk management, measurement and control policy.

# Part E - Information on Risks and relating hedging policies

## *2. Credit Risk Management Policy*

### *2.1 Organisational aspects*

In order to ensure an adequate credit risk supervision, the FinecoBank Group has adopted an effective internal governance framework, organized on distinct and articulated levels of responsibility.

At the first level, the credit process relating to trade receivables and the process of granting and allocating credit limits (plafond) for institutional counterparties is a responsibility of the Chief Lending Officer (CLO). In this context, the CLO Department carries out both the creditworthiness assessment of clients and counterparties with which the Group carries out credit business and the performance monitoring of individual credit exposures, in order to promptly detect any irregularities and carry out the necessary prudential classifications.

In addition the performance monitoring, the CLO Department also calculates customer default rates by type of product, aimed at intercepting increases in the riskiness of the products offered by the Group to its customers, and at estimating the risk parameters (PD and LGD) used to calculate expected credit losses under IFRS 9.

At the second line of defence, the direction and control of credit and counterparty risk are a responsibility of the Chief Risk Officer. Within the CRO Department, the Credit Risk & Internal Capital Team is responsible for:

- monitoring trade receivables through second-level controls focusing more generally on the overall quality of the Bank's loan portfolio, promptly detecting any irregularities;
- supporting the CLO Department in the development and maintenance of the scoring models used by the Bank for the creditworthiness assessment of its retail customers;
- verifying, through second-level controls, the correct execution of the performance monitoring on individual exposures, assessing the consistency of prudential classifications and the adequacy of provisions;
- monitoring, through second-level controls, the degree of concentration towards individual issuers of securities funded as collateral, and real estate guarantees in areas with high climatic and environmental risk;
- analyzing the risk level of of individual products, periodically verifying the consistency of the retail customers default rates calculated by the CLO Department;
- defining a reporting model for the Group by specifying the rules for identifying stocks and flows;
- defining the credit parameters (PD and LGD) useful for defining product pricing, as part of the launch of a new credit product;
- develop and maintain expected credit losses methodologies in accordance with the IFRS9 accounting standard, and carry out data quality checks on provisions;
- developing and maintain Credit Risk Internal Capital models and apply the related stress scenarios;
- monitoring credit risk and country risk deriving from the Group's strategic investments, taking into adequate consideration the counterparties' exposure to environmental, social and governance (ESG) risks, and their ability to deal with them;
- verifying compliance with operating limits relating to margin trading and developing scenario analyses (stress tests) for assessing the sustainability of operations from an economic and capital point of view;
- supporting the CFO Department in budgeting and forecasting activities related to credit provisioning.

### 2.1.1 Credit Risk generating factors

In carrying out its credit business the Group is exposed to the risk that loans may not be repaid at maturity, due to the deterioration of the debtor's financial condition, thus resulting in a partial or full write-down. This risk is always inherent in traditional lending operations regardless of the type of credit facility. The main reasons for default lie in the borrower's lack of autonomous ability to ensure the repayment of the debt.

The main causes of default are attributable to the loss of the borrower's autonomous capacity to ensure the repayment of the debt, as well as the onset of macro-economic and political circumstances affecting the financial conditions of the debtor.

In addition to the risk associated with credit granting and originating, the Group is also exposed to counterparty risk. Counterparty risk is defined as the risk that a counterparty to a transaction eventually fails to settle the transaction itself.

Other banking activities, in addition to traditional loans and deposits, may expose the Group to additional credit risks. Counterparty risk may, for example, arise from:

- entering into derivative contracts;
- purchasing and selling securities, futures, or currencies;
- holding third-party securities.

Counterparties to these transactions or the issuers of securities held by the Group companies may fail to meet their obligations due to insolvency, political and economic events, lack of liquidity, operational weakness or other reasons. Failure to comply with a large number of transactions or one or more transactions of a significant amount would have a materially negative impact on the Group's activity, financial condition and operating results.

In addition, "Non-Traditional Credit Risk" is generated by leverage/short transactions conducted through securities lending. Such transactions, despite automatic stop losses being set within the margins, may generate credit risk if the security lacks liquidity (for example, in the case of market turmoil) and/or the margin is insufficient. In order to prevent such events, scenario analyses are conducted periodically to assess the impacts and implement appropriate mitigation policies.

The Group therefore controls and manages the specific risk of each counterparty as well as the overall risk arising from the loan portfolio through processes, structures and rules aimed at directing, controlling and standardizing the assessment and management of this risk, in line with the Group's best practice and principles.

### *2.2 Management, measurement and control system*

Credit risk associated with potential losses arising from customer/issuer default or from a decrease in the market value of a financial security due to the deterioration of its credit rating, is measured at the level of each counterparty/transaction and for the entire portfolio.

As already mentioned, credit risk measurement for trade receivables at origination is carried out by the CLO Department, and it is supported by automated assessment systems (so-called credit scoring systems). These systems also incorporate all available information and facts: public data and private data from Credit Bureaus, flows from the Central Credit register or requests for initial information to the Bank of Italy and other information on customer performance recorded by the Group. During the loan application process, attention shall be focused on taking advantage of every customer related information provided by the Bank and the System.

The collection of any guarantees, their assessment and the margins between the fair value of the guarantee and the granted amount shall be regarded as a supporting tool aimed at mitigating credit risk. There is no relevant positive correlation indeed between the value of the financial collateral and the applicant's creditworthiness. The eligibility, evaluation, monitoring and management rules for any acceptable guarantees within the Fineco Group are disciplined in a specific Collateral Management Policy.

The CRO Department, as the risk management function, carries out second-level controls on all the phases that characterize the credit process relating to trade receivables. The controls, which are mainly based on the development of event-based indicators, focuses on verifying compliance with internal regulations and the delegated powers conferred by the Board of Directors to decision-making structures and on the identification of irregularities at portfolio or at more granular level, also in relation to funded collateral. In addition to the controls described above, a quality and performance assessment of the loan portfolio is also periodically carried out.

The creditworthiness assessment of the counterparties with which the Group carries out credit business is carried out by the CLO Department as part of the credit limits granting and allocation process (plafond) to the Counterparty's Economic Group, i.e. considering the Group's exposure to all the subjects legally or economically connected to the counterparty. The Plafonds are "risk ceilings" and stand for the highest limits in terms of credit risk that the Group is willing to accept vis-à-vis a specific counterparty.

The Board of Directors annually approves the Risk Appetite and the "Investment Plan"; the first one defines the propensity and limits for the Group's strategic investments, the second one provides an indication of the composition of the Group's strategic investments. According to the guidelines of the Board of Directors, the Group defines specific risk limits (plafond) towards each FIBS counterparty ("Financial Institutions, Banks and Sovereigns") with which the Group will have a credit exposure, always in compliance with the large exposure regulatory limits, where applicable.

The Group has a Global Policy "Credit business with financial institutions, banks, sovereign and corporate counterparties" aimed at defining the principles and rules for an efficient and complete assessment, control and limitation of credit and counterparty risk linked to the credit business carried out with the aforementioned counterparties. Issuers of bonds kept in the banking book as investments are also in scope. As established in the Global Policy, the CLO Department, in addition to the counterparty's creditworthiness assessment and the risk limits approval required by the various Group functions in accordance with the delegated powers in force from time to time, carries out an operational monitoring. The latter is aimed at ensuring that all Group functions comply at all times with the assigned limits, Large Exposures and Related Parties limits, and that the Group's counterparties maintain a sufficiently high credit rating.

The CRO Department, on the other hand, carries out systematic monitoring at a centralized and single counterparty level with significant exposure, focusing on the analysis of a series of Early Warning indicators. The Department also carries out second-level controls on the compliance with the Large Exposures limit and on exposures to Related Parties.

Basically, the second level monitoring process carried out by the CRO Department aims to analyze credit quality and risk exposure dynamics by calculating summary risk indicators and representing their evolution over time. Outcomes may be used for preparing action plans aimed at mitigating or avoiding credit risk factors. In particular, the CRO Department prepares the quarterly report on the Group's risk exposures, addressed to the Board of Directors; in this context are highlighted the trend of the loan portfolio and the outcomes of the second level controls carried out in the reference period. With particular reference to the trade receivables portfolio, the report shows the analysis of flows between classifications, the stock of impaired loans and the positions that benefit from payment holidays and the related expected losses. The report also highlights the results of the second level controls carried out in the reference period on the concentration of financial collateral acquired by the Group as credit protection for overdraft facilities. With reference to exposures to financial, banks and sovereign counterparties, the report highlights the results of issuer risk, counterparty risk and country risk monitoring.

As far as country risk is concerned, several indicators are being monitored, among which those developed by a team of researchers in collaboration with the World Bank (Worldwide Governance Indicator). The aim of such indicators is to summarize the effectiveness of the policies implemented by the governmental authorities of different nations. To complement the latter, also a specific environmental risk indicator, called ND-Gain, developed by a team of researchers from the US University of Notre Dame is being monitored. This indicator considers two fundamental variables: the level of vulnerability of a country to climate change ("vulnerability") and the positioning of the respective nation in terms of economic, social and governance capacity to cope with it ("readiness"). In the end, the two indicators are compared in order to determine that country's exposure to climate and environmental risks.

Starting from January 1st, 2018, following the adoption of IFRS 9 accounting standard, a new accounting impairment model for credit exposures has been adopted. Such model is based on (i) an “expected losses” approach instead of the “incurred losses” approach provided by the previous one and (ii) on the concept of the expected lifetime loss. For more details, see section 2.3. Expected losses measurement methods.

### *Impacts arising from COVID-19 pandemic*

Following the EBA's failure to renew its guidelines on payment moratoria, all payment holidays activated since April 1st, 2021 are classified on a case-by-case basis, according to the prudential framework currently in force. In any case, all active moratoriums are subject to a careful assessment in order to promptly identify any signs of credit deterioration. As at December 31st, 2022, the remaining positions with active moratoria, the aggregate value of which is insignificant, are all classified as Stage 2.

### *Impacts arising from the Russia – Ukraine military conflict*

As at December 31st, 2022, there were no significant impacts of the crisis deriving from the Russia – Ukraine military conflict in terms of migration of positions to non-performing exposures or increase in the credit risk of the counterparties with which the Group carries out credit business. Any increase in terms of credit provisioning on certain credit exposures are not directly attributable to the military conflict, but to the substantial deterioration of the macroeconomic situation.

### *2.3 Expected losses measurement methods*

In accordance with IFRS 9 accounting principle, financial assets at amortized cost, financial assets at fair value through other comprehensive income and relevant off-balance sheet exposures are subject to impairment.

These instruments shall be classified in stage 1, stage 2 or stage 3 depending on their absolute or relative credit rating, compared to the initial recognition. In particular:

- Stage 1: this includes newly originated or acquired credit exposures and exposures that have not suffered a significant deterioration in credit risk compared to the date of first recognition;
- Stage 2: this includes performing credit exposures having nevertheless suffered a significant deterioration in credit risk compared to the date of first recognition;
- Stage 3: this includes impaired credit exposures.

For Stage 1 exposures, the impairment is equal to the expected loss calculated on a time frame of up to one year.

For Stage 2 and 3 exposures, the impairment is equal to the expected loss calculated on a timeframe equivalent to the residual duration of the related exposure.

In order to meet the required standard, the Group has developed specific expected loss models. Such models draw on the PD, LGD and EAD estimated in conservatively manner, to which specific adjustments have been made in order to ensure full cohesion with the accounting standard. In this regard, forward-looking information has also been included with the elaboration of specific scenarios.

The expected loss is calculated for institutional counterparties, leveraging on risk parameters provided by the external supplier Moody’s Analytics.

In order to calculate expected losses for retail counterparties, not having internal rating systems available, PD and LGD parameters are estimated with a different methodology depending on the type of product.

For unsecured loans, the PD is estimated by a model developed internally by the CRO Department which, based on the portfolio performance of the last 7 years (in line with the maximum maturity of the product), calculates a PD curve to which each individual position is associated. LGD is calculated taking into consideration the average amount of the recovery of non-performing loans, determined and updated on an analytical basis by the credit collection function and on the basis of the information available to the Bank.

For mortgage loans, in the absence of sufficient historical depth of default and recovery data (Fineco has been issuing mortgages since 2016), a PD curve is used, estimated with conservative criteria with respect to the default rates currently recorded. LGD is estimated using a model that takes into consideration the average coverage applied to non-performing exposures, determined and updated on an analytical basis by the credit collection function on the basis of the information available to the Bank, the legal fees for recovery, the amount of the residual debt, and the ratio between the latter and the value of the real estate collateral (Exposure to Value - ETV). It should also be noted that, starting from June 2022, the LGD model for mortgage loans was updated in order to integrate climate and environmental risks into the assessment, with particular reference to physical risk.

For the other exposures, the PD is replaced by the average default rate observed by the transition matrices that record the transition to non-performing, while the LGD is calculated by taking into consideration the average amount of the recovery of non-performing loans, determined and updated on an analytical basis by the function debt collection on the basis of the information available to the Bank.

Lastly, in order comply with IFRS 9 requirements, the parameters resulting from proxy and models shall be corrected using forward looking information.

A key aspect of the new accounting model required to calculate expected credit losses is the Stage Allocation model, whose purpose is to transfer exposures between Stage 1 and Stage 2 (as Stage 3 is equivalent to that of impaired exposures), where Stage 1 mainly includes newly originated exposures and those which have not suffered a significant increase in credit risk compared to the initial recognition.

The Stage Allocation assessment model always apply at transaction level, and it is based on a combination of relative and absolute elements: The main elements are:

- the comparison between the counterparty's rating at the reference date and that recorded at the date of origination / first recognition. The methodology provides that the position goes to stage 2 when a certain threshold is exceeded, set in terms of notches from the rating detected at the date of first recognition;
- absolute elements such as the backstops provided for by the regulation (e.g. 30 day Expired);
- other internal findings (forborne classification).

With reference to institutional counterparties issuing the securities that the Group purchases as strategic investments, or with which the Group carries out credit business, the approach used is that based on the external rating assigned by the Moody's agency. As already mentioned, the methodology envisages that the position shift into stage 2 when a certain threshold is breached, set in terms of notches from the rating recorded at the date of initial recognition.

With reference to retail counterparties, in the absence of internal ratings, the Group makes use of the backstops envisaged by the regulations and further internal evidence. In this context, all exposures that are more than 30 days past due, regardless of the materiality of the past due, or for which additional information is available which suggests a deterioration in the creditworthiness of the counterparty, are classified in stage 2. For retail exposures classified in stage 2, unlike exposures classified in stage 3, there is no a cure period for returning to the previous risk class. Consequently, when the conditions for classification to stage 2 cease to exist (for example the 30 days past due), provided that there is no further evidence that suggests a deterioration in the creditworthiness of the counterparty, the exposures are automatically reclassified in stage 1.

The criteria for determining write-downs for loans and receivables are based on the discounting of expected cash flows of principal and interest, which, according to the portfolio management model, may also refer to market operations. In order to determine the present value of cash flows, the basic requirement is the identification of estimated proceeds, the timing of payments and the discounting rate used.

The loss amount on impaired exposures classified as bad loans, unlikely to pay and past due according to the categories specified below, is calculated as the difference between the value at first recognition and the present value of estimated cash flows discounted at the original interest rate of the financial asset.

For all fixed-rate positions, the interest rate determined in this manner is also held constant in future accounting years, while for floating rate positions the interest rate is updated according to contractual terms.

If the original interest rate is not directly available, or where its detection is judged as excessively expensive, the interest rate best approximating the original one is applied, including through practical expedients not affecting the substance and ensure consistency with international accounting standards.

Recovery timings are estimated according to business plans or forecasts based on the experience of historical recovery timings observed for similar classes of loans, taking into account the customer segment, type of loan, type of guarantee and any other factors deemed relevant or, if the conditions exist, of expected market transactions.

## Parameters and risk level definitions used in the calculation of provisions

As mentioned above, ECL models leverage on PD, LGD and EAD parameters, as well as the effective interest rate. Models are used for the calculation of provisions for all institutional counterparties, most of which are Financial Institutions, Banks and Sovereigns (FIBS counterparties).

Specifically:

- PD (Probability of Default) expresses the percentage probability that the credit exposure will incur in a default event, within a defined timeline (e.g. 1 year);
- LGD (Loss Given Default) expresses the percentage of estimated loss (1-recovery rate) shall the default event actually occur;
- EAD (Exposure at Default) expresses the measurement of the exposure at the time of the credit position default event;
- Effective Interest Rate is the discount rate expressing the time value of the money.

Such parameters are calculated starting from long period ones, also used for the internal capital calculation, adjusted in order to ensure compliance with the IFRS 9 accounting principle.

The main adjustments are made in order to:

- introduce point-in-time adjustments required by the accounting principle;
- include forward-looking information;
- extend the credit risk parameters to a multi-year perspective.

In order to get lifetime PD, the through-the-cycle PD curves, obtained from cumulative default rates, were adapted to reflect point-in-time and forward-looking provisions of portfolio default rates.

Recovery rates incorporated in the through-the-cycle LGD have been adapted in order to remove the prudential margin and to reflect the latest trends in recovery rates, as well as expectations on future trends discounted to the actual interest rate or its best approximation.

With reference to Stage 3, it should be noted that it includes impaired exposures to debtors that fall, in accordance with Bank of Italy rules, defined in Circular no. 272 of 30 July 2008 and subsequent updates, into the "Non-performing" category pursuant to Regulation 630/2019 amending Regulation (EU) no. 575/2013 and Commission Implementing Regulation (EU) no. 451/2021, as amended and supplemented (Implementing Technical Standards). Financial instruments included in the portfolio "Financial assets held for trading" and derivative contracts are excluded.

For the purposes of identifying and classifying impaired credit exposures, account must also be taken of the provisions of the EBA Guidelines on the application of the definition of default pursuant to Article 178 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (EBA/GL/2016/07) and EU Regulation 2018/171. Impaired credit exposures must, during the 3-month "cure period" provided for in paragraph 71(a) of EBA/GL/2016/07, continue to be recognised in the relevant categories in which they were located.

In particular, reference is made to the EBA definition of Non-Performing exposures and to the definition of impaired assets established by the Bank of Italy, as reported in the section Part A - Accounting Policies – Impairment of the notes to the consolidated accounts as at December 31, 2022.

### Forward-looking information used in calculating write-downs

The expected credit loss deriving from the parameters described in the forgoing paragraph considers macroeconomic forecasts through the application of multiple scenarios to the forward looking components.

Specifically, the forward looking component is determined by three macroeconomic scenarios, a basic scenario ("Baseline"), a positive scenario and an adverse scenario. The basic scenario is the main reference one, as it is the one considered most likely; the positive and adverse scenarios stand for alternative events, respectively better and worse.

## *Changes applied for COVID-19 pandemic and the military conflict between Russia and Ucraine*

Al already explained in the previous paragraph, the IFRS 9 principle require that, as far as Expected Credit Losses estimation is concerned, not only current and historical information be used, but also forward looking information shall be taken into account.

In order to adjust the IFRS-9 risk parameters with the forward-looking information updated to the crisis caused by the COVID-19 health emergency and by the military conflict between Russia and Ucraine, the FinecoBank Group uses a series of macroeconomic scenarios developed by the external supplier Moody's Analytics. For further details, please refer to the appropriate paragraph "Measurement of expected credit losses".

### *Assessment of the Significant Increase in Credit Risk (SICR)*

Consistently with the clarification provided by regulators, until March 31st, 2021, payment moratoria compliant with EBA requirements have been kept as stage 1 of the staging allocation process, except in case other factors had determined a significant increase in credit risk. As a way of example, it is worth mentioning the detection of a past due longer than 30 days on credit facilities other than those suspended, or the finding of negative credit worthiness information arising from external data sources.

# Part E - Information on Risks and relating hedging policies

Following the EBA's failure to renew its guidelines on legislative and non-legislative moratoriums, all the moratoriums granted since April 1st, 2021, have been assessed and classified on a case-by-case scenario, according to the usual prudential and accounting framework. To that end, it has been considered crucial the assessment over the debtor's economic difficulty, which has been determined in relation to its income/asset situation.

## *Measurement of Expected Credit Losses*

As at December 31st, 2022, for the calculation of Expected Credit losses on performing exposures, the Group has used risk parameters (PD and LGD) adjusted with macroeconomic scenarios provided by the external supplier Moody's Analytics. Such scenarios incorporate forward-looking information which consider the different possible evolutions of the health emergency resulting from the spread of COVID 19 and of the geopolitical and economic crisis triggered by the military conflict between Russia and Ukraine.

As anticipated in the Expected Credit Losses calculation methodology section, the forward looking component is made of three macroeconomic scenarios; a baseline scenario, a positive scenario and an adverse scenario. The baseline scenario is weighted 40% as it is the one more likely to come true, whereas the positive and adverse scenario are weighted 30% each, and they stand for alternative outcomes, respectively better and worse.

The baseline scenario used for calculating the ECLs as at December 31st, 2022 considers the effects of the energy crisis, assuming that the military conflict between Russia and Ukraine continues without involving third countries, and that Russia continues to supply, albeit to a minimal extent, natural gas to EU countries. Furthermore, a substantial continuation of the restrictive monetary policy in the euro area and a progressive reduction of the inflationary peak recorded in 2022 are assumed. Finally, further waves of infections from COVID 19 are assumed, especially during the winter, but with increasingly less impactful effects on the economy. Despite the delicate political and economic context, the growth forecasts of the Gross Domestic Product (GDP) of the Eurozone are estimated at 2.86%, also due to the strong growth recorded in the first half of 2022, mainly driven by the increase in consumption by households.

In Italy, a country in which the Group holds almost all its exposures to retail customers, the growth forecasts of the Gross Domestic Product for 2022 are estimated at 3.40%; the level of growth remains influenced on the one hand by the strong recovery of the tourism sector, which took place during the first half of 2022, on the other by the increase in inflation, which is expected to significantly influence consumption and public spending during the second and the third quarter.

Other macroeconomic parameters, such as the 10 years government yields, are also considered in macroeconomic scenarios, depending on the credit facility and the type of counterparty involved.

The favourable scenario used for the calculation of the ECLs as at December 31st, 2022, assumes a faster resolution of the Russian/Ukrainian conflict with a consequent easing of geopolitical tensions, and the permanent removal of any lockdown measures. The reduced uncertainty about energy supplies leads to a reduction in prices, contributing to the reduction of inflation. In Italy, the recovery of economic activity translates into a forecast of growth of the Gross Domestic Product at 3.59% in 2022, decreasing to 1.99% in 2023 and then settling down in the medium/long term at around 1.60%.

The adverse scenario used for the calculation of the ECLs as at December 31st, 2022 instead assumes a worsening of the geopolitical crisis, with cuts by Russia in the supply of oil and natural gas to EU countries, and an increase in tensions between China and the United States to control trade routes. Forecasts in this scenario translate into still high growth levels in 2022, equal to 3.10%, with a sharp turnaround in 2023 (-4.77%) and a gradual return to growth starting from 2024.

As of December 31st, 2022, assuming to apply only the positive scenario on the overall Group's exposures we would record risk adjustments for around € 3 million, whereas assuming to apply only the adverse scenario, the estimated risk adjustments would be equal to € 10.4 million. Considering all the scenarios - adopting weightings mentioned above - the Group's estimated provisions as of December 31st, 2022 are equal to € 5.2 million.

# Part E - Information on Risks and relating hedging policies

Details about the forecasts of the main macroeconomic data used in the scenarios are detailed in the following table:

| Scenarios | Variables | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|
| Baseline (40%) | Eurozone-GDP (Δ%) | 2.86% | 0.50% | 2.43% | 2.19% | 1.90% |
| | ITA-GDP (Δ%) | 3.40% | 0.37% | 2.33% | 1.76% | 1.66% |
| | ITA-Debt/GDP ratio | 147% | 146% | 142% | 140% | 137% |
| | ITA-Unemployment rate | 8.38% | 8.62% | 8.50% | 8.43% | 8.39% |
| | ITA-Inflation | 7.19% | 3.41% | 0.75% | 1.36% | 1.58% |
| Favorable (30%) | Eurozona-GDP (Δ%) | 3.07% | 2.36% | 2.42% | 2.00% | 1.89% |
| | ITA-GDP (Δ%) | 3.59% | 1.99% | 2.32% | 1.60% | 1.65% |
| | ITA-Debt/GDP ratio | 147% | 143% | 139% | 136% | 133% |
| | ITA-Unemployment rate | 8.35% | 8.36% | 8.16% | 8.14% | 8.17% |
| | ITA-Inflation | 7.23% | 3.38% | 0.67% | 1.37% | 1.56% |
| Unfavorable (30%) | Eurozona-GDP (Δ%) | 2.57% | -4.53% | 1.83% | 3.58% | 2.21% |
| | ITA-GDP (Δ%) | 3.10% | -4.77% | 1.71% | 3.17% | 1.96% |
| | ITA-Debt/GDP ratio | 147% | 155% | 154% | 151% | 148% |
| | ITA-Unemployment rate | 8.54% | 10.59% | 11.32% | 10.49% | 9.85% |
| | ITA-Inflation | 7.61% | 5.09% | -1.26% | 0.69% | 1.31% |

As far as provisions on FinecoBank’s retail customers are involved, no relevant impacts have been detected on loans receivable with ordinary customers so far, in terms of both origination flows and credit quality.

### *2.4 Credit risk mitigation techniques*

In order to mitigate the risk in the different forms of credit granting, the Group acquires several types of collateral. For mortgage loans, the Group mainly acquires residential properties as collateral through mortgages, while various types of securities are accepted as pledges on overdraft facilities, including shares, bonds, investment funds, insurance and government securities.

Even when there is a collateral, the Group carries out an overall credit risk assessment, mainly focusing on the customer's earning capacity regardless of the ancillary guarantee provided. The valuation of the pledged guarantees is based on the real value, understood as the market value for securities listed on a regulated market. Percentage haircuts (margins) are applied to the value thus determined, differentiated according to the securities used as collateral and the concentration of the instrument in the customer's portfolio provided as collateral.

For real estate guarantees, the principles and rules are described in the “Normativa erogazione crediti commerciali” policy. In particular, the Group grants its customers loans for a maximum amount equal to 80% of the value of the mortgaged assets. The ratio between the amount of the loan granted and the value of the real estate property, certified as described above, is called Loan To Value (LTV), and is calculated on the entire property covered by the guarantee. Depending on the purpose of the loan (purchase, subrogation, refinancing and liquidity), more stringent LTV limits may be required. At December 31st, 2022, the average LTV of the mortgage portfolio was approximately 50%.

The real estate evaluation is carried out by external technicians included in the Register of Engineers, Architects, Surveyors or industrial experts and is therefore not subject to conflicts of interest. The value of the real estate properties is monitored on an annual basis through market revaluation indices, estimated by an external supplier specialized in real estate market valuations. This activity is aimed at identifying any properties that need revaluation and may also be carried out more frequently if market conditions are subject to significant changes.

For financial collateral, on the other hand, the principles and rules are described in the "Collateral Management" policy. The evaluation of securities takes place by taking into consideration several parameters, including the issue rating, the liquidity class, the capitalization and the inclusion in a recognized index. Such parameters, depending on the type of instrument being valued, may affect not only the eligibility of the instrument itself, but also the margin considered in order to determine the amount of the loan.

The monitoring of the financial collateral value is carried out on a daily basis by automatic procedures that perform the Mark to Market of each individual security booked in the collateral deposits, and compare the resulting value with the amount entrusted during the origination phase. In the event of losses exceeding the threshold value, the resolution methods are assessed on a case-by-case basis in agreement with the customer.

# Part E - Information on Risks and relating hedging policies

### *3. Impaired credit exposures*
### *3.1 Management strategies and policies*
Loans prudential classification as past due, unlikely to pay or bad exposure is carried out consistently with the criteria set forth by the Bank of Italy, by the EBA Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (EBA/GL/2016/07) and EU Regulation 2018/171. The classification as bad exposure, linked to the customer's insolvency, shall always be individually assessed and defined according to the outcome recovery actions. Loss provisioning estimate shall also be individual for positions classified as past due and unlikely to pay.

As far as overdraft are concerned, the classification criterion is related to the outcome of recovery actions or the forced sale of securities to cover debts.

Reclassification of exposures to a better risk category shall only be authorised if the overdue amount has been paid in full, consistently with the original payment schedule. Alternatively, the exposure may be classified to a better risk category where considerable payments have been made, leading to believe that the debt exposure is very likely to be repaid.

Handling procedure for overdue performing loans involves specific credit recovery actions, according to the amount of overdue days.

### *3.2 Write-off*
The Group records a write-off of a financial asset whenever there are no reasonable expectations of recovering capital and interests.

The evaluations on possible write-offs are implemented based on different criteria, listed below (by way of example and not exhaustive), such as:

- Untraceable of borrower and/or guarantor, if present;
- Lack of enforceable assets (i.e. lack of salary, real estate);
- Unprofitable and expensive judicial actions in relation to the receivable;
- Decease of the debtor and possible no living heirs and / or renunciation of the inheritance.

In any case, the Group policy is to not continue recovery activities after a write-off has been recorded.

### *3.3 Purchased or originated impaired financial assets*
The Group’s current business model and company policies approved by the Board of Directors do not expect any purchase of impaired loans or origination of new credit facilities in any form (personal loans, mortgages, current account credit facilities, etc.) to already non-performing customers.

### *4. Commercial renegotiations and forbearance measures*
Renegotiations of financial instruments determining a change in the contractual terms are recognized, as described above, according to the materiality of variations in the contractual terms. The evaluation of the materiality of changes shall be carried out considering both qualitative and quantitative terms, in particular whenever liabilities are concerned. For more details reference is made to the paragraph “Renegotiations” on part A – Accounting policies of the Notes to the consolidated accounts as at December 31st, 2022.

As of December 31, 2022, no relevant increase in forbearance measures have been detected. As already highlighted in the section “Impact arising from COVID-19 pandemic and Russia-Ukraine conflict”, reported in the general aspects of credit risks, most of the supporting measures granted during the pandemic crisis comply with the EBA guidelines on legislative and non-legislative moratoria, therefore did no triggered the forborne classification.

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### *A. Credit quality*

As provided for in Circular No. 262 "The banks' financial statements: layouts and preparations", on-demand loans to banks and central banks, recognised in the balance sheet item "Cash and cash balances", are included in the definition of cash credit exposures but are conventionally excluded from the tables on quantitative credit quality disclosures in Section 2 "Risks of the prudential consolidation", with the exception of tables A.1 .2, A.1.4, A.1.6, A.1.6bis and A.1.8 and B.3.

### A.1 Impaired and unimpaired credit exposures: amounts, impairment, changes, distribution by business activity

#### A.1.1 Prudential consolidation: distribution of financial assets by maturity bands (balance sheet values)

(Amounts in € thousand)

| Portfolios / stages of risk | | Stage 1 | | | Stage 2 | | | Stage 3 | | | Purchased or originated credit-impaired | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | From 1 day to 30 days | Over 30 days until 90 days | Over 90 days | From 1 day to 30 days | Over 30 days until 90 days | Over 90 days | From 1 day to 30 days | Over 30 days until 90 days | Over 90 days | From 1 day to 30 days | Over 30 days until 90 days | Over 90 days |
| 1. Financial assets at amortised cost | | 24,495 | 2,839 | 108 | 331 | 1,731 | 1,748 | 57 | 12 | 3,205 | - | - | - |
| 2. Financial assets at fair value through other comprehensive income | | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. Financial instruments classified held for sale | | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **12/31/2022** | **24,495** | **2,839** | **108** | **331** | **1,731** | **1,748** | **57** | **12** | **3,205** | **-** | **-** | **-** |
| **Total** | **12/31/2021** | **17,956** | **2,536** | **77** | **24** | **1,508** | **190** | **16** | **5** | **4,040** | **-** | **-** | **-** |

# Part E - Information on Risks and relating hedging policies

### A.1.2 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and total provisions

(Amounts in € thousand)

| Causal / risk stages | Total value adjustments | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 financial assets | | | | | | Stage 2 financial assets | | | | | | Stage 3 financial assets | | | | | |
| | Loans and receivables on-demand with banks and | Financial assets at amortized cost | Financial assets at fair through other comprehensive income | Financial assets held for sale | of which: individual writedowns | of which: collective writedowns | Loans and receivables on-demand with banks and | Financial assets at amortized cost | Financial assets measured at fair value with an impact on | Financial assets held for sale | of which: individual writedowns | of which: collective writedowns | Loans and receivables on-demand with banks and | Financial assets at amortized cost | Financial assets measured at fair value with an impact on | Financial assets held for sale | of which: individual writedowns | of which: collective writedowns |
| **Total opening adjustments** | **(34)** | **(14,478)** | **(6)** | **-** | **-** | **(14,518)** | **-** | **(3,873)** | **-** | **-** | **-** | **(3,873)** | **-** | **(20,160)** | **-** | **-** | **(16,740)** | **(3,420)** |
| Changes in increase from financial assets acquired or originated | (41) | (2,951) | (2) | - | - | (2,994) | - | (731) | - | - | - | (731) | - | (916) | - | - | (96) | (820) |
| Cancellations other than write-offs | - | 1,509 | 6 | - | - | 1,515 | - | 307 | - | - | - | 307 | - | 469 | - | - | 194 | 275 |
| Net value adjustments / write-backs for credit risk | (46) | 624 | - | - | - | 578 | - | (305) | - | - | - | (305) | - | (2,597) | - | - | (1,383) | (1,214) |
| Contractual changes without cancellations | - | - | - | - | - | - | - | - | - | - | - | - | - | (4) | - | - | - | (4) |
| Changes in the estimation methodology | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Write-offs non recorded directly in the income statement | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,505 | - | - | 1,481 | 24 |
| Other variations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,102) | 1,102 |
| **Total closing adjustments** | **(121)** | **(15,296)** | **(2)** | **-** | **-** | **(15,419)** | **-** | **(4,602)** | **-** | **-** | **-** | **(4,602)** | **-** | **(21,703)** | **-** | **-** | **(17,646)** | **(4,057)** |
| Recoveries from financial assets subject to write-off | - | - | - | - | - | - | - | - | - | - | - | - | - | 14 | - | - | 14 | - |
| Write-offs recorded directly in the income statement | - | (1) | - | - | - | (1) | - | - | - | - | - | - | - | (127) | - | - | (91) | (36) |

# Part E - Information on Risks and relating hedging policies

### A.1.2 Prudential Consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and total provisions

(continued)

(Amounts in € thousand)

| Causal / risk stages | Total value adjustments - Purchased or originated impaired financial assets: Financial assets at amortized cost | Financial assets at fair through other comprehensive income | Financial assets held for sale | of which: individual writedowns | of which: collective writedowns | Total provisions on commitments to disburse funds and financial guarantees issued: Stage 1 | Stage 2 | Stage 3 | Commitments to provide funds and financial guarantees issued impaired acquired or originated | Tot. |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total opening adjustments** | **-** | **-** | **-** | **-** | **-** | **(52)** | **-** | **-** | **-** | **(38,603)** |
| Changes in increase from financial assets acquired or originated | X | X | X | X | X | (27) | - | (2) | - | **(4,670)** |
| Cancellations other than write-offs | - | - | - | - | - | 23 | - | - | - | **2,314** |
| Net value adjustments / write-backs for credit risk | - | - | - | - | - | 22 | - | - | - | **(2,302)** |
| Contractual changes without cancellations | - | - | - | - | - | - | - | - | - | **(4)** |
| Changes in the estimation methodology | - | - | - | - | - | - | - | - | - | **-** |
| Write-offs non recorded directly in the income statement | - | - | - | - | - | - | - | - | - | **1,505** |
| Other variations | - | - | - | - | - | - | - | - | - | **-** |
| **Total closing adjustments** | **-** | **-** | **-** | **-** | **-** | **(34)** | **-** | **(2)** | **-** | **(41,760)** |
| Recoveries from financial assets subject to write-off | - | - | - | - | - | - | - | - | - | **14** |
| Write-offs recorded directly in the income statement | - | - | - | - | - | - | - | - | - | **(128)** |

### A.1.3 Regulatory consolidation - Financial assets, commitments and financial guarantees: transfers between the different stages (gross amount and nominal)

(Amounts in € thousand)

| Portfolios/stages | Gross exposuret/nominal value | | | | | |
|---|---|---|---|---|---|---|
| | Transfer between stage 1 and stage 2 | | Transfer between stage 2 and stage 3 | | Transfer between stage 1 and stage 3 | |
| | To stage 2 from stage 1 | To stage 1 from stage 2 | To stage 3 from stage 2 | To stage 2 from stage 3 | To stage 3 from stage 1 | To stage 1 from stage 3 |
| 1. Financial assets at amortized cost | 29,153 | 817 | 722 | 26 | 3,303 | 239 |
| 2. Financial assets at fair value through other comprehensive income | - | - | - | - | - | - |
| 3. Financial assets held for sale | - | - | - | - | - | - |
| 4. Commitments and financial guarantees given | 4 | - | - | - | 56 | - |
| **12/31/2022** | **29,157** | **817** | **722** | **26** | **3,359** | **239** |
| **12/31/2021** | **2,781** | **1,122** | **1,019** | **112** | **3,517** | **306** |

# Part E - Information on Risks and relating hedging policies

### A.1.3a Loans and advances subject to measures applied in response to the COVID-19: transfers between different stages of credit risk (gross values)

(Amounts in € thousand)

| Portfolio/quality | Gross values / Nominal value | | | | | |
|---|---|---|---|---|---|---|
| | Transfers between Stage 1 and Stage 2 | | Transfers between Stage 2 to Stage 3 | | Transfer between Stage 1 and Stage 3 | |
| | From Stage 1 to Stage 2 | From Stage 2 to Stage 1 | From Stage 2 to Stage 3 | From Stage 3 to Stage 2 | From Stage 1 to Stage 3 | From Stage 3 to Stage 1 |
| **A. Loans and advances measured at amortized cost** | **385** | **-** | **-** | **-** | **-** | **-** |
| A.1 subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - |
| A.2. loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - |
| A.3 subject to COVID-19-related forbearance measures | 385 | - | - | - | - | - |
| A.4 newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - |
| **B. Loans and advances valued at fair value with an impact on overall profitability** | **-** | **-** | **-** | **-** | **-** | **-** |
| B.1 subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - |
| B.2. loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - |
| B.3 subject to COVID-19-related forbearance measures | - | - | - | - | - | - |
| B.4 newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - |
| **Total 12/31/2022** | **385** | **-** | **-** | **-** | **-** | **-** |
| **Total 12/31/2021** | **325** | **-** | **-** | **-** | **-** | **-** |

# Part E - Information on Risks and relating hedging policies

### A.1.4 Prudential Consolidated - Cash and off-balance sheet credit exposures to banks: gross and net values

(Amounts in € thousand)

| Type of exposure/amounts | Gross exposures | | | | | Total value adjustments and total credit risk provisions | | | | | Net Exposure | Total Write-off* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | |
| **A. ON-BALANCE SHEET CREDITS EXPOSURES** | | | | | | | | | | | | |
| **A.1 ON DEMAND** | **1,469,814** | **1,469,814** | **-** | **-** | **-** | **(105)** | **(105)** | **-** | **-** | **-** | **1,469,709** | **-** |
| a) Non performing | - | X | - | - | - | - | - | - | - | - | - | - |
| b) Performing | 1,469,814 | 1,469,814 | - | X | - | (105) | (105) | - | - | - | 1,469,709 | - |
| **A.2 OTHERS** | **4,029,687** | **4,029,684** | **-** | **-** | **-** | **(292)** | **(292)** | **-** | **-** | **-** | **4,029,395** | **-** |
| a) Bad exposures | - | X | - | - | - | - | X | - | - | - | - | - |
| - of which: forborne exposures | - | X | - | - | - | - | X | - | - | - | - | - |
| b) Unlikely to pay | - | X | - | - | - | - | X | - | - | - | - | - |
| - of which: forborne exposures | - | X | - | - | - | - | X | - | - | - | - | - |
| c) Non performing past due | - | X | - | - | - | - | X | - | - | - | - | - |
| - of which: forborne exposures | - | X | - | - | - | - | X | - | - | - | - | - |
| d) Performing past due exposures | - | - | - | X | - | - | - | - | X | - | - | - |
| - of which: forborne exposures | - | - | - | X | - | - | - | - | X | - | - | - |
| e) Other performing exposures | 4,029,687 | 4,029,684 | - | X | - | (292) | (292) | - | X | - | 4,029,395 | - |
| - of which: forborne exposures | - | - | - | X | - | - | - | - | X | - | - | - |
| **TOTAL (A)** | **5,499,501** | **5,499,498** | **-** | **-** | **-** | **(397)** | **(397)** | **-** | **-** | **-** | **5,499,104** | **-** |
| **B. OFF-BALANCE SHEET CREDITS EXPOSURES** | | | | | | | | | | | | |
| a) Non performing | - | X | - | - | - | - | X | - | - | - | - | - |
| b) Performing | 2,189,893 | 17,170 | - | X | - | (3) | (3) | - | X | - | 2,189,890 | - |
| **TOTAL (B)** | **2,189,893** | **17,170** | **-** | **-** | **-** | **(3)** | **(3)** | **-** | **-** | **-** | **2,189,890** | **-** |
| **TOTAL (A+B)** | **7,689,394** | **5,516,668** | **-** | **-** | **-** | **(400)** | **(400)** | **-** | **-** | **-** | **7,688,994** | **-** |

It should be noted that financial assets held for trading, derivative contracts and off-balance sheet transactions other than those subject to the impairment rules under IFRS 9 have been classified, by convention, as non-impaired exposures, but have not been included in the columns providing a breakdown by risk stage.

In the above table, item B. "Off-balance sheet exposures" includes the counterparty risk related to securities lending transactions and repos that can be classified as "Securities Financing Transactions" (SFT) defined in prudential regulations, amounting to € 480,897 thousand.

# Part E - Information on Risks and relating hedging policies

### A.1.5 Prudential consolidation - Cash and off-balance-sheet exposures to customers: gross and net values

(Amounts in € thousand)

| Type of exposure/Amounts | Gross exposures | | | | | otal value adjustments and total credit risk provisions | | | | | Net Exposure | Total Write-off* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | |
| **A. ON-BALANCE SHEET CREDITS EXPOSURES** | | | | | | | | | | | | |
| **a) Bad exposures** | **19,104** | **X** | **-** | **19,104** | **-** | **(17,699)** | **X** | **-** | **(17,699)** | **-** | **1,405** | **-** |
| - of which: forborne exposures | 257 | X | - | 257 | - | (234) | X | - | (234) | - | 23 | - |
| **b) Unlikely to pay** | **4,459** | **X** | **-** | **4,459** | **-** | **(3,038)** | **X** | **-** | **(3,038)** | **-** | **1,421** | **-** |
| - of which: forborne exposures | 554 | X | - | 554 | - | (311) | X | - | (311) | - | 243 | - |
| **c) Non performing past due** | **1,666** | **X** | **-** | **1,666** | **-** | **(965)** | **X** | **-** | **(965)** | **-** | **701** | **-** |
| - of which: forborne exposures | 18 | X | - | 18 | - | (13) | X | - | (13) | - | 5 | - |
| **d) Performing past due exposures** | **31,628** | **27,552** | **4,076** | **X** | **-** | **(376)** | **(109)** | **(267)** | **X** | **-** | **31,252** | **-** |
| - of which: forborne exposures | 8 | - | 8 | X | - | - | - | - | X | - | 8 | - |
| **e) Other performing exposures** | **27,454,501** | **27,416,781** | **37,643** | **X** | **-** | **(19,232)** | **(14,897)** | **(4,335)** | **X** | **-** | **27,435,269** | **-** |
| - of which: forborne exposures | 2,215 | - | 2,215 | X | - | (23) | - | (23) | X | - | 2,192 | - |
| **TOTAL (A)** | **27,511,358** | **27,444,333** | **41,719** | **25,229** | **-** | **(41,310)** | **(15,006)** | **(4,602)** | **(21,702)** | **-** | **27,470,048** | **-** |
| **B. OFF-BALANCE SHEET CREDITS EXPOSURES** | | | | | | | | | | | | |
| **a) Non performing** | 131 | X | - | 30 | - | (41) | X | - | (2) | - | 90 | - |
| **b) Performing** | 2,864,952 | 27,596 | 636 | X | - | (31) | (31) | - | X | - | 2,864,921 | - |
| **TOTAL (B)** | **2,865,083** | **27,596** | **636** | **30** | **-** | **(72)** | **(31)** | **-** | **(2)** | **-** | **2,865,011** | **-** |
| **TOTAL (A+B)** | **30,376,441** | **27,471,929** | **42,355** | **25,259** | **-** | **(41,382)** | **(15,037)** | **(4,602)** | **(21,704)** | **-** | **30,335,059** | **-** |

It should be noted that financial assets held for trading, derivative contracts and off-balance sheet transactions other than those subject to the impairment rules under IFRS 9 have been classified, by convention, as non-impaired exposures, but have not been included in the columns providing a breakdown by risk stage.

In addition, in the above table, item B. "Off-balance sheet exposures" includes the counterparty risk related to securities lending transactions and to repos that can be classified as "Securities Financing Transactions" (SFT) defined in prudential regulations, amounting to € 782,609 thousand.

# Part E - Information on Risks and relating hedging policies

### A.1.5a On-balance credit exposures to customers subject to measures applied in response to the COVID-19: gross and net values

(Amounts in € thousand)

| Exposure types / amounts | Gross exposure | | | | | Total value adjustments and total provisions | | | | | Net exposure | Write-off partial total* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated impaired | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated impaired | | |
| **A. BAD CREDIT EXPOSURES** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | - | - | - | - | - | - | - | - | - | - | - | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **B. UNLIKELY TO PAY CREDIT LOANS** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | - | - | - | - | - | - | - | - | - | - | - | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **C. NON-PERFORMING PAST DUE CREDIT LOANS** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | - | - | - | - | - | - | - | - | - | - | - | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **D. OTHER PERFORMING PAST DUE LOANS** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | - | - | - | - | - | - | - | - | - | - | - | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **E. OTHER PERFORMING LOANS** | **385** | **-** | **385** | **-** | **-** | **(2)** | **-** | **(2)** | **-** | **-** | **(383)** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | 385 | - | 385 | - | - | (2) | - | (2) | - | - | (383) | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL (A+B+C+D+E)** | **385** | **-** | **385** | **-** | **-** | **(2)** | **-** | **(2)** | **-** | **-** | **(383)** | **-** |

# Part E - Information on Risks and relating hedging policies

### A.1.6 Prudential consolidated perimeter - On-balance sheet credit exposures to banks: gross changes in non-performing exposures

No data to report.

### A.1.6bis Prudential consolidated perimeter - On-balance sheet credit exposures to banks: gross changes in forborne non-performing exposures breakdown by credit quality

No data to report.

### A.1.7 Prudential Consolidation – On-balance sheet credit exposures per case to customers: the dynamics of gross deteriorated exposures

(Amounts in € thousand)

| Causals/ category | Bad Exposures | Unlikely to pay | Impaired past due exposures |
|---|---|---|---|
| **A. Opening balance (gross amount)** | **18,939** | **3,478** | **2,124** |
| - of which: sold non-cancelled exposures | - | - | - |
| **B. Increases** | **2,314** | **3,270** | **1,792** |
| B.1 transfers from performing loans | 666 | 1,905 | 1,549 |
| B.2 entry from impaired financial assets acquired or originated | - | - | - |
| B.3 transfers from other impaired exposures | 1,620 | 617 | - |
| B.4 contractual changes without cancellations | - | - | - |
| B.5 other increases | 28 | 748 | 243 |
| **C. Decreases** | **(2,149)** | **(2,289)** | **(2,250)** |
| C.1 transfers to perfomorming loans | - | (50) | (368) |
| C.2 write-offs | (1,572) | (30) | (15) |
| C.3 recoveries | (577) | (778) | (747) |
| C.4 sales proceeds | - | - | - |
| C.5 losses on disposals | - | - | - |
| C.6 transfers to other impaired exposures | - | (1,159) | (1,078) |
| C.7 contractual changes without cancellations | - | - | - |
| C.8 other decreases | - | (272) | (42) |
| **D. Closing balance (gross amounts)** | **19,104** | **4,459** | **1,666** |
| - of which: sold but not derecognised | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.1.7bis Prudential Consolidation - Cash credit exposure to customers: trends in gross exposures subject to separate credit ratings

(Amounts in € thousand)

| Description/Quality | Forborne exposures impaired | Forborne exposures not impaired |
|---|---|---|
| **A. Opening balance (gross amount)** | **750** | **1,991** |
| - Sold but not derecognised | - | - |
| **B. Increases** | **508** | **578** |
| B.1 Transfers from performing not forborne exposures | - | 521 |
| B.2. Transfers from performing forborne exposures | 108 | X |
| B.3. Transfers from impaired forborne exposures | X | 14 |
| B.4 Transfers from impaired not forborne exposure | - | - |
| B.5 other increases | 400 | 43 |
| **C. Decreases** | **(428)** | **(346)** |
| C.1 Transfers to performing not forborne exposures | X | (7) |
| C.2 Transfers to performing forborne exposures | (14) | X |
| C.3 transfers to impaired exposures not forborne | X | (108) |
| C.4 write-offs | (60) | - |
| C.5 recoveries | (195) | (218) |
| C.6 sales proceeds | - | - |
| C.7 losses on disposals | - | - |
| C.8 other decreases | (159) | (13) |
| **D. Closing balance (gross amounts)** | **830** | **2,223** |
| - Sold but not derecognised | - | - |

### A.1.8 Prudential consolidated perimeter - On-balance sheet credit exposures to banks: changes in overall impairment

No data to report.

# Part E - Information on Risks and relating hedging policies

### A.1.9 Prudential Consolidated - Credit exposures for non-performing loans to customers: changes in total value adjustments

(Amounts in € thousand)

| Description/Category | Bad Exposures | | Unlikely to pay | | Impaired Past due exposures | |
|---|---|---|---|---|---|---|
| | Total | of which: forborne exposures | Total | of which: forborne exposures | Total | of which: forborne exposures |
| **A. Opening balance overall amount of writedowns** | **(16,798)** | **(250)** | **(2,299)** | **(250)** | **(1,063)** | **(34)** |
| - Sold but not derecognised | - | - | - | - | - | - |
| **B. Increases** | **(3,022)** | **(70)** | **(2,015)** | **(202)** | **(920)** | **(24)** |
| B.1 impairment losses on acquired or originated assets | - | X | - | X | - | X |
| B. 2 other value adjustments | (1,906) | (21) | (1,724) | (154) | (907) | (12) |
| B.3 losses on disposal | - | - | - | - | - | - |
| B.4 transfer from other impaired exposure | (1,102) | (49) | (264) | (23) | - | - |
| B. 5 contractual changes without cancellations | - | - | - | - | - | - |
| B.6 other increases | (14) | - | (27) | (25) | (13) | (12) |
| **C. Reductions** | **2,121** | **86** | **1,276** | **141** | **1,018** | **45** |
| C.1 write-backs from assessments | 161 | 13 | 142 | 37 | 175 | 18 |
| C.2 write-backs from recoveries | 388 | 13 | 242 | 52 | 285 | 4 |
| C.3 gains on disposal | - | - | - | - | - | - |
| C.4 write-offs | 1,572 | 60 | 30 | - | 15 | - |
| C.5 transfers to other impaired exposures | - | - | 836 | 49 | 530 | 23 |
| C. 6 contractual changes without cancellations | - | - | - | - | - | - |
| C.7 other decreases | - | - | 26 | 3 | 13 | - |
| **D. Closing overall amount of writedowns** | **(17,699)** | **(234)** | **(3,038)** | **(311)** | **(965)** | **(13)** |
| - Sold but not derecognised | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

## A.2 Breakdown of financial assets, commitments and financial guarantees given by internal and external ratings

### A.2.1 Prudential Consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees issued: by external rating classes (gross values)

(Amounts in € thousand)

| Exposures | External rating classes | | | | | | Without rating | Total |
|---|---|---|---|---|---|---|---|---|
| | Class 1 | class 2 | class 3 | class 4 | class 5 | class 6 | | |
| **A. Financial assets valued at amortized cost** | **8,308,156** | **5,996,796** | **10,302,684** | **87,354** | **7,489** | **-** | **6,811,423** | **31,513,902** |
| - Stage 1 | 8,308,156 | 5,996,796 | 10,302,684 | 87,354 | 7,489 | - | 6,744,475 | 31,446,954 |
| - Stage 2 | - | - | - | - | - | - | 41,719 | 41,719 |
| - Stage 3 | - | - | - | - | - | - | 25,229 | 25,229 |
| - Purchased or originated impaired | - | - | - | - | - | - | - | - |
| **B. Financial assets valued at fair value with impact on overall profitability** | **26,867** | **-** | **-** | **-** | **-** | **-** | **-** | **26,867** |
| - Stage 1 | 26,867 | - | - | - | - | - | - | 26,867 |
| - Stage 2 | - | - | - | - | - | - | - | - |
| - Stage 3 | - | - | - | - | - | - | - | - |
| - Purchased or originated impaired | - | - | - | - | - | - | - | - |
| **C. Financial assets held for sale** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| - Stage 1 | - | - | - | - | - | - | - | - |
| - Stage 2 | - | - | - | - | - | - | - | - |
| - Stage 3 | - | - | - | - | - | - | - | - |
| - Purchased or originated impaired | - | - | - | - | - | - | - | - |
| **Total (A+B+C)** | **8,335,023** | **5,996,796** | **10,302,684** | **87,354** | **7,489** | **-** | **6,811,423** | **31,540,769** |
| **D. Commitments and financial guarantees given** | **-** | **-** | **17,170** | **-** | **-** | **-** | **28,262** | **45,432** |
| - Stage 1 | - | - | 17,170 | - | - | - | 27,596 | 44,766 |
| - Stage 2 | - | - | - | - | - | - | 636 | 636 |
| - Stage 3 | - | - | - | - | - | - | 30 | 30 |
| - Purchased or originated impaired | - | - | - | - | - | - | - | - |
| **Total (D)** | **-** | **-** | **17,170** | **-** | **-** | **-** | **28,262** | **45,432** |
| **Total (A+B+C+D)** | **8,335,023** | **5,996,796** | **10,319,854** | **87,354** | **7,489** | **-** | **6,839,685** | **31,586,201** |

The table shows the breakdown of on-balance sheet and off-balance-sheet exposures to counterparties with an external rating. Rating agencies provide a summary assessment on the creditworthiness of different type of counterparties: Countries, Banks, Public Bodies, Insurance Companies and Businesses, usually large-scale.

The table refers to the classification set forth in the Bank of Italy Circular no. 262/2005 regarding external ratings, which envisages 6 classes of creditworthiness.

The above representation refers to the Standard and Poor's ratings, which were also associated to the ratings of the other two main Agencies, Moody's and Fitch. When there were two credit ratings for an individual exposure provided by two rating agencies the worst rating was recognised; if there were three different ratings the two best ratings were identified and, if they were different, the worst rating from these was recognised.

As part of the calculation of statutory requirements, by using the standard risk calculation method, the Group relies on the rankings of rating agencies in order to determine the weighting coefficients for exposures to Sovereign States ("Central governments and central banks", "Entities" and "Public Sector Entities" portfolio) and Covered bonds. In general, a weighting factor of 100%is applied to the remaining credit exposures, subject to the main exceptions established by CRR 575/2013.

As of December 31, 2022, retail credit exposures mainly consist of personal loans, mortgages credit cards spending - both installment or revolving -, unsecured and secured overdraft facilities and securities lending not externally rated. Rated exposures to non-retail entities derive mainly from securities issued by Sovereign counterparties and from credit exposures to leading banks with high credit ratings.

# Part E - Information on Risks and relating hedging policies

### A.2.2 Prudential consolidated perimeter - Breakdown of on-balance sheet and off-balance-sheet financial assets, commitments and financial guarantees given: breakdown by internal rating class (gross amount)

This table has not been included because internal ratings are not used to managed credit risk.

## A.3 Breakdown of secured exposures by type of collateral

### A.3.1 Regulatory consolidation - Secured on-balance sheet and off-balance-sheet exposures to banks

(Amounts in € thousand)

| | | | Real guarantees (1) | | | | Personal guarantees (2) | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Credit derivatives | |
| | | | | | | | | Other derivatives |
| | Gross exposure | Net exposures | Property - mortgages | Property - Financial leases | Securities | Other real guarantees | CLN | Central counterparties |
| **1. Secured on-balance sheet exposures:** | **1,681,515** | **1,681,515** | **-** | **-** | **1,681,500** | **-** | **-** | **-** |
| 1.1 totally secured | 1,681,515 | 1,681,515 | - | - | 1,681,500 | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |
| 1.2 partially secured | - | - | - | - | - | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |
| **2. Secured off-balance sheet credit exposures:** | **17,166** | **17,163** | **-** | **-** | **17,163** | **-** | **-** | **-** |
| 2.1 totally secured | 17,166 | 17,163 | - | - | 17,163 | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |
| 2.2 partially secured | - | - | - | - | - | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.3.1 Regulatory consolidation - Secured on-balance sheet and off-balance-sheet exposures to banks

*(continued)*

(Amounts in € thousand)

| | Personal guarantees (2) | | | | | | | Total (1)+(2) |
|---|---|---|---|---|---|---|---|---|
| | Credit derivatives | | | Signature credits | | | | |
| | Other derivatives | | | | | | | |
| | Banks | Other financial entities | Other entities | Public entities | Banks | Other financial entities | Other entities | |
| **1. Secured on-balance sheet exposures:** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1,681,500** |
| 1.1 totally secured | - | - | - | - | - | - | - | 1,681,500 |
| - of which impaired | - | - | - | - | - | - | - | - |
| 1.2 partially secured | - | - | - | - | - | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |
| **2. Secured off-balance sheet credit exposures:** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **17,163** |
| 2.1 totally secured | - | - | - | - | - | - | - | 17,163 |
| - of which impaired | - | - | - | - | - | - | - | - |
| 2.2 partially secured | - | - | - | - | - | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |

### A.3.2 Regulatory consolidation - Secured on-balance sheet and off-balance-sheet exposures to customers

(Amounts in € thousand)

| | Gross exposure | Net exposures | Real guarantees (1) | | | | Personal guarantees (2) | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Credit derivatives | |
| | | | | | | | | Other derivatives |
| | | | Property - Mortgages | Property - Financial leases | Securities | Other real assets | CLN | Central counterparties |
| **1. Secured on-balance sheet:** | **5,088,446** | **5,082,522** | **2,619,268** | **-** | **2,393,093** | **70,032** | **-** | **-** |
| 1.1 totally secured | 5,086,284 | 5,080,365 | 2,618,176 | - | 2,392,137 | 70,025 | - | - |
| - of which: impaired | 1,611 | 1,085 | 934 | - | 151 | - | - | - |
| 1.2 partially secured | 2,162 | 2,157 | 1,092 | - | 956 | 7 | - | - |
| - of which: impaired | - | - | - | - | - | - | - | - |
| **2. Secured off-balance sheet credit exposures:** | **30,082** | **30,057** | **-** | **-** | **25,900** | **4,146** | **-** | **-** |
| 2.1 totally secured | 30,050 | 30,025 | - | - | 25,880 | 4,145 | - | - |
| - of which: impaired | 25 | 24 | - | - | 24 | - | - | - |
| 2.2. partially secured | 32 | 32 | - | - | 20 | 1 | - | - |
| - of which: impaired | - | - | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.3.2 Regulatory consolidation - Secured on-balance sheet and off-balance-sheet exposures to customers

*(continued)*

(Amounts in € thousand)

| | Personal guarantees (2) | | | | | | | Total (1)+(2) |
|---|---|---|---|---|---|---|---|---|
| | Credit derivatives | | | Signature credits | | | | |
| | Other derivatives | | | | | | | |
| | Banks | Other financial entities | Other entities | Public entities | Banks | Other financial entities | Other entities | |
| **1. Secured on-balance sheet:** | **-** | **-** | **-** | **-** | **-** | **-** | **2** | **5,082,395** |
| 1.1 totally secured | - | - | - | - | - | - | 2 | 5,080,340 |
| - of which: impaired | - | - | - | - | - | - | - | 1,085 |
| 1.2 partially secured | - | - | - | - | - | - | - | 2,055 |
| - of which: impaired | - | - | - | - | - | - | - | - |
| **2. Secured off-balance sheet credit exposures:** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **30,046** |
| 2.1 totally secured | - | - | - | - | - | - | - | 30,025 |
| - of which: impaired | - | - | - | - | - | - | - | 24 |
| 2.2. partially secured | - | - | - | - | - | - | - | 21 |
| - of which: impaired | - | - | - | - | - | - | - | - |

### A.4 Prudential consolidated perimeter - Financial and non-financial assets obtained through the enforcement of guarantees received

No data to report.

# Part E - Information on Risks and relating hedging policies

### *B. Distribution and concentration of credit exposures*

### B.1 Regulatory consolidation - Breakdown of on-balance sheet and off-balance-sheet credit exposures to customers by sector

(Amounts in € thousand)

| Exposures/Counterparty | | Public entities | | Financial entities | | Financial companies (of which: insurance companies) | |
|---|---|---|---|---|---|---|---|
| | | Net exposure | Total impairments | Net exposure | Total impairments | Net exposure | Total impairments |
| **A. On-balance sheet credit exposures** | | | | | | | |
| A.1 Bad loans | | - | - | - | (1) | - | - |
| - of wich: forborne exposures | | - | - | - | - | - | - |
| A.2 Unlikely to pay | | - | - | - | (1) | - | - |
| - of wich: forborne exposures | | - | - | - | - | - | - |
| A.3 Past-due impaired loans | | - | - | 1 | (1) | - | - |
| - of wich: forborne exposures | | - | - | - | - | - | - |
| A.4 Performing exposures | | 21,024,338 | (7,242) | 381,054 | (471) | 28,909 | (8) |
| - of wich: forborne exposures | | - | - | - | - | - | - |
| **Total (A)** | | **21,024,338** | **(7,242)** | **381,055** | **(474)** | **28,909** | **(8)** |
| **B. Off-balance sheet exposures** | | | | | | | |
| B.1 Impaired | | - | - | - | - | - | - |
| B.2 Unimpaired | | 1 | - | 2,842 | - | - | - |
| **Total (B)** | | **1** | **-** | **2,842** | **-** | **-** | **-** |
| **Total (A+B)** | **12/31/2022** | **21,024,339** | **(7,242)** | **383,897** | **(474)** | **28,909** | **(8)** |
| **Total (A+B)** | **12/31/2021** | **19,175,946** | **(5,800)** | **379,774** | **(197)** | **27,042** | **(3)** |

# Part E - Information on Risks and relating hedging policies

### B.1 Regulatory consolidation - Breakdown of on-balance sheet and off-balance-sheet credit exposures to customers by sector

*(continued)*

(Amounts in € thousand)

| Exposures/Counterparty | | Non-financial entities | | Households | |
|---|---|---|---|---|---|
| | | Net exposure | Total impairments | Net exposure | Total impairments |
| **A. On-balance sheet credit exposures** | | | | | |
| A.1 Bad loans | | - | (5) | 1,405 | (17,693) |
| - of wich: forborne exposures | | - | - | 23 | (234) |
| A.2 Unlikely to pay | | 16 | (65) | 1,405 | (2,972) |
| - of wich: forborne exposures | | - | - | 243 | (311) |
| A.3 Past-due impaired loans | | - | - | 700 | (964) |
| - of wich: forborne exposures | | - | - | 5 | (13) |
| A.4 Performing exposures | | 1,149 | (9) | 6,059,981 | (11,886) |
| - of wich: forborne exposures | | - | - | 2,200 | (23) |
| **Total (A)** | | **1,165** | **(79)** | **6,063,491** | **(33,515)** |
| **B. Off-balance sheet exposures** | | | | | |
| B.1 Impaired | | - | - | 90 | (41) |
| B.2 Unimpaired | | 1,958 | - | 2,077,509 | (31) |
| **Total (B)** | | **1,958** | **-** | **2,077,599** | **(72)** |
| **Total (A+B)** | **12/31/2022** | **3,123** | **(79)** | **8,141,090** | **(33,587)** |
| **Total (A+B)** | **12/31/2021** | **1,073** | **(59)** | **7,474,617** | **(32,442)** |

Exposures connected to the counterparty risk related to securities lending or borrowing transactions are not included.

### B.2 Regulatory consolidation - Breakdown of on-balance sheet and off-balance-sheet credit exposures to customers by geography

(Amounts in € thousand)

| Exposures/Geographical area | | Italy | | Other european countries | | United States |
|---|---|---|---|---|---|---|
| | | Net exposures | Total impairments | Net exposures | Total impairments | Net exposures |
| **A. On-balance sheet exposures** | | | | | | |
| A.1 Bad loans | | 1,399 | (17,648) | 3 | (38) | 2 |
| A.2 Unlikely to pay | | 1,421 | (3,038) | - | - | - |
| A.3 Impaired past-due exposures | | 699 | (962) | 2 | (3) | - |
| A.4 Unimpaired exposures | | 14,004,535 | (16,939) | 11,770,263 | (2,262) | 763,958 |
| **Total (A)** | | **14,008,054** | **(38,587)** | **11,770,268** | **(2,303)** | **763,960** |
| **B. Off-balance sheet credit exposures** | | | | | | |
| B.1 Impaired exposures | | 90 | (41) | - | - | - |
| B.2 Unimpaired exposures | | 2,076,805 | (31) | 4,990 | - | 95 |
| **Total (B)** | | **2,076,895** | **(72)** | **4,990** | **-** | **95** |
| **Total (A+B)** | **12/31/2022** | **16,084,949** | **(38,659)** | **11,775,258** | **(2,303)** | **764,055** |
| **Total (A+B)** | **12/31/2021** | **15,011,244** | **(36,728)** | **10,786,619** | **(1,548)** | **963,916** |

# Part E - Information on Risks and relating hedging policies

## B.2 Regulatory consolidation - Breakdown of on-balance sheet and off-balance-sheet credit exposures to customers by geography

*(continued)*

(Amounts in € thousand)

| Exposures/Geographical area | United States | Asia | | Rest of the world | |
|---|---|---|---|---|---|
| | Total impairments | Net exposures | Total impairments | Net exposures | Total impairments |
| **A. On-balance sheet exposures** | | | | | |
| A.1 Bad loans | (13) | - | - | 1 | - |
| A.2 Unlikely to pay | - | - | - | - | - |
| A.3 Impaired past-due exposures | - | - | - | - | - |
| A.4 Unimpaired exposures | (272) | 258,064 | (88) | 669,702 | (47) |
| **Total (A)** | **(285)** | **258,064** | **(88)** | **669,703** | **(47)** |
| **B. Off-balance sheet credit exposures** | | | | | |
| B.1 Impaired exposures | - | - | - | - | - |
| B.2 Unimpaired exposures | - | 404 | - | 16 | - |
| **Total (B)** | - | **404** | **-** | **16** | **-** |
| **Total (A+B) 12/31/2022** | **(285)** | **258,468** | **(88)** | **669,719** | **(47)** |
| **Total (A+B) 12/31/2021** | **(164)** | **261,004** | **(57)** | **8,627** | **(1)** |

Exposures connected with the counterparty risk relating to the granting or borrowing of securities on loan are excluded.

# Part E - Information on Risks and relating hedging policies

### B.3 Regulatory consolidation - Breakdown of on-balance sheet and off-balance-sheet credit exposures to banks by geography

(Amounts in € thousand)

| Exposures/Geographical Area | | Italy | | Other european countries | | U.S.A. |
|---|---|---|---|---|---|---|
| | | Net exposures | Total impairments | Net exposures | Total impairments | Net exposures |
| **A. On-balance sheet exposures** | | | | | | |
| A.1 Bad loans | | - | - | - | - | - |
| A.2 Unlikely to pay | | - | - | - | - | - |
| A.3 Impaired past-due exposures | | - | - | - | - | - |
| A.4 Not impaired exposures | | 3,465,556 | (179) | 1,215,670 | (161) | 98,925 |
| **Total (A)** | | **3,465,556** | **(179)** | **1,215,670** | **(161)** | **98,925** |
| **B. Off-balance sheet credit exposures** | | | | | | |
| B.1 Impaired exposure | | - | - | - | - | - |
| B.2 Unimpaired exposure | | 17,168 | (3) | 1,691,826 | - | - |
| **Total (B)** | | **17,168** | **(3)** | **1,691,826** | **-** | **-** |
| **Total (A+B)** | **12/31/2022** | **3,482,724** | **(182)** | **2,907,496** | **(161)** | **98,925** |
| **Total (A+B)** | **12/31/2021** | **5,706,987** | **(41)** | **1,160,875** | **(46)** | **66,271** |

### B.3 Regulatory consolidation - Breakdown of on-balance sheet and off-balance-sheet credit exposures to banks by geography

*(continued)*

(Amounts in € thousand)

| Exposures/Geographical Area | | U.S.A. | Asia | | Rest of the world | |
|---|---|---|---|---|---|---|
| | | Total impairments | Net exposures | Total impairments | Net exposures | Total impairments |
| **A. On-balance sheet exposures** | | | | | | |
| A.1 Bad loans | | - | - | - | - | - |
| A.2 Unlikely to pay | | - | - | - | - | - |
| A.3 Impaired past-due exposures | | - | - | - | - | - |
| A.4 Not impaired exposures | | (7) | - | - | 718,953 | (50) |
| **Total (A)** | | **(7)** | **-** | **-** | **718,953** | **(50)** |
| **B. Off-balance sheet credit exposures** | | | | | | |
| B.1 Impaired exposure | | - | - | - | - | - |
| B.2 Unimpaired exposure | | - | - | - | - | - |
| **Total (B)** | | **-** | **-** | **-** | **-** | **-** |
| **Total (A+B)** | **12/31/2022** | **(7)** | **-** | **-** | **718,953** | **(50)** |
| **Total (A+B)** | **12/31/2021** | **(5)** | **-** | **-** | **431,917** | **(15)** |

Exposures connected with the counterparty risk relating to the granting or borrowing of securities on loan are excluded.

# Part E - Information on Risks and relating hedging policies

### B.4 Large exposures

As at December 31st, 2022, the "risk positions" constituting a "large exposure" pursuant to the Commission Implementing Regulation (EU) No 451/2021 of 17 December 2020 which establishes technical implementation rules with regard to the reporting of entities for supervisory purposes in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council, and subsequent Regulations that modify the content (CRR), are the following:

- book value: € 28,516,579 thousand, excluding the reverse repo transactions and indirect exposures as defined below;
- non-weighted value: € 32,141,671 thousand, including repurchase agreements and indirect exposures;
- weighted value: € 2,494,412 thousand, including repurchase agreements and indirect exposures;
- number of "risk positions": 39.

It should be noted that, in accordance with the EBA Guidelines on connected customers pursuant to Article 4, paragraph 1, point 39) of CRR, the large exposures also include counterparties with links to central governments that, although they do not individually exceed the 10% threshold of the eligible capital for large exposures, exceed this limit when the exposure to the sovereign to which they are linked by a control relationship is also considered.

It should be also noted that CRR introduced the requirement to apply the "Substitution Approach", whereby an Institution, when reducing its exposure to a client using a credit risk mitigation technique eligible under Article 399, paragraph 1, treats, in the manner set out in Article 403, the portion of the exposure corresponding to the reduction as an exposure to the protection provider rather than to the client. This implies compliance with the limits set by Article 395 CRR on the sum of direct exposures to clients and exposures represented by collateral received (“indirect exposures”). In addition, the Regulation requires institutions to add to the total exposures toward a client the exposures arising from derivative contracts where the contract has not been directly concluded with that client but the underlying debt or equity instrument has been issued by that client (“indirect exposures”).

Following the deconsolidation of FinecoBank from the UniCredit Group took place, FinecoBank and UniCredit S.p.A. have entered into a contract (Pledge Agreement) which provides for the granting by UniCredit S.p.A. of financial guarantees in favour of FinecoBank aimed at guaranteeing credit risk exposures represented by UniCredit bonds, until their natural expiry, and from the financial guarantees issued by FinecoBank in favour of the Agency of Enter at the request of UniCredit S.p.A., until they are completely extinguished. These guarantees meet the requirements of the applicable legislation to be eligible in the context of credit risk mitigation techniques (CRM), with the consequent reduction in the exposure to UniCredit Group for the purposes of determining the Fineco Group's large exposures.

Finally, please note that deferred tax assets within the exposure towards the Italian Central Government have been exempted and, therefore, their weighted value is null.

### *C. Securitisation transactions*

## Qualitative information

No data to report.

## Quantitative information

No data to report.

### *D. Sales Transactions*
### *A. Financial assets sold and partially derecognised*

## Qualitative information

The Group carries out repurchase and reverse repurchase agreements and securities lending transactions secured by cash, which are, in substance, equivalent to repurchase agreements, using own securities and securities not recognised as assets, received through reverse repurchase and securities lending transactions. Owned securities engaged in repurchase agreements have not been eliminated from the balance sheet as the Group enters into repurchase agreements with the obligation for the transferee to resell the assets involved in the transaction on a forward basis and retains all risks associated with ownership of the securities.

The Bank also carries out securities lending transactions without collateral or with collateral represented by other securities, as lender, against its own securities.

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### D.1 Regulatory consolidation - Financial assets sold but not derecognised and associated financial liabilities: carrying value

(Amounts in € thousand)

| | Financial assets sold but not derecognised | | | | Associated financial liabilities | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount | of which: securisation | of which: repurchase agreement | of which: impaired | Carrying amount | of which: securisation | of which: repurchase agreement |
| **A. Financial assets held for trading** | **13** | **-** | **13** | **X** | **-** | **-** | **-** |
| 1. Debt securities | - | - | - | X | - | - | - |
| 2. Equity instruments | 13 | - | 13 | X | - | - | - |
| 3. Loans | - | - | - | X | - | - | - |
| 4. Derivative instruments | - | - | - | X | - | - | - |
| **B. Other financial assets mandatorily at fair value** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1. Debt securities | - | - | - | - | - | - | - |
| 2. Equity instruments | - | - | - | X | - | - | - |
| 3. Loans | - | - | - | - | - | - | - |
| **C. Financial assets designated at fair value** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1. Debt securities | - | - | - | - | - | - | - |
| 2. Loans | - | - | - | - | - | - | - |
| **D. Financial assets at fair value through other comprehensive income** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1. Debt securities | - | - | - | - | - | - | - |
| 2. Equity instruments | - | - | - | X | - | - | - |
| 3. Loans | - | - | - | - | - | - | - |
| **E. Financial assets at amortised cost** | **3,642,575** | **-** | **3,642,575** | **-** | **3,466,841** | **-** | **3,466,841** |
| 1. Debt securities | 3,642,575 | - | 3,642,575 | - | 3,466,841 | - | 3,466,841 |
| 2. Loans | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **3,642,588** | **-** | **3,642,588** | **-** | **3,466,841** | **-** | **3,466,841** |
| **Total 12/31/2021** | **3,054,851** | **-** | **3,054,851** | **-** | **3,076,242** | **-** | **3,076,242** |

Please note that the amount of financial liabilities in the table above has been shown gross of the accounting off-setting made according to IAS 32.

The above table excludes financial assets sold under securities lending transactions without collateral or with collateral represented by other securities, with which no liability is associated.

### D.2 Prudential consolidated perimeter - Financial assets sold partially recognized and associated financial liabilities: carrying value

No data to report.

### D.3 Prudential consolidated perimeter - Sales transactions relating to financial liabilities with repayment exclusively based on assets sold and not derecognised: fair value

No data to report.

# Part E - Information on Risks and relating hedging policies

***B. Assets sold and fully derecognised with recognition of continuing involvement***

## Qualitative information

No data to report.

## Qualitative information

No data to report.

***C. Financial assets sold and fully derecognised***

## Qualitative information

No data to report.

## Qualitative information

No data to report.

***D. Prudential consolidated - Covered bond transactions***

No data to report.

***E. Prudential consolidated - Credit Risk Measurement Models***

*Credit Risk Measurement – Trading Book*

The monitoring of credit risk as part of the management of the trading book is conducted through the daily measurement of VaR and Credit Spread VaR. Such measurements directly affect the calculation of the Group's Internal Capital. It should be noted though that the trading book credit risk exposure remains extremely limited.

*Credit Risk Measurement – Banking Book*

The banking book of the Group consists mainly of securities, current accounts with credit institution and deposits with Bank of Italy. Institutional counterparties are assigned with the rating class. Retail customer activities are limited to the granting of personal loans, mortgages, credit cards and credit lines.

# Part E - Information on Risks and relating hedging policies

## Disclosure of exposures in securities issued by Sovereigns

The Group is exposed to the sovereign debt of some countries, having invested a portion of its assets in debt securities issued by governments and recognized in the caption "Financial assets designated at fair value through other comprehensive income" and in "Financial assets at amortised cost". The following table shows the face value, the book value and the fair value of these exposures as at December 31st, 2022. The Group is exposed in debt securities issued by Sovereigns which are classified under the caption "Other financial assets mandatorily at fair value" accounts for € 76 thousand.

In addition, the Group hold investments in debt securities issued by Supranational institutions and Agencies accounted for in "Financial assets at amortised cost".

(Amounts in € thousand)

| | Nominal value as at | Carrying amount as at | Fair value as at | % Financial statements item |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2022 | 12/31/2022 | 12/31/2022 |
| **Italy** | **8,170,254** | **7,659,647** | **7,241,024** | **21.1%** |
| Financial assets at amortised cost | 8,170,254 | 7,659,647 | 7,241,024 | 24.3% |
| **Spain** | **4,920,000** | **4,521,003** | **4,431,289** | **12.5%** |
| Financial assets at amortised cost | 4,920,000 | 4,521,003 | 4,431,289 | 14.4% |
| **Germany** | **175,000** | **171,506** | **153,622** | **0.5%** |
| Financial assets at amortised cost | 175,000 | 171,506 | 153,622 | 0.5% |
| **France** | **1,508,500** | **1,483,593** | **1,291,059** | **4.1%** |
| Financial assets at fair value through other comprehensive income | 35,000 | 26,865 | 26,865 | 100.0% |
| Financial assets at amortised cost | 1,473,500 | 1,456,728 | 1,264,194 | 4.6% |
| **U.S.A.** | **559,722** | **547,721** | **539,999** | **1.5%** |
| Financial assets at amortised cost | 559,722 | 547,721 | 539,999 | 1.7% |
| **Austria** | **671,000** | **670,898** | **577,430** | **1.9%** |
| Financial assets at amortised cost | 671,000 | 670,898 | 577,430 | 2.1% |
| **Ireland** | **960,500** | **912,684** | **879,009** | **2.5%** |
| Financial assets at amortised cost | 960,500 | 912,684 | 879,009 | 2.9% |
| **United Kingdom** | **56,374** | **56,199** | **56,138** | **0.2%** |
| Financial assets at amortised cost | 56,374 | 56,199 | 56,138 | 0.2% |
| **Belgium** | **715,000** | **719,639** | **624,512** | **2.0%** |
| Financial assets at amortised cost | 715,000 | 719,639 | 624,512 | 2.3% |
| **Portugal** | **330,000** | **379,113** | **325,589** | **1.0%** |
| Financial assets at amortised cost | 330,000 | 379,113 | 325,589 | 1.2% |
| **Switzerland** | **32,497** | **32,477** | **32,462** | **0.1%** |
| Financial assets at amortised cost | 32,497 | 32,477 | 32,462 | 0.1% |
| **Saudi Arabia** | **90,000** | **90,316** | **73,996** | **0.2%** |
| Financial assets at amortised cost | 90,000 | 90,316 | 73,996 | 0.3% |
| **Chile** | **203,100** | **214,101** | **165,960** | **0.6%** |
| Financial assets at amortised cost | 203,100 | 214,101 | 165,960 | 0.7% |
| **China** | **165,832** | **165,210** | **132,430** | **0.5%** |
| Financial assets at amortised cost | 165,832 | 165,210 | 132,430 | 0.5% |
| **Latvia** | **30,000** | **29,740** | **21,991** | **0.1%** |
| Financial assets at amortised cost | 30,000 | 29,740 | 21,991 | 0.1% |
| **Iceland** | **15,000** | **14,967** | **12,449** | **0.0%** |
| Financial assets at amortised cost | 15,000 | 14,967 | 12,449 | 0.0% |
| **Total sovereign exposures** | **18,602,779** | **17,668,814** | **16,558,959** | **48.7%** |

The % reported in line with Sovereign counterparties and in the item "Total Sovereign exposures" have been determined on the Group's total assets, whereas those reported in line with the balance sheet items have been determined on the total of the individual items of the financial statements.

Please note that securities denominated in currencies other than euro have been converted into euro according to the spot exchange rate at the reference date of the financial statements.

As at December 31st, 2022, investments in debt securities issued by Sovereign States accounted for 48,7% of the Group's total assets and none of them were structured debt securities.

# Part E - Information on Risks and relating hedging policies

The following table shows the sovereign ratings as at December 31st, 2022 for countries to which the Group is exposed, provided by Fitch Ratings, Moody's and Standard & Poor's.

| | Moody's | Fitch Ratings | Standard & Poor's |
|---|---|---|---|
| Italy | Baa3 | BBB | BBB |
| Spain | Baa1 | A- | A |
| Germany | Aaa | AAA | AAA |
| France | Aa2 | AA | AA |
| USA | Aaa | AAA | AA+ |
| Austria | Aa1 | AA+ | AA+ |
| Ireland | A1 | AA- | AA- |
| Belgium | Aa3 | AA- | AA |
| Portugal | Baa2 | BBB+ | BBB+ |
| United Kingdom | Aa3 | AA- | AA |
| Switzerland | Aaa | AAA | AAA |
| Saudi Arabia | A1 | A | A- |
| Chile | A2 | A- | A+ |
| China | A1 | A+ | A+ |
| Latvia | A3 | A- | A+ |
| Iceland | A2 | A | A |

# Part E - Information on Risks and relating hedging policies

## 1.2 - Market risk

Market risk derives from changes in market variables (interest rates, securities prices, exchange rates, etc.) affecting the economic value of the Group's portfolio. The latter includes assets held in the trading book (assets held for trading) as well as those in the banking book, i.e. the transactions connected to strategic investment choices.

### Risk Management Strategies and Processes

The Board of Directors of FinecoBank sets strategic guidelines for market risks taking, approves the market risk general framework and any significant changes, relating to the organisational structure, strategies, and methodologies and defines maximum risk appetite level.

The strategic approach of the Group is to maintain the minimum level of market risk compatibly with business needs and the limits established by the Risk Appetite Framework approved by the Board of Directors.

Market risk in FinecoBank is defined through two sets of limits:

- Overall measures of market risk (e.g. VaR): which are meant to establish a boundary to the internal capital absorption and to the economic loss accepted in trading activities; these limits must be consistent with assigned revenue targets and the defined risk taking capacity;
- Granular measures of market risk (Sensitivity limits, Stress scenario limits, Nominal limits): which exist independently of, but act in concert with the overall limits; in order to control more effectively and more specifically different risk types, desks and products, these limits are generally granular sensitivity or stress-related limits. The levels set for granular limits aim at limiting the concentration in individual risk factors and the excessive exposure in risk factors which are not sufficiently covered under VaR.

### Structure and Organisation

The Market & Liquidity Risk function, within the CRO Department, in full compliance with local legal and regulatory obligations is tasked primarily – but not exclusively – with:

- defining, implementing and refining adequate metrics at a global level to measure the exposure to market risk;
- proposing, based on the defined metrics, risk limits consistent with the risk appetite approved by the Board of Directors;
- calculating risk metrics for the global and granular measures for the Group's portfolios;
- checking that the measurements are consistent with the approved limits;
- initiating the escalation process when limits are exceeded, engaging the Group’s Top Management;
- discussing and approving new products with innovative and complex market risk profiles.

### Impacts of the crisis unfolded by COVID-19 pandemic and Russia-Ukraine military conflict

FinecoBank did not change its market risk management, measurement and control strategies, objectives or policies as a result of the COVID-19 pandemic and the Russia-Ukraine military conflict. Furthermore, no impacts on the market risk profile resulting from the aforementioned events were recorded in 2022, neither with regard to the banking book nor with regard to the trading book.

### Risk measurement and reporting framework

#### *Trading Book*

The main tool used by the Group to measure the market risk of trading positions is Value at Risk (VaR), calculated using the historic simulation approach.

The historic simulation method involves the daily revaluation of positions on the basis of market price trends over an appropriate observation period. The resulting distribution of profits and losses is analysed to determine the effect of extreme market fluctuations on portfolios. The percentile value of the distribution corresponding to the set confidence level represents the VaR. The following parameters are used to calculate the VaR: confidence level 99%; time horizon of 1 day; daily update of the time series; observation period of 250 days.

# Part E - Information on Risks and relating hedging policies

### *Banking Book*

The primary responsibility for monitoring and controlling Market Risk management in the banking book lies with the Group's competent Bodies. The Parent Company CRO Department is responsible for monitoring market risk on the banking book by defining the structure, the relevant data and the frequency for adequate reporting.

Market risk in the banking book mainly consists of credit spread risk, interest rate risk and exchange rate risk.
The first one mainly arises from investments in debt securities held for liquidity purposes. Market risk associated with the bond portfolio is monitored and restrained by limits on the notional amount, Economic Value sensitivity and the Value at Risk.

The second one, interest rate risk is managed for stabilization purposes. The banking book interest rate risk measure covers the dual aspect of the value and the net interest income/expense of the Group. More precisely, the different, and complementary, perspectives involve:

- Economic value perspective: variation in interest rates can affect the economic value of assets and liabilities. The economic value of the Group may be viewed as the present value of the expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities. A relevant risk measure from this perspective is the economic value sensitivity per time bucket for a 1 basis point rate shock. Such measure is considered relevant to assess the economic value impact of various changes in the yield curve. The economic value sensitivity is also calculated for a 200bp parallel shock. A monitoring variable from this perspective is the value at risk resulting from interest rate risk component only;
- Income perspective: the focus of analysis is the impact of changes of interest rates on accrued or reported Net Interest Income that is the difference between revenues generated by interest sensitive assets and the cost related to interest sensitive liabilities. An example of a risk measure used is the Net Interest Income sensitivity for a 100bp parallel shock in rates. Such measure provides an indication of the impact that such a shock would have on the net interest margin over the next 12 months.

The third one is exchange rate risk. This exposure mainly derives from a mismatching of assets and liabilities in USD. Exchange rate risk is hedged through the matching of assets and liabilities denominated in currency or through spot transactions in foreign currencies.

## Procedures and methodologies for valuation of Trading Book positions

The Group ensures that the value applied to each trading book position appropriately reflects the current fair (market) value, i.e. the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of each financial instrument is based on, or derived from, observable market prices or inputs. The availability of observable prices or other market variables differs by product and market, and might change over time.

If observable prices or parameters are readily and regularly available (i.e. satisfying adequate liquidity requirements), they are directly employed in the determination of fair value (mark-to-market).

In non-active markets or for certain instruments, for which observable prices or inputs are not available, fair value is calculated using valuation techniques that are appropriate for the specific instrument (mark-to-model). This approach involves estimation and judgement, therefore, it might require valuation adjustments in order to take into account bid-ask spreads, liquidity and counterparty risk, besides the employed pricing model. In addition, each pricing model used for *fair value* calculation is validated by a dedicated function independent from business units.

In order to ensure an adequate separation between developing functions and validating functions, all valuation models developed shall be centrally tested and validated by functions fully independent from those that have developed the model thereof. Model validation is also centrally carried out for any new system or analysis tool whose outcome has a potential impact on the Group's economic results.

In addition to daily marking to market or marking to model, the CRO Department carries out an Independent Price Verification (IPV). This is the process through which market prices or model inputs are regularly verified for accuracy and independence. Whereas marking to market or marking to model may be performed daily by front-office dealers, the verification of market prices and model inputs is performed on a monthly basis.

## Risk measures

### *VaR*

The VaR calculated within market risk measurement for both the banking and trading book is based on the historical simulation approach. The selected model has several advantages:

- it is easy to understand and communicate;
- it does not require any specific assumptions about the functional form of the distribution of yields of the risk factors;
- it does not require an estimation of the variance-covariance matrix of the market factors that may affect the value of the portfolio.

- it captures the correlation structure reflected in the simultaneous changes in market factors, implicitly assuming that it will remain constant in the future.

On the other hand VaR models based on historical simulations do not provide any information on the amount of the loss exceeding the VaR. This why the Group's framework uses additional instruments such as stress tests.

*1.2.1 Interest rate risk and price risk – regulatory trading book*

## Qualitative information

### *A. General Matters*

The trading book is used to hold debt securities (ordinary and subordinated, structured and plain vanilla), equity instruments, and certificates – listed and non-listed – related to brokerage activities with retail customers.

The Group does not perform proprietary trading and does not assume speculative positions in its books. Accounting movements in the Group's trading book are recorded against brokerage activities with retail customers. Such activities mainly concern the dealing on own account activity, on the basis of which FinecoBank acts as a direct counterparty to its clients. This activity, which also includes the systematic internalization of a defined selection of securities and the market making activity on the turbo certificates issued by the Bank, is carried out according to the provision of MiFID regulation which allows the possibility of executing orders relating to financial instruments in a plurality of trading venues, including the dealing on own account.

### *B. Processes for managing and methods for measuring interest rate risk and price risk*

For a characterization of both internal risk monitoring, managing processes and risk assessment methodologies, please refer to the introduction.

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### 1. Regulatory trading book: distribution by maturity (repricing date) of on-balance sheet financial assets and liabilities and financial derivatives – Currency: Euro

(Amounts in € thousand)

| Type/Residual maturity | On demand | Up to 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 year and 5 years | Between 5 and 10 years | Over 10 years | Indefinite maturity |
|---|---|---|---|---|---|---|---|---|
| **1. On-balance sheet assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1.1 Debt securities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - other | - | - | - | - | - | - | - | - |
| 1.2 Other assets | - | - | - | - | - | - | - | - |
| **2. On-balance sheet liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 2.1 Repos | - | - | - | - | - | - | - | - |
| 2.2 Other liabilities | - | - | - | - | - | - | - | - |
| **3. Financial derivatives** | | | | | | | | |
| 3.1 With underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + Long positions | - | - | - | - | - | - | 1 | - |
| + Short positions | - | - | - | - | 75 | - | 1 | - |
| - Others | | | | | | | | |
| + Long positions | 117 | 130,549 | - | - | 349 | 436 | 2,432 | - |
| + Short positions | 117 | 131,393 | - | - | 349 | - | 1,864 | - |
| 3.2 Without underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + Long positions | 20 | 357 | - | - | - | - | - | - |
| + Short positions | 20 | 82 | - | - | - | - | - | - |
| - Others derivatives | | | | | | | | |
| + Long positions | - | 48,176 | 20 | 25,200 | - | - | - | - |
| + Short positions | 20 | 61,457 | 290 | 14,050 | - | - | - | - |

Item 3.1 "Financial Derivatives with underlying securities - Other Derivatives" includes spot contracts for the purchase and sale of securities, other than shares and UCITS units, to be settled in times established by market practices ("regular way").

Item 3.2 "Financial Derivatives without underlying securities - Other Derivatives" includes spot contracts for the purchase and sale of foreign currencies, to be settled in times established by market practices ("regular way").

# Part E - Information on Risks and relating hedging policies

## Currency: Other currencies

(Amounts in € thousand)

| Type/Residual maturity | On demand | Up to 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 year and 5 years | Between 5 and 10 years | Over 10 years | Indefinite maturity |
|---|---|---|---|---|---|---|---|---|
| **1. On-balance sheet assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1.1 Debt securities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - other | - | - | - | - | - | - | - | - |
| 1.2 Other assets | - | - | - | - | - | - | - | - |
| **2. On-balance sheet liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | **1** | **-** |
| 2.1 Repos | - | - | - | - | - | - | - | - |
| 2.2 Other liabilities | - | - | - | - | - | - | 1 | - |
| **3. Financial derivatives** | | | | | | | | |
| 3.1 With underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| - Others | | | | | | | | |
| + Long positions | - | 154,243 | - | - | - | - | - | - |
| + Short positions | - | 154,266 | 100 | - | - | - | - | - |
| 3.2 Without underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + Long positions | - | 134 | - | - | - | - | - | - |
| + Short positions | - | 422 | - | - | - | - | - | - |
| - Others derivatives | | | | | | | | |
| + Long positions | 27 | 79,964 | 714 | 27,843 | - | - | - | - |
| + Short positions | 7 | 66,556 | 440 | 39,203 | - | - | - | - |

The effects of changes in the yield curve on net interest margin arising from instruments in the trading book are negligible. For similar considerations regarding the banking book, see paragraph 2. "Banking book: internal models and other methods of sensitivity analysis".

### 2. Regulatory trading book: distribution of exposures in equity instruments and share indices for the main stock market countries

(Amounts in € thousand)

| Type of transaction/listing index | Listed | | | | | | Unlisted |
|---|---|---|---|---|---|---|---|
| | U.S.A. | NETHERLANDS | ITALY | GERMANY | FRANCE | OTHER COUNTRY | |
| **A. Equity instruments** | | | | | | | |
| - long positions | 7,577 | 720 | 3 | 740 | 414 | 1,076 | - |
| - short positions | 172 | 41 | - | 24 | 95 | 63 | - |
| **B. Unsettled equity instrument trades** | | | | | | | |
| - long positions | 140,729 | 36,520 | 77,992 | 9,316 | 16 | 17,060 | - |
| - short positions | 141,314 | 36,510 | 78,061 | 9,391 | 15 | 16,960 | - |
| **C. Other equity instruments derivatives** | | | | | | | |
| - long positions | 1,186 | 270 | - | 144 | 164 | 233 | - |
| - short positions | 8,489 | 1,023 | - | 892 | 512 | 1,400 | - |
| **D. Share index derivatives** | | | | | | | |
| - long positions | 24,258 | 14 | 4,817 | 7,522 | 512 | 2,813 | - |
| - short positions | 23,310 | 95 | 8,918 | 7,423 | 482 | 2,897 | - |

### 3. Regulatory trading book: internal models and other methods of sensitivity analysis

The Group monitors the VaR of the Trading Book on a daily basis.

As at December 31, 2022, the daily VaR of the trading book amounted to € 236 thousand. The average for the year 2022 is € 122 thousand, with a maximum peak of € 436 thousand and a minimum of € 26 thousand.

The volatility in the price of instruments determines direct impacts on the income statement.

*1.2.2 Interest rate risk and price risk – banking book*

## Qualitative information

### *A. General aspects, management processes and measurement methods for interest rate risk and price risk*

Interest rate risk consists of changes in interest rates affecting:

- the net interest margin, thus, the Group's earnings;
- the net present value of assets and liabilities, as well as the present value of future cash flows.

The Group measures and monitors interest rate risk daily, within the methodological framework and the corresponding limits or thresholds approved by the Board of Director. Such limits concern to the sensitivity of the net interest margin and the economic value.

Interest rate risk has an impact on every position resulting from strategic investment decisions (banking book).

The main sources of interest rate risk may be classified as follows:

- gap risk: this derives from the term structure of the banking book and describes the risk arising from the instrument's timing of interest rate update. The gap risk also includes the repricing risk, arising from time mismatches in terms of the repricing of the Group's assets and liabilities. These mismatches result in a risk associated with the yield curve. This risk relates to the Group's exposure to changes in the slope and shape of the yield curve.
- basis risk: this can be divided into two types of risk:
  - o tenor risk, arising from the mismatch between instrument expiry and the change in interest rates;
  - o currency risk, defined as the risk of a potential offsetting between interest rate sensitivities arising from exposure to the interest rate risk in various currencies;

# Part E - Information on Risks and relating hedging policies

- option risk – risk resulting from implicit or explicit options in the Group's banking book positions.

Within the organisational framework described above, the Board of Directors approves the limits on interest rate. These limits are set in terms of VaR (calculated using the methodology described above in relation to the trading book). The Parent Company is responsible for managing the exposure to interest rate risk within the limits assigned.

In order to assess the effects of changes in the yield curve on the banking book, scenario analyses involving the parallel shifts in the rate curve of +/- 100 bps and +/- 200 bps are conducted at weekly intervals; further six standardized scenarios proposed by EBA guidelines (EBA/GL/2018/02) are also conducted on a weekly basis.

The scenarios relating to changes in economic value, used to fill in the EU IRRBB template reported in paragraph 2 "Banking book: internal models and other methods for sensitivity analysis", correspond to the scenarios of the Supervisory Outlier Test envisaged by the aforementioned EBA guidelines.

The scenarios applied in the EU IRRBB template relating to the change in interest income, on the other hand, reflect the assumptions underlying the assessments of the EV sensitivity scenarios and are calculated with the following assumptions:

- application of a post-shock floor increasing from -100 to 0 (from O / N to 20 years, an increase of 5 bps per year) for single currency and single curve;
- 50% weighting for the positive contributions of NII (per single currency).

For more details reference is made to section *2. Banking book: internal models and other methods of sensitivity analysis.*

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### 1. Banking book: distribution by maturity (by repricing date) of financial assets and liabilities - Currency: Euro

(Amounts in € thousand)

| Type/maturity | On demand | Up to 3 months | Between 3 and 6 months | Between 6 months to 1 year | Between 1 year and 5 years | Between 5 and 10 years | Over 10 years | Indefinite maturity |
|---|---|---|---|---|---|---|---|---|
| **1. On-balance sheet assets** | **4,067,076** | **3,605,573** | **477,559** | **481,953** | **7,842,394** | **15,971,214** | **948,824** | **-** |
| 1.1 Debt securities | - | 2,310,342 | 381,860 | 324,486 | 6,957,383 | 15,342,476 | 26,912 | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | 2,310,342 | 381,860 | 324,486 | 6,957,383 | 15,342,476 | 26,912 | - |
| 1.2 Loans to banks | 1,321,129 | 312,462 | - | - | - | - | - | - |
| 1.3 Loans to customers | 2,745,947 | 982,769 | 95,699 | 157,467 | 885,011 | 628,738 | 921,912 | - |
| - current accounts | 2,387,660 | 78 | 71 | 91 | 680 | 1 | - | - |
| - others loans | 358,287 | 982,691 | 95,628 | 157,376 | 884,331 | 628,737 | 921,912 | - |
| - with early redemption option | 8,022 | 527,670 | 83,158 | 155,755 | 880,744 | 628,697 | 921,863 | - |
| - others | 350,265 | 455,021 | 12,470 | 1,621 | 3,587 | 40 | 49 | - |
| **2. On-balance sheet liabilities** | **31,291,907** | **991,364** | **3,576** | **5,428** | **532,535** | **17,340** | **344** | **-** |
| 2.1 Deposits from customers | 29,673,688 | 936,393 | 3,477 | 5,227 | 32,919 | 15,726 | 343 | - |
| - current accounts | 29,563,601 | - | - | - | - | - | - | - |
| - other payables | 110,087 | 936,393 | 3,477 | 5,227 | 32,919 | 15,726 | 343 | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | 110,087 | 936,393 | 3,477 | 5,227 | 32,919 | 15,726 | 343 | - |
| 2.2 Deposits from banks | 1,618,219 | 54,971 | 99 | 201 | 1,690 | 1,614 | 1 | - |
| - current accounts | 7,807 | - | - | - | - | - | - | - |
| - other payables | 1,610,412 | 54,971 | 99 | 201 | 1,690 | 1,614 | 1 | - |
| 2.3 Debt securities | - | - | - | - | 497,926 | - | - | - |
| - with early redemption option | - | - | - | - | 497,926 | - | - | - |
| - others | - | - | - | - | - | - | - | - |
| 2.4 Other liabilities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | - | - | - | - | - | - | - |
| **3. Financial derivatives** | **340,000** | **6,789,827** | **(26,776)** | **(13,590)** | **696,847** | **(7,218,440)** | **(567,869)** | **-** |
| 3.1 With underlying security | - | - | - | - | - | - | - | - |
| - Options | - | - | - | - | - | - | - | - |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| - other derivatives | - | - | - | - | - | - | - | - |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| 3.2 Without underlying security | 340,000 | 6,789,827 | (26,776) | (13,590) | 696,847 | (7,218,440) | (567,869) | - |
| - Options | - | - | - | - | - | - | - | - |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| - Others derivatives | 340,000 | 6,789,827 | (26,776) | (13,590) | 696,847 | (7,218,440) | (567,869) | - |
| + Long positions | 340,000 | 9,936,612 | - | 40,000 | 3,080,000 | - | - | - |
| + Short positions | - | 3,146,785 | 26,776 | 53,590 | 2,383,153 | 7,218,440 | 567,869 | - |
| **4. Other off-balance sheet transactions** | **(353)** | **(656)** | **304** | **395** | **310** | **-** | **-** | **-** |
| + Long positions | 650 | 10,323 | 10,393 | 395 | 310 | - | - | - |
| + Short positions | 1,003 | 10,979 | 10,089 | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

## Currency: Other currencies

(Amounts in € thousand)

| Type/maturity | On demand | Up to 3 months | Between 3 and 6 months | Between 6 months to 1 year | Between 1 year and 5 years | Between 5 and 10 years | Over 10 years | Indefinite maturity |
|---|---|---|---|---|---|---|---|---|
| **1. On-balance sheet assets** | **201,605** | **178,076** | **-** | **473,185** | **138,307** | **-** | **-** | **-** |
| 1.1 Debt securities | - | 88,677 | - | 473,185 | 138,300 | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | 88,677 | - | 473,185 | 138,300 | - | - | - |
| 1.2 Loans to banks | 196,109 | 56,743 | - | - | - | - | - | - |
| 1.3 Loans to customers | 5,496 | 32,656 | - | - | 7 | - | - | - |
| - current accounts | 362 | - | - | - | - | - | - | - |
| - others loans | 5,134 | 32,656 | - | - | 7 | - | - | - |
| - with early redemption option | - | 12 | - | - | - | - | - | - |
| - others | 5,134 | 32,644 | - | - | 7 | - | - | - |
| **2. On-balance sheet liabilities** | **985,448** | **13,565** | **24** | **48** | **48** | **-** | **-** | **-** |
| 2.1 Deposits from customers | 985,443 | 13,130 | 24 | 48 | 48 | - | - | - |
| - current accounts | 975,090 | - | - | - | - | - | - | - |
| - other payables | 10,353 | 13,130 | 24 | 48 | 48 | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | 10,353 | 13,130 | 24 | 48 | 48 | - | - | - |
| 2.2 Deposits from banks | 5 | 435 | - | - | - | - | - | - |
| - current accounts | 5 | - | - | - | - | - | - | - |
| - other payables | - | 435 | - | - | - | - | - | - |
| 2.3 Debt securities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | - | - | - | - | - | - | - |
| 2.4 Other liabilities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | - | - | - | - | - | - | - |
| **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 | - | - | - | - | - | - | - | - |
| - Others derivatives | - | - | - | - | - | - | - | - |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| **4. Other off-balance sheet transactions** | **-** | **(1,269)** | **1,269** | **-** | **-** | **-** | **-** | **-** |
| + Long positions | - | 3,496 | 4,765 | - | - | - | - | - |
| + Short positions | - | 4,765 | 3,496 | - | - | - | - | - |

For a description of the effects of a change in interest rates on net interest margin, profit (loss) for the year, shareholders' equity and the results of scenario analysis, see paragraph 2. Banking book: internal models and other methods of sensitivity analysis.

# Part E - Information on Risks and relating hedging policies

## 2. Banking book: internal models and other methods of sensitivity analysis

In order to measure interest rate risk in the Group's financial statements it is necessary to measure the sensibility of loans and deposits to changes in the yield curve. FinecoBank has developed specific behavioural models aimed at estimating the maturity profile of asset and liability items that do not have a contractual maturity; indeed even though some assets and liabilities may be payable on demand, they could actually show some stickiness.

The following table provides the results of the analyses conducted in all currencies.

(Amounts in € thousand)

| | Value analysis (shift + 200 bp) | Value analysis (shift - 200 bp) | Value analysis (shift +1 bp) | Irvar* | Interest rate analysis (+100bp) | Interest rate analysis (-25bp) |
|---|---|---|---|---|---|---|
| **12/31/2022** | -76,836 | 37,870 | -366 | 9,170 | 116,764 | -29,307 |

*1 day holding period, 99% confidence level%.

The sensitivity analysis on the Group's capital, which was conducted assuming a shift of + 200 basis points on the euro interest rate curve, showed a negative impact of € -76,836 thousand. A shift of -200 basis points showed a positive impact of € 37,870 thousand.

The sensitivity analysis on Group's capital, which was conducted assuming a shift of + 1 basis point, showed a negative impact of € -366 thousand.

As of December 31st, 2022, the interest rate VaR figure for the Bank came to approximately € 9,170 thousand. The average for the year 2022 is equal to € 8,100 thousand with a maximum peak of € 16,322 thousand and a minimum of € 3,545 thousand.

Total VaR, including the Credit Spread Risk component arising mainly from government securities held as investment of liquidity and including the Credit Spread Risk component deriving from UniCredit instruments, amounts to € 117,197 thousand. The average for the year 2022 is equal to € 82,663 thousand with a maximum peak of € 118,695 thousand and a minimum of € 44,176 thousand.

The sensitivity analysis on net interest margin (NIM), which was conducted assuming a shift of +100 basis points on the euro interest rate curve, showed a positive impact of € 116,764 thousand. A shift of -25 basis points would have a negative impact of € -29,307 thousand on the NIM over the next 12 months.

The assessments contained in the EU IRRBB Template report the exposure of the interest rate risk metrics at 31 December 2022 and 30 June 2022. For further information on the applied scenarios, please refer to the qualitative information section on Interest Rate Risk.

**EU IRRBB Template**

(Amounts in € thousand)

| Supervisory shock scenarios | | a | b | c | d |
|---|---|---|---|---|---|
| | | Changes of the economic value of equity | | Changes of the net interest income | |
| | | Current period | Last period | Current period | Last period |
| 1 | Parallel Up | (77,383) | (20,076) | 113,838 | 141,361 |
| 2 | Parallel Down | 38,481 | 23,549 | (235,729) | (210,048) |
| 3 | Steepener shock | 30,469 | (12,368) | - | - |
| 4 | Flattener shock | (75,240) | 3,171 | - | - |
| 5 | Short rates Up | (94,576) | (2,944) | - | - |
| 6 | Long rates Down | 49,285 | (1,665) | - | - |

# Part E - Information on Risks and relating hedging policies

*1.2.3 Exchange Rate Risk*

## Qualitative information

### *A. General aspects, management processes and measurement methods for exchange rate risk*

As part of its treasury activities, the Group collects funds in foreign currencies, mainly US dollars, through customer deposits, subsequently investing these funds mainly in bank deposits and bonds with leading credit institutions, denominated in the same currency. The impact on balance sheet items is estimated through the Forex VaR indicator.

The VaR of the Group's positions is not used for the calculation of Pillar 1 capital requirement, as it is not required by the selected traditional standardised approach. The metric described is therefore only used for managerial and risk monitoring purposes.

### *B. Exchange rate risk hedging*

Exchange rate risk is hedged through the matching of assets and liabilities denominated in currency or through spot transactions in foreign currencies.

The component of exchange rate risk that contributes to the formation of the overall VaR is usually tied to the temporal mismatch between assets and liabilities in US dollars.

## Quantitative information

### 1. Breakdown by currency of assets, liabilities and derivatives

(Amounts in € thousand)

| Items | Currency | | | | | |
|---|---|---|---|---|---|---|
| | USD | GBP | CHF | JPY | AUD | OTHER CURRENCIES |
| **A. Financial assets** | **770,956** | **137,805** | **73,052** | **3,981** | **3,067** | **15,993** |
| A.1 Debt securities | 604,077 | 56,200 | 39,885 | - | - | - |
| A.2 Equity securities | 13,350 | 270 | - | - | - | 75 |
| A.3 Loans to banks | 116,971 | 80,728 | 32,281 | 3,981 | 3,067 | 15,823 |
| A.4 Loans to customers | 36,558 | 607 | 886 | - | - | 95 |
| A.5 Other financial assets | - | - | - | - | - | - |
| **B. Other assets** | **242** | **274** | **7** | **-** | **-** | **30** |
| **C. Financial liabilities** | **766,670** | **137,446** | **73,134** | **3,952** | **3,046** | **15,112** |
| C.1 Deposits from banks | 435 | - | - | - | - | 5 |
| C.2 Deposits from customers | 766,235 | 137,446 | 73,134 | 3,952 | 3,046 | 15,107 |
| C.3 Debt securities in issue | - | - | - | - | - | - |
| C.4 Other financial liabilities | - | - | - | - | - | - |
| **D. Other liabilities** | **850** | **499** | **-** | **-** | **1** | **56** |
| **E. Financial derivatives** | **-** | **-** | **-** | **-** | **-** | **-** |
| - Options | - | - | - | - | - | - |
| + Long positions | 441 | 1 | - | 5 | - | - |
| + Short positions | 518 | - | - | 1 | - | - |
| - Other derivatives | - | - | - | - | - | - |
| + Long positions | 72,213 | 9,537 | 6,745 | 8,568 | 3,640 | 10,440 |
| + Short positions | 71,467 | 9,275 | 6,050 | 8,508 | 3,698 | 9,930 |
| **Total assets** | **843,852** | **147,617** | **79,804** | **12,554** | **6,707** | **26,463** |
| **Total liabilities** | **839,505** | **147,220** | **79,184** | **12,461** | **6,745** | **25,098** |
| **Balance (+/-)** | **4,347** | **397** | **620** | **93** | **(38)** | **1,365** |

The impact of changes in exchange rates are quantified by the daily Forex VaR of the overall portfolio, as described in the following paragraph.

# Part E - Information on Risks and relating hedging policies

### 2. Internal models and other methods of sensitivity analysis

As at December 31st, 2022, the daily Forex VaR of the overall portfolio (banking and trading books) was approximately € 71 thousand. The average for the year 2022 is equal to € 67 thousand with a maximum peak of € 209 thousand and a minimum of € 26 thousand.

## 1.3 - Derivative instruments and hedging policies

*1.3.1 Trading book financial derivatives*

### A. Financial derivatives

### A.1 Hedging financial derivatives: end of period notional amounts

(Amounts in € thousand)

| Underlying assets / Type of derivatives | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Over the counter | | | Organized markets | Over the counter | | | Organized markets |
| | Central Counterparts | without central counterparties | | | Central Counterparts | without central counterparties | | |
| | | with netting agreement | without netting agreement | | | with netting agreement | without netting agreement | |
| **1. Debt securities and interest rate indexes** | **-** | **-** | **1,289** | **1,003** | **-** | **-** | **1,000** | **531** |
| a) Options | - | - | 28 | - | - | - | 28 | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | 1,003 | - | - | - | 531 |
| e) Others | - | - | 1,261 | - | - | - | 972 | - |
| **2. Equities instruments and share indices** | **-** | **-** | **77,458** | **19,993** | **-** | **-** | **93,645** | **21,901** |
| a) Options | - | - | 7,947 | - | - | - | 19,245 | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | 19,993 | - | - | - | 21,901 |
| e) Others | - | - | 69,511 | - | - | - | 74,400 | - |
| **3. Currencies and gold** | **-** | **-** | **138,946** | **-** | **-** | **-** | **233,634** | **160** |
| a) Options | - | - | 521 | - | - | - | 1,637 | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | - | - | - | - | 160 |
| e) Others | - | - | 138,425 | - | - | - | 231,997 | - |
| **4. Commodities** | **-** | **-** | **4,118** | **2,553** | **-** | **-** | **3,179** | **1,318** |
| **5. Others** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **-** | **-** | **221,811** | **23,549** | **-** | **-** | **331,458** | **23,910** |

Letter e) Other in the “Over the counter – Without central counter-parties – not included in netting agreement” column consists of CFD derivatives.

Letter a) Options under the column "Over the counter - Without central counterparties - Without netting arrangements" includes KO Options issued by FinecoBank, as well as certificates issued by FinecoBank, traded on the Hi-Cert segment and not settled with central counterparties.

# Part E - Information on Risks and relating hedging policies

## A.2 Hedging financial derivatives: gross positive and negative fair value – breakdown by product

(Amounts in € thousand)

| Underlying assets/type of derivatives | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Over the counter | | | Organized markets | Over the counter | | | Organized markets |
| | Central Counterparts | Without central counterparties | | | Central Counterparts | Without central counterparties | | |
| | | With netting agreement | Without netting agreement | | | With netting agreement | Without netting agreement | |
| **1. Positive fair value** | | | | | | | | |
| a) Options | - | - | 1 | - | - | - | 1 | - |
| b) Interest rate swap | - | - | - | - | - | - | - | - |
| c) Cross currency swap | - | - | - | - | - | - | - | - |
| d) Equity swap | - | - | - | - | - | - | - | - |
| e) Forward | - | - | - | - | - | - | - | - |
| f) Futures | - | - | - | 76 | - | - | - | 68 |
| g) Others | - | - | 3,753 | - | - | - | 3,242 | - |
| **Total** | **-** | **-** | **3,754** | **76** | **-** | **-** | **3,243** | **68** |
| **2. Negative Fair value** | | | | | | | | |
| a) Options | - | - | 574 | - | - | - | 766 | - |
| b) Interest rate swap | - | - | - | - | - | - | - | - |
| c) Cross currency swap | - | - | - | - | - | - | - | - |
| d) Equity swap | - | - | - | - | - | - | - | - |
| e) Forward | - | - | - | - | - | - | - | - |
| f) Futures | - | - | - | 70 | - | - | - | 4 |
| g) Others | - | - | 1,140 | - | - | - | 1,444 | - |
| **Total** | **-** | **-** | **1,714** | **70** | **-** | **-** | **2,210** | **4** |

Letter g) Others under the column "Over the counter - Without central counterparties - Without netting agreements" includes CFD derivative contracts.

Letter a) Options under the column "Over the counter - Without central counterparties - Without netting arrangements" includes KO Options issued by FinecoBank, as well as certificates issued by FinecoBank, traded on the Hi-Cert segment and not settled with central counterparties.

# Part E - Information on Risks and relating hedging policies

### A.3 OTC trading book financial derivatives: notional amounts, gross positive and negative fair value by counterparty

(Amounts in € thousand)

| Underlying assets | Central counterparties | Banks | Other financial entities | Other entities |
|---|---|---|---|---|
| **Contracts not included in netting agreement** | | | | |
| **1) Debt securities and interest rate indexes** | | | | |
| - notional amount | X | - | - | 1,289 |
| - positive fair value | X | - | - | 47 |
| - negative fair value | X | - | - | 3 |
| **2) Equity instruments and share indices** | | | | |
| - notional amount | X | 3 | 72 | 77,383 |
| - positive fair value | X | - | - | 3,066 |
| - negative fair value | X | - | - | 967 |
| **3) Currencies and gold** | | | | |
| - notional amount | X | 83,001 | 77 | 55,868 |
| - positive fair value | X | 161 | - | 444 |
| - negative fair value | X | 73 | - | 537 |
| **4) Commodities** | | | | |
| - notional amount | X | - | - | 4,118 |
| - positive fair value | X | - | - | 36 |
| - negative fair value | X | - | - | 134 |
| **5) Others** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **Contracts included in netting agreement** | | | | |
| **1) Debt securities and interest rate indexes** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **2) Equity instruments and share indices** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **3) Currencies and gold** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **4) Commodities** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **5) Others** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.4 OTC financial derivatives - residual maturity: notional values

(Amounts in € thousand)

| Underlying/maturity | | Up to 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| A.1 Financial derivative contracts on debt securities and interest rates | | 1,261 | - | 28 | 1,289 |
| A.2 Financial derivative contracts on equity instruments and share indices | | 22,185 | 87 | 55,186 | 77,458 |
| A.3 Financial derivatives on exchange rates and gold | | 138,946 | - | - | 138,946 |
| A.4 Financial derivatives on commodities | | 4,118 | - | - | 4,118 |
| A.5 Financial derivatives on other instruments | | - | - | - | - |
| **Total** | **12/31/2022** | **166,510** | **87** | **55,214** | **221,811** |
| **Total** | **12/31/2021** | **275,863** | **84** | **55,510** | **331,457** |

## B. Credit derivatives

No data to report.

*1.3.2 Hedge account*

## Qualitative information

In should be noted that the Group has only fair value hedges in place which provide for the exchange of the fixed rate against Euribor and whose valuation, as collateralised, is carried out by discounting future flows with the € STR curve.

### A. Fair value hedging

Fair value hedging strategies, with the aim of complying with the interest rate risk limits for the banking book, are implemented using OTC derivative contracts. The latter, typically interest rate swaps, represent the family of instruments used mainly.

The hedges adopted are normally classified as generic that is, connected to amounts of money contained in portfolios of assets or liabilities. There are however hedging derivatives on fixed rate bonds, which carry out specific hedges. The derivatives subscribed for the purpose of hedging exactly replicate the hedged security in terms of notional, maturity, interest payment dates.

### B. Cash flow hedging

Currently there are no cash flow hedging operations generated as part of the Group's operations.

### C. Hedging a net investment in a foreign entity

Currently there are no “hedging a net investment in a foreign entity” operations generated as part of the Group's operations.

### D. Hedge instrument

A generic hedging relationship of an asset / liability portfolio pursues the objective of offsetting the deviations in value of the hedged item contained in a generic portfolio of fixed-rate assets / liabilities.

The ineffectiveness of the hedge is represented by the difference between the change in the fair value of the hedging instruments and the change in the fair value of the hedged amount. The Group uses a test method based on sensitivity analisys. To this end, the exposures of the total sensitivity of the hedged item and that relating to the hedging derivative are correlated. The sensitivity expresses the elasticity with respect to each of the rates that make up the risk-free curve and is calculated as a change in the fair value in relation to an increase in the rate equal to a basis point. The test verifies the effectiveness by analysing the "reduction" of the sensitivity of the overall position after hedging and comparing it with respect to the same measure referred to the item being hedged.

# Part E - Information on Risks and relating hedging policies

The effectiveness test is carried out separately for interest rate swaps to hedge assets (mortgages) and for interest rate swaps to hedge liabilities (core insensitive component of on demand items). In a specific hedging relationship, the derivatives subscribed for the purpose of hedging exactly replicate the hedged security in terms of notional, maturity, interest payment dates.

All hedging financial derivatives outstanding as at December 31st, 2022 are cleared by a direct Participant to a Central Counterparty.

### E. Hedge item

Hedged assets are represented by fixed-rate securities and fixed-rate mortgages granted to customers, accounted for in "Financial assets at amortised cost", hedged for the interest rate risk component with interest rate swaps that exchange the fixed-rate coupon of securities or the fixed-rate of mortgages for a variable rate.

The hedged assets also include fixed rate securities, accounted for in the "Financial assets at amortized cost", also covered for the interest rate risk component with Interest Rate swaps which exchange the fixed rate coupon with a variable rate.

## Quantitative information

### A. Hedging financial derivatives

### A.1 Hedging financial derivatives: end of period notional amounts

(Amounts in € thousand)

| Underlying assets/type of derivatives | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Over the counter | | | Organized markets | Over the counter | | | Organized markets |
| | Central Counterparts | without central counterparties | | | Central Counterparts | without central counterparties | | |
| | | with netting agreement | without netting agreement | | | with netting agreement | without netting agreement | |
| **1. Debt securities and interest rate indexes** | **13,396,612** | **-** | **-** | **-** | **8,617,489** | **250,000** | **-** | **-** |
| a) Options | - | - | - | - | - | - | - | - |
| b) Swap | 13,396,612 | - | - | - | 8,617,489 | 250,000 | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | - | - | - | - | - |
| e) Others | - | - | - | - | - | - | - | - |
| **2. Equity instruments and share indices** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Options | - | - | - | - | - | - | - | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | - | - | - | - | - |
| e) Others | - | - | - | - | - | - | - | - |
| **3. Currencies and gold** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Options | - | - | - | - | - | - | - | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | - | - | - | - | - |
| e) Others | - | - | - | - | - | - | - | - |
| **4. Commodities** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **5. Others** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **13,396,612** | **-** | **-** | **-** | **8,617,489** | **250,000** | **-** | **-** |

# Part E - Information on Risks and relating hedging policies

## A.2 Hedging financial derivatives: gross positive and negative fair value – breakdown by product

(Amounts in € thousand)

| Underlying assets/Types of derivatives | Positive and negative fair value | | | | | | | | Change in the value used to calculate hedge ineffectiveness | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total 12/31/2022 | | | | Total 12/31/2021 | | | | Total | Total |
| | Over the counter | | | Organized markets | Over the counter | | | Organized markets | 12/31/2022 | 12/31/2021 |
| | Central counterparts | Without central counterparties | | | Central counterparts | Without central counterparties | | | | |
| | | With netting arrangements | Without netting arrangements | | | With netting arrangements | Without netting arrangements | | | |
| **Positive fair value** | | | | | | | | | | |
| a) Options | - | - | - | - | - | - | - | - | - | - |
| b) Interest rate swap | 1,691,642 | - | - | - | 126,940 | 509 | - | - | - | - |
| c) Cross currency swap | - | - | - | - | - | - | - | - | - | - |
| d) Equity swap | - | - | - | - | - | - | - | - | - | - |
| e) Forward | - | - | - | - | - | - | - | - | - | - |
| f) Futures | - | - | - | - | - | - | - | - | - | - |
| g) Others | - | - | - | - | - | - | - | - | - | - |
| **Total** | **1,691,642** | **-** | **-** | **-** | **126,940** | **509** | **-** | **-** | **-** | **-** |
| **Negative fair value** | | | | | | | | | | |
| a) Options | - | - | - | - | - | - | - | - | - | - |
| b) Interest rate swap | 63,752 | - | - | - | 57,314 | - | - | - | - | - |
| c) Cross currency swap | - | - | - | - | - | - | - | - | - | - |
| d) Equity swap | - | - | - | - | - | - | - | - | - | - |
| e) Forward | - | - | - | - | - | - | - | - | - | - |
| f) Futures | - | - | - | - | - | - | - | - | - | - |
| g) Others | - | - | - | - | - | - | - | - | - | - |
| **Total** | **63,752** | **-** | **-** | **-** | **57,314** | **-** | **-** | **-** | **-** | **-** |

### A.3 OTC hedging financial derivative: notional amounts, gross positive and negative fair value by counterparty

(Amounts in € thousand)

| Underlyings assets | Central Counterparts | Banks | Other financial entities | Other entities |
|---|---|---|---|---|
| **Contracts not included in netting agreement** | | | | |
| **1) Debt securities and interest rate indexes** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **2) Equity instruments and share indices** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **3) Currencies and gold** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **4) Commodities** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **5) Others** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **Contracts included in netting agreement** | | | | |
| **1) Debt securities and interest rate indexes** | | | | |
| - notional amount | 13,396,612 | - | - | - |
| - positive fair value | 1,691,642 | - | - | - |
| - negative fair value | 63,752 | - | - | - |
| **2) Equity instruments and share indices** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **3) Currencies and gold** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **4) Commodities** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **5) Others** | - | - | - | - |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.4 OTC hedging financial derivative - residual maturity: notional values

(Amounts in € thousand)

| Underlying/maturity | | Up to 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| A.1 Financial derivatives on debt securities and interest rates | | 147,151 | 5,463,153 | 7,786,308 | 13,396,612 |
| A.2 Financial derivatives on equity instruments and share indices | | - | - | - | - |
| A.3 Financial derivatives on exchange rates and gold | | - | - | - | - |
| A.3 Financial derivatives on commodities | | - | - | - | - |
| A.5 Financial derivatives on other instruments | | - | - | - | - |
| **Total** | **12/31/2022** | **147,151** | **5,463,153** | **7,786,308** | **13,396,612** |
| **Total** | **12/31/2021** | **581,364** | **1,371,822** | **6,914,303** | **8,867,489** |

### *B. Hedging credit derivatives*

No data to report.

### *C. Hedging non derivative instruments*

No data to report.

# Part E - Information on Risks and relating hedging policies

### *D. Hedge item*

## D.1 Fair value hedging

As already stated in Part A of these notes to the consolidated accounts, the Group applies the hedge accounting rules envisaged by IFRS 9 for specific hedging transactions ("MicroHedging"), while it has availed itself of the option to continue to use IAS 39 for fair value hedging transactions of the exposure to the interest rate of a portfolio of financial assets or liabilities (generic hedging or "Macrohedging").

The table below shows the specific hedging transactions ("MicroHedging") in place, for which the Group applies the provisions of IFRS 9.

For the sake of completeness, it should be noted that the general hedging transactions in place at December 31st, 2022, for which the Group applies the provisions of IAS 39, relate to:

- the monetary amount of "Financial assets at amortised cost", for a monetary amount of € 1,495,612 thousand, referring exclusively to mortgages;
- the amount of "Financial liabilities at amortised cost", for a monetary amount of € 3,120,000 thousand, referring exclusively to the core deposits.

(Amounts in € thousand)

| | Specific hedges: book value | Specific hedges - net positions: balance sheet value of assets or liabilities (before offsetting) | Specific hedges | | | Generic hedges: book value |
|---|---|---|---|---|---|---|
| | | | Accumulated changes in fair value of hedging instrument | Ending of hedge: residual accumulated valute of residual changes in fair value | Change in value used to relieve hedging ineffectiveness | |
| **A. Assets** | | | | | | |
| **1. Financial assets measured at fair value with an impact on total profitability - hedges of:** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1.1 Debt securities and interest rate | - | - | - | - | - | X |
| 1.2 Equity securities and stock price indices | - | - | - | - | - | X |
| 1.3 Currencies and gold | - | - | - | - | - | X |
| 1.4 Credits | - | - | - | - | - | X |
| 1.5 Other | - | - | - | - | - | X |
| **2. Financial assets measured at amortized cost - hedges of:** | **7,760,843** | **7,760,843** | **(1,416,588)** | **-** | **(1,341,416)** | **-** |
| 1.1 Debt securities and interest rate | 7,760,843 | 7,760,843 | (1,416,588) | - | (1,341,416) | X |
| 1.2 Equity securities and stock price indices | - | - | - | - | - | X |
| 1.3 Currencies and gold | - | - | - | - | - | X |
| 1.4 Credits | - | - | - | - | - | X |
| 1.5 Other | - | - | - | - | - | X |
| **Total 12/31/2022** | **7,760,843** | **7,760,843** | **(1,416,588)** | **-** | **(1,341,416)** | **-** |
| **Total 12/31/2021** | **7,766,157** | **7,766,157** | **(96,605)** | **-** | **(215,186)** | **-** |
| **B. Liabilities** | | | | | | |
| **1, Financial liabilities measured at amortized cost - hedges of:** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1.1 Debt securities and interest rate | - | - | - | - | - | X |
| 1.2 Currencies and gold | - | - | - | - | - | X |
| 1.3 Other | - | - | - | - | - | X |
| **Total 12/31/2022** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total 12/31/2021** | **-** | **-** | **-** | **-** | **-** | **-** |

# Part E - Information on Risks and relating hedging policies

### D.2 Cash flow hedging and hedging a net investment in a foreign entity

No data to report.

### *E. Effects of hedging transactions at shareholders' equity*

No data to report.

*1.3.3 Other information on trading book and hedging derivative instruments*

**A. Financial and credit derivatives**

### A.1 OTC financial and credit derivatives: net fair values by counterparty

No data to report.

## 1.4 - Liquidity Risk

### Qualitative information

#### *A. General aspects, management processes and measurement methods for liquidity risk*

Liquidity risk can be briefly defined as the risk that the Group, also due to unexpected future events, may be unable to meet its payment obligations or to efficiently match expected cash inflows and outflows.

The different types of liquidity risk managed by the Group are as follows:

- short-term liquidity risk refers to the risk of non-compliance between the amount and / or deadlines of incoming and outgoing cash flows in the short term (less than one year);
- market liquidity risk is the risk that the Group may face significant and adverse price change, generated by exogenous and endogenous factors resulting in losses, through the sale of assets considered liquid. In the worst case, the Group may not be able to liquidate the positions thereof;
- structural liquidity risk is defined as the Group's inability to procure, in a stable and sustainable manner, the necessary funds to maintain an adequate ratio between medium / long-term assets and liabilities (over one year) at reasonable price without impacting the daily operations or the financial situation of the Group;
- stress or contingency risk is linked to future and unexpected obligations (for example withdrawals from deposits) and may require the bank to have a greater amount of liquidity than the one considered necessary to manage the ordinary business;
- financing risk, is the risk that the Group may not be able to deal effectively with any planned cash outflows.

In order to deal with its exposure to liquidity risk, the Group invests the part of its liquidity estimated by internal models as persistent and stable (so-called core liquidity) into medium/long-term investments. The amount of liquidity characterized by a lower persistence profile (so-called non-core liquidity) is employed in liquid or easily liquidable assets, such as, for example, demand deposits, short-term loans or government securities that can be used as a short-term source of funding at the Central Bank.

At the reporting date, there were no "Contingent liquidity and funding needs", such as, for example, accelerated repayment clauses or the issue of additional guarantees relating to a downgrade of the Group.

#### *The key principles*

The Group's purpose is to maintain liquidity at a level that allows to conduct the main operations safely, finance its activities at the best rate conditions in normal operating circumstances and always remain in a position to meet payment commitments. In particular, the investment policy consider as a priority, among all prudential criteria, the liquidability of the instruments; the outcome of this policy translates into liquidity indicators exceeding by far minimum regulatory requirements.

The Group has a "Group Liquidity Policy", directly applicable to the Parent Company and its Legal Entities, which defines the set of principles and rules that oversee the management of liquidity and related risks in the Group. In particular, the Policy describes the management of liquidity and its risks in standard and crisis conditions, first and second level control activities and the Group's related governance, defining roles and responsibilities of corporate Bodies and functions, both for the Parent Company and its Legal Entities, ensuring consistency between the liquidity risk contingency plan, the capital contingency plan, the Group Risk Appetite Framework and the Group Recovery Plan.

### *Roles and responsibilities*

The "Group Liquidity Policy" establishes the principles adopted in terms of internal governance, which envisage the involvement of the Treasury and Risk Management functions.

The operational management of liquidity is carried out by the Treasury department, which ensures effective and efficient management of liquidity in the short and medium/long term, monitoring of liquidity exposure and first-level controls on the management process.

The Risk management function is responsible for monitoring compliance with limits and implementing the rules on liquidity risk, the implementation of selected risk metrics and the assessment of selected methods.

To this end the "Group Liquidity Policy" explicitly refers to the first and second level monitoring, both from a regulatory and management standpoint:

- Short-term liquidity risk management (operational liquidity), which considers the events that may impact upon the Group's liquidity position from one day up to one year. The primary objective is to maintain the Group's capacity to fulfil its ordinary and extraordinary payment obligations while minimising the relevant costs;
- Structural liquidity risk management (structural risk), which considers the events that may impact upon the Group's liquidity position over one year. The primary objective is to maintain an adequate ratio between medium/long term liabilities and medium to long-term assets, with a view to avoiding pressures on short-term funding sources (both current and future);
- Stress tests: Liquidity risk is a low probability, high impact event. Therefore stress testing is a tool able to reveal potential vulnerabilities. The Group uses several scenarios ranging from general market crisis to idiosyncratic crisis, and combinations thereof.

In this context, the Group takes into account all of the assets, liabilities, off-balance sheet positions and present and future events that generate certain or potential cash flows, thereby protecting the Group from risks related to the transformation of maturity.

### *Short term liquidity management*

Short-term liquidity management aims at ensuring that the Group remains in a position to fulfil its cash payment obligations always, whether expected or unexpected, focusing on the exposure for the first twelve months.

On a daily basis, the Group calculates the Operative Maturity Ladder, which measures the cash inflows and outflows affecting the monetary base, with details of the main temporal buckets.

The Group's objective is to provide sufficient short-term liquidity to deal with a particularly adverse liquidity crises for at least three months.

### *Structural liquidity management*

The objective of the Group's structural liquidity management is to maintain an adequate ratio between medium/long term assets and liabilities (generally over one year), with a view to avoiding pressures on short-term funding sources, both current and future. To this end, the Group adopts a prudent approach to its investments of liquidity, taking into account funding maturities. The indicator used and monitored as part of the wider Risk Appetite Framework (NSFR) ensures that assets and liabilities have a sustainable maturity structure. The regulatory indicator is also complemented by a managerial indicator called "Structural Ratio", which shares its objectives and most of its logic. Such indicator was developed by the CRO Department of the Parent Company with the purpose of managing the risk of maturity transformation, considering the specificities of Fineco's funding represented in the Bank's sight items model.

### *Liquidity Stress Test*

Liquidity Stress Tests evaluate the impact of macro or micro-economic scenarios on Fineco's liquidity position, with the aim of testing the Bank's ability to continue its business in situations of liquidity distress.

Stress tests are carried out by simulating scenarios of idiosyncratic stress (decline in customer confidence) and situations of general market shock; a combination of the two shall also be considered in the stress test program. Within the stress test simulations, sensitivity analyzes are also provided to evaluate the impact produced by the movement of a particular single risk factor.

Additional scenarios are also defined (so-called reverse stress testing) aimed at identifying the risk factors and the circumstances that would lead to the Group's point of non-viability.

# Part E - Information on Risks and relating hedging policies

### *Behavioural modelling of Liabilities*

FinecoBank has developed specific behavioural models aimed at estimating the maturity profile of liability items not having a contractual maturity; indeed, even though some assets and liabilities may be payable on demand, they could actually show some stickiness.

More specifically, liabilities modelling aims to build a profile reflecting at that best the behavioural characteristics of the items. An example is on sight deposit: estimates of the maturity profile reflect the perceived stickiness. Such behavioural models are developed by the Parent Company CRO Department and validated by the Internal Validation function.

### *Group's Contingency Liquidity Management*

The objective of the Group "Contingency Plan on liquidity risk", defined in the Group Liquidity Policy, is to ensure timely implementation of effective interventions also during the initial stage of a liquidity crisis, through a clear identification of individuals, powers, responsibilities, communication, and reporting criteria, with the aim of significantly increasing the probability of successfully overcoming the state of emergency. This is achieved through:

- activation of extraordinary liquidity governance and operating model;
- consistent communication both internal and external;
- a set of available mitigating liquidity actions;
- a set of early warning indicators, also included within the Group Recovery Plan, showing any possible evidence of a developing liquidity crisis.

### *Internal Liquidity Adequacy Assessment Process (ILAAP)*

In accordance with prudential provisions, the Group annually assesses the adequacy of the liquidity governance and management framework (ILAAP process) and gives appropriate disclosure to the Competent National Authority according to the terms established by the relevant legislation.

Starting from the 2020 ICAAP & ILAAP report, relating to data as at December 31st, 2020, the stress tests consider the possible impacts deriving from the COVID-19 pandemic on the Group's liquidity adequacy. Such stress tests, which are conducted on the basis of scenarios that consider idiosyncratic, systemic risk factors and a combination of them, did not show any criticality or relevant impacts for the Group.

### *Impacts of the crisis unfolded by COVID-19 pandemic on liquidity*

There were no significant lasting impacts of the pandemic on the Group's liquidity profile. After an initial adjustment phase, the dynamics of incoming and outgoing liquidity flows normalized, resuming a constant growth trend. For this reason, FinecoBank has not changed its strategies and objectives as well as its management, measurement and control policies.

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### 1. Time breakdown by contractual residual maturity of financial assets and liabilities – Currency: Euro

(Amounts in € thousand)

| Items/time buckets | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 month | Between 3 and 6 month | Between 6 and 1 year | Between 1 and 5 year | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| **On-balance sheet assets** | **4,053,788** | **30,071** | **323,331** | **27,626** | **989,515** | **319,061** | **987,898** | **9,152,078** | **17,168,598** | **311,178** |
| A.1 Government securities | - | - | 3,954 | 3,320 | 54,223 | 182,075 | 395,592 | 6,628,528 | 12,182,179 | - |
| A.2 Debt securities | - | 406 | 3,715 | 1,041 | 715,134 | 19,369 | 393,675 | 1,544,710 | 3,124,062 | - |
| A.3 Units in investment funds | 245 | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 4,053,543 | 29,665 | 315,662 | 23,265 | 220,158 | 117,617 | 198,631 | 978,840 | 1,862,357 | 311,178 |
| - Banks | 1,321,139 | 1,304 | - | - | 847 | 9,964 | - | - | - | 311,178 |
| - Customers | 2,732,404 | 28,361 | 315,662 | 23,265 | 219,311 | 107,653 | 198,631 | 978,840 | 1,862,357 | - |
| **On-balance sheet liabilities** | **31,321,479** | **823,477** | **166,869** | **-** | **1,804** | **3,786** | **8,537** | **535,668** | **16,506** | **-** |
| B.1 Deposits and current accounts | 29,571,408 | - | - | - | - | - | - | - | - | - |
| - Banks | 7,807 | - | - | - | - | - | - | - | - | - |
| - Customers | 29,563,601 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | 2,500 | 500,000 | - | - |
| B.3 Other liabilities | 1,750,071 | 823,477 | 166,869 | - | 1,804 | 3,786 | 6,037 | 35,668 | 16,506 | - |
| **Off-balance sheet transactions** | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | 149,804 | - | - | - | - | - | 203 | 1,112 | 368 |
| - Short positions | - | 151,436 | - | - | 1,003 | - | - | 278 | 109 | 367 |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | 704 | 1,719 | - | 25,159 | 25,900 | 77,140 | 195,506 | - | - | - |
| - Short positions | 658 | - | 315 | 2,416 | 14,144 | 32,074 | 66,696 | - | - | - |
| C.3 Deposits and loans to be collected | | | | | | | | | | |
| - Long positions | - | 11,556 | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | 11,556 | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | | | | | | | | | | |
| - Long positions | 17 | - | 16 | 704 | 147 | 10,393 | 395 | 310 | - | - |
| - Short positions | 1,003 | 10,346 | - | 633 | - | - | - | - | - | - |
| C.5 Financial guarantees given | - | - | - | - | - | - | - | - | - | - |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.8 Credit derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

## Currency: Other currencies

(Amounts in € thousand)

| Items/time buckets | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 month | Between 3 and 6 month | Between 6 and 1 year | Between 1 and 5 year | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| **On-balance sheet assets** | **201,811** | **9,301** | **497** | **35,375** | **133,673** | **2,689** | **488,458** | **138,383** | **-** | **-** |
| A.1 Government securities | - | - | 51 | 33,846 | 55,320 | 2,174 | 487,353 | 131,259 | - | - |
| A.2 Debt securities | - | - | - | - | - | - | 107 | 7,109 | - | - |
| A.3 Units in investment funds | 29 | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 201,782 | 9,301 | 446 | 1,529 | 78,353 | 515 | 998 | 15 | - | - |
| - Banks | 196,140 | 387 | - | - | 56,697 | 515 | 998 | - | - | - |
| - Customers | 5,642 | 8,914 | 446 | 1,529 | 21,656 | - | - | 15 | - | - |
| **On-balance sheet liabilities** | **985,482** | **13,604** | **-** | **-** | **-** | **24** | **48** | **48** | **195** | **-** |
| B.1 Deposits and current accounts | 975,095 | - | - | - | - | - | - | - | - | - |
| - Banks | 5 | - | - | - | - | - | - | - | - | - |
| - Customers | 975,090 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | 10,387 | 13,604 | - | - | - | 24 | 48 | 48 | 195 | - |
| **Off-balance sheet transactions** | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | 176,052 | - | 965 | - | - | - | - | - | - |
| - Short positions | - | 173,663 | - | 1,205 | 282 | 100 | - | - | - | - |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | 3,123 | - | - | - | - | - | - | - | - | - |
| - Short positions | 1,071 | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be collected | | | | | | | | | | |
| - Long positions | - | 3,653 | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | 3,653 | - | - | - | - |
| C.4 Irrevocable commitments to disburse funds | | | | | | | | | | |
| - Long positions | - | - | - | - | - | 4,765 | - | - | - | - |
| - Short positions | - | 4,765 | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees given | - | - | - | - | - | - | - | - | - | - |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.8 Credit derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

## 1.5 - Operational risk

### Qualitative information

***A. General aspects, operational processes and methods for measuring operational risk***

***Operational risk definition***

Operational risk is defined as the risk of losses due to errors, violations, interruptions, or damage caused by internal processes, personnel, financial advisors, systems or by external events. This definition includes legal and compliance risks, but excludes strategic and reputational risk.

For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, customer claims, product distribution, fines and penalties for regulatory breaches, damage to the Company's physical assets, business disruption and system failures, and management of processes.

***Operational risk framework***

The Group has a Global Policy for the monitoring and control of operational and reputational risks, approved by the Board of Directors of the Parent Company FinecoBank which defines the roles of corporate bodies and of the risk management function as well as any interactions with other functions involved in the process. Besides setting roles and responsibilities, the policy describes the risk measuring and monitoring process and the activities carried out for mitigation and prevention purposes.

The Group has also a Global Policy "Operational Risk Management Framework for the assessment of ICT and Cyber risk" which defines a common methodology at Group level for the assessment of IT and cyber risks. The analysis is conducted both in a context of normal business performance (expected impact), and in the event of extraordinary events (extreme impact).

***Organisational structure***

The Board of Directors is responsible for approving all aspects relating to the operational risk framework and verifying the adequacy of the measurement and control system and shall be regularly updated on changes to the risk profile and operational risk exposure.

The reports produced by the CRO Department for the Board of Directors ensure that management and control bodies are constantly updated on operational risk trend within the Group and they are able to actively intervene in risk management and mitigation. The Chief Risk Officer participation in the Products Committee also ensures oversight of the operational risk associated with the Group's new business activities.

The Operational & Reputational Risk Management (ORM) function is part of the CRO Department, which reports to the Chief Risk Officer of FinecoBank who in turn reports directly to the Chief Executive Officer and General Manager.

The main activities carried out by the Team in terms of operational risk are:

- definition of the system mitigating and controlling operational risks, in compliance with external regulations and, in accordance with the guidelines provided by the Board of Directors, and the Group's operational evolution;
- regularly prepare reports on exposure to operational and reputational risks aimed at informing and supporting management in management activities;
- prepare a Risk Indicators framework aimed at preventing operational and reputational risks, also originating from environmental, social and governance factors (ESG);
- verify that operating loss data identified by the various areas of the Group are regularly and promptly recorded;
- carry out, in collaboration with the other corporate functions, scenario analyses aimed at identifying and preventing potentially high impact losses, albeit unlikely;
- propose operational risk mitigation strategies to the Chief Risk Officer;
- carry out training and support on the control of operational risks to the Group's structures;
- guarantee a reputational risk oversight within the perimeter defined by the Group;
- carry out systematic remote controls, through Risk Indicators, on the entire sale Network, in order to mitigate the internal fraud arising from PFA operations;
- carry out ex-post controls on the verifications carried out by the Network Controls, Monitoring and Network Services Department in relation to internal frauds implemented by Personal Financial Advisors to the detriment of customers, in order to identify areas for improvement;
- implement and update the anomaly indicator management system framework, also according to new company activities and regulations;
- evaluate the effectiveness of PFA disloyalty insurance coverage, considering renewals, franchise and excess;
- evaluate operational and/or reputational risks resulting from the most significant transactions (e.g. significant outsourcing), ensuring their consistency with the RAF;
- ensure the effective implementation of the ICT risk assessment methodology, supporting and coordinating the individual functions involved during the process, each according to their responsibilities.

# Part E - Information on Risks and relating hedging policies

### *Operational risk management and mitigation*

Operational risk management consists in the review of processes meant to reduce the identified risks, the management of the related insurance policies, as well as the identification of the suitable franchise and excess values thereof.

The Group has established a Permanent Work Group (PWG), which includes the CRO Department and Organization & Bank Operation; the interaction between the different corporate functions is aimed at sharing their respective knowledge relating to planned or ongoing projects, new processes, products, or changes to them and any other element that may impact on the Group's risk profile.

As part of operational risk prevention and controls on the sales network, the CRO Department function has focused its activities on fraud prevention. The development of remote monitoring aimed at preventing frauds has led to the creation of a system called System of Fraud Identification and Analysis (SoFIA). Such system can process a larger amount of data and information than individual indicators. The system works though an alert mechanism detecting any irregularity on a daily basis. In this way, all of the names highlighted to be checked are assessed at the same time with regard to all remote indicators.

On the basis of qualitative and quantitative assessments of these indicators, the assigned staff select any cases that need to be reported to the Network Controls, Monitoring and Network Services Department – reporting directly to the Chief Executive Officer – for subsequent examination.

Moreover, the Operational & Reputational Risk team is updated annually on the results of the tests conducted in accordance with the Business Continuity and Disaster Recovery plans.

In parallel with the direct controls on the sales network carried out through SoFIA, ex-post controls were also implemented on the verifications carried out by the Network Controls, Monitoring and Network Services Department in relation to internal frauds carried out by financial consultants to the detriment of customers, aimed at identifying any areas for improvement.

In addition to the aforementioned controls, reputational risks are monitored through the risk assessment carried out by the risk management function throughout the definition, development and approval phase of the Group's products. Participation in the Product Committee of the Chief Risk Officer is in fact expressly envisaged by the "New Product Process" Global Policy.

### *Risk measurement system*

FinecoBank applies the standardized method (TSA) for the calculation of capital requirements for operational risk. Nevertheless, the governance, the oversight and the reporting framework previously adopted and developed for the internal method for measuring the capital requirement (AMA), have been retained.

The Operational & Reputational Risk function carries out the collection and classification of loss data, external loss data, as well as loss data resulting from scenario analysis and risk indicators.

The collection and classification of operating losses is carried out for internal prevention and improvement purposes. As far as risk indicators are concerned, the function uses several key risk indicators divided into control areas (Credit Cards, Compliance, HR, Legal, Operations securities, Payment Systems, Claims, Risk Management, Reputation, Transparency, AML/CFT, IT systems, Security, Administration and Audit), with which the Group mean to measure its exposure to operational risk. Should indicators show irregular values, this might be related to changes in the exposure to operational risk. Within the overall set of KRI, several ESG relevant indicators have been identified. Any irregular value of such risk indicators may signal risks related to customer relationship (e.g. client claims, unavailability or security issues in the ICT system), with employees (e.g. high turnover) or with regulators, which may affect business sustainability.

Scenario analyses allow the assessment of the Group's exposure to operational risk characterised by low frequency but high potential impact. Scenarios are set by analysing internal losses, external events, risk indicator trends, critical processes, products and risk classes.

Risk capital for operational risk used for regulatory purposes as at December 31, 2022, amounted to € 110,553 thousand (8% of RWA).

### *The assessment of ICT operational risk*

The prudential regulations require Banks to conduct an analysis, at least annually, of the Group's ICT risk and to submit the results of the assessment made to the Board of Directors.

In particular, regulations have introduced standards and specific requirements for managing and assessing ICT risk that require Banks to assess the exposure to these risks, not only by gathering and analysing economic losses, but also by considering additional information, such as ICT incidents occurred and information related to the riskiness of the Group's assets (hardware and software).

With the adoption of the Global Policy "Operational Risk Management Framework for ICT and Cyber Risk Assessment", the Group has established and adopted a common framework for the assessment of ICT risk. In August 2022, the Global Policy was amended in order to introduce a summary assessment of ICT/Cyber risk exposure that is more comparable with the risk appetite defined within the Risk Appetite Framework.

# Part E - Information on Risks and relating hedging policies

The results of the analysis, conducted in collaboration with the Group's Business, ICT and Organisation structures, was approved by the Board of Directors in the month of November 2022. The analysis showed that, with respect to the business volumes processed and the complexity of the processes involved, the residual IT risk of FinecoBank is on average low. The exposure to residual risk has been formally accepted by Fineco's Process Owners without the need to identify additional mitigation measures.

The Group's goal is also to protect customers and the business by ensuring data security, declined in its characteristics of availability, confidentiality and integrity. Particular attention is in fact paid to the issues of Cyber Security & Fraud Management from the system design phase, as enabling elements for the correct definition of solutions and services offered, also taking advantage of the opportunities offered by the evolving regulatory context, in order to create full security for the customer while maintaining ease of use. For further information on Cyber Security and Fraud Management, please refer to the Consolidated Non-Financial statement of the FinecoBank Group as at December 31st, 2022, published on the FinecoBank website (https://about.www.finecobank.com).

It should be noted that on February 24th, 2022, with the start of the military conflict between Russia and Ukraine, the CSIRT (the National Cybersecurity Agency's response team) called for heightened attention and the adoption of all measures to protect ICT assets, an alert addressed to Italian companies that have relations with Ukrainian operators. On 28 February 2022, the Agency produced a new alert, this time addressed to all national digital infrastructure operators, urging them to adopt "a posture of maximum cyber defence": the offensive could in fact be directed against the coalition that has mobilised to support the attacked country. As far as Italy is concerned, the targets are generally ministries, government agencies, and companies that are strategic for the national interest, including financial institutions. The Group's objective is to ensure the protection of customers by guaranteeing data security, declined in its characteristics of availability, confidentiality and integrity: in the light of the Russian-Ukrainian crisis on the EU financial markets, particular attention has been paid to the assessment of related risks. In compliance with the measures provided for by current legislation, Fineco has undertaken a series of initiatives aimed at verifying its security posture and operational readiness, also making use of the indications and recommendations suggested by the various national and international bodies. Without prejudice to the adoption, as always, of best practices in the field of security, in terms of both technical and organizational/procedural measures, further mechanisms have been introduced to deal with any impacts deriving from the contingent situation ensuring, at the same time, the constant and continuous monitoring of the evolution of the context.

### *Analysis of operational and security risks related to payment services*

In accordance with the 28th update of Bank of Italy Circular 285, the Group carries out an assessment of operational and security risks related to payment services provided by the Group. The adequacy of mitigation measures and control mechanisms in place are also in scope. The resulting report for the year 2021 did not show any criticalities or weaknesses, and it was sent to the Bank of Italy within April 30th, 2022, according to the rule thereof.

### *Impacts of the crisis unfolded by COVID-19 and Russia – Ukraine conflict*

No relevant impacts arising from COVID-19 pandemic and Russia – Ukraine conflict have been detected so far on the Group operational risk profile. Available KRI are not showing any risk profile change, and it has not been detected any operational loss strictly connected with COVID 19 and Russia – Ukraine conflict so far.

As far as operational risk is concerned, it should be noted that FinecoBank has not changed its strategies and objectives as well as its management, measurement and control policies.

## *B. Risks arising from significant legal disputes*

The Group, only referred to FinecoBank, is involved in individually insignificant legal proceedings over which there is considerable uncertainty regarding the outcome and the amount of possible charges, which the Bank could be forced to pay. Where it is possible to reliably estimate the amount of possible charges and the charges are considered likely, provisions have been made in an appropriate amount based on the circumstances and consistent with applicable international accounting standards, by making the best possible estimate of the amount that the Group will reasonably be expected to incur in discharging its obligations. Specifically, as a precaution against these obligations and customer claims that have not yet resulted in legal proceedings, as at December 31st, 2022, FinecoBank had a provision in place for risks and charges of € 24,000 thousand. This provision includes the legal costs borne by the Group in the event of an adverse conclusion of the dispute plus the estimated expenses to be paid to legal advisors and/or any experts who assist the Group in ongoing disputes to the extent that it is believed that they will not be reimbursed by the counterparties. This estimate was determined by the Group, in relation to the current dispute, mainly based on the analysis of Forensic official tariffs provided for by current legislation.

# Part E - Information on Risks and relating hedging policies

### *C. Risks arising from tax disputes and audits*

Risks arising from tax disputes and audits as at December 31st, 2022 mainly relate to a notice of assessment for the year 2003 received by FinecoBank containing an objection to the use of tax credits for € 2.3 million, in relation to which the Bank has appealed to the Supreme Court as it considers its position to be well-founded. The Bank has already paid the additional taxes and interest due.

With regard to the aforementioned dispute, the higher taxes, interests and penalties have already been recognised in the income statement with a contra entry, respectively, in tax liabilities and the provision for risks and charges. Moreover, tax receivables for the amounts paid to the tax administration have been recognised.

In light of the foregoing, as at December 31st, 2022 the Group had in place provisions that adequately reflect the specific circumstances and are in line with international accounting standards; specifically, to tax liabilities of for a total of € 5.6 million, for higher tax, and to provisions for risks and charges of € 3.4 million, for penalties and interest.

## Quantitative information

Operational loss analyses enable the Operational & Reputational Risk team to make assessments on the Group's exposure to operational risk and to identify any critical areas.

The main sources of operating losses are shown below by "event type", i.e. by type of event that generated them according to the Basel framework:

- Internal fraud: losses due to unauthorised activities, fraud, embezzlement or infringement of laws, regulations or company directives that involve at least one internal staff member of the Group or a resource hired under an agency contract (PFA);
- External fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the Group;
- Employment practices and workplace safety: losses due to actions not compliant with the law or to agreements regarding employment, health and safety, to the payment of compensation for bodily harm, or to cases of discrimination or non-application of equality conditions;
- Customers, products and professional practices: losses arising from non-fulfilment of professional obligations towards customers or from the nature or characteristics of the products or services provided;
- Damage from external events: losses arising from external events, including natural disasters, acts of terrorism and vandalism;
- Business disruption and system failures: losses owing to business disruption and system failures or interruptions;
- Process management, execution and delivery: losses due to deficiencies in the completion of transactions or management of processes, as well as losses due to relations with commercial counterparties, vendors and suppliers.

As at December 31st, 2022, 76% of the Group's operating losses relate to conduct risk, which includes the two event types "Internal fraud" and "Customers, products and business practices". In particular, the "internal fraud" event type mainly manifests itself through fraud perpetrated to the detriment of customers by financial advisors who are part of the sales network. To mitigate this risk, in addition to the many remote controls carried out on the sales network by various Bank structures (Network Control Department, Internal Audit, Compliance and CRO Department), an insurance policy was taken out on the infidelity of financial advisors. The "Customers, products and professional practices" event type, on the other hand, mainly manifests itself through the misselling of financial products to customers.

The losses relating to the other event types described above are residual and equal to approximately 24%.

The data reported are consistent with FinecoBank's business model which focuses on offering financial advisory services to retail customers and has one of the largest sales networks in Europe.

# Part E - Information on Risks and relating hedging policies

## 1.6 - Other risks

Although the risk types described above represent the main categories, there are others the Group considers nevertheless important. According to Pillar 2 regulatory requirements, the Group annually carries out a risk assessment identification process aimed at identifying all relevant risks different from Pillar One risks (credit, market and operational), to which the Group is, or may be exposed to. Along with traditional financial risks, potential significant non-financial risks are also identified, including for example reputational risks and those deriving from environmental, social and governance (ESG) factors.

After the identification of all relevant risks, the best method for analyzing them shall be identified, whether quantitative or qualitative. The quantitative measurement may be carried out through several tools, such as scenario analysis (this is the choice in particular for hard quantifiable risk such as the reputational risk and the compliance risk), VaR or the Internal Capital calculation. The latter stands for the capital needed to cope with potential losses arising from the Group's activities, and takes into consideration all risks defined by the Group itself quantifiable in terms of capital, consistently with Pillar two requirements.

The main risks considered in the overall Group Internal Capital as of December 2022 are default risk, concentration risk, migration risk, market risk, interest rate risk, credit spread risk, operational risk, business risk, and real estate risk. The overall Internal Capital is periodically exposed to stress test exercises. Such tools allows to assess the Group's vulnerabilities to exceptional but plausible events, providing additional information with respect to monitoring activities.

### *Environmental, social and governance risks (ESG)*

Since 2020, the FinecoBank Group has begun a progressive integration of Environmental, Social and Governance risks into its risk management framework.

On the occasion of the annual Risk Inventory process for 2023, a focus on ESG risks and reputational risks was prepared. Since these are cross-cutting risks, the analysis had as its object an assessment of the impact of environmental, social, reputational and governance risk factors on the traditional risk categories already managed and monitored by the Group. In line with the priorities highlighted by the regulators, the ESG risk assessment was carried out considering different time horizons (Short and medium/long term), and focused on climate and environmental risks. For all the time horizons considered, the assessment did not show a high incidence of the latter on the Group's risk profile.

In general, FinecoBank's business model is not very exposed to climatic and environmental risk factors. The results of the analysis confirmed that the risk categories which, albeit marginally, could be impacted by climatic and environmental factors are the credit risks deriving from credit lines by retail customers and the business risks deriving from the offer of non-financial products aligned with customers' sustainability preferences.

With regard to credit risks, the analysis carried out in the risk inventory 2023 recognizes that mortgage loans disbursed to retail customers could already be affected in the short term by the reduction in the value of the collateral properties, mainly due to acute physical risk factors (eg floods or landslides). The trend might also worsen in the long run as global warming worsens, through a greater frequency and intensity of acute physical risk events, with a more evident manifestation of chronic physical risks (e.g. sea level rise) and with a greater probability of running up to transition risk factors, such as, for example, the requirement of a minimum energy class for the sale of real-estate properties.

In order to mitigate the overall exposure to ESG risks, as part of the second-line controls on credit risks, a series of monitoring procedures have been envisaged aimed at overseeing the areas considered most at risk, including, by way of example, the inclusion of a specific environmental risk indicator (ND-Gain) in the context of country risk monitoring, the integration of climatic and environmental risk factors in the model for estimating the Loss Given Default (LGD) of mortgage loans under the ECL IFRS 9 and the monitoring of the concentration of real-estate properties guaranteeing mortgage loans in areas with a high climate and environmental impact, included in the RAF as early as 2020.

Unlike credit risks, business risks are more concentrated in the short term. In particular, the performance of investment products classifiable as non-sustainable pursuant to the EU taxonomy regulation, offered by the Legal Entity Fineco Asset Management (FAM), could be affected by certain transition risks, such as for example the change in customer preferences, which could move towards more sustainable products offered by other asset managers. The risk factor should decrease in the medium/long term following FAM's refinement of its offer of sustainable products. In the RAF for the year 2023, a new indicator was introduced aimed at measuring the percentage of ESG Funds offered by the Legal Entity Fineco Asset Management out of the total offer of Funds.

Finally, it should be noted that in 2022 Fineco carried out the thematic stress test in the ICAAP area. The latter focuses on three uncorrelated risk factors considered relevant to Fineco's business model:

- change of customer preference from FAM funds classified as "non-ESG" (art. 6 SFDR) to funds of third-party managers classified as "ESG" (art. 7 and 8 SFDR). The objective of the scenario, which can be classified as transition risk, is to estimate the impact of the change in preference on the commission profile and internal capital related to the Group's business risk;

- reduction of the value of properties guaranteeing land loans located in areas with high climatic and environmental risk (physical risk). The reduction in such value would lead to an increase in LGD and a consequent increase in credit risk provisions and a greater credit risk internal capital;

# Part E - Information on Risks and relating hedging policies

- downgrade of the countries mostly exposed to climate and environmental risks. In the 2022 ICAAP stress test, in line with the exposures held by the Group, the counterparties considered were China, the United Arab Emirates and Latvia. The downgrade determines a higher PD of the aforementioned institutional counterparties, and consequently higher credit provisions and credit risk internal capital.

The stress test outcome confirms the limited impact of climatic and environmental factors on the Group's business model.

In addition to this, as part of the design and implementation process, on a voluntary basis, of the Environmental Management System compliant with the requirements of EMAS regulation no. 1221/2009/EC, during the first half of 2022 the initial environmental analysis has been finalized, a tool that allowed to map the needs and expectations of stakeholders in the environmental field, detecting their respective risks for FinecoBank, as well as defining a risk classification generated and suffered by the organization connected to the most significant environmental aspects on the basis of company activities. In addition to the expectations and related risks mapped in the previous year, in 2022, the supervisory activity exercised on Fineco by the European Central Bank (ECB), as of 1 January 2022, was made explicit, which reflected specific expectations regarding the integration of climate and environmental risks into the framework for determining risk appetite, as well as an increased focus by regulators on ESG factors related to the implementation of European legislation in the area of transparency of sustainability disclosures in the financial services sector, the Taxonomy of Environmentally Sustainable Assets, the integration of sustainability factors, sustainability risks and sustainability preferences in investment advisory activities, and sustainability factors in product governance requirements.

For further information on environmental, social and governance risks the Group is exposed to, reference is made to the 2022 Non-Financial Statement.

## Section 3 – Insurance companies risk

No information to report.

## Section 4 – Other companies' risk

No information to report.

# Part F - Consolidated shareholders' equity

## Section 1 - Consolidated Shareholders' equity

### A. Qualitative information

Group capital management is aimed at ensuring that prudential ratios are consistent with the risk profile assumed and comply with regulatory requirements.

The monitoring of capital adequacy at individual and consolidated level is ensured by the capital management activity where the size and optimal combination among the various capitalization instruments are defined, in compliance with regulatory constraints and in line with the risk profile assumed by the Group.

The Group assigns a priority role to the activities aimed at the management and allocation of capital according to the risks assumed, for the purpose of developing its operations with a view to creating value. The activities are articulated in the different phases of the planning and control process and, in particular, in the plan and budget processes and in the monitoring processes. In the dynamic management of capital, therefore, the Parent Company draws up the capital plan and monitors the regulatory capital requirements, anticipating the necessary actions to achieve the objectives.

Capital and its allocation are therefore extremely important in defining long-term strategies, since, on the one hand, it represents the shareholders' investment in the Group, which must be adequately remunerated, and, on the other hand, it is a scarce resource on which there are exogenous limits, defined by supervisory regulations. In this regard, it should be noted that, at the end of the Supervisory Review and Evaluation Process (SREP), on December 14th, 2022 the European Central Bank communicated the capital requirements applicable to the FinecoBank Group as of January 1st,2023:

- 8.02% in terms of Common Equity Tier 1 ratio, which includes the Pillar 2 Requirement (P2R), set at 0.98%;
- 9.85% in terms of Tier 1 Ratio, which includes a P2R, set at 1.31%;
- 12.29% in terms of Total Capital Ratio, which includes a P2R, set at 1.75%.

Please note that until December 31st, 2022, the additional capital requirements (P2R) for the Group were 1.12% in terms of CET1, 1.50% in terms of T1, and 2.00% in terms of Total Capital.

With regard to the leverage ratio, on the other hand, the minimum requirement is 3%.

The consolidated shareholders' equity includes the following financial instrument:

- Additional Tier 1 issued on January 31st, 2018. The financial instrument is a perpetual private placement[36], issued for a total of € 200 million and entirely subscribed by UniCredit S.p.A. The coupon for the first 5.5 years has been fixed at 4.82%;
- Additional Tier 1 issued on July 11th, 2019. The financial instrument is a perpetual public placement, intended to trade on Euronext Dublin's non-regulated market, Global Exchange Market, notes rating of BB- (S&P Global Ratings), issued for a total of € 300 million. The coupon for the first 5 years has been fixed at 5.875%.

[36] Unrated and unlisted

# Part F - Consolidated shareholders' equity

## B. Quantitative information

### B.1 Consolidated Shareholders' equity: breakdown by company type

(Amounts in € thousand)

| Net equity items | Prudential consolidated | Insurance companies | Other companies | Consolidation adjustments and eliminations | Total |
|---|---|---|---|---|---|
| 1. Share capital | 201,340 | - | - | - | 201,340 |
| 2. Share premium reserve | 1,934 | - | - | - | 1,934 |
| 3. Reserves | 778,211 | - | - | - | 778,211 |
| 4. Equity instruments | 500,000 | - | - | - | 500,000 |
| 5. (Treasury shares) | (1,714) | - | - | - | (1,714) |
| 6. Revaluation reserves: | 2,121 | - | - | - | 2,121 |
| - Financial assets (other equity securities) designated at fair value through other comprehensive income | (3,898) | - | - | - | (3,898) |
| - Actuarial gains (losses) on defined benefit plans | 6,020 | - | - | - | 6,020 |
| - Provisions for valuation reserves related to equity investments valued at shareholders' equity | (1) | - | - | - | (1) |
| 7. Net profit (loss) for the year | 428,505 | - | - | - | 428,505 |
| **Total** | **1,910,397** | **-** | **-** | **-** | **1,910,397** |

### B.2 Revaluation reserves for financial assets at fair value through comprehensive income: breakdown

(Amounts in € thousand)

| Assets/values | Prudential consolidation | | Insurance companies | | Other companies | | Consolidation adjustments and eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Positive reserve | Negative reserve | Positive reserve | Negative reserve | Positive reserve | Negative reserve | Positive reserve | Negative reserve | Positive reserve | Negative reserve |
| 1. Debt securities | - | (3,898) | - | - | - | - | - | - | - | (3,898) |
| 2. Equity securities | - | - | - | - | - | - | - | - | - | - |
| 3. Loans | - | - | - | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **-** | **(3,898)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(3,898)** |
| **Total 12/31/2021** | **410** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **410** | **-** |

# Part F - Consolidated shareholders' equity

### B.3 Revaluation reserves for financial assets at fair value through comprehensive income: annual changes

(Amounts in € thousand)

| | Debt securities | Equity securities | Loans |
|---|---|---|---|
| **1. Opening balance** | **410** | **-** | **-** |
| **2. Increases** | **1** | **-** | **-** |
| 2.1 Fair value increases | 1 | - | - |
| 2.2 Adjustments for credit risk | - | X | - |
| 2.3 Reclassification through profit or loss of realised negative reserves | - | X | - |
| 2.4 Transfer from other shareholder's equity item (equity securities) | - | - | - |
| 2.5 Other changes | - | - | - |
| **3. Decreases** | **(4,309)** | **-** | **-** |
| 3.1 Fair value reductions | (3,899) | - | - |
| 3.2 Recoveries for credit risk | - | - | - |
| 3.3 Reclassification through profit or loss of realised positive reserves | (410) | X | - |
| 3.4 Transfer to other shareholder's equity item (equity securities) | - | - | - |
| 3.5 Other changes | - | - | - |
| **4. Closing balance** | **(3,898)** | **-** | **-** |

### B.4 Revaluation reserves on defined benefit obligations: annual changes

(Amounts in € thousand)

| | Actuarial gains (losses) on defined benefits plans |
|---|---|
| **1. Opening balance** | **(6,287)** |
| **2. Increases** | **12,307** |
| 2.1 Fair value increases | 12,307 |
| 2.2 Other changes | - |
| **3. Decreases** | **-** |
| 3.1 Fair value reductions | **-** |
| 3.2 Other changes | **-** |
| **4. Closing balance** | **6,020** |

## Section 2 - Own funds and banking regulatory ratios

Please refer to the information on own funds and the capital adequacy contained in the document "FinecoBank Group public disclosure – Pillar III as at December 31st, 2022", published on the Company's website www.finecobank.com, as required by Regulation (EU) 575/2013 subsequently Regulations modifying its content, including in particular, the Regulation (EU) 876/2019 (so called CRR II) of the European Parliament and of the Council and Regulation (EU) 2020/873 of the European Parliament and of the Council (so-called CRR Quick-fix).

# Part G - Business combinations

## Section 1 – Business combinations completed during the year

No information to report.

## Section 2 – Business combinations completed after year-end

No information to report.

## Section 3 – Retrospective adjustments

No information to report.

# Part H - Related-party transactions

Information on the fees paid to key management personnel and on related-party transactions, pursuant to IAS 24 is shown below.

## 1. Details of compensation for key management personnel

Key management personnel are persons having authority and responsibility within the Parent Company for planning, directing, and controlling the Companies' activities, directly or indirectly. This category includes Board members and members of the Board of Statutory Auditors of FinecoBank, pursuant to requirements of the Bank of Italy Circular no. 262 of December 22nd, 2005 as amended and updated, as well as the Chief Executive Officer and General Manager, the Deputy General Manager/GBS Manager, the Chief Financial Officer, the Deputy General Manager/PFA Network Commercial and Private Banking Manager, the Deputy General Manager/Global business Manager. In addition, starting from year 2022, this category includes key management personnel (by which is meant, members of the management and control bodies, the latter where present) of Fineco AM, the only company in the Group besides the parent company FinecoBank. As a result of this change, data as of December 31st, 2021 have been restated.

(Amounts in € thousand)

| Items/sectors | Total 2022 | Total 2021 |
|---|---|---|
| Remuneration paid to "Key Management Personnel", Directors and the Board of Statutory Auditors | | |
| a) short-term benefits | 8,322 | 8,100 |
| b) post-employment benefits | 572 | 444 |
| *of which under defined benefit plans* | - | - |
| *of which under defined contribution plans* | *572* | *444* |
| c) other long-term employee benefits | 442 | 466 |
| d) termination benefits | - | - |
| e) share-based payments | 3,132 | 2,961 |
| **Total** | **12,468** | **11,971** |

## 2. Related-party transactions

At its meeting of December 16th, 2021 (effective January 15th, 2022) and with the prior favourable opinion of the Risk and Related Parties Committee and the Board of Statutory Auditors, the Board of Directors, to ensure continued compliance with applicable legal and regulatory provisions on the corporate disclosure of transactions with related parties and persons in conflict of interest, approved the new version of the Global Policy "Procedure for the management of transactions with persons in potential conflict of interest of the FinecoBank Group" (the "Global Policy").

The aforementioned Global Policy includes the provisions to be complied with when managing:

- related parties transactions pursuant to the Consob Regulation adopted by resolution on March 12th, 2010, no. 17221 as amended and updated from time to time (most recently by Consob Resolution No. 21624 of December 10th, 2020) ;
- transactions with associated persons pursuant to the regulations on "*Risk activities and conflicts of interest with Associated Persons*", laid down by Chapter 11 of Bank of Italy Circular No. 285 of December 17th, 2013 (setting out the "Supervisory Provisions for Banks"), as supplemented following Update No. 33 of June 23rd, 2020;
- obligations of bank officers pursuant to Article 136 of Legislative Decree 385 on September 1st, 1993, showing the "*Consolidated Law on Banking*";
- transactions with other relevant persons in potential conflict of interest as defined by the Bank on a self-regulatory basis, taking into account the applicable legal and regulatory provisions:
- loans granted to Directors (i.e. members of the administrative, management and control bodies) and their related parties, pursuant to art. 88 of the CRD.

Considering the above, during 2022, intercompany transactions and transactions with other Italian and foreign related parties, smaller transactions, were conducted within the ordinary course of the Group's business and related financial activities, and were carried out under standard conditions or conditions similar to those applied to transactions with unrelated third parties; in the same period, no other transactions were undertaken with related parties that could significantly affect the Bank's and the FinecoBank Group's asset situation and results, or atypical and/or unusual transactions, including intercompany and related party transactions.

# Part H - Related-party transactions

The following statement shows the outstanding assets, liabilities, guarantees and commitments as at December 31st, 2022, for each group of related parties pursuant to IAS 24:

(Amounts in € thousand)

| | Amounts as at 12/31/2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Associates | Directors, board of statutory auditors and key management personnel | Other related parties | Total | % of carrying amount | Shareholders | % of carrying amount |
| Financial assets at fair value through profit and loss a) financial assets held for trading | - | - | - | - | 0.00% | 56 | 0.33% |
| Financial assets at amortised cost b) loans and receivable with customers | - | 1,359 | 534 | 1,893 | 0.01% | 4,126 | 0.02% |
| **Total assets** | **-** | **1,359** | **534** | **1,893** | **0.01%** | **4,182** | **0.01%** |
| Financial liabilities at amortised cost b) deposits from customers | - | 5,094 | 1,460 | 6,554 | 0.02% | - | 0.00% |
| Other liabilities | 129 | 159 | - | 288 | 0.09% | - | 0.00% |
| **Total liabilities** | **129** | **5,253** | **1,460** | **6,842** | **0.02%** | **-** | **0.00%** |
| **Commitments and financial guarantees given** | **-** | **321** | **63** | **384** | **0.85%** | **-** | **0.00%** |

It should be noted that the table above does not include the balance sheet value of the equity investments held in associated companies recognised in the balance sheet item 70 Equity investments.

With regard to the above transactions, broken down by type of related party, we also propose details of the impact on the main items of the consolidated income statement:

(Amounts in € thousand)

| | Income Statement | | | | Year 2022 | | |
|---|---|---|---|---|---|---|---|
| | Associates | Directors, board of statutory auditors and key management personnel | Other related parties | Total | % of carrying amount | Shareholders | % of carrying amount |
| Interest income and similar revenues | - | 4 | 4 | 8 | 0.00% | - | 0.00% |
| Interest expenses and similar charges | - | (1) | - | (1) | 0.01% | - | 0.00% |
| Fee and commission income | - | 4 | 5 | 9 | 0.00% | 18,397 | 2.04% |
| Fee and commission expenses | (407) | - | - | (407) | 0.09% | - | 0.00% |
| Impairment losses/writebacks | - | - | - | - | 0.00% | (3) | 0.06% |
| Administrative expenses a) staff expenses | (4) | - | - | (4) | 0.00% | - | 0.00% |
| Other net operating income | - | 57 | 8 | 65 | 0.05% | - | 0.00% |
| **Total income statement** | **(411)** | **64** | **17** | **(330)** | | **18,394** | |

It should be noted that a legal subject, falling under the category of "Shareholders" as at December 31st, 2022, appears to have been one of the first borrowers of a portion of the senior preferred bond issued by FinecoBank during 2021 (the Shareholder was not such at the date of placement), but nothing has been reported in the tables above as the instrument is a listed public placement and no information is available on the holders of the security at the balance sheet date.

The "Associates" category includes transactions with Vorvel SIM S.p.A., a company under significant influence, in which FinecoBank holds a 20% stake for a balance sheet amount of € 1,718 thousand. The above transactions originate from the agreement entered into by the Bank with Vorvel SIM S.p.A. for the trading, on the Hi-Cert segment, of Turbo Certificates issued by Fineco. With reference to the transactions with Vorvel SIM S.p.A., it should be noted that the above table does not include the valuation at equity of the Company, which resulted in the recognition of a write-down of € 276 thousand in the 2022 income statement.

# Part H - Related-party transactions

With regard to the category "Directors, Board of Statutory Auditors and Key Management Personnel", in application of the special regulations laid down in Article 136 of Legislative Decree 385/93 (Consolidated Law on Banking), the obligations established for persons that perform administrative, management and control functions pursuant to those regulations were unanimously approved by a resolution of the Board of Directors with the favourable vote of all members of the Board of Statutory Auditors, in accordance with Article 136 of said Consolidated Law on Banking.

The category "Directors, Board of Statutory Auditors and Key Management Personnel" includes the Directors, Board of Statutory Auditors and Key Management Personnel of the Parent Company dealings (excluding their remuneration, which are discussed in point 1. *Details of compensation for key management personnel*), Key Management Personnel of the Subsidiary Fineco AM (meaning the members of the administrative and supervisory bodies, where present, with the exclusion of the relevant remuneration referred to in point 1 above) and dealings with the Head of Internal Audit of FinecoBank, mainly concerning assets for credit card use, mortgages and liabilities for funds held by them with the Bank. The income statement for 2021 refers to the costs and revenues generated from the aforesaid assets and liabilities.

The "Other related parties" category, if any, includes:

- close family members of key management personnel (i.e., relatives who could be expected to influence, or be influenced by the party involved);
- companies controlled (or jointly controlled) by, or associated with, "key management personnel" or their close family members;

Transactions with "Other related parties" mainly refer to assets for the granting of loans, credit card use and liabilities for funds held with the Bank. The income statement for 2022 refers to the costs and revenues generated from the aforesaid assets and liabilities.

The "Shareholders" category includes the shareholders and their subsidiaries holding which at December 31st, 2022 held an investment in FinecoBank higher than 3% of the share capital represented by shares with voting rights. The balance sheet amounts include for current receivables and debts associated with the provision of financial services referring to the commissions to be cashed for the placement and management of asset management products. The income statement includes the same fees and commissions accrued for the 2022 financial year.

# Part I - Share-based payments

## A. Qualitative information

## 1. Description of share-based payments

### 1.1 Outstanding instruments

The Medium & Long Term Incentive Plans for employees and personal financial advisors of the Bank include Equity-Settled Share Based Payments that involve payments settled with shares of FinecoBank;

The above categories refer to the allocation of the following plans:

- **Incentive Systems (Bonus Pool),** offering to "Identified Staff", classified on the basis of regulatory requirements, a bonus structure consisting of immediate payments (following performance evaluation) and deferred payments in cash and ordinary FinecoBank shares, over a maximum period of 6 years. This payment structure ensures that bonuses are aligned to shareholders' interests and is subject to malus clauses (which apply in the event that specific profitability, liquidity and capital thresholds are not met) and clawback clauses (to the extent they are legally applicable) in accordance with the plan rules (both represent vesting conditions other than market conditions);
- **2018-2020 Long Term Incentive Plan for Employees** entirely based on free FinecoBank shares, granted to selected Bank's Employees. The Plan provides goals linked to 2020 FinecoBank targets in terms of value creation, sustainability and risk, with entry condition and clawback and malus conditions. The Plan provides a payout structure in a multi-year period defined on the basis of the beneficiaries categories, in line with the regulatory provisions;
- **2021-2023 Long Term Incentive Plan for employees** entirely based on free FinecoBank shares to be granted to selected employees of the FinecoBank Group. The Plan sets goals linked to FinecoBank Group 2021-2023 targets in terms of value creation, industrial sustainability, risk e stakeholder value, with entry condition and clawback and malus conditions. The Plan provides for a multi-year period, payment structure, defined according to the beneficiary categories and in line with the regulatory provisions;
- **PFA Incentive Systems,** offering selected personal financial advisors, classified as "Identified Staff" in accordance with regulatory requirements, incentive systems consisting of immediate cash payments (following performance evaluation) and deferred payments, in cash and FinecoBank ordinary shares, over a period of 5 years. This payment structure ensures that bonuses are aligned to shareholders' interests and is subject to malus clauses (which apply in the event that specific profitability, liquidity and capital thresholds are not met) and clawback clauses (to the extent they are legally applicable) in accordance with the plan rules (both vesting conditions other than market conditions);
- **2018-2020 Long Term Incentive Plan for Financial Advisors Identified Staff** that provides a bonus in cash and FinecoBank ordinary shares for the financial advisors classified as Identified Staff in 2020 towards the achievement of commercial performance goal in 2018-2020. The plan provides entry conditions and malus and clawback conditions. The plan also provides a multi-year payout structure.

Shares for employee's incentive plans envisaging the allocation of FinecoBank shares will be issued through free capital increases in accordance with Article 2349 of the Italian Civil Code.

The financial instruments for incentive plans for the financial advisors involving the allocation of FinecoBank shares will be obtained through market purchases in implementation of the authorisation of the Bank Shareholders' Meeting pursuant to Article 2357 of the Italian Civil Code and of the Supervisory Authority.

### 1.2 Measurement model

#### *1.2.1 Incentive System (Bonus Pool)*

The economic value of the shares granted is measured considering the share market price at the grant date less the present value of future dividends during the vesting period.

The plans are divided into clusters, each of which may include several deferred share-based payment instalments according to the period defined by the plan rules. The Plans have been allocated starting from 2014 and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

# Part I - Share-based payments

*1.2.1.1 2021 Incentive System (Bonus Pool)*

The 2021 Incentive System is based on a bonus pool approach, in line with regulatory requirements and market practices; this approach sets out:

- the system's sustainability, by linking it directly to business results and aligning it to relevant risk categories through specific indicators that reflect the Risk Appetite Framework;
- the allocation of bonuses to beneficiaries classified as "Identified Staff" on the basis of the current applicable regulatory framework;
- a structure of payments spread over a period of up to 6 years and consisting of a mix of cash and shares, as required by the applicable regulatory framework.

The plan was assigned in 2021 and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

| | FinecoBank shares granted | | | |
|---|---|---|---|---|
| | 2021 incentive system (bonus pool) | | | |
| | 2023 instalment | 2025 instalment | 2026 instalment | 2027 instalment |
| Bonus Opportunity Economic Value Grant Date | 19-Jan-21 | 19-Jan-21 | 19-Jan-21 | 19-Jan-21 |
| Number of Shares - Date of Board resolution | 09-Feb-22 | 09-Feb-22 | 09-Feb-22 | 09-Feb-22 |
| Vesting Period Start Date | 01-Jan-21 | 01-Jan-21 | 01-Jan-21 | 01-Jan-21 |
| Vesting Period End Date | 31-Dec-21 | 31-Dec-23 | 31-Dec-24 | 31-Dec-25 |
| FinecoBank Share Market Price [€] | 15.195 | 15.195 | 15.195 | 15.195 |
| Average Economic Value of Vesting conditions [€] | -0.391 | -1.242 | -1.699 | -2.195 |
| Performance Shares value per share at Grant Date [€] | 14.804 | 13.953 | 13.496 | 13.000 |

*1.2.1.2 2022 Incentive System (Bonus Pool)*

The 2022 Incentive System is based on a bonus pool approach, in line with regulatory requirements and market practices; this approach sets out:

- the system's sustainability, by linking it directly to business results and aligning it to relevant risk categories through specific indicators that reflect the Risk Appetite Framework;
- the allocation of bonuses to beneficiaries classified as "Identified Staff" on the basis of the current applicable regulatory framework;
- a structure of payments spread over a period of up to 6 years and consisting of a mix of cash and shares, as required by the applicable regulatory framework.

The plan was assigned in 2022 and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

### *1.2.2 2018-2020 Long Term Incentive Plan for Employees*

The Plan establishes FinecoBank targets set at 2020 in terms of value creation, sustainability and risk. The Plan Beneficiaries are selected among the "key" Bank resources, including the Mangers with Strategic Responsibilities.

The Plan, which is in line with regulatory requirements and market practices, includes:

- Performance targets such as EVA, Cost/Income and Cost of Risk on commercial loans;
- malus conditions based on profitability, capital and liquidity parameters;
- Individual compliance and clawback conditions;
- a risk adjustment based on the yearly results of the CRO Dashboard.

The plan provides for a multi-year payment structure consisting of a mix of cash and shares, as required by the applicable regulatory framework.

The plan was allocated in 2018 and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

# Part I - Share-based payments

### *1.2.3 2021-2023 Long Term Incentive Plan for employees*

The Plan sets goals linked to FinecoBank Group 2021-2023 targets in terms of value creation, industrial sustainability, risk e stakeholder value. Beneficiaries are selected key resources of FinecoBank Group, included the Managers with Strategic Responsibility.

The Plan, which is in line with regulatory requirements and market practices, includes:

- performance targets (such as ROAC, Net Sales of AUM, Cost Income Ratio, e Cost of Risk on commercial loans), stakeholder value (customer satisfaction, people engagement and rating ESG for all new funds);
- entry and malus conditions of capital, liquidity and profitability as well as individual compliance conditions, a claw-back clause and a continuous employment clause;
- a risk adjustment based on the yearly results of the CRO Dashboard.

The Plan provides for a multi-year period, payment structure, defined according to the beneficiary categories and in line with the regulatory provisions;

The Plan was allocated in 2021 and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

### *1.2.4 Incentive System for Personal Financial Advisors*

The economic value of the shares granted is measured considering the share market price at the grant date less the present value of future dividends during the vesting period.

The plans are divided into clusters, each of which may include several deferred share-based payment instalments according to the period defined by the plan rules. The Plans have been allocated starting from 2016 and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

#### *1.2.4.1 2021 PFA Incentive System*

The 2021 PFA Incentive System is based on a bonus pool approach, in line with regulatory requirements and market practices; this approach sets out:

- the system's sustainability, by linking it directly to business results and aligning it to relevant risk categories through specific indicators that reflect the Risk Appetite Framework;
- the allocation of bonuses to beneficiaries classified as "Identified Staff" on the basis of the current applicable regulatory framework;
- a payment structure spread over a period of up to 5 years and consisting of a mix of cash and shares, as required by the applicable regulatory framework.

The Plan was assigned in 2021 and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

| | FinecoBank shares granted | | |
|---|---|---|---|
| | 2021 PFA incentive system | | |
| | 2023 instalment | 2024 instalment | 2025 instalment |
| Bonus Opportunity Economic Value Grant Date | 19-Jan-21 | 19-Jan-21 | 19-Jan-21 |
| Number of Shares - Date of Board resolution | 09-Feb-22 | 09-Feb-22 | 09-Feb-22 |
| Vesting Period Start Date | 01-Jan-21 | 01-Jan-21 | 01-Jan-21 |
| Vesting Period End Date | 31-Dec-21 | 31-Dec-22 | 31-Dec-23 |
| FinecoBank Share Market Price [€] | 14.702 | 14.702 | 14.702 |
| Average Economic Value of Vesting conditions [€] | -0.391 | -0.802 | -1.242 |
| Performance Shares value per share at Grant Date [€] | 14.311 | 13.900 | 13.460 |

# Part I - Share-based payments

*1.2.4.2 2022 PFA Incentive System*

The 2022 PFA Incentive System is based on a bonus pool approach, in line with regulatory requirements and market practices; this approach sets out:

- the system's sustainability, by linking it directly to business results and aligning it to relevant risk categories through specific indicators that reflect the Risk Appetite Framework;
- the allocation of bonuses to beneficiaries classified as "Identified Staff" on the basis of the current applicable regulatory framework;
- a payment structure spread over a period of up to 5 years and consisting of a mix of cash and shares, as required by the applicable regulatory framework.

The Plan was assigned in 2022 and the income statement and balance sheet effects will be recognised during the vesting period of the instruments.

### *1.2.5 2018-2020 Long Term Incentive Plan for Personal Financial Advisors Identified Staff*

The Plan is dedicated to the Financial Advisors that were Bank's Identified Staff in 2020 and provides three-years (2018-2020) commercial performance goals. Moreover the Plan includes:

- entry conditions based on individual and Bank performance;
- capital, liquidity and profitability malus conditions;
- specific individual compliance and *clawback* conditions;
- a risk adjustment based on the yearly results of the CRO Dashboard;
- a balanced payment structure with upfront and deferred payments in cash and/or FinecoBank shares.

The Plan was approved in 2018; the income statement and balance sheet effects are recognised during the vesting period of the instruments.

## Quantitative information

### 1. Annual changes

(Amounts in € thousand)

| Items / Number of options and exercise price | Prudential consolidation | | | Insurance companies | | | Other companies | | | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of options | Average prices | Average maturity | Number of options | Average prices | Average maturity | Number of options | Average prices | Average maturity | Number of options | Average prices | Average maturity | Number of options | Average prices | Average maturity |
| **A. Opening balance** | **2,037,312** | **-** | **Jun-24** | **-** | **-** | **-** | **-** | **-** | **-** | **2,037,312** | **-** | **Jun-24** | **1,456,175** | **-** | **Oct-22** |
| **B. Increases** | **244,406** | **-** | **X** | **-** | **-** | **X** | **-** | **-** | **X** | **244,406** | **-** | **X** | **978,932** | **-** | **X** |
| B.1 New issues | 244,406 | - | May-24 | - | - | - | - | - | - | 244,406 | - | May-24 | 978,932 | - | Jul-25 |
| B.2 Other increases | - | - | X | - | - | X | - | - | X | - | - | X | - | - | X |
| **C. Decreases** | **(268,392)** | **-** | X | **-** | **-** | X | **-** | **-** | X | **(268,392)** | **-** | X | **(397,795)** | **-** | X |
| C.1 Cancelled | (2,115) | - | X | - | - | X | - | - | X | (2,115) | - | X | - | - | X |
| C.2 Exercised | (266,277) | - | X | - | - | X | - | - | X | (266,277) | - | X | (397,795) | - | X |
| C.3 Expired | - | - | X | - | - | X | - | - | X | - | - | X | - | - | X |
| C.4 Other changes | - | - | X | - | - | X | - | - | X | - | - | X | - | - | X |
| **D. Closing balances** | **2,013,326** | **-** | Oct-24 | **-** | **-** | **-** | **-** | **-** | **-** | **2,013,326** | **-** | **Oct-24** | **2,037,312** | **-** | **Jun-24** |
| **E. Vesting options at the end of the year** | **587,795** | **-** | X | **-** | **-** | X | **-** | **-** | X | **587,795** | **-** | X | **266,277** | **-** | X |

The number of shares specified in the above table only refers to plans for which the number of shares allotted to individual beneficiaries has already been defined. The average prices for the year have not been stated because only freely allocated shares were involved.

# Part I - Share-based payments

## 2. Other information

### Effects on Profit and Loss

The economic and balance-sheet effects associated with the FinecoBank share-based incentive plans are shown below, with the exception of the balance of the Reserve associated with the Equity Settled plans. The consolidated income statement impact is determined each year based on the vesting period of the instruments.

### Financial statement presentation related to payments based on shares

(Amounts in € thousand)

| | Total 12/31/2022 | | Total 12/31/2021 | |
|---|---|---|---|---|
| | Total | Vested plans | Total | Vested plans |
| Costs | 5,614 | | 5,779 | |
| *- connected to Equity Settled Plans* | *5,614* | | *5,779* | |
| Sums paid to UniCredit S.p.A. for vested plans | | 35 | | 12 |
| Payable due to UniCredit S.p.A. | - | | 35 | |
| Credit accrued towards Unicredit S.p.A. | 69 | | 69 | |

Please note that the charges relating to Equity Settled Plans were recognised as Administrative expenses– Staff expenses with respect to the plans granted to employees and as Fee and commission expenses with regard to plans granted to personal financial advisors.

# Part L – Segment reporting

Segment reporting information is not provided as the Fineco's particular business model provides for a high level of integration among its different activities including the activity carried-out by the Irish subsidiary Fineco Asset Management DAC thanks to the vertically integrated business model; thus it is not significant to identify distinct operating sectors.

The banking and investment services are offered by FinecoBank through a network of personal financial advisors and online and mobile channels, that operate in a coordinated and integrated manner. The fully-comprehensive nature of the services offered allows to act as a one-stop solution for customers' banking and investment requirements. This strategy, which is strongly anchored to the customer, means that revenues and margins relative to various products/services (investing, banking and brokerage) are highly interdependent on each other. This integration approach has also inspired top management in setting company targets and identifying the means to achieve them.

As regards information on revenues from customers by product/service, in view of the above, reference should be made to information in Part C - Information on the consolidated income statement of these notes to the consolidated accounts.

It is note worthing that FinecoBank mainly targets retail customers in Italy, given the non-significant contribution from operations to UK customers. The subsidiary Fineco Asset Management DAC carries out asset management activities in Ireland, towards the Italian retail customers and towards institutional customers, mainly resident in Luxembourg and in Ireland.

Information concerning the degree of dependency on main customers is therefore considered by top management as not relevant and is not therefore disclosed.

# Part M – Leasing

## Section 1 - Lessee

### Qualitative information

The leasing contracts that fall within the scope of application of the standard IFRS16 are represented by the lease contracts of the properties used by the Group and by the financial shops used by financial advisors and managed directly by the Bank, in addition to lease contracts for machinery and cars.

The Group is potentially exposed to outgoing financial flows, for variable payments due for leasing (in particular referring to the ISTAT revaluation), not included in the initial valuation of the lease liability.

The Group has determined the duration of the lease, for each individual contract, considering the "non-cancellable" period during which it has the right to use the underlying asset and taking into account all the contractual aspects that can change this duration, including, in particular, the possible presence of:

- periods covered by a right of resolution (with related penalties) or an option to extend the lease to the lessee, the lessor alone, or to both, even at different periods over the duration of the contract;
- periods covered by an option to purchase the underlying asset.

In general, with regard to contracts that provide the option right for the Bank or the subsidiary to automatically renew the lease at the end of an initial contractual period, the duration of lease has determined based on historical experience (in particular for the Bank) and the information available at the date, considering in addition to the non-cancellable period also the period subject to the extension option (first contract renewal period), except for the existence of business plans to dispose of the leased asset as well as clear and documented assessments by the competent Group structures that lead to consider reasonable the failure to exercise the option to renew or exercise the termination option, also taking into account, with particular regard to the financial shops in use by the financial advisors of the Bank, the commercial strategies of recruitment and territorial organization of the network.

The Group has not provided guarantees on the residual value of the leased asset and has no commitments for the stipulation of lease contracts not included in the value of the lease liability recognized in the financial statements.

In accordance with the rules set by the standard, which grants exemptions in this regard, contracts underlying the so-called "Low-value assets" (for which the threshold was set at € 5 thousand) mainly consisting of mobile phone rental contracts, all leasing contracts with a contractual duration of 12 months or less (so-called "short term lease") it was decided not to apply the principle to the leasing of intangible assets (mainly represented by software leasing). For these contracts, the related fees are recognized in the income statement on accrual basis for the corresponding duration.

### Quantitative information

With regard to the information on the rights of use acquired with the lease, please refer to Part B - Assets - Section 9 - Tangible assets - Item 90 of these notes to the consolidated accounts.

With regard to the information on the lease liabilities, please refer to Part B - Liabilities - Section 1 - Financial liabilities at amortized cost - Item 10 of these notes to the consolidated accounts.

Furthermore, with regard to the information on:

- interest expenses on leasing liabilities, please refer to Part C - Section 1 - Item 20;
- the other charges connected with the rights of use acquired with the lease, please refer to Part C - Section 14 - Net impairments / write-backs on property, plant and equipment - Item 210.

It should be noted that no gains and losses deriving from sale and leaseback transactions have been recorded, as well as income deriving from sub-lease transactions.

# Part M – Leasing

The depreciation recognized for the year for right-of-use assets by class of underlying asset is shown below:

(Amounts in € thousand)

| Assets | Depreciation 2022 | Depreciation 2021 |
|---|---|---|
| **Right of use** | **-** | **-** |
| **1. Property, plant and equipment** | **(11,320)** | **(10,866)** |
| 1.1 land | | - |
| 1.2 buildings | (11,107) | (10,600) |
| 1.3 office furniture and fittings | | - |
| 1.4 electronic systems | | - |
| 1.5 other | (213) | (266) |

As of December 31st, 2022, there are no short-term leasing commitments for which the cost has not already been recognized in the income statement for the year 2022.

## Section 2 - Lessor

### Qualitative information

The Group has leasing operations, in its capacity as lessor, represented exclusively by lease contracts of the surface of a part of the property owned by FinecoBank, located in Milan Piazza Durante, 11, classified as operating leases in the financial statements.

With reference to the ways in which the lessor manages the risk associated with the rights it maintain on the underlying assets, it should be noted that the contracts include clauses that prohibit the tenant from transferring the contract to third parties without the written consent of the lessor, periodic updates of the rent according to the ascertained variation of the ISTAT index for consumer prices for the families of workers and employees and a contractual expiry at the end of which, in the event of non-renewal where required, the lease contract ceases and the premises fall within the availability of the lessor.

### Quantitative information

Payments due for operating leases have been recognized in the consolidated income statement as income. For more details, please refer to Part C - Section 16 - Other operating income and charges - Item 230 of these notes to the consolidated accounts.

### 1. Balance sheet and income statement information

The Group has not recognized leasing loans. As regards the activities granted under operating leasing, as previously described, the Group has leasing transactions in place as lessor represented by leasing contracts for a part of the property owned by FinecoBank, located in Milan Piazza Durante, 11.

The payments due for the operating lease have been recognized, on an accrual basis, in the consolidated income statement as income. For more details, please refer to that illustrated in Part C - Section 16 - Other operating expenses and income - Item 230 of these notes to the consolidated accounts.

### 2. Financial lease

### 2.1 Classification by time bands of the payments to be received and reconciliation with the loans for leasing entered in the assets

No information to report.

### 2.2 Other information

No information to report.

# Part M – Leasing

## 3. Operating lease

### 3.1 Classification by time bands of the payments to be received

A maturity analysis of the undiscounted lease payments to be received is shown below. It should be noted that the payments refer to the contractual rents provided for in the lease contracts of part of the property owned by FinecoBank, which allow tenants to withdraw early in compliance with the notice provided in the contract.

(Amounts in € thousand)

| Maturity ranges | Total 12/31/2022 Lease payments receivables | Total 12/31/2021 Lease payments receivables |
|---|---|---|
| Up to one year | 753 | 731 |
| Over one year up to 2 years | 753 | 731 |
| Over 2 years up to 3 years | 167 | 731 |
| Over 3 years up to 4 years | 42 | 161 |
| Over 4 years up to 5 years | - | 40 |
| For over 5 years | - | - |
| **Total** | **1,715** | **2,394** |

### 3.2 Other information

As indicated above, the Group has leasing transactions in place as a lessor represented by leasing contracts for a part of the property owned by FinecoBank, located in Milan Piazza Durante, 11. For information on the methods with the which the Group manages the risk associated with the rights it retains on the underlying assets, please refer to the paragraph "Qualitative information" included in this section.

# Reconciliation of condensed consolidated accounts to mandatory reporting schedule

(Amounts in € thousand)

| ASSETS | Amounts as at 12/31/2022 | Amounts as at 12/31/2021 |
|---|---|---|
| Cash and cash balances = item 10 | 1,469,713 | 1,464,182 |
| Financial assets held for trading | 16,926 | 20,240 |
| *20. Financial assets at fair value through profit or loss a) financial assets held for trading* | *16,926* | *20,240* |
| Loans and receivables with banks | 426,696 | 379,862 |
| *40. Financial assets at amortised cost a) loans and receivables with banks* | *4,029,194* | *5,757,506* |
| *less: Financial assets at amortised cost a) loans and receivables with banks - Debt securities* | *(3,602,498)* | *(5,377,644)* |
| Loans and receivables with customers | 6,445,713 | 6,001,596 |
| *40. Financial assets at amortised cost b) loans and receivables with customers* | *27,443,107* | *25,138,453* |
| *less: Financial assets at amortised cost b) loans and receivables with customers - Debt securities* | *(20,997,394)* | *(19,136,857)* |
| Financial investments | 24,634,034 | 24,560,350 |
| *20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value* | *5,552* | *5,538* |
| *30. Financial asset at fair value through other comprehensive income* | *26,872* | *39,017* |
| *70. Equity investments* | *1,718* | *1,294* |
| *Financial assets at amortised cost a) loans and receivables with banks - Debt securities* | *3,602,498* | *5,377,644* |
| *Financial assets at amortised cost b) loans and receivables with customers - Debt securities* | *20,997,394* | *19,136,857* |
| Hedging instruments | 1,424,704 | 125,913 |
| *50. Hedging derivatives* | *1,691,642* | *127,448* |
| *60. Changes in fair value of portfolio hedged financial assets (+/-)* | *(266,938)* | *(1,535)* |
| Property, plant and equipment = item 90 | 146,208 | 150,347 |
| Goodwill = item 100. Intangible assets of which: goodwill | 89,602 | 89,602 |
| Other intangible assets = item 90 net of goodwill | 36,787 | 39,084 |
| Tax assets = item 110 | 46,577 | 42,974 |
| Non-current assets and disposal groups held for sale = item 120 | - | - |
| Tax credits acquired | 1,093,255 | 508,764 |
| Other assets | 438,670 | 484,261 |
| *130. Other assets* | *1,531,925* | *993,025* |
| *less: Tax credit acquired* | *(1,093,255)* | *(508,764)* |
| **Total assets** | **36,268,885** | **33,867,175** |

(Amounts in € thousand)

| LIABILITIES AND SHAREHOLDERS' EQUITY | Amounts as at 12/31/2022 | Amounts as at 12/31/2021 |
|---|---|---|
| Deposits from banks | 1,677,235 | 1,225,213 |
| *10. Financial liabilities at amortised cost a) deposits from banks* | *1,677,235* | *1,225,213* |
| Deposits from customers | 31,695,647 | 29,847,722 |
| *10. Passività finanziarie valutate al costo ammortizzato c) titoli in circolazione* | *31,695,647* | *29,847,722* |
| Debt securities in issue | 497,926 | 497,266 |
| *10. Financial liabilities at amortised cost c) debt securities in issue* | *497,926* | *497,266* |
| Financial liabilities held for trading = item 20 | 4,574 | 4,417 |
| Financial liabilities at fair value = item 30 | - | - |
| Hedging instruments | (3,180) | 65,263 |
| *40. Hedging derivatives* | *63,752* | *57,313* |
| *50. Changes in fair value of portfolio hedged financial liabilities (+/-)* | *(66,932)* | *7,950* |
| Tax liabilities = item 60 | 42,627 | 35,864 |
| Liabilities included in disposal groups classified as held for sale = item 70 | - | - |
| Other liabilities | 443,659 | 464,633 |
| *80. Other liabilities* | *334,352* | *342,844* |
| *90. Provisions for employee severance pay* | *3,942* | *5,033* |
| *100. Provisions for risks and charges* | *105,365* | *116,756* |
| Shareholders' equity | 1,910,397 | 1,726,797 |
| - capital and reserves | 1,479,771 | 1,351,963 |
| *140. Equity instruments* | *500,000* | *500,000* |
| *150. Reserves* | *778,211* | *650,202* |
| *160. Share premium reserve* | *1,934* | *1,934* |
| *170. Share capital* | *201,340* | *201,267* |
| *180. Treasury shares (-)* | *(1,714)* | *(1,440)* |
| - revaluation reserves | 2,121 | (5,877) |
| *120. Revaluation reserves of which: financial assets at fair value through other comprehensive income* | *(3,898)* | *410* |
| *120. Revaluation reserves for actuarial net gains (losses) for defined benefit plans* | *6,020* | *(6,287)* |
| *120. Revaluation reserve of which: changes in valuation reserve pertaining to equity method investments* | *(1)* | *-* |
| - Net profit = item 200 | 428,505 | 380,711 |
| **Total liabilities and Shareholders' equity** | **36,268,885** | **33,867,175** |

# Reconciliation of condensed consolidated accounts to mandatory reporting schedule

(Amounts in € thousand)

| INCOME STATEMENT | Year 2022 | Year 2021 |
|---|---|---|
| Financial margin | 392,200 | 280,030 |
| of which Net interest | 342,796 | 247,889 |
| *30. Net interest margin* | *337,549* | *243,149* |
| *+ net commissions on Treasury securities lending* | *5,247* | *4,740* |
| of which Profits from Treasury | 49,404 | 32,141 |
| *+ gains (losses) on disposal or repurchase of: a) financial assets at amortised cost - debt securities (unimpaired)* | *49,095* | *29,243* |
| *+ gains (losses) on disposal or repurchase of: b) financial asset at fair value through other comprehensive income (unimpaired)* | *309* | *2,898* |
| Dividends and other income from equity investments | (276) | (26) |
| *70. Dividend income and similar revenue* | *206* | *199* |
| *less: dividends from held-for-trading equity instruments included in item 70* | *(165)* | *(153)* |
| *less: dividends from from equity investments and equities mandatorily at fair value equity instruments included in item 70* | *(41)* | *(46)* |
| *+ writebacks (write-downs) of investments accounted for using the equity method* | *(276)* | *(26)* |
| Net fee and commission income | 465,627 | 450,808 |
| *60. Net fee and commission income* | *466,308* | *450,702* |
| *+ other charges/income related to the application of the Fixed Operating Expenses (FOE) model* | *4,566* | *4,846* |
| *less: net commissions on Treasury securities lending* | *(5,247)* | *(4,740)* |
| Net trading, hedging and fair value income | 89,899 | 74,308 |
| *80. Gains (losses) on financial assets and liabilities held for trading* | *77,966* | *71,643* |
| *90. Fair value adjustments in hedge accounting* | *12,207* | *2,505* |
| *110. Gains (losses) on financial assets and liabilities at fair value through profit or loss* | *(480)* | *(39)* |
| *100. Gains (losses) on disposal or repurchase of: b) financial asset at fair value through other comprehensive income* | *309* | *2,898* |
| *less: gains (losses) on disposal or repurchase of: b) financial asset at fair value through other comprehensive income (unimpaired)* | *(309)* | *(2,898)* |
| *100. Gains (losses) on disposal or repurchase of: c) financial liabilites* | - | - |
| *+ dividends from held-for-trading equity instruments included in item 70* | 165 | 153 |
| *+ dividends from mandatorily at fair value equity instruments included in item 70* | *41* | *46* |
| Net other expenses/income | 156 | (1,310) |
| *230. Other net operating income* | *139,717* | *140,813* |
| *less: other net operating income - of which: recovery of expenses* | *(136,830)* | *(139,471)* |
| *less: adjustments of leasehold improvements* | *1,835* | *2,194* |
| *less: other charges/income related to the application of the Fixed Operating Expenses (FOE) model* | *(4,566)* | *(4,846)* |
| *100. Gains (losses) on disposal or repurchase of: a) financial assets at amortised cost (unimpaired)* | *49,095* | *29,243* |
| *less: gains (losses) on disposal or repurchase of: a) financial assets at amortised cost - debt securities (unimpaired)* | *(49,095)* | *(29,243)* |
| **REVENUES** | **947,606** | **803,810** |
| Staff expenses | (117,294) | (109,600) |
| *190. Administrative expenses - a) staff expenses* | *(117,294)* | *(109,600)* |
| Other administrative expenses | (273,486) | (262,546) |
| *190. Administrative expenses - b) other administrative expenses* | *(319,385)* | *(300,391)* |
| *less: contributions to the Single Resolution Fund (SRF) Deposit Guarantee Systems (DGS)* | *47,734* | *40,039* |
| *+ adjustments of leasehold improvements* | *(1,835)* | *(2,194)* |
| Recovery of expenses | 136,830 | 139,471 |
| *230. Other net operating income- of which: recovery of expenses* | *136,830* | *139,471* |
| Impairment/write-backs on intangible and tangible assets | (26,865) | (26,218) |
| *210. Impairment/write-backs on property, plant and equipment* | *(20,258)* | *(19,529)* |
| *220. Impairment/write-backs on intangible assets* | *(6,607)* | *(6,689)* |
| **Operating costs** | **(280,815)** | **(258,893)** |
| **OPERATING PROFIT (LOSS)** | **666,791** | **544,917** |
| Net impairment losses on loans and provisions for guarantees and commitments | (3,115) | (1,655) |
| *130. Impairment losses/writebacks on: a) financial assets at amortised cost* | *(5,184)* | *(594)* |
| *less: impairment losses/writebacks on: a) financial assets at amortised cost - debt securities* | *2,093* | *(1,070)* |
| *130. Impairment losses/writebacks on: b) financial assets at fair value through other comprehensive income* | *(2)* | *8* |
| *less: impairment losses/writebacks on: a) financial assets at amortised cost - debt securities* | *2* | *(8)* |
| *140. Profit / loss from contract changes without cancellation* | *(1)* | - |
| *200. Net provisions for risks and charges a) provision for credit risk of commitments and financial guarantees given* | *(23)* | *9* |
| **NET OPERATING PROFIT (LOSS)** | **663,676** | **543,262** |
| Other charges and provisions | (57,762) | (49,938) |
| *200. Net provisions for risks and charges b) other net provision* | *(10,028)* | *(9,899)* |
| *Integration costs* | - | - |
| *+ contributions to the Single Resolution Fund (SRF) Deposit Guarantee Systems (DGS)* | *(47,734)* | *(40,039)* |
| Net income from investments | (1,552) | 1,079 |
| *+ Impairment losses/writebacks on: afinancial assets at amortised cost - debt securities* | *(2,093)* | *1,070* |
| *+ Impairment losses/writebacks on: b) financial assets at fair value through other comprehensive income - debt securities* | *(2)* | *8* |
| *250. Profit (loss) on equity investments* | *(276)* | *(26)* |
| *less: Profit (loss) on equity investments* | *276* | *26* |
| *280. Gains (losses) on disposal of investments* | *543* | *1* |
| **PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **604,362** | **494,403** |
| Income tax for the year = item 300 | (175,857) | (113,692) |
| **NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS** | **428,505** | **380,711** |
| **PROFIT (LOSS) FOR THE YEAR** | **428,505** | **380,711** |

# Certification of consolidated annual Financial Statements pursuant to article 81-ter of Consob regulation no. 11971 of May 14, 1999 and subsequent amendments

1. The undersigned, Alessandro Foti, as Managing Director and General Manager of FinecoBank S.p.A., and Lorena Pelliciari, as Nominated Official in charge of drawing up company accounts of FinecoBank S.p.A, taking into account the provisions of Article 154-bis, par. 3 and 4 of Legislative Decree 58 of February 24th, 1998, do hereby certify:

- the adequacy in relation to the Company's features and
- the actual application

of the administrative and accounting procedures used in the preparation of the consolidated financial statements for the year ended December 31st, 2022.

2. The adequacy of the administrative and accounting procedures employed to draw up the consolidated financial statements for the year has been evaluated by applying a model defined, in accordance with the "Internal Control - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)", which are international commonly accepted standards for the internal control system and for financial reporting.

3. The undersigned also certify that:

3.1 The consolidated financial statements:

a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation 1606/2002 of July 19th, 2002;

b) correspond to the results of the books and accounting records;

c) are suitable to provide a fair and correct representation of the financial position and performance of the issuer and the group of companies included in the scope of consolidation;

3.2. The Report on Operations includes a reliable analysis of the operating trend and results, as well as of the situation of the issuer and of the legal entities included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Milan, March 14th, 2023

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

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

**(The accompanying translated consolidated financial statements of the FinecoBank Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

# Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of FinecoBank S.p.A.*

## Report on the audit of the consolidated financial statements

### *Opinion*

We have audited the consolidated financial statements of the FinecoBank Group (the "group"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the FinecoBank Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of FinecoBank S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
Registro Imprese Milano Monza Brianza Lodi
e Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

***Measurement of provisions for risks and charges***

*Notes to the consolidated financial statements "Part A - Accounting policies": paragraph A.2.10 "Provisions for risks and charges"*

*Notes to the consolidated financial statements "Part B - Information on the statement of financial position - Liabilities": section 10 "Provisions for risks and charges"*

*Notes to the consolidated financial statements "Part C - Information on the income statement": section 13.3 "Net provisions to other provisions for risks and charges: breakdown"*

*Notes to the consolidated financial statements "Part E - Information on risks and related hedging policies": section 1.5 "Operational risks", paragraph "Risks arising from significant legal disputes"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| The group's consolidated financial statements at 31 December 2022 include provisions for risks and charges of €105.4 million. These include €27.4 million relating to pending legal and tax disputes, specifically €3.4 million relating to tax disputes (fines and interest) and €24 million relating to legal disputes. The latter are customers' complaints and claims for damages due to unlawful conduct by the group's financial advisors, pending disputes with former financial advisors and other ongoing in-court and out-of-court disputes with customers relating to the group's ordinary banking activities.<br><br>Measuring provisions for risks and charges for pending disputes is a complex activity, with a high degree of uncertainty, and entails directors' estimates about the outcome of the dispute, the risk of losing and the timing for its settlement.<br><br>For the above reasons, we believe that measuring provisions for risks and charges is a key audit matter.<br><br>. | Our audit procedures included:<br><br>• understanding the process for the measurement of the provisions for risks and charges, assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls;<br><br>• analysing the discrepancies between past years' estimates of the provisions for risks and charges and actual figures resulting from the subsequent settlement of disputes, in order to check the accuracy of the estimation process;<br><br>• analysing relevant documentation, including the complaints book and the internal control departments' reports;<br><br>• sending written requests for information to the legal advisors assisting the parent about the assessment of the risk of losing pending disputes and the quantification of the related liability and checking the consistency of the information obtained with the elements considered by the directors to measure the other provisions for risks and charges;<br><br>• analysing the reasonableness of the assumptions used to measure the provisions for risks and charges relating to the main disputes through discussions with the relevant internal departments and analysis of the supporting documentation;<br><br>• assessing the appropriateness of the disclosures about the other provisions for risks and charges. |

***Classification and measurement of loans and receivables with customers recognised under financial assets at amortised cost***

*Notes to the consolidated financial statements "Part A - Accounting policies": paragraph A.2.3 "Financial assets at amortised cost"*

*Notes to the consolidated financial statements "Part B - Information on the statement of financial position - Assets": section 4 "Financial assets at amortised cost"*

*Notes to the consolidated financial statements "Part C - Information on the income statement": section 8 "Impairment losses/writebacks"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| Lending to customers is one of the group's core activities.<br>Loans and receivables with customers recognised under financial assets at amortised cost totalled €27,443.1 million at 31 December 2022 (including loans of €6,445.7 million and debt instruments of €20,997.4 million), accounting for 75.7% of total assets. Net impairment losses on loans and receivables with customers recognised in profit or loss during the year totalled €4.9 million.<br>For classification purposes, the directors make analyses that are sometimes complex in order to identify those positions that show evidence of impairment after disbursement. To this end, they consider both internal information about the performance of exposures and external information about the reference sector or the borrowers' overall exposure to banks.<br>Measuring loans and receivables with customers is a complex activity, with a high degree of uncertainty and subjectivity, with respect to which the directors apply internal valuation models that consider many quantitative and qualitative factors, including historical collection flows, expected cash flows and related estimated collection dates, the existence of any indicators of impairment, an assessment of any guarantees, the impact of macroeconomic variables, future scenarios and risks of the sectors in which the parent's customers operate.<br>The complexity of the directors' estimation process has increased as a result of the geopolitical uncertainties caused by the conflict in Ukraine and the persisting Covid-19 emergency in 2022. These uncertainties have severely worsened current economic conditions and the outlook for future macroeconomic scenarios and have had a strong impact on the energy market, supply chains, inflationary pressure and its effect on monetary policies, leading central banks to raise interest rates in the main economies. This required the directors to revisit the valuation processes and methods.<br>For the above reasons, we believe that the classification and measurement of loans and receivables with customers recognised under financial assets at amortised cost are a key audit matter. | Our audit procedures included:<br>• gaining an understanding of the parent's processes and IT environment in relation to the disbursement, monitoring, classification and measurement of loans and receivables with customers;<br>• assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the identification of exposures with indicators of impairment and the calculation of impairment losses;<br>• analysing the classification criteria used for allocating loans and receivables with customers to the IFRS 9 categories (staging);<br>• analysing the individual and collective impairment assessment policies and models used and checking the reasonableness of the main assumptions and variables included therein, as well as the adjustments made as a result of the financial effects of the geopolitical situation caused by the conflict in Ukraine and the persisting Covid-19 pandemic. We carried out these procedures with the assistance of experts of the KPMG network;<br>• selecting a sample of exposures tested collectively, checking the application of the measurement models applied and checking that the impairment rates applied complied with those provided for in such models;<br>• selecting a sample of exposures tested individually and checking the reasonableness of the indicators of impairment identified and of the assumptions about their recoverability, including considering the guarantees received;<br>• analysing the significant changes in the loan and receivable categories and in the related impairment rates compared to the previous years' figures and discussing the results with the relevant internal departments;<br>• assessing the appropriateness of the disclosures about loans and receivables with customers recognised under financial assets measured at amortised cost. |

***Revenue recognition – recognition of fee and commission income (IFRS 15)***

*Notes to the consolidated financial statements "Part C - Information on the income statement": section 2.1 "Fee and commission income: breakdown"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| In accordance with IFRS 15: Revenue from contracts with customers, fee and commission income is recognised in profit or loss based on when or as the performance obligation identified in a contract is satisfied. Specifically, fees and commissions for services and other income are recognised in profit or loss:<br>• at a point in time, when an entity satisfies the performance obligation by transferring a promised good or service to a customer;<br>• over time, as an entity satisfies the performance obligation by transferring a promised good or service to a customer.<br>If the consideration promised in a contract includes a variable amount, the group estimates the amount of consideration to which it will most likely be entitled. It estimates the variable amount by assessing all relevant facts and circumstances, based on the type of service provided and, especially, on whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.<br>We have identified the risk of recognising revenue (fee and commission income) not pertaining to the year or not actually realised.<br>For the above reasons, we believe that the recognition of fee and commission income is a key audit matter. | Our audit procedures included:<br>• gaining an understanding of the parent's processes and IT environment in relation to the estimation of fee and commission income;<br>• analysing the processes and controls implemented by the parent, including by involving our IT specialists;<br>• assessing the appropriateness of the disclosures about fee and commission income. |

## *Other matters*

### *Comparative figures*

The group's 2021 consolidated financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 31 March 2022.

## *Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements*

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

### *Auditors' responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA Italia 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 consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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 group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' 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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, 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.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

### *Other information required by article 10 of Regulation (EU) no. 537/14*

On 28 April 2021, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2022 to 31 December 2030.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

## Report on other legal and regulatory requirements

### *Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815*

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2022 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2022 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

## *Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98*

The parent's directors are responsible for the preparation of the group's reports on operations and on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

## *Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16*

The directors of FinecoBank S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Milan, 23 March 2023

KPMG S.p.A.

(signed on the original)

Roberto Spiller
Director of Audit

# Balance Sheet

(Amounts in €)

| Assets | 12/31/2022 | 12/31/2021 |
|---|---|---|
| 10. Cash and cash balances | 1,438,427,475 | 1,442,790,535 |
| 20. Financial assets at fair value through profit and loss | 22,034,006 | 25,661,887 |
| a) financial assets held for trading | 16,926,125 | 20,240,202 |
| c) other financial assets mandatorily at fair value | 5,107,881 | 5,421,685 |
| 30. Financial assets at fair value through other comprehensive income | 26,871,867 | 39,017,482 |
| 40. Financial assets at amortised cost | 31,442,711,914 | 30,868,131,953 |
| a) loans and receivables with banks | 4,019,230,495 | 5,747,507,499 |
| b) loans and receivables with customers | 27,423,481,419 | 25,120,624,454 |
| 50. Hedging derivatives | 1,691,642,395 | 127,448,133 |
| 60. Changes in fair value of portfolio hedged financial assets (+/-) | (266,937,532) | (1,535,050) |
| 70. Equity investments | 4,717,944 | 4,294,450 |
| 80. Tangible assets | 144,102,403 | 149,506,272 |
| 90. Intangible assets | 126,336,179 | 128,580,207 |
| - goodwill | 89,601,768 | 89,601,768 |
| 100. Tax assets | 46,466,550 | 42,954,537 |
| b) deferred tax assets | 46,466,550 | 42,954,537 |
| 120. Other assets | 1,531,915,613 | 992,710,409 |
| **Total assets** | **36,208,288,814** | **33,819,560,815** |

# Balance Sheet

(Amounts in €)

| Liabilities and shareholders' equity | 12/31/2022 | 12/31/2021 |
|---|---|---|
| 10. Financial liabilities at amortised cost | 33,855,017,916 | 31,558,409,675 |
| a) deposits from banks | 1,677,234,836 | 1,225,213,009 |
| b) deposits from customers | 31,679,856,833 | 29,835,930,648 |
| c) debt securities in issue | 497,926,247 | 497,266,018 |
| 20. Financial liabilities held for trading | 4,574,499 | 4,417,302 |
| 40. Hedging derivatives | 63,752,044 | 57,313,456 |
| 50. Changes in fair value of portfolio hedged financial liabilities (+/-) | (66,931,573) | 7,949,695 |
| 60. Tax liabilities | 41,864,448 | 34,647,391 |
| a) current tax liabilities | 41,864,448 | 34,647,391 |
| 80. Other liabilities | 324,992,786 | 336,402,937 |
| 90. Provisions for employee severance pay | 3,941,852 | 5,033,318 |
| 100. Provisions for risks and charges: | 105,365,432 | 116,755,692 |
| a) commitments and guarantees given | 74,433 | 51,695 |
| c) other provisions for risks and charges | 105,290,999 | 116,703,997 |
| 110. Revaluation reserves | 2,121,634 | (5,876,807) |
| 130. Equity instruments | 500,000,000 | 500,000,000 |
| 140. Reserves | 750,045,402 | 634,146,386 |
| 150. Share premium | 1,934,113 | 1,934,113 |
| 160. Issued capital | 201,339,554 | 201,266,924 |
| 170. Treasury shares (-) | (1,713,868) | (1,440,090) |
| 180. Net Profit (Loss) for the year (+/-) | 421,984,575 | 368,600,823 |
| **Total liabilities and Shareholders' equity** | **36,208,288,814** | **33,819,560,815** |

# Income statement

(Amounts in €)

| Items | | 2022 | 2021 |
|---|---|---|---|
| 10. | Interest income and similar revenues | 357,175,413 | 250,597,941 |
| | of which: interest income calculated using the effective interest method | 344,361,908 | 269,371,016 |
| 20. | Interest expenses and similar charges | (19,411,748) | (7,123,299) |
| **30.** | **Net interest margin** | **337,763,665** | **243,474,642** |
| 40. | Fee and commission income | 737,313,448 | 746,203,871 |
| 50. | Fee and commission expenses | (405,455,208) | (388,824,481) |
| **60.** | **Net fee and commission** | **331,858,240** | **357,379,390** |
| 70. | Dividend income and similar revenues | 97,407,443 | 61,773,063 |
| 80. | Gains (losses) on financial assets and liabilities held for trading | 77,968,230 | 71,641,287 |
| 90. | Fair value adjustments in hedge accounting | 12,206,743 | 2,504,968 |
| 100. | Gains and losses on disposal or repurchase of: | 49,404,721 | 32,141,609 |
| | a) financial assets at amortised cost | 49,095,285 | 29,243,405 |
| | b) financial assets at fair value through other comprehensive income | 309,436 | 2,898,204 |
| 110. | Gains (losses) on financial assets and liabilities at fair value through profit or loss | (328,208) | (46,104) |
| | b) other financial assets mandatorily at fair value | (328,208) | (46,104) |
| **120.** | **Operating income** | **906,280,834** | **768,868,855** |
| 130. | Impairment losses/writebacks on: | (5,166,849) | (585,610) |
| | a) financial assets at amortised cost | (5,164,928) | (593,768) |
| | b) financial assets at fair value through other comprehensive income | (1,921) | 8,158 |
| 140. | Profit/loss from contract changes without cancellation | (1,287) | (202) |
| **150.** | **Net profit from financial activities** | **901,112,698** | **768,283,043** |
| 160. | Administrative expenses: | (418,358,835) | (397,087,672) |
| | a) staff expenses | (107,056,626) | (101,446,560) |
| | b) other administrative expenses | (311,302,209) | (295,641,112) |
| 170. | Net provisions for risks and charges | (10,051,077) | (9,889,502) |
| | a) provision for credit risk of commitments and financial guarantees given | (22,738) | 9,193 |
| | b) other net provision | (10,028,339) | (9,898,695) |
| 180. | Impairment/write-backs on property, plant and equipment | (19,742,182) | (19,323,936) |
| 190. | Impairment on intangible assets | (6,553,901) | (6,635,831) |
| 200. | Other operating income/charges | 136,218,250 | 136,388,110 |
| **210.** | **Operating costs** | **(318,487,745)** | **(296,548,831)** |
| 220. | Profit (Loss) on equity investments | (275,576) | (26,497) |
| 250. | Gains and losses on disposals on investments | 542,697 | 992 |
| **260.** | **Total profit or loss before tax from continuing operations** | **582,892,074** | **471,708,707** |
| 270. | Tax expense (income) of the period related to profit or loss from continuing operations | (160,907,499) | (103,107,884) |
| **280.** | **Total profit (loss) after tax from continuing operations** | **421,984,575** | **368,600,823** |
| **300.** | **Profit (loss) for the year** | **421,984,575** | **368,600,823** |

| | 2022 | 2021 |
|---|---|---|
| Earnings per share (euro) | 0.69 | 0.60 |
| Diluted earnings per share (euro) | 0.69 | 0.60 |

**Note:**

For further information on "Earnings per share" and "Diluted earnings per share" please see notes to the accounts, Part C - Information on the income statement, Section 22.

# Statement of comprehensive income

(Amounts in € )

| Items | | Total 2022 | Total 2021 |
|---|---|---|---|
| **10.** | **Profit (Loss) of the year** | **421,984,575** | **368,600,823** |
| | **Other income components net of taxes without reversal to the income statement** | **12,306,166** | **(1,075,780)** |
| **20.** | Equity securities designated at fair value with an impact on total income | (137) | - |
| **70.** | Defined benefit plans | 12,307,234 | (1,075,780) |
| **90.** | Revaluation reserve from investments accounted for using the equity method | (931) | - |
| | **Other comprehensive income after tax with reclassification through profit or loss** | **(4,307,725)** | **(1,968,327)** |
| **140.** | Financial assets (other equity securities) designated at fair value through other comprehensive income | (4,307,725) | (1,968,529) |
| **160.** | Valutation reserves from investments accounted for using the equity method | - | 202 |
| **170.** | **Total other comprehensive income net tax** | **7,998,441** | **(3,044,107)** |
| **180.** | **Comprehensive income (item 10+170)** | **429,983,016** | **365,556,716** |

# Statement of changes in shareholders’ equity

## Statement of changes in shareholders’ equity at 12/31/2022

(Amounts in € )

| | Balance as at 12/31/2021 | Change in opening balance | Balance as at 01/01/2022 | Allocation of profit from previous year: Reserves | Allocation of profit from previous year: Dividends and other distributions | Change during the year: Changes in reserves | Shareholders' equity transactions: Issues of new shares | Shareholders' equity transactions: Purchase of own shares | Shareholders' equity transactions: Distributions of extraordinary dividends | Shareholders' equity transactions: Changes in equity instruments | Shareholders' equity transactions: Own share derivatives | Shareholders' equity transactions: Stock options | Shareholders' equity transactions: Changes in ownership interests | Comprehensive income exercise 2022 | Shareholders' equity exercise 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Share capital: | | | | | | | | | | | | | | | |
| - ordinary shares | 201.266.924 | - | 201.266.924 | - | - | - | 72.630 | - | - | - | - | - | - | - | 201.339.554 |
| - other shares | - | - | | - | - | - | - | - | - | - | - | - | - | - | - |
| Share premium reserve | 1.934.113 | - | 1.934.113 | - | - | - | - | - | - | - | - | - | - | - | 1.934.113 |
| Reserves: | - | | | | | | | | | | | | | | |
| - from profits | 597.754.112 | - | 597.754.112 | 130.654.078 | - | (19.720.940) | - | - | - | - | - | (72.630) | - | - | 708.614.620 |
| - others | 36.392.274 | - | 36.392.274 | - | - | - | - | - | - | - | - | 5.038.508 | - | - | 41.430.782 |
| Revaluation reserves | (5.876.807) | - | (5.876.807) | - | - | - | - | - | - | - | - | - | - | 7.998.441 | 2.121.634 |
| Equity instruments | 500.000.000 | - | 500.000.000 | - | - | - | - | - | - | - | - | - | - | - | 500.000.000 |
| Treasury shares | (1.440.090) | - | (1.440.090) | - | - | - | 575.858 | (849.636) | - | - | - | - | - | - | (1.713.868) |
| Profit (loss) for the year | 368.600.823 | - | 368.600.823 | (130.654.078) | (237.946.745) | - | - | - | - | - | - | - | - | 421.984.575 | 421.984.575 |
| Shareholders' Equity | 1.698.631.349 | - | 1.698.631.349 | - | (237.946.745) | (19.720.940) | 648.488 | (849.636) | - | - | - | 4.965.878 | - | 429.983.016 | 1.875.711.410 |

The Shareholders' Meeting of April 28th, 2022 approved the distribution of a dividend per unit of EUR 0.39, as proposed by the Board of Directors on February 9th, 2022.
The column "Stock options" includes the incentives plans serviced by FinecoBank shares.
The column 'Changes in Reserves' includes coupons paid on Capital Instruments, net of related taxes, and transaction costs directly attributable to the issue of new ordinary shares during the period, net of related taxes, as well as the portion of dividends not distributed in respect of treasury shares held by the Bank at the record date.

## Statement of changes in shareholders’ equity at 12/31/2021

(Amounts in € )

| | Balance as at 12/31/2020 | Change in opening balance | Balance as at 01/01/2021 | Allocation of profit from previous year: Reserves | Allocation of profit from previous year: Dividends and other distributions | Change during the year: Changes in reserves | Shareholders' equity transactions: Issues of new shares | Shareholders' equity transactions: Purchase of own shares | Shareholders' equity transactions: Distributions of extraordinary dividends | Shareholders' equity transactions: Changes in equity instruments | Shareholders' equity transactions: Own share derivatives | Shareholders' equity transactions: Stock options | Shareholders' equity transactions: Changes in ownership interests | Comprehensive income exercise 2021 | Shareholders' equity exercise 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Share capital: | | | | | | | | | | | | | | | |
| - ordinary shares | 201,152,834 | - | 201,152,834 | - | - | - | 114,090 | - | - | - | - | - | - | - | 201,266,924 |
| - other shares | - | - | | - | - | - | - | - | - | - | - | - | - | - | - |
| Share premium reserve | 1,934,113 | - | 1,934,113 | - | - | - | - | - | - | - | - | - | - | - | 1,934,113 |
| Reserves: | | | | | | | | | | | | | | | |
| - from profits | 617,700,528 | - | 617,700,528 | 323,122 ,986 | - | (19,708,434) | - | - | (323,246,878) | - | - | (114,090) | - | - | 597,754,112 |
| - others | 31,183,346 | - | 31,183,346 | - | - | - | - | - | - | - | - | 5,209,928 | - | - | 36,392,274 |
| Revaluation reserves | (2,832,700) | - | (2,832,700) | - | - | - | - | - | - | - | - | - | - | (3,044,107) | (5,876,807) |
| Equity instruments | 500,000,000 | - | 500,000,000 | - | - | - | - | - | - | - | - | - | - | - | 500,000,000 |
| Treasury shares | (1,189,355) | - | (1,189,355) | - | - | - | 569,722 | (820,457) | - | - | - | - | - | - | (1,440,090) |
| Profit (loss) for the year | 323,122,986 | - | 323,122,986 | (323,122 ,986) | - | - | - | - | - | - | - | - | - | 368,600,823 | 368,60,823 |
| Shareholders' Equity | 1,671,071,752 | - | 1,671,071,752 | - | - | (19,708,434) | 683,812 | (820,457) | (323,246,878) | - | - | 5,094,838 | - | 365,556,716 | 1,698,631,349 |

The Shareholders' Meeting of April 28th, 2021 approved the allocation of the entire profit for the 2020 financial year to reserves, as proposed by the Board of Directors on February 9th, 2021.
The column “Distribution of extraordinary dividends" includes the distribution of the unit dividend of € 0.53 paid on November 24th, 2021, approved by the Shareholders' Meeting of 21 October 2021 as proposed by the Board of Directors on August 3rd, 2021.
The column "Stock options" includes the incentives plans serviced by FinecoBank shares.
The column "Changes in reserves" includes the coupons paid on equity instruments, net of related taxes, the transaction costs directly attributable to the issue of new ordinary shares during the period, net of related taxes, as well as the portion of dividends not distributed in respect of treasury shares held by the Bank at the record date.

# Cash flows statement

## Indirect method

(Amounts in €)

| Items | Amount 2022 | Amount 2021 |
|---|---|---|
| A. OPERATING ACTIVITIES | | |
| **1. Operations** | **492,194,744** | **514,065,180** |
| - profit (loss) for the year (+/-) | 421,984,575 | 368,600,823 |
| - capital gains/losses on financial assets held for trading and on assets designated at fair value through profit and loss (-/+) | (513,207) | 188,613 |
| - capital gains/losses on hedging accounting (+/-) | 9,426,075 | (1,042,803) |
| - net losses/recoveries on impairment (+/-) | 7,321,021 | 3,442,988 |
| - net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-) | 26,296,083 | 25,959,767 |
| - pnet provisions for risks and charges and other expenses/income (+/-) | 23,775,619 | 22,523,926 |
| - unpaid duties, taxes and tax credits (+/-) | 2,403,299 | 26,349,920 |
| - disposal groups classified as held for sale (+/-) | - | - |
| - other adjustments (+) | 1,501,279 | 68,041,946 |
| **2. Cash flows from/used by financial assets** | **(2,584,385,035)** | **(2,998,880,948)** |
| - financial assets held for trading | 4,009,838 | (4,872,054) |
| - other financial assets designated at fair value | - | - |
| - other financial assets mandatorly valued at fair value | 421,639 | 4,764,020 |
| - financial assets valued at fair value with impact on total profitability | 4,719,583 | 100,275,767 |
| - financial assets at amortized cost | (2,054,402,306) | (2,471,394,261) |
| - other assets | (539,133,789) | (627,654,420) |
| **3. Cash flows from/used by financial liabilities** | **2,253,687,658** | **2,194,623,848** |
| - financial liabilities measured at amortized cost | 2,277,489,639 | 2,143,327,683 |
| - financial liabilities held for trading | (133,033) | 360,700 |
| - financial liabilities designated at fair value | - | - |
| - other liabilities | (23,668,948) | 50,935,465 |
| **Net cash flows from/used in operating activities** | **161,497,367** | **(290,191,920)** |
| **B. INVESTMENT ACTIVITIES** | | |
| **1. Cash flows from** | **98,879,002** | **61,574,199** |
| - sales of equity investments | - | - |
| - collected dividends on equity investments | 97,201,681 | 61,574,199 |
| - sales of property, plant and equipment | 1,677,321 | - |
| - sales/purchase of subsidiaries and company branches | - | - |
| - sales of divisions | - | - |
| **2. Cash flows used in** | **(13,576,509)** | **(15,798,870)** |
| - purchases of equity investments | (700,001) | (1,320,744) |
| - purchases intangible assets | (8,566,634) | (8,301,761) |
| - purchases of intangible assets | (4,309,874) | (6,176,365) |
| - purchases of divisions | - | - |
| **Net cash flows from/used in investing activities** | **85,302,493** | **45,775,329** |
| **C. FUNDING ACTIVITIES** | | |
| - issue/purchase of treasury shares | (201,148) | (136,645) |
| - issue/purchase of equity instruments | - | - |
| - dividends and other distributions | (258,316,173) | (343,639,123) |
| **Net cash flows from/used in financing activities** | **(258,517,321)** | **(343,775,768)** |
| **NET CASH FLOWS FROM/USED DURING THE YEAR** | **(11,717,461)** | **(588,192,359)** |

# Cash flows statement

## RECONCILIATION

(Amounts in €)

| Balance sheet items | Amount | |
|---|---|---|
| | 2022 | 2021 |
| Cash and cash balances at the beginning of the period | 1,442,823,550 | 2,006,419,033 |
| Net cash flows generated/used during the period | (11,717,461) | (588,192,359) |
| Cash and cash balances: effect of changes in exchange rates | 7,358,821 | 24,596,876 |
| Cash and cash balances at the end of the period | 1,438,464,910 | 1,442,823,550 |

Key
(+) generated
(-) used

The term “Cash and cash equivalents" refers to cash and on-demand claims, in the technical form of current accounts and deposits, on banks and central banks accounted for in asset item 10. "Cash and cash balances" of the balance sheet, excluding any impairment provisions and accruals made on financial assets.

Cash flows from/used by financial liabilities of the Bank, although in accordance with IAS 7 par. 44A is representative of flows deriving from the financing/funding activity, is classified, in line with the banking activity carried out and as required by Bank of Italy Circular 262/2005, as liquidity deriving from the operating activity.

# Part A – Accounting policies

## A.1 General

### Section 1 - Statement of Compliance with IFRS

In implementation of Legislative Decree no. 38 of February 28th, 2005, these Financial Reports and Accounts of FinecoBank Banca Fineco S.p.A. (hereinafter, FinecoBank or Fineco or the Bank) have been prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretation documents, as endorsed by the European Commission, pursuant to EU Regulation 1606/2002 of July 19th, 2002 and applicable to financial reports for the periods starting on or after January 1st, 2022.

They are an integral part of the Annual Financial Report as required by art. 154-ter, paragraph 1 of the Consolidated Finance Act (TUF, Italian Legislative Decree no. 58 of February 24, 1998).

In its circular 262 of December 22nd, 2005 as amended, the Bank of Italy laid down the formats for the financial statements and the notes to the accounts of banks and regulated financial companies that are parents of banking groups, which have been used to prepare these Financial Statements.

### Section 2 - Preparation criteria

As mentioned above, these financial statements have been prepared in accordance with the IAS/IFRS endorsed by the European Commission. The following documents have been used to interpret and support the application of IFRS, even though not all of them have been endorsed by the European Commission:

- The Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRICs and any other documents prepared by the IASB or International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretation documents on the application of IFRS in Italy prepared by the Organismo Italiano di Contabilità (Italian Accounting Body);
- the documents issued by ESMA (European Securities and Markets Authority), by European Banking Authority, by European Central Bank, by Bank of Italy and by Consob that refer to the application of specific provisions in the IFRS, with particular reference to the representation of the effects deriving from the COVID-19 pandemic, the Russian-Ukrainian conflict and their impact on the valuation processes;
- the documents prepared by the Italian Banking Association (ABI).

The financial statements comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement (compiled using the indirect method), and these Notes to the accounts, together with the Directors' Report on Operations (please refer to “Consolidated Report on Operations”) and the Annexes. Any discrepancies between the figures shown in the financial statements and the Notes to the accounts is solely due to roundings.

The Balance Sheet and the Income Statement are compared with the corresponding statements for the previous year.

In the statement of comprehensive income, the profit (loss) for the year recognised in the income statement is added to the profit or loss for the year, in accordance with international accounting standards, as an offsetting entry to the valuation reserves, net of the related tax effect. The statement of comprehensive income is presented with separate evidence of the income components that will not be recognised in the income statement in the future and those that may otherwise be reclassified to profit or loss for the year if certain conditions are met. The statement is compared with the corresponding statement for the previous year.

The statement of changes in shareholders' equity shows the composition of and changes in shareholders' equity during the year of the financial statements and the previous year.

The cash flow statement shows the cash flows during the year of the financial statements compared to those of the previous year and has been prepared using the indirect method, whereby cash flows from operating activities are represented by the result for the year adjusted for the effects of non-monetary transactions.

The figures in the financial statements are provided in euros and in thousands of euros in the Notes to the Accounts, unless otherwise indicated and have been prepared with reference to the instructions on banks' financial statements set out in the Bank of Italy's Circular 262 of December 22nd, 2005 and subsequent updates. In accordance with the Bank of Italy Circular 262/2005, items in the Balance Sheet, Income Statement and Statement of Comprehensive Income for which there is no significant information to be disclosed for the reporting period and the previous year, are not provided. In addition, the tables in the Notes to the Accounts that do not have any significant information to be disclosed are not shown either for the reporting period or the previous year.

With reference to IAS 1, these financial statements have been prepared on a going concern basis, as there are no doubts or uncertainties, taking into account the Bank's economic and financial situation, as to the ability of FinecoBank to continue its business operations and to continue operating for the foreseeable future (at least for the next 12 months).

# Part A – Accounting policies

The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form.

Lastly, pursuant to Art. 123-bis par. 3 of Consolidated Finance Act, as noted in the "Other Information" section of the Consolidated Report on Operations, the Report on Corporate Governance and Ownership Structures is available in the "Governance" section of the FinecoBank website.

As previously mentioned, FinecoBank prepares a single document called "Annual report and accounts" replacing the two documents relating to the Consolidated Financial Report and Accounts of the FinecoBank Group and the Financial Report and Accounts of FinecoBank Banca Fineco S.p.A.. The integration of the contents of the two Financial Statements documents into a single one leads to the elimination of duplications of some of qualitative information presented in both documents and, in order to facilitate the reading, the adoption of a system of cross-references between the chapters dedicated to the consolidated financial statements and the company ones; pursuant to these references the contents of the each referenced paragraph is entirely reported in the paragraph containing the reference. For further details on this, please refer to the Annex "Summary of references to qualitative disclosures in the consolidated financial statements".

## Section 3 - Subsequent events

No significant events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Accounts as at December 31st, 2022.

The Separate Financial Statements at December 31st, 2022 were approved by the Board of Directors of March 14th, 2023, which authorised their publication also pursuant to IAS10.

## Section 4 - Other Matters

During 2022, the following accounting standards, amendments and interpretations, approved by the European Commission, become effective for reporting periods beginning on or after January 1, 2021 (1 April 2021 or later for EU Regulation 2021/1421, with early application possible):

- Amendments to IAS 16 Property, Plant and Equipment, Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Amendments to IFRS 3 Business Combinations, and Annual IFRS Improvements Cycle 2018-2020 (EU Reg. 2021/1080).

Where applicable, these accounting standards, amendments and interpretations had no relevant impact on the consolidated financial statements as at December 31st, 2022.

In addition, at December 31st, 2022, the following accounting standards had been endorsed and are applicable for annual periods beginning after 2022:

- IFRS 17 - Insurance Contracts (EU Reg. 2021/2036);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (EU Reg. 2022/357);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: definition of accounting estimates (EU Reg. 2022/357);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (EU Reg. 2022/1392);
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (EU Reg. 2022/1491).

As at December 31st, 2022, the IASB had issued the following standards and accounting interpretations or revisions thereof, the application of which is, however, still subject to the completion of the endorsement process by the competent bodies of the European Union, which is still underway:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-current - Deferral of Effective Date - Non-current Liabilities with Covenants (January 2020, July 2020 and October 2022, respectively);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (September 2022).

The possible effects of the future adoption of these standards, interpretations and amendments, to the extent that they are applicable and relevant to the Bank, are reasonably estimated to be immaterial; the related analyses, also in relation to the fact that endorsement has not yet taken place, are still to be completed.

It should also be noted that on October 28th, 2022, ESMA published Public Statement ESMA32-63-1320 'European common enforcement priorities for 2022 annual financial reports', the annual public statement in which it set out the common European priorities for the preparation of the 2022 annual financial reports of issuers admitted to trading on EEA regulated markets ('European Economic Agreement'). With regard to annual financial reports, ESMA lists the following priorities:

- Climate-related issues. In this context, ESMA draws attention to the following aspects:

# Part A – Accounting policies

- consistency between IFRS financial statements and non-financial information, insofar as the effects of these aspects are material;
- impairment of non-financial assets as a result of measures to prevent or mitigate climate-related risks;
- provisions, contingent liabilities and contingent assets, as climate commitments may give rise to legal or constructive obligations;
- transparency on the financial impacts and accounting treatment applied power purchase agreements.

- Financial impact directly related to Russia's invasion of Ukraine. In this context, ESMA points out that most of the messages contained in Public Statement ESMA32-63-1277 "Implications of Russia's invasion of Ukraine on half-yearly financial reports" of May 13th, 2022 are also relevant in the context of the preparation of annual financial reports and draws attention to the following aspects:
  - presentation of the impacts of the Russian invasion of Russia in the financial statements. ESMA urges caution with regard to the separate presentation of the impacts of the Russian invasion of Ukraine in the income statement; instead of presenting the impacts separately in the income statement, ESMA encourages issuers to provide qualitative and quantitative information in the notes on the significant impacts, valuations and assumptions applied in the recognition, measurement and presentation of assets and liabilities, as well as the effects on the income statement;
  - loss of control, joint control or the ability to exercise significant influence, for the assessment of which ESMA recommends careful consideration of all facts and circumstances and the use of judgement;
  - discontinued operations, non-current assets and disposal groups held for sale with respect to exit plans relating to assets located in Russia and Belarus. ESMA recommends caution in the classification of non-current assets held for sale and/or discontinued operations under IFRS 5 and calls for transparency regarding any judgements made on the classification and measurement of assets and liabilities under IFRS 5;
  - impairment of non-financial assets. ESMA requires that, as a result of gas supply restrictions and potential energy rationing for certain industries in connection with the Ukrainian/Russian conflict, issuers should consider the impact of various energy price scenarios and potential restrictions in the sensitivity analysis of the impairment test and disclose the key assumptions adopted in accordance with IAS 36.
- Macroeconomic context. In this area, ESMA notes that the current macroeconomic environment poses significant challenges to issuers and their operations and urges issuers to (i) assess and reflect the impacts that the macroeconomic environment and uncertainties will have on their balance sheets and (ii) provide clear and detailed information to ensure that investors obtain relevant, accurate and timely information. In this context, ESMA draws attention to the following aspects:
  - riduzione di valore delle attività non finanziarie, in quanto l'ESMA prevede che l'aumento dei tassi di interesse e l'incertezza incideranno sui tassi di sconto utilizzati nei test di impairment;
  - benefici per i dipendenti. L'ESMA ricorda agli emittenti di assicurarsi che le ipotesi attuariali utilizzate riflettano le attuali prospettive economiche e siano tutte coerenti, comprese le stime degli aumenti salariali futuri;
  - ricavi da contratti con i clienti. L'ESMA invita alla cautela nella rilevazione di un'attività derivante dai costi sostenuti per l'adempimento di un contratto in un contesto di forte inflazione, poiché i costi aggiuntivi potrebbero non essere recuperati;
  - strumenti finanziari. Nell'attuale contesto di aumento dei tassi di interesse e dei costi di finanziamento, l'ESMA sottolinea l'importanza di un'informativa che consenta agli utilizzatori del bilancio di valutare l'esposizione degli emittenti ai rischi di tasso d'interesse, al rischio di prezzo delle commodity e al relativo rischio di liquidità e di fornire con sufficiente trasparenza l'impatto che il mutevole contesto economico ha sul calcolo dell'ECL.

ESMA also recommends:

- pay particular attention to climate-related issues and their effects when providing a balanced and comprehensive analysis of the company's business development and performance and its positioning, together with a description of the principal risks and uncertainties it faces. In particular, issuers should consider whether the degree of emphasis placed on climate-related issues in the annual report and non-financial information is consistent with the extent of disclosure of how the risks and opportunities arising from climate issues have been reflected in the assessments and estimates applied in the financial statements;
- transparency in the disclosure to be provided in the 2022 annual financial report with regard to the implementation of IFRS 17 - Insurance Contracts.

To the extent applicable, the aforementioned recommendations have been adopted for the preparation of consolidated financial statements as of December 31st, 2022.

Finally, ESMA reminds issuers that, starting from 2022, the disclosures included in IFRS consolidated financial statements must, as a minimum, be marked with the elements contained in Annex II of the RTS on ESEF. Annex II of the RTS on ESEF includes a number of elements defined with the "textBlockItemType", i.e. block tags for larger information of different granularity. Therefore, issuers must consider the accounting meaning of an element of the taxonomy when selecting the appropriate block tag to mark that disclosure.

### *Risks, uncertainties and impacts of the Russia-Ukraine military conflict*

On February 24th, 2022, a military operation by Russia in Ukraine began, triggering a military conflict and an international crisis. Since February, the European Union has imposed six sanctions packages on Russia, including targeted restrictive measures (individual sanctions), economic sanctions, and diplomatic measures. The conflict has weighed on the economy in the first half of the year in Europe and beyond its borders; it has affected trade, caused material shortages, and contributed to high energy and commodity prices and a significant rise in inflation.

# Part A – Accounting policies

As described in the section "The COVID-19 pandemic and the Russian-Ukrainian conflict" reported in the Consolidated Report on Operations (to which we refer for more details), despite this context of uncertainty, in 2022 there were no significant impacts for the Bank either in terms of deterioration of credit exposures (migration of positions to nonperforming or increase in the credit risk of counterparties with which the Bank carries out lending activities), nor in terms of liquidity management, which has remained solid and stable, and from a forward-looking perspective there are no impacts in terms of strategic orientation, objectives and business model.

The Bank is not directly exposed to Russian assets affected by the conflict, and indirect exposures represented by guarantees received under of pledge-backed financing transactions (Credit Lombard and pledged overdraft) are of insignificant amount. The Bank has no exposures direct in commodities and has limited exposure in rubles.

With reference to: (i) to obligations to freeze funds of sanctioned persons and entities, (ii) to restrictions on the buying and selling of certain securities because they are issued by or linked to sanctioned issuers, (iii) to restrictions on financial flows to and from Russia, both in terms of prohibition of credit exposure in favour of sanctioned entities and in terms of prohibition of accepting deposits from Russian nationals or individuals or legal entities residing in Russia, subject to specific exceptions, (iv) to the obligations to report to the competent authorities, Fineco uses safeguards to monitor the names of sanctioned individuals and entities and the ISINs of sanctioned financial instruments, necessary to initiate the consequent asset freezing activities required by the regulations. As of December 31st, 2022, there are no direct or indirect exposures with individuals or entities subject to sanction measures applicable to the Bank, therefore, no asset freezing actions required by the regulations have been implemented on the individuals concerned. Finally, the Bank constantly monitors the evolution of the regulatory framework of reference through tools information that allow the timely updating of the sanction framework applicable to the Bank and the appropriate adjustment of the safeguards in place in place.

On March 14th, 2022, the European Securities and Markets Authority (ESMA) published Public Statement "ESMA71-99-1864" on the impacts of the Russian-Ukrainian crisis on EU financial markets, which outlines the supervisory and coordination activities undertaken in this context and contains recommendations to issuers on the information to be disclosed when approving their 2021 financial statements and subsequent reporting financial statements. In this context, on March 18, 2022, Consob drew the attention of listed companies and other supervised issuers to the following issues coordinated in ESMA:

- disclose as soon as possible any inside information regarding the impacts of the crisis on the fundamentals, prospects and financial situation, in line with transparency obligations under the Market Abuse Regulation, unless there are conditions for delaying the publication of the same; and
- provide information (on a qualitative and quantitative basis if possible), on the current and foreseeable direct and indirect effects of the crisis on business activities, exposures to affected markets, supply chains, financial position and performance economic performance in the 2021 financial reports, if these have not yet been approved, and in the annual shareholders' meeting or otherwise in interim financial reports.

Consob expects the auditors and supervisory bodies to pay special attention to the above-mentioned issues in their audits of financial reports, having particular regard to the effects on the issuer and subsidiaries of the restrictive measures adopted by the EU.

Considering the recommendations released by the National Cybersecurity Agency, Consob recommends special attention to the assessment of cybersecurity-related risks. Finally, it points out that it is advisable to put in place adequate and effective organizational and technical measures aimed at mitigating this risk, including providing for the strengthening of information flows with the supervisory bodies.

On May 13th, 2022, ESMA published Public Statement "ESMA32-63-1277" with the intent to promote transparency and consistent European-wide application of the disclosure requirements in half-yearly financial reports, with reference to the Russian invasion of Ukraine. ESMA emphasizes the need for issuers to provide information that adequately reflects the current and, if possible, anticipated impact of the Russian invasion of Ukraine on their financial position, performance, and cash flows, as well as the importance of providing information on the principal risks and uncertainties to which issuers are exposed. In addition, ESMA provides specific recommendations regarding the application of accounting standards in the context of half-yearly reporting, recalling the elements that may be impacted by the conflict and the aspects that issuers should consider in their own assessments and estimates, and to the information that issuers must provide in their interim reports, as well as their consistency with half-yearly reporting.

As described in Section 4 - Other Matters, on October 28th, 2022, ESMA published Public Statement ESMA32-63-1320 "European common enforcement priorities for 2022 annual financial reports", in which it clarifies that most of the messages contained in Public Statement ESMA32-63-1277 "Implications of Russia's invasion of Ukraine on half-yearly financial reports" of May 13th, 2022 are also relevant in the context of the preparation of annual financial reports.

With reference to ICT and Cyber risks, on February 24th, 2022, the CSIRT (the National Cybersecurity Agency's response team) called for raising attention and taking all measures to protect ICT assets, an alert addressed to Italian companies that have dealings with Ukrainian operators. On Feb. 28th, 2022, the agency produced a new alert, this time addressed to all national digital infrastructure operators, urging them to adopt "a posture of maximum cyber defence": the offensive could in fact be directed against the coalition that has mobilized to support the attacked country. In the crosshairs, as far as Italy is concerned, are generally ministries, government agencies, and companies strategic to the national interest including financial institutions. The Bank's objective is to ensure the protection of clients by guaranteeing data security, declined in its characteristics of availability, confidentiality and integrity: in light of the Russian-Ukrainian crisis on EU financial markets, special attention has been paid to the assessment of related risks. In compliance with the measures provided for by current legislation, Fineco has undertaken a series of initiatives aimed at verifying its security posture and operational readiness also making use of the indications and recommendations suggested by the various bodies national and international bodies. Without prejudice to the fact that it has always adopted best practices in the field of security, both in terms of technical and organizational/procedural, additional mechanisms have in any case been evaluated and introduced to cope with any impacts arising from the situation contingency, ensuring at the same time constant and continuous monitoring of the evolving environment.

### *Risks, uncertainties and impacts of the COVID-19 pandemic*

The first weeks of 2022 were marked by a new wave of infections in our country caused by the rapid spread of the Omicron variant. The following months saw a gradual attenuation of the contagions, and Decree-Law No. 24 of March 24th, 2022, "Urgent provisions to overcome the measures to counter the spread of the COVID-19 epidemic, as a result of the termination of the state of emergency," ended on March 31st, 2022, the state of emergency, which had been resolved by the Council of Ministers on January 31st, 2020, and gradually extended. The rule amended the anti-Covid measures, phasing out, starting April 1st, the restrictions then in place.

As described in the section "The COVID-19 pandemic and the Russian-Ukrainian conflict" given in the Consolidated report on operations, to which we refer for more details, in 2022, there were no significant impacts for the Bank, but evolution in the near future remains, however, difficult to predict.

### *Risks and uncertainties related to the use of estimates*

In accordance with IFRS and irrespective of the crisis brought about by the COVID-19 pandemic or the Russia-Ukraine military conflict, management must make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, expenses, and revenues recognized in the financial statements, as well as on the disclosure of contingent assets and liabilities. The estimates and related assumptions, set out below, take into account all information available at the date of preparation of the half-yearly report and are based on past experience and other factors considered reasonable in the case and have been adopted to estimate the carrying value of assets and liabilities that are not readily apparent from other sources.

In the presentation of the consolidated financial statements at December 31st, 2022, estimates have been used to support the carrying amount of some of the valuation-based items, as required by the accounting standards and regulations described above. These estimates are largely based, as regards assets, on calculations of future recoverability of the values recognised in the accounts and as regards liabilities, on estimates of the probability of using resources to meet the Banks's obligations and on the amount of resources necessary to that end, according to the rules laid down in current legislation and standards. They have been made on the assumption of a going concern, on which basis these consolidated financial statements have been prepared, i.e. without contemplating the possibility of the forced sale of the estimated items. The processes adopted support the carrying amounts at December 31st, 2022. For some of the above items, the valuation is particularly complex given the uncertainty of the macroeconomic and market situation, characterised by significant levels of volatility in the financial parameters determining the valuation and continued high indicators of deterioration in credit quality, and, more generally, uncertainty and instability in the banking sector. For other items, the complexity and subjectivity of estimates is influenced by the intricacy of the underlying assumptions, the amount and variability of available information and the uncertainties connected with possible future outcomes of proceedings, disputes and litigation.

The parameters and information used to determine the above-mentioned values are therefore significantly affected by multiple factors, which could change rapidly in ways that are currently unforeseeable and, as a result, future effects on the estimated carrying amounts cannot be ruled out.

Estimates and underlying assumptions are regularly reviewed. Any changes resulting from these reviews are recognised in the period in which the review was carried out, provided the change only concerns that period. If the revision concerns both current and future periods it is recognised accordingly in both current and future periods.

Uncertainty affecting estimates is inherent, among other factors, in the determination of:

- fair value of financial instruments not listed in active markets;
- loans/debt securities and related adjustments and, in general, any other financial assets/liabilities. These include, but are not limited to, the risk of uncertainty in determining the parameters for a significant increase in credit risk, the inclusion of forward-looking factors, including macroeconomic factors, in determining PD and LGD, and the determination of future cash flows from impaired loans (for more details see the specific section "Impairment" set out in Part A - Accounting policies of the notes to the consolidated accounts);
- employee severance pay provision and other employee and personal financial advisor benefits;
- provisions for risks and charges, the quantification of which is estimated with reference to the amount of expenditure required to meet the obligations, taking into account the actual probability of having to use resources;
- the value in use of intangible assets with an indefinite life, represented by goodwill, trademarks and domains;
- deferred tax assets. To this end, it should be noted that the amount of deferred tax assets recognised in the financial statements must be tested to verify the likelihood of future taxable income that would allow for their recovery. The test carried out on the occasion of the closing of the financial statements at 31 December 2022 has given a positive result, with no uncertainties emerging in this respect;
- tax liabilities;

the quantification of the above items can vary even significantly over time, depending on changes in national and international social and economic conditions and their impact on the Banks's earnings, customer solvency and the credit quality of borrowers; the performance of the financial markets, which influence interest rate fluctuation, prices and actuarial assumptions used to make estimates; legislative and regulatory changes affecting the market; and developments in existing or potential disputes.

# Part A – Accounting policies

For the purpose of calculating expected losses, FinecoBank uses specific models that leverage the parameters of Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure At Default ("EAD") estimated conservatively and to which specific adjustments are made in order to ensure full consistency with the accounting regulations. The expected loss for institutional counterparties is calculated using the risk parameters provided by the external provider Moody's Analytics; for retail counterparties, since internal rating systems are not available, the PD and LGD curves are estimated by product type using models developed internally by the CRO Department (personal loans and mortgages) or proxies (other exposures). In order to implement the provisions of the IFRS 9 accounting standard, the parameters are adjusted through forward-looking Information (FLI), integrated with the development of specific scenarios, elaborated by the external supplier Moody's Analytics. In particular, the FLI component is determined by three macroeconomic scenarios, a baseline scenario, a positive scenario and an adverse scenario. The base scenario is weighted at 40% as it is considered the most probable one; the positive and adverse scenarios, on the other hand, are weighted at 30%, and represent alternative outcomes, respectively better and worse. The forward-looking factors used as at December 31st, 2022 include forward-looking information updated on the COVID-19 health emergency and the geopolitical and economic crisis triggered by the conflict between Russia and Ukraine. Another key aspect required by the IFRS 9 accounting standard is represented by the need to detect at each reference date whether there has been a significant increase in credit risk (SICR) on each individual credit exposure, which in FinecoBank was implemented through a three-stage Approach. This model envisages a first stage (stage 1) which includes newly granted exposures and exposures which at the reporting date do not show a significant deterioration in credit risk with respect to the initial recognition, a second stage (stage 2) which includes exposures showing a significant deterioration in credit risk since the initial recognition, and a third stage (stage 3), which includes non-performing exposures (NPE). With reference to the institutional counterparties with which FinecoBank carries out credit business, the staging allocation method consist of comparing the rating at the reporting date and that recorded at the date on which the exposure was first recognized in the financial statements. The method, which makes use of the external rating assigned by the Moody's credit agency, is also applied to the securities purchased by the Bank as investments. With reference to retail counterparties, in the absence of internal ratings, the Bank makes use of the backstops envisaged by accounting rules and further internal evidence. In this context, all exposures showing more than 30 days past due, or for which additional information is available which suggests a deterioration in the creditworthiness of the counterparty, are classified in stage 2. For further details on the models and parameters used to measure IFRS 9 value adjustments, please refer to the information in Part E - Information on risks and related hedging policies - Section 2 - Credit risk management policies of these notes to the accounts.

Despite the fragile political and economic context, a significant deterioration of the loan portfolio was not recorded in 2022, either on the Bank's strategic investments or on the loans to ordinary customers. On institutional counterparties issuing financial instruments that the Bank has acquired as an investment, although there has been a deterioration in credit parameters mainly due to the application of forward-looking factors, which incorporate the effects of the deteriorated macroeconomic context, no changes in creditworthiness such as to trigger a passage to stage 2. Loan receivables from ordinary customers, on the other hand, did not show significant increases in flows to stage 2 or stage 3. In fact, the latter are disbursed in application of a careful and prudent lending policy and are mainly backed by financial and real estate collateral. In the case of real estate mortgages, the average loan to value is, in fact, equal to approximately 50% and the credit facilities granted provide for the acquisition of guarantees with conservative margins. Also most of the moratoriums granted by FinecoBank to support the financial needs of customers related to the COVID-19 health emergency, overall for an insignificant amount, have regularly resumed payments: the moratoriums still in place as at December 31st, 2022 amounted to € 383 thousands.

It should be remembered that payment holidays, in the absence of further evidence, even not strictly connected to the moratorium in question, have been recognized in the financial statement by applying the so-called modification accounting, in line with ESMA indications, as the contractual modifications have been assessed as not substantial. The Bank has carried out a qualitative assessment and found that these relief measures provide temporary relief to debtors affected by the COVID-19 pandemic, without significantly affecting the economic value of the loan.

With reference to the projections of future cash flows, assumptions and parameters used to assess the recoverability of the goodwill, brands and Fineco' domains recognised in the financial statements, it should be noted that the parameters and information used are significantly influenced by the macroeconomic market framework, which could undergo unforeseeable changes in light of the uncertainties highlighted above. In this regard, it should be noted that as at December 15th, 2022, the Board of Directors approved the procedure adopted to determine the value in use of goodwill, brands and domains (model, assumptions and parameters used). The results, approved by the Board of Directors on February 7th, 2023, confirm the sustainability of the goodwill recorded in the financial statements, in none of the hypothesised scenarios would an impairment loss arise, confirming a value in use significantly higher than the carrying amount. Also the sensitivity analyses carried out show that the impairment test would reach a break-even level assuming changes in the main parameters used in the valuation model that cannot be reasonably assumed at present. For further details on the impairment test and related sensitivity analyses, see Part B - Information on the consolidated balance sheet - Section 9 - Intangible assets of these notes to the accounts. On the same date, the Board of Directors approved the method for determining the value in use of the investment in Vorvel SIM S.p.A. - model, assumptions and parameters used-, the results of which show a recoverable value higher than the value recorded in the financial statements.

With regard to the property owned for functional use held by FinecoBank, in order to assess whether there are any indications that the assets may be impaired, the Bank, at the time of the closing of the financial statements as at December 31st, 2022, requested an appraisals from independent third party company from which no evidence emerged that would lead to the need for impairment pursuant to IAS 36.

With regard to actuarial gains/losses calculated in accordance with IAS 19R, particularly related to severance pay and FISC for financial advisors, the actuarial assumptions used reflect the current economic outlook.

There is also no uncertainty as to the recoverability of deferred tax assets. The amount of deferred tax assets recognised in the financial statements must be tested to verify that there is a likelihood of future taxable income allowing for their recovery. The test performed at the closing of the financial statements at December 31st, 2022 gave a positive result.

# Part A – Accounting policies

With regard to valuation techniques, unobservable inputs and parameters used to measure fair value and sensitivity to change in those inputs, see Part A - Section A.4 “Information on fair value” of these Notes to the consolidated accounts.

Lastly, with regard to the provisions for risks and charges arising from legal disputes and claims, see Part E – Information on risks and related hedging policies - Section 5 - Operating risk of these Notes to the accounts.

### *Going concern declaration*

Despite a context of uncertainty, characterised, in particular, by the Russian invasion of Ukraine and rising inflation, it is believed that there are no uncertainties regarding the Bank's ability to continue as a going concern in the foreseeable future, nor are there any uncertainties that would give rise to significant adjustments to book values within the next fiscal year. However, it cannot be ruled out that, by their nature, the assumptions reasonably made may not be confirmed in the actual future scenarios in which the Bank will operate. In making this assessment, moreover, key regulatory indicators, in terms of point data as of December 31st, 2022, relative buffers against minimum regulatory requirements and their evolution in the foreseeable future were considered.

Therefore, from a prospective point of view, there is no substantial impact on the Bank's strategic orientation, objectives and business model, which remains innovative and well-diversified, nor are significant economic and financial impacts estimated.

The Directors have considered these circumstances and consider that it is reasonably certain that the Bank will continue to operate successfully in the foreseeable future and, therefore, in accordance with IAS 1, the consolidated financial statements for the year ended December 31st, 2022 have been prepared on a going concern basis.

### *Contract modifications resulting from COVID-19*

### 1. Contract modifications and derecognition (IFRS 9)

Please refer to the paragraph "1. Contractual modifications and derecognition (IFRS 9)" in the Consolidated Financial Statements, Notes to the consolidated accounts - Part A - Accounting Policies, Section 5 - Other Aspects, which is reproduced here in its entirety.

### *Interbank Deposit Guarantee Fund - Voluntary Scheme*

FinecoBank has subscribed to the "Voluntary Scheme", introduced by the Interbank Deposit Guarantee Fund ("IDGF") in November 2015, through an amendment to its bylaws. The Voluntary Scheme is an instrument for resolving bank crises through support measures in favour of banks subscribing to it, when specific conditions established by the regulations apply. The Voluntary Scheme has its own independent financial resources and the banks subscribing to it have committed to provide funds on request for implementation of the measures.

From 2016 to 2018, the Voluntary Scheme, in a capacity as a private entity, approved initiatives to support some banks, and in particular Cassa di Risparmio di Cesena (CariCesena), Cassa di Risparmio di Rimini (Carim), Cassa di Risparmio di San Miniato (Carismi) and Banca Carige.

For the above initiatives, FinecoBank made cash payments with simultaneous recognition in the financial statements, as indicated in this regard by the Bank of Italy, recognised in the financial statements as equity instruments and previously classified as "Financial assets available for sale" under the accounting standard IAS 39 in effect until December 31st, 2017, and subsequently from January 1st, 2018, based on the current accounting standard IFRS 9, as "Financial assets measured at fair value through profit or loss, c) other financial assets mandatorily at fair value".

As at December 31st, 2022, total exposure of equity instruments, arising from grants deriving from the aforementioned contributions paid by the Bank, were completely wiped out, as the asset items arising in past years between the member banks and the Voluntary Scheme are considered extinct, resulting in a loss of € 457 thousand in 2022.

In particular, with reference to the equity instruments taken over by the Bank as part of the intervention in favour of Banca Carige S.p.A, it should be noted that in the meeting of 14 February 2022, the statutory bodies of the FITD unanimously approved a preventive intervention in favour of Banca Carige, for an amount of € 530 million, in the form of a capital contribution, as part of an overall transaction that, subject to the authorisations by law, would be carried out by Bper Banca and which envisaged, among other things, the purchase at a symbolic price of the equity investment held by the FITD and the Voluntary Scheme in Banca Carige S. p.A. (approximately 80%) and of the subordinated loan issued by the latter in 2018 for a consideration of € 5 million, equal to its nominal value. On June rd 2022, the FITD announced that it had finalised, within the contractual terms, the closing of the transaction for the sale of the FITD's and the Voluntary Scheme's shareholding in Banca Carige in favour of Bper Banca, for the consideration of € 1 and subject to the payment of a contribution by the FITD of € 530 million by way of capital contribution. As part of the transaction, Bper Banca also acquired the subordinated bonds issued by Banca Carige owned by the Voluntary Scheme for a nominal € 5 million.

# Part A – Accounting policies

With reference to the capital securities acquired by the Bank as part of the intervention in favour of Credit Agricole CariParma in support of CariCesena, Cassa di Risparmio di Rimini (Carim) and Cassa di Risparmio di San Miniato (Carismi), it should be noted that on 29 September 2022, the FITD announced that on July 21st, 2022 it had sold all the mezzanine and junior tranches subscribed at a total price of € 6.6 million.

The cash proceeds from the sales settled the debt owed by the Voluntary Scheme to the FITD, arising from the latter's advance payment of the amount owed by the Scheme as a result of the income from the financial assets held by it being subject to substitute tax from 2021 onwards. In addition, the remaining liquidity was partly used to support the costs related to the Carige transaction and partly, approximately € 1.2 million, will be used to meet the Scheme's operating expenses and charges.

### *Contributions to guarantee and resolution funds*

Directive 2014/49/EU of April 16th, 2014 on Deposit Guarantee Schemes (DGS) aims to enhance the protection of depositors by harmonising national legislation. It calls for a mandatory national contribution mechanism that will allow a target level of 0.8% of the amount of its members' covered deposits to be collected by July 3rd, 2024. Where the financing capacity falls short of the target level, the payment of contributions shall resume at least until the target level is reached again. If, after the target level has been reached for the first time, the available financial means have been reduced to less than two-thirds of the target level, the regular contribution shall be set at a level allowing the target level to be reached within six years. The contribution mechanism involves ordinary annual contribution instalments, with the aim of distributing the costs evenly over time for the contributing banks, in addition to extraordinary contributions, if the available financial resources of a DGS are insufficient to repay depositors; the extraordinary contributions cannot exceed 0.5% of covered deposits per calendar year, but in exceptional cases and with the consent of the competent authority, the DGS may demand even higher contributions.

With regard to the contribution obligations under the above-mentioned directive, the Interbank Deposit Guarantee Fund announced that the total contribution due from the Consortium Members for 2022 was € 1,406,386 thousand (€ 1,186,841 thousand in 2021), broken down as follows:

- € 888,101 thousand as ordinary contributions to the endowment (€ 865,267 thousand in 2021);
- € 471,248 thousand as additional contribution (€ 294,581 thousand in 2021), aimed at gradually replenishing, until 2024, the part of the financial envelope that has been used in total for interventions (Statute, Art. 25),
- € 47,037 thousand as additional contribution (€ 26,993 thousand in 2021).

The share of each consortium member was calculated based on their respective amount of protected deposits at September 30th, 2022 and risk-adjusted on the basis of the management indicators of the Fund's risk-based model for calculating the contributions, in accordance with Article 28, paragraph 2 of its Articles of Association.

The Bank's share for the year 2022, which is paid and recognised under item 160. "Administrative expenses b) other administrative expenses", and totaled € 40,008 thousand (€ 32,334 thousand in 2021), broken down as follows:

- € 25,264 thousand for the ordinary annual contribution (€ 23,573 thousand in 2021);
- € 13,406 thousand for the additional contribution (€ 8,026 thousand in 2021);
- € 1,338 thousand for the supplementary contribution (€ 735 thousand in 2021).

With European Directive 2014/59/EU, the Regulation on the Single Resolution Mechanism ("BRRD Directive" Regulation (EU) No. 806/2014 of the European Parliament and of the Council dated July 15th, 2014) established a framework for the recovery and resolution of crises in credit institutions, by setting up a single resolution committee and resolution fund for banks (Single Resolution Fund or SRF). The Directive entails a compulsory contribution mechanism allowing the collection by December 31st, 2023 of the target level of resources, corresponding to 1% of the covered deposits of all authorised institutions in the European territory. The accumulation period can be extended by a further four years if the cumulative disbursements from the contribution schemes have exceeded 0.5% of protected deposits. If, after the accumulation period, the available funds fall below the target level, the collection of contributions resumes until said level is reinstated. Additionally, having reached the target level for the first time and, in the event that the available funds fall to less than two thirds of the target level, these contributions are set at the level which allows the target level to be reached within six years. The contribution mechanism provides for ordinary annual contributions, with the aim of distributing the costs evenly over time for the contributing banks, and extraordinary additional contributions of up to three times the standard annual amount when the available funds are not sufficient to cover the losses and costs of interventions.

The Bank's share for the year 2022, which is paid and recognised under item 160. "Administrative expenses b) other administrative expenses" and amounted to € 7,601 thousand (€ 5,812 thousand in 2021). It should be noted that during 2021, Bank of Italy recalled from the banking system an additional contribution to the National Resolution Fund (NRF) under Article 1, paragraph 848, of Law No. 208/2015, in the amount of € 1,893 thousand.

Both Directives No. 49 and No. 59 allow for the possibility of introducing irrevocable payment commitments as an alternative form of collection to non-reimbursable cash contributions, up to a maximum of 30% of the total target resources, an option that the Bank has not used.

# Part A – Accounting policies

### *Single electronic reporting format for the preparation of annual financial reports*

It should be noted that according to Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815, it is mandatory for issuers of securities listed on regulated markets in the European Union to prepare their annual financial reports in XHTML format and to mark IFRS consolidated financial statements using the XBRL marking language (also known as tagging language), based on the ESEF (European Single Electronic Format), approved by ESMA. The Group's Annual Financial Report, which has been prepared in XHTML format, includes both the consolidated and parent company financial statements, but only the consolidated financial statements and the consolidated notes to the accounts have been tagged on the basis of the minimum information required by the 2022 Regulation. The same can be found on FinecoBank's website (https://about.finecobank.com). For further information, please refer to the paragraph " Single electronic reporting format for the preparation of annual financial reports" in Part A - Accounting policies of the notes to the consolidated accounts.

### *Other information*

The Financial statements as at December 31st, 2022 have been reviewed, pursuant to Italian Legislative Decree no. 39 of January 27, 2010 and Regulation (UE) 2014/537, by KPMG S.p.A. appointed as auditor of the Bank’s accounts in implementation of the Shareholders' Meeting resolution of April 28th, 2021.

The entire document is lodged with the competent offices and entities as required by law.

# Part A – Accounting policies

## A.2 The main items of the accounts

### 1 - Financial assets at fair value through profit and loss

#### a) Financial assets held for trading (HFT)

Please refer to the paragraph "a) Financial assets held for trading (HTF)" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, 1 - Financial assets at fair value with through profit and loss, which is deemed to be reported here in full.

#### b) Financial assets designated at fair value

Please refer to the paragraph "b) Financial assets designated at fair value)" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, 1 - Financial assets at fair value with through profit and loss, which is deemed to be reported here in full.

#### c) Other financial assets mandatorily at fair value

Please refer to the paragraph "c) Other financial assets mandatorily at fair value" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, 1 - Financial assets at fair value with through profit and loss, which is deemed to be reported here in full.

### 2 - Financial assets at fair value through comprehensive income

Please refer to the paragraph "2 - Financial assets at fair value through comprehensive income" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

### 3 - Financial assets at amortised cost

Please refer to the paragraph "3 - Financial assets at amortised cost" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

### 4 - Hedge Accounting

Please refer to the paragraph "4 - Hedge Accounting" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

### 5 - Equity Investments

Equity investments are equity instruments and consequently defined as financial instruments under IAS32. Investments in equity instruments made with the intention of establishing or maintaining a long-term operational relationship with the investee are strategic investments.

In particular, they are divided into subsidiaries, joint ventures and associates.

#### Subsidiaries

Entities, including structured entities, over which the Bank has direct or indirect control, are considered subsidiaries. Control over an entity entails the Bank's ability to exercise power to influence the variable returns to which the Group is exposed through its relationship with them.

In order to verify the existence of control, the Bank considers the following factors:

- the purpose and establishment of the investee in order to identify which are the entity's objectives, the activities that determine its returns and how these activities are governed;

- the power in order to understand whether the Bank has contractual rights that attribute the ability to govern the relevant activities; to this end only substantial rights that provide practical ability to govern are considered;
- the exposure to variability in returns and the ability to use the power held to influence the returns to which it is exposed;
- the existence of potential principal/agent relationships, as defined in IFRS 10.

If the relevant activities are governed through voting rights, the existence of control is verified considering the voting rights held, including the potential ones, and the existence of any shareholders' or other agreements which attribute the right to control the majority of the voting rights, to appoint the majority of the governing body or in any case the power to determine the entity's financial and operating policies.

Subsidiaries may also include any "structured entity" in which the voting rights are not significant for establishing control, including special purpose entities and investment funds.

In the case of structured entities, the existence of control is ascertained considering both the contractual rights that enable governance of the relevant activities of the entity (or those that contribute most to the results) and the Bank's exposure to the variability of returns deriving from these activities.

Investments in subsidiaries are stated at cost, including initial direct costs associated with the acquisition, and valued at cost, adjusted if necessary for impairment losses. To this end, if there is evidence that the value of an investment may have decreased, the carrying amount is compared to the recoverable amount of the investment. This recoverable amount is determined by reference to the value in use of the equity investment. The value in use is determined by means of valuation models generally used in financial practice and based on the discounting of the expected future cash flows from the investment (Discounted Cash Flow methodology).

If it is not possible to collect sufficient information, the value in use is considered to be the value of the company's shareholders' equity. If the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement under item 220 "Profit (Loss) on equity investments". If the reasons for the impairment loss are removed as a result of an event occurring after the impairment was recognised, the related reversal is recognised in the same item of the income statement.

**Associates**

An associate is an enterprise in which the investor exercises significant influence and which is neither a wholly-owned nor a jointly-controlled subsidiary.

Significant influence is presumed when the investor holds, directly or indirectly, at least 20% of the capital of another company, or - albeit with a lower share of voting rights - has the power to participate in the determination of the financial and management policies of the investee by virtue of particular legal ties such as participation in shareholders' agreements.

Only entities whose governance is exercised through voting rights can be classified as companies with significant influence.

IAS 27 - Separate Financial Statements, paragraph 10, requires investments in associates to be accounted for either at cost or in accordance with IFRS 9 or using the equity method.

The Bank has adopted the equity method, which consists of the initial recognition of the investment at acquisition cost, including initial direct costs associated with the acquisition, and its subsequent value adjustment based on the share of the investee's equity.

At the time of acquisition, the difference between the cost of the investment and the investor's share of the net fair value of the investee's identifiable assets and liabilities must be identified; if the difference is positive, it is recognised as goodwill and included in the carrying amount of the investment; if it is negative, it is recognised as income in determining the investor's share of the associate's profit or loss for the period in which the investment is acquired.

Subsequently, the carrying amount is increased or decreased by the investor's share of the investee's profit or loss realised after the date of acquisition and recognised in profit or loss in item 220. "Profit (Loss) on equity investments".

This share must be adjusted to take account of:

- the profits and losses resulting from the transactions of the associated company, in proportion to the percentage of the shareholding in that company;
- amortisation of depreciable assets based on their fair value at the date of acquisition and impairment losses on goodwill and any other non-cash items.

Dividends received are not recognised in the income statement but are treated as a mere equity transaction that reduces the carrying amount of the investment against the cash received.

Changes in valuation reserves of associates are shown separately in the statement of comprehensive income.

If the associate prepares its financial statements in foreign currency, the translation differences at the balance sheet date are recognised in a separate currency translation reserve to be reported in the statement of comprehensive income.

# Part A – Accounting policies

If there is evidence that the value of an investment may have decreased, the recoverable amount of the investment is estimated, taking into account the present value of future cash flows that the investment may generate, including the final disposal value of the investment. If the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement under item 220. "Profit (Loss) on equity investments". If the reasons for the impairment loss are removed as a result of an event occurring after the impairment was recognised, the related reversals are recognised in the same income statement item.

## 6 – Property, Plant and Equipment (Tangible Assets)

Please refer to the paragraph "6 – Property, Plant and Equipment (Tangible Assets)" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

## 7 - Intangible assets

Please refer to the paragraph "7 - Intangible assets" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

## 8 - Non-current assets classified as held for sale

Please refer to the paragraph "8 - Non-current assets classified as held for sale" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

## 9 - Current and Deferred Tax

Please refer to the paragraph "9 - Current and Deferred Tax" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

## 10 - Provisions for risks and charges

### Provisions for risks and charges for commitments and guarantees given

Please refer to the paragraph "Provisions for risks and charges for commitments and guarantees given" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, 10 - Provisions for risks and charges, which is deemed to be reported here in full.

### Provisions for retirement payments and similar obligations

Please refer to the paragraph "Provisions for retirement payments and similar obligations" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, 10 - Provisions for risks and charges, which is deemed to be reported here in full.

### Other provisions

Please refer to the paragraph "Other provisions" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, 10 - Provisions for risks and charges, which is deemed to be reported here in full.

## 11 - Financial liabilities at amortised cost

Please refer to the paragraph "11 - Financial liabilities at amortised cost" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

# Part A – Accounting policies

## 12 - Financial liabilities held for trading

Please refer to the paragraph "12 - Financial liabilities held for trading" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

## 13 - Financial liabilities designated at fair value

Please refer to the paragraph "13 - Financial liabilities designated at fair value" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

## 14 - Foreign currency transactions

Please refer to the paragraph "14 - Foreign currency transactions" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

## 15 - Other information

Please refer to the paragraph "16 – Other information" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A - Accounting Policies, A.2 – The main items of the accounts, which is deemed to be reported here in full.

# Part A – Accounting policies

## A.3 Disclosure on transfers between portfolios of financial assets

Please refer to the paragraph “A.3 Disclosure on transfers between portfolios of financial assets” in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part A – Accounting Policies, which is deemed to be reported here in full.

### A.3.1 Reclassified financial assets: change of business model, book value and interest income

No data to report.

### A.3.2 Reclassified financial assets: change of business model, fair value and impact on comprehensive income

No data to report.

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

No data to report.

# Part A – Accounting policies

## A.4 Information on fair value

### Qualitative information

This section presents a disclosure on fair value hierarchy as required by IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date (i.e. an exit price).

The fair value of a payable financial liability (e.g. a demand deposit) shall not be less than the amount payable on demand, discounted from the first date at which it may be required to be paid.

As far as financial instruments listed in active markets are concerned, the fair value is determined on the basis of official prices quoted in the principal market (or the most advantageous) to which the Bank has access to (Mark to Market).

A financial instrument shall be considered as quoted in an active market if quoted prices are readily and regularly available from a pricing service, dealer, broker, pricing or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If official listing in an active market is not available for a financial instrument as a whale, but active markets exist for its component parts, fair value is determined on the basis of the relevant market prices for the component parts.

The Bank uses valuation models (Mark to Model) aligned with the methods generally accepted and used by the market. Valuation models which include techniques based on the discounting of future cash flows and volatility estimates are subject to revision both during their development and periodically in order to ensure their consistency with the objectives of the valuation.

As a further guarantee of the objectivity of valuations resulting from valuation models, the Bank performs:

- independent price verifications (IPVs);
- Fair Value Adjustment or FVAs.

Independent price verification requires prices to be monthly verified by the CRO Department, which, as the risk management function is independent from risk-taking units. The verification thereof requires comparison and adjustments to the daily price according to valuations carried out by independent market participants. As far as instruments not listed in active markets are concerned, the above verification process takes as reference the prices provided by infoproviders, assigning greater relevance to those most representative of the instrument being valued. Such valuation includes: the "executability" of the transaction at the price observed, the number of contributors, the degree of similarity of the financial instruments, the consistency of prices coming from different sources, and the process followed by the info provider to get the information.

The internal legal framework consists of a Global Policy and a Global Operational Regulation. The Global Policy sets the principles and the rules governing the fair value measuring framework and the independent price verification process, whereas the Global Operational Regulation describes the process in detail and identify Fair Value measuring techniques as well as independent price verification methodologies applicable for each financial instrument held by the Bank.

### A.4.1 Fair value levels 2 and 3: valuation techniques and input used

In order to determine a fair value or Level 2 and Level 3 financial instruments not listed and actively traded on the market, the Bank uses the following valuation techniques widely-used in the market.

#### Description of evaluation techniques

Among the evaluation methods used by the Bank, the following are worth mentioning:

- Discounted cash flow: evaluation techniques based on discounted cash flow consist of estimating expected future cash flow collectable during the life of the financial instrument. The model requires an estimate of cash flows and the adoption of market parameters for the discounting: the discount rate or margin reflects the credit and / or financing spread required by the market for instruments with similar risk and liquidity profiles, in order to define a "discounted value". The fair value of the contract is the sum of the discounted future cash flows;
- Option price model: Option price models are generally used for instrument awarding a mandatory right or duty based on the occurrence of a future event, such as the attainment of a predetermined strike price. Option models estimate the probability of occurrence of a specific event, incorporating assumptions like the volatility of the underlying returns and the price of the underlying instrument;
- Market approach: evaluation techniques exploiting prices resulting from actual market transactions involving identical or comparable asset and liabilities or groups of identical or comparable asset and liabilities;
- Adjusted Net Asset Value (NAV): the NAV is the value of a fund's assets minus the value of its liabilities. An increase in such amount result in a Fair Value increase as well.

### *Fair Value Adjustments (FVAs)*

For financial instruments not listed in active markets, as the Fair Value is determined through evaluation models, there may be necessary value adjustments in order to consider estimation uncertainties or difficulties in disinvestment. Such Adjustments represents amendments to the theoretical fair value, determined through an evaluation technique, for factors not included in the basic discounted value considered by market participant for the estimation of an exit price.

Adjustments may be calculated as additional components of valuation, or be directly included in the evaluation itself. Shall the Bank acquire any instrument whose evaluation does requires adjustments, the latter will be estimated by the CRO Department keeping into consideration the following risk sources: Close out cost, market liquidity, model risk, CVA/DVA.

## Assets and liabilities measured at *fair value* on recurring basis

The main information on the valuation models used for the valuation of assets and liabilities measured at fair value on a recurring basis is summarized below by type of financial instrument.

With reference to the quantitative disclosure required by IFRS 13 on significant unobservable inputs used in the fair value measurement and the sensitivity analysis of level 3 financial assets and liabilities measured at fair value, it should be noted that FinecoBank does not hold significant positions in financial instruments classified in level 3 of the fair value hierarchy. The only exception are Visa INC class "C" preferred shares and the exposure in equity securities recognized against the contributions paid to the Voluntary Scheme established by the “Fondo Interbancario di Tutela dei Depositi”, for which reference is made to the following paragraph "Equities".

### *Fixed Income Securities*

Fixed Income Securities are priced through two main process depending on the reference market liquidity. Liquid instruments listed in active markets are valued through a mark to market process and, consequently, they are marked as level 1 of the Fair Value Hierarchy.

Instruments not traded in active markets are valued through models using implied credit spread curves derived from Level 1 instruments. The model maximises the use of observable input and minimises the use of unobservable inputs. With this respect, depending on the adequacy of the credit spread curve applied, bonds are marked as Level 2 or Level 3 respectively; Level 3 is applied in case a significant unobservable credit spread is used.

The accuracy of valuations coming from both market prices of Level 1 bonds and pricing models for illiquid bonds is regularly verified through the bond Independent Price Verification (IPV) process.

### *Structured Financial Products*

The Bank determines the fair value of structured financial products using the appropriate valuation methodology consistently with the nature and the structure of the instrument itself. Such instruments shall be classified as Level 2 or Level 3 depending on the observability of the significant inputs used by the model.

### *OTC derivatives*

The fair value of derivatives not traded in an active market derives from the application of mark-to-model valuation techniques. When there is an active market for input parameters constituting the different components of the derivative, the fair value is determined through a valuation model on the basis of the market prices of these components. Valuation techniques based on observable inputs are classified as Level 2, while those based on significant unobservable inputs are classified as Level 3.

The determination of the fair value of financial instruments and the related independent price verification process are governed at Bank level by a specific Global Policy and Global Operational Regulation. With particular reference to OTC derivatives, a distinction must be made between derivatives that the Bank trades directly with customers, mainly CFDs (Contract for Difference) and options (daily options and knockout options), and those that the Bank trades as hedges with other financial institutions.

To calculate the price of CFDs (Contract for Difference) FinecoBank uses contractual rules and data from Info Providers according to the specifications provided by the business functions. For knockout options, the pricing model is the same as that applied to the client, who is offered a product with a linear payoff that is easy to understand. The valuation of options by the relevant risk control functions for IPV purposes is carried out using market best practices (e.g. Hull for exotic options). The option pricing model is based on the Black & Scholes formula, which considers the following inputs:

- current price of the underlying "St"
- strike "K";
- barrier "L" (in the case of exotic options such as Barrier Options);
- interest rate "r";
- volatility "σt".

Finally, for derivative instruments such as asset swaps and interest rate swaps, which the Bank trades as hedges with other financial institutions, the fair value is determined through the use of a Position Keeping system, which applies the Discounting Cash Flow method. The net present value of the derivative, which is recognised on a daily basis, is used to meet clearing obligations in accordance with EMIR regulations and as agreed between the counterparties. The fair value is monitored as part of the independent price verification (IPV) process by the CRO Department. The CRO Department

# Part A – Accounting policies

performs a quarterly comparison between the curves provided by the Treasury Department and those considered as the reference set for the valuation of balance sheet positions.

### *Equity Instruments*

Equity Instruments shall be marked as to Level 1 when a quoted price is available on an active market. In this case, the closing price of the most liquid regulated market to which Fineco has access is considered. Equity securities, if listed, are classified as Level 2 if the volume of activity on the listing market is significantly reduced and as Level 3 when there are no listings or listings have been suspended indefinitely.

In order to provide a fair value for Visa INC preferred shares class "C" and class "A", the Group has adopted a model which converts the market price in dollars of Visa INC class "A" shares into euro and applies a discount factor. For the class "C" preferred shares valuation as at December 31$^{st}$, 2022 such factor was determined equal to 8.90%, estimating as at December 31$^{st}$, 2022, litigation risk at 2.90% and illiquidity risk at 6%. The litigation risk component has been extracted from an historical series of data provided by Visa INC, whereas the illiquidity risk component has been derived from the illiquidity of shares having limitations on their transferability for a certain period. Preferred shares class "A", on the other hand, are subject to a valuation method in the financial statements which does not provide for the application of a "Litigation Discount". Furthermore, since the latter are convertible into VISA-A Common shares and can subsequently be sold, the "Illiquidity Risk" component is lower than for Visa class "C", therefore the discount factor was estimated at 4.01%. The Visa INC preferred shares class "C" and "A" have been marked as level 3 of fair value hierarchy.

### *Investment Funds*

The Bank may hold investments in investment funds publishing a Net Asset Value (NAV) per share and may include investments in funds managed by the Bank itself. Funds are generally classified as Level 1 when an official price is available on active markets. Funds shall be classified as Level 2 and Level 3 depending on the NAV availability, the transparency of the portfolio and any possible constraints/limitations.

## Assets and liabilities not measured fair value or measured at fair value on a non-recurring basis

The main information on the valuation models used to measure assets and liabilities measured at fair value on a non-recurring basis is summarized below.

Financial instruments not measured at fair value on a recurrent basis, including loans and receivables at amortised cost, are not managed on a fair value basis. For these financial instruments the fair value is calculated for disclosure purposes only, and it has no impact on the balance sheet or through profits and losses. In addition, fair value estimations on assets and liabilities not generally traded is based on internal parameters not directly observable on active markets, as defined by IFRS 13.

### *Financial assets at amortised cost*

For financial assets valued at amortised cost, whose fair value is not based on prices observed on active markets (level 1), the fair value is determined using the discounted cash flow model adjusted for credit risk. Some portfolios are valued using simplified approaches, which however take into account their financial characteristics.

The fair value of on-demand or callable items, and of financial assets with a maturity of less than 12 months and operating receivables related to the provision of financial activities and services, is approximated equal to the balance sheet value; these assets are assigned the level 3 fair value hierarchy.

The fair value of impaired loans was determined by considering that the realisable value expressed by the net book value represents the best estimate of the foreseeable future cash flows discounted at the valuation date; these assets are assigned the level 3 fair value hierarchy.

Lastly, the UniCredit S.p.A. securities recorded in "Financial assets at amortised cost" have been assigned the level 2 fair value hierarchy. The fair value has been calculated using the discounted cash flow methodology, which consists of producing estimate forecast of the estimated cash flows over the life of the instrument and discounting at a rate that incorporates the credit spread. The credit spread is calculated according on the credit spread curve of the issuer, constructed by selecting issues, also from the secondary market, having the same specific characteristics.

### *Financial liabilities at amortised cost*

The fair value for financial liabilities at amortised cost is determined through the use of a present value model adjusted for the associated issuer risk.

The fair value of on-demand financial liabilities with a maturity of less than 12 months is approximated equal to the balance sheet value; these liabilities are assigned the fair value hierarchy level 3.

# Part A – Accounting policies

*Cash and cash balances*

The fair value of on-demand loans and receivables from banks and central banks recognised in the item “Cash and cash balances” is approximated equal to the carrying amount; these assets are assigned the fair value hierarchy level 3.

## Description of the inputs used in measuring the fair value of Level 2 and Level 3 instruments

The following is a description of the main significant inputs used in measuring the fair value of assets and liabilities measured at fair value on a recurring and non-recurring basis belonging to Levels 2 and 3 of the fair value hierarchy.

Level 2 inputs are prices other than quoted Level 1 prices that are observable either directly or indirectly for the assets or liabilities. In particular, they may be

- quoted prices in active markets for similar assets or liabilities;
- quoted prices in markets that are not active for similar or identical assets or liabilities;
- inputs other than quoted prices that are observable for assets or liabilities (e.g. interest rates and yield curves observable at commonly quoted intervals; implied volatilities; credit spreads);
- inputs corroborated by market data that cannot be directly observed but are based on or supported by market data.

Level 2 factors must be observable (either directly or indirectly, e.g. through confirmations with market data) throughout the contractual life of the asset or liability being valued. Market factors that may not be directly observable but are based on or supported by observable market data are included in Level 2 because such factors are less subjective than unobservable factors classified as Level 3. Examples of Level 2 instruments are bonds whose value is derived from a similar publicly traded bond, over-the-counter interest rate swaps valued from a model whose inputs are observable, corporate bonds, asset-backed securities, high-yield debt securities as well as certain structured products where the valuation inputs are based primarily on readily available pricing information.

Level 3 valuation inputs are not observable and are relevant in the absence of Level 1 and Level 2 inputs. Given the need to estimate an exit price at the valuation date also for instruments classified in hierarchy 3, these inputs are exploited by internally developed valuation models.

Examples of Level 3 inputs for assets and liabilities are as follows:

- historical volatility, when it is not possible to observe the implied volatility (e.g. of similar options because they are not sufficiently liquid). Historical volatility generally does not represent market participants' current expectations of future volatility, even though it is the only information available to evaluate an option;
- financial forecasts developed using own data in case there is no information available;
- correlation between non-liquid assets. There are several types of correlation inputs, including credit correlation, cross-asset correlation (e.g. equity and interest rate correlation) and correlation between assets of the same type (e.g. interest rate correlation) that are generally used to value hybrid and exotic instruments;
- credit spread when it is unobservable or cannot be corroborated by observable market data.

## A.4.2 - Valuation processes and sensitivity of fair value measurements

The Bank verifies that the value assigned at each trading position properly reflects the current fair value. The fair value measurement of assets and liabilities is calculated using various techniques, including discounted cash flow models and internal measurement models. All instruments shall be classified as Level 1, Level 2 or Level 3 of the fair value hierarchy according to the observability of the input used. When a position is characterised by one or more significant inputs not directly observable, a further price verification procedure shall be implemented. Procedures thereof include the revision of relevant historical data, the analysis of profits and losses, the individual valuation of each component for structural products and benchmarking. In order to ensure an appropriate level of separation between developing functions and validation functions, all valuation models developed by front office units shall be independently and centrally tested and validated. The aim thereof is to assess model risk arising from model’s theoretical robustness, calibration techniques where applicable and suitability of the model to valuate a specific instrument in a defined market.

In addition to the daily mark to market or mark to model valuation, an Independent Price Verification (IPV) is carried out monthly by the Holding's Market & Liquidity Risk function in order to provide an independent fair value.

With reference to the sensitivity analysis of financial assets and liabilities measured at fair value on a recurring level 3 basis as required by IFRS 13, it should be noted that the Group does not hold significant positions in financial instruments classified in the fair value 3 hierarchy, with the exception of exposures in Visa INC class "C" and class "A" preferred shares, for which reference should be made to the section "Equity Securities" above.

# Part A – Accounting policies

## A.4.3 Fair value hierarchy

The IFRS 13 principle establishes a fair value hierarchy according to the observability of the input used in the valuation techniques adopted.

The fair value hierarchy level associated with assets and liabilities shall be the lowest level among those associated to all significant inputs used. As a rule, an input of valuation is not considered significant for the fair value of an instrument if the remaining inputs are able to explain most of the variance of the fair value over a period of three months. In some specific cases, the magnitude of the limit is verified in relation to the fair value of the instrument at the measurement date.

In particular, three levels are considered:

- Level 1: the fair value of instruments classified in this level is determined by quotation prices observed in active markets for identical assets or liabilities that the Group has access to at the measurement date. An active market is an active market if transactions in the asset or liability being valued occur frequently and in sufficient volume to provide useful pricing information on an ongoing basis;
- Level 2: the fair value for instruments classified within this level is determined according to valuation models using observable market inputs, other than market prices already included in Level 1. Inputs are considered observable if they are developed on the basis of information available to the market regarding current events or transactions and reflect the assumptions that market counterparties would use to value the asset or liability;
- Level 3: fair value of instruments classified in this level is determined on the basis of valuation models using primarily significant inputs, other than those included in Level 1 and Level 1, that are not observable in active markets. The unobservable inputs must, however, reflect the assumptions that market participants would use in valuing the asset or liability, including assumptions about risk.

The transfer of the fair value level of financial assets and liabilities measured at fair value on a recurring basis may occur if the inputs used by the valuation model change (e.g. if a quotation on an active market is no longer available for an instrument). If a valuation technique that uses inputs from different levels of the hierarchy is used to measure an instrument, the instrument is classified entirely in the same level of the hierarchy as the lowest level input that is significant to the measurement. A valuation input is not considered significant for the purposes of assigning the fair value hierarchy if the remaining inputs determine 90% of the fair value of the instrument.

## A.4.4 Other information

No information is required to be disclosed with respect to the requirements of IFRS 13 paragraphs 48, 93(i) and 96.

# Part A – Accounting policies

## Quantitative information

## A.4.5 Fair value hierarchy

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

(Amounts in € thousand)

| Assets/Liabilities at fair value | 12/31/2022 | | | 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| 1. Financial assets at fair value through profit or loss | 13,115 | 3,868 | 5,051 | 16,967 | 3,348 | 5,347 |
| a) financial assets held for trading | 13,037 | 3,866 | 23 | 16,894 | 3,346 | - |
| b) financial assets designated at fair value | - | - | - | - | - | - |
| c) other financial assets mandatorily at fair value | 78 | 2 | 5,028 | 73 | 2 | 5,347 |
| 2. Financial assets at fair value through other comprehensive income | 26,865 | - | 7 | 39,012 | - | 5 |
| 3. Hedging derivatives | - | 1,691,642 | - | - | 127,448 | - |
| 4. Property, plant and equipment | - | - | - | - | - | - |
| 5. Intangible assets | - | - | - | - | - | - |
| **Total** | **39,980** | **1,695,510** | **5,058** | **55,979** | **130,796** | **5,352** |
| 1. Financial liabilities held for trading | 3,184 | 1,387 | 3 | 2,486 | 1,931 | - |
| 2. Financial liabilities designated at fair value | - | - | - | - | - | - |
| 3. Hedging derivatives | - | 63,752 | - | - | 57,313 | - |
| **Total** | **3,184** | **65,139** | **3** | **2,486** | **59,244** | **-** |

**Key**:
L1 = Level 1
L2 = Level 2
L3 = Level 3

During the current financial year, there were no significant transfers of financial assets between fair value hierarchy 1 and 2.

No Credit Value Adjustment (CVA) and/or Debit Value Adjustment (DVA) was applied in determining the fair value of derivative financial instruments.

### *Impacts of the crisis unfolded by COVID-19 pandemic and the Russia-Ukraine military conflict on fair value measurement*

The crisis caused by the COVID-19 pandemic and the Russia-Ukraine military conflict had no impact in terms of fair value measurement. In particular, there were no reductions/decreases in prices quoted in active markets (Level 1) and/or observable inputs (Level 2), nor transfers between the various levels of the fair value hierarchy for financial instruments in which the Bank holds significant investments.

# Part A – Accounting policies

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

(Amounts in € thousand)

| | Financial assets measured at fair value with impact on the income statement | | | | Financial assets at fair value through other comprehensive income | Hedging derivatives | Property, plant and equipment | Intangible assets |
|---|---|---|---|---|---|---|---|---|
| | Total | of which: a) financial assets held for trading | of which: b) financial assets designated at fair value | of which: c) other financial assets mandatorily at fair value | | | | |
| **1. Opening balance** | **5,347** | **-** | **-** | **5,347** | **5** | **-** | **-** | **-** |
| **2. Increases** | **2,883** | **168** | **-** | **2,715** | **2** | **-** | **-** | **-** |
| 2.1. Purchases | 174 | 155 | - | 19 | 2 | - | - | - |
| 2.2. Profits recognised in: | 2,705 | 9 | - | 2,696 | - | - | - | - |
| 2.2.1. Income Statement | 2,705 | 9 | - | 2,696 | - | - | - | - |
| - of which unrealised gains | 2,704 | 8 | - | 2,696 | - | - | - | - |
| 2.2.2. Shareholders' Equity | - | X | X | X | - | - | - | - |
| 2.3.Transfers from other levels | - | - | - | - | - | - | - | - |
| 2.4. Other increases | 4 | 4 | - | - | - | - | - | - |
| **3. Decreases** | **(3,179)** | **(145)** | **-** | **(3,034)** | **-** | **-** | **-** | **-** |
| 3.1. Sales | (145) | (145) | - | - | - | - | - | - |
| 3.2. Redemptions | - | - | - | - | - | - | - | - |
| 3.3. Losses recognised in: | (3,034) | - | - | (3,034) | - | - | - | - |
| 3.3.1. Income Statement | (3,034) | - | - | (3,034) | - | - | - | - |
| - of which unrealised losses | (2,576) | - | - | (2,576) | - | - | - | - |
| 3.3.2. Shareholders' Equity | - | X | X | X | - | - | - | - |
| 3.4. Transfers to other levels | - | - | - | - | - | - | - | - |
| 3.5. Other decreases | - | - | - | - | - | - | - | - |
| **4. Closing balances** | **5,051** | **23** | **-** | **5,028** | **7** | **-** | **-** | **-** |

The sub-items 2.2.1 “Profits recognized in Income Statement” and 3.3.1 “Losses recognized in Income Statement” are included, where present, in consolidated income statement in the following items:

- Item 80: Gains (losses) on financial assets and liabilities held for trading;
- Item 110: Gains (losses) on financial assets and liabilities at fair value through profit and loss;
- Item 90: Fair value adjustments in hedge accounting.

The sub-items 2.2.2 “Profits recognised in Shareholders’ equity” and 3.3.2 “Losses recognised in Shareholders’ equity” arising from changes in fair value of “Financial assets at fair value through other comprehensive income” are recognised, if any, in equity item 110. "Revaluation reserves" of consolidated shareholder’s equity - except losses due to impairment and exchange rate gains or losses on monetary items (debt instruments) which are recognised under item 130. "Impairment losses/write backs on: b) financial assets at fair value through other comprehensive income" and item 80. "Gains (losses) on financial assets and liabilities held for trading" of the consolidated income statement, respectively - until the financial asset is sold, at which time cumulative gains and losses are recognised in consolidated profit or loss in item 100. "Gains (losses) on disposal or repurchase of: b) financial assets at fair value through other comprehensive income".

# Part A – Accounting policies

### A.4.5.3 Annual changes in financial liabilities measured at fair value level 3 on a recurring basis

(Amounts in € thousand)

| | Financial liabilities held for trading | Financial liabilities at fair value through profit or loss | Hedging derivatives |
|---|---|---|---|
| **1. Opening balance** | **-** | **-** | **-** |
| **2. Increases** | **4** | **-** | **-** |
| 2.1. Issues | - | - | - |
| 2.2. Losses allocated to: | - | - | - |
| 2.2.1. Income Statement | - | - | - |
| - of which capital losses | - | - | - |
| 2.2.2. Shareholders' Equity | X | - | - |
| 2.3. Trasferts from other levels | - | - | - |
| 2.4. Other increases | 4 | - | - |
| **3. Decreases** | **(1)** | **-** | **-** |
| 3.1. Reimbursements | - | - | - |
| 3.2. Repurchases | - | - | - |
| 3.3. Profits recognised in: | (1) | - | - |
| 3.3.1. Income Statement | (1) | - | - |
| - of which capital gains | (1) | - | - |
| 3.3.2. In equity | X | - | - |
| 3.4. Trasferts to other levels | - | - | - |
| 3.5. Other decreases | - | - | - |
| **4. Closing balances** | **3** | **-** | **-** |

# Part A – Accounting policies

### A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by level of fair value

(Amounts in € thousand)

| Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis | 12/31/2022 | | | | 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | L1 | L2 | L3 | BV | L1 | L2 | L3 |
| 1. Financial assets at amortised cost | 31,442,711 | 20,844,398 | 1,962,312 | 6,677,906 | 30,868,131 | 20,783,239 | 4,235,999 | 6,579,833 |
| 2. Tangible assets held for investment | | | | | 1,764 | | | 2,292 |
| 3. Non-current assets and disposal groups classified as held for sale | | | | | | | | |
| **Total** | **31.442.711** | **20,844,398** | **1,962,312** | **6,677,906** | **30,869,895** | **20,783,239** | **4,235,999** | **6,582,125** |
| 1. Financial liabilities at amortised cost | 33,855.018 | 428,061 | | 33,357,092 | 31,558,409 | 489,712 | 1,032,069 | 30,026,915 |
| 2. Liabilities included in disposal group classified as held for sale | | | | | | | | |
| **Total** | **33,855.018** | **428,061** | **-** | **33,357,092** | **31,558,409** | **489,712** | **1,032,069** | **30,026,915** |

**Key:**
L1 = Level 1 - L2 = Level 2 - L3 = Level 3 - BV = Book Value

As described above, assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis are presented on the basis of their fair value and fair value hierarchy for the sole purpose of meeting financial statement disclosure requirements.

Tangible assets held for investment purposes present at December 31st, 2021 were sold during 2022.

# Part A – Accounting policies

## A.5 Day-one profit/loss

Financial instruments must be initially recognised at fair value.

Normally, the fair value of a financial instrument, at the date of initial recognition, is equal to the price paid/amount paid for the acquisition of the financial assets or the amount received for the financial liabilities. This assertion is generally found in the case of transactions referring to financial instruments belonging to the level 1 and also level 2 fair value hierarchy, considering that the prices are normally derived indirectly from the market.

In the case of level 3, on the other hand, there is a partial discretion in the determination of fair value, but due to the absence of an unequivocal benchmark to be compared with the transaction price, initial recognition must always be at the transaction price. In the latter case, however, the subsequent measurement cannot include the difference between the price paid/amount disbursed and the fair value found at the time of the initial measurement, also referred to as "Day one profit/loss". This difference must be recognised in profit or loss only if it arises from changes in the factors on which market participants base their valuations in setting prices.

The adoption of prudent valuation models, the review processes thereof and their parameters, as well as value adjustments to reflect model risk ensure that the amount recognised in the income statement is not derived from the use of unobservable valuation parameters. In particular, the quantification of value adjustments related to model risk ensures that the part of the fair value of these instruments resulting from the adoption of subjective parameters is not recognised through profit or loss, but rather as an adjustment to their balance sheet value. Variations shall be recognized through profit or loss only where objective parameters prevail and, consequently, adjustments are no longer required.

There are no day-one profits/losses to disclose in accordance with paragraph 28 of IFRS 7.

# Part B – Balance sheet

## Assets

### Section 1 - Cash and cash balances - Item 10

#### 1.1 Cash and cash balances: breakdown

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| a) Cash | 4 | 335 |
| b) Current account and demand deposits with Central banks | 1,197,698 | 1,256,399 |
| c) Current accounts and demand deposits with banks | 240,725 | 186,057 |
| **Total** | **1,438,427** | **1,442,791** |

The item "(b) Demand deposits with central banks" refers to the overnight deposits and to the liquidity deposited with Bank of Italy, net of the balance related to the minimum reserve requirement allocated for the current reporting period, which is represented in the item "Financial assets at amortized cost: loans and receivables with banks".

Item "c) Current accounts and demand deposits with banks" consists of current accounts opened with credit institutions for the settlement of transactions on payment circuits, for the settlement of securities transactions, for the management of the liquidity of UK customers.

# Part B – Balance sheet

## Section 2 - Financial assets at fair value through profit or loss - Item 20

### 2.1 Financial assets held for trading: product breakdown

(Amounts in € thousand)

| Items/Amounts | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| **A. Balance sheet assets** | | | | | | |
| 1. Debt securities | - | - | - | - | - | - |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | - | - | - | - | - | - |
| 2. Equity instruments | 10,533 | - | - | 14,792 | - | - |
| 3. Units in investment funds | 6 | - | 23 | 5 | - | - |
| 4. Loans | - | - | - | - | - | - |
| 4.1 Reverse repos | - | - | - | - | - | - |
| 4.2 Others | - | - | - | - | - | - |
| **Total (A)** | **10,539** | **-** | **23** | **14,797** | **-** | **-** |
| **B. Derivative instruments** | | | | | | |
| 1. Financial derivatives | 2,498 | 3,866 | - | 2,097 | 3,346 | - |
| 1.1 Trading | 2,498 | 3,866 | - | 2,097 | 3,346 | - |
| 1.2 Linked to fair value option | - | - | - | - | - | - |
| 1.3 Others | - | - | - | - | - | - |
| 2. Credit derivatives | - | - | - | - | - | - |
| 2.1 Trading | - | - | - | - | - | - |
| 2.2 Linked to fair value option | - | - | - | - | - | - |
| 2.3 Others | - | - | - | - | - | - |
| **Total (B)** | **2,498** | **3,866** | **-** | **2,097** | **3,346** | **-** |
| **Total (A+B)** | **13,037** | **3,866** | **23** | **16,894** | **3,346** | **-** |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

Equities in the proprietary portfolio are mainly used for management hedging of open equity positions in counterpart to clients and, to a lesser extent, may arise from internalisation activities and are intended to be traded in the short term.

Financial derivatives refer to the positive valuation of CFD contracts traded against customers, as well as derivative contracts regulated or entered into with institutional counterparties for the purpose of hedging such derivative contracts, Knock Out Options and Certificates issued for a total amount of € 3,830 thousand (€ 3,310 thousand as at December 31st, 2021).

Sub-item B.1.1 “Derivative instruments - Trading financial derivatives” also includes the positive valuations of spot contracts for securities that meets the definition of held for trading and currencies to be settled in times established by market practices ("regular way"), for a total amount of € 2,534 thousand (€ 2,133 thousand as at December 31st, 2021).

# Part B – Balance sheet

## 2.2 Financial assets held for trading: breakdown by issuer/borrower

(Amounts in € thousand)

| Items/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **A. On-balance sheet assets** | | |
| 1. Debt securities | - | - |
| a) Central Banks | - | - |
| b) Public Entities | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| 2. Equity instruments | 10,533 | 14,792 |
| a) Banks | 1 | - |
| b) Other financial companies | 397 | 1,153 |
| of which: Insurance companies | - | - |
| c) Non-financial companies | 10,135 | 13,639 |
| d) Other issuers | - | - |
| 3. Units in investment funds | 29 | 5 |
| 4. Loans | - | - |
| a) Central Banks | - | - |
| b) Public Entities | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| f) Households | - | - |
| **Total (A)** | **10,562** | **14,797** |
| **B. Derivative instruments** | **-** | **-** |
| a) Central Counterparties | 177 | 93 |
| b) Others | 6,187 | 5,350 |
| **Total (B)** | **6,364** | **5,443** |
| **Total (A+B)** | **16,926** | **20,240** |

Item B. “Derivative instruments” also includes the positive valuations of spot contracts for securities classified in the “Financial Assets held for trading” portfolio and currencies to be settled within times established by market practices ("regular way").

## 2.3 Financial assets designated at fair value: product breakdown

No data to report.

## 2.4 Financial assets designated at fair value: breakdown by issuer/borrower

No data to report.

# Part B – Balance sheet

## 2.5 Other financial assets mandatorily at fair value: product breakdown

(Amounts in € thousand)

| Items/Accounts | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| **1. Debt securities** | **77** | **2** | **-** | **72** | **2** | **-** |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 77 | 2 | - | 72 | 2 | - |
| **2. Equity instruments** | **1** | **-** | **5,028** | **1** | **-** | **5,347** |
| **3. Units in investment funds** | **-** | **-** | **-** | **-** | **-** | **-** |
| **4. Loans** | **-** | **-** | **-** | **-** | **-** | **-** |
| 4.1 Reverse repos | - | - | - | - | - | - |
| 4.2 Others | - | - | - | - | - | - |
| **Total** | **78** | **2** | **5,028** | **73** | **2** | **5,347** |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

Equity securities included in “Other financial assets mandatorily at fair value” primarily consist of the Visa INC class “C” and “A” preferred shares, for an amount of € 5,009 thousand, which saw a negative change in fair value during 2022 of € 177 thousand. For more details on the fair value measurement of financial instruments, please refer to Part A - Accounting Policies - A.4 Information on the fair value of these notes to the accounts.

As previously described, the equity securities recognised by the Parent Company in the context of the intervention in favour of Cassa di Risparmio di Cesena (CariCesena), Cassa di Risparmio di Rimini (Carim), Cassa di Risparmio di San Miniato (Carismi) and Banca Carige, present in the 2021 Financial Statements, were cancelled, resulting in a loss in the 2022 income statement of € 457 thousand.

Equity securities of issuers in default were classified by the Bank as bad loans in the financial statements for a total amount of € 2 thousand.

# Part B – Balance sheet

### 2.6 Other financial assets mandatorily at fair value: breakdown by issuer/borrower

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Equity instruments** | **5,029** | **5,348** |
| of which: banks | 14 | 1 |
| of which: other financial companies | 5,010 | 5,341 |
| of which: other non-financial companies | 5 | 5 |
| **2. Debts securities** | **79** | **74** |
| a) Central Banks | - | - |
| b) Public Entities | 76 | 71 |
| c) Banks | 3 | 3 |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| **3. Units investment funds** | **-** | **-** |
| **4. Loans** | **-** | **-** |
| a) Central Banks | - | - |
| b) Public Entities | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| f) Households | - | - |
| **Total** | **5,108** | **5,422** |

## Section 3 - Financial assets at fair value through comprehensive income - Item 30

### 3.1 Financial assets at fair value through comprehensive income: product breakdown

(Amounts in € thousand)

| Item/Amounts | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | L1 | L2 | L3 |
| **1. Debts securities** | **26,865** | **-** | **-** | **39,012** | **-** | **-** |
| 1.1 Structured securities | - | - | - | - | - | - |
| 1.2 Other debt securities | 26,865 | - | - | 39,012 | - | - |
| **2. Equity instruments** | **-** | **-** | **7** | **-** | **-** | **5** |
| **3. Loans** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **26,865** | **-** | **7** | **39,012** | **-** | **5** |

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

# Part B – Balance sheet

"Financial assets at fair value through other comprehensive income" consist of securities issued by sovereign States and, residually, of equity interests in companies in which the Bank does not exercise control or significant influence for € 7 thousand for which the "FVTOCI"[37] option was exercised. For more details, see the information in exposures on securities issued by Sovereign States set out in Part E of the notes to the accounts.

### 3.2 Financial assets at fair value through comprehensive income: breakdown by issuer/borrower

(Amounts in € thousand)

| Items/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Debt securities** | **26,865** | **39,012** |
| a) Central Banks | - | - |
| b) Public Entities | 26,865 | 39,012 |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| **2. Equity Instruments** | **7** | **5** |
| a) Banks | - | - |
| b) Other issuers: | 7 | 5 |
| - other financial companies | - | - |
| of which: insurance companies | - | - |
| - non-financial companies | 7 | 5 |
| - others | - | - |
| **3. Loans** | **-** | **-** |
| a) Central Banks | - | - |
| b) Public Entities | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| of which: insurance companies | - | - |
| e) Non-financial companies | - | - |
| f) Households | - | - |
| **Total** | **26,872** | **39,017** |

[37] With regard to non-trading equity instruments, IFRS 9 provides for the possibility of classifying them at fair value recognized in the other components of the comprehensive income statement (so-called "FVTOCI" - Fair Value Through Other Comprehensive Income).

# Part B – Balance sheet

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

(Amounts in € thousand)

| | Gross amount | | | | | Writedowns | | | | Partial write-offs |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | of which: low credit risk | Stage 2 | Stage 3 | Purchased or originated credit-impaired | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | |
| Debt securities | 26,867 | - | - | - | - | (2) | - | - | - | - |
| Loans | - | - | - | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **26,867** | **-** | **-** | **-** | **-** | **(2)** | **-** | **-** | **-** | **-** |
| **Total 12/31/2021** | **39,018** | **-** | **-** | **-** | **-** | **(6)** | **-** | **-** | **-** | **-** |

### 3.3a Loans and advances measured at fair value with an impact on overall profitability subject to measures applied in response to the COVID-19: gross values and writedown

No data to report.

# Part B – Balance sheet

## Section 4 - Financial assets at amortised cost – Item 40

### 4.1 Financial assets at amortized cost: product breackdown of loans and receivables to banks

(Amounts in € thousand)

| Type of transaction/Values | Total 12/31/2022 | | | | | | Total 12/31/2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book value | | | Fair value | | | Book value | | | Fair value | | |
| | Stage 1 and 2 | Stage 3 | Purchased or originated credit-impaired | L1 | L2 | L3 | Stage 1 and 2 | Stage 3 | Purchased or originated credit-impaired | L1 | L2 | L3 |
| **A. Loans and receivables to Central Banks** | **311,357** | **-** | **-** | **-** | **-** | **311,357** | **298,040** | **-** | **-** | **-** | **-** | **298,040** |
| 1. Time deposits | - | - | - | X | X | X | - | - | - | X | X | X |
| 2. Compulsory reserves | 311,357 | - | - | X | X | X | 298,040 | - | - | X | X | X |
| 3. Reverse repos | - | - | - | X | X | X | - | - | - | X | X | X |
| 4. Others | - | - | - | X | X | X | - | - | - | X | X | X |
| **B. Loans and receivables to banks** | **3,707,873** | **-** | **-** | **1,604,553** | **1,784,822** | **105,375** | **5,449,467** | **-** | **-** | **1,438,943** | **3,991,717** | **71,823** |
| 1. Loans | 105,375 | - | - | - | - | 105,375 | 71,823 | - | - | - | - | 71,823 |
| 1.1. Current accounts | - | - | - | X | X | X | - | - | - | X | X | X |
| 1.2. Time deposits | 56,522 | - | - | X | X | X | 59,509 | - | - | X | X | X |
| 1.3. Other loans | 48,853 | - | - | X | X | X | 12,314 | - | - | X | X | X |
| - Reverse repos | 261 | - | - | X | X | X | 222 | - | - | X | X | X |
| - Finance leases | - | - | - | X | X | X | - | - | - | X | X | X |
| - Others | 48,592 | - | - | X | X | X | 12,092 | - | - | X | X | X |
| 2. Debts securities | 3,602,498 | - | - | 1,604,553 | 1,784,822 | - | 5,377,644 | - | - | 1,438,943 | 3,991,717 | - |
| 2.1. Structured | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2. Other | 3,602,498 | - | - | 1,604,553 | 1,784,822 | - | 5,377,644 | - | - | 1,438,943 | 3,991,717 | - |
| **Total** | **4,019,230** | **-** | **-** | **1,604,553** | **1,784,822** | **416,732** | **5,747,507** | **-** | **-** | **1,438,943** | **3,991,717** | **369,863** |

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

"Reverse repo" do not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" transactions in table A.1.6 in Part E - Information on risks and related hedging policies - Section 1 – Credit risk - Quantitative information of these notes to the accounts.

The item "Other loans: Other" amounted to € 41,306 thousand to the amount of the initial and variation margins and collateral deposits placed with credit institutions for derivative transactions (€ 3,960 thousand as at December 31st, 2021), and € 7,286 thousand to current receivables associated with the provision of financial services (€ 8,132 thousand as at December 31st, 2021).

The item "Debt securities" consist mainly of debt securities issued by UniCredit S.p.A. for € 1,681,254 thousand (€ 3,856,364 thousand as at December 31st, 2021).

Financial assets measured at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph "A.4 - Fair value disclosures" in Part A - Accounting policies of these notes to the accounts.

# Part B – Balance sheet

### 4.2 Financial asset at amortised cost: product breakdown of receivables to customers

(Amounts in € thousand)

| Type of transaction/Values | Total 12/31/2022 | | | | | | Total 12/31/2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book value | | | Fair value | | | Book value | | | Fair value | | |
| | Stage 1 and Stage 2 | Stage 3 | Purchased or originated credit-impaired | L1 | L2 | L3 | Stage 1 and Stage 2 | Stage 3 | Purchased or originated credit-impaired | L1 | L2 | L3 |
| **1. Loans** | **6,422,560** | **3,527** | **-** | **-** | **-** | **6,261,174** | **5,979,387** | **4,380** | **-** | **-** | **-** | **6,209,970** |
| 1.1. Current accounts | 2,399,917 | 1,773 | - | X | X | X | 2,107,400 | 2,242 | - | X | X | X |
| 1.2. Reverse repos | 138,989 | 37 | - | X | X | X | 193,176 | 100 | - | X | X | X |
| 1.3. Mortgages | 2,618,344 | 934 | - | X | X | X | 2,478,473 | 882 | - | X | X | X |
| 1.4. Credit cards, personal loans and wage assignment | 891,343 | 721 | - | X | X | X | 823,203 | 1,020 | - | X | X | X |
| 1.5. Factoring | - | - | - | X | X | X | - | - | - | X | X | X |
| 1.6. Factoring | - | - | - | X | X | X | - | - | - | X | X | X |
| 1.7. Other loans | 373,967 | 62 | - | X | X | X | 377,135 | 136 | - | X | X | X |
| **2. Debt securities** | **20,997,394** | **-** | **-** | **19,239,845** | **177,490** | **-** | **19,136,857** | **-** | **-** | **19,344,296** | **244,282** | **-** |
| 2.1. Structured | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2. Other | 20,997,394 | - | - | 19,239,845 | 177,490 | - | 19,136,857 | - | - | 19,344,296 | 244,282 | - |
| **Total** | **27,419,954** | **3,527** | **-** | **19,239,845** | **177,490** | **6,261,174** | **25,116,244** | **4,380** | **-** | **19,344,296** | **244,282** | **6,209,970** |

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

The item "Reverse repo" does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" transactions in table A.1.7 in Part E - Information on risks and related hedging policies - Section 1 - Risks of the prudential consolidation - Quantitative information of these notes to the accounts.

Debt securities mainly consist of government securities and securities issued by Supranational entities. For more details, see the information on securities issued by Sovereign States set out in Part E of the notes to the accounts.

Financial assets and liabilities may be offset when the company currently has a legal right to offset the recognised amounts and intends to settle for the net residual, or realise the asset and settle the liability simultaneously, as required by IAS 32.

In addition to complying with IAS 32, the Bank offsets financial assets and liabilities only when:

- the transactions have the same explicit final settlement date;
- the right to set off the amount due to the counterparty against the amount due from the counterparty is legally enforceable in the ordinary course of business and in the event of default, insolvency or bankruptcy;
- either the counterparties intend to settle on a net basis or simultaneously, or the transactions are subject to a settlement mechanism that functionally results in the equivalent of net settlement.

In the table above, repo transactions entered into on the MTS and settled through a Central Counterparty have been shown netted. The effect of netting is shown in table "5. Financial assets subject to accounting offsetting or master netting agreements or similar agreements " and table "6. Financial liabilities subject to accounting offsetting or master netting agreements or similar agreements" in Part B - Balance Sheet Information of these notes to the accounts.

# Part B – Balance sheet

Financial assets measured at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph 'A.4 - Fair value disclosures' in Part A - Accounting policies of these notes to the accounts.

## 4.3 Financial assets at amortized cost: breakdown by debtors/issuers of receivables to customers

(Amounts in € thousand)

| Type of transaction / Values | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | Stage 1 and Stage 2 | Stage 3 | Purchased or originated impaired assets | Stage 1 and Stage 2 | Stage 3 | Purchased or originated impaired assets |
| **1. Debt securities** | **20,997,394** | **-** | **-** | **19,136,857** | **-** | **-** |
| a) Public Administration | 20,997,394 | - | - | 19,136,857 | - | - |
| b) Other financial company | - | - | - | - | - | - |
| of which: insurance companies | - | - | - | - | - | - |
| c) Non financial companies | - | - | - | - | - | - |
| **2. Loans to:** | **6,422,560** | **3,527** | **-** | **5,979,387** | **4,380** | **-** |
| a) Public Administration | 2 | - | - | 5 | - | - |
| b) Other financial company | 361,427 | 1 | - | 359,610 | 1 | - |
| of which: insurance companies | 28,909 | - | - | 27,042 | - | - |
| c) Non financial companies | 1,149 | 17 | - | 718 | 21 | - |
| d) Households | 6,059,982 | 3,509 | - | 5,619,054 | 4,358 | - |
| **Total** | **27,419,954** | **3,527** | **-** | **25,116,244** | **4,380** | **-** |

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

(Amounts in € thousand)

| | | Gross amount | | | | | Writedowns | | | | Partial write-offs |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | of which: low credit risk | Stage 2 | Stage 3 | Purchased or originated credit-impaired | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | |
| Debt securities | | 24,607,397 | - | - | - | - | (7,505) | - | - | - | - |
| Loans | | 6,809,941 | - | 41,720 | 25,229 | - | (7,767) | (4,602) | (21,702) | - | - |
| **Total** | **12/31/2022** | **31,417,338** | **-** | **41,720** | **25,229** | **-** | **(15,272)** | **(4,602)** | **(21,702)** | **-** | **-** |
| **Total** | **12/31/2021** | **30,866,459** | **-** | **15,639** | **24,540** | **-** | **(14,474)** | **(3,873)** | **(20,160)** | **-** | **-** |

### 4.4a Financial assets at amortised cost subject to COVID-19 support measures: gross values and writedown

(Amounts in € thousand)

| | Gross value | | | | | Writedown | | | | Write off partial total* |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | of which: low credit risk | Stage 2 | Stage 3 | Purchased or originated credit-impaired | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | |
| 1. EBA-compliant moratoria loans and receivables | - | - | - | - | - | - | - | - | - | - |
| 2. Loans under moratorium no longer compliant to GL requirements and not valued as forborne exposure | - | - | - | - | - | - | - | - | - | - |
| 3. Other loans and advances subject to COVID-19-related forbearance measures | - | - | 385 | - | - | - | (2) | - | - | - |
| 4. Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **-** | **-** | **385** | **-** | **-** | **-** | **(2)** | **-** | **-** | **-** |
| **Total 12/31/2021** | **231** | **-** | **773** | **-** | **-** | **(2)** | **(11)** | **-** | **-** | **-** |

## Section 5 – Hedging derivatives – Item 50

### 5.1 Hedging derivatives: breakdown by type of hedge and by level

(Amounts in € thousand)

| | Fair Value 12/31/2022 | | | NA | Fair Value 12/31/2021 | | | NA |
|---|---|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | 12/31/2022 | L1 | L2 | L3 | 12/31/2021 |
| **A. Financial derivatives** | | | | | | | | |
| 1. Fair value | - | 1,691,642 | - | 9,976,612 | - | 127,448 | - | 6,228,710 |
| 2. Cash flows | - | - | - | - | - | - | - | - |
| 3. Net investment in foreign subsidiaries | - | - | - | - | - | - | - | - |
| **B. Credit derivatives** | | | | | | | | |
| 1. Fair value | - | - | - | - | - | - | - | - |
| 2. Cash flows | - | - | - | - | - | - | - | - |
| **Total** | **-** | **1,691,642** | **-** | **9,976,612** | **-** | **127,448** | **-** | **6,228,710** |

Key:
NA = notional amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

### 5.2 Hedging derivatives: breakdown by hedged assets and risk (balance sheet value)

(Amounts in € thousand)

| Transaction/Type of hedge | Fair Value | | | | | | | Cash-flow hedges | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Micro | | | | | | Macro | Micro | Macro | Net investments in foreign subsidiaries |
| | debt securities and interest rates | equity instruments and index | currencies and gold | credit | commodities | others | | | | |
| 1. Financial assets at fair value through other comprehensive income | - | - | - | - | X | X | X | - | X | X |
| 2. Financial assets at amortised cost | 1,419,590 | X | - | - | X | X | X | - | X | X |
| 3. Portfolio | X | X | X | X | X | X | 272,052 | X | - | X |
| 4. Others | - | - | - | - | - | - | X | - | X | - |
| **Total assets** | **1,419,590** | **-** | **-** | **-** | **-** | **-** | **272,052** | **-** | **-** | **-** |
| 1. Financial liabilities | - | X | - | - | - | - | X | - | X | X |
| 2. Portfolio | X | X | X | X | X | X | - | X | - | X |
| **Total liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | |
| 1. Expected transactions | X | X | X | X | X | X | X | - | X | X |
| 2. Financial assets and liabilities portfolio | X | X | X | X | X | X | - | X | - | - |

## Section 6 – Changes in fair value of portfolio hedged financial assets – Item 60

### 6.1 Fair value change of hedged assets: breakdown by hedged portfolio

(Amounts in € thousand)

| Fair value of hedged assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Positive changes** | **-** | **19,648** |
| 1.1 of specific portfolios: | - | 19,648 |
| a) financial assets at amortized cost | - | 19,648 |
| b) financial assets at fair value through other comprehensive income | - | - |
| 1.2 overall | - | - |
| **2. Negative changes** | **(266,938)** | **(21,183)** |
| 2.1 of specific portfolios | (266,938) | (21,183) |
| a) financial assets at amortized cost | (266,938) | (21,183) |
| b) financial assets at fair value through other comprehensive income | - | - |
| 2.2 overall | - | - |
| **Total** | **(266,938)** | **(1,535)** |

# Part B – Balance sheet

## Section 7 - Equity investments - Item 70

### 7.1 Equity Investments information on shareholders' equity

| Name | Registered office | Headquarters | Equity % | Voting rights % |
|---|---|---|---|---|
| **A. Subsidiaries** | | | | |
| 1. Fineco Asset Management DAC | Dublin | Dublin | 100% | 100% |
| 2. Fineco International Ltd | London | London | 100% | 100% |
| **B. Joint ventures** | | | | |
| **C. Companies under significant influence** | | | | |
| 1. Vorvel SIM S.p.A. | Milan | Milan | 20% | 20% |

As described above, as at December 31st, 2022, Fineco International Ltd was not operational and was excluded from the scope of consolidation as it did not exceed the materiality thresholds defined in the Bank's policy.

It should be noted that Vorvel SIM S.p.A. adopted the current company name with effect from December 12nd, 2022, instead of the previous name Hi-MTF SIM S.p.A..

### 7.2 Significant equity investments book value, fair value and dividends received

As required by Circular no. 262 dated December 22nd, 2005 and following updates: "Bank financial statements: layouts and preparation" the information referred to in this paragraph is not provided in the individual financial statements as FinecoBank draws up the consolidated financial statements pursuant to the same Circular.

### 7.3 Significant equity investments: accounting data

As required by Circular no. 262 dated December 22nd, 2005 and following updates: "Bank financial statements: layouts and preparation" the information referred to in this paragraph is not provided in the individual financial statements as FinecoBank draws up the consolidated financial statements pursuant to the same Circular.

### 7.4 Non-significant investments accounting data

As required by Circular no. 262 dated December 22nd, 2005 and following updates: "Bank financial statements: layouts and preparation" the information referred to in this paragraph is not provided in the individual financial statements as FinecoBank draws up the consolidated financial statements pursuant to the same Circular.

### 7.5 Equity investments: annual changes

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **A. Opening balance** | **4,295** | **3,000** |
| **B. Increases** | **700** | **1,321** |
| B.1 Purchases | - | 1,321 |
| B.2 Writebacks | - | - |
| B.3 Revaluations | - | - |
| B.4 Other changes | 700 | - |
| **C. Decreases** | **(277)** | **(26)** |
| C.1 Sales | - | - |
| C.2 Adjustments | - | - |
| C.3 Depreciations | (276) | (26) |
| C.4 Other changes | (1) | - |
| **D. Closing balance** | **4,718** | **4,295** |
| **E. Total revaluations** | **-** | **-** |
| **F. Total adjustments** | **-** | **-** |

The Shareholders' Meeting of Vorvel SIM S.p.A. held on May 10th, 2022 approved the capital increase in the total amount of € 3.5 million, corresponding to a contribution of € 0.7 million for each shareholder. FinecoBank subscribed to the capital increase in its own right during May 2022, keeping its shareholding unchanged at 20%. This change is shown under "B.4 Other changes" in the table above.

#### Impairment testing of investments

As required by IAS/IFRS, impairment testing of equity investments is performed if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the net investment, and these loss events have an impact on expected future cash flows.

For investments in associates and joint ventures, the process of recognising objective evidence of impairment includes testing for impairment indicators of a qualitative and quantitative nature. In the presence of impairment indicators, the recoverable amount, represented by the higher of fair value less costs to sell and value in use, is determined, and if the latter is lower than the carrying amount, an impairment loss is recognised. It is not always necessary to determine both fair value and value in use. If either value is higher than the carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.

Controlling interests recognised in FinecoBank's separate financial statements are subject to impairment testing, where applicable, while maintaining consistency between the valuations made in the separate financial statements and the valuations made in the consolidated financial statements.

In order to determine the value in use of the investment in Vorvel SIM S.p.A., the only company subject to significant influence, the Discounted Cash Flow (DCF) model was used, where the cost of capital (ke) was calculated using the same values that FinecoBank uses in other models already in use in other contexts, with the exception of Beta for which reference was made to a basket of comparable companies. The results of the impairment test did not show any need for impairment adjustments, as the value in use was higher than the book value. It should be noted that the equity valuation at December 31st, 2022 resulted in a negative economic impact of € 276 thousand.

The methodology for determining the recoverable value described above (model, assumptions and parameters used) was approved by the Board of Directors on February 7th, 2023.

### 7.6 Commitments to equity interests in joint ventures

As required by Circular no. 262 dated December 22nd, 2005 and following updates: "Bank financial statements: layouts and preparation" the information referred to in this paragraph is not provided in the individual financial statements as FinecoBank draws up the consolidated financial statements pursuant to the same Circular.

# Part B – Balance sheet

### 7.7 Commitments to equity interests in companies under significant influence

As required by Circular no. 262 dated December 22nd, 2005 and following updates: "Bank financial statements: layouts and preparation" the information referred to in this paragraph is not provided in the individual financial statements as FinecoBank draws up the consolidated financial statements pursuant to the same Circular.

### 7.8 Significant restrictions

As required by Circular no. 262 dated December 22nd, 2005 and following updates: "Bank financial statements: layouts and preparation" the information referred to in this paragraph is not provided in the individual financial statements as FinecoBank draws up the consolidated financial statements pursuant to the same Circular.

### 7.9 Other information

As required by Circular no. 262 dated December 22nd, 2005 and following updates: "Bank financial statements: layouts and preparation" the information referred to in this paragraph is not provided in the individual financial statements as FinecoBank draws up the consolidated financial statements pursuant to the same Circular.

## Section 8 - Property, plant and equipment - Item 80

### 8.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Owened assets** | **84,096** | **84,212** |
| a) lands | 23,932 | 23,932 |
| b) buildings | 39,487 | 39,822 |
| c) office furniture and fittings | 2,669 | 3,006 |
| d) electronic system | 15,651 | 14,861 |
| e) other | 2,357 | 2,591 |
| **2. Assets under financial lease** | **60,006** | **63,530** |
| a) lands | - | - |
| b) buildings | 59,490 | 63,212 |
| c) office furniture and fittings | - | - |
| d) electronic system | - | - |
| e) other | 516 | 318 |
| **Total** | **144,102** | **147,742** |
| of which: obtained through enforcement of the guarantees received | - | - |

A description of the methods used to calculate depreciation is provided in Part A – Accounting Policies of the notes to the accounts.

The Bank has operational leasing transactions in place consisting of leases of the surface of the property owned.

# Part B – Balance sheet

### 8.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying value | Fair value | | | Carrying value | Fair value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| **1. Owened assets** | **-** | **-** | **-** | **-** | **1,764** | **-** | **-** | **2,292** |
| a) lands | - | - | - | - | - | - | - | - |
| b) buildings | - | - | - | - | 1,764 | - | - | 2,292 |
| **2. Assets under financial lease** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) lands | - | - | - | - | - | - | - | - |
| b) buildings | - | - | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **1,764** | **-** | **-** | **2,292** |
| of which: obtained through enforcement of the guarantees received | - | - | - | - | - | - | - | - |

**Key:**
L1 = Level 1
L2 = Level 2
L3 = Level 3

The investment property held by the Bank as at December 31st, 2021 was sold during 2022, generating a profit on sale, net of costs of sale, of € 541 thousands.

### 8.3 Property, plant and equipment used in the business: breakdown of revalued assets

No data to report.

### 8.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

No data to report.

### 8.5 Inventories of property, plant and equipment regulated by IAS 2: breakdown

No data to report.

# Part B – Balance sheet

## 8.6 Property, plant and equipment used in the business: annual changes

(Amounts in € thousand)

| | Lands | Buildings | Office furniture and fittings | Electronic systems | Others | Total |
|---|---|---|---|---|---|---|
| **A. Gross opening balance** | **23,932** | **131,862** | **18,666** | **47,116** | **13,472** | **235,048** |
| A.1 Total net reduction in value | - | (28,828) | (15,660) | (32,255) | (10,563) | (87,306) |
| **A.2 Net opening balance** | **23,932** | **103,034** | **3,006** | **14,861** | **2,909** | **147,742** |
| **B. Increases:** | **-** | **9,081** | **645** | **6,414** | **945** | **17,085** |
| B.1 Purchases | - | 6,680 | 645 | 6,410 | 944 | 14,679 |
| B.2 Capitalised expenditure on improvements | - | - | - | - | - | - |
| B.3 Write-backs | - | - | - | - | - | - |
| B.4 Increase in fair value recognised | - | - | - | - | - | - |
| a) in equity | - | - | - | - | - | - |
| b) through profit or loss | - | - | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - | - | - |
| B.6 Transfers from properties held for investment | - | - | X | X | X | - |
| B.7 Other changes | - | 2,401 | - | 4 | 1 | 2,406 |
| **C. Decreases:** | **-** | **(13,138)** | **(982)** | **(5,624)** | **(981)** | **(20,725)** |
| C.1 Sales | - | - | - | (5) | - | (5) |
| C.2 Depreciation | - | (12,072) | (980) | (5,614) | (977) | (19,643) |
| C.3 Impairment losses recognised | - | - | (1) | (3) | (4) | (8) |
| a) in equity | - | - | - | - | - | - |
| b) through profit or loss | - | - | (1) | (3) | (4) | (8) |
| C.4 Decreases in fair value recognised | - | - | - | - | - | - |
| a) in equity | - | - | - | - | - | - |
| b) through profit or loss | - | - | - | - | - | - |
| C.5 Negative exchange differences | - | - | - | - | - | - |
| C.6 Transfer to: | - | - | - | - | - | - |
| a) property, plant and equipment held for investment | - | - | X | X | X | - |
| b) assets held for sale | - | - | - | - | - | - |
| C.7 Other changes | - | (1,066) | (1) | (2) | - | (1,069) |
| **D. Net closing balance** | **23,932** | **98,977** | **2,669** | **15,651** | **2,873** | **144,102** |
| D.1 Total net reduction in value | - | (36,491) | (16,597) | (37,363) | (11,032) | (101,483) |
| **D.2 Gross closing balance** | **23,932** | **135,468** | **19,266** | **53,014** | **13,905** | **245,585** |
| E. Carried at cost | 23,932 | 98,977 | 2,669 | 15,651 | 2,873 | 144,102 |

The asset classes specified in the table above are carried at cost.

Items B.7 and C.7 "Other changes" include the changes in the activities consisting of the right of use due to the changes made to the payments due for the leasing after the initial recognition. Below is the amount of changes by type of asset.

(Amounts in € thousand)

| | Land | Buildings | Furniture and fittings | Electronic system | Other | Total |
|---|---|---|---|---|---|---|
| Other increases due to changes in rights of use | - | 2,401 | - | - | 1 | **2,402** |
| Other decreases due to changes in rights of use | - | (1,066) | - | - | - | **(1,066)** |

# Part B – Balance sheet

## 8.7 Property, plant and equipment held for investment: annual changes

(Amounts in € thousand)

| | Total | |
|---|---|---|
| | Lands | Buildings |
| **A. Opening balance** | **-** | **1,764** |
| **B. Increase** | **-** | **596** |
| B.1 Purchases | - | - |
| B.2 Capitalised expenditure on improvements | - | - |
| B.3 Net increases in fair value | - | - |
| B.4 Write-backs | - | - |
| B.5 Positive exchange differences | - | - |
| B.6 Transfer from properties used in the business | - | - |
| B.7 Other changes | - | 596 |
| **C. Decreases** | **-** | **(2,360)** |
| C.1 Sales | - | (2,270) |
| C.2 Depreciation | - | (90) |
| C.3 Decreases in fair value | - | - |
| C.4 Impairment losses | - | - |
| C.5 Negative exchange difference | - | - |
| C.6 Transfers to other asset portfolios | - | - |
| a) properties used in the business | - | - |
| b) non-current assets classified as held for sale | - | - |
| C.7 Other changes | - | - |
| **D. Closing balance** | **-** | **-** |
| **E. Fair value measurement** | **-** | **-** |

Note that sub-item B.7 "Other changes" includes the profit on sale, before costs to sell, realised on the sale of the investment property held by the Bank in 2022.

## 8.8 Inventories of property, plant and equipment regulated by IAS 2: annual changes

No data to report.

## 8.9 Commitments to purchase property, plant and equipment

As at December 31st, 2022 the Bank had contractual commitments to purchase property, plant and equipment amounting to € 450 thousand.

We also report that there are no restrictions on the ownership of tangible assets and there are no tangible assets pledged as security for liabilities.

# Part B – Balance sheet

## Section 9 - Intangible assets - Item 90

### 9.1 Intangible assets: breakdown by assets type

(Amounts in € thousand)

| Activities/Values | Total 12/31/2022 | | Total 12/31/2021 | |
|---|---|---|---|---|
| | Finite life | Indefinite life | Finite life | Indefinite life |
| **A.1 Goodwill** | X | **89,602** | X | **89,602** |
| **A.2 Other intangible asset** | **9,275** | **27,459** | **11,519** | **27,459** |
| of which: software | 9,237 | - | 11,394 | - |
| A.2.1 Assets valued at cost: | 9,275 | 27,459 | 11,519 | 27,459 |
| a) Intangible assets generated internally | - | - | - | - |
| b) Other assets | 9,275 | 27,459 | 11,519 | 27,459 |
| A.2.2 Assets valued at fair value: | - | - | - | - |
| a) Intangible assets generated internally | - | - | - | - |
| b) Other assets | - | - | - | - |
| **Total** | **9,275** | **117,061** | **11,519** | **117,061** |

Other intangible assets carried at cost with an indefinite life relate to the Fineco brands and domains.

The useful life of softwares, considered for the calculation of amortisation, is 3 years, while the useful life of other intangible assets with definite life is 5 years. A description of the methods used to calculate depreciation is provided in Part A – Accounting Policies of these Notes to the accounts.

With regard to the considerations conducted as of December 31st, 2022 regarding the impairment test of intangible assets with finite and indefinite useful lives, specifically goodwill, trademarks, and Fineco domains, there are no indicators that would require adjustments to the related carrying amounts. For further details regarding the impairment test of intangible assets with indefinite useful lives, please refer to the paragraphs below.

# Part B – Balance sheet

## 9.2 Intangible assets: annual changes

(Amounts in € thousand)

| | Goodwill | Other intangible assets: internally generated | | Other intangible assets: others | | Total |
|---|---|---|---|---|---|---|
| | | FIN | INDEF | FIN | INDEF | |
| **A. Gross opening balance** | **124,729** | **-** | **-** | **106,116** | **27,459** | **258,304** |
| A.1 Total net reduction in value | (35,127) | - | - | (94,597) | - | (129,724) |
| **A.2 Net opening balance** | **89,602** | **-** | **-** | **11,519** | **27,459** | **128,580** |
| **B. Increases** | **-** | **-** | **-** | **4,310** | **-** | **4,310** |
| B.1 Purchases | - | - | - | 4,310 | - | 4,310 |
| B.2 Increases in internal intangible assets | X | - | - | - | - | - |
| B.3 Write-backs | X | - | - | - | - | - |
| B.4 Increases in fair value recognised: | - | - | - | - | - | - |
| - in equity | X | - | - | - | - | - |
| - through profit or loss | X | - | - | - | - | - |
| B.5 Positive exchange differences | - | - | - | - | - | - |
| B.6 Other changes | - | - | - | - | - | - |
| **C. Decreases** | **-** | **-** | **-** | **(6,554)** | **-** | **(6,554)** |
| C.1 Sales | - | - | - | - | - | - |
| C.2 Impairment losses | - | - | - | (6,554) | - | (6,554) |
| - Amortisations | X | - | - | (6,554) | - | (6,554) |
| - Write-downs | - | - | - | - | - | - |
| + in equity | X | - | - | - | - | - |
| + through profit or loss | - | - | - | - | - | - |
| C.3 Decreases in fair value | - | - | - | - | - | - |
| - in equity | X | - | - | - | - | - |
| - through profit or loss | X | - | - | - | - | - |
| C.4 Transfers to non-current assets and discontinued operations | - | - | - | - | - | - |
| C.5 Negative exchange differrences | - | - | - | - | - | - |
| C.6 Other changes | - | - | - | - | - | - |
| **D. Net closing balance** | **89,602** | **-** | **-** | **9,275** | **27,459** | **126,336** |
| D.1 Total net impairments | (35,127) | - | - | (101,150) | - | (136,277) |
| **E. Gross closing balance** | **124,729** | **-** | **-** | **110,425** | **27,459** | **262,613** |
| F. Carried at cost | 89,602 | - | - | 9,275 | 27,459 | 126,336 |

Key
FIN: finite life
INDEF: indefinite life

The asset classes specified in the table above are carried at cost.

## 9.3 Other information

As at December 31st, 2022 the Bank had contractual commitments to purchase intangible assets amounting to € 1,157 thousand.

We also report that there were no intangible assets acquired through government concession; no intangible assets were used as collateral for own debts; no intangible assets were held under a finance lease; and there were no revalued intangible assets.

# Part B – Balance sheet

### *Other information - Impairment test*

Under IAS 36, impairment testing of intangible assets with indefinite useful lives must be performed at least annually and, in any case, whenever there is objective evidence of the occurrence of events that may have reduced their value.

Recoverable value is the greater of the value in use (present value of future cash flows generated by the asset being valued) and the associated fair value, net of sales costs. It is not always necessary to determine both fair value and value in use. If either value is higher than the carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.

The recoverable value of the assets subject to impairment testing must be determined for the individual assets, unless both of the following conditions exist:

- the value in use of the asset is not estimated to be close to the fair value net of selling costs;
- the asset does not generate incoming cash flows largely independent of those coming from other assets (or group of assets).

If these conditions exist, the impairment test has conducted at the level of the Cash Generating Unit (CGU) of the asset, as required by the accounting principle.

According to IAS 36, when determining the value in use of assets subject to impairment testing, reference must be made to the cash flows of assets in their current conditions at the testing date and representing the best estimate by the management of the overall economic conditions in place during the residual useful life of the asset.

For the purposes of impairment testing, the value in use of the cash generating unit (CGU) to which the intangible assets have been assigned must be calculated considering the cash flows for all the assets and liabilities included in the CGU and not just those for which goodwill and/or the intangible asset has been recognised upon application of IFRS 3.

### *Definition of CGU*

Estimating the value in use for the purposes of any impairment testing of intangible assets, including goodwill, which do not independently generate cash flows, but only in conjunction with other business assets, requires that these assets first be attributed to operating units that are relatively autonomous in the business context (from the points of view of independent cash flows generated and of internal planning and reporting). These operating units are defined as Cash Generating Units (CGU).

Goodwill recorded in these financial statements, deriving from the separate financial statements of the Bank, relates to buy-outs of divisions or companies engaged in trading activities or the distribution of financial, banking and insurance products through personal financial advisors. These activities have been fully integrated with FinecoBank's ordinary operations, as a result it is not possible to isolate the contribution of each company/business division from the Bank's overall income; this means that to establish the recoverability of the value of goodwill recognised in the financial statements it is necessary to take account of the Bank’s comprehensive income.

The cash generating unit (CGU) to be considered for the impairment test is therefore the Bank as a whole (including the contribution from the subsidiary Fineco Asset Management DAC, an asset management company incorporated under Irish law, thanks a vertically integrated business model). In view of the specific business model adopted by FinecoBank, which envisages a high level of integration between personal financial advisors and the trading and banking platform, so that the personal financial advisors network is an integral part of the overall offering of the Bank, which includes banking, brokerage and investing services, an allocation of costs/revenues per business units is not considered relevant or meaningful. The Fineco brand and domains purchased during the year 2019 from UniCredit S.p.A. are attributed to the same CGU, following the exit from the related group.

### *Estimating cash flows to determine the value in use of the CGU*

The applicable accounting principles require that the impairment test be carried out by comparing the book value of the CGU to its recoverable value. When the latter proves to be less than the book value, a write-down must be recorded in the financial statements. The recoverable value is the greater of its fair value (net of sales costs) and the related value in use. The recoverable amount of the CGU in this case is the greater of its fair value (net of costs to sell) and the related value in use.

### *Impairment test model*

The calculation of the value in use for the purposes of impairment testing is made using the Discounted Cash Flow (DCF) model. The cash flows are determined by subtracting the annual capital requirement generated by the change in the risk-weighted assets from net profit. This capital requirement is determined by considering the long-term capitalisation to be achieved, also in light of the minimum regulatory capital requirements.

# Part B – Balance sheet

### ***Cash flows***

The discounted cash flow model used is based on future cash flows estimated by management in four steps:

- year 2023, in which the budget figures were considered (submitted for approval by the Board of Directors on January 23rd, 2023);
- years 2024-2025, which considers the financial forecasts approved by the Board of Directors on January 23rd, 2023;
- intermediate period of five years from 2026 to 2030, for which the forecasts of the financial flows are projected by applying beginning in the last explicit estimate period (2025) rates of growth decreasing up to 2% to the terminal value (TV);
- terminal value calculated using a nominal growth rate of 2%. The average Eurozone actual GDP rate from 2010 to 2021 was 2.8% (of which 1.5% due to inflation).

### ***Discount rates of cash flows***

Future financial flows were discounted using a conservative estimate of the discount rate, incorporating the risk factors linked to the business sector into the cost of equity (Ke). The discount rate is a nominal rate, net of taxes.

In particular, the cost of capital for the Bank is the sum of the following:

- Risk-free rate: the daily average at 3 months of the 10-year Btp (equal to 3.97%);
- Equity Risk Premium - ERP (Beta * Market Risk Premium): calculated using the value of 6.20% as a premium for the risk offered by the stock market compared to the risk-free investment (Rm-Rf) and as Beta (coefficient that links the performance of the stock to that of the stock market) the 5-year daily average of the Fineco share compared to FTSEMIB and SXXP indices.

The cost of capital in 2025 is calculated considering the average expected return of the 10-year BTP expected in 2023 as risk free (3-months average, equal to 3.95%); the ERP is instead kept the same as that calculated for 2023. The 2025 cost of capital is then maintained steady until the TV.

### ***Impairment test results***

The methodology for calculating the value in use described above (model, assumptions and parameters used) was approved by the Board of Directors on December 15th, 2022. For the impairment testing the carrying amount of the goodwill, brand (including domains) and Shareholders' equity was compared with its value in use calculated using that methodology. The outcome of the tests, approved by the Board of Directors of February 7th, 2023, confirmed the sustainability of the goodwill and the brand recognised in the financial statements as at December 31st, 2022, with the value in use significantly higher than the carrying amount. It should also be noted that in relation to the price of the "FinecoBank" share, a market capitalisation of € 9,469 million as at December 31st, 2022 emerges, significantly higher than the Bank's equity and the result of the model used for the impairment test, which confirms the application of prudent criteria in calculating value in use.

### ***Sensitivity analysis***

Given the complexity of the measurement process and the uncertainty involved in making forecasts on future profitability, especially in the long term, some sensitivity analyses were carried out assuming changes to the main parameters used in the impairment test.

The table below shows the change in the value in use, net of book value of brand and of shareholders' equity, in relation to changes in the main parameters used in the DCF model underlying the impairment test.

| | 1% increase of the discount rate after taxes (KE) | 1% increase of core tier 1 ratio target | 1% decrease of the nominal growth rate for the calculation of terminal value | 5% decrease of annual earnings | Use of core tier 1 ratio as at 12/31/2022 (20.82%*) |
|---|---|---|---|---|---|
| Change of value in use | -10.5% | -0.4% | -6.5% | -5.2% | -2.8% |

* Consolidated Core Tier 1

The results confirm the sustainability of the goodwill recognised in the financial statements, as none of the scenarios hypothesised revealed the need for a write-down, as the value in use, calculated applying those variations, was much higher than the book value.

It should also be noted that the impairment test reaches the break-even assuming changes in the above parameters that are currently unreasonable. The impairment test reached a break-even with an absolute positive change in the discount rate after tax (Ke) of over 32 percentage points, i.e. with a reduction of over 70% of annual earnings (while maintaining all the other parameters and information used unchanged, in both scenarios).

# Part B – Balance sheet

## Section 10 - Tax Assets and Tax Liabilities - Asset item 100 and liability item 60

The item "Tax assets", amounting to € 46,467 thousand as at December 31st, 2022, is exclusively made of "Deferred tax assets", already net of the set-off against "Deferred tax liabilities" for € 3,620 thousand.

The item "Tax liabilities", amounting to € 41,865 thousand at the same date, is exclusively made of "Current tax liabilities", already net of the compensation of IRES and IRAP advances paid during 2022. There are no "Deferred tax liabilities" as they are offset against "Deferred tax assets" for € 3,620 thousand.

### Current Tax Assets and Liabilities

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| Current tax assets | - | - |
| Current tax liabilities | 41,865 | 34,647 |

### Deferred tax assets/liabilities

Deferred tax assets/liabilities are shown in the Balance Sheet net of the related deferred tax liabilities/assets; the detail is as follows:

- "Deferred tax assets" of € 48,161 thousand recognised as a balancing entry in the income statement;
- "Deferred tax assets" of € 1,926 thousand recognised as a balancing entry of shareholders' equity;
- "Deferred tax liabilities" of € 3,024 thousand recognised as a balancing entry in the income statement;
- "Deferred tax liabilities" of € 596 thousand recognised as a balancing entry of shareholders' equity.

In accordance with the law and regulations currently in force:

- the recognition of deferred tax assets for IRES income tax purposes takes into account the expected income figures of the Bank for future years, according to the decisions made by the competent company bodies;
- the recognition of deferred tax assets for IRAP corporate tax purposes takes place on the basis of the Bank's expected income figures for future years, and takes into account changes in the legal context;
- deferred tax liabilities are recognised whenever the relevant requirements are satisfied.

When calculating current and deferred tax assets/liabilities, a 27.5% IRES rate was used (24% standard rate and 3.5% additional rate for banks), as well as IRAP rate of 5.57%.

There are no deferred tax assets/liabilities not recognized in the financial statements in relation to temporary differences. Furthermore, there are no unused tax losses.

### 10.1 Deferred tax assets: breakdown

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **Allocations through profit or loss** | **45,754** | **41,985** |
| - of which Patent Box ex D.L. n.3/2015 | 13,186 | 8,791 |
| - of which Provisions for Risks and Charges | 19,455 | 19,329 |
| - of which Realignment of goodwill art. 110 of D.L. n. 104/2020 | 9,807 | 10,011 |
| - of which Other | 3,306 | 3,854 |
| **Allocations through equity** | **1,926** | **1,048** |
| - of which Revaluation reserve application IAS 19 | - | 1,048 |
| - of which Financial assets at fair value through comprehensive income | 1,926 | - |
| **Impairment losses on receivables (of which pursuant to Law 214/2011)** | **2,407** | **2,772** |
| **Total before IAS 12 offset** | **50,087** | **45,805** |
| Offset against deferred tax liabilities - IAS 12 | (3,620) | (2,851) |
| **Total** | **46,467** | **42,954** |

### 10.2 Deferred tax liabilities: breakdown

(Amounts in € thousand)

| Assets/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **Allocations through profit or loss** | **3,024** | **2,146** |
| - of which Goodwill and Brand | 2,943 | 1,938 |
| - of which Exposures in equity instruments with Voluntary Scheme | - | 151 |
| - of which Other | 81 | 57 |
| **Allocations through equity** | **596** | **705** |
| - of which Revaluation reserve application IAS 19 | 596 | 502 |
| - of which Financial assets at fair value through comprehensive income | - | 203 |
| **Total before IAS 12 offset** | **3,620** | **2,851** |
| Offset against deferred tax assets - IAS 12 | (3,620) | (2,851) |
| **Total** | **-** | **-** |

# Part B – Balance sheet

### 10.3 Changes in deferred tax assets (through profit or loss)

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **44,757** | **31,310** |
| **2. Increases** | **8,416** | **18,623** |
| 2.1 Deferred tax assets recognised in the year | 8,416 | 18,289 |
| a) relating to prior years | - | - |
| b) due to changes in accounting policies | - | - |
| c) write-backs | - | - |
| d) others | 8,416 | 18,289 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | 334 |
| **3. Decreases** | **(5,012)** | **(5,176)** |
| 3.1 Deferred tax assets cancelled in the year | (4,904) | (5,176) |
| a) reversals of temporary differences | (4,904) | (5,176) |
| b) write-downs of non-recoverable items | - | - |
| c) changes in accountable policies | - | - |
| d) others | - | - |
| 3.2 Decreases in tax rates | - | - |
| 3.3 Other decreases: | (108) | - |
| a) conversion of tax credits as per Law 214/2011 | - | - |
| b) others | (108) | - |
| **4. Closing balance** | **48,161** | **44,757** |

Increases in deferred tax assets recognised in the year with contra-entry to the income statement refer, mainly, to the tax benefit related to the Patent Box regime pursuant to Legislative Decree No. 3 of 2015 for the year 2022 and to provisions for risks and charges. Decreases in deferred tax assets recognised during the year with a balancing entry in the income statement refer, mainly, to utilisations or releases of provisions for risks and charges.

### 10.3 bis Changes in deferred tax assets under Law 214/2011

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **2,772** | **3,299** |
| **2. Increases** | **-** | **-** |
| - of which: business combinations | - | - |
| **3. Decreases** | **(365)** | **(527)** |
| 3.1 Reversals | (365) | (527) |
| 3.2 Conversion into tax credits | - | - |
| a) resulting from operating losses | - | - |
| b) resulting from tax losses | - | - |
| 3.3 Other decreases | - | - |
| **4. Closing balance** | **2,407** | **2,772** |

The decreases refer to the deduction of write-downs and losses on loans to customers according to the reabsorption plan provided for by Legislative Decree n. 83 of 2015 as amended by Law no. 145 of 2018 and by Law no. 160 of 2019 and later by Article 42 of Decree Law No. 17 of 2022.

### 10.4 Changes in deferred tax liabilities (through profit or loss)

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **2,146** | **26,075** |
| **2. Increases** | **1,029** | **900** |
| 2.1 Deferred tax liabilities arising during the year | 946 | 900 |
| a) relating to prior years | - | - |
| b) due to changes in accounting policies | - | - |
| c) others | 946 | 900 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | 83 | - |
| **3. Decreases** | **(151)** | **(24,829)** |
| 3.1 Deferred tax liabilities de-recognised during the year | (151) | (24,829) |
| a) reversals of temporary differences | (151) | (24,829) |
| b) due to changes in accounting policies | - | - |
| c) others | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases | - | - |
| **4. Closing balance** | **3,024** | **2,146** |

Increases in deferred taxes recognised in the year as a balancing entry in the income statement refer to the recognition of deferred tax liabilities on the amortisation of the brand and goodwill. It should be noted that the decreases recognised in the year 2021 mainly referred to the release to the income statement of pre-existing IRES deferred tax liabilities on goodwill subject to realignment pursuant to Article 110 of Legislative Decree 104/2020.

### 10.5 Changes in deferred tax assets (through equity)

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **1,048** | **835** |
| **2. Increases** | **1,926** | **213** |
| 2.1 Deferred tax assets recognised in the year | 1,926 | 132 |
| a) relating to prior years | - | - |
| b) due to changes in accounting policies | - | - |
| c) others | 1,926 | 132 |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | 81 |
| **3. Decreases** | **(1,048)** | **-** |
| 3.1 Deferred tax assets cancelled in the year | (1,048) | - |
| a) reversals of temporary differences | (1,048) | - |
| b) write-downs of non-recoverable items | - | - |
| c) due to changes in accounting policies | - | - |
| d) others | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases | - | - |
| **4. Closing balance** | **1,926** | **1,048** |

Increases in deferred tax assets recognised during the year with contra-entry to equity refer to write-downs on securities classified as “Financial assets at fair value with impact on comprehensive income”. Decreases in deferred tax assets recognised during the year with contra-entry to equity refer to the release of deferred tax assets for actuarial gains recognised in equity within valuation reserves in application of IAS 19 Revised.

# Part B – Balance sheet

### 10.6 Changes in deferred tax liabilities (through equity)

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **1. Opening balance** | **705** | **1,682** |
| **2. Increases** | **94** | **-** |
| 2.1 Deferred tax assets recognised in the year | 94 | - |
| a) relating to prior years | - | - |
| b) due to changes in accounting policies | - | - |
| c) others | 94 | - |
| 2.2 New taxes or increases in tax rates | - | - |
| 2.3 Other increases | - | - |
| **3. Decreases** | **(203)** | **(977)** |
| 3.1 Deferred tax assets cancelled in the year | (203) | (977) |
| a) reversals of temporary differences | (203) | (977) |
| b) write-downs of non-recoverable items | - | - |
| c) due to changes in accounting policies | - | - |
| 3.2 Reduction in tax rates | - | - |
| 3.3 Other decreases: | - | - |
| **4. Other decreases** | **596** | **705** |

Decreases in deferred tax liabilities recognised during the year through equity refer to the write-down of debt securities booked in ”Financial assets at fair value through other comprehensive income” item.

### 10.7 Other information

No information to report.

# Part B – Balance sheet

## Section 11 - Non-current assets and disposal groups classified as held for sale and associated liabilities - Assets item 110 and liabilities item 70

No information to report.

## Section 12 - Other assets - Item 120

### 12.1 Other assets: breakdown

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| Trade receivables according to IFRS15 | 7,896 | 5,397 |
| Tax credits purchased | 1,093,255 | 508,764 |
| Current receivables not related with the provision of financial services | 2,170 | 1,359 |
| Receivables due to disputed items not deriving from lending | 129 | - |
| Improvement and incremental expenses incurred on leasehold assets | 3,691 | 5,236 |
| Definitive items not recognised under other items: | 19,975 | 14,849 |
| - securities and coupons to be settled | 3,589 | 1,435 |
| - other transactions | 16,386 | 13,414 |
| Tax items other than those included in the item "Tax assets": | 295,937 | 352,224 |
| - tax advances | 290,700 | 346,953 |
| - tax credit | 5,237 | 5,271 |
| Items awaiting settlement | 4,153 | 6,480 |
| Items in processing | 7,753 | 5,900 |
| - POS, bancomat and Visa debit | 7,749 | 5,897 |
| - Others | 4 | 3 |
| Items in transit not allocated to relevant accounts | 1 | 4 |
| Accrued income and prepaid expenses other than those related to contracts with customers and other than capitalised in related financial assets or liabilities | 16,549 | 12,931 |
| Accrued income and prepaid expenses related to contracts with customers other than capitalised in related financial assets or liabilities | 80,407 | 79,566 |
| **Total** | **1,531,916** | **992,710** |

Tax credits purchased include the carrying amount of tax credits purchased during 2021 under Decree-Law 34/2020. They include both the tax credits acquired following their transfer by the direct beneficiaries and those acquired following their transfer by previous purchasers.

It should be noted that among the Tax Credits pursuant to Article 121 of Law Decree 34/2020 acquired by FinecoBank on the secondary market, for a total amount of € 393,021 thousand, there are also credits that have been subject to preventive seizure in criminal proceedings, for a total amount of € 45,294 thousand. Given the Bank's total extraneousness to the facts under investigation, in these Financial Statements the aforesaid receivables have remained recognised as tax credits (item "Tax credits acquired"), in light of the principle according to which, where it is found that the assigning taxpayer had no right to deduction, the assignees are only liable for any use of the tax credit in an irregular manner or to an extent greater than the tax credit received (paragraph 6 of Art. 121 cited above) or in the event of complicity with fraud or gross negligence, the latter being excluded in the event of the acquisition of all the prescribed documentation (see paragraph 6-bis inserted in Article 121 of LD 34/2020 by Decree-Law No. 11 of February 16th, 2023). In this regard, it should also be noted that: i) since this was a sub-transfer, there was no relationship between FinecoBank and the original beneficiary of the deduction and that, in line with best practice, FinecoBank has put in place a series of in-depth controls, also with the support of specialised companies, so as to prevent any form of liability; (ii) both the clauses and protections included in the contract of assignment of the receivables in question and the rules referred to therein (in particular, Articles 1260 et seq. of the Civil Code) provide adequate protection in favour of FinecoBank, which can claim rights both in terms of the possible termination of the assignment (with the related restitutionary consequences) and in terms of compensation. It should also be noted that, pursuant to Decree-Law No. 4 of January 27th, 2022, converted into Law No. 25 of March 28th,

# Part B – Balance sheet

2022, Article 28-ter, in the event that the tax credits pursuant to Articles 121 and 122 of Decree-Law No. 34 of 2020 cannot be utilised because they are subject to seizure ordered by the judicial authorities, the term for the utilisation of the residual portions at the time of the termination of the seizure is increased by a period equal to the duration of the seizure itself.

The following table "Periodic Change of Accrued Income/Expenses and Prepaid Expenses/Income" discloses the changes incurred in the sub-items "Accrued income and prepaid expenses related to contracts with customers other than capitalised on related financial assets or liabilities" and "Accrued expenses and prepaid income related to contracts with customers other than capitalised on related financial assets or liabilities" reported in the tables "Other assets: breakdown" and "Other liabilities: breakdown" (Section 8 - Liabilities of this Part B of these Notes to the accounts), respectively, as required by the par. 118 of the IFRS15.

## Periodic Change of Accrued Income/Expenses and Prepaid Expenses/Income

(Amounts in € thousand)

| | Accrued income and prepaid expenses 12/31/2022 | Accrued expenses and prepaid income 12/31/2022 |
|---|---|---|
| **Opening balance** | **79,566** | **17,886** |
| **Increases** | **48,807** | **14,802** |
| a) external acquisition | - | - |
| b) cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS 15 Par 118.b) | - | - |
| c) reversal of impairment of a contract asset (IFRS 15 Par 118.c) | 1 | - |
| d) change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS 15 Par 118.d) | - | - |
| e) change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS 15 Par 118.e) | - | - |
| f) other | 48,806 | 14,802 |
| **Decreases** | **(47,966)** | **(13,116)** |
| a) external acquisition | - | - |
| b) cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS 15 Par 118.b) | - | - |
| c) impairment of a contract asset (IFRS 15 Par 118.c) | (212) | - |
| d) change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS 15 Par 118.d) | - | - |
| e) change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS 15 Par 118.e) | - | - |
| f) other | (47,754) | (13,116) |
| **Closing balances** | **80,407** | **19,572** |

The item "Increases f) other" includes the value as at December 31st, 2021 of the accruals that arose in the year 2022. The item "Decreases f) other" includes the reversal to profit and loss, for the portion pertaining to the year 2022, of the accruals existing at December 31st, 2021.

With regard to the disclosure required by paragraph 120 of IFRS15 ("Transaction Price Allocated to Remaining Obligations to Do"), a quantitative disclosure is provided below with a time breakdown (within 1 year and beyond 1 year) of accrued income and deferred expenses from contracts with customers other than those to be capitalised on the relevant financial assets or liabilities.

# Part B – Balance sheet

## Transaction price allocated to the remaining performance obligations

(Amounts in € thousand)

| | Expected duration of performance <=1 year 12/31/2022 | Expected duration of performance >1 year 12/31/2022 |
|---|---|---|
| Unsatisfied (or Partially Unsatisfied) Performance Obligations - Duration - Other Assets (IFRS 15 Par 120a) | 22,686 | - |
| Unsatisfied (or Partially Unsatisfied) Performance Obligations - Duration - Other Liabilities (IFRS 15 Par 120a) | 1,437 | 5,286 |
| **Total** | **24,123** | **5,286** |

The aggregate amount of revenues from services to customers related to the portion of performance obligations not yet satisfied, showed in the table above is equal to € 29,408 thousand. 82% of this amount regards performance obligations expected to be satisfied by the next year-end reporting date.

# Part B – Balance sheet

## Liabilities

### Section 1 - Financial liabilities at amortised cost - Item 10

**1.1 Financial liabilities at amortised cost: product breakdown deposits from banks**

(Amounts in € thousand)

| Transactions type/Amounts | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | Fair Value | | | BV | Fair Value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| **1. Deposits from central banks** | **-** | X | X | X | **1,034,228** | X | X | X |
| **2. Deposits from banks** | **1,677,235** | X | X | X | **190,985** | X | X | X |
| 2.1 Current accounts and demand deposits | 7,812 | X | X | X | 62,800 | X | X | X |
| 2.2 Time deposits | - | X | X | X | - | X | X | X |
| 2.3 Loans | 55,321 | X | X | X | 42,437 | X | X | X |
| 2.3.1 Repos | 55,321 | X | X | X | 42,437 | X | X | X |
| 2.3.2 Other | - | X | X | X | - | X | X | X |
| 2.4 Liabilities relating of commitments to repurchase treasury shares | - | X | X | X | - | X | X | X |
| 2.5 Lease liabilities | 3,691 | X | X | X | 3,910 | X | X | X |
| 2.6 Other liabilities | 1,610,411 | X | X | X | 81,838 | X | X | X |
| **Total** | **1,677,235** | **-** | **-** | **1,677,235** | **1,225,213** | **-** | **1,032,069** | **190,985** |

**Key:**
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Item 2.3.1 "Loans - Repos" does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" in table A.1.6 in Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential - Quantitative information of these notes to the consolidated accounts.

Item 1. "Deposits from central banks" as at December 31st, 2021 only included liquidity received by the Central Bank as part of TLTRO III operations. In particular, it should be noted that FinecoBank participated in the 6th and 7th tranches of the TLTRO III programme for a total amount of € 1,045,000 thousand. On November 23rd, 2022 FinecoBank early repaid both of its TLTRO III program tranches for loans received in December 2020 and March 2021, respectively.

Item 2.6 Other liabilities mainly includes variation margins received for derivative transactions.

Financial liabilities at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph "A.4 – Information on fair value" in Part A - Accounting policies of these notes to the accounts.

# Part B – Balance sheet

### 1.2 Financial liabilities at amortised cost: product breakdown deposits from customers

(Amounts in € thousand)

| Transactions type/Amounts | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | Fair Value | | | BV | Fair Value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| 1. Current accounts and demand deposits | 30,538,691 | X | X | X | 29,518,974 | X | X | X |
| 2. Time deposits | - | X | X | X | 1 | X | X | X |
| 3. Loans | 930,840 | X | X | X | 100,301 | X | X | X |
| 3.1 Repos | 930,840 | X | X | X | 100,301 | X | X | X |
| 3.2 Other | - | X | X | X | - | X | X | X |
| 4. Liabilities relating of commitments to repurchase treasury shares | - | X | X | X | - | X | X | X |
| 5. Lease payables | 57,880 | X | X | X | 60,824 | X | X | X |
| 6. Other liabilities | 152,446 | X | X | X | 155,830 | X | X | X |
| **Total** | **31,679,857** | **-** | **-** | **31,679,857** | **29,835,930** | **-** | **-** | **29,835,930** |

**Key:**
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item 3.1 “Loans – Repos " does not include the technical form of securities lending with collateral consisting of other securities or without collateral. These transactions are shown under "off-balance sheet" transactions in table A.1.7 in Part E - Information on risks and related hedging policies - Section 1 – Credit Risk - Quantitative information of these notes to the accounts.

Financial assets and liabilities may be offset when the company currently has a legal right to offset the amounts recognised in the accounts and intends to settle for the net residual, or realise the asset and settle the liability at the same time, as required by IAS 32.

In addition to complying with IAS 32, the Bank only offsets financial assets and liabilities when:

- the transactions have the same explicit final settlement date;
- the right to set off the amount due to the counterparty against the amount due from the counterparty is legally enforceable in the ordinary course of business and in the event of default, insolvency or bankruptcy;
- either the counterparties intend to settle on a net basis or simultaneously, or the transactions are subject to a settlement mechanism that functionally results in the equivalent of net settlement.

In the table above, repo transactions entered into on the Repo MTS and settled through a Central Counterparty have been shown netted. The effect of netting is shown in table "5. Financial assets subject to accounting offsetting or master netting agreements or similar agreements " and table "6. Financial liabilities subject to accounting offsetting or master netting agreements or similar agreements " in Part B - Balance Sheet Information of these notes to the accounts.

Financial liabilities measured at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph "A.4 – Information on fair value" in Part A - Accounting policies of these notes to the accounts.

# Part B – Balance sheet

## 1.3 Financial liabilities at amortised cost: product breakdown of debt securities in issue

(Amounts in € thousand)

| Type of securities/Values | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | BV | Fair Value | | | BV | Fair Value | | |
| | | L1 | L2 | L3 | | L1 | L2 | L3 |
| **A. Debts securities including bonds** | | | | | | | | |
| 1. bonds | 497,926 | 428,061 | - | - | 497,266 | 489,712 | - | - |
| 1.1 structured | - | - | - | - | - | - | - | - |
| 1,2 other | 497,926 | 428,061 | - | - | 497,266 | 489,712 | - | - |
| 2. other securities | - | - | - | - | - | - | - | - |
| 2.1 structured | - | - | - | - | - | - | - | - |
| 2.2 other | - | - | - | - | - | - | - | - |
| **Total** | **497,926** | **428,061** | **-** | **-** | **497,266** | **489,712** | **-** | **-** |

**Key:**
BV = Book value
L1 = Level 1
L2 = Level 2
L3 = Level 3

Financial liabilities measured at amortised cost are presented on the basis of their fair value and fair value hierarchy for the sole purpose of fulfilling disclosure requirements. For further details, see paragraph "A.4 – Information on fair value" in Part A - Accounting policies of these notes to the accounts.

## 1.4 Breakdown of subordinated deposits/securities

No data to report.

## 1.5 Breakdown of structured deposits/securities

No data to report.

## 1.6 Amounts payable under finance leases

(Amounts in € thousand)

| Items/Time buckets | Up to 1 year | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 4 years | Between 4 and 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| **Lease liabilities** | **10,758** | **10,492** | **9,807** | **7,509** | **6,615** | **16,390** |
| - Lease liabilities - Banks | 386 | 408 | 418 | 427 | 437 | 1,615 |
| - Lease liabilities - Customers | 10,372 | 10,084 | 9,389 | 7,082 | 6,178 | 14,775 |

The amount of cash flows for leasing paid during 2022 is equal to € 11,635 thousand.

# Part B – Balance sheet

## Section 2 - Financial liabilities held for trading - Item 20

### 2.1 Financial liabilities held for trading: product breakdown

(Amounts in € thousand)

| Transactions type/Amounts | Total 12/31/2022 | | | | | Total 12/31/2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | NA | Fair Value | | | Fair Value * | NA | Fair Value | | | Fair Value * |
| | | L1 | L2 | L3 | | | L1 | L2 | L3 | |
| **A. Cash liabilities** | | | | | | | | | | |
| 1. Deposits from banks | - | - | - | - | - | - | - | - | - | - |
| 2. Deposits from customers | 593 | 396 | - | 3 | 399 | 589 | 272 | - | - | 272 |
| 3. Debt securities | - | - | - | - | X | - | - | - | - | X |
| 3.1 Bonds | - | - | - | - | X | - | - | - | - | X |
| 3.1.1 Structured | - | - | - | - | X | - | - | - | - | X |
| 3.1.2 Other bonds | - | - | - | - | X | - | - | - | - | X |
| 3.2 Other securities | - | - | - | - | X | - | - | - | - | X |
| 3.2.1 Structured | - | - | - | - | X | - | - | - | - | X |
| 3.2.2 Others | - | - | - | - | X | - | - | - | - | X |
| **Total (A)** | **593** | **396** | **-** | **3** | **399** | **589** | **272** | **-** | **-** | **272** |
| **B. Derivatives** | | | | | | | | | | |
| 1. Financial derivatives | X | 2,788 | 1,387 | - | X | X | 2,214 | 1,931 | - | X |
| 1.1 Trading derivatives | X | 2,788 | 1,387 | - | X | X | 2,214 | 1,931 | - | X |
| 1.2 Related to the fair value option | X | - | - | - | X | X | - | - | - | X |
| 1.3 Other | X | - | - | - | X | X | - | - | - | X |
| 2. Credits derivatives | X | - | - | - | X | X | - | - | - | X |
| 2.1 Trading derivatives | X | - | - | - | X | X | - | - | - | X |
| 2.2 Linked to fair value option | X | - | - | - | X | X | - | - | - | X |
| 2.3 Other | X | - | - | - | X | X | - | - | - | X |
| **Total (B)** | **X** | **2,788** | **1,387** | **-** | **X** | **X** | **2,214** | **1,931** | **-** | **X** |
| **Total (A+B)** | **X** | **3,184** | **1,387** | **3** | **X** | **X** | **2,486** | **1,931** | **-** | **X** |

**Key**
NA = Nominal or Notional amount
L1 = Level 1
L2 = Level 2
L3 = Level 3
FV* = Fair value calculated excluding the changes in value due to the change in the issuer's credit rating since the issue date

Financial derivatives include the negative valuation of CFD contracts, Knock Out Options and Certificates issued, as well as derivative contracts regulated or entered into with institutional counterparties used for management hedging of the aforementioned derivative contracts, for a total amount of € 1,784 thousand (€ 2,214 thousand as at December 31st, 2021).

Sub-item B.1.1 "Derivative instruments - Trading financial derivatives" also includes the negative valuations of spot contracts for securities that meets the definition of held for trading and currencies to be settled in times established by market practices ("regular way"), for a total amount of € 2,391 thousand (€ 1,931 thousand as at December 31st, 2021).

### 2.2 Breakdown of "Financial liabilities held for trading": subordinated liabilities

No data to report.

# Part B – Balance sheet

### 2.3 Breakdown of “Financial liabilities held for trading”: structured debts

No data to report.

## Section 3 - Financial liabilities designated at fair value - Item 30

No data to report.

## Section 4 - Hedging derivatives - Item 40

### 4.1 Hedging derivatives: breakdown by type of hedge and by level

(Amounts in € thousand)

| | Fair value 12/31/2022 | | | NA | Fair value 12/31/2021 | | | NA |
|---|---|---|---|---|---|---|---|---|
| | L1 | L2 | L3 | 12/31/2022 | L1 | L2 | L3 | 12/31/2021 |
| **A. Financial derivatives** | **-** | **63,752** | **-** | **3,420,000** | **-** | **57,313** | **-** | **2,638,780** |
| 1) Fair value | - | 63,752 | - | 3,420,000 | - | 57,313 | - | 2,638,780 |
| 2) Cash flows | - | - | - | - | - | - | - | - |
| 3) Net investment in foreign subsidiaries | - | - | - | - | - | - | - | - |
| **B. Credit derivatives** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1) Fair value | - | - | - | - | - | - | - | - |
| 2) Cash flows | - | - | - | - | - | - | - | - |
| **Total** | **-** | **63,752** | **-** | **3,420,000** | **-** | **57,313** | **-** | **2,638,780** |

**Key**:
NA = notional amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

# Part B – Balance sheet

### 4.2 Hedging derivatives: breakdown by hedged assets and risk

(Amounts in € thousand)

| Transactions/Type of hedge | Fair Value | | | | | | | Cash flow | | Net investment in foreign subsidiaries |
|---|---|---|---|---|---|---|---|---|---|---|
| | Micro | | | | | | Macro | Micro | Macro | |
| | Debt securities and interest rates | Equities and equity index | Currencies and gold | Credit | Commodity | Others | | | | |
| 1. Financial assets at fair value through other comprehensive income | - | - | - | - | X | X | X | - | X | X |
| 2. Financial assets at ammortised cost | 403 | X | - | - | X | X | X | - | X | X |
| 3. Portfolio | X | X | X | X | X | X | - | X | - | X |
| 4. Other transactions | - | - | - | - | - | - | X | - | X | - |
| **Total assets** | **403** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1. Financial liabilities | - | X | - | - | - | - | X | - | X | X |
| 2. Portfolio | X | X | X | X | X | X | 63,349 | X | - | X |
| **Total liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | **63,349** | **-** | **-** | **-** |
| 1. Expected transactions | X | X | X | X | X | X | X | - | X | X |
| 2. Financial assets and liabilities Portfolio | X | X | X | X | X | X | - | X | - | - |

## Section 5 – Changes in fair value of portfolio hedged financial liabilities - Item 50

### 5.1 5.1 Changes to macro-hedged financial liabilities

(Amounts in € thousand)

| Adjustments to the value of hedged liabilities/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| 1. Positive changes to financial liabilities | - | 7,950 |
| 2. Negative changes to financial liabilities | (66,932) | - |
| **Total** | **(66,932)** | **7,950** |

## Section 6 – Tax liabilities – Item 60

See section 10 of assets.

## Section 7 – Liabilities included in disposal groups classified as held for sale – Item 70

See section 11 of assets.

# Part B – Balance sheet

## Section 8 – Other liabilities – Item 80

### 8.1 Other liabilities: breakdown

(Amounts in € thousand)

| Items/Amounts | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| Payables to Directors and Statutory auditors | 159 | 183 |
| Payables to employees | 12,947 | 12,850 |
| Social security contributions payable | 7,717 | 7,818 |
| Current payables not related to the provision of financial services | 37,688 | 29,826 |
| Payables for share-based payments | - | 35 |
| Definitive items not recognised under other items: | 45,954 | 51,354 |
| - securities and coupons to be settled | 10,318 | 11,535 |
| - payment authorisations | 24,480 | 27,339 |
| - other items | 11,156 | 12,480 |
| Tax items other than those included in the item "Tax liabilities": | 55,977 | 102,028 |
| - sums withheld from third parties as withholding agent | 31,631 | 54,332 |
| - other | 24,346 | 47,696 |
| Illiquid items for portfolio transactions | 2,017 | 15,407 |
| Items awaiting settlement: | 130,091 | 88,879 |
| - outgoing bank transfers | 115,172 | 88,851 |
| - POS and ATM cards | 14,919 | 28 |
| Items in processing: | 880 | 1,018 |
| - incoming bank transfers | 808 | 986 |
| - other items in processing | 72 | 32 |
| Accrued expenses and deferred income other than those related to contracts with customers and other than capitalised on the related financial assets or liabilities | 275 | 361 |
| Deferred income related to contracts with customers other than those capitalised on the related financial assets or liabilities | 19,572 | 17,886 |
| Sums available to be paid to customers | 11,715 | 8,758 |
| **Total** | **324,992** | **336,403** |

# Part B – Balance sheet

## Section 9 - Provisions for employee severance pay - Item 90

### 9.1 Provisions for employee severance pay: annual changes

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **A. Opening balance** | **5,033** | **4,924** |
| **B. Increases** | **49** | **163** |
| B.1 Provision of the year | 49 | 32 |
| B.2 Other increases | - | 131 |
| **C. Decreases** | **(1,140)** | **(54)** |
| C.1 Severance payments | (43) | (54) |
| C.2 Other decreases | (1,097) | - |
| **D. Closing balance** | **3,942** | **5,033** |
| **Total** | **3,942** | **5,033** |

Item C.2 Other changes includes the reduction in staff severance pay as a result of the actuarial valuation, performed in accordance with IAS 19 Revised, recognised as an offsetting entry to valuation reserves.

### 9.2 Other information

The "TFR" provision for Italy-based employee benefits is considered to be a "post-retirement defined benefit". It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using the unit credit projection method (see Part A.2 - The Main Items of the Accounts).

The Provision for employee severance pay covers the amount of the rights accrued in that respect up to December 31, 2022 by employees, under current legal regulations, as well as national collective bargaining agreements and supplementary company agreements.

The current year was affected by the normal events referable to the severance indemnity fund in accordance with the provisions of the law and the company agreements in force.

In 2007, the new supplementary pension reform pursuant to Legislative Decree no. 252/2005 became effective and, as a result the amounts accrued up to December 31st, 2006 were kept with the Company, whilst the amounts of employee severance pay provision accruing as of January 1st, 2007 were transferred to the supplementary pension funds or the INPS Treasury fund according to the option adopted by the employees (within June 30th, 2007). The result is that:

- the employee severance fund accrued up to December 31, 2006 (or until the date of the option - falling between January 1st, 2007 and June 30th, 2007 - adopted by the employees if the they decided to transfer their employee severance pay provision to a supplementary pension fund) continues to be a "defined-benefit" plan and therefore subject to actuarial valuation, although based on simplified actuarial assumptions which no longer take account of estimated future pay rises;
- the amounts accrued from January 1st, 2007 (or from the date of the option - falling between January 1st, 2007 and June 30th, 2007 - by the employees if they decided to transfer their employee severance pay provision to a supplementary pension fund), were considered as a “defined-contribution" plan (as the Company's liability ceases at the time it pays the employee severance pay provision accrued to the pension fund chosen by the employee) and therefore the related cost for the period is equal to the amounts paid to the Supplementary Pension fund or the INPS Treasury fund.

The following table shows the main actuarial assumptions used to remeasure the liability.

| **Description of the main actuarial assumptions** | **12/31/2022** | **12/31/2021** |
|---|---|---|
| Discount rate | 4.10% | 1.00% |
| Expected inflation rate | 2.50% | 1.80% |

# Part B – Balance sheet

(Amounts in € thousand)

| Employee severance pay provision: other information | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **Provisions for the year** | **49** | **32** |
| - Current service cost | - | - |
| - Interest expense on defined benefit obligations | 49 | 32 |
| - Gains and losses on curtailments and settlements | - | - |
| - Past service cost | - | - |
| **Actuarial gains (losses) recognised in revaluation reserves (OCI)** | **(1,097)** | **131** |
| - Actuarial gains (losses) for the year | (61) | 35 |
| - Actuarial gains/losses on demographic assumptions | - | - |
| - Actuarial gains/losses on financial assumptions | (1,036) | 96 |

As required by IAS 19 Revised, a sensitivity analysis was performed to identify how the present value of the obligation changes when the actuarial assumptions deemed most significant change, holding other actuarial assumptions constant. A change of - 25 basis points in the discount rate would increase the liability by € 82 thousand (+2.07%), while an equivalent increase in the rate would decrease the liability by € 79 thousand (-2.01%). A change of -25 basis points in the inflation rate would result in a decrease in the liability of € 48 thousand (-1.23%), while an equivalent increase in the rate would result in an increase in the liability of € 49 thousand (+1.25%).

## Section 10 - Provisions for risks and charges - Item 100

### 10.1 Provisions risk and charges: breakdown

(Amounts in € thousand)

| Items/Components | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| 1. Provisions for credit risk of commitments and financial guarantees given | 36 | 52 |
| 2. Provisions for other commitments and other guarantees given | 38 | - |
| 3. Provisions for retirement payments and similar obligations | - | - |
| 4. Other provisions for risks and charges | 105,291 | 116,704 |
| 4.1 legal and tax disputes | 27,417 | 28,288 |
| 4.2 staff expenses | 6,799 | 5,918 |
| 4.3 other | 71,075 | 82,498 |
| **Total** | **105,365** | **116,756** |

Item 4.1 “legal and tax disputes” mainly includes provisions made to cover complaints and disputes for damage to customers arising from the unlawful behaviour of the Bank's personal financial advisors, provisions relating to pending disputes with personal financial advisors (generally employment-related) and other ongoing court and out-of-court litigation with customers, in relation to normal banking activities, and other parties for € 24,000 thousand (€ 24,552 thousand as at December 31st, 2021) and provisions for tax disputes (penalties and interest) for € 3,417 thousand (€3,736 thousand as at December 31st, 2021). In addition to the costs incurred by the Bank in the event of an unfavourable conclusion of the dispute, this provision includes the estimate of the costs to be paid to legal advisors and any technical consultants and/or experts who assist the Bank in ongoing disputes to the extent that it is believed that they will not be reimbursed by the counterparties. This estimate was determined by the Bank in relation to the ongoing litigation, mainly on the basis of the Forensic Tariffs envisaged by current legislation.

Item 4.2 "staff expenses" includes, mainly, the provisions made for the variable remuneration to be paid to employees in subsequent years, which have an uncertain due date and/or amount.

Item 4.3 “Other” includes the Supplementary customer indemnity provision, of € 68,584 thousand (€ 79,801 thousand as at December 31st, 2021), the Provision for contractual payments, of € 383 thousand (€ 434 thousand as at December 31st, 2021) and other provisions made for risks related to the

# Part B – Balance sheet

Bank's business and operations, of € 2,108 thousand (€ 2,263 thousand as at December 31st, 2021), including, in particular, provisions made for training events for personal financial advisors.

## 10.2 Provisions for risks and charges: annual changes

(Amounts in € thousand)

| | Provisions for other commitments and other guarantees given | Provisions for retirement payments and similar obligations | Other provisions for risks and charges | Total |
|---|---|---|---|---|
| **A. Opening balance** | **-** | **-** | **116,704** | **116,704** |
| **B. Increases** | **38** | **-** | **19,041** | **19,079** |
| B.1 Provisions for the year | 38 | - | 17,743 | 17,781 |
| B.2 Changes due to the passage of time | - | - | 1,036 | 1,036 |
| B.3 Changes due to variations in the discount rate | - | - | 32 | 32 |
| B.4 Other increases | - | - | 230 | 230 |
| **C. Decreases** | **-** | **-** | **(30,454)** | **(30,454)** |
| C.1 Amounts used in the year | - | - | (12,446) | (12,446) |
| C.2 Changes due to variations in the discount rate | - | - | (650) | (650) |
| C.3 Other decreases | - | - | (17,358) | (17,358) |
| **D. Closing balance** | **38** | **-** | **105,291** | **105,329** |

Item B.1 Provisions for the year includes net provisions recognised in the income statement. Item C.1 Utilisation during the year includes only monetary utilisations.

Item C.3 Other changes includes the reduction in the provision for agents' termination indemnity and the contractual indemnity provision as a result of the actuarial valuation, carried out in accordance with IAS 19 Revised, recognised as an offsetting entry to the valuation reserves.

## 10.3 Funds for credit risk related to release financial obligations and warranties

(Amounts in € thousand)

| | Funds for credit risk related to financial obligation and warranties release | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | Total |
| 1. Loan commitments given | 29 | - | 2 | - | 31 |
| 2. Financial guarantees given | 5 | - | - | - | 5 |
| **Total** | **34** | **-** | **2** | **-** | **36** |

## 10.4 Provisions on other commitments and other guarantees given

(Amounts in € thousand)

| Items/Components | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| 1. Other guarantees given | - | - |
| 2. Other commitments | 38 | - |
| **Total** | **38** | **-** |

## 10.5 Pensions and other post-retirement defined-benefit obligations

No data to report.

### 10.6 Provisions for risks and charges - other provisions

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| **Legal and fiscal disputes** | **27,417** | **28,288** |
| - Pending cases | 19,661 | 20,635 |
| - Complaints | 4,339 | 3,917 |
| - Tax disputes | 3,417 | 3,736 |
| **Staff expenses** | **6,799** | **5,918** |
| **Others** | **71,075** | **82,498** |
| - Supplementary customer indemnity provision | 68,584 | 79,801 |
| - Provision for contractual payments and payments under non-competition agreements | 383 | 434 |
| - Other provisions | 2,108 | 2,263 |
| **Total provisions for risks and charges - other provisions** | **105,291** | **116,704** |

(Amounts in € thousand)

| Provisions for risks and charges | Total 12/31/2021 | Uses | Transfers and other changes | Actuarial gains (losses) IAS 19R * | Net provisions** | Total 12/31/2022 |
|---|---|---|---|---|---|---|
| **Legal and fiscal disputes** | **28,288** | **(3,258)** | **230** | **-** | **2,157** | **27,417** |
| - Pending cases | 20,635 | (2,886) | 316 | - | 1,596 | 19,661 |
| - Complaints | 3,917 | (326) | (86) | - | 834 | 4,339 |
| - Tax disputes | 3,736 | (46) | - | - | (273) | 3,417 |
| **Staff expenses** | **5,918** | **(5,913)** | **-** | **-** | **6,794** | **6,799** |
| **Others** | **82,498** | **(3,274)** | **-** | **(17,358)** | **9,209** | **71,075** |
| - Supplementary customer indemnity provision | 79,801 | (1,188) | - | (17,302) | 7,273 | 68,584 |
| - Provision for contractual payments and payments under non-competition agreements | 434 | - | - | (56) | 5 | 383 |
| - Other provisions | 2,263 | (2,086) | - | - | 1,931 | 2,108 |
| **Total provisions for risks and charges - other provisions** | **116,704** | **(12,445)** | **230** | **(17,358)** | **18,160** | **105,291** |

* The item " IAS 19R actuarial gains (losses)" includes the actuarial gains (losses) recognised in the item "Revaluation reserves" in application of IAS 19R.

** The item "Net provisions" includes the costs recognised in their own income statement item to better reflect their nature (e.g. "Staff expenses", "Administrative costs" and "Interest expenses and similar charges").

The following table shows the main actuarial assumptions used to measure the liability for the supplementary customer indemnity provision and the provision for contractual payments.

| Description of the main actuarial assumptions | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Discount rate | 4.10% | 1.00% |
| Rate salary increase | 0.00% | 0.00% |

As required by IAS 19 Revised, a sensitivity analysis was conducted aimed at identifying how the present value of the liability changes when the actuarial assumptions considered most significant are changed, while keeping the other actuarial assumptions constant.

With reference to the supplementary customer indemnity provision, a change of -25 basis points in the discount rate would result in an increase in liabilities of € 1,397 thousand (+2.04%); an equivalent increase in the rate, on the other hand, would reduce the liability by € 1,349 thousand (-1.97%). A change of -25 basis points in the salary base would result in a reduction in the liability of € 329 thousand (-0.48%); an equivalent increase in the rate, on the other hand, would result in an increase in liabilities of € 336 thousand (+0.49%).

# Part B – Balance sheet

With reference to the provision for contractual payments, a change of -25 basis points in the discount rate would result in an increase in liabilities of € 3 thousand (+1.55%); an equivalent increase in the rate, on the other hand, would reduce the liability by € 3 thousand (-1.51%). A change of +/-25 basis points in the salary base would not entail any significant change in the liability.

In addition, for the other provisions recognised in the financial statements on the basis of IAS 37, where the effect of the time value of money is significant (generally when payment is to be made more than 18 months from recognition), the amount of the provision should be the present value of the best estimate of the cost required to settle the obligation. The discount rate used reflects the current market assessments. As at December 31, 2022 an analysis was conducted to assess the impact on the provision on “Legal and fiscal disputes' and “Other provisions” (with the exception of the supplementary customer indemnity and contractual payment, for which the relating sensitivity analyses have been described above) is made of a variation of +/- 25 basis points in the discount rate and no significant impacts were found.

The **Provision for legal disputes** includes provisions made to cover complaints and disputes for damage to customers arising from the unlawful behaviour of the Bank's personal financial advisors, provisions relating to pending disputes with personal financial advisors (generally employment-related) and other ongoing court and out-of-court litigation with customers, in relation to normal banking activities, and other parties. In addition to the costs incurred by the Bank in the event of an unfavourable conclusion of the dispute, this provision includes the estimate of the costs to be paid to legal advisors and any technical consultants and/or experts who assist the Bank in ongoing disputes. This estimate was determined by the Bank in relation to the ongoing litigation, mainly on the basis of the Forensic Tariffs envisaged by current legislation.

The **Supplementary customer indemnity provision** is accrued to cover the amount of severance indemnity to be paid to the PFA network pursuant to art. 1751 of the Italian Civil Code, in the event of termination of the contract for reasons not attributable to the advisor, such as, for example, when reaching retirement age. The amount of the obligation at the end of the period was assessed with the aid of an independent actuary, in accordance with the provisions of IAS 19.

The **Provision for staff expenses** includes provisions made in relation to the variable remuneration to be paid to employees in subsequent years which have an uncertain due date and amount.

The **Provision for contractual payments and payments under non-competition agreements** is related to a limited number of personal financial advisors; these payments are contractually provided. More specifically, the non-competition agreement is an extension of the loyalty obligation at the end of the employment contract which protects the Bank from competition from former personal financial advisors; contractual payments are a special indemnity that the Bank agrees to pay to personal financial advisors, who opted to transfer the rights and obligations arising from their contract with the Bank to third parties, where these advisors continue to keep an ethical and professional conduct with the Bank after termination of employment, with specific regard to the customer portfolio. The amount of the obligation at the end of the period relating to contractual payments was assessed with the aid of an independent actuary.

The **Provision for tax disputes** is allocated to cover tax demands received from the Italian Revenue Agency following tax audits carried out on the Bank over the years, in relation to which the Bank considers it has calculated the tax correctly and legitimately and has therefore submitted an appeal at various levels of proceedings. The above mentioned provision for risks and charges include the allocations for fines and interest for the additional tax being contested and requested by the Tax Authorities through tax bills or payment notices paid and for the estimated amount of legal expenses to be incurred in the various proceedings.

For more details, see Part E – Information on risks and hedging policies – Section 1.5 – Operational risk – paragraph "Risks arising from tax disputes and audits" of these notes to the accounts.

The **Other Provisions** are mainly allocated to cover the risks related to the business and operations of the Bank, including, in particular, provisions for training events for financial advisors.

## Section 11 - Redeemable shares - Item 120

No data to report.

# Part B – Balance sheet

## Section 12 - Shareholders' equity - Items 110, 130, 140, 150, 160, 170 and 180

### 12.1 "Share capital" and "Treasury shares": breakdown

As at December 31st, 2022, share capital came to € 201,340 thousand, comprising 610,119,860 ordinary shares with a par value of € 0.33 each.

As at December 31st, 2022, the Bank held in the portfolio 136,479 FinecoBank ordinary shares, in order to execute the PFA incentive plans of the Bank, corresponding to 0.02% of the share capital, for an amount of € 1,714 thousand. During 2022 n. 59,800 shares, for an amount of € 850 thousand, were purchased in relation to the "2021 PFA Incentive System" for personal financial advisors identified as "Key personnel" and n. 5,527, n. 3,435, n. 8,227 and n. 28,998 FinecoBank ordinary shares held in the portfolio were assigned to personal financial advisors respectively in execution to the "2017 PFA Incentive System", "2018 PFA Incentive System", "2019 PFA Incentive System" and "2020 PFA Incentive System" , for an amount of € 576 thousand.

The Board of Directors of FinecoBank on February 9th, 2022, considering the positive result of the verification of the minimum conditions of access at the Group level and the individual ones (behavior compliance and continuous employment), as well as the favourable opinion of the Remuneration Committee meeting on February 7th, 2022, approved

- the allocation:
  - of the fourth share tranche of the 2016 plan, awarded in 2017, corresponding to 30,406 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 12nd, 2016;
  - of the third share tranche of the 2017 plan, granted in 2018, corresponding to 28,457 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 9th, 2017;
  - of the second share tranche of the 2018 plan and the third share tranche of the severance agreed in 2018 for a key executive, granted in 2019, corresponding to a total of 42,049 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 10th, 2018;
  - of the second share tranche of the 2019 plan, granted in 2020, corresponding to 1,127 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 10th, 2019;
  - of the first share tranche of the 2020 plan, granted in 2021, corresponding to 65,749 free ordinary shares, consistent with the maximum amount approved by the Board of Directors on January 15th, 2020

  and, consequently, a bonus share capital increase in the total amount of € 55,370.04 corresponding to a total of 167,788 FinecoBank ordinary shares with a par value of € 0.33 each (having the same characteristics as those outstanding, regular dividend entitlement) effective March 31st, 2022, in partial exercise of the authority granted to the Board of Directors by the Extraordinary Shareholders' Meetings of April 11th, 2017, April 11th, 2018, April 10th, 2019 and April 28th, 2020 pursuant to Article 2443 of the Civil Code. The dilution effect resulting from the above free capital increases is quantified as 0.03% of fully diluted capital;
- the allocation of the second tranche in shares of the Plan, granted in 2018 and corresponding to 52,302 free ordinary FinecoBank shares, and, consequently, a free share capital increase in the total amount of € 17,259.66 effective March 31st, 2022 in partial exercise of the delegation of authority to the Board of Directors granted by the Extraordinary Shareholders' Meeting of April 11th, 2018 pursuant to Article 2443 of the Civil Code.

In view of the above capital increases, the reserves from allocation of profit from previous years were reduced accordingly.

(Amounts in € thousand)

| | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|
| Share capital | 201,340 | 201,267 |
| Share premium reserve | 1,934 | 1,934 |
| Reserves | 750,045 | 634,146 |
| (Treasury shares) | (1,714) | (1,440) |
| Revaluation reserves | 2,121 | (5,877) |
| Equity instruments | 500,000 | 500,000 |
| Net Profit (Loss) for the year | 421,985 | 368,601 |
| **Total** | **1,875,711** | **1,698,633** |

# Part B – Balance sheet

### 12.2 Share capital - Number of shares: annual changes

(Amounts in € thousand)

| Items/Type | Ordinary | Others |
|---|---|---|
| **A. Shares outstanding at the beginning of the year** | **609,776,904** | **-** |
| - fully paid | 609,899,770 | - |
| - not fully paid | - | - |
| A.1 treasury shares (-) | (122,866) | - |
| **A.2 Shares outstanding: Opening balance** | **609,776,904** | **-** |
| **B. Increases** | **266,277** | **-** |
| B.1 New issues | 220,090 | - |
| - against payment: | - | - |
| - business combination | - | - |
| - bonds converted | - | - |
| - warrants exercised | - | - |
| - others | - | - |
| - free: | 220,090 | - |
| - to employees | 211,819 | - |
| - to directors | - | - |
| - others | 8,271 | - |
| B.2 Sales of treasury shares | - | - |
| B.3 Other changes | 46,187 | - |
| **C. Decreases** | **(59,800)** | **-** |
| C.1 Cancellation | - | - |
| C.2 Purchase of treasury shares | (59,800) | - |
| C.3 Business tranferred | - | - |
| C.4 Other changes | - | - |
| **D. Shares outstanding: closing balance** | **609,983,381** | **-** |
| D.1 Treasury shares (+) | 136,479 | - |
| D.2 Shares outstanding at the end of the year | 610,119,860 | - |
| - fully paid | 610,119,860 | - |
| - not fully paid | - | - |

The item B.3 “Other changes” reports the shares allocated to the personal financial advisors under the stock granting plans “2017 PFA Plan”, “2018 PFA Plan”, “2019 PFA Plan” and “2020 PFA Plan", for FinecoBank’s Personal Financial Advisors and Network Managers.

### 12.3 Share capital: other information

The shares are not subject to any right, privilege or constraint; there are no shares reserved for issue under option and sales contracts.

### 12.4 Reserves from allocation of profit from previous years: other information

The reserves from profits consist of the:

- Legal reserve, amounting to € 40,268 thousand;
- Reserve for treasury shares held, amounting to € 1,714 thousand;
- Reserves of unavailable profits pursuant to article 6 paragraph 2 of Legislative Decree 38/2005, for an amount equal to € 1,493 thousand;
- Other retained earnings, in the amount of € 675,023 thousand, of which € 86,354 thousand subject to a taxability restriction in the event of distribution, allocated as a result of the tax realignment of goodwill provided for by Article 110 of Legislative Decree 104 of 2020.

# Part B – Balance sheet

As previously mentioned in para. 12.1 "Share capital and Treasury shares: breakdown", the Board of Directors of FinecoBank held on February 9, 2022 approved execution of the incentive/loyalty systems with a consequent increase in share capital, against with the reserves from profits have been reduced, extraordinary reserves in particular, for an amount of € 73 thousand. The same reserve was also used for the payment of costs directly attributable to the aforementioned capital increase operations, for an amount of € 7 thousand net of the related taxes.

As previously mentioned in para. 12.1 "Share capital and Treasury shares: breakdown", during 2022 n. 59,800 shares, for an amount of € 850 thousand, were purchased in relation to the "2021 PFA Incentive System" for personal financial advisors identified as "Key personnel" and n. 5,527, n. 3,435, n. 8,227 and n. 28,998 FinecoBank ordinary shares held in the portfolio were assigned to personal financial advisors respectively in execution to the "2017 PFA Incentive System", "2018 PFA Incentive System", "2019 PFA Incentive System" and "2020 PFA Incentive System" , for an amount of € 576 thousand. Consequently, the Reserve for treasury shares increased by a total of € 274 thousand, with a simultaneous reduction in the Extraordinary reserve.

The FinecoBank Shareholders' Meeting of April 28, 2022 approved the allocation of profit for the year 2021 of FinecoBank S.p.A. amounting to € 368,601 thousand, as follows:

- to the 610,119,860 ordinary shares with a par value of € 0.33, constituting the share capital including 220,090 shares related to the capital increase to support the employee incentive system approved by the Board of Directors on February 9, 2022, a unit dividend of € 0.39 totaling € 237,947 thousand;
- € 15 thousand to the Legal reserve, corresponding to 0.004% of the profit for the year, having reached the limit of a fifth of the share capital;
- € 130,640 thousand to the extraordinary reserves.

The portion of dividends not distributed in respect of the Bank's treasury shares held on the record date, amounting to € 53 thousand, was turned over to the Extraordinary Reserves.

During 2022, Extraordinary Reserves were used for the payment of the Additional Tier 1's coupons issued by the Bank on January 31st, 2018, for € 6,989 thousand net of the related taxation, and for the payment of transaction costs directly attributable to the issue and of the coupon of the Additional Tier 1 issued on July 11th, 2019, for an amount of € 12,778 thousand net of the related taxation.

Lastly, it should be recalled that, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree No. 38/2005, a portion of the profits for the year corresponding to the capital gains recorded in the income statement, net of the related tax charge and other than those attributable to trading financial instruments and foreign exchange and hedging operations, which result from the application of the fair value or equity criterion, must be recorded in a reserve that is unavailable. This reserve has been released and allocated to Extraordinary reserve in the amount of € 4,153 thousand, corresponding to the change in capital gains, including due to realization, recognized in 2021.

### *Information on the availability and distribution of shareholders' equity*

In accordance with art. 2427, paragraph 7-bis of the Italian Civil Code, and according to document no. 1 issued by the Italian Accounting Body on October 25, 2004, a detailed description of equity items is provided below, with a breakdown in terms of availability, eligibility for distribution and use in the last three years.

(Amounts in € thousand)

| Type/description | Amount | Possibile use | Amount available | | Summary of the amounts used in the past three years | |
|---|---|---|---|---|---|---|
| | | | | | To cover losses | For other reasons |
| **Share capital** | 201,340 | | | | | |
| **Equity instruments** | 500,000 | | | | | |
| **Share premium reserve** | 1,934 | A, B, C | 1,934 | (1) | | |
| **Reserves:** | | | | | | |
| Legal reserve | 40,268 | B | 40,268 | | | |
| Extraordinary reserve | 578,786 | A, B, C | 578,786 | | | 381,735* |
| Extraordinary reserve in suspension of taxation | 86,354 | A, B | 86,354 | (2) | | |
| Reserve related to equity-settled plans | 41,431 | A, B, C | 23,992 | | | 13,921 |
| Reserve for treasury shares | 1,714 | | | | | |
| Reserves of unavailable profits (art. 6 para. 2 of Legislative Decree 38/2005) | 1,493 | B | 1,493 | (3) | | |
| **Revaluation reserves:** | | | | | | |
| Revaluation reserves for financial assets at fair value through comprehensive income | (3,898) | | | (4) | | |
| Revaluation reserves for actuarial gains (losses) from defined benefit plans | 6,021 | | | | | |
| Revaluation reserve: amount of revaluation reserves pertaining to equity method investments | (1) | | | | | |
| **TOTAL** | **1,445,442** | | **732,827** | | | |
| Undistributable amount | | | 128,115 | | | |
| Distributable amount | | | 604,712 | | | |

**Key:**
A: for capital increase.
B: to cover losses.
C: for distribution to shareholders.

**Note**:
(1) Pursuant to Article 2431 of the Civil Code, the sum total of this reserve may be distributed only on condition that the legal reserve has reached the limit set in Article 2430 of the Civil Code.
(2) The reserve, in the amount of €86,354,000, is subject to a taxability restriction in the event of distribution, as a result of the tax realignment of goodwill under Article 110 of Legislative Decree 104 of 2020.The reserve, amounting to €86,354 thousand, is subject to a taxability restriction in the event of distribution, following the tax realignment of goodwill provided for by Article 110 of Legislative Decree 104 of 2020.
(3) The reserve can be used to cover losses for the year only after using the available profit reserves and the legal reserve as established by Article 6 of Legislative Decree 38/05. In this case it is replenished by setting aside the profits of subsequent years.
(4) The reserve, when positive, is not available pursuant to article 6 of Legislative Decree 38/2005.
* Includes the related utilisations of the "Reserve connected to the medium-long term incentive scheme for FinecoBank's Personnel", established through the "Extraordinary Reserve".

The above table shows that the distributable amount is € 604,712 thousand, corresponding to the reserves in respect of which letter C has been indicated in the column "Possible use". It should be noted that the distributable amount does not include the profit for the 2022 financial year, the allocation of which will be subject to approval by the Shareholders' Meeting of April 27th, 2023.

The uses of the reserves made in the previous three years are shown in detail below.

<u>2019 financial year:</u>

- use of the "Extraordinary reserve" for € 168 thousand for the capital increase of the third tranche of the "2014-2017 Multi-year Plan Top Management" plan, of the third tranche of the "Incentive System 2014" plan, of the second tranche of the "Incentive System 2015" plan and of the first tranche of the " Incentive System 2016" plan;
- use of the "Extraordinary reserve" for the payment of the transaction costs directly attributable to the issue and of the coupon of the Additional Tier 1 issued on January 31st, 2018, for € 6,989 thousand net of the related taxation, and the payment of the transaction costs directly attributable to the issue and of the coupon of the Additional Tier 1 issued on July 11th, 2019, for € 1,764 thousand and for € 4,818 thousand, respectively, net of the related taxation;
- use of the "Reserve related to the equity-settled plans" for €6 ,790 thousand following the allocation to the Personal financial advisors and Network Manager of the Bank of FinecoBank ordinary shares held in the portfolio, as part of the second tranche of the stock granting plan "2015-2017 PFA PLAN" and of the first tranche of the "2016 PFA PLAN".

# Part B – Balance sheet

2020 financial year:

- use of the "Extraordinary reserve" for a total of € 211 thousand for the capital increase of the fourth tranche of the "2014-2017 Multi-year Plan Top Management", the fourth tranche of the 2014 Incentive System, the third tranche of the 2015 Incentive System, the second tranche of the 2016 Incentive System the first tranche of the 2017 Incentive System and the first share tranche of the severance agreed in 2018 for a manager with strategic responsibilities, allocated in 2019, as well as the costs directly attributable to the aforementioned capital increase transactions, for an amount of € 15 thousand net of the related taxation;
- use of the "Extraordinary reserve" for the payment of coupons of the Additional Tier 1 financial instrument issued on January 31st, 2018, in the amount of € 6,989 thousand net of related taxes, and of the Additional Tier 1 financial instrument issued on July 11th, 2019, in the amount of € 12,778 thousand net of related taxes;
- use of the "Extraordinary reserve" for € 4,868 thousand to cover the negative reserve arising from the first-time adoption of IFRS 9;
- use of the "Reserve related to equity settled plans" for € 6,561 thousand following the allocation to the Bank's Financial Advisors and Network Managers of ordinary FinecoBank shares held in portfolio, as part of the third tranche of the "2015-2017 PFA PLAN" stock granting plan, the second tranche of the "2016 PFA Incentive System" plan and the first tranche of the "2017 PFA Incentive System" plan.

2021 financial year:

- use of the "Extraordinary reserve" for a total of € 323,247 thousand for the payment of a unit dividend of € 0.53, approved by the Shareholders' Meeting on October 21st, 2021
- use of the "Reserve connected to the medium/long-term incentive scheme for FinecoBank Personnel", established through the "Extraordinary reserve" for a total of € 114 thousand for the capital increase of the fourth tranche of the 2015 Incentive Scheme, the third tranche of the 2016 Incentive Scheme, the second tranche of the 2017 Incentive Scheme, the first tranche of the 2018 Incentive Scheme, of the first tranche of the 2019 Incentive System, of the first tranche of the 2018-2020 Long-Term Incentive Plan reserved for employees and of the second share tranche of the severance agreed in 2018 for an executive with strategic responsibilities, allocated in 2019, as well as the costs directly attributable to the aforementioned capital increase transactions, in the amount of € 6 thousand net of the related taxation;
- utilisation of the "Extraordinary reserve" for the payment of coupons of the Additional Tier 1 financial instrument issued on January 31st, 2018, in the amount of € 6,989 thousand net of the related taxation, and of the Additional Tier 1 financial instrument issued on July 11th, 2019, in the amount of € 12,778 thousand net of the related taxation;
- utilisation of the "Reserve related to Equity settled plans" for € 570 thousand following the allocation to the Bank's Financial Advisors and Network Managers of ordinary FinecoBank shares held in portfolio, as part of the third tranche of the "Incentive System 2016 PFA" plan, the second tranche of the "Incentive System 2017 PFA" plan, the first tranche of the "Incentive System 2018 PFA" plan and the first tranche of the "Incentive System 2019 PFA" plan.

## 12.5 Equity instruments: breakdown and annual changes

Equity instruments includes the following financial instrument:

- Additional Tier 1 issued on January 31st, 2018. The financial instrument is a perpetual private placement[38], issued for a total of € 200 million and entirely subscribed by UniCredit S.p.A. The coupon for the first 5.5 years has been fixed at 4.82%;
- Additional Tier 1 issued on July 11st, 2019. The financial instrument is a perpetual public placement, traded on Euronext Dublin's non-regulated market, Global Exchange Market, notes rating of BB- (S&P Global Ratings), issued for a total of € 300 million. The coupon for the first 5 years has been fixed at 5.875%.

No Equity Instruments were issued during the 2022 financial year.

## 12.6 Other information

No data to report.

[38] Unrated and unlisted

# Part B – Balance sheet

## OTHER INFORMATION

Table "1. Commitments and financial guarantees issued" shows the commitments and guarantees subject to valuation in accordance with IFRS 9. Table "2. Other commitments and other guarantees given" shows the commitments and guarantees that are not subject to measurement according to this standard.

### 1. Commitments and financial guarantees issued (other than those designated at fair value)

(Amounts in € thousand)

| | Nominal value of commitments and financial guarantees given | | | | Total 12/31/2022 | Total 12/31/2021 |
|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired financial assets | | |
| **1. Commitment to supply funds** | **16,081** | **636** | **30** | **-** | **16,747** | **18,222** |
| a) Central Banks | - | - | - | - | - | - |
| b) Public Administration | - | - | - | - | - | - |
| c) Banks | - | - | - | - | - | - |
| d) Other financial companies | 13 | - | - | - | 13 | - |
| e) Non-financial companies | 59 | - | - | - | 59 | 55 |
| f) Families | 16,009 | 636 | 30 | - | 16,675 | 18,167 |
| **2. Financial guarantees issued** | **28,685** | **-** | **-** | **-** | **28,685** | **27,533** |
| a) Central Banks | - | - | - | - | - | - |
| b) Public Administration | - | - | - | - | - | - |
| c) Banks | 17,170 | - | - | - | 17,170 | 17,170 |
| d) Other financial companies | - | - | - | - | - | - |
| e) Non-financial companies | - | - | - | - | - | - |
| f) Families | 11,515 | - | - | - | 11,515 | 10,363 |

The commitments to disburse funds mainly include the commitments to disburse reverse repos.

Financial guarantees given to banks include banks include the guarantees issued in 2012 to the Italian Revenue Agency on request of UniCredit S.p.A., with indefinite duration, for a total amount of € 17,166 thousand (€ 17,166 thousand as at December 31st, 2021).

## 2. Other commitments and other guarantees given

(Amounts in € thousand)

| | Nominal amount Total 12/31/2022 | Nominal amount Total 12/31/2021 |
|---|---|---|
| **1. Other guarantees given** | | |
| of which: impaired | - | - |
| a) Central Banks | - | - |
| b) Governments | - | - |
| c) Banks | - | - |
| d) Other financial companies | - | - |
| e) Non-financial companies | - | - |
| f) Households | - | - |
| **2. Other commitments** | **2,330,931** | **2,031,840** |
| of which: impaired | 101 | 85 |
| a) Central Banks | - | - |
| b) Governments | - | - |
| c) Banks | 2,502 | 1,349 |
| d) Other financial companies | 19,492 | 21,237 |
| e) Non-financial companies | 2,525 | 613 |
| f) Households | 2,306,412 | 2,008,641 |

Other commitments refer to the margins available on revocable credit lines granted to customers and spot sales of securities to be settled in times established by market practices ("regular way")

## 3. Assets given as collateral for own liabilities and commitments

(Amounts in € thousand)

| Portfolios | Amounts 12/31/2022 | Amounts 12/31/2021 |
|---|---|---|
| 1. Financial assets at fair value through profit and loss | 13 | 2 |
| 2. Financial assets at fair value through other comprehensive income | - | - |
| 3. Financial assets at amortized cost | 4,645,362 | 4,611,751 |
| 4. Property, plant and equipment | - | - |
| of which: Property, plant and equipment material assets that constitute inventories | - | - |

Assets given as collateral for own liabilities and commitments shown in the above table refer to:

- debt securities, mainly government bonds, pledged as collateral of repos with the obligation for the buyer to resell the assets covered by the transaction upon expiration of said transaction. The bonds are given as collateral for the entire duration of the transaction;
- debt securities, mainly government bonds, pledged as collateral for bankers' drafts, as guarantee for transactions with the Cassa di Compensazione e Garanzia, to guarantee the operation in foreign markets and/or as guarantee for transactions in derivatives. Securities are used as collateral until the Group decides to stop the transactions for which the collateral or guarantees are granted;
- debt securities issued by UniCredit S.p.A. given as collateral in securities lending transactions carried out with customers. The securities are given as collateral for the entire duration of the transaction.

In addition to the assets depicted in the table above, the Bank recognised variation margins, initial margins and guarantee deposits, including the default fund, in “Financial assets measured at amortised cost” for a total of € 301,434 thousand (€ 257,346 thousand as at December 31st, 2021) in respect of derivative transactions and financial instruments.

# Part B – Balance sheet

## 4. Asset management and trading on behalf of others

(Amounts in € thousand)

| Type of service | Total 12/31/2022 |
|---|---|
| **1. Execution of orders for customers** | **415,616,817** |
| **Securities** | **96,513,540** |
| a) purchases | 50,968,884 |
| 1. settled | 50,440,177 |
| 2. unsettled | 528,707 |
| b) sales | 45,544,656 |
| 1. settled | 45,064,675 |
| 2. unsettled | 479,981 |
| **Derivative contracts** | **319,103,277** |
| a) purchases | 159,618,993 |
| 1. settled | 159,368,808 |
| 2. unsettled | 250,185 |
| b) sales | 159,484,284 |
| 1. settled | 159,265,546 |
| 2. unsettled | 218,738 |
| **2. Segregated accounts** | **-** |
| **3. Custody and administration of securities** | |
| a) third party securities on deposits: relating to custodian bank activities (excluding segregated accounts) | - |
| 1. securities issued by the bank preparing the accounts | - |
| 2. other securities | - |
| b) third party securities held in deposits (excluding segregated accounts): other | 20,877,463 |
| 1. securities issued by the bank preparing the accounts | 3,988 |
| 2. other securities | 20,873,475 |
| c) third-party securities deposited with third parties | 20,877,463 |
| d) own securities deposited with third parties | 25,601,347 |
| **4. Other transactions** | **34,502,859** |
| Order receipt and transmission | 34,502,859 |
| a) purchases | 17,168,986 |
| b) sales | 17,333,873 |

### 5. Financial assets subject to accounting offsetting or master netting agreements or similar agreements

(Amounts in € thousand)

| Type | | Gross amount of financial assets (a) | Amount of financial liabilities offset in the financial statements (B) | Net amount of financial assets shown in the financial statements (c=a-b) | Related amounts not recognised in balance sheet | | Net amounts (f=c-d-e) | Net amount |
|---|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments (d) | Cash deposit received as guarantee (e) | 12/31/2022 | 12/31/2021 |
| 1. Derivatives | | 1,691,642 | - | 1,691,642 | 63,752 | 1,627,890 | - | - |
| 2. Reverse repos | | 2,634,476 | 2,632,369 | 2,107 | 2,107 | - | - | - |
| 3. Securities lending | | 261 | - | 261 | 251 | - | 10 | - |
| 4. Others | | - | - | - | - | - | - | - |
| **Total** | **12/31/2022** | **4,326,379** | **2,632,369** | **1,694,010** | **66,110** | **1,627,890** | **10** | **X** |
| **Total** | **12/31/2021** | **3,068,546** | **3,067,815** | **731** | **222** | **509** | **X** | **-** |

### 6. Financial liabilities subject to accounting offsetting or master netting agreements or similar agreements

(Amounts in € thousand)

| Type | | Gross amount of financial liabilities (a) | Amount of financial assets offset in the financial statements (b) | Net amount of financial liabilities shown in the financial statements (c=a-b) | Related amounts not subject to accounting offsetting | | Net amount (f=c-d-e) | Net amount |
|---|---|---|---|---|---|---|---|---|
| | | | | | Financial instruments (d) | Cash deposit received as guarantee (e) | 12/31/2022 | 12/31/2021 |
| 1. Derivatives | | 63,752 | - | 63,752 | 63,752 | - | - | - |
| 2. Reverse repos | | 3,466,841 | 2,632,369 | 834,472 | 771,479 | - | 62,993 | - |
| 3. Securities lending | | 89,881 | - | 89,881 | 83,326 | - | 6,555 | 3,400 |
| 4. Others | | - | - | - | - | - | - | - |
| **Total** | **12/31/2022** | **3,620,474** | **2,632,369** | **988,105** | **918,557** | **-** | **69,548** | **X** |
| **Total** | **12/31/2021** | **3,143,134** | **3,067,815** | **75,319** | **71,919** | **-** | **X** | **3,400** |

IFRS 7 requires specific disclosures to be made about financial instruments that have been offset in the balance sheet in accordance with IAS 32 or that are potentially eligible for offsetting, if certain conditions are met, but are disclosed in the balance sheet without offsetting because they are governed by master netting or similar agreements that do not meet all of the criteria set out in IAS 32, paragraph 42.

In this regard, it should be noted that FinecoBank enters into repurchase agreements on the Repo MTS market, governed by an agreement with Cassa Compensazione e Garanzia and the related Regulation for the centralised clearing of transactions, which meet the requirements of IAS 32, paragraph 42 for offsetting in the balance sheet. The effects of netting are reported under item 2. Repos.

With regard to instruments that can be potentially offset, upon the occurrence of certain events, FinecoBank uses bilateral netting agreements that allow, in the event of counterparty default, the offsetting of credit and debit positions relating to financial derivatives and SFT (Securities Financing Transactions). In particular, there are ISDA Master Agreements (promoted by the International Swaps and Derivatives Association for derivative transactions), GMRA (Global Master Repurchase Agreement for repurchase agreements) and GMSLA (Global Master Securities Lending Agreement for securities lending transactions). It should also be noted that the derivative contracts included in item 1. Derivatives are subject to clearing with a Central Counterparty and cash collateral is exchanged.

# Part B – Balance sheet

## 7. Securities lending transactions

The Bank conducts securities lending transactions on a continuous and systematic basis, with the objective of satisfying the requests of its customers, of institutional counterparties and obtaining a profit. The Bank operates either as a borrower, borrowing securities from its customers, or as a lender, using the borrowed securities for cash-secured securities lending transactions with retail and institutional customers interested in temporary ownership of securities or lending proprietary securities, without collateral or with collateral represented by other securities, to institutional customers interested in temporary ownership.

Against securities lending transactions guaranteed by other securities carried out by the Bank as a borrower with retail customers ("remunerated Portfolio"), the Bank issued as collateral UniCredit S.p.A. bonds, recorded in “Financial asset at amortised cost”, held in a dedicated dossier at the custodian bank for an amount higher than that of the securities borrowed by the customers, with the aim of providing a collective guarantee.

The face value of the underlying securities received on a loan and not recognised as assets in the accounts totalled € 112,428 thousand, for a fair value of € 147,740 thousand, as detailed in the table below. Securities borrowed under securities lending transactions secured by sums of money at the lender's full disposal, which are equivalent to repurchase agreements on securities, recognised in Financial assets measured at amortised cost, are excluded.

The carrying amount of own securities recognised in Financial assets at amortised cost and delivered in securities lending transactions without collateral or with collateral represented by other securities is € 1,996,552 thousand.

(Amounts in € thousand)

| | Type of securities - Nominal value December 31st, 2022 | | |
|---|---|---|---|
| **Securities received on loan from:** | **Sold** | **Sold in repos** | **Other purposes** |
| Banks | - | - | - |
| Financial companies | - | 8 | - |
| Insurance companies | - | - | - |
| Non-financial companies | - | 672 | 23 |
| Other entities | 566 | 104,828 | 6,331 |
| **Total nominal value** | **566** | **105,508** | **6,354** |

(Amounts in € thousand)

| | Type of securities - Fair value December 31st, 2022 | | |
|---|---|---|---|
| **Securities received on loan from:** | **Sold** | **Sold in repos** | **Other purposes** |
| Banks | - | - | - |
| Financial companies | - | 124 | 28 |
| Insurance companies | - | - | - |
| Non-financial companies | 12 | 2,866 | 348 |
| Other entities | 426 | 128,895 | 15,041 |
| **Total *fair value*** | **438** | **131,885** | **15,417** |

## 8. Disclosure on joint control activities

No data to report.

# Part C - Income statement

## Section 1 - Interest - Items 10 and 20

### 1.1 Interest income and similar revenues: breakdown

(Amounts in € thousand)

| Items/Technical forms | Debt securities | Loans | Other operations | Total 2022 | Total 2021 |
|---|---|---|---|---|---|
| **1. Financial assets at fair value though profit and loss:** | **6** | **-** | **-** | **6** | **4** |
| 1.1 Financial assets held for trading | 1 | - | - | 1 | - |
| 1.2 Financial assets designated at fair value | - | - | - | - | - |
| 1.3 Other financial assets mandatorily at fair value | 5 | - | - | 5 | 4 |
| **2. Financial assets at fair value through other comprehensive income** | **212** | **-** | **X** | **212** | **695** |
| **3. Financial assets at amortised cost:** | **233,413** | **96,995** | **X** | **330,408** | **268,675** |
| 3.1 Loans and receivables with banks | 49,265 | 2,738 | X | 52,003 | 59,558 |
| 3.2 Loans and receivables with customers | 184,148 | 94,257 | X | 278,405 | 209,117 |
| **4. Hedging derivatives** | **X** | **X** | **(5,358)** | **(5,358)** | **(34,309)** |
| **5. Other assets** | **X** | **X** | **19,617** | **19,617** | **2,448** |
| **6. Financial liabilities** | **X** | **X** | **X** | **12,291** | **13,085** |
| **Total** | **233,631** | **96,995** | **14,259** | **357,176** | **250,598** |
| of which: income interests on impaired financial assets | - | 219 | - | 219 | 208 |
| of which: interest income on financial lease | X | - | X | - | - |

The Item 6. "Financial liabilities" also includes the interest accrued on the TLTRO III transaction, for an amount of € 6,478 thousand (€ 10,376 thousand in 2021).

### 1.2 Interest income and similar revenues: other information

#### 1.2.1 Interest income from financial assets denominated in currency

(Amounts in € thousand)

| Items/Type | Total 2022 | Total 2021 |
|---|---|---|
| Interest income on foreign currency financial assets | 14,177 | 9,261 |

# Part C - Income statement

## 1.3 Interest expenses and similar charges: breakdown

(Amounts in € thousand)

| Items/Technical forms | Debts | Securities | Other operations | Total 2022 | Total 2021 |
|---|---|---|---|---|---|
| 1. Financial liabilities at amortized cost | (12,965) | (3,161) | X | (16,126) | (2,255) |
| 1.1 Deposits from central banks | - | X | X | - | - |
| 1.2 Deposits from banks | (5,330) | X | X | (5,330) | (109) |
| 1.3 Deposits from customers | (7,635) | X | X | (7,635) | (1,532) |
| 1.4 Debt securities in issue | X | (3,161) | X | (3,161) | (614) |
| 2. Financial liabilities held for trading | - | - | - | - | - |
| 3. Financial liabilities designated at fair value | - | - | - | - | - |
| 4. Other liabilities and provisions | X | X | - | - | - |
| 5. Hedging derivatives | X | X | - | - | - |
| 6. Financial assets | X | X | X | (3,286) | (4,868) |
| **Totale** | **(12,965)** | **(3,161)** | **-** | **(19,412)** | **(7,123)** |
| of which: interest expenses on lease liabilities | (1,008) | X | X | (1,008) | (971) |

## 1.4 Interest expenses and similar charges: other information

### 1.4.1 Interest expenses on liabilities denominated in currency

(Amounts in € thousand)

| Items/Type | Total 2022 | Total 2021 |
|---|---|---|
| Interest expense on liabilities denominated in currency | (5,295) | (956) |

## 1.5 Hedging differential

(Amounts in € thousand)

| Items | Total 2022 | Total 2021 |
|---|---|---|
| A. Positive hedging differentials | 139,349 | 102,958 |
| B. Negative hedging differentials | (144,707) | (137,267) |
| **C. Balance (A-B)** | **(5,358)** | **(34,309)** |

# Part C - Income statement

## Section 2 – Fees and commissions - Items 40 and 50

### 2.1 Fee and commission income: breakdown

(Amounts in € thousand)

| Type of service/Values | Total 2022 | Total 2021 |
|---|---|---|
| a) Financial instruments | 127,302 | 158,264 |
| 1. Securities placement | 13,859 | 18,273 |
| 1.1 Under firm assumption and/or on the basis of an irrevocable commitment | - | - |
| 1.2 Without firm commitment | 13,859 | 18,273 |
| 2. Receipt and transmission of orders and execution for customers | 88,143 | 116,522 |
| 2.1 Receipt and transmission of orders for one or more financial instruments | 25,748 | 40,666 |
| 2.2 Execution of orders on behalf of customers | 62,395 | 75,856 |
| 3. Other fees connected with activities related to financial instruments | 25,300 | 23,469 |
| of which: trading on own account | 25,300 | 23,469 |
| of which: management of individual portfolios | - | - |
| b) Corporate Finance | - | - |
| 1. Merger and Acquisition Advice | - | - |
| 2. Treasury services | - | - |
| 3. Other fees associated with corporate finance services | - | - |
| c) Investment advisory activities | 72,312 | 76,789 |
| d) Clearing and settlement | - | - |
| e) Custody and administration | 1,539 | 868 |
| 1. Custodian bank | - | - |
| 2. Other fees related to custody and administration | 1,539 | 868 |
| f) Central administrative services for collective portfolio management | - | - |
| g) Trust business | 26 | 30 |
| h) Payment services | 83,482 | 72,598 |
| 1. Current account | 24,999 | 23,490 |
| 2. Credit cards | 32,035 | 27,492 |
| 3. Debit and other payment cards | 15,813 | 13,034 |
| 4. Wire transfers and other payment orders | 10,635 | 8,582 |
| 5. Other fees related to payment services | - | - |
| i) Distribution of third party services | 441,609 | 425,116 |
| 1. Collective portfolio management | 322,239 | 318,133 |
| 2. Insurance products | 115,525 | 103,756 |
| 3. Other products | 3,845 | 3,227 |
| of which: individual portfolio management | 3,615 | 3,227 |
| j) Structured Finance | - | - |
| k) Servicing for securitization transactions | - | - |
| l) Commitments to disburse funds | - | - |
| m) Financial guarantees issued | 87 | 60 |
| of which: credit derivatives | - | - |
| n) Financing operations | 273 | 431 |
| of which: for factoring transactions | - | - |
| o) Currency trading | - | - |
| p) Goods | - | - |
| q) Other commission income | 1,356 | 1,780 |
| of which: for management activities of multilateral trading systems | - | - |
| of which: for management activities of organized trading systems | - | - |
| r) Securities lending transactions | 9,327 | 10,267 |
| **Total** | **737,313** | **746,203** |

The amount of fees and commissions recognized in 2022 that was included in the contract liability balance at the beginning of the year is equal to € 1,372 thousand (€ 1,237 thousand in 2021).

# Part C - Income statement

Lastly, it should be noted that item i) “Distribution of third party services 1. Collective portfolio management" also includes the maintenance commissions for UCITS equal to € 314,138 thousand (€ 310,992 thousand in 2021).

## 2.2 Fee and commission income: distribution channels for products and services

(Amounts in € thousand)

| Channel/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| **b) at own branches:** | **-** | **-** |
| 1. portfolio management | - | - |
| 2. placement of securities | - | - |
| 3. third-party services and products | - | - |
| **b) cold-calling:** | **438,907** | **423,642** |
| 1. portfolio management | - | - |
| 2. placement of securities | 11,812 | 15,198 |
| 3. third-party services and products | 427,095 | 408,444 |
| **c) other distribution channels:** | **16,561** | **19,747** |
| 1. portfolio management | - | - |
| 2. placement of securities | 2,047 | 3,075 |
| 3. third-party services and products | 14,514 | 16,672 |

The fee and commission income described in point (c) "other distribution channels" refer to commissions earned through the online channel and also include fees and commissions collected by product companies and placement and maintenance commissions from the online subscription of units of UCITS and insurance products.

# Part C - Income statement

## 2.3 Fee and commission expenses: breakdown

(Amounts in € thousand)

| Services/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| a) Financial instruments | (10,335) | (9,749) |
| of which: trading of financial instruments | (10,335) | (9,749) |
| of which: placement of financial instruments | - | - |
| of which: management of individual portfolios | - | - |
| - Own | - | - |
| - Delegated to third parties | - | - |
| b) Clearing and settlement | (5,495) | (6,366) |
| c) Custody and administration | (4,287) | (4,428) |
| d) Payment and collection services | (24,036) | (19,860) |
| of which: credit cards, debit cards and other payment cards | (17,296) | (13,362) |
| e) Servicing activities for securitization transactions | - | - |
| f) Commitments to receive funds | - | - |
| g) Financial guarantees received | - | - |
| of which: credit derivatives | - | - |
| h) Off-site offering of financial instruments, products and services | (359,680) | (346,706) |
| i) Currency trading | - | - |
| j) Other commission expenses | (565) | (122) |
| k) securities lending transactions | (1,057) | (1,593) |
| **Total** | **(405,455)** | **(388,824)** |

Item “h) Off-site offering of financial instruments, products and services”, includes costs incurred in relation to Equity Settled plans assigned to personal financial advisors, that are respectively recorded against the item 140. “Reserves” of the net equity for an amount of € 616 thousand (€ 1,076 thousand in 2021).

# Section 3 – Dividend income and similar revenues – Item 70

## 3.1 Dividend income and similar revenues: breakdown

(Amounts in € thousand)

| Items/Income | Total 2022 | | Total 2021 | |
|---|---|---|---|---|
| | Dividends | Similar revenues | Dividends | Similar revenues |
| A. Financial assets held for trading | 164 | 1 | 153 | - |
| B. Other financial assets mandatorily at fair value | 41 | - | 46 | - |
| C. Financial assets at fair value through other comprehensive income | - | - | - | - |
| D. Equity investments | 97,202 | - | 61,574 | - |
| **Total** | **97,407** | **1** | **61,773** | **-** |

Item D. Equity Investments only includes dividends received by Fineco Asset Management DAC.

# Part C - Income statement

## Section 4 – Gains (losses) on financial assets and liabilities held for trading – Item 80

### 4.1 Gains (losses) on financial assets and liabilities held for trading: breakdown

**As at December 31st, 2022**

(Amounts in € thousand)

| Transactions/Income items | Unrealised gain (A) | Realized gains (B) | Unrealized losses (C) | Realized losses (D) | Net profit (loss) [(A+B) - (C+D)] |
|---|---|---|---|---|---|
| **1. Financial assets held for trading** | **240** | **46,117** | **(420)** | **(35,997)** | **9,940** |
| 1.1 Debt securities | - | 2,960 | - | (2,296) | 664 |
| 1.2 Equity instruments | 232 | 42,365 | (419) | (33,033) | 9,145 |
| 1.3 UCITS units | 8 | 792 | (1) | (668) | 131 |
| 1.4 Loans | - | - | - | - | - |
| 1.5 Others | - | - | - | - | - |
| **2. Financial liabilities held for trading** | **4** | **498** | **(5)** | **(365)** | **132** |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Payables | - | - | - | - | - |
| 2.3 Others | 4 | 498 | (5) | (365) | 132 |
| **3. Financial assets and liabilities: exchange differences** | **X** | **X** | **X** | **X** | **19,827** |
| **4. Derivatives** | **8,864** | **246,878** | **(7,399)** | **(204,941)** | **48,069** |
| 4.1 Financial derivatives: | 8,864 | 246,878 | (7,399) | (204,941) | 48,069 |
| - On debt securities and interest rates | 126 | 2,345 | (108) | (2,257) | 106 |
| - On equity securities and share indices | 8,646 | 201,478 | (7,147) | (167,755) | 35,222 |
| - On currency and gold | X | X | X | X | 4,667 |
| - Others | 92 | 43,055 | (144) | (34,929) | 8,074 |
| 4.2 Credit derivatives | - | - | - | - | - |
| of which: natural hedges related to the fair value option | X | X | X | X | - |
| **Total** | **9,108** | **293,493** | **(7,824)** | **(241,303)** | **77,968** |

# Part C - Income statement

### As at December 31st, 2021

(Amounts in € thousand)

| Transactions/Income items | Unrealised gain (A) | Realized gains (B) | Unrealized losses (C) | Realized losses (D) | Net profit (loss) [(A+B) - (C+D)] |
|---|---|---|---|---|---|
| **1. Financial assets held for trading** | **266** | **176,770** | **(328)** | **(163,138)** | **13,570** |
| 1.1 Debt securities | - | 3,810 | - | (3,359) | 451 |
| 1.2 Equity instruments | 266 | 171,739 | (328) | (158,642) | 13,035 |
| 1.3 UCITS units | - | 1,221 | - | (1,137) | 84 |
| 1.4 Loans | - | - | - | - | - |
| 1.5 Others | - | - | - | - | - |
| **2. Financial liabilities held for trading** | **-** | **636** | **(5)** | **(751)** | **(120)** |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Payables | - | - | - | - | - |
| 2.3 Others | - | 636 | (5) | (751) | (120) |
| **3. Financial assets and liabilities: exchange differences** | **X** | **X** | **X** | **X** | **24,597** |
| **4. Derivatives** | **8,767** | **169,878** | **(8,704)** | **(140,816)** | **33,594** |
| 4.1 Financial derivatives: | 8,767 | 169,878 | (8,704) | (140,816) | 33,594 |
| - On debt securities and interest rates | 51 | 717 | (49) | (405) | 314 |
| - On equity securities and share indices | 8,585 | 146,641 | (8,577) | (123,081) | 23,568 |
| - On currency and gold | X | X | X | X | 4,469 |
| - Others | 131 | 22,520 | (78) | (17,330) | 5,243 |
| 4.2 Credit derivatives | - | - | - | - | - |
| of which: natural hedges related to the fair value option | X | X | X | X | - |
| **Total** | **9,033** | **347,284** | **(9,037)** | **(304,705)** | **71,641** |

## Section 5 – Fair value adjustments in hedge accounting – Item 90

### 5.1 Fair value adjustments in hedge accounting: breakdown

(Amounts in € thousand)

| Income items/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| **A. Gains on:** | | |
| A.1 Fair value hedging instruments | 1,619,135 | 274,703 |
| A.2 Hedged asset items (in fair value hedge relationship) | - | - |
| A.3 Hedged liability items (in fair value hedge relationship) | 74,882 | 9,764 |
| A.4 Cash-flow hedging derivatives | - | - |
| A.5 Assets and liabilities denominated in currency | - | - |
| **Total gains on hedging activities (A)** | **1,694,017** | **284,467** |
| **B. Losses on:** | | |
| B.1 Fair value hedging instruments | (74,991) | (9,793) |
| B.2 Financial assets items (in fair value hedge relationship) | (1,606,819) | (272,169) |
| B.3 Hedged liability items (in fair value hedge relationship) | - | - |
| B.4 Cash-flow hedging derivatives | - | - |
| B.5 Assets and liabilities denominated in currency | - | - |
| **Total losses on hedging activities (B)** | **(1,681,810)** | **(281,962)** |
| **C. Fair value adjustments in hedge accounting (A-B)** | **12,207** | **2,505** |
| of which: net profit (loss) on net position | - | - |

# Part C - Income statement

## Section 6 – Gains (Losses) on disposals/repurchases – Item 100

### 6.1 Gains (Losses) on disposals/repurchases: breakdown

(Amounts in € thousand)

| Items/Income items | Total 2022 | | | Total 2021 | | |
|---|---|---|---|---|---|---|
| | Gain | Losses | Net profit (loss) | Gain | Losses | Net profit (loss) |
| **A. Financial assets** | | | | | | |
| 1. Financial assets at amortized cost | 49,137 | (42) | 49,095 | 29,429 | (186) | 29,243 |
| 1.1 Loans and receivables with banks | - | - | - | 9,264 | - | 9,264 |
| 1.2 Loans and receivables with customers | 49,137 | (42) | 49,095 | 20,165 | (186) | 19,979 |
| 2. Financial assets at fair value through other comprehensive income | 309 | - | 309 | 2,898 | - | 2,898 |
| 2.1 Debt securities | 309 | - | 309 | 2,898 | - | 2,898 |
| 2.2 Loans | - | - | - | - | - | - |
| **Total assets (A)** | **49,446** | **(42)** | **49,404** | **32,327** | **(186)** | **32,141** |
| **B. Financial liabilities at amortized cost** | | | | | | |
| 1. Deposits from banks | - | - | - | - | - | - |
| 2. Deposits from customers | - | - | - | - | - | - |
| 3. Debt securities in issue | - | - | - | - | - | - |
| **Total liabilities (B)** | **-** | **-** | **-** | **-** | **-** | **-** |

It should be noted that the economic effects arising from the sales of financial assets measured at amortized cost, recorded under item 100. “Gains (losses) on disposals/repurchases of: a) financial assets at amortised cost", took place in accordance with IFRS 9 and in application of the rules defined for the HTC business model.

# Part C - Income statement

## Section 7 – Gains (losses) on financial assets and liabilities measured at fair value through profit and loss – Item 110

### 7.1 Net change in value of other financial assets and liabilities measured at fair value through profit and loss: breakdown of financial assets and liabilities designated at fair value

No data to report.

### 7.2 Net change in value of other financial assets and liabilities measured at fair value through profit and loss: breakdown of other financial assets mandatorily at fair value

**As at December 31st, 2022**

(Amounts in € thousand)

| Transactions/Income items | Unrealized gain (A) | Realized gain (B) | Unrealized losses (C) | Realized losses (D) | Net Profit (loss) [(A+B) - (C+D)] |
|---|---|---|---|---|---|
| **1. Financial assets** | **2,394** | **21** | **(2,588)** | **(457)** | **(630)** |
| 1.1 Debt securities | - | 1 | (11) | - | (10) |
| 1.2 Equity securities | 2,394 | 20 | (2,577) | (457) | (620) |
| 1.3 UCITS units | - | - | - | - | - |
| 1.4 Loans | - | - | - | - | - |
| **2. Financial assets in currency: exchange differences** | **X** | **X** | **X** | **X** | **302** |
| **Total** | **2,394** | **21** | **(2,588)** | **(457)** | **(328)** |

**As at December 31st, 2021**

(Amounts in € thousand)

| Transactions/Income items | Unrealized gain (A) | Realized gain (B) | Unrealized losses (C) | Realized losses (D) | Net Profit (loss) [(A+B) - (C+D)] |
|---|---|---|---|---|---|
| **1. Financial assets** | **1** | **90** | **(772)** | **(1)** | **(682)** |
| 1.1 Debt securities | - | - | (4) | (1) | (5) |
| 1.2 Equity securities | 1 | 90 | (768) | - | (677) |
| 1.3 UCITS units | - | - | - | - | - |
| 1.4 Loans | - | - | - | - | - |
| **2. Financial assets in currency: exchange differences** | **X** | **X** | **X** | **X** | **636** |
| **Total** | **1** | **90** | **(772)** | **(1)** | **(46)** |

# Part C - Income statement

## Section 8 – Impairment losses/writebacks - Item 130

### 8.1 Net impairment for credit risk related to financial assets at amortized cost: breakdown

(Amounts in € thousand)

| Transactions/Income items | Adjustments (1) | | | | | | Write-backs (2) | | | | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | | Purchased or originated credit-impaired | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | |
| | | | Write-off | Others | Write-off | Others | | | | | | |
| **A. Loans and receivables with banks** | **(309)** | **-** | **-** | **-** | **-** | **-** | **27** | **-** | **-** | **-** | **(282)** | **130** |
| - Loans | (107) | - | - | - | - | - | 27 | - | - | - | (80) | 67 |
| - Debt securities | (202) | - | - | - | - | - | - | - | - | - | (202) | 63 |
| **B. Loans and receivables with customers** | **(4,720)** | **(1,320)** | **(123)** | **(4,258)** | **-** | **-** | **3,688** | **583** | **1,267** | **-** | **(4,883)** | **(724)** |
| - Loans | (2,506) | (1,320) | (123) | (4,258) | - | - | 3,365 | 583 | 1,267 | - | (2,992) | (1,731) |
| - Debt securities | (2,214) | - | - | - | - | - | 323 | - | - | - | (1,891) | 1,007 |
| **Total** | **(5,029)** | **(1,320)** | **(123)** | **(4,258)** | **-** | **-** | **3,715** | **583** | **1,267** | **-** | **(5,165)** | **(594)** |

The table above conventionally shows the net impairment for credit risk in respect of on-demand deposits to banks and central banks recognised in the item “Cash and cash balances”, as ruled in Circular No. 262 "Banks' financial statements: layouts and preparation".

### 8.1a Net impairment for credit risk related to loans and advances at amortized cost subject to measures applied in response to the COVID-19: breakdown

(Amounts in € thousand)

| Operation / P&L item | Net Adjustments | | | | | | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | | Purchased or originated credit-impaired | | | |
| | | | Write-off | Others | Write-off | Others | | |
| 1. Loans and advances subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | (1) |
| 2. Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | (1) |
| 3. Other loans and advances subject to COVID-19-related forbearance measures | - | - | - | - | - | - | - | (10) |
| 4. Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(12)** |

# Part C - Income statement

### 8.2 Net impairment losses related to: financial assets measured at fair value with an impact on overall profitability

(Amounts in € thousand)

| Transactions/Income | Adjustments (1) | | | | | | Write - backs (2) | | | | Total 2022 | 2,021.00 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Stage 3 | | Purchased or originated credit-impaired | | | | | | | |
| | Stage 1 | Stage 2 | Write-off | Others | Write-off | Other | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | |
| A. Debt Securities | (2) | - | - | - | - | - | - | - | - | - | (2) | 8 |
| B. Loans | - | - | - | - | - | - | - | - | - | - | - | - |
| - To clients | - | - | - | - | - | - | - | - | - | - | - | - |
| - To banks | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **(2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(2)** | **8** |

### 8.2.a Net impairment for credit risk related to loans and advances at fair value with an impact on overall profitability subject to measures applied in response to the COVID-19: breakdown

No data to report.

## Section 9 – Profit/loss from contract changes without cancellation – Item 140

### 9.1 Profit (loss) from contract changes: breakdown

(Amounts in € thousand)

| Items/Income items | Total 2022 | | | Total 2021 | | |
|---|---|---|---|---|---|---|
| | Gain | Losses | Net profit (loss) | Gain | Losses | Net profit (loss) |
| | | | | | | |
| 1. Financial assets valued at amortized cost | 1 | (2) | (1) | 2 | (2) | - |
| 1.1 Receivables from banks | - | - | - | - | - | - |
| 1.2 Receivables from customers | 1 | (2) | (1) | 2 | (2) | - |
| 2. Financial assets valued at fair value through other comprehensive income | - | - | - | - | - | - |
| **Total** | **1** | **(2)** | **(1)** | **2** | **(2)** | **-** |

# Part C - Income statement

## Section 10 – Administrative costs – Item 160

### 10.1 Payroll costs: breakdown

(Amounts in € thousand)

| Type of expenses/Sectors | Total 2022 | Total 2021 |
|---|---|---|
| 1) Employees | (105,052) | (99,441) |
| a) wages and salaries | (70,791) | (67,298) |
| b) social security contributions | (17,619) | (17,185) |
| c) pension costs | (734) | (748) |
| d) severance pay | - | - |
| e) allocation to employee severance pay provision | (121) | (60) |
| f) provision for retirements and similar provisions: | - | - |
| - defined contribution | - | - |
| - defined benefit | - | - |
| g) payments to external pension funds: | (4,805) | (4,605) |
| - defined contribution | (4,805) | (4,605) |
| - defined benefit | - | - |
| h) costs related to share-based payments | (4,927) | (4,622) |
| i) other employee benefits | (6,055) | (4,923) |
| 2) Other staffs | - | - |
| 3) Directors and statutory auditors | (2,020) | (2,011) |
| 4) Early retirement costs | - | - |
| 5) Recovery of expenses for employees seconded to other companies | 15 | 13 |
| 6) Refunds of expenses for third party employees seconded to the company | - | (9) |
| **Total** | **(107,057)** | **(101,448)** |

Item 1 “h) Employees: costs related to share-based payments” includes costs incurred in relation to payment agreements based on financial instruments issued by the Bank, that are recorded against the item 140. “Reserves” of the net equity for an amount of € 4,927 thousand (€ 4,622 thousand in 2021).

# Part C - Income statement

## 10.2 Average number of employees by category

| | Data as at | |
|---|---|---|
| | 2022 | 2021 |
| **Employees** | **1,217** | **1,198** |
| (a) executives | 30 | 30 |
| (b) managers | 435 | 411 |
| (c) remaining employees | 752 | 757 |
| **Other personnel** | **13** | **13** |

## 10.3 Pensions and other post-retirement defined-benefit obligations costs and revenues

No data to report.

## 10.4 Other employee benefits

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| Leaving incentives | (200) | 127 |
| Medical plan | (1,539) | (1,619) |
| Luncheon vouchers | (921) | (191) |
| Training expenses | (426) | (404) |
| Other | (2,969) | (2,836) |
| **Total** | **(6,055)** | **(4,923)** |

The item "Other" mainly includes the cash component of benefits relating to employee incentive plans, amounting to € 2,101 thousand.

# Part C - Income statement

### 10.5 Other administrative expenses: breakdown

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| **1) INDIRECT TAXES AND DUTIES** | **(142,439)** | **(144,808)** |
| **2) MISCELLANEOUS COSTS AND EXPENSES** | | |
| **A) Advertising expenses - Marketing and communication** | **(25,128)** | **(20,875)** |
| Mass media communications | (20,627) | (17,680) |
| Marketing and promotions | (3,494) | (2,732) |
| Sponsorships | (582) | (456) |
| Conventions and internal communications | (425) | (7) |
| **B) Expenses related to credit risk** | **(1,493)** | **(1,549)** |
| Credit recovery expenses | (215) | (240) |
| Commercial information and company searches | (1,278) | (1,309) |
| **C) Expenses related to personnel and to personal financial advisors** | **(2,799)** | **(2,328)** |
| Other staff expenses | (764) | (313) |
| Personal financial advisor expenses | (2,035) | (2,015) |
| **D) ICT expenses** | **(50,145)** | **(48,192)** |
| Lease of ICT equipment and software | (2,180) | (3,121) |
| Software expenses: lease and maintenance | (13,207) | (12,278) |
| ICT communication systems, messaging and phone expenses | (7,545) | (7,310) |
| Consultancy and ICT services provided by third parties | (13,117) | (12,675) |
| Financial information providers | (14,096) | (12,808) |
| **E) Consultancies and professional services** | **(4,561)** | **(4,518)** |
| Consultancies and professional services | (3,661) | (3,612) |
| Legal expenses and disputes | (421) | (355) |
| Auditing company expenses | (479) | (551) |
| **F) Furniture, machinery and equipment expenses and Real estate expenses** | **(6,312)** | **(4,672)** |
| Repair and maintenance of furniture, machinery, and equipment | (304) | (404) |
| Maintenance and cleaning of premises | (1,356) | (1,241) |
| Premises rentals | (840) | (937) |
| Utilities and condominium expenses | (3,812) | (2,090) |
| **G) Other functioning costs** | **(30,691)** | **(28,660)** |
| Postage and transport of documents | (3,311) | (3,452) |
| Administrative, logistic and call center services | (16,931) | (17,141) |
| Insurance | (4,186) | (3,901) |
| Association dues and fees | (3,945) | (1,998) |
| Other administrative expenses | (2,318) | (2,168) |
| **H) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)** | **(47,734)** | **(40,039)** |
| **Total** | **(311,302)** | **(295,641)** |

Item "H) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)" shows the costs recorded in the year 2022 for the ordinary, additional and supplementary contribution paid to the Deposit Guarantee Schemes (DGS), in the total amount of € 40,008 thousand (€ 32,334 thousand in the year 2021), the ordinary contribution paid to the Single Resolution Fund, amounting to € 7,601 thousand (€ 5,812 thousand in the year 2021). It should be noted that during 2021 the Bank of Italy recalled from the banking system an additional contribution to the National Resolution Fund under Article 1, paragraph 848, of Law No. 208/2015, in the amount of € 1,893 thousand. For further details, see Part A - Accounting policies of these notes to the accounts.

The same item includes an additional € 125 thousand related to the contribution to the operating expenses of the Voluntary Scheme, whose call was resolved by the General Meeting of the member banks of the Voluntary Scheme at the meeting held on February 28th, 2022. Specifically, the expenses of operation recalled from member banks refer to:

- € 475 thousand, as per 2022 budget;

# Part C - Income statement

- € 3.5 million to restore the resources of the Voluntary Scheme, with a view to the continuation of its activities, including those aimed at realizing the subordinated bonds issued by Banca Carige and the tranches of the Berenice securitization. This also with a view to repaying, with the timing associated with the realization of fixed assets and financial assets, as well as liquidity time to time available, the existing debt to the FITD, amounting to € 11.3 million.

Below is the information required by IFRS 16 regarding the costs recognized in Other administrative expenses relating to short-term leasing, the costs relating to low value assets leasing and the costs for variable payments due for the leasing not included in the valuation of the leasing liabilities.

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 |
|---|---|
| Expenses relating to short-term leases ("Short term lease") | - |
| Expenses relating to leases of low-value assets ("Low value assets") | (6) |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | - |
| **Total** | **(6)** |

It should also be noted that the VAT related to the contracts included in the scope of IFRS 16 was also included in the Other administrative expenses, as it is not included in the assessment of the leasing liability.

## Section 11 – Net provisions for risks and charges – Item 170

### 11.1 Net provisions for risks and charges relating to commitments and financial guarantees given: breakdown

(Amounts in € thousand)

| Transactions/Income items | Impairment | | Write-backs | | Total | Total |
|---|---|---|---|---|---|---|
| | Stage 1 and Stage 2 | Stage 3 | Stage 1 and Stage 2 | Stage 3 | 2022 | 2021 |
| | | | | | | |
| 1. Commitments | (27) | (2) | 27 | - | (2) | 22 |
| 2. Financial guarantees given | (3) | - | 21 | - | 18 | (13) |
| **Total** | **(30)** | **(2)** | **48** | **-** | **16** | **9** |

### 11.2 Net provisions for risks and charges relating to other commitments and other guarantees given: breakdown

(Amounts in € thousand)

| Transactions/Income items | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Provisions | Reallocations | Total | Provisions | Reallocations | Total |
| 1. Other commitments | (39) | - | (39) | - | - | - |
| 2. Other guarantees given | - | - | - | - | - | - |
| **Total** | **(39)** | **-** | **(39)** | **-** | **-** | **-** |

# Part C - Income statement

### 11.3 Net provisions to other provisions for risks and charges: breakdown

(Amounts in € thousand)

| Items/Income items | Total 2022 | | | Total 2021 | | |
|---|---|---|---|---|---|---|
| | Provisions | Reallocations | Total | Provisions | Reallocations | Total |
| Legal and fiscal disputes | (5,279) | 3,122 | (2,157) | (5,118) | 2,521 | (2,597) |
| Supplementary customer indemnity provision | (7,273) | - | (7,273) | (6,462) | - | (6,462) |
| Other provisions for risks and charges | (761) | 163 | (598) | (877) | 37 | (840) |
| **Total** | **(13,313)** | **3,285** | **(10,028)** | **(12,457)** | **2,558** | **(9,899)** |

The item "Provisions" also include changes due to the passing of time and changes in the discount rate, if they have resulted in a provision; otherwise, they are recognised in the reallocations.

## Section 12 – Net impairment/write-backs on property, plant and equipment – Item 180

### 12.1 Impairment/write-backs on property, plant and equipment: breakdown

(Amounts in € thousand)

| Assets/Income items | Depreciation (a) | Write-downs (b) | Write-backs (c) | Net profit (loss) 2022 (a +- b - c) | Net profit (loss) 2021 (a +- b - c) |
|---|---|---|---|---|---|
| A. Property, plant and equipment | (19,734) | (8) | - | (19,742) | (19,323) |
| 1 Owned | (19,644) | (8) | - | (19,652) | (19,215) |
| - Used in the business | (8,672) | (8) | - | (8,680) | (8,450) |
| - Held for investment | (10,972) | - | - | (10,972) | (10,765) |
| 2. Held under finance lease | (90) | - | - | (90) | (108) |
| - Used in the business | (90) | - | - | (90) | (108) |
| - Held for investment | - | - | - | - | - |
| 3 Inventories | X | - | - | - | - |
| **Total** | **(19,734)** | **(8)** | **-** | **(19,742)** | **(19,323)** |

Impairment losses were recognised in the year for insignificant amounts and mainly in relation to office furniture and fittings for which a zero value in use was determined.

A description of the methods used to calculate depreciation is provided in Part A – Accounting Policies of these notes to the accounts.

# Part C - Income statement

## Section 13 – Net impairment/write-backs on intangible assets – Item 190

### 13.1 Impairment on intangible assets: breakdown

(Amounts in € thousand)

| Assets/Income items | Depriciation (a) | Write-downs (b) | Write-backs (c) | Net profit (loss) 2022 (a + b - c) | Net profit (loss) 2021 (a + b - c) |
|---|---|---|---|---|---|
| A. Intangible assets | (6,554) | - | - | (6,554) | (6,636) |
| of which: software | (6,467) | - | - | (6,467) | (6,488) |
| A.1 Owned | (6,554) | - | - | (6,554) | (6,636) |
| - Generated internally by the company | - | - | - | - | - |
| - Others | (6,554) | - | - | (6,554) | (6,636) |
| A.2 Right of use held under finance lease | - | - | - | - | - |
| **Total** | **(6,554)** | **-** | **-** | **(6,554)** | **(6,636)** |

A description of the methods used to calculate depreciation is provided in Part A – Accounting Policies of the notes to the accounts.

For the disclosures required by IAS 36 paragraph 134, d), e), f) and 135, c), d), e), see Part B paragraph 12.3 Other information.

## Section 14 – Other net operating income – Item 200

### 14.1 Other operating expenses: breakdown

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| Refunds and allowances | (211) | (1,688) |
| Penalties, fines and unfavourable rulings | (871) | (1,033) |
| Improvements and incremental expenses incurred on leasehold properties | (1,835) | (2,194) |
| Exceptional write-downs of assets | (66) | (30) |
| Other operating expenses | (547) | (171) |
| **Total** | **(3,530)** | **(5,116)** |

### 14.2 Other operating income: breakdown

(Amounts in € thousand)

| Type of expense/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| Recovery of expenses: | 136,830 | 139,471 |
| - recovery of ancillary expenses - other | 912 | 43 |
| - recovery of taxes | 135,918 | 139,428 |
| Rental income from properties | 751 | 730 |
| Other income from current year | 2,167 | 1,304 |
| **Total** | **139,748** | **141,505** |

The amount of other operating income recognized in 2022 and included in the balance at the beginning of the year of liabilities arising from contracts with customers is equal to € 48 thousand (€ 48 thousand in 2021).

# Part C - Income statement

The item “Other income for the current year” includes public grants for the year amounting to € 63 thousand.

The Bank has not carried out sub-leasing transactions. The Bank has no financial leases. As far as operating leases are concerned, the Bank has outstanding operations, as lessor, represented by leasing contracts for a part of the property owned by FinecoBank, located in Milan Piazza Durante, 11, the proceeds of which are recognized in the item "Rental income from properties" and do not include income for ISTAT revaluations.

## Section 15 – Profit (loss) of associates – Item 220

### 15.1 Profit (Loss) of associates: breakdown

(Amounts in € thousand)

| Income/Value | Total 2022 | Total 2021 |
|---|---|---|
| A. Income | - | - |
| 1. Revaluations | - | - |
| 2. Gains on disposal | - | - |
| 3. Writebacks | - | - |
| 4. Other gains | - | - |
| B. Expenses | (276) | (26) |
| 1. Write-down | (276) | (26) |
| 2. Impairment losses | - | - |
| 3. Losses on disposal | - | - |
| 4. Other expenses | - | - |
| **Net profit** | **(276)** | **(26)** |

Write-downs, in the amount of € 276 thousand, refer to the valuation of Vorvel Sim S.p.A. using the equity method.

## Section 16 – Gains (losses) on tangible and intangible assets measured at fair value – Item 230

No data to report.

## Section 17 – Impairment of goodwill – Item 240

No data to report.

# Part C - Income statement

## Section 18 – Gains (losses) on disposal of investments – Item 250

### 18.1 Gains (losses) on disposal of investments: breakdown

(Amounts in € thousand)

| Items income/Sectors | Total 2022 | Total 2021 |
|---|---|---|
| A. Properties | 541 | - |
| - Gains on disposal | 541 | - |
| - Losses on disposal | - | - |
| B. Other assets | 2 | 1 |
| - Gains on disposal | 4 | 1 |
| - Losses on disposal | (2) | - |
| **Net profit (loss)** | **543** | **1** |

The gain on the disposal of properties was generated by the sale of the property held for investment use, which was realised in 2022.

The Bank has not carried out sales and leasing transactions for tangible assets.

# Part C - Income statement

## Section 19 – Tax expense (income) related to profit or loss from continuing operations – Item 270

### 19.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

(Amounts in € thousand)

| Items income/Amounts | Total 2022 | Total 2021 |
|---|---|---|
| 1. Current tax (-) | (163,626) | (140,149) |
| 2. Adjustment to current tax of prior years (+/-) | - | - |
| 3. Reduction in current tax for the year (+) | - | - |
| 3.bis Reduction of current tax for the year due to tax receivables pursuant to Law 214/2011 (+) | - | - |
| 4. Changes in deferred tax assets (+/-) | 3,513 | 13,113 |
| 5. Changes in deferred tax liabilities (+/-) | (795) | 23,928 |
| 6. Tax expense for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5) | (160,908) | (103,108) |

### 19.2 Reconciliation of theoretical tax charge to actual tax charge

(Amounts in € thousand)

| | Total 2022 |
|---|---|
| Profit before tax | 582,892 |

(Amounts in € thousand)

| Items income/Amounts | Taxes | | |
|---|---|---|---|
| | IRES Italian Tax | IRAP Italian Tax | Total 2022 |
| **Amount corresponding to theoretical tax rate** | **(160,295)** | **(32,467)** | **(192,762)** |
| - Tax effects of charges not relevant to the calculation of taxable income | (1,582) | (2,828) | (4,410) |
| - Tax effects of income not relevant to the calculation of taxable income | 31,376 | 4,888 | 36,264 |
| - Tax effects deriving from the use of tax losses from previous years | - | - | - |
| - Tax effects deriving from the application of substitute taxes | - | - | - |
| **Amount corresponding to actual tax rate** | **(130,501)** | **(30,407)** | **(160,908)** |

# Part C - Income statement

## Section 20 – Profit (Loss) after tax from discontinued operations – Item 290

No data to report.

## Section 21 – Other information

### 1.1 Disclosure of auditing fees pursuant to art. 149 paragraph bis of Issuers' Regulation

The table below provides details of the fees (net of VAT and expenses) paid to the independent auditing firm KPMG S.p.A. and entities within the network that the external auditors belongs to.

(Amounts in €)

| Type of service | Service provider | Fees |
|---|---|---|
| Accounting Audit | KPMG S.p.A. | 189,140 |
| Certification services | KPMG S.p.A. | 142,650 |
| **Total** | | **331,790** |

### 1.2 Disclosure regarding the transparency of public funding required by article 1, paragraph 125 of the Italian law 124/2017

For the purposes of fulfilling the requirements of art. 1, paragraph 125 of Law no. 124/2017 - Annual market and competition law, modified by art. 35 of the law decree n. 34/2019, in accordance with Assonime circular no. 5 of February 22nd, 2019 and also kept the indications provided by the in-depth document issued by Assonime on May 6th, 2019, the Bank excluded from the disclosure the attributions that are justified in the performance of the company and in any case typical of the recipient's activity, as well as those aimed at the generality of the companies, such as tax and social security measures, thus limiting the information on the contributions to be presented and detailed in the National Register of State Aid "Transparency" section publicly available on the relevant website.

Pursuant to article 1, paragraph 125 of Italian law 124/2017, in 2022 FinecoBank did not receive public contributions from Italian entities. It should be noted that during 2020, a communication had been submitted for access to the tax credit for advertising investments Art. 57-bis of Decree Law No. 50 of April 24th, 2017, converted with amendments by Law No. 96 of June 21st, 2017; Prime Minister's Decree No. 90 of May 16th, 2018. The tax credit granted was equal to € 181,068, of which € 58,488 used in the year 2020; the residual amount of the benefit, amounting to € 141,512, has not been used by FinecoBank.

For more information, please refer to the National State Aid Register "Transparency" section.

# Part C - Income statement

## Section 22 - Earnings per share

### 22.1 Average number of diluted ordinary shares

Basic earnings per share are calculated by dividing the net profit by the average number of ordinary shares outstanding during the year.

| | 2022 | 2021 |
|---|---|---|
| Net profit for the year (€ thousands) | 421,985 | 368,601 |
| Average number of outstanding shares | 609,932,199 | 609,692,634 |
| Average number of outstanding shares (including potential ordinary shares with dilution effect) | 611,424,585 | 611,147,018 |
| Basic earnings per share | 0.692 | 0.605 |
| Diluted Earnings Per Share | 0.690 | 0.603 |

### 22.2 Other information

No data to report.

# Parte D – Redditività complessiva

## Analytical Statement of comprehensive income

(Amounts in € thousand)

| Items | | Total 2022 | Total 2021 |
|---|---|---|---|
| **10.** | **Net Profit (Loss) for the year** | **421,985** | **368,601** |
| | **Other comprehensive income after tax without reclassification through profit or loss** | **12,306** | **(1,076)** |
| **20.** | Equity instruments designated at fair value through other comprehensive income: | - | - |
| | a) fair value changes | - | - |
| | b) transfer to other items of shareholders' equity | - | - |
| **30.** | Financial liabilities designated at fair value through profit or loss (own creditworthiness changes): | - | - |
| | a) fair value changes | - | - |
| | b) transfer to other items of shareholders' equity | - | - |
| **40.** | Hedge accounting of equity instruments designated at fair value through other comprehensive income: | - | - |
| | a) fair value changes (hedge item) | - | - |
| | b) fair value changes (hedge instrument) | - | - |
| **50.** | Property, plant and equipment | - | - |
| **60.** | Intangible assets | - | - |
| **70.** | Defined benefit plans | 18,455 | (1,730) |
| **80.** | Non-current assets classified as held for sale | - | - |
| **90.** | Revaluation reserve from investments accounted for using the equity method | (1) | - |
| **100.** | Tax for the year related to other comprehensive income without reclassification through profit or loss | (6,148) | 654 |
| | **Other comprehensive income after tax with reclassification through profit or loss** | **(4,308)** | **(1,968)** |
| **110.** | Hedges of foreign investments: | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| **120.** | Exchange differences: | - | - |
| | a) value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| **130.** | Cash flow hedges: | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| | of which: result of net positions | - | - |
| **140.** | Hedging instruments (non-designated items): | - | - |
| | a) value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| **150.** | Financial assets (different from equity instruments) at fair value through other comprehensive income: | (6,436) | (2,941) |
| | a) fair value changes | (5,823) | (419) |
| | b) reclassification through profit or loss | (613) | (2,522) |
| | 1. adjustments for credit risk | - | (8) |
| | 2. gains/losses on disposals | (613) | (2,514) |
| | c) other changes | - | - |
| **160.** | Non-current assets classified as held for sale: | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | c) other changes | - | - |
| **170.** | Revaluation reserve from investments accounted for using the equity method: | - | - |
| | a) fair value changes | - | - |
| | b) reclassification through profit or loss | - | - |
| | 1. due to impairment | - | - |
| | 2. gains/losses on disposals | - | - |
| | c) other changes | - | - |
| **180.** | Tax for the year related to other comprehensive income with reclassification through profit or loss | 2,128 | 973 |
| **190.** | **Total other comprehensive income** | **7,998** | **(3,044)** |
| **200.** | **Comprehensive income (item 10+190)** | **429,983** | **365,557** |

# Part E - Information on Risks and relating hedging policies

## Introduction

Please refer to the Introduction in Part E - Information on risks and related hedging policies of the consolidated notes, which is deemed to be reported here in full.

## Section 1 – Credit Risk

### Qualitative information

#### *1. General Matters*

Please refer to the paragraph "1. General Matters" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, which is deemed to be reported here in full.

#### *Impacts arising from COVID-19 pandemic and Russia – Ukraine conflict*

Please refer to the paragraph "Impacts arising from COVID-19 pandemic and Russia – Ukraine conflict" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, which is deemed to be reported here in full.

#### *2. Credit Risk Management Policy*

#### *2.1 Organisational aspects*

Please refer to the paragraph "2.1 Organisational aspects" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, 2. Credit Risk Management Policy, which is deemed to be reported here in full.

#### 2.1.1 Credit Risk generating factors

Please refer to the paragraph "2.1.1 Credit Risk generating factors" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, 2. Credit Risk Management Policy, 2.1 Organisational aspects, which is deemed to be reported here in full.

#### *2.2 Management, measurement and control system*

Please refer to the paragraph "2.2 Management, measurement and control system" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, 2. Credit Risk Management Policy, which is deemed to be reported here in full.

#### *2.3 Expected losses measurement methods*

Please refer to the paragraph "2.3 Expected losses measurement methods" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, 2. Credit Risk Management Policy, which is deemed to be reported here in full.

#### *2.4 Credit risk mitigation techniques*

Please refer to the paragraph "2.4 Credit risk mitigation techniques" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, 2. Credit Risk Management Policy, which is deemed to be reported here in full.

# Part E - Information on Risks and relating hedging policies

### *3. Impaired credit exposures*

### *3.1 Management strategies and policies*
Please refer to the paragraph "3.1 Management strategies and policies" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, 3. Impaired credit exposures, which is deemed to be reported here in full.

### *3.2 Write-off*
Please refer to the paragraph "3.2 Write-off" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, 3. Impaired credit exposures, which is deemed to be reported here in full.

### *3.3 Purchased or originated impaired financial assets*
Please refer to the paragraph "3.3 Purchased or originated impaired financial assets" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, 3. Impaired credit exposures, which is deemed to be reported here in full.

### *4. Commercial renegotiations and forbearance measures*
Please refer to the paragraph "4. Commercial renegotiations and forbearance measures" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk, which is deemed to be reported here in full.

f

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### *A. Credit quality*

As provided for in Circular No. 262 "The banks' financial statements: layouts and preparations", on-demand loans to banks and central banks, recognised in the balance sheet item "Cash and cash balances", are included in the definition of cash credit exposures but are conventionally excluded from the tables on quantitative credit quality disclosures in Section 1 "Credit Risk", with the exception of Tables A.1 .4, A.1.6, A.1.8, A.1.8bis and A.1.10 and B.3.

## A.1 Impaired and unimpaired credit exposures: amounts, impairment, changes, distribution by business activity

### A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

(Amounts in € thousand)

| Portfolio/quality | Bad exposures | Unlikely to pay | Past due impaired exposures | Past due unimpaired exposures | Other not impaired exposures | Total |
|---|---|---|---|---|---|---|
| 1. Financial assets at amortised cost | 1,405 | 1,421 | 701 | 31,252 | 31,407,932 | 31,442,711 |
| 2. Financial assets at fair value through other comprehensive income | - | - | - | - | 26,865 | 26,865 |
| 3. Financial assets designated at fair value | - | - | - | - | - | - |
| 4. Other financial assets mandatorily at fair value | - | - | - | - | 79 | 79 |
| 5. Financial instruments classified as held for sale | - | - | - | - | - | - |
| **Total 12/31/2022** | **1,405** | **1,421** | **701** | **31,252** | **31,434,876** | **31,469,655** |
| **Total 12/31/2021** | **2,141** | **1,179** | **1,061** | **22,303** | **30,880,533** | **30,907,217** |

There are no impaired purchased loans.

### A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

(Amounts in € thousand)

| Portfolio/quality | Impaired | | | | Unimpaired | | | Total (net exposure) |
|---|---|---|---|---|---|---|---|---|
| | Gross exposure | Total impairment provision | Net exposure | Overall partial write-off* | Gross exposure | Total impairment provision | Net exposure | |
| 1. Financial assets at amortized cost | 25,229 | (21,702) | 3,527 | - | 31,459,058 | (19,874) | 31,439,184 | 31,442,711 |
| 2. Financial assets at fair value through other comprehensive income | - | - | - | - | 26,867 | (2) | 26,865 | 26,865 |
| 3. Financial assets designated at fair value | - | - | - | - | X | X | - | - |
| 4. Other financial assets mandatorily at fair value | - | - | - | - | X | X | 79 | 79 |
| 5. Financial instruments classified as held for sale | - | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **25,229** | **(21,702)** | **3,527** | **-** | **31,485,925** | **(19,876)** | **31,466,128** | **31,469,655** |
| **Total 12/31/2021** | **24,541** | **(20,160)** | **4,381** | **-** | **30,921,115** | **(18,353)** | **30,902,836** | **30,907,217** |

# Part E - Information on Risks and relating hedging policies

(Amounts in € thousand)

| Portfolio/quality | Assets with of clearly poor credit quality | | Other assets |
|---|---|---|---|
| | Accumulated unrealised losses | Net exposure | Net exposure |
| 1. Financial assets held for trading | - | 1 | 6,363 |
| 2. Hedging derivatives | - | - | 1,691,642 |
| **Total 12/31/2022** | **-** | **1** | **1,698,005** |
| **Total 12/31/2021** | **-** | **7** | **132,884** |

### A.1.3 Distribution of financial assets by maturity (balance sheet values)

(Amounts in € thousand)

| Portfolios / stages of risk | Stage 1 | | | Stage 2 | | | Stage 3 | | | Purchased or originated credit-impaired | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | From 1 day to 30 days | Over 30 days until 90 days | Over 90 days | From 1 day to 30 days | Over 30 days until 90 days | Over 90 days | From 1 day to 30 days | Over 30 days until 90 days | Over 90 days | From 1 day to 30 days | Over 30 days until 90 days | Over 90 days |
| 1. Financial assets at amortised cost | 24,495 | 2,839 | 108 | 331 | 1,731 | 1,748 | 57 | 12 | 3,205 | - | - | - |
| 2. Financial assets at fair value through other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. Financial instruments classified held for sale | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **24,495** | **2,839** | **108** | **331** | **1,731** | **1,748** | **57** | **12** | **3,205** | **-** | **-** | **-** |
| **Total 12/31/2021** | **17,956** | **2,536** | **77** | **24** | **1,508** | **190** | **16** | **5** | **4,040** | **-** | **-** | **-** |

# Part E - Information on Risks and relating hedging policies

### A.1.4 Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and total provisions

(Amounts in € thousand)

| Causal / risk stages | Total value adjustments | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 financial assets | | | | | | Stage 2 financial assets | | | | | | Stage 3 financial assets | | | | | |
| | Loans and receivables on-demand with banks and Central Banks | Financial assets at amortised cost | Financial assets at fair through other comprehensive income | Financial assets held for sale | of which: individual writedowns | of which: collective writedowns | Loans and receivables on-demand with banks and Central Banks | Financial assets at amortised cost | Financial assets at fair through other comprehensive income | Financial assets held for sale | of which: individual writedowns | of which: collective writedowns | Loans and receivables on-demand with banks and Central Banks | Financial assets at amortised cost | Financial assets at fair through other comprehensive income | Financial assets held for sale | of which: individual writedowns | of which: collective writedowns |
| **Total opening adjustments** | **(34)** | **(14,473)** | **(6)** | **-** | **-** | **(14,513)** | **-** | **(3,874)** | **-** | **-** | **-** | **(3,874)** | **-** | **(20,161)** | **-** | **-** | **(16,743)** | **(3,418)** |
| Changes in increase from financial assets acquired or originated | (41) | (2,951) | (2) | - | - | (2,994) | - | (731) | - | - | - | (731) | - | (916) | - | - | (96) | (820) |
| Cancellations other than write-offs | - | 1,509 | 6 | - | - | 1,515 | - | 307 | - | - | - | 307 | - | 469 | - | - | 194 | 275 |
| Net value adjustments / write-backs for credit risk (+/-) | (44) | 641 | - | - | - | 597 | - | (304) | - | - | - | (304) | - | (2,597) | - | - | (1,383) | (1,214) |
| Contractual changes without cancellations | - | - | - | - | - | - | - | - | - | - | - | - | - | (3) | - | - | - | (3) |
| Changes in the estimation methodology | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Write-offs non recorded directly in the income statement | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,505 | - | - | 1,481 | 24 |
| Other variations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,102) | 1,102 |
| **Total closing adjustments** | **(119)** | **(15,274)** | **(2)** | **-** | **-** | **(15,395)** | **-** | **(4,602)** | **-** | **-** | **-** | **(4,602)** | **-** | **(21,703)** | **-** | **-** | **(17,646)** | **(4,057)** |
| Recoveries from financial assets subject to write-off | - | - | - | - | - | - | - | - | - | - | - | - | - | 14 | - | - | 14 | - |
| Write-offs recorded directly in the income statement | - | (1) | - | - | - | (1) | - | - | - | - | - | - | - | (127) | - | - | (91) | (36) |

# Part E - Information on Risks and relating hedging policies

### A.1.4 Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and total provisions

(continued)

(Amounts in € thousand)

| Causal / risk stages | Total value adjustments - Purchased or originated impaired financial assets - Financial assets at amortised cost | Financial assets at fair through other comprehensive income | Financial assets held for sale | of which: individual writedowns | of which: collective writedowns | Total provisions on commitments to disburse funds and financial guarantees issued - Stage 1 | Stage 2 | Stage 3 | Commitments to provide funds and financial guarantees issued impaired acquired or originated | Tot. |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total opening adjustments** | **-** | **-** | **-** | **-** | **-** | **(52)** | **-** | **-** | **-** | **(38,600)** |
| Changes in increase from financial assets acquired or originated | X | X | X | X | X | (27) | - | (2) | - | **(4,670)** |
| Cancellations other than write-offs | - | - | - | - | - | 23 | - | - | - | **2,314** |
| Net value adjustments / write-backs for credit risk | - | - | - | - | - | 22 | - | - | - | **(2,282)** |
| Contractual changes without cancellations | - | - | - | - | - | - | - | - | - | **(3)** |
| Changes in the estimation methodology | - | - | - | - | - | - | - | - | - | **-** |
| Write-offs non recorded directly in the income statement | - | - | - | - | - | - | - | - | - | **1,505** |
| Other variations | - | - | - | - | - | - | - | - | - | **-** |
| **Total closing adjustments** | **-** | **-** | **-** | **-** | **-** | **(34)** | **-** | **(2)** | **-** | **(41,736)** |
| Recoveries from financial assets subject to write-off | - | - | - | - | - | - | - | - | - | **14** |
| Write-offs recorded directly in the income statement | - | - | - | - | - | - | - | - | - | **(128)** |

# Part E - Information on Risks and relating hedging policies

### A.1.5 Financial assets, commitments and financial guarantees: transfers between the different stages (gross amount and nominal)

(Amounts in € thousand)

| Portfolios/stages | | Gross exposuret/nominal value | | | | | |
|---|---|---|---|---|---|---|---|
| | | Transfer between stage 1 and stage 2 | | Transfer between stage 2 and stage 3 | | Transfer between stage 1 and stage 3 | |
| | | To stage 2 from stage 1 | To stage 1 from stage 2 | To stage 3 from stage 2 | To stage 2 from stage 3 | To stage 3 from stage 1 | To stage 1 from stage 3 |
| 1. Financial assets at amortized cost | | 29,153 | 817 | 722 | 26 | 3,303 | 239 |
| 2. Financial assets at fair value through other comprehensive income | | - | - | - | - | - | - |
| 3. Financial assets held for sale | | - | - | - | - | - | - |
| 4. Commitments and financial guarantees given | | 4 | - | - | - | 56 | - |
| **Total** | **12/31/2022** | **29,157** | **817** | **722** | **26** | **3,359** | **239** |
| **Total** | **12/31/2021** | **2,781** | **1,122** | **1,019** | **112** | **3,517** | **306** |

### A.1.5a Loans and advances subject to measures applied in response to the COVID-19: transfers between different stages of credit risk (gross values)

(Amounts in € thousand)

| Portfolio/quality | Gross values / Nominal value | | | | | |
|---|---|---|---|---|---|---|
| | Transfers between first stage and second stage | | Transfers between second stage to third stage | | Transfer between first stage and third stage | |
| | From first to second stage | From second stage to first stage | From second to third stage | From third to second stage | From first to third stage | From third to first stage |
| **A. Loans and advances measured at amortized cost** | **385** | **-** | **-** | **-** | **-** | **-** |
| A.1 subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - |
| A.2. loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - |
| A.3 subject to COVID-19-related forbearance measures | 385 | - | - | - | - | - |
| A.4 newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - |
| **B. Loans and advances valued at fair value with an impact on overall profitability** | **-** | **-** | **-** | **-** | **-** | **-** |
| B.1 subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - |
| B.2. loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - |
| B.3 subject to COVID-19-related forbearance measures | - | - | - | - | - | - |
| B.4 newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - |
| **Total 12/31/2022** | **385** | **-** | **-** | **-** | **-** | **-** |
| **Total 12/31/2021** | **325** | **-** | **-** | **-** | **-** | **-** |

# Part E - Information on Risks and relating hedging policies

### A.1.6 Cash and off-balance sheet credit exposures to banks: gross and net values

(Amounts in € thousand)

| Type of exposure/amounts | Gross exposures | | | | | Total value adjustments and total credit risk provisions | | | | | Net Exposure | Total Write-off* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | |
| **A. ON-BALANCE SHEET CREDITS EXPOSURES** | | | | | | | | | | | | |
| **A.1 ON DEMAND** | **1,438,527** | **1,438,527** | **-** | **-** | **-** | **(104)** | **(104)** | **-** | **-** | **-** | **1,438,423** | **-** |
| a) Non performing | - | X | - | - | - | - | X | - | - | - | - | - |
| b) Performing | 1,438,527 | 1,438,527 | - | - | - | (104) | (104) | - | X | - | 1,438,423 | - |
| **A.2 OTHERS** | **4,019,517** | **4,019,514** | **-** | **-** | **-** | **(284)** | **(284)** | **-** | **-** | **-** | **4,019,233** | **-** |
| a) Bad exposures | - | X | - | - | - | - | X | - | - | - | - | - |
| - of which: forborne exposures | - | X | - | - | - | - | X | - | - | - | - | - |
| b) Unlikely to pay | - | X | - | - | - | - | X | - | - | - | - | - |
| - of which: forborne exposures | - | X | - | - | - | - | X | - | - | - | - | - |
| c) Non performing past due | - | X | - | - | - | - | X | - | - | - | - | - |
| - of which: forborne exposures | - | X | - | - | - | - | X | - | - | - | - | - |
| d) Performing past due exposures | - | - | - | X | - | - | - | - | X | - | - | - |
| - of which: forborne exposures | - | - | - | X | - | - | - | - | X | - | - | - |
| e) Other performing exposures | 4,019,517 | 4,019,514 | - | X | - | (284) | (284) | - | X | - | 4,019,233 | - |
| - of which: forborne exposures | - | - | - | X | - | - | - | - | X | - | - | - |
| **TOTAL (A)** | **5,458,044** | **5,458,041** | **-** | **-** | **-** | **(388)** | **(388)** | **-** | **-** | **-** | **5,457,656** | **-** |
| **B. OFF-BALANCE SHEET CREDITS EXPOSURES** | | | | | | | | | | | | |
| a) Non performing | - | X | - | - | - | - | X | - | - | - | - | - |
| b) Performing | 2,189,893 | 17,170 | - | X | - | (3) | (3) | - | X | - | 2,189,890 | - |
| **TOTAL (B)** | **2,189,893** | **17,170** | **-** | **-** | **-** | **(3)** | **(3)** | **-** | **-** | **-** | **2,189,890** | **-** |
| **TOTAL (A+B)** | **7,647,937** | **5,475,211** | **-** | **-** | **-** | **(391)** | **(391)** | **-** | **-** | **-** | **7,647,546** | **-** |

It should be noted that financial assets held for trading, derivative contracts and off-balance sheet transactions other than those subject to the impairment rules under IFRS 9 have been classified, by convention, as non-impaired exposures, but have not been included in the columns providing a breakdown by risk stage.

In the above table, item B. "Off-balance sheet exposures" includes the counterparty risk related to unsecured securities lending and repurchase agreements that can be classified as "Securities Financing Transactions" (SFT) defined in prudential regulations, amounting to € 480,897 thousand.

# Part E - Information on Risks and relating hedging policies

### A.1.7 Prudential consolidation - Cash and off-balance-sheet exposures to customers: gross and net values

(Amounts in € thousand)

| Type of exposure/Amounts | Gross exposures | | | | | otal value adjustments and total credit risk provisions | | | | | Net Exposure | Total Write-off* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired | | |
| **A. ON-BALANCE SHEET CREDITS EXPOSURES** | | | | | | | | | | | | |
| **a) Bad exposures** | **19,104** | **X** | **-** | **19,104** | **-** | **(17,699)** | **X** | **-** | **(17,699)** | **-** | **1,405** | **-** |
| - of which: forborne exposures | 257 | X | - | 257 | - | (234) | X | - | (234) | - | 23 | - |
| **b) Unlikely to pay** | **4,459** | **X** | **-** | **4,459** | **-** | **(3,038)** | **X** | **-** | **(3,038)** | **-** | **1,421** | **-** |
| - of which: forborne exposures | 554 | X | - | 554 | - | (311) | X | - | (311) | - | 243 | - |
| **c) Non performing past due** | **1,666** | **X** | **-** | **1,666** | **-** | **(965)** | **X** | **-** | **(965)** | **-** | **701** | **-** |
| - of which: forborne exposures | 18 | X | - | 18 | - | (13) | X | - | (13) | - | 5 | - |
| **d) Performing past due exposures** | **31,628** | **27,552** | **4,076** | **X** | **-** | **(376)** | **(109)** | **(267)** | **X** | **-** | **31,252** | **-** |
| - of which: forborne exposures | 8 | - | 8 | X | - | - | - | - | X | - | 8 | - |
| **e) Other performing exposures** | **27,434,859** | **27,397,139** | **37,643** | **X** | **-** | **(19,216)** | **(14,881)** | **(4,335)** | **X** | **-** | **27,415,643** | **-** |
| - of which: forborne exposures | 2,215 | - | 2,215 | X | - | (23) | - | (23) | X | - | 2,192 | - |
| **TOTAL (A)** | **27,491,716** | **27,424,691** | **41,719** | **25,229** | **-** | **(41,294)** | **(14,990)** | **(4,602)** | **(21,702)** | **-** | **27,450,422** | **-** |
| **B. OFF-BALANCE SHEET CREDITS EXPOSURES** | | | | | | | | | | | | |
| **a) Non performing** | 131 | X | - | 30 | - | (41) | X | - | (2) | - | 90 | - |
| **b) Performing** | 2,864,952 | 27,596 | 636 | X | - | (31) | (31) | - | X | - | 2,864,921 | - |
| **TOTAL (B)** | **2,865,083** | **27,596** | **636** | **30** | **-** | **(72)** | **(31)** | **-** | **(2)** | **-** | **2,865,011** | **-** |
| **TOTAL (A+B)** | **30,356,799** | **27,452,287** | **42,355** | **25,259** | **-** | **(41,366)** | **(15,021)** | **(4,602)** | **(21,704)** | **-** | **30,315,433** | **-** |

It should be noted that financial assets held for trading, derivative contracts and off-balance sheet transactions other than those subject to the impairment rules under IFRS 9 have been classified, by convention, as non-impaired exposures, but have not been included in the columns providing a breakdown by risk stage.

In the above table, item B. "Off-balance sheet exposures" includes the counterparty risk related to securities lending transactions collateralised by other securities and to repos that can be classified as "Securities Financing Transactions" (SFT) defined in prudential regulations, amounting to € 782,609 thousand.

# Part E - Information on Risks and relating hedging policies

### A.1.7a On-balance credit exposures to customers subject to measures applied in response to the COVID-19: gross and net values

(Amounts in € thousand)

| Exposure types / amounts | Gross exposure | | | | | Total value adjustments and total provisions | | | | | Net exposure | Write-off partial total* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated impaired | | Stage 1 | Stage 2 | Stage 3 | Purchased or originated impaired | | |
| **A. BAD CREDIT EXPOSURES** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | - | - | - | - | - | - | - | - | - | - | - | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **B. UNLIKELY TO PAY CREDIT LOANS** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | - | - | - | - | - | - | - | - | - | - | - | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **C. NON-PERFORMING PAST DUE CREDIT LOANS** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | - | - | - | - | - | - | - | - | - | - | - | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **D. OTHER PERFORMING PAST DUE LOANS** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | - | - | - | - | - | - | - | - | - | - | - | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **E. OTHER PERFORMING LOANS** | **385** | **-** | **385** | **-** | **-** | **(2)** | **-** | **(2)** | **-** | **-** | **(383)** | **-** |
| a) Subject to EBA-compliant moratoria (legislative and non-legislative) | - | - | - | - | - | - | - | - | - | - | - | - |
| b) Loans subject to moratorium measures in place no longer compliant with GL and not assessed as being granted | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Subject to COVID-19-related forbearance measures | 385 | - | 385 | - | - | (2) | - | (2) | - | - | (383) | - |
| d) Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis | - | - | - | - | - | - | - | - | - | - | - | - |
| **TOTAL (A+B+C+D+E)** | **385** | **-** | **385** | **-** | **-** | **(2)** | **-** | **(2)** | **-** | **-** | **(383)** | **-** |

# Part E - Information on Risks and relating hedging policies

### A.1.8 On-balance sheet credit exposures to banks: gross changes in non-performing exposures

No data to report.

### A.1.8bis On-balance sheet credit exposures to banks: gross changes in forborne non-performing exposures breakdown by credit quality

No data to report.

### A. 1.9 Credit exposures per case to customers: the dynamics of gross deteriorated exposures

(Amounts in € thousand)

| Description/Category | Bad Exposures | Unlikely to pay | Past due impaired exposures |
|---|---|---|---|
| **A. Opening balance (gross amount)** | **18,939** | **3,478** | **2,124** |
| - of which: sold non-cancelled exposures | - | - | - |
| **B. Increases** | **2,314** | **3,270** | **1,792** |
| B.1 transfers from performing loans | 666 | 1,905 | 1,549 |
| B.2 entry from impaired financial assets acquired or originated | - | - | - |
| B.3 transfers from other impaired exposures | 1,620 | 617 | - |
| B.4 contractual changes without cancellations | - | - | - |
| B.5 other increases | 28 | 748 | 243 |
| **C. Decreases** | **(2,149)** | **(2,289)** | **(2,250)** |
| C.1 transfers to perfomorming loans | - | (50) | (368) |
| C.2 write-offs | (1,572) | (30) | (15) |
| C.3 recoveries | (577) | (778) | (747) |
| C.4 sales proceeds | - | - | - |
| C.5 losses on disposals | - | - | - |
| C.6 transfers to other impaired exposures | - | (1,159) | (1,078) |
| C.7 contractual changes without cancellations | - | - | - |
| C.8 other decreases | - | (272) | (42) |
| **D. Closing balance (gross amounts)** | **19,104** | **4,459** | **1,666** |
| - of which: sold but not derecognised | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.1.9bis Cash credit exposures to customers: dynamics of gross exposures subject to concessions distinguished by credit quality

(Amounts in € thousand)

| Description/Quality | Forborne exposures impaired | Forborne exposures not impaired |
|---|---|---|
| **A. Opening balance (gross amount)** | **750** | **1,991** |
| - Sold but not derecognised | - | - |
| **B. Increases** | **508** | **578** |
| B.1 Transfers from performing not forborne exposures | - | 521 |
| B.2. Transfers from performing forborne exposures | 108 | X |
| B.3. Transfers from impaired forborne exposures | X | 14 |
| B.4 Transfers from impaired not forborne exposure | - | - |
| B.5 other increases | 400 | 43 |
| **C. Decreases** | **(428)** | **(346)** |
| C.1 Transfers to performing not forborne exposures | X | (7) |
| C.2 Transfers to performing forborne exposures | (14) | X |
| C.3 transfers to impaired exposures not forborne | X | (108) |
| C.4 write-offs | (60) | - |
| C.5 recoveries | (195) | (218) |
| C.6 sales proceeds | - | - |
| C.7 losses on disposals | - | - |
| C.8 other decreases | (159) | (13) |
| **D. Closing balance (gross amounts)** | **830** | **2,223** |
| - Sold but not derecognised | - | - |

### A.1.10 On-balance sheet credit exposures to banks: changes in overall impairment

No data to report.

# Part E - Information on Risks and relating hedging policies

### A.1.11 Cash exposures to customers: impairment of total value adjustments

(Amounts in € thousand)

| Description/Category | Bad Exposures | | Unlikely to pay | | Impaired Past due exposures | |
|---|---|---|---|---|---|---|
| | Total | of which: forborne exposures | Total | of which: forborne exposures | Total | of which: forborne exposures |
| **A. Opening balance overall amount of writedowns** | **(16,798)** | **(250)** | **(2,299)** | **(250)** | **(1,063)** | **(34)** |
| - Sold but not derecognised | - | - | - | - | - | - |
| **B. Increases** | **(3,022)** | **(70)** | **(2,015)** | **(202)** | **(920)** | **(24)** |
| B.1 impairment losses on acquired or originated assets | - | X | - | X | - | X |
| B. 2 other value adjustments | (1,906) | (21) | (1,724) | (154) | (907) | (12) |
| B.3 losses on disposal | - | - | - | - | - | - |
| B.4 transfer from other impaired exposure | (1,102) | (49) | (264) | (23) | - | - |
| B. 5 contractual changes without cancellations | - | - | - | - | - | - |
| B.6 other increases | (14) | - | (27) | (25) | (13) | (12) |
| **C. Reductions** | **2,121** | **86** | **1,276** | **141** | **1,018** | **45** |
| C.1 write-backs from assessments | 161 | 13 | 142 | 37 | 175 | 18 |
| C.2 write-backs from recoveries | 388 | 13 | 242 | 52 | 285 | 4 |
| C.3 gains on disposal | - | - | - | - | - | - |
| C.4 write-offs | 1,572 | 60 | 30 | - | 15 | - |
| C.5 transfers to other impaired exposures | - | - | 836 | 49 | 530 | 23 |
| C. 6 contractual changes without cancellations | - | - | - | - | - | - |
| C.7 other decreases | - | - | 26 | 3 | 13 | - |
| **D. Closing overall amount of writedowns** | **(17,699)** | **(234)** | **(3,038)** | **(311)** | **(965)** | **(13)** |
| - Sold but not derecognised | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

## A.2 Breakdown of financial assets, commitments and financial guarantees given by internal and external ratings

### A.2.1 Distribution of financial assets, commitments to disburse funds and financial guarantees issued: for external rating classes (gross values)

(Amounts in € thousand)

| Exposures | External rating classes | | | | | | Without rating | Total |
|---|---|---|---|---|---|---|---|---|
| | Class 1 | class 2 | class 3 | class 4 | class 5 | class 6 | | |
| **A. Financial assets valued at amortized cost** | **8,308,156** | **5,996,796** | **10,302,684** | **87,354** | **7,489** | **-** | **6,781,809** | **31,484,288** |
| - First stage | 8,308,156 | 5,996,796 | 10,302,684 | 87,354 | 7,489 | - | 6,714,861 | 31,417,340 |
| - Second stage | - | - | - | - | - | - | 41,719 | 41,719 |
| - Third stage | - | - | - | - | - | - | 25,229 | 25,229 |
| - Purchased or originated impaired | - | - | - | - | - | - | - | - |
| **B. Financial assets valued at fair value with impact on overall profitability** | **26,867** | **-** | **-** | **-** | **-** | **-** | **-** | **26,867** |
| - First stage | 26,867 | - | - | - | - | - | - | 26,867 |
| - Second stage | - | - | - | - | - | - | - | - |
| - Third stage | - | - | - | - | - | - | - | - |
| - Purchased or originated impaired | - | - | - | - | - | - | - | - |
| **C. Financial assets held for sale** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| - First stage | - | - | - | - | - | - | - | - |
| - Second stage | - | - | - | - | - | - | - | - |
| - Third stage | - | - | - | - | - | - | - | - |
| - Purchased or originated impaired | - | - | - | - | - | - | - | - |
| **Total (A+B+C)** | **8,335,023** | **5,996,796** | **10,302,684** | **87,354** | **7,489** | **-** | **6,781,809** | **31,511,155** |
| **D. Commitments and financial guarantees given** | **-** | **-** | **17,170** | **-** | **-** | **-** | **28,262** | **45,432** |
| - First stage | - | - | 17,170 | - | - | - | 27,596 | 44,766 |
| - Second stage | - | - | - | - | - | - | 636 | 636 |
| - Third stage | - | - | - | - | - | - | 30 | 30 |
| - Purchased or originated impaired | - | - | - | - | - | - | - | - |
| **Total (D)** | **-** | **-** | **17,170** | **-** | **-** | **-** | **28,262** | **45,432** |
| **Total (A+B+C+D)** | **8,335,023** | **5,996,796** | **10,319,854** | **87,354** | **7,489** | **-** | **6,810,071** | **31,556,587** |

The table shows the breakdown of on-balance sheet and off-balance-sheet exposures to counterparties with an external rating. Rating agencies provide a summary assessment on the creditworthiness of different type of counterparties: Countries, Banks, Public Bodies, Insurance Companies and Businesses, usually large-scale.

The table refers to the classification set forth in the Bank of Italy Circular no. 262/2005 regarding external ratings, which envisages 6 classes of creditworthiness.

The above representation refers to the Standard and Poor's ratings, which were also associated to the ratings of the other two main Agencies, Moody's and Fitch. When there were two credit ratings for an individual exposure provided by two rating agencies the worst rating was recognised; if there were three different ratings the two best ratings were identified and, if they were different, the worst rating from these was recognised.

As part of the calculation of statutory requirements, by using the standard risk calculation method, the Bank relies on the rankings of rating agencies in order to determine the weighting coefficients for exposures to Sovereign States ("Central governments and central banks", "Entities" and "Public Sector Entities" portfolio) and Covered bonds. In general, a weighting factor of 100 percent is applied to the remaining credit exposures, subject to the main exceptions established by CRR 575/2013.

As of December 31st, 2022, retail credit exposures mainly consist of personal loans, mortgages credit cards spending - both installment or revolving - , unsecured and secured overdraft facilities and securities lending not externally rated. Rated exposures towards non-retail customers mainly derive from securities issued by Sovereign counterparties and from credits with banks having a high credit rating.

# Part E - Information on Risks and relating hedging policies

### A.2.2 Breakdown of on-balance sheet and off-balance-sheet financial assets, commitments and financial guarantees given: breakdown by internal rating class (gross amount)

This table has not been included because internal ratings are not used to managed credit risk.

## A.3 Breakdown of secured exposures by type of collateral

### A.3.1 Secured on-balance sheet and off-balance-sheet exposures to banks

(Amounts in € thousand)

| | Gross exposure | Net exposures | Real guarantees (1) | | | | Personal guarantees (2) | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Credit derivatives | |
| | | | Property - mortgages | Property - Financial leases | Securities | Other real guarantees | CLN | Other derivatives |
| | | | 00/01/1900 | 00/01/1900 | 00/01/1900 | 00/01/1900 | | Central counterparties |
| **1. Secured on-balance sheet exposures:** | **1,681,515** | **1,681,515** | **-** | **-** | **1,681,500** | **-** | **-** | **-** |
| 1.1 totally secured | 1,681,515 | 1,681,515 | - | - | 1,681,500 | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |
| 1.2 partially secured | - | - | - | - | - | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |
| **2. Secured off-balance sheet credit exposures:** | **17,166** | **17,163** | **-** | **-** | **17,163** | **-** | **-** | **-** |
| 2.1 totally secured | 17,166 | 17,163 | - | - | 17,163 | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |
| 2.2 partially secured | - | - | - | - | - | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.3.1 Secured on-balance sheet and off-balance-sheet exposures to banks

*(continued)*

(Amounts in € thousand)

| | Personal guarantees (2) | | | | | | | Total (1)+2) |
|---|---|---|---|---|---|---|---|---|
| | Credit derivatives | | | Signature credits | | | | |
| | Other derivatives | | | | | | | |
| | Banks | Other financial entities | Other entities | Public entities | Banks | Other financial entities | Other entities | |
| **1. Secured on-balance sheet exposures:** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1,681,500** |
| 1.1 totally secured | - | - | - | - | - | - | - | 1,681,500 |
| - of which impaired | - | - | - | - | - | - | - | - |
| 1.2 partially secured | - | - | - | - | - | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |
| **2. Secured off-balance sheet credit exposures:** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **17,163** |
| 2.1 totally secured | - | - | - | - | - | - | - | 17,163 |
| - of which impaired | - | - | - | - | - | - | - | - |
| 2.2 partially secured | - | - | - | - | - | - | - | - |
| - of which impaired | - | - | - | - | - | - | - | - |

### A.3.2 Secured on-balance sheet and off-balance-sheet exposures to customers

(Amounts in € thousand)

| | Gross exposure | Net exposures | Real guarantees (1) | | | | Personal guarantees (2) | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Credit derivatives | |
| | | | | | | | | Other derivatives |
| | | | Property - Mortgages | Property - Financial leases | Securities | Other real assets | CLN | Central counterparties |
| **1. Secured on-balance sheet:** | **5,088,446** | **5,082,520** | **2,619,268** | **-** | **2,393,093** | **70,032** | **-** | **-** |
| 1.1 totally secured | 5,086,284 | 5,080,363 | 2,618,176 | - | 2,392,137 | 70,025 | - | - |
| - of which: impaired | 1,611 | 1,085 | 934 | - | 151 | - | - | - |
| 1.2 partially secured | 2,162 | 2,157 | 1,092 | - | 956 | 7 | - | - |
| - of which: impaired | - | - | - | - | - | - | - | - |
| **2. Secured off-balance sheet credit exposures:** | **30,082** | **30,057** | **-** | **-** | **25,900** | **4,146** | **-** | **-** |
| 2.1 totally secured | 30,050 | 30,025 | - | - | 25,880 | 4,145 | - | - |
| - of which: impaired | 25 | 24 | - | - | 24 | - | - | - |
| 2.2. partially secured | 32 | 32 | - | - | 20 | 1 | - | - |
| - of which: impaired | - | - | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.3.2 Secured on-balance sheet and off-balance-sheet exposures to customers
*(continued)*

(Amounts in € thousand)

| | Personal guarantees (2) | | | | | | | Total (1)+(2) |
|---|---|---|---|---|---|---|---|---|
| | Credit derivatives | | | Signature credits | | | | |
| | Other derivatives | | | | | | | |
| | Banks | Other financial entities | Other entities | Public entities | Banks | Other financial entities | Other entities | |
| **1. Secured on-balance sheet:** | **-** | **-** | **-** | **-** | **-** | **-** | **2** | **5,082,395** |
| 1.1 totally secured | - | - | - | - | - | - | 2 | 5,080,340 |
| - of which: impaired | - | - | - | - | - | - | - | 1,085 |
| 1.2 partially secured | - | - | - | - | - | - | - | 2,055 |
| - of which: impaired | - | - | - | - | - | - | - | - |
| **2. Secured off-balance sheet credit exposures:** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **30,046** |
| 2.1 totally secured | - | - | - | - | - | - | - | 30,025 |
| - of which: impaired | - | - | - | - | - | - | - | 24 |
| 2.2. partially secured | - | - | - | - | - | - | - | 21 |
| - of which: impaired | - | - | - | - | - | - | - | - |

## A.4 Financial and non-financial assets obtained through the enforcement of guarantees received

No data to report.

# Part E - Information on Risks and relating hedging policies

### *B. Distribution and concentration of credit exposures*

### B.1 Breakdown of on-balance sheet and off-balance-sheet credit exposures to customers by sector

(Amounts in € thousand)

| Exposures/Counterparty | | Public entities | | Financial entities | | Financial companies (of which: insurance companies) | |
|---|---|---|---|---|---|---|---|
| | | Net exposure | Total impairments | Net exposure | Total impairments | Net exposure | Total impairments |
| **A. On-balance sheet credit exposures** | | | | | | | |
| A.1 Bad loans | | - | - | - | (1) | - | - |
| - of wich: forborne exposures | | - | - | - | - | - | - |
| A.2 Unlikely to pay | | - | - | - | (1) | - | - |
| - of wich: forborne exposures | | - | - | - | - | - | - |
| A.3 Past-due impaired loans | | - | - | 1 | (1) | - | - |
| - of wich: forborne exposures | | - | - | - | - | - | - |
| A.4 Performing exposures | | 21,024,338 | (7,243) | 361,427 | (454) | 28,909 | (8) |
| - of wich: forborne exposures | | - | - | - | - | - | - |
| **Total (A)** | | **21,024,338** | **(7,243)** | **361,428** | **(457)** | **28,909** | **(8)** |
| **B. Off-balance sheet exposures** | | | | | | | |
| B.1 Impaired | | - | - | - | - | - | - |
| B.2 Unimpaired | | 1 | - | 2,842 | - | - | - |
| **Total (B)** | | **1** | **-** | **2,842** | **-** | **-** | **-** |
| **Total (A+B)** | **12/31/2022** | **21,024,339** | **(7,243)** | **364,270** | **(457)** | **28,909** | **(8)** |
| **Total (A+B)** | **12/31/2021** | **19,175,946** | **(5,800)** | **361,945** | **(192)** | **27,042** | **(3)** |

# Part E - Information on Risks and relating hedging policies

## B.1 Breakdown of on-balance sheet and off-balance-sheet credit exposures to customers by sector

*(continued)*

(Amounts in € thousand)

| Exposures/Counterparty | | Non-financial entities | | Households | |
|---|---|---|---|---|---|
| | | Net exposure | Total impairments | Net exposure | Total impairments |
| **A. On-balance sheet credit exposures** | | | | | |
| A.1 Bad loans | | - | (5) | 1,405 | (17,693) |
| - of wich: forborne exposures | | - | - | 23 | (234) |
| A.2 Unlikely to pay | | 16 | (65) | 1,405 | (2,972) |
| - of wich: forborne exposures | | - | - | 243 | (311) |
| A.3 Past-due impaired loans | | - | - | 700 | (964) |
| - of wich: forborne exposures | | - | - | 5 | (13) |
| A.4 Performing exposures | | 1,149 | (9) | 6,059,981 | (11,886) |
| - of wich: forborne exposures | | - | - | 2,200 | (23) |
| **Total (A)** | | **1,165** | **(79)** | **6,063,491** | **(33,515)** |
| **B. Off-balance sheet exposures** | | | | | |
| B.1 Impaired | | - | - | 90 | (41) |
| B.2 Unimpaired | | 1,958 | - | 2,077,509 | (31) |
| **Total (B)** | | **1,958** | **-** | **2,077,599** | **(72)** |
| **Total (A+B)** | **12/31/2022** | **3,123** | **(79)** | **8,141,090** | **(33,587)** |
| **Total (A+B)** | **12/31/2021** | **1,073** | **(59)** | **7,474,617** | **(32,442)** |

Exposures connected to the counterparty risk related to securities lending or borrowing transactions are not included.

# Part E - Information on Risks and relating hedging policies

## B.2 Distribution of balance sheet and off-balance sheet exposures to customers by geographic area

(Amounts in € thousand)

| Exposures/Geographical area | Italy | | Other european countries | | United States |
|---|---|---|---|---|---|
| | Net exposures | Total impairments | Net exposures | Total impairments | Net exposures |
| **A. On-balance sheet exposures** | | | | | |
| A.1 Bad loans | 1,399 | (17,648) | 3 | (38) | 2 |
| A.2 Unlikely to pay | 1,421 | (3,038) | - | - | - |
| A.3 Impaired past-due exposures | 699 | (962) | 2 | (3) | - |
| A.4 Unimpaired exposures | 14,004,535 | (16,939) | 11,750,636 | (2,246) | 763,958 |
| **Total (A)** | **14,008,054** | **(38,587)** | **11,750,641** | **(2,287)** | **763,960** |
| **B. Off-balance sheet credit exposures** | | | | | |
| B.1 Impaired exposures | 90 | (41) | - | - | - |
| B.2 Unimpaired exposures | 2,076,805 | (31) | 4,990 | - | 95 |
| **Total (B)** | **2,076,895** | **(72)** | **4,990** | **-** | **95** |
| **Total (A+B) 12/31/2022** | **16,084,949** | **(38,659)** | **11,755,631** | **(2,287)** | **764,055** |
| **Total (A+B) 12/31/2021** | **15,011,244** | **(36,728)** | **10,768,790** | **(1,543)** | **963,916** |

## B.2 Distribution of balance sheet and off-balance sheet exposures to customers by geographic area

*(continued)*

(Amounts in € thousand)

| Exposures/Geographical area | United States | Asia | | Rest of the world | |
|---|---|---|---|---|---|
| | Total impairments | Net exposures | Total impairments | Net exposures | Total impairments |
| **A. On-balance sheet exposures** | | | | | |
| A.1 Bad loans | (13) | - | - | 1 | - |
| A.2 Unlikely to pay | - | - | - | - | - |
| A.3 Impaired past-due exposures | - | - | - | - | - |
| A.4 Unimpaired exposures | (272) | 258,064 | (88) | 669,702 | (47) |
| **Total (A)** | **(285)** | **258,064** | **(88)** | **669,703** | **(47)** |
| **B. Off-balance sheet credit exposures** | | | | | |
| B.1 Impaired exposures | - | - | - | - | - |
| B.2 Unimpaired exposures | - | 404 | - | 16 | - |
| **Total (B)** | - | **404** | **-** | **16** | **-** |
| **Total (A+B) 12/31/2022** | **(285)** | **258,468** | **(88)** | **669,719** | **(47)** |
| **Total (A+B) 12/31/2021** | **(164)** | **261,004** | **(57)** | **8,627** | **(1)** |

Exposures connected to the counterparty risk related to securities lending or borrowing transactions are not included.

# Part E - Information on Risks and relating hedging policies

## B.2 Breakdown of on-balance sheet and off-balance-sheet credit exposures to customers by geography

(Amounts in € thousand)

| Exposures/Geographic area | | North-West Italy | | North-East Italy | | Central Italy | | South Italy and Islands | |
|---|---|---|---|---|---|---|---|---|---|
| | | Net exposure | Total impairments | Net exposure | Total impairments | Net exposure | Total impairments | Net exposure | Total impairments |
| **A. On-balance sheet exposures** | | | | | | | | | |
| A.1 Bad loans | | 347 | (5,232) | 118 | (1,706) | 291 | (3,865) | 643 | (6,845) |
| A.2 Unlikely to pay | | 482 | (1,137) | 141 | (232) | 213 | (696) | 585 | (973) |
| A.3 Impaired past-due exposures | | 159 | (212) | 69 | (133) | 151 | (252) | 320 | (365) |
| A.4 Unimpaired exposures | | 2,324,705 | (4,121) | 895,610 | (1,408) | 9,442,206 | (8,570) | 1,342,014 | (2,840) |
| **Total (A)** | | **2,325,693** | **(10,702)** | **895,938** | **(3,479)** | **9,442,861** | **(13,383)** | **1,343,562** | **(11,023)** |
| **B. Off-balance sheet credit exposures** | | | | | | | | | |
| B.1 Impaired exposures | | 32 | (7) | 28 | (3) | 21 | (16) | 9 | (15) |
| B.2 Unimpaired exposures | | 829,135 | (12) | 351,963 | (6) | 507,521 | (7) | 388,186 | (6) |
| **Total (B)** | | 829,167 | (19) | 351,991 | (9) | 507,542 | (23) | 388,195 | (21) |
| **Total (A+B)** | **12/31/2022** | **3,154,860** | **(10,721)** | **1,247,929** | **(3,488)** | **9,950,403** | **(13,406)** | **1,731,757** | **(11,044)** |
| **Total (A+B)** | **12/31/2021** | **2,849,884** | **(10,444)** | **1,126,563** | **(3,403)** | **9,404,498** | **(12,516)** | **1,630,299** | **(10,365)** |

# Part E - Information on Risks and relating hedging policies

### B.3 Breakdown of on-balance sheet and off-balance-sheet credit exposures to banks by geography

(Amounts in € thousand)

| Exposures/Geographical Area | Italy | | Other european countries | | U.S.A. |
|---|---|---|---|---|---|
| | Net exposures | Total impairments | Net exposures | Total impairments | Net exposures |
| **A. On-balance sheet exposures** | | | | | |
| A.1 Bad loans | - | - | - | - | - |
| A.2 Unlikely to pay | - | - | - | - | - |
| A.3 Impaired past-due exposures | - | - | - | - | - |
| A.4 Not impaired exposures | 3,465,556 | (179) | 1,174,222 | (152) | 98,925 |
| **Total (A)** | **3,465,556** | **(179)** | **1,174,222** | **(152)** | **98,925** |
| **B. Off-balance sheet credit exposures** | | | | | |
| B.1 Impaired exposure | - | - | - | - | - |
| B.2 Unimpaired exposure | 17,168 | (3) | 1,691,826 | - | - |
| **Total (B)** | **17,168** | **(3)** | **1,691,826** | **-** | **-** |
| **Total (A+B) 12/31/2022** | **3,482,724** | **(182)** | **2,866,048** | **(152)** | **98,925** |
| **Total (A+B) 12/31/2021** | **5,706,987** | **(41)** | **1,129,486** | **(44)** | **66,271** |

### B.3 Breakdown of on-balance sheet and off-balance-sheet credit exposures to banks by geography

*(continued)*

(Amounts in € thousand)

| Exposures/Geographical Area | U.S.A. | Asia | | Rest of the world | |
|---|---|---|---|---|---|
| | Total impairments | Net exposures | Total impairments | Net exposures | Total impairments |
| **A. On-balance sheet exposures** | | | | | |
| A.1 Bad loans | - | - | - | - | - |
| A.2 Unlikely to pay | - | - | - | - | - |
| A.3 Impaired past-due exposures | - | - | - | - | - |
| A.4 Not impaired exposures | (7) | - | - | 718,953 | (50) |
| **Total (A)** | **(7)** | **-** | **-** | **718,953** | **(50)** |
| **B. Off-balance sheet credit exposures** | | | | | |
| B.1 Impaired exposure | - | - | - | - | - |
| B.2 Unimpaired exposure | - | - | - | - | - |
| **Total (B)** | **-** | **-** | **-** | **-** | **-** |
| **Total (A+B) 12/31/2022** | **(7)** | **-** | **-** | **718,953** | **(50)** |
| **Total (A+B) 12/31/2021** | **(5)** | **-** | **-** | **431,917** | **(15)** |

Exposures connected to the counterparty risk related to securities lending or borrowing transactions are not included.

# Part E - Information on Risks and relating hedging policies

### B.3 Breakdown of on-balance sheet and off-balance-sheet credit exposures to banks by geography - Italy

(Amounts in € thousand)

| Exposures / Geographical Area | North-West Italy | | North-East Italy | | Central Italy | | South-Italy and Islands | |
|---|---|---|---|---|---|---|---|---|
| | Net exposures | Total impairments | Net exposures | Total impairments | Net exposures | Total impairments | Net exposures | Total impairments |
| **A. On-balance sheet exposures** | | | | | | | | |
| A.1 Bad loans | - | - | - | - | - | - | - | - |
| A.2 Unlikely to pay | - | - | - | - | - | - | - | - |
| A.3 Impaired past-due exposures | - | - | - | - | - | - | - | - |
| A.4 Unimpaired exposures | 1,927,123 | (120) | 29,377 | (7) | 1,509,056 | (52) | - | - |
| **TOTAL** | **1,927,123** | **(120)** | **29,377** | **(7)** | **1,509,056** | **(52)** | **-** | **-** |
| **B. Off-balance sheet credit exposures** | | | | | | | | |
| B.1 Impaired exposures | - | - | - | - | - | - | - | - |
| B.2 Unimpaired exposures | 17,168 | (3) | - | - | - | - | - | - |
| **Total (B)** | **17,168** | **(3)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total (A+B) 12/31/2022** | **1,944,291** | **(123)** | **29,377** | **(7)** | **1,509,056** | **(52)** | **-** | **-** |
| **Total (A+B) 12/31/2021** | **4,123,130** | **(16)** | **29,417** | **(1)** | **1,554,440** | **(24)** | **-** | **-** |

# Part E - Information on Risks and relating hedging policies

### B.4 Large exposures

As at December 31st, 2022, the "risk positions" constituting a "large exposure" pursuant to the Commission Implementing Regulation (EU) No 451/2021 of 17 December 2020 which establishes technical implementation rules with regard to the reporting of entities for supervisory purposes in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council, and subsequent Regulations that modify the content (CRR), are the following:

- book value: € 28,516,270 thousand, excluding reverse repo transactions and indirect exposures as defined below;
- non-weighted value: € 32,141,363 thousand, including repurchase agreements and indirect exposures;
- weighted value: € 2,494,412 thousand, including repurchase agreements and indirect exposures;
- number of "risk positions": 39.

It should be noted that, in accordance with the EBA Guidelines on connected customers pursuant to Article 4, paragraph 1, point 39) of CRR, the large exposures also include counterparties with links with central governments that, although they do not individually exceed the 10% threshold of the eligible capital for large exposures, exceed this limit when the exposure to the sovereign to which they are linked by a control relationship is also considered.

It should be also noted that CRR introduced the requirement to apply the "Substitution Approach", whereby an Institution, when reducing its exposure to a client using a credit risk mitigation technique eligible under Article 399, paragraph 1, treats, in the manner set out in Article 403, the portion of the exposure corresponding to the reduction as an exposure to the protection provider rather than to the client. This implies compliance with the limits set by Article 395 CRR on the sum of direct exposures to clients and exposures represented by collateral received ("indirect exposures"). In addition, the Regulation requires institutions to add to the total exposures toward a client the exposures arising from derivative contracts where the contract has not been directly concluded with that client but the underlying debt or equity instrument has been issued by that client ("indirect exposures").

Following the deconsolidation of FinecoBank from the UniCredit Group took place, FinecoBank and UniCredit S.p.A. have entered into a contract (Pledge Agreement) which provides for the granting by UniCredit S.p.A. of financial guarantees in favour of FinecoBank aimed at guaranteeing credit risk exposures represented by UniCredit bonds, until their natural expiry, and from the financial guarantees issued by FinecoBank in favour of the Agency of Enter at the request of UniCredit S.p.A., until they are completely extinguished. These guarantees meet the requirements of the applicable legislation to be eligible in the context of credit risk mitigation techniques (CRM), with the consequent reduction in the exposure to UniCredit Group for the purposes of determining the Fineco's large exposures.

Finally, please note that deferred tax assets within the exposure towards the Italian Central Government have been exempted and, therefore, their weighted value is null.

# Part E - Information on Risks and relating hedging policies

***C. Securitisation transactions***

## Qualitative information

No data to report.

## Quantitative information

No data to report.

***D. Disclosure on structured entities not consolidated (other than securitisation companies)***

The qualitative and quantitative disclosures in this section are not to be provided by banks that prepare consolidated financial statements in accordance with Bank of Italy Circular 262.

***E. Sales Transactions***
***A. Financial assets sold and partially derecognised***

## Qualitative information

The Bank carries out repurchase and reverse repurchase agreements and securities lending transactions secured by cash, which are in substance equivalent to repurchase agreements, against proprietary securities and non-asset securities received through reverse repurchase and securities lending transactions. Owned securities engaged in repurchase agreements have not been eliminated from the balance sheet as the Bank enters into repurchase agreements with an obligation on the part of the transferee to resell at a later date the assets involved in the transaction and retains all risks associated with ownership of the securities.

The Bank also carries out securities lending transactions without collateral or with collateral represented by other securities, as lender, against its own securities.

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### E.1 Financial assets sold but not derecognised and associated financial liabilities: carrying value

(Amounts in € thousand)

| | Financial assets sold but not derecognised | | | | Associated financial liabilities | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount | of which: securisation | of which: repurchase agreement | of which: impaired | Carrying amount | of which: securisation | of which: repurchase agreement |
| **A. Financial assets held for trading** | **13** | **-** | **13** | **X** | **-** | **-** | **-** |
| 1. Debt securities | - | - | - | X | - | - | - |
| 2. Equity instruments | 13 | - | 13 | X | - | - | - |
| 3. Loans | - | - | - | X | - | - | - |
| 4. Derivative instruments | - | - | - | X | - | - | - |
| **B. Other financial assets mandatorily at fair value** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1. Debt securities | - | - | - | - | - | - | - |
| 2. Equity instruments | - | - | - | X | - | - | - |
| 3. Loans | - | - | - | - | - | - | - |
| **C. Financial assets designated at fair value** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1. Debt securities | - | - | - | - | - | - | - |
| 2. Loans | - | - | - | - | - | - | - |
| **D. Financial assets at fair value through other comprehensive income** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1. Debt securities | - | - | - | - | - | - | - |
| 2. Equity instruments | - | - | - | X | - | - | - |
| 3. Loans | - | - | - | - | - | - | - |
| **E. Financial assets at amortised cost** | **3,642,575** | **-** | **3,642,575** | **-** | **3,466,841** | **-** | **3,466,841** |
| 1. Debt securities | 3,642,575 | - | 3,642,575 | - | 3,466,841 | - | 3,466,841 |
| 2. Loans | - | - | - | - | - | - | - |
| **Total 12/31/2022** | **3,642,588** | **-** | **3,642,588** | **-** | **3,466,841** | **-** | **3,466,841** |
| **Total 12/31/2021** | **3,054,851** | **-** | **3,054,851** | **-** | **3,076,242** | **-** | **3,076,242** |

Please note that the amount of financial liabilities in the table above has been shown gross of the accounting off-setting made according to IAS 32.

The above table excludes financial assets sold under securities lending transactions without collateral or with collateral represented by other securities, with which no liability is associated.

### E.2 Financial assets sold partially recognized and associated financial liabilities: carrying value

No data to report.

### E.3 Sales transactions relating to financial liabilities with repayment exclusively based on assets sold and not derecognised: fair value

No data to report.

# Part E - Information on Risks and relating hedging policies

***B. Assets sold and fully derecognised with recognition of continuing involvement***

## Qualitative information

No data to report.

## Qualitative information

No data to report.

***C. Securitisation transactions***

## Qualitative information

No data to report.

## Quantitative information

No data to report.

***D. Covered bond transactions***

No data to report.

***F. Credit Risk Measurement Models***

*Credit Risk Measurement – Trading Book*

The monitoring of the credit risk taken on in the trading book is carried out through the daily measurement of VaR and Credit Spread VaR, measures that directly impact the calculation of Internal Capital. However, the trading book's exposure to credit risk remains extremely limited.

*Credit Risk Measurement – Banking Book*

The Bank's banking portfolio consists mainly of securities, current accounts with credit institutions and deposits with the Bank of Italy. Exposures to institutional counterparties are assigned a rating class Activity with retail customers is limited to the granting of personal loans, mortgages, credit cards and overdraft facilities.

# Part E - Information on Risks and relating hedging policies

## Information on securities issued by Sovereigns

The Bank is exposed to the sovereign debt of some countries, having invested a portion of its assets in debt securities issued by governments and recognised in the item "Financial assets designated at fair value through other comprehensive income" and in "Financial assets measured at amortised cost". The following table shows the face value, the book value and the fair value of these exposures as at December 31st, 2022. The Bank is exposed to debt securities issued by Sovereigns which are classified under the item "Other financial assets mandatorily at fair value" for € 76 thousand.

In addition, the Bank hold investments in debt securities issued by Supranational institutions and Agencies accounted for in "Financial assets at amortised cost".

(Amounts in € thousand)

| | Nominal value as at | Carrying amount as at | Fair value as at | % Financial statements item |
|---|---|---|---|---|
| | 12/31/2022 | 12/31/2022 | 12/31/2022 | 12/31/2022 |
| **Italy** | **8,170,254** | **7,659,647** | **7,241,024** | **21.2%** |
| Financial assets at amortised cost | 8,170,254 | 7,659,647 | 7,241,024 | 24.4% |
| **Spain** | **4,920,000** | **4,521,003** | **4,431,289** | **12.5%** |
| Financial assets at amortised cost | 4,920,000 | 4,521,003 | 4,431,289 | 14.4% |
| **Germany** | **175,000** | **171,506** | **153,622** | **0.5%** |
| Financial assets at amortised cost | 175,000 | 171,506 | 153,622 | 0.5% |
| **France** | **1,508,500** | **1,483,593** | **1,291,059** | **4.1%** |
| Financial assets at fair value through other comprehensive income | 35,000 | 26,865 | 26,865 | 100.0% |
| Financial assets at amortised cost | 1,473,500 | 1,456,728 | 1,264,194 | 4.6% |
| **U.S.A.** | **559,722** | **547,721** | **539,999** | **1.5%** |
| Financial assets at amortised cost | 559,722 | 547,721 | 539,999 | 1.7% |
| **Austria** | **671,000** | **670,898** | **577,430** | **1.9%** |
| Financial assets at amortised cost | 671,000 | 670,898 | 577,430 | 2.1% |
| **Ireland** | **960,500** | **912,684** | **879,009** | **2.5%** |
| Financial assets at amortised cost | 960,500 | 912,684 | 879,009 | 2.9% |
| **United Kingdom** | **56,374** | **56,199** | **56,138** | **0.2%** |
| Financial assets at amortised cost | 56,374 | 56,199 | 56,138 | 0.2% |
| **Belgium** | **715,000** | **719,639** | **624,512** | **2.0%** |
| Financial assets at amortised cost | 715,000 | 719,639 | 624,512 | 2.3% |
| **Portugal** | **330,000** | **379,113** | **325,589** | **1.0%** |
| Financial assets at amortised cost | 330,000 | 379,113 | 325,589 | 1.2% |
| **Switzerland** | **32,497** | **32,477** | **32,462** | **0.1%** |
| Financial assets at amortised cost | 32,497 | 32,477 | 32,462 | 0.1% |
| **Saudi Arabia** | **90,000** | **90,316** | **73,996** | **0.2%** |
| Financial assets at amortised cost | 90,000 | 90,316 | 73,996 | 0.3% |
| **Chile** | **203,100** | **214,101** | **165,960** | **0.6%** |
| Financial assets at amortised cost | 203,100 | 214,101 | 165,960 | 0.7% |
| **China** | **165,832** | **165,210** | **132,430** | **0.5%** |
| Financial assets at amortised cost | 165,832 | 165,210 | 132,430 | 0.5% |
| **Latvia** | **30,000** | **29,740** | **21,991** | **0.1%** |
| Financial assets at amortised cost | 30,000 | 29,740 | 21,991 | 0.1% |
| **Iceland** | **15,000** | **14,967** | **12,449** | **0.0%** |
| Financial assets at amortised cost | 15,000 | 14,967 | 12,449 | 0.0% |
| **Total sovereign exposures** | **18,602,779** | **17,668,814** | **16,558,959** | **48.8%** |

The % reported in line with Sovereign counterparties and in the item "Total Sovereign exposures" have been determined on the total assets of the Bank, while the% reported in lien with the balance sheet items were determined on the total of the individual items of the financial statements.

Please note that securities denominated in currencies other than the euro have been converted into euro according to the spot exchange rate at the reference date of the financial statements.

# Part E - Information on Risks and relating hedging policies

As at December 31st, 2022, investments in debt securities issued by Sovereign States accounted for 48,8% of the Bank's total assets and none of them were structured debt securities.

The following table shows the Sovereign ratings as at December 31st, 2022 for countries to which the Bank is exposed, provided by Fitch Ratings, Moody's and Standard & Poor's.

| | Moody's | Fitch Ratings | Standard & Poor's |
|---|---|---|---|
| Italy | Baa3 | BBB | BBB |
| Spain | Baa1 | A- | A |
| Germany | Aaa | AAA | AAA |
| France | Aa2 | AA | AA |
| USA | Aaa | AAA | AA+ |
| Austria | Aa1 | AA+ | AA+ |
| Ireland | A1 | AA- | AA- |
| Belgium | Aa3 | AA- | AA |
| Portugal | Baa2 | BBB+ | BBB+ |
| United Kingdom | Aa3 | AA- | AA |
| Switzerland | Aaa | AAA | AAA |
| Saudi Arabia | A1 | A | A- |
| Chile | A2 | A- | A+ |
| China | A1 | A+ | A+ |
| Latvia | A3 | A- | A+ |
| Iceland | A2 | A | A |

# Part E - Information on Risks and relating hedging policies

## Section 2 - Market risk

Market risk derives from changes in market variables (interest rates, securities prices, exchange rates, etc.) affecting the economic value of the Bank's portfolio. The latter includes assets held in the trading book (assets held for trading) as well as those in the banking book, i.e. the transactions connected to strategic investment choices.

### Risk Management Strategies and Processes

Please refer to the paragraph "Risk Management Strategies and Processes" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, which is deemed to be reported here in full.

### Structure and Organisation

Please refer to the paragraph "Structure and Organisation" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, which is deemed to be reported here in full.

#### *Impacts of the crisis unfolded by COVID-19 pandemic and Russia-Ukraine military conflict*

Please refer to the paragraph "Impacts of the crisis unfolded by COVID-19 pandemic and Russia-Ukraine military conflict" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, which is deemed to be reported here in full.

### Risk measurement and reporting framework

Please refer to the paragraph "Risk measurement and reporting framework" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, which is deemed to be reported here in full.

### Procedures and methodologies for valuation of Trading Book positions

Please refer to the paragraph "Procedures and methodologies for valuation of Trading Book positions" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, which is deemed to be reported here in full.

### Risk measures

Please refer to the paragraph "Risk measures" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, which is deemed to be reported here in full.

# Part E - Information on Risks and relating hedging policies

*2.1 Interest rate risk and price risk – regulatory trading book*

## Qualitative information

### *A. General Matters*

Please refer to the paragraph "A. General Matters" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, 1.2.1 Interest rate risk and price risk – regulatory trading book, which is deemed to be reported here in full.

### *B. Processes for managing and methods for measuring interest rate risk and price risk*

Please refer to the paragraph "B. Processes for managing and methods for measuring interest rate risk and price risk" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, 1.2.1 Interest rate risk and price risk – regulatory trading book, which is deemed to be reported here in full.

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### 1. Regulatory trading book: distribution by maturity (repricing date) of on-balance sheet financial assets and liabilities and financial derivatives – Currency: Euro

(Amounts in € thousand)

| Type/Residual maturity | On demand | Up to 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 year and 5 years | Between 5 and 10 years | Over 10 years | Indefinite maturity |
|---|---|---|---|---|---|---|---|---|
| **1. On-balance sheet assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1.1 Debt securities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - other | - | - | - | - | - | - | - | - |
| 1.2 Other assets | - | - | - | - | - | - | - | - |
| **2. On-balance sheet liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 2.1 Repos | - | - | - | - | - | - | - | - |
| 2.2 Other liabilities | - | - | - | - | - | - | - | - |
| **3. Financial derivatives** | | | | | | | | |
| 3.1 With underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + Long positions | - | - | - | - | - | - | 1 | - |
| + Short positions | - | - | - | - | 75 | - | 1 | - |
| - Others derivates | | | | | | | | |
| + Long positions | 117 | 130,549 | - | - | 349 | 436 | 2,432 | - |
| + Short positions | 117 | 131,393 | - | - | 349 | - | 1,864 | - |
| 3.2 Without underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + Long positions | 20 | 357 | - | - | - | - | - | - |
| + Short positions | 20 | 82 | - | - | - | - | - | - |
| - Others derivatives | | | | | | | | |
| + Long positions | - | 48,176 | 20 | 25,200 | - | - | - | - |
| + Short positions | 20 | 61,457 | 290 | 14,050 | - | - | - | - |

Item 3.1 "Financial Derivatives with underlying securities - Other Derivatives" includes spot contracts for the purchase and sale of securities, other than shares and UCITS units, to be settled in times established by market practices ("regular way").

Item 3.2 "Financial Derivatives without underlying securities - Other Derivatives" includes spot contracts for the purchase and sale of foreign currencies, to be settled in times established by market practices ("regular way").

# Part E - Information on Risks and relating hedging policies

## Currency: Other currencies

(Amounts in € thousand)

| Type/Residual maturity | On demand | Up to 3 months | Between 3 and 6 months | Between 6 months and 1 year | Between 1 year and 5 years | Between 5 and 10 years | Over 10 years | Indefinite maturity |
|---|---|---|---|---|---|---|---|---|
| **1. On-balance sheet assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1.1 Debt securities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - other | - | - | - | - | - | - | - | - |
| 1.2 Other assets | - | - | - | - | - | - | - | - |
| **2. On-balance sheet liabilities** | **-** | **-** | **-** | **-** | **-** | **-** | **1** | **-** |
| 2.1 Repos | - | - | - | - | - | - | - | - |
| 2.2 Other liabilities | - | - | - | - | - | - | 1 | - |
| **3. Financial derivatives** | | | | | | | | |
| 3.1 With underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| - Others derivates | | | | | | | | |
| + Long positions | - | 154,243 | - | - | - | - | - | - |
| + Short positions | - | 154,266 | 100 | - | - | - | - | - |
| 3.2 Without underlying security | | | | | | | | |
| - Options | | | | | | | | |
| + Long positions | - | 134 | - | - | - | - | - | - |
| + Short positions | - | 422 | - | - | - | - | - | - |
| - Others derivatives | | | | | | | | |
| + Long positions | 27 | 79,964 | 714 | 27,843 | - | - | - | - |
| + Short positions | 7 | 66,556 | 440 | 39,203 | - | - | - | - |

The effects of changes in the yield curve on net interest margin arising from instruments in the trading book are negligible. For similar considerations regarding the banking book, see paragraph 2. Banking book: internal models and other methods of sensitivity analysis.

# Part E - Information on Risks and relating hedging policies

### 2. Regulatory trading book: distribution of exposures in equity instruments and share indices for the main stock market countries

(Amounts in € thousand)

| Type of transaction/listing index | Listed | | | | | | Unlisted |
|---|---|---|---|---|---|---|---|
| | U.S.A. | NETHERLANDS | ITALY | GERMANY | FRANCE | OTHER COUNTRY | |
| **A. Equity instruments** | | | | | | | |
| - long positions | 7,577 | 720 | 3 | 740 | 414 | 1,076 | - |
| - short positions | 172 | 41 | - | 24 | 95 | 63 | - |
| **B. Unsettled equity instrument trades** | | | | | | | |
| - long positions | 140,729 | 36,520 | 77,992 | 9,316 | 16 | 17,060 | - |
| - short positions | 141,314 | 36,510 | 78,061 | 9,391 | 15 | 16,960 | - |
| **C. Other equity instruments derivatives** | | | | | | | |
| - long positions | 1,186 | 270 | - | 144 | 164 | 233 | - |
| - short positions | 8,489 | 1,023 | - | 892 | 512 | 1,400 | - |
| **D. Share index derivatives** | | | | | | | |
| - long positions | 24,258 | 14 | 4,817 | 7,522 | 512 | 2,813 | - |
| - short positions | 23,310 | 95 | 8,918 | 7,423 | 482 | 2,897 | - |

### 3. Regulatory trading book: internal models and other methods of sensitivity analysis

The Bank monitors the VaR of the Trading Book on a daily basis.

As at December 31st, 2022, the daily VaR of the trading book amounted to € 236 thousand. The average for the year 2022 is € 122 thousand, with a maximum peak of € 436 thousand and a minimum of € 26 thousand.

The volatility in the price of instruments determines direct impacts on the income statement.

*2.2 Interest rate risk and price risk – banking book*

## Qualitative information

### *A. General aspects, management processes and measurement methods for interest rate risk and price risk*

Please refer to the paragraph “A. General aspects, management processes and measurement methods for interest rate risk and price risk” in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, 1.2.2 Interest rate risk and price risk – banking book, which is deemed to be reported here in full.

.

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### 1. Banking book: distribution by maturity (by repricing date) of financial assets and liabilities – Currency: Euro

(Amounts in € thousand)

| Type/maturity | On demand | Up to 3 months | Between 3 and 6 months | Between 6 months to 1 year | Between 1 year and 5 years | Between 5 and 10 years | Over 10 years | Indefinite maturity |
|---|---|---|---|---|---|---|---|---|
| **1. On-balance sheet assets** | **4,048,624** | **3,573,183** | **467,396** | **481,953** | **7,842,394** | **15,971,214** | **948,824** | **-** |
| 1.1 Debt securities | - | 2,310,342 | 381,661 | 324,486 | 6,957,383 | 15,342,476 | 26,912 | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | 2,310,342 | 381,661 | 324,486 | 6,957,383 | 15,342,476 | 26,912 | - |
| 1.2 Loans to banks | 1,289,897 | 312,462 | - | - | - | - | - | - |
| 1.3 Loans to customers | 2,758,727 | 950,379 | 85,735 | 157,467 | 885,011 | 628,738 | 921,912 | - |
| - current accounts | 2,400,440 | 78 | 71 | 91 | 680 | 1 | - | - |
| - others loans | 358,287 | 950,301 | 85,664 | 157,376 | 884,331 | 628,737 | 921,912 | - |
| - with early redemption option | 8,022 | 527,670 | 83,158 | 155,755 | 880,744 | 628,697 | 921,863 | - |
| - others | 350,265 | 422,631 | 2,506 | 1,621 | 3,587 | 40 | 49 | - |
| **2. On-balance sheet liabilities** | **31,291,907** | **977,354** | **3,441** | **5,311** | **532,301** | **16,046** | **344** | **-** |
| 2.1 Deposits from customers | 29,673,688 | 922,383 | 3,342 | 5,110 | 32,685 | 14,432 | 343 | - |
| - current accounts | 29,563,601 | - | - | - | - | - | - | - |
| - other payables | 110,087 | 922,383 | 3,342 | 5,110 | 32,685 | 14,432 | 343 | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | 110,087 | 922,383 | 3,342 | 5,110 | 32,685 | 14,432 | 343 | - |
| 2.2 Deposits from banks | 1,618,219 | 54,971 | 99 | 201 | 1,690 | 1,614 | 1 | - |
| - current accounts | 7,807 | - | - | - | - | - | - | - |
| - other payables | 1,610,412 | 54,971 | 99 | 201 | 1,690 | 1,614 | 1 | - |
| 2.3 Debt securities | - | - | - | - | 497,926 | - | - | - |
| - with early redemption option | - | - | - | - | 497,926 | - | - | - |
| - others | - | - | - | - | - | - | - | - |
| 2.4 Other liabilities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | - | - | - | - | - | - | - |
| **3. Financial derivatives** | **340,000** | **6,789,827** | **(26,776)** | **(13,590)** | **696,847** | **(7,218,440)** | **(567,869)** | **-** |
| 3.1 With underlying security | - | - | - | - | - | - | - | - |
| - Options | - | - | - | - | - | - | - | - |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| - Other derivatives | - | - | - | - | - | - | - | - |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| 3.2 Without underlying security | 340,000 | 6,789,827 | (26,776) | (13,590) | 696,847 | (7,218,440) | (567,869) | - |
| - Options | - | - | - | - | - | - | - | - |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| - Others derivatives | 340,000 | 6,789,827 | (26,776) | (13,590) | 696,847 | (7,218,440) | (567,869) | - |
| + Long positions | 340,000 | 9,936,612 | - | 40,000 | 3,080,000 | - | - | - |
| + Short positions | - | 3,146,785 | 26,776 | 53,590 | 2,383,153 | 7,218,440 | 567,869 | - |
| **4. Other off-balance sheet transactions** | **(353)** | **(656)** | **304** | **395** | **310** | **-** | **-** | **-** |
| + Long positions | 650 | 10,323 | 10,393 | 395 | 310 | - | - | - |
| + Short positions | 1,003 | 10,979 | 10,089 | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

## Currency: Other currencies

(Amounts in € thousand)

| Type/maturity | On demand | Up to 3 months | Between 3 and 6 months | Between 6 months to 1 year | Between 1 year and 5 years | Between 5 and 10 years | Over 10 years | Indefinite maturity |
|---|---|---|---|---|---|---|---|---|
| **1. On-balance sheet assets** | **201,551** | **178,060** | **-** | **473,185** | **138,307** | **-** | **-** | **-** |
| 1.1 Debt securities | - | 88,677 | - | 473,185 | 138,300 | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | 88,677 | - | 473,185 | 138,300 | - | - | - |
| 1.2 Loans to banks | 196,055 | 56,743 | - | - | - | - | - | - |
| 1.3 Loans to customers | 5,496 | 32,640 | - | - | 7 | - | - | - |
| - current accounts | 362 | - | - | - | - | - | - | - |
| - others loans | 5,134 | 32,640 | - | - | 7 | - | - | - |
| - with early redemption option | - | 12 | - | - | - | - | - | - |
| - others | 5,134 | 32,628 | - | - | 7 | - | - | - |
| **2. On-balance sheet liabilities** | **985,448** | **13,565** | **24** | **48** | **48** | **-** | **-** | **-** |
| 2.1 Deposits from customers | 985,443 | 13,130 | 24 | 48 | 48 | - | - | - |
| - current accounts | 975,090 | - | - | - | - | - | - | - |
| - other payables | 10,353 | 13,130 | 24 | 48 | 48 | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | 10,353 | 13,130 | 24 | 48 | 48 | - | - | - |
| 2.2 Deposits from banks | 5 | 435 | - | - | - | - | - | - |
| - current accounts | 5 | - | - | - | - | - | - | - |
| - other payables | - | 435 | - | - | - | - | - | - |
| 2.3 Debt securities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | - | - | - | - | - | - | - |
| 2.4 Other liabilities | - | - | - | - | - | - | - | - |
| - with early redemption option | - | - | - | - | - | - | - | - |
| - others | - | - | - | - | - | - | - | - |
| **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 | - | - | - | - | - | - | - | - |
| - Others derivatives | - | - | - | - | - | - | - | - |
| + Long positions | - | - | - | - | - | - | - | - |
| + Short positions | - | - | - | - | - | - | - | - |
| **4. Other off-balance sheet transactions** | **-** | **(1,269)** | **1,269** | **-** | **-** | **-** | **-** | **-** |
| + Long positions | - | 3,496 | 4,765 | - | - | - | - | - |
| + Short positions | - | 4,765 | 3,496 | - | - | - | - | - |

For a description of the effects of a change in interest rates on net interest margin, profit (loss) for the year, shareholders' equity and the results of scenario analysis, see paragraph 2. Banking book: internal models and other methods of sensitivity analysis

## 2. Banking book: internal models and other methods of sensitivity analysis

In order to measure interest rate risk in the Bank's financial statements it is necessary to measure the sensibility of loans and deposits to changes in the yield curve. FinecoBank has developed specific behavioural models aimed at estimating the maturity profile of asset and liability items that do not have a contractual maturity; indeed even though some assets and liabilities may be payable on demand, they could actually show some stickiness.

The following table provides the results of the analyses conducted in all currencies.

(Amounts in € thousand)

| | Value analysis (shift + 200 bp) | Value analysis (shift - 200 bp) | Value analysis (shift +1 bp) | Irvar* | Interest rate analysis (+100bp) | Interest rate analysis (-25bp) |
|---|---|---|---|---|---|---|
| **12/31/2022** | -76,836 | 37,870 | -366 | 9,170 | 116,764 | -29,307 |

*1 day holding period, 99% confidence level%.

The sensitivity analysis on the Bank's capital, which was conducted assuming a shift of + 200 basis points on the euro interest rate curve, showed a negative impact of € -76,836 thousand. A shift of -200 basis points showed a positive impact of € 37,870 thousand.

The sensitivity analysis on Group's capital, which was conducted assuming a shift of + 1 basis point, showed a negative impact of € -366 thousand.

As of December 31st, 2022, the interest rate VaR figure for the Bank came to approximately € 9,170 thousand. The average for the year 2022 is equal to € 8,100 thousand with a maximum peak of € 16,322 thousand and a minimum of € 3,545 thousand.

Total VaR, including the Credit Spread Risk component arising mainly from government securities held as investment of liquidity and including the Credit Spread Risk component deriving from UniCredit instruments, amounts to € 117,197 thousand. The average for the year 2022 is equal to € 82,663 thousand with a maximum peak of € 118,695 thousand and a minimum of € 44,176 thousand.

The sensitivity analysis on net interest margin (NIM), which was conducted assuming a shift of +100 basis points on the euro interest rate curve, showed a positive impact of € 116,764 thousand. A shift of -25 basis points would have a negative impact of € -29,307 thousand on the net interest margin over the next 12 months.

The assessments contained in the EU IRRBB Template report the exposure of the interest rate risk metrics at December 31st, 2022 and June 30th, 2022. For further information on the applied scenarios, please refer to the qualitative information section on Interest Rate Risk.

**EU IRRBB Template**

(Amounts in € thousand)

| Supervisory shock scenarios | a | b | c | d |
|---|---|---|---|---|
| | Changes of the economic value of equity | | Changes of the net interest income | |
| | Current period | Last period | Current period | Last period |
| 1 Parallel Up | (77,383) | (20,076) | 113,838 | 141,361 |
| 2 Parallel Down | 38,481 | 23,549 | (235,729) | (210,048) |
| 3 Steepener shock | 30,469 | (12,368) | - | - |
| 4 Flattener shock | (75,240) | 3,171 | - | - |
| 5 Short rates Up | (94,576) | (2,944) | - | - |
| 6 Long rates Down | 49,285 | (1,665) | - | - |

*2.3 Exchange Rate Risk*

## Qualitative information

### *A. General aspects, management processes and measurement methods for exchange rate risk*

Please refer to the paragraph "A. General aspects, management processes and measurement methods for exchange rate risk" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, 1.2.3 Exchange Rate Risk, which is deemed to be reported here in full.

### *B. Exchange rate risk hedging*

Please refer to the paragraph "B. Exchange rate risk hedging" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk, 1.2.3 Exchange Rate Risk, which is deemed to be reported here in full.

## Quantitative information

### 1. Breakdown by currency of assets, liabilities and derivatives

(Amounts in € thousand)

| Items | Currency | | | | | |
|---|---|---|---|---|---|---|
| | USD | GBP | CHF | JPY | AUD | OTHER CURRENCIES |
| **A. Financial assets** | **770,886** | **137,805** | **73,052** | **3,981** | **3,067** | **15,993** |
| A.1 Debt securities | 604,077 | 56,200 | 39,885 | | | |
| A.2 Equity securities | 13,350 | 270 | | | | 75 |
| A.3 Loans to banks | 116,917 | 80,728 | 32,281 | 3,981 | 3,067 | 15,823 |
| A.4 Loans to customers | 36,542 | 607 | 886 | | | 95 |
| A.5 Other financial assets | | | | | | |
| **B. Other assets** | **242** | **274** | **7** | | | **30** |
| **C. Financial liabilities** | **766,670** | **137,446** | **73,134** | **3,952** | **3,046** | **15,112** |
| C.1 Deposits from banks | 435 | | | | | 5 |
| C.2 Deposits from customers | 766,235 | 137,446 | 73,134 | 3,952 | 3,046 | 15,107 |
| C.3 Debt securities in issue | | | | | | |
| C.4 Other financial liabilities | | | | | | |
| **D. Other liabilities** | **850** | **499** | | | **1** | **56** |
| **E. Financial derivatives** | | | | | | |
| - Options | | | | | | |
| + Long positions | 441 | 1 | | 5 | | |
| + Short positions | 518 | | | 1 | | |
| - Other derivatives | | | | | | |
| + Long positions | 72,213 | 9,537 | 6,745 | 8,568 | 3,640 | 10,440 |
| + Short positions | 71,467 | 9,275 | 6,050 | 8,508 | 3,698 | 9,930 |
| **Total assets** | **843,782** | **147,617** | **79,804** | **12,554** | **6,707** | **26,463** |
| **Total liabilities** | **839,505** | **147,220** | **79,184** | **12,461** | **6,745** | **25,098** |
| **Balance (+/-)** | **4,277** | **397** | **620** | **93** | **(38)** | **1,365** |

The impact of changes in exchange rates are quantified by the daily Forex VaR of the overall portfolio, as described in the following paragraph.

### 2. Internal models and other methods of sensitivity analysis

As at December 31st, 2022, the daily Forex VaR of the overall portfolio (banking and trading books) was approximately € 71 thousand. The average for the year 2022 is equal to € 67 thousand with a maximum peak of € 209 thousand and a minimum of € 26 thousand.

# Part E - Information on Risks and relating hedging policies

## Section 3 - Derivative instruments and hedging policies

*3.1 Trading book financial derivatives*

### A. Financial derivatives

#### A.1 Hedging financial derivatives: end of period notional amounts

(Amounts in € thousand)

| Underlying assets / Type of derivatives | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Over the counter | | | Organized markets | Over the counter | | | Organized markets |
| | Central Counterparts | without central counterparties | | | Central Counterparts | without central counterparties | | |
| | | with netting agreement | without netting agreement | | | with netting agreement | without netting agreement | |
| **1. Debt securities and interest rate indexes** | **-** | **-** | **1,289** | **1,003** | **-** | **-** | **1,000** | **531** |
| a) Options | - | - | 28 | - | - | - | 28 | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | 1,003 | - | - | - | 531 |
| e) Others | - | - | 1,261 | - | - | - | 972 | - |
| **2. Equities instruments and share indices** | **-** | **-** | **77,458** | **19,993** | **-** | **-** | **93,645** | **21,901** |
| a) Options | - | - | 7,947 | - | - | - | 19,245 | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | 19,993 | - | - | - | 21,901 |
| e) Others | - | - | 69,511 | - | - | - | 74,400 | - |
| **3. Currencies and gold** | **-** | **-** | **138,946** | **-** | **-** | **-** | **233,634** | **160** |
| a) Options | - | - | 521 | - | - | - | 1,637 | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | - | - | - | - | 160 |
| e) Others | - | - | 138,425 | - | - | - | 231,997 | - |
| **4. Commodities** | **-** | **-** | **4,118** | **2,553** | **-** | **-** | **3,179** | **1,318** |
| **5. Others** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **-** | **-** | **221,811** | **23,549** | **-** | **-** | **331,458** | **23,910** |

Letter e) Other in the “Over the counter – Without central counter-parties – not included in netting agreement” column consists of CFD derivatives.

Letter a) Options under the column "Over the counter - Without central counterparties - Without netting arrangements" includes KO Options issued by FinecoBank, as well as certificates issued by FinecoBank, traded on the Hi-Cert segment and not settled with central counterparties.

# Part E - Information on Risks and relating hedging policies

## A.2 Hedging financial derivatives: gross positive and negative fair value – breakdown by product

(Amounts in € thousand)

| Underlying assets/type of derivatives | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Over the counter | | | Organized markets | Over the counter | | | Organized markets |
| | Central Counterparts | Without central counterparties | | | Central Counterparts | Without central counterparties | | |
| | | With netting agreement | Without netting agreement | | | With netting agreement | Without netting agreement | |
| **1. Positive fair value** | | | | | | | | |
| a) Options | - | - | 1 | - | - | - | 1 | - |
| b) Interest rate swap | - | - | - | - | - | - | - | - |
| c) Cross currency swap | - | - | - | - | - | - | - | - |
| d) Equity swap | - | - | - | - | - | - | - | - |
| e) Forward | - | - | - | - | - | - | - | - |
| f) Futures | - | - | - | 76 | - | - | - | 68 |
| g) Others | - | - | 3,753 | - | - | - | 3,242 | - |
| **Total** | **-** | **-** | **3,754** | **76** | **-** | **-** | **3,243** | **68** |
| **2. Negative Fair value** | | | | | | | | |
| a) Options | - | - | 574 | - | - | - | 766 | - |
| b) Interest rate swap | - | - | - | - | - | - | - | - |
| c) Cross currency swap | - | - | - | - | - | - | - | - |
| d) Equity swap | - | - | - | - | - | - | - | - |
| e) Forward | - | - | - | - | - | - | - | - |
| f) Futures | - | - | - | 70 | - | - | - | 4 |
| g) Others | - | - | 1,140 | - | - | - | 1,444 | - |
| **Total** | **-** | **-** | **1,714** | **70** | **-** | **-** | **2,210** | **4** |

Letter g) Others under the column "Over the counter - Without central counterparties - Without netting agreements" includes CFD derivative contracts.

Letter a) Options under the column "Over the counter - Without central counterparties - Without netting arrangements" includes KO Options issued by FinecoBank, as well as certificates issued by FinecoBank, traded on the Hi-Cert segment and not settled with central counterparties.

# Part E - Information on Risks and relating hedging policies

## A.3 OTC trading book financial derivatives: notional amounts, gross positive and negative fair value by counterparty

(Amounts in € thousand)

| Underlying assets | Central counterparties | Banks | Other financial entities | Other entities |
|---|---|---|---|---|
| **Contracts not included in netting agreement** | | | | |
| **1) Debt securities and interest rate indexes** | | | | |
| - notional amount | X | - | - | 1,289 |
| - positive fair value | X | - | - | 47 |
| - negative fair value | X | - | - | 3 |
| **2) Equity instruments and share indices** | | | | |
| - notional amount | X | 3 | 72 | 77,383 |
| - positive fair value | X | - | - | 3,066 |
| - negative fair value | X | - | - | 967 |
| **3) Currencies and gold** | | | | |
| - notional amount | X | 83,001 | 77 | 55,868 |
| - positive fair value | X | 161 | - | 444 |
| - negative fair value | X | 73 | - | 537 |
| **4) Commodities** | | | | |
| - notional amount | X | - | - | 4,118 |
| - positive fair value | X | - | - | 36 |
| - negative fair value | X | - | - | 134 |
| **5) Others** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **Contracts included in netting agreement** | | | | |
| **1) Debt securities and interest rate indexes** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **2) Equity instruments and share indices** | - | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **3) Currencies and gold** | - | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **4) Commodities** | - | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **5) Others** | - | - | - | - |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.4 OTC financial derivatives - residual maturity: notional values

(Amounts in € thousand)

| Underlying/maturity | | Up to 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| A.1 Financial derivative contracts on debt securities and interest rates | | 1,261 | - | 28 | 1,289 |
| A.2 Financial derivative contracts on equity instruments and share indices | | 22,185 | 87 | 55,186 | 77,458 |
| A.3 Financial derivatives on exchange rates and gold | | 138,946 | - | - | 138,946 |
| A.4 Financial derivatives on commodities | | 4,118 | - | - | 4,118 |
| A.5 Financial derivatives on other instruments | | - | - | - | - |
| **Total** | **12/31/2022** | **166,510** | **87** | **55,214** | **221,811** |
| **Total** | **12/31/2021** | **275,863** | **84** | **55,510** | **331,457** |

## B. Credit derivatives

No data to report.

*3.2 Hedge account*

## Qualitative information

In should be noted that the Bank has only fair value hedges in place which provide for the exchange of the fixed rate against Euribor and whose valuation, as collateralised, is carried out by discounting future flows with the € STR curve.

## A. Fair value hedging

Fair value hedging strategies, with the objective of complying with interest rate risk limits for the banking book, are implemented using unlisted derivative contracts. The latter, typically interest rate swaps, represent the family of instruments mainly used. The hedges adopted are of the generic type, i.e. linked to amounts of money contained in portfolios of assets or liabilities, and of the specific type, to hedge fixed-rate bonds. Derivatives entered into for the purpose of hedging exactly replicate the hedged security in terms of notional amount, maturity and interest payment dates.

## B. Cash flow hedging

Currently there are no cash flow hedging operations generated as part of the Bank's operations.

## C. Hedging a net investment in a foreign entity

Currently there are no “hedging a net investment in a foreign entity” operations generated as part of the Bank's operations.

## D. Hedge instrument

A generic hedging relationship for a portfolio of assets/liabilities pursues the objective of offsetting changes in the value of the hedged item contained in a generic portfolio of fixed-rate assets/liabilities.

The ineffectiveness of the hedge is represented by the difference between the change in the fair value of the hedging instruments and the change in the fair value of the hedged monetary amount. The Group uses a testing methodology based on sensitivity analysis. For this purpose, the exposures of the total sensitivity of the hedged item and that of the hedging derivative are compared. The sensitivity expresses the elasticity with respect to each of the rates that make up the risk free curve and is calculated as the change in fair value in relation to an increase in the rate equal to one basis point. The test allows the effectiveness to be verified by analysing the "reduction" of the sensitivity of the overall position after the hedge and comparing it with the same measure referred to the hedged item.

# Part E - Information on Risks and relating hedging policies

The effectiveness test is performed separately for interest rate swaps hedging assets (mortgages) and interest rate swaps hedging liabilities (core insensitive component of on-demand items). In a specific hedging relationship, derivatives entered into for the purpose of hedging exactly replicate the hedged security in terms of notional amount, maturity and interest payment dates.

All financial hedging derivatives outstanding at December 31st, 2022 are cleared with a Direct Participant to a Central Counterparty.

### E. Hedge item

Hedged assets are represented by fixed-rate securities and fixed-rate mortgages granted to customers, recorded in 'Financial assets measured at amortised cost', hedged for the interest rate risk component with interest rate swaps that exchange the fixed-rate coupon of securities or the fixed rate of mortgages for a variable rate.

Hedged liabilities are represented by direct current account deposits from customers (core insensible liquidity), recorded in 'Financial liabilities measured at amortised cost', modelled according to the on-demand model adopted by the Bank.

## Quantitative information

### *A. Hedging financial derivatives*

### A.1 Hedging financial derivatives: end of period notional amounts

(Amounts in € thousand)

| Underlying assets/type of derivatives | Total 12/31/2022 | | | | Total 12/31/2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Over the counter | | | Organized markets | Over the counter | | | Organized markets |
| | Central Counterparts | without central counterparties | | | Central Counterparts | without central counterparties | | |
| | | with netting agreement | without netting agreement | | | with netting agreement | without netting agreement | |
| **1. Debt securities and interest rate indexes** | **13,396,612** | **-** | **-** | **-** | **8,617,489** | **250,000** | **-** | **-** |
| a) Options | - | - | - | - | - | - | - | - |
| b) Swap | 13,396,612 | - | - | - | 8,617,489 | 250,000 | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | - | - | - | - | - |
| e) Others | - | - | - | - | - | - | - | - |
| **2. Equity instruments and share indices** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Options | - | - | - | - | - | - | - | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | - | - | - | - | - |
| e) Others | - | - | - | - | - | - | - | - |
| **3. Currencies and gold** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| a) Options | - | - | - | - | - | - | - | - |
| b) Swap | - | - | - | - | - | - | - | - |
| c) Forward | - | - | - | - | - | - | - | - |
| d) Futures | - | - | - | - | - | - | - | - |
| e) Others | - | - | - | - | - | - | - | - |
| **4. Commodities** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **5. Others** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **13,396,612** | **-** | **-** | **-** | **8,617,489** | **250,000** | **-** | **-** |

# Part E - Information on Risks and relating hedging policies

### A.2 Hedging financial derivatives: gross positive and negative fair value – breakdown by product

(Amounts in € thousand)

| Underlying assets/Types of derivatives | Positive and negative fair value | | | | | | | | Change in the value used to calculate hedge ineffectiveness | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total 12/31/2022 | | | | Total 12/31/2021 | | | | Total | Total |
| | Over the counter | | | Organized markets | Over the counter | | | Organized markets | 12/31/2022 | 12/31/2021 |
| | Central counterparts | Without central counterparties: With netting arrangements | Without central counterparties: Without netting arrangements | | Central counterparts | Without central counterparties: With netting arrangements | Without central counterparties: Without netting arrangements | | | |
| **Positive fair value** | | | | | | | | | | |
| a) Options | - | - | - | - | - | - | - | - | - | - |
| b) Interest rate swap | 1,691,642 | - | - | - | 126,940 | 509 | - | - | - | - |
| c) Cross currency swap | - | - | - | - | - | - | - | - | - | - |
| d) Equity swap | - | - | - | - | - | - | - | - | - | - |
| e) Forward | - | - | - | - | - | - | - | - | - | - |
| f) Futures | - | - | - | - | - | - | - | - | - | - |
| g) Others | - | - | - | - | - | - | - | - | - | - |
| **Total** | **1,691,642** | **-** | **-** | **-** | **126,940** | **509** | **-** | **-** | **-** | **-** |
| **Negative fair value** | | | | | | | | | | |
| a) Options | - | - | - | - | - | - | - | - | - | - |
| b) Interest rate swap | 63,752 | - | - | - | 57,314 | - | - | - | - | - |
| c) Cross currency swap | - | - | - | - | - | - | - | - | - | - |
| d) Equity swap | - | - | - | - | - | - | - | - | - | - |
| e) Forward | - | - | - | - | - | - | - | - | - | - |
| f) Futures | - | - | - | - | - | - | - | - | - | - |
| g) Others | - | - | - | - | - | - | - | - | - | - |
| **Total** | **63,752** | **-** | **-** | **-** | **57,314** | **-** | **-** | **-** | **-** | **-** |

# Part E - Information on Risks and relating hedging policies

### A.3 OTC hedging financial derivative: notional amounts, gross positive and negative fair value by counterparty

(Amounts in € thousand)

| Underlyings assets | Central Counterparts | Banks | Other financial entities | Other entities |
|---|---|---|---|---|
| **Contracts not included in netting agreement** | | | | |
| **1) Debt securities and interest rate indexes** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **2) Equity instruments and share indices** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **3) Currencies and gold** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **4) Commodities** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **5) Others** | | | | |
| - notional amount | X | - | - | - |
| - positive fair value | X | - | - | - |
| - negative fair value | X | - | - | - |
| **Contracts included in netting agreement** | | | | |
| **1) Debt securities and interest rate indexes** | | | | |
| - notional amount | 13,396,612 | - | - | - |
| - positive fair value | 1,691,642 | - | - | - |
| - negative fair value | 63,752 | - | - | - |
| **2) Equity instruments and share indices** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **3) Currencies and gold** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **4) Commodities** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |
| **5) Others** | | | | |
| - notional amount | - | - | - | - |
| - positive fair value | - | - | - | - |
| - negative fair value | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

### A.4 OTC hedging financial derivative - residual maturity: notional values

(Amounts in € thousand)

| Underlying/maturity | | Up to 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| A.1 Financial derivatives on debt securities and interest rates | | 147,151 | 5,463,153 | 7,786,308 | 13,396,612 |
| A.2 Financial derivatives on equity instruments and share indices | | - | - | - | - |
| A.3 Financial derivatives on exchange rates and gold | | - | - | - | - |
| A.3 Financial derivatives on commodities | | - | - | - | - |
| A.5 Financial derivatives on other instruments | | - | - | - | - |
| **Total** | **12/31/2022** | **147,151** | **5,463,153** | **7,786,308** | **13,396,612** |
| **Total** | **12/31/2021** | **581,364** | **1,371,822** | **6,914,303** | **8,867,489** |

## B. Hedging credit derivatives

No data to report.

## C. Hedging non derivative instruments

No data to report.

# Part E - Information on Risks and relating hedging policies

## D. Hedge item

### D.1 Fair value hedging

As set out in Part A of these notes to the accounts, the Bank applies the hedge accounting rules set out in IFRS 9 for specific hedging transactions ("MicroHedging"), while it has exercised the option to continue to use IAS 39 for fair value hedges of the interest rate exposure of a portfolio of financial assets or liabilities (general hedging or "Macrohedging").

The table below shows the specific hedging transactions ("MicroHedging") in place, for which the Bank applies the provisions of IFRS 9. For completeness of information, it should be noted that:

- the monetary amount of "Financial assets at amortised cost" hedged amounted to € 1,495,612 thousand, subject to generic hedging, referring exclusively to mortgages;
- the amount of "Financial liabilities at amortised cost" covered amounted to € 3,120,000 thousand, subject to generic hedging, referring exclusively to the core deposits.

(Amounts in € thousand)

| | Specific hedges: book value | Specific hedges - net positions: balance sheet value of assets or liabilities (before offsetting) | Specific hedges | | | Generic hedges: book value |
|---|---|---|---|---|---|---|
| | | | Accumulated changes in fair value of hedging instrument | Ending of hedge: residual accumulated valute of residual changes in fair value | Change in value used to relieve hedging ineffectiveness | |
| **A. Assets** | | | | | | |
| **1. Financial assets measured at fair value with an impact on total profitability - hedges of:** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1.1 Debt securities and interest rate | - | - | - | - | - | x |
| 1.2 Equity securities and stock price indices | - | - | - | - | - | x |
| 1.3 Currencies and gold | - | - | - | - | - | x |
| 1.4 Credits | - | - | - | - | - | x |
| 1.5 Other | - | - | - | - | - | x |
| **2. Financial assets measured at amortized cost - hedges of:** | **7,760,843** | **7,760,843** | **(1,416,588)** | **-** | **(1,341,416)** | **-** |
| 1.1 Debt securities and interest rate | 7,760,843 | 7,760,843 | (1,416,588) | - | (1,341,416) | x |
| 1.2 Equity securities and stock price indices | - | - | - | - | - | x |
| 1.3 Currencies and gold | - | - | - | - | - | x |
| 1.4 Credits | - | - | - | - | - | x |
| 1.5 Other | - | - | - | - | - | x |
| **Total 12/31/2022** | **7,760,843** | **7,760,843** | **(1,416,588)** | **-** | **(1,341,416)** | **-** |
| **Total 12/31/2021** | **7,766,157** | **7,766,157** | **(96,605)** | **-** | **(215,186)** | **-** |
| **B. Liabilities** | | | | | | |
| **1, Financial liabilities measured at amortized cost - hedges of:** | **-** | **-** | **-** | **-** | **-** | **-** |
| 1.1 Debt securities and interest rate | - | - | - | - | - | x |
| 1.2 Currencies and gold | - | - | - | - | - | x |
| 1.3 Other | - | - | - | - | - | x |
| **Total 12/31/2022** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total 12/31/2021** | **-** | **-** | **-** | **-** | **-** | **-** |

### D.2 Cash flow hedging and hedging a net investment in a foreign entity

No data to report.

# Part E - Information on Risks and relating hedging policies

### E. Effects of hedging transactions at shareholders' equity

No data to report.

*3.3 Other information on trading book and hedging derivative instruments*

### A. Financial and credit derivatives

### A.1 OTC financial and credit derivatives: net fair values by counterparty

No data to be reported, as there are no trading and hedging derivatives subject to offsetting in the balance sheet pursuant to IAS 32, paragraph 42.

## Section 4 - Liquidity Risk

### Qualitative information

***A. General aspects, management processes and measurement methods for liquidity risk***

Please refer to the paragraph "A. General aspects, management processes and measurement methods for liquidity risk" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.4 Liquidity Risk, which is deemed to be reported here in full.

# Part E - Information on Risks and relating hedging policies

## Quantitative information

### 1. Time breakdown by contractual residual maturity of financial assets and liabilities – Currency: Euro

(Amounts in € thousand)

| Items/time buckets | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 month | Between 3 and 6 month | Between 6 and 1 year | Between 1 and 5 year | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| **A. On-balance sheet assets** | **4,022,311** | **30,071** | **323,331** | **27,613** | **957,138** | **308,898** | **987,898** | **9,152,078** | **17,168,598** | **311,178** |
| A.1 Government securities | - | - | 3,954 | 3,320 | 54,223 | 182,075 | 395,592 | 6,628,528 | 12,182,179 | - |
| A.2 Debt securities | - | 406 | 3,715 | 1,041 | 715,134 | 19,170 | 393,675 | 1,544,710 | 3,124,062 | - |
| A.3 Units in investment funds | - | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 4,022,311 | 29,665 | 315,662 | 23,252 | 187,781 | 107,653 | 198,631 | 978,840 | 1,862,357 | 311,178 |
| - Banks | 1,289,907 | 1,304 | - | - | 847 | - | - | - | - | 311,178 |
| - Customers | 2,732,404 | 28,361 | 315,662 | 23,252 | 186,934 | 107,653 | 198,631 | 978,840 | 1,862,357 | - |
| **B. On-balance sheet liabilities** | **31,321,479** | **823,477** | **152,859** | **-** | **1,669** | **3,669** | **8,303** | **534,374** | **16,506** | **-** |
| B.1 Deposits and current accounts | 29,571,408 | - | - | - | - | - | - | - | - | - |
| - Banks | 7,807 | - | - | - | - | - | - | - | - | - |
| - Customers | 29,563,601 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | 2,500 | 500,000 | - | - |
| B.3 Other liabilities | 1,750,071 | 823,477 | 152,859 | - | 1,669 | 3,669 | 5,803 | 34,374 | 16,506 | - |
| **C. Off-balance sheet transactions** | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | 149,804 | - | - | - | - | - | 203 | 1,112 | 368 |
| - Short positions | - | 151,436 | - | - | 1,003 | - | - | 278 | 109 | 367 |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | 704 | 1,719 | - | 25,159 | 25,900 | 77,140 | 195,506 | - | - | - |
| - Short positions | 658 | - | 315 | 2,416 | 14,144 | 32,074 | 66,696 | - | - | - |
| C.3 Deposits and loans to be collected | | | | | | | | | | |
| - Long positions | - | 11,556 | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | 11,556 | - | - | - | - |
| C.4 Irrevocable commitments to lend funds | | | | | | | | | | |
| - Long positions | 17 | - | 16 | 704 | 147 | 10,393 | 395 | 310 | - | - |
| - Short positions | 1,003 | 10,346 | - | 633 | - | - | - | - | - | - |
| C.5 Financial guarantees given | - | - | - | - | - | - | - | - | - | - |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.8 Credit derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

## Currency: Other currencies

(Amounts in € thousand)

| Items/time buckets | On demand | Between 1 and 7 days | Between 7 and 15 days | Between 15 days and 1 month | Between 1 and 3 month | Between 3 and 6 month | Between 6 and 1 year | Between 1 and 5 year | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| **A. On-balance sheet assets** | **201,757** | **9,301** | **497** | **35,375** | **133,657** | **2,689** | **488,458** | **138,383** | **-** | **-** |
| A.1 Government securities | - | - | 51 | 33,846 | 55,320 | 2,174 | 487,353 | 131,259 | - | - |
| A.2 Debt securities | - | - | - | - | - | - | 107 | 7,109 | - | - |
| A.3 Units in investment funds | 29 | - | - | - | - | - | - | - | - | - |
| A.4 Loans | 201,728 | 9,301 | 446 | 1,529 | 78,337 | 515 | 998 | 15 | - | - |
| - Banks | 196,086 | 387 | - | - | 56,697 | 515 | 998 | - | - | - |
| - Customers | 5,642 | 8,914 | 446 | 1,529 | 21,640 | - | - | 15 | - | - |
| **B. On-balance sheet liabilities** | **985,482** | **13,604** | **-** | **-** | **-** | **24** | **48** | **48** | **195** | **-** |
| B.1 Deposits and current accounts | 975,095 | - | - | - | - | - | - | - | - | - |
| - Banks | 5 | - | - | - | - | - | - | - | - | - |
| - Customers | 975,090 | - | - | - | - | - | - | - | - | - |
| B.2 Debt securities | - | - | - | - | - | - | - | - | - | - |
| B.3 Other liabilities | 10,387 | 13,604 | - | - | - | 24 | 48 | 48 | 195 | - |
| **C. Off-balance sheet transactions** | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | 176,052 | - | 965 | - | - | - | - | - | - |
| - Short positions | - | 173,663 | - | 1,205 | 282 | 100 | - | - | - | - |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | 3,123 | - | - | - | - | - | - | - | - | - |
| - Short positions | 1,071 | - | - | - | - | - | - | - | - | - |
| C.3 Deposits and loans to be collected | | | | | | | | | | |
| - Long positions | - | 3,653 | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | 3,653 | - | - | - | - |
| C.4 Irrevocable commitments to lend funds | | | | | | | | | | |
| - Long positions | - | - | - | - | - | 4,765 | - | - | - | - |
| - Short positions | - | 4,765 | - | - | - | - | - | - | - | - |
| C.5 Financial guarantees given | - | - | - | - | - | - | - | - | - | - |
| C.6 Financial guarantees received | - | - | - | - | - | - | - | - | - | - |
| C.7 Credit derivatives with exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |
| C.8 Credit derivatives without exchange of capital | | | | | | | | | | |
| - Long positions | - | - | - | - | - | - | - | - | - | - |
| - Short positions | - | - | - | - | - | - | - | - | - | - |

# Part E - Information on Risks and relating hedging policies

## Section 5 - Operational risk

### Qualitative information

#### *A. General aspects, operational processes and methods for measuring operational risk*

Please refer to the paragraph "A. General aspects, management processes and measurement methods for liquidity risk" in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.5 Operational risk, Qualitative information, which is deemed to be reported here in full.

#### *B. Risks arising from significant legal disputes*

FinecoBank is involved in individually insignificant legal proceedings over which there is considerable uncertainty regarding the outcome and the amount of possible charges, which the Bank could be forced to pay. Where it is possible to reliably estimate the amount of possible charges and the charges are considered likely, provisions have been made in an appropriate amount based on the circumstances and consistent with applicable international accounting standards, by making the best possible estimate of the amount that the Group will reasonably be expected to incur in discharging its obligations. Specifically, as a precaution against these obligations and customer claims that have not yet resulted in legal proceedings, as at December 31st, 2022, FinecoBank had a provision in place for risks and charges of € 24,000 thousand. This provision includes the legal costs borne by the Group in the event of an adverse conclusion of the dispute plus the estimated expenses to be paid to legal advisors and/or any experts who assist the Group in ongoing disputes to the extent that it is believed that they will not be reimbursed by the counterparties. This estimate was determined by the Group, in relation to the current dispute, mainly based on the analysis of Forensic official tariffs provided for by current legislation.

#### *C. Risks arising from tax disputes and audits*

Risks arising from tax disputes and audits as at December 31st, 2022 mainly relate to a notice of assessment for the year 2003 received by FinecoBank containing an objection to the use of tax credits for € 2.3 million, in relation to which the Bank has appealed to the Supreme Court as it considers its position to be well-founded. The Bank has already paid the additional taxes and interest due.

With regard to the aforementioned dispute, the higher taxes, interests and penalties have already been recognised in the income statement with a contra entry, respectively, in tax liabilities and the provision for risks and charges. Moreover, tax receivables for the amounts paid to the tax administration have been recognised.

In light of the foregoing, as at December 31st, 2022 the Group had in place provisions that adequately reflect the specific circumstances and are in line with international accounting standards; specifically, to tax liabilities of for a total of € 5.6 million, for higher tax, and to provisions for risks and charges of € 3.4 million, for penalties and interest.

### Quantitative information

Operational loss analyses enable the Operational & Reputational Risk team to make assessments on the Bank's exposure to operational risk and to identify any critical areas.

The main sources of operating losses are shown below by "event type", i.e. by type of event that generated them according to the Basel framework:

- Internal fraud: losses due to unauthorised activities, fraud, embezzlement or infringement of laws, regulations or company directives that involve at least one internal staff member of the Bank or a resource hired under an agency contract (PFA);
- External fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the Bank;
- Employment practices and workplace safety: losses due to actions not compliant with the law or to agreements regarding employment, health and safety, to the payment of compensation for bodily harm, or to cases of discrimination or non-application of equality conditions;
- Customers, products and professional practices: losses arising from non-fulfilment of professional obligations towards customers or from the nature or characteristics of the products or services provided;
- Damage from external events: losses arising from external events, including natural disasters, acts of terrorism and vandalism;
- Business disruption and system failures: losses owing to business disruption and system failures or interruptions;
- Process management, execution and delivery: losses due to deficiencies in the completion of transactions or management of processes, as well as losses due to relations with commercial counterparties, vendors and suppliers.

As at December 31st, 2022, 76% of the Bank's operating losses relate to conduct risk, which includes the two event types "Internal fraud" and "Customers, products and business practices". In particular, the "internal fraud" event type mainly manifests itself through fraud perpetrated to the detriment of customers by financial advisors who are part of the sales network. To mitigate this risk, in addition to the many remote controls carried out on the sales network by various Bank structures (Network Control Department, Internal Audit, Compliance and CRO Department), an insurance policy was taken out on the infidelity of financial advisors. The "Customers, products and professional practices" event type, on the other hand, mainly manifests itself through the misselling of financial products to customers.

The losses relating to the other event types described above are residual and equal to approximately 24%.

The data reported are consistent with FinecoBank's business model which focuses on offering financial advisory services to retail customers and has one of the largest sales networks in Europe.

## Section 6 - Other risks

Please refer to the paragraph “1.6 Other risks” in the Consolidated Financial Statements, Notes to the Consolidated Accounts Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, which is deemed to be reported here in full.

# Part F – Shareholders’ equity

## Section 1 - Bank's shareholders' equity

### Qualitative information

Capital management is aimed at ensuring that prudential ratios are consistent with the risk profile assumed and comply with regulatory requirements.

Capital adequacy control is ensured by capital management activities in which the size and optimal combination of the various capitalisation instruments are defined, in compliance with regulatory constraints and in line with the risk profile assumed by the Bank.

The Bank assigns a priority role to the activities aimed at the management and allocation of capital according to the risks assumed, for the purpose of developing its operations with a view to creating value. The activities are articulated in the different phases of the planning and control process and, in particular, in the plan and budget processes and in the monitoring processes. In the dynamic management of capital, therefore, the Bank draws up the capital plan and monitors the regulatory capital requirements, anticipating the necessary actions to achieve the objectives.

Capital and its allocation are therefore extremely important in defining long-term strategies, since, on the one hand, it represents the shareholders' investment in the Bank, which must be adequately remunerated, and, on the other hand, it is a scarce resource on which there are exogenous limits, defined by supervisory regulations. In this regard, it should be noted that at an individual level, the Bank is subject to the following capital requirements under Regulation (EU) 575/2013:

- 4.50% in terms of Common Equity Tier 1 ratio
- 6% in terms of Tier 1 Ratio
- 8% in terms of Total Capital Ratio

It should also be noted that the bank is required to hold, in addition to the primary tier 1 capital necessary to meet the own funds requirements of Article 92 CRR, a capital conservation buffer equal to 2.5% of the bank's total risk exposure and an institution-specific countercyclical capital buffer that amounted to 0.04% as at December 31st, 2022.

The shareholders’ equity includes the following financial instrument:

- Additional Tier 1 issued on January 31st, 2018. The financial instrument is a perpetual private placement[39], issued for a total of € 200 million and entirely subscribed by UniCredit S.p.A. The coupon for the first 5.5 years has been fixed at 4.82%;
- Additional Tier 1 issued on July 11th, 2019. The financial instrument is a perpetual public placement, intended to trade on Euronext Dublin’s non-regulated market, Global Exchange Market, notes rating of BB- (S&P Global Ratings), issued for a total of € 300 million. The coupon for the first 5 years has been fixed at 5.875%.

[39] Unrated and unlisted

# Part F – Shareholders' equity

## Quantitative information

### B.1 Bank's shareholders' equity: breakdown

(Amounts in € thousand)

| Items/Amounts | Amount 12/31/2022 | Amount 12/31/2021 |
|---|---|---|
| 1. Share capital | 201,340 | 201,267 |
| 2. Share premium reserve | 1,934 | 1,934 |
| 3. Reserves | 750,045 | 634,146 |
| - from earnings | 708,614 | 597,754 |
| a) legal | 40,268 | 40,253 |
| c) treasury shares | 1,714 | 1,440 |
| d) others | 666,632 | 556,061 |
| - others | 41,431 | 36,392 |
| 4. Equity instruments | 500,000 | 500,000 |
| 5. (Treasury shares) | (1,714) | (1,440) |
| 6. Revaluation Reserves: | 2,121 | (5,877) |
| - Financial assets (other equity securities) designated at fair value through other comprehensive income | (3,898) | 410 |
| - Actuarial gains (losses) on defined benefit plans | 6,020 | (6,287) |
| - Revaluation reserves for associates carried at equity | (1) | - |
| 7. Net profit (loss) for the year | 421,985 | 368,601 |
| **Total** | **1,875,711** | **1,698,631** |

### B.2 Revaluation reserves for financial assets at fair value through comprehensive income: breakdown

(Amounts in € thousand)

| Items/Amount | Total 12/31/2022 | | Total 12/31/2021 | |
|---|---|---|---|---|
| | Positive reserve | Negative reserve | Positive reserve | Negative reserve |
| 1. Debt securities | - | (3,898) | 410 | - |
| 2. Equity securities | - | - | - | - |
| 3. Loans | - | - | - | - |
| **Total** | **-** | **(3,898)** | **410** | **-** |

# Part F – Shareholders’ equity

### B.3 Revaluation reserves for financial assets at fair value through comprehensive income: annual changes

(Amounts in € thousand)

| | Debt securities | Equity securities | Loans |
|---|---|---|---|
| **1. Opening balance** | **410** | **-** | **-** |
| **2. Increases** | **1** | **-** | **-** |
| 2.1 Fair value increases | 1 | - | - |
| 2.2 Adjustments for credit risk | - | X | - |
| 2.3 Reclassification through profit or loss of realised negative reserves | - | X | - |
| 2.4 Transfer from other shareholder's equity item (equity securities) | - | - | - |
| 2.5 Other changes | - | - | - |
| - of which: business combinations | - | - | - |
| **3. Decreases** | **(4,309)** | **-** | **-** |
| 3.1 Fair value reductions | (3,899) | - | - |
| 3.2 Recoveries for credit risk | - | - | - |
| 3.3 Reclassification through profit or loss of realised positive reserves | (410) | X | - |
| 3.4 Transfer to other shareholder's equity item (equity securities) | - | - | - |
| 3.5 Other changes | - | - | - |
| - of which: business combinations | - | - | - |
| **4. Closing balance** | **(3,898)** | **-** | **-** |

### B.4 Revaluation reserves on defined benefit obligations: annual changes

(Amounts in € thousand)

| | Actuarial gains (losses) on defined benefits plans |
|---|---|
| **1. Opening balance** | **(6,287)** |
| **2. Increases** | **12,307** |
| 2.1 Fair value increases | 12,307 |
| 2.2 Other changes | - |
| **3. Decreases** | **-** |
| 3.1 Fair value reductions | - |
| 3.2 Other changes | - |
| **4. Closing balance** | **6,020** |

## Section 2 - Own funds and regulatory ratios

Please refer to the disclosure on own funds and capital adequacy contained in the document "FinecoBank Group Public Disclosure - Pillar III as at 31 December 2022", published on the Company's website www.finecobank. com, provided for by Regulation (EU) 575/2013 (CRR) and subsequent Regulations amending its content, including, in particular, Regulation (EU) 876/2019 (so-called CRR II) of the European Parliament and of the Council and Regulation (EU) 2020/873 of the European Parliament and of the Council (so-called CRR Quick-fix).

# Part G – Business combinations

## Section 1 – Business combinations completed during the year

No information to report.

## Section 2 – Business combinations completed after year-end

No information to report.

## Section 3 – Retrospective adjustments

No information to report.

# Part H – Related-party transactions

Information on the fees paid to key management personnel and on related-party transactions, pursuant to IAS 24 is shown below.

## 1. Details of compensation for key management personnel

Key management personnel are persons having authority and responsibility for planning, directing, and controlling the Companies' activities, directly or indirectly. This category includes Board members and members of the Board of Statutory Auditors, pursuant to requirements of the Bank of Italy Circular no. 262 of December 22nd, 2005 as amended and updated, as well as the Chief Executive Officer and General Manager, the Deputy General Manager/GBS Manager, the Chief Financial Officer, the Deputy General Manager/PFA Network Commercial and Private Banking Manager, the Deputy General Manager/Global Business Manager. In addition, starting from year 2022, this category includes key management personnel (by which is meant, members of the management and control bodies, the latter where present) of Fineco AM, the only company in the Group besides the parent company FinecoBank. As a result of this change, data as of December 31st, 2021 have been restated.

(Amounts in € thousand)

| Items/sectors | Total 2022 | Total 2021 |
|---|---|---|
| Remuneration paid to "Key Management Personnel", Directors and the Board of Statutory Auditors | | |
| a) short-term benefits | 7,178 | 7,169 |
| b) post-employment benefits | 253 | 254 |
| *of which under defined benefit plans* | - | - |
| *of which under defined contribution plans* | *253* | *254* |
| c) other long-term employee benefits | - | - |
| d) termination benefits | - | - |
| e) share-based payments | 3,074 | 2,893 |
| **Total** | **10,505** | **10,316** |

## 2. Related-party transactions

At its meeting of December 16th, 2021 (effective January 15th, 2022) and with the prior favourable opinion of the Risk and Related Parties Committee and the Board of Statutory Auditors, the Board of Directors, to ensure continued compliance with applicable legal and regulatory provisions on the corporate disclosure of transactions with related parties and persons in conflict of interest, approved the new version of the Global Policy "Procedure for the management of transactions with persons in potential conflict of interest of the FinecoBank Group" (the "Global Policy").

The aforementioned Global Policy includes the provisions to be complied with when managing:

- related parties transactions pursuant to the Consob Regulation adopted by resolution on March 12th, 2010, no. 17221 as amended and updated from time to time (most recently by Consob Resolution No. 21624 of December 10th, 2020) ;
- transactions with associated persons pursuant to the regulations on "*Risk activities and conflicts of interest with Associated Persons*", laid down by Chapter 11 of Bank of Italy Circular No. 285 of December 17th, 2013 (setting out the "Supervisory Provisions for Banks"), as supplemented following Update No. 33 of June 23rd, 2020;
- obligations of bank officers pursuant to Article 136 of Legislative Decree 385 on September 1st, 1993, showing the "*Consolidated Law on Banking*";
- transactions with other relevant persons in potential conflict of interest as defined by the Bank on a self-regulatory basis, taking into account the applicable legal and regulatory provisions:
- loans granted to Directors (i.e. members of the administrative, management and control bodies) and their related parties, pursuant to art. 88 of the CRD.

Considering the above, during 2022, intercompany transactions and transactions with other Italian and foreign related parties, smaller transactions, were conducted within the ordinary course of the Bank's business and related financial activities, and were carried out under standard conditions or conditions similar to those applied to transactions with unrelated third parties; in the same period, no other transactions were undertaken with related parties that could significantly affect the Bank's asset situation and results, or atypical and/or unusual transactions, including intercompany and related party transactions.

# Part H – Related-party transactions

The following statement shows the outstanding assets, liabilities, guarantees and commitments as at December 31st, 2022, for each group of related parties pursuant to IAS 24:

(Amounts in € thousand)

| | Amounts as at 12/31/2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Associates | Directors, board of statutory auditors and key management personnel | Other related parties | Total | % of carrying amount | Shareholders | % of carrying amount |
| Financial assets at fair value through profit and loss a) financial assets held for trading | - | - | - | - | 0.00% | 56 | 0.33% |
| Financial assets at amortised cost b) loans and receivable with customers | - | 1,359 | 534 | 1,893 | 0.01% | 4,126 | 0.02% |
| **Total assets** | **-** | **1,359** | **534** | **1,893** | **0.01%** | **4,182** | **0.01%** |
| Financial liabilities at amortised cost b) deposits from customers | - | 5,094 | 1,460 | 6,554 | 0.02% | - | 0.00% |
| Other liabilities | 129 | 159 | - | 288 | 0.09% | - | 0.00% |
| **Total liabilities** | **129** | **5,253** | **1,460** | **6,842** | **0.02%** | **-** | **0.00%** |
| **Commitments and financial guarantees given** | **-** | **321** | **63** | **384** | **0.85%** | **-** | **0.00%** |

It should be noted that the table above does not include the balance sheet value of the equity investments held in associated companies recognised in the balance sheet item 70 Equity investments.

With regard to the above transactions, broken down by type of related party, we also propose details of the impact on the main items of the income statement:

(Amounts in € thousand)

| | Income Statement year 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Associates | Directors, board of statutory auditors and key management personnel | Other related parties | Total | % of carrying amount | Shareholders | % of carrying amount |
| Interest income and similar revenues | - | 4 | 4 | 8 | 0.00% | - | 0.00% |
| Interest expenses and similar charges | - | (1) | - | (1) | 0.01% | - | 0.00% |
| Fee and commission income | - | 4 | 5 | 9 | 0.00% | 18,397 | 2.50% |
| Fee and commission expenses | (407) | - | - | (407) | 0.10% | - | 0.00% |
| Impairment losses/writebacks | - | - | - | - | 0.00% | (3) | 0.06% |
| Administrative expenses a) staff expenses | (4) | - | - | (4) | 0.00% | - | 0.00% |
| Other net operating income | - | 57 | 8 | 65 | 0.05% | - | 0.00% |
| **Total income statement** | **(411)** | **64** | **17** | **(330)** | | **18,394** | |

It should be noted that a legal subject, which is included in the "Shareholders" category as at December 31st, 2022, appears to have been among the first borrowers of a portion of the senior preferred bond issued by FinecoBank during 2021 (the Shareholder was not such at the placement date), but nothing has been reported in the tables above as the instrument is a listed public placement and no information is available on the holders of the security at the balance sheet date.

The "Associated companies" category includes transactions with Vorvel SIM S.p.A., a company subject to significant influence, in which FinecoBank holds a 20% stake for a balance sheet amount of € 1,718 thousand. The income statement and balance sheet transactions presented above mainly originate from the agreement entered into by the Bank with Vorvel SIM S.p.A. for the trading, on the Hi-Cert segment, of certificates issued by Fineco. With reference to the transactions with Vorvel SIM S.p.A., it should be noted that the above table does not include the valuation at equity of the Company, which led to the recognition in the 2022 income statement of a write-down of € 276 thousand.

With reference to the "Directors, Board of Statutory Auditors and Strategic Managers" category, it should be noted that, in application of the special rules set forth in Article 136 of Legislative Decree No. 385/93 (Consolidated Banking Act), the obligations entered into with respect to persons performing administrative, management and control functions pursuant to the aforementioned provision were the subject of a unanimous resolution of the Board of Directors passed with the favourable vote of all the members of the Board of Statutory Auditors, in accordance with the procedures and criteria set forth in the aforementioned Article 136 of the Consolidated Banking Act.

# Part H – Related-party transactions

The category "Directors, Board of Statutory Auditors and Executives with Strategic Responsibilities" includes the relationships with the Bank's Directors, Board of Statutory Auditors and Executives with Strategic Responsibilities (excluding the related remuneration disclosed in point 1 above. Information on the remuneration of executives with strategic responsibilities), the Executives with strategic responsibilities of the subsidiary Fineco AM (meaning the members of the administration and control bodies, the latter where present, with the exclusion of the related remuneration disclosed in point 1 above) and with the Head of Internal Audit, represented mainly by assets against credits for the use of credit cards, mortgages and liabilities against the liquidity deposited by them with the Bank. The income statement for the year 2022 refers to the costs and revenues generated by the aforementioned assets and liabilities.

With regard to the category 'Other related parties', it should be noted that it groups together, where present, data relating to

- the close relatives of executives with strategic responsibilities (i.e., those family members who are expected to influence, or be influenced by, the person concerned);
- the subsidiaries (including jointly) of 'executives with strategic responsibilities' or their close family members.

Transactions with 'Other related parties' consist mainly of assets arising from the granting of loans and credits for the use of credit cards and liabilities for cash deposited with the Bank. The income statement for the year 2022 refers to the costs and revenues generated by the aforementioned assets and liabilities.

The "Shareholders" category includes the shareholders and their subsidiaries holding which at December 31st, 2022 held an investment in FinecoBank higher than 3% of the share capital represented by shares with voting rights. The balance sheet amounts include for current receivables and debts associated with the provision of financial services referring to the commissions to be cashed for the placement and management of asset management products. The income statement includes the same fees and commissions accrued for the 2022 financial year.

Outstanding amounts as at December 31st, 2022 and the economic components accrued during the year 2022 with Fineco Asset Management DAC are excluded, as shown in the table below.

### Transactions with the FinecoBank Group's companies

(Amounts in € thousand)

| Fineco Asset Management DAC | Total 12/31/2022 |
|---|---|
| **Assets** | **13,202** |
| Financial assets at amortised cost b) loans and receivables with customers | 12,780 |
| Other assets | 422 |
| **Income statement** | **242,490** |
| Fee and commission income | 145,103 |
| Dividend income and similar revenue | 97,202 |
| Other net operating income | 185 |

It should be noted that the table above does not include the balance sheet value of the equity investments held in Subsidiaries recognised under balance sheet item 70 Equity Investments.

Financial assets measured at amortised cost refer to operating receivables related to the distribution of financial products.

The economic components recognised in the balance sheet refer, primarily, to commission income retroceded to the Bank in connection with the placement of financial products and the dividend received.

# Part I – Share-based payments

## Qualitative information

### 1. Description of share-based payments

For the description share-based payments, see paragraph A. Qualitative information - 1. Description of the share-based payments - Part I of the Notes to the consolidated accounts.

## Quantitative information

### 1. Annual changes

(Amounts in € thousand)

| Items / Number of options and exercise price | Total 12/31/2022 | | | Total 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | Number of options | Average prices | Average maturity | Number of options | Average prices | Average maturity |
| **A. Opening balance** | **2,037,312** | **-** | **Jun-24** | **1,456,175** | **-** | **Oct-22** |
| **B. Increases** | **244,406** | **-** | **X** | **978,932** | **-** | **X** |
| B.1 New issues | 244,406 | - | May-24 | 978,932 | - | Jul-25 |
| B.2 Other increases | - | - | X | - | - | X |
| **C. Decreases** | **(268,392)** | **-** | **X** | **(397,795)** | **-** | **X** |
| C.1 Cancelled | (2,115) | - | X | - | - | X |
| C.2 Exercised | (266,277) | - | X | (397,795) | - | X |
| C.3 Expired | - | - | X | - | - | X |
| C.4 Other changes | - | - | X | - | - | X |
| **D. Closing balances** | **2,013,326** | **-** | **Oct-24** | **2,037,312** | **-** | **Jun-24** |
| **E. Vesting options at the end of the year** | **587,795** | **-** | **X** | **266,277** | **-** | **X** |

The number of shares specified in the above table only refers to plans for which the number of shares allotted to individual beneficiaries has already been defined. The average prices for the year have not been stated because only freely allocated shares were involved.

# Part I – Share-based payments

## 2. Other information

### Effects on Profit and Loss

The income statement and balance-sheet effects of the incentive systems based on FinecoBank shares are shown below, except for the balance of the reserve related to equity-settled plans. The income statement impact is determined each year based on the vesting period of the instruments.

### Financial statement presentation related to payments based on shares

(Amounts in € thousand)

| | Total 12/31/2022 | | Total 12/31/2021 | |
|---|---|---|---|---|
| | Total | Vested plans | Total | Vested plans |
| Costs | 5,543 | | 5,697 | |
| *- connected to Equity Settled Plans* | *5,543* | | *5,697* | |
| Sums paid to UniCredit S.p.A. for vested plans | | 35 | | 12 |
| Payable due to UniCredit S.p.A. | - | | 35 | |
| Credit accrued towards UniCredit S.p.A. | 69 | | 69 | |
| Credit accrued towards Fineco AM | 269 | | 212 | |

Please note that the charges relating to Equity Settled Plans were recognised as Administrative expenses – Staff expenses with respect to the plans granted to employees and as Administrative expenses or Fee and commission expenses with regard to plans granted to personal financial advisors.

# Part L – Segment reporting

Segment reporting information, as required by IFRS 8 is presented exclusively in consolidated form. Therefore, reference should be made to the segment reporting disclosure provided in Part L of the notes to the consolidated accounts.

# Part M – Leasing

## Section 1 - Lessee

### Qualitative information

The leasing contracts that fall within the scope of application of the standard IFRS16 are represented by the lease contracts of the properties used by the Bank and by the financial shops used by financial advisors and managed directly by the Bank, in addition to lease contracts for machinery and cars.

The Bank is potentially exposed to outgoing financial flows, for variable payments due for leasing (in particular referring to the ISTAT revaluation), not included in the initial valuation of the lease liability.

The Bank has determined the duration of the lease, for each individual contract, considering the "non-cancellable" period during which it has the right to use the underlying asset and taking into account all the contractual aspects that can change this duration, including, in particular, the possible presence of:

- periods covered by a right of resolution (with related penalties) or an option to extend the lease to the lessee, the lessor alone, or to both, even at different periods over the duration of the contract;
- periods covered by an option to purchase the underlying asset.

In general, with regard to contracts that provide the option right for the Bank to automatically renew the lease at the end of an initial contractual period, the duration of lease has determined based on historical experience (in particular for the Bank) and the information available at the date, considering in addition to the non-cancellable period also the period subject to the extension option (first contract renewal period), except for the existence of business plans to dispose of the leased asset as well as clear and documented assessments by the competent Bank structures that lead to consider reasonable the failure to exercise the option to renew or exercise the termination option, also taking into account, with particular regard to the financial shops in use by the financial advisors of the Bank, the commercial strategies of recruitment and territorial organization of the network.

The Bank has not provided guarantees on the residual value of the leased asset and has no commitments for the stipulation of lease contracts not included in the value of the lease liability recognized in the financial statements.

In accordance with the rules set by the standard, which grants exemptions in this regard, contracts underlying the so-called "Low-value assets" (for which the threshold was set at € 5 thousand) mainly consisting of mobile phone rental contracts, all leasing contracts with a contractual duration of 12 months or less (so-called "short term lease") it was decided not to apply the principle to the leasing of intangible assets (mainly represented by software leasing). For these contracts, the related fees are recognized in the income statement on accrual basis for the corresponding duration.

### Quantitative information

With regard to the information on the rights of use acquired with the lease, please refer to Part B - Assets - Section 8 - Tangible assets - Item 80 of these notes to the accounts.

With regard to the information on the lease liabilities, please refer to Part B - Liabilities - Section 1 - Financial liabilities at amortized cost - Item 10 of these notes to the accounts.

Furthermore, with regard to the information on:

- interest expenses on leasing liabilities, please refer to Part C - Section 1 - Item 20;
- the other charges connected with the rights of use acquired with the lease, please refer to Part C - Section 14 - Net impairments / write-backs on property, plant and equipment - Item 190.

It should be noted that no gains and losses deriving from sale and leaseback transactions have been recorded, as well as income deriving from sub-lease transactions.

# Part M – Leasing

The depreciation recognized for the year for right-of-use assets by class of underlying asset is shown below:

(Amounts in € thousand)

| Assets | Depreciation 2022 | Depreciation 2021 |
|---|---|---|
| **Right of use** | | |
| **1. Property, plant and equipment** | **(10,972)** | **(10,765)** |
| 1.1 land | | - |
| 1.2 buildings | (10,759) | (10,499) |
| 1.3 office furniture and fittings | | - |
| 1.4 electronic systems | | - |
| 1.5 other | (213) | (266) |

At December 31st, 2022 there are no short-term leasing commitments for which the cost has not already been recognized in the 2022 income statement.

## Section 2 - Lessor

### Qualitative information

The Bank has leasing operations, in its capacity as lessor, represented exclusively by lease contracts for a part of the surface of the property owned, located in Milan Piazza Durante, 11, classified as operating leases in the financial statements.

With reference to the ways in which the lessor manages the risk associated with the rights it maintain on the underlying assets, it should be noted that the contracts include clauses that prohibit the tenant from transferring the contract to third parties without the written consent of the lessor, periodic updates of the rent according to the ascertained variation of the ISTAT index for consumer prices for the families of workers and employees and a contractual expiry at the end of which, in the event of non-renewal where required, the lease contract ceases and the premises fall within the availability of the lessor.

### Quantitative information

Payments due for operating leases have been recognized in the consolidated income statement as income. For more details, please refer to Part C - Section 16 - Other operating income and charges - Item 230 of these notes to the accounts.

### 1. Balance sheet and income statement information

The Bank has not recognized leasing loans. As regards the activities granted under operating leasing, as previously described, the Group has leasing transactions in place as lessor represented by leasing contracts for a part of the property owned by FinecoBank, located in Milan Piazza Durante, 11.

The payments due for the operating lease have been recognized, on an accrual basis, in the consolidated income statement as income. For more details, please refer to that illustrated in Part C - Section 14 - Other operating expenses and income - Item 230 of these notes to the accounts.

### 2. Financial lease

### 2.1 Classification by time bands of the payments to be received and reconciliation with the loans for leasing entered in the assets

No information to report.

# Part M – Leasing

## 2.2 Other information

No information to report.

## 3. Operating lease

### 3.1 Classification by time bands of the payments to be received

A maturity analysis of the undiscounted lease payments to be received is shown below. It should be noted that the payments refer to the contractual rents provided for in the lease contracts of part of the property owned by FinecoBank, which allow tenants to withdraw early in compliance with the notice provided in the contract.

(Amounts in € thousand)

| Maturity ranges | Total 12/31/2022 Lease payments receivables | Total 12/31/2021 Lease payments receivables |
|---|---|---|
| Up to one year | 753 | 731 |
| Over one year up to 2 years | 753 | 731 |
| Over 2 years up to 3 years | 167 | 731 |
| Over 3 years up to 4 years | 42 | 161 |
| Over 4 years up to 5 years | - | 40 |
| For over 5 years | - | - |
| **Total** | **1,715** | **2,394** |

### 3.2 Other information

As indicated above, the Bank has leasing transactions in place as a lessor represented by leasing contracts for a part of the property owned by FinecoBank, located in Milan Piazza Durante, 11. For information on the methods with the which the Bank manages the risk associated with the rights it retains on the underlying assets, please refer to the paragraph "Qualitative information" included in this section.

# Attachment 1 - Reconciliation of condensed accounts to mandatory reporting schedule

(Amounts in € thousand)

| ASSETS | Amounts as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Cash and cash balances = item 10 | 1,438,427 | 1,442,791 |
| Financial assets held for trading | 16,926 | 20,240 |
| *20. Financial assets at fair value through profit or loss a) financial assets held for trading* | *16,926* | *20,240* |
| Loans and receivables with banks | 416,733 | 369,863 |
| *40. Financial assets at amortised cost a) loans and receivables with banks* | *4,019,230* | *5,747,507* |
| *less: Financial assets at amortised cost a) loans and receivables with banks - Debt securities* | *(3,602,498)* | *(5,377,644)* |
| Loans and receivables with customers | 6,426,087 | 5,983,767 |
| *40. Financial assets at amortised cost b) loans and receivables with customers* | *27,423,481* | *25,120,624* |
| *less: Financial assets at amortised cost b) loans and receivables with customers - Debt securities* | *(20,997,394)* | *(19,136,857)* |
| Financial investments | 24,636,590 | 24,563,234 |
| *20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value* | *5,108* | *5,422* |
| *30. Financial asset at fair value through other comprehensive income* | *26,872* | *39,017* |
| *70. Equity investments* | *4,718* | *4,294* |
| *Financial assets at amortised cost a) loans and receivables with banks - Debt securities* | *3,602,498* | *5,377,644* |
| *Financial assets at amortised cost b) loans and receivables with customers - Debt securities* | *20,997,394* | *19,136,857* |
| Hedging instruments | 1,424,705 | 125,913 |
| *50. Hedging derivatives* | *1,691,642* | *127,448* |
| *60. Changes in fair value of portfolio hedged financial assets (+/-)* | *(266,937)* | *(1,535)* |
| Property, plant and equipment = item 80 | 144,102 | 149,506 |
| Goodwill = item 90. Intangible assets of which: goodwill | 89,602 | 89,602 |
| Other intangible assets = item 90 net of goodwill | 36,734 | 38,978 |
| Tax assets = item 100 | 46,467 | 42,955 |
| Non-current assets and disposal groups held for sale = item 110 | - | - |
| Tax credits acquired | 1,093,255 | 508,764 |
| Other assets | 438,661 | 483,948 |
| *120. Other assets* | *1,531,916* | *992,712* |
| *less: Tax credit acquired* | *(1,093,255)* | *(508,764)* |
| **Total assets** | **36,208,289** | **33,819,561** |

# Attachment 1 - Reconciliation of condensed accounts to mandatory reporting schedule

(Amounts in € thousand)

| LIABILITIES AND SHAREHOLDERS' EQUITY | Amounts as at | |
|---|---|---|
| | 12/31/2022 | 12/31/2021 |
| Deposits from banks | 1,677,235 | 1,225,213 |
| *10. Financial liabilities at amortised cost a) deposits from banks* | *1,677,235* | *1,225,213* |
| Deposits from customers | 31,679,857 | 29,835,930 |
| *10. Passività finanziarie valutate al costo ammortizzato c) titoli in circolazione* | *31,679,857* | *29,835,930* |
| Debt securities in issue | 497,926 | 497,266 |
| *10. Financial liabilities at amortised cost c) debt securities in issue* | *497,926* | *497,266* |
| Financial liabilities held for trading = item 20 | 4,574 | 4,417 |
| Financial liabilities at fair value = item 30 | - | - |
| Hedging instruments | (3,180) | 65,263 |
| *40. Hedging derivatives* | *63,752* | *57,313* |
| *50. Changes in fair value of portfolio hedged financial liabilities (+/-)* | *(66,932)* | *7,950* |
| Tax liabilities = item 60 | 41,865 | 34,647 |
| Liabilities included in disposal groups classified as held for sale = item 70 | - | - |
| Other liabilities | 434,300 | 458,194 |
| *80. Other liabilities* | *324,993* | *336,403* |
| *90. Provisions for employee severance pay* | *3,942* | *5,033* |
| *100. Provisions for risks and charges* | *105,365* | *116,756* |
| Shareholders' equity | 1,875,711 | 1,698,631 |
| - capital and reserves | 1,451,605 | 1,335,907 |
| *130. Equity instruments* | *500,000* | *500,000* |
| *140. Reserves* | *750,045* | *634,146* |
| *150. Share premium reserve* | *1,934* | *1,934* |
| *160. Share capital* | *201,340* | *201,267* |
| *170. Treasury shares (-)* | *(1,714)* | *(1,440)* |
| - revaluation reserves | 2,121 | (5,877) |
| *110. Revaluation reserves of which: financial assets at fair value through other comprehensive income* | *(3,898)* | *410* |
| *110. Revaluation reserves for actuarial net gains (losses) for defined benefit plans* | *6,020* | *(6,287)* |
| *110. Revaluation reserve of which: changes in valuation reserve pertaining to equity method investments* | *(1)* | - |
| - net profit = item 180 | 421,985 | 368,601 |
| **Total liabilities and Shareholders' equity** | **36,208,289** | **33,819,561** |

# Attachment 1 - Reconciliation of condensed accounts to mandatory reporting schedule

(Amounts in € thousand)

| INCOME STATEMENT | Year 2022 | Year 2021 |
|---|---|---|
| Financial margin | 392,415 | 280,356 |
| of which Net interest | 343,011 | 248,215 |
| *30. Net interest margin* | *337,764* | *243,475* |
| *+ net commissions on Treasury securities lending* | *5,247* | *4,740* |
| of which Profits from Treasury | 49,404 | 32,141 |
| *+ gains (losses) on disposal or repurchase of: a) financial assets at amortised cost - debt securities (unimpaired)* | *49,095* | *29,243* |
| *+ gains (losses) on disposal or repurchase of: b) financial asset at fair value through other comprehensive income (unimpaired)* | *309* | *2,898* |
| Dividends and other income from equity investments | 96,926 | 61,548 |
| *70. Dividend income and similar revenue* | *97,408* | *61,773* |
| *less: dividends from held-for-trading equity instruments included in item 70* | *(165)* | *(153)* |
| *less: dividends from from equity investments and equities mandatorily at fair value equity instruments included in item 70* | *(41)* | *(46)* |
| *+ writebacks (write-downs) of investments accounted for using the equity method* | *(276)* | *(26)* |
| Net fee and commission income | 326,611 | 352,640 |
| *60. Net fee and commission income* | *331,858* | *357,380* |
| *+ other charges/income related to the application of the Fixed Operating Expenses (FOE) model* | - | - |
| *less: net commissions on Treasury securities lending* | *(5,247)* | *(4,740)* |
| Net trading, hedging and fair value income | 90,053 | 74,299 |
| *80. Gains (losses) on financial assets and liabilities held for trading* | *77,968* | *71,641* |
| *90. Fair value adjustments in hedge accounting* | *12,207* | *2,505* |
| *110. Gains (losses) on financial assets and liabilities at fair value through profit or loss* | *(328)* | *(46)* |
| *100. Gains (losses) on disposal or repurchase of: b) financial asset at fair value through other comprehensive income* | *309* | *2,898* |
| *less: gains (losses) on disposal or repurchase of: b) financial asset at fair value through other comprehensive income (unimpaired)* | *(309)* | *(2,898)* |
| *100. Gains (losses) on disposal or repurchase of: c) financial liabilites* | - | - |
| *+ dividends from held-for-trading equity instruments included in item 70* | 165 | 153 |
| *+ dividends from mandatorily at fair value equity instruments included in item 70* | *41* | *46* |
| Net other expenses/income | 1,223 | (888) |
| *200. Other net operating income* | *136,218* | *136,389* |
| *less: other net operating income - of which: recovery of expenses* | *(136,830)* | *(139,471)* |
| *less: adjustments of leasehold improvements* | *1,835* | *2,194* |
| *less: other charges/income related to the application of the Fixed Operating Expenses (FOE) model* | - | - |
| *100. Gains (losses) on disposal or repurchase of: a) financial assets at amortised cost (unimpaired)* | *49,095* | *29,243* |
| *less: gains (losses) on disposal or repurchase of: a) financial assets at amortised cost - debt securities (unimpaired)* | *(49,095)* | *(29,243)* |
| **REVENUES** | **907,228** | **767,955** |
| Staff expenses | (107,056) | (101,447) |
| *160. Administrative expenses - a) staff expenses* | *(107,056)* | *(101,447)* |
| Other administrative expenses | (265,403) | (257,796) |
| *160. Administrative expenses - b) other administrative expenses* | *(311,302)* | *(295,641)* |
| *less: contributions to the Single Resolution Fund (SRF) Deposit Guarantee Systems (DGS)* | *47,734* | *40,039* |
| *+ adjustments of leasehold improvements* | *(1,835)* | *(2,194)* |
| Recovery of expenses | 136,830 | 139,471 |
| *200. Other net operating income- of which: recovery of expenses* | *136,830* | *139,471* |
| Impairment/write-backs on intangible and tangible assets | (26,296) | (25,960) |
| *180. Impairment/write-backs on property. plant and equipment* | *(19,742)* | *(19,324)* |
| *190. Impairment/write-backs on intangible assets* | *(6,554)* | *(6,636)* |
| **Operating costs** | **(261,925)** | **(245,732)** |
| **OPERATING PROFIT (LOSS)** | **645,303** | **522,223** |
| Net impairment losses on loans and provisions for guarantees and commitments | (3,096) | (1,655) |
| *130. Impairment losses/writebacks on: a) financial assets at amortised cost* | *(5,165)* | *(594)* |
| *less: impairment losses/writebacks on: a) financial assets at amortised cost - debt securities* | *2,093* | *(1,070)* |
| *130. Impairment losses/writebacks on: b) financial assets at fair value through other comprehensive income* | *(2)* | *8* |
| *less: impairment losses/writebacks on: a) financial assets at amortised cost - debt securities* | *2* | *(8)* |
| *140. Profit / loss from contract changes without cancellation* | *(1)* | - |
| *170. Net provisions for risks and charges:a)provision for credit risk of commitments and financial guarantees given* | *(23)* | *9* |
| **NET OPERATING PROFIT (LOSS)** | **642,207** | **520,568** |
| Other charges and provisions | (57,762) | (49,938) |
| *170. Net provisions for risks and charges b) other net provision* | *(10,028)* | *(9,899)* |
| *Integration costs* | - | - |
| *+ contributions to the Single Resolution Fund (SRF) Deposit Guarantee Systems (DGS)* | *(47,734)* | *(40,039)* |
| Net income from investments | (1,552) | 1,079 |
| *+ Impairment losses/writebacks on: afinancial assets at amortised cost - debt securities* | *(2,093)* | *1,070* |
| *+ Impairment losses/writebacks on: b) financial assets at fair value through other comprehensive income - debt securities* | *(2)* | *8* |
| *220. Profit (loss) on equity investments* | *(276)* | *(26)* |
| *less: Profit (loss) on equity investments* | *276* | *26* |
| *20. Gains (losses) on disposal of investments* | *543* | *1* |
| Goodwill impairment | - | - |
| **PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | **582,893** | **471,709** |
| Income tax for the year = item 270 | (160,908) | (103,108) |
| **NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS** | **421,985** | **368,601** |
| Profit (Loss) after tax from discontinued operations | - | - |
| **PROFIT (LOSS) FOR THE YEAR** | **421,985** | **368,601** |

# Attachment 2 - Reference of qualitative information to the consolidated financial statement

Below is a list of qualitative disclosure references from the FinecoBank financial statements to the Consolidated Financial Statements:

| **SECTION OF THE FINANCIAL STATEMENTS OF THE ENTERPRISE WHERE THERE IS A REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS** | **SECTION OF THE CONSOLIDATED FINANCIAL STATEMENTS WHERE DISCLOSURE CAN BE FOUND** |
|---|---|
| Report on operations – FinecoBank's results | Please refer to the section "Results of the parent and the subsidiary" of the Consolidated Report on operations. |
| Part A – Accounting policies, A.1 – General matters, Section 4 – Other aspect | For the paragraphs on other aspects of accounting policies please refer to the corresponding paragraphs in Part A – Accounting policies, A.1 General matters, Section 5 – Other aspects of Notes to the consolidated accounts, where referenced. |
| Part A – Accounting policies, A.2 - The main items of the accounts | For the paragraphs on the main items of the accounts please refer to the corresponding paragraphs in Part A – Accounting policies, A.2 The main items of the accounts of Notes to the consolidated accounts, where referenced. |
| Part A – Accounting policies, A.3 Disclosure on transfers between portfolios of financial assets | For the paragraphs on dislosure on transfers between portfolios of financial assets please refer to the corresponding paragraphs in Part A – Accounting policies, A.3 Disclosure on transfers between portfolios of financial assets of Notes to the consolidated accounts. |
| Part E - Information on Risks and relating hedging policies, Section 1 – Credit Risk | For the paragraphs on "1. General matters", "2. Credit Risk Management Policy", "3. Impaired credit Exposures", "4. Commercial renegotiations and forbearance measures" please refer to the corresponding paragraphs in Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.1 Credit risk of Notes to the consolidated accounts, where referenced. |
| Part E - Information on Risks and relating hedging policies, Section 2 – Market Risk | For the paragraphs on "Risk Management Strategies and Processes", "Structure and Organisation", "Impacts of the crisis unfolded by COVID-19 pandemic and Russia-Ukraine military conflict", "Risk measurement and reporting framework", "Procedures and methodologies for valuation of Trading Book positions", "Risk measures" please refer to the corresponding paragraphs in Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.2 Market risk of Notes to the consolidated accounts, where referenced. |
| Part E - Information on Risks and relating hedging policies, Section 4 - Liquidity Risk | For the paragraphs on "A. General aspects, management processes and measurement methods for liquidity risk" please refer to the corresponding paragraphs in Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.4 - Liquidity risk, where referenced. |
| Part E - Information on Risks and relating hedging policies, Section 5 - Operational risk | For the paragraphs on operational risk please refer to the corresponding paragraphs in Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.5 - Operational risk, where referenced. |
| Part E - Information on Risks and relating hedging policies, Section 6 – Other risks | For the paragraphs on other risk please refer to the corresponding paragraphs in Part E - Information on Risks and relating hedging policies, Section 2 – Risk of the prudential consolidated perimeter, 1.6 - Other risks, where referenced. |

# Certification of annual financial statements pursuant to article 81-ter of Consob regulation no. 11971 of May 14, 1999 and subsequent amendements

1. The undersigned, Alessandro Foti, as Managing Director and General Manager of FinecoBank S.p.A., and Lorena Pelliciari, as Nominated Official in charge of drawing up company accounts of FinecoBank S.p.A, taking into account the provisions of Article 154-bis, par. 3 and 4 of Legislative Decree 58 of February 24th, 1998, do hereby certify:

- the adequacy in relation to the Company's features and
- the actual application

of the administrative and accounting procedures used in the preparation of the financial statements for the year ended December 31st, 2022.

2. The adequacy of the administrative and accounting procedures employed to draw up the financial statements for the year has been evaluated by applying a model defined in accordance with the "Internal Control - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)", which are international commonly accepted standards for the internal control system and for financial reporting.

3. The undersigned also certify that:

3.1 the Annual Accounts and Report:

a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation 1606/2002 of July 19th, 2002;
b) correspond to the results of the books and accounting records;
c) are suitable to provide an accurate representation of the financial position and performance of the issuer;

3.2 the Report on operations contains a reliable operating and financial review of the issuer, as well as the description of its exposure to the main risks and uncertainties.

Milan, March 14th, 2023

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

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

**(The accompanying translated separate financial statements of FinecoBank S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

# Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of FinecoBank S.p.A.*

## Report on the audit of the separate financial statements

### *Opinion*

We have audited the separate financial statements of FinecoBank S.p.A. (the "bank"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of FinecoBank S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the bank in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
Registro Imprese Milano Monza Brianza Lodi
e Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

***Measurement of provisions for risks and charges***

*Notes to the separate financial statements "Part A - Accounting policies": section A.2.10 "Provisions for risks and charges"*

*Notes to the separate financial statements "Part B - Information on the statement of financial position - Liabilities": section 10 "Provisions for risks and charges"*

*Notes to the separate financial statements "Part C - Information on the income statement": section 11.3 "Net provisions to other provisions for risks and charges: breakdown"*

*Notes to the separate statements "Part E - Information on risks and related hedging policies": section 5 "Operational risks", paragraph "Risks arising from significant legal disputes"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| The bank's separate financial statements at 31 December 2022 include provisions for risks and charges of €105.4 million. These include €27.4 million relating to pending legal and tax disputes, specifically €3.4 million relating to tax disputes (fines and interest) and €24 million relating to legal disputes. The latter are customers' complaints and claims for damages due to unlawful conduct by the bank's financial advisors, pending disputes with former financial advisors and other ongoing in-court and out-of-court disputes with customers relating to the bank's ordinary banking activities.<br><br>Measuring provisions for risks and charges for pending disputes is a complex activity, with a high degree of uncertainty, and entails directors' estimates about the outcome of the dispute, the risk of losing and the timing for its settlement.<br><br>For the above reasons, we believe that measuring provisions for risks and charges is a key audit matter. | Our audit procedures included:<br>• understanding the process for the measurement of provisions for risks and charges, assessing the design and implementation of controls and performing procedures to and implementation of effectiveness of material controls;<br>• analysing the discrepancies between past years' estimates of the provisions for risks and charges and actual figures resulting from the subsequent settlement of disputes, in order to check the accuracy of the estimation process;<br>• analysing relevant documentation, including the complaints book and the internal control departments' reports;<br>• sending written requests for information to the legal advisors assisting the bank about the assessment of the risk of losing pending disputes and the quantification of the related liability and checking the consistency of the information obtained with the elements considered by the directors to measure the other provisions for risks and charges;<br>• analysing the reasonableness of the assumptions used to measure the provisions for risks and charges relating to the main disputes through discussions with the relevant internal departments and analysis of the supporting documentation;<br>• assessing the appropriateness of the disclosures about the other provisions for risks and charges. |

***Classification and measurement of loans and receivables with customers recognised under financial assets at amortised cost***

*Notes to the separate financial statements "Part A - Accounting policies": paragraph A.2.3 "Financial assets at amortised cost"*

*Notes to the separate financial statements "Part B - Information on the statement of financial position - Assets": section 4 "Financial assets at amortised cost"*

*Notes to the separate financial statements "Part C - Information on the income statement": section 8 "Impairment losses/writebacks"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| Lending to customers is one of the bank's core activities.<br><br>Loans and receivables with customers recognised under financial assets at amortised cost totalled €27,423.5 million at 31 December 2022 (including loans of €6,446.1 million and debt instruments of €20,997.4 million), accounting for 75.7% of total assets. Net impairment losses on loans and receivables with customers recognised in profit or loss during the year totalled €4.9 million.<br><br>For classification purposes, the directors make analyses that are sometimes complex in order to identify those positions that show evidence of impairment after disbursement. To this end, they consider both internal information about the performance of exposures and external information about the reference sector or the borrowers' overall exposure to banks.<br><br>Measuring loans and receivables with customers is a complex activity, with a high degree of uncertainty and subjectivity, with respect to which the directors apply internal valuation models that consider many quantitative and qualitative factors, including historical collection flows, expected cash flows and related estimated collection dates, the existence of any indicators of impairment, an assessment of any guarantees, the impact of macroeconomic variables, future scenarios and risks of the sectors in which the bank's customers operate.<br><br>The complexity of the directors' estimation process has increased as a result of the geopolitical uncertainties caused by the conflict in Ukraine and the persisting Covid-19 emergency in 2022. These uncertainties have severely worsened current economic conditions and the outlook for future macroeconomic scenarios and have had a strong impact on the energy market, supply chains, inflationary pressure and its effect on monetary policies, leading central banks to raise interest rates in the main economies. This required the directors to revisit the valuation processes and methods.<br><br>For the above reasons, we believe that the classification and measurement of loans and receivables with customers recognised under financial assets at amortised cost are a key audit matter. | Our audit procedures included:<br><br>• gaining an understanding of the bank's processes and IT environment in relation to the disbursement, monitoring, classification and measurement of loans and receivables with customers;<br><br>• assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the identification of exposures with indicators of impairment and the calculation of impairment losses;<br><br>• analysing the classification criteria used for allocating loans and receivables with customers to the IFRS 9 categories (staging);<br><br>• analysing the individual and collective impairment assessment policies and models used and checking the reasonableness of the main assumptions and variables included therein, as well as the adjustments made as a result of the financial effects of the geopolitical situation caused by the conflict in Ukraine and the persisting Covid-19 pandemic. We carried out these procedures with the assistance of experts of the KPMG network;<br><br>• selecting a sample of exposures tested collectively, checking the application of the measurement models applied and checking that the impairment rates applied complied with those provided for in such models;<br><br>• selecting a sample of exposures tested individually and checking the reasonableness of the indicators of impairment identified and of the assumptions about their recoverability, including considering the guarantees received;<br><br>• analysing the significant changes in the loan and receivable categories and in the related impairment rates compared to the previous years' figures and discussing the results with the relevant internal departments;<br><br>• assessing the appropriateness of the disclosures about loans and receivables with customers recognised under financial assets at amortised cost. |

***Revenue recognition – recognition of fee and commission income (IFRS 15)***

_Notes to the separate financial statements "Part C - Information on the income statement": section 2.1 "Fee and commission income: breakdown"_

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| In accordance with IFRS 15: Revenue from contracts with customers, fee and commission income is recognised in profit or loss based on when or as the performance obligation identified in a contract is satisfied. Specifically, fees and commissions for services and other income are recognised in profit or loss:<br>• at a point in time, when an entity satisfies the performance obligation by transferring a promised good or service to a customer;<br>• over time, as an entity satisfies the performance obligation by transferring a promised good or service to a customer.<br>If the consideration promised in a contract includes a variable amount, the bank estimates the amount of consideration to which it will most likely be entitled. It estimates the variable amount by assessing all relevant facts and circumstances, based on the type of service provided and, especially, on whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.<br>We have identified the risk of recognising revenue (fee and commission income) not pertaining to the year or not actually realised.<br>For the above reasons, we believe that the recognition of fee and commission income is a key audit matter. | Our audit procedures included:<br>• gaining an understanding of the bank's processes and IT environment in relation to the estimation of fee and commission income;<br>• analysing the processes and controls implemented by the bank, including by involving our IT specialists;<br>• assessing the appropriateness of the disclosures about fee and commission income. |

## Other matters

### Comparative figures

The bank's 2021 separate financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 31 March 2022.

## Responsibilities of the bank's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the bank's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the bank or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the bank's financial reporting process.

### *Auditors' responsibilities for the audit of the separate financial statements*

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA Italia 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 separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate 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 bank's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' 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 bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, 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.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

### _Other information required by article 10 of Regulation (EU) no. 537/14_

On 28 April 2021, the bank's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2022 to 31 December 2030.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the bank in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the _Collegio Sindacale_, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

## Report on other legal and regulatory requirements

### _Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815_

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2022 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

## *Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98*

The bank's directors are responsible for the preparation of the reports on operations and on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the bank's separate financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the bank's separate financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 23 March 2023

KPMG S.p.A.

(signed on the original)

Roberto Spiller
Director of Audit

# Report of the Board of Statutory Auditors of FinecoBank S.p.A.

## at the Shareholders' Meeting summoned on 27 April 2023 for the approval of the Financial Statements as at 31.12.2022

pursuant to art. 153 of Legislative Decree no. 58/1998 and art. 2429, paragraph 2, of the Italian Civil Code

* * * *

Dear Shareholders,

the Board of Statutory Auditors (hereinafter also the "Board") is called to report to the Shareholders' Meeting of FinecoBank S.p.A. (hereinafter also "FinecoBank" or "Fineco" or the "Bank" or the "Company" or "Parent Company") on the supervisory activity carried out during the year and on the omissions and objectionable facts detected, pursuant to art. 153 of Legislative Decree 58 of 24 February 1998 ("TUF") and art. 2429, paragraph 2, of the Italian Civil Code.

The information provided below also considers the indications contained in CONSOB Communication no. DEM/1025564 of 06 April 2001 and subsequent amendments and/or additions.

### 1. Appointment and activities of the Board of Statutory Auditors

The Board of Statutory Auditors, in its current composition, was initially appointed by the Shareholders' Meeting held on 28 April 2020 and will stay in office until the approval of the Company's Financial Statements for the year ended 31 December 2022 (hereinafter also the "Financial Year").

The appointment concerned the entire Board of Statutory Auditors (consisting of three Standing Auditors and two Alternate Auditors), for the financial years 2020-2022, in the persons of Elena Spagnol, Massimo Gatto, and Chiara Orlandini, as Standing Auditors, and Luisa Marina Pasotti and Giacomo Ramenghi, as Alternate Auditors. Luisa Marina Pasotti took over as Chairman, and Mr. Giacomo Ramenghi as Statutory Auditor, effective respectively on October 1 and October 12, 2020, following the resignation of the Chairman, Ms. Elena Spagnol, and of the Statutory Auditor, Ms. Chiara Orlandini. The Shareholders' Meeting held on April 28, 2021, then resolved to confirm the appointments of Ms. Luisa Marina Pasotti and Mr. Giacomo Ramenghi respectively in the roles of Chairman of the Board of Statutory Auditors and Statutory Auditor of the Bank, as well as the addition of two new Alternate Auditors: Ms. Lucia Montecamozzo and Mr. Alessandro Gaetano.

In accordance with the provisions of the Corporate Body Regulations and in line with the recommendations of the code of *Corporate Governance*, concerning this Financial Year, the Board of Statutory Auditors conducted the annual self-assessment process in February 2023, confirming the professionalism and skills expressed by all its members and evaluating its collective composition, as well as the functioning mechanisms of the body, to be adequate. In particular, the results of the self-assessment showed a balanced distribution of the competences consolidated within the Board in matters of regulation, risk and control including climate and environmental risk management, with reference to the banking and financial sector.

The Board of Statutory Auditors of FinecoBank, pursuant to the provisions of the D.M. 169/2020, proceeded to identify in advance its optimal qualitative and quantitative composition in view of the renewal of the body. Published on the Bank's website, the document was made available to the Shareholders in good time for the candidates' selection.

Within the financial year, the Board of Statutory Auditors held a total of 34 meetings, lasting on average three hours and forty-four minutes.

During 2022, the Board of Statutory Auditors attended all thirteen meetings of the Board of Directors. Due to the limitations implemented during the epidemiological emergency from Covid-19, only the Chairman of the Board could attend in presence the Shareholders' Meeting held on April 28, 2022.

Furthermore, the Board of Statutory Auditors arranged its attendance to all 24 meetings of the Risk and Related Parties Committee, 13 meetings of the Remuneration Committee, 12 meetings of the Corporate Governance and Environmental and Social Sustainability Committee, and 14 meetings of the Nomination Committee.

During the financial year ending 31 December 2022, the Board of Statutory Auditors carried out its institutional tasks in compliance with the Italian Civil Code, Legislative Decree no. 385/1993 (TUB), 58/1998 (TUF) and 39/2010 and subsequent amendments and/or additions, the statutory provisions and the rules issued by the Authorities exercising supervisory and control activities, also taking into consideration the Rules of Conduct of the Board of Statutory Auditors of Listed Companies issued by the National Council of Chartered Accountants and Accounting Experts (CNDCEC).

The members of the Board of Statutory Auditors also attended the *induction program* scheduled for 2022 for the Board of Directors - carried out in some cases with the support of an external consultant - as well as recurring refresher courses to preserve over time the acquired technical expertise that is necessary to consciously carry out their role.

On 9 March 2023, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee pursuant to art. 19 of Legislative Decree 39/2010, drew up a “Reasoned Proposal” and submitted it on time for the Fineco Shareholders' Meeting held on April 27, 2023. The Proposal appertained to the increase of remuneration related to the additional statutory audit activities, as introduced per the law, for KPMG S.p.A., who had already been appointed as the Auditing Firm for the nine-year period 2022-20230 by the Shareholders' Meeting held on April 28, 2021, which had also defined the auditors’ annual remuneration.

## 2. Transactions of greater economic, financial, and equity significance

Based on the evidence acquired by the Board in the performance of its duties, certain significant aspects that characterized the 2022 financial year were identified. Although largely illustrated in the Group Management Report drawn up by the Directors (to which reference is made), the Board of Statutory Auditors deems it appropriate to recall some of its content below, considering its relevance in the context of the assessments relating to the equity, financial, and economic situation of FinecoBank.

Recalling what was illustrated in the Consolidated Management Report - referring to the company FinecoBank but also to the subsidiary Fineco Asset Management DAC (hereinafter also the “Fineco AM” or “FAM”) - the Directors observe that, despite the context of uncertainty that characterized 2022, the results achieved by FinecoBank in 2022 have further confirmed the strength and sustainability of the business model, with the improvement of the already more than positive results achieved in 2021.

On the basis of what had already been defined by the Board of Directors when approving 2022 preliminary results that were disclosed to the market on February 7, 2023, on March 14, 2023 the Board of Directors of FinecoBank S.p.A. approved the draft of the separate Financial Statements and the consolidated Financial Statements as at 31 December 2022, which recorded a net result of EUR 421,98 million for the Company (+14,5% compared to the previous year), and of EUR 428,5 million at consolidated level, showing an increase of 12,6% compared to the previous year.

The Group is not directly exposed to Russian *assets* affected by the conflict and indirect exposures, represented by guarantees received as part of financing transactions secured by pledges (*Credit Lombard* and credit line with pledge), are of a non-significant amount. The Group has no direct exposures to commodities and has limited exposure to roubles. With reference to: (i) obligations to freeze funds against sanctioned persons and entities; (ii) restrictions on the purchase and sale of certain securities because they were issued or linked to sanctioned issuers; (iii) limitations on financial flows to and from Russia, unless specific derogations; (iv) the Group uses safeguards to monitor the names of sanctioned entities and entities and the ISINs of sanctioned financial instruments, necessary to initiate the consequent asset freezing activities required by law. As of 31 December 2022, there were no direct or indirect exposures with natural persons or entities subject to sanctions applicable to the Group. Therefore, no asset freezing actions provided for by the legislation on data subjects have been implemented. Finally, the Group constantly monitors the evolution of the reference regulatory framework through information tools that allow the timely updating of the sanctioning framework applicable to the Bank and the appropriate adaptation of existing safeguards.

The financial investments held by the Group, consisting mainly of government bonds, are held by the Parent Company for long-term investment purposes and are accounted for in the *Held to Collect* portfolio valued at depreciated cost. Therefore, the comparison to *fair value* did not have an impact on the income statement, shareholders' equity, and own funds.

With reference to the financial instruments in the trading book, the Group tends to avoid assuming risky positions. The positions in the portfolio are mainly represented by “Over the Counter” derivative contracts (CFD and Knock Out Option) traded against clients and hedged by management with listed equity securities and derivative contracts listed on regulated markets or entered with institutional counterparties.

In 2022 there was no significant deterioration in the Group's loan portfolio for ordinary customers. The latter is mostly made up of loans granted by the Parent Company FinecoBank to retail customers, mainly backed by real financial and real estate guarantees, and disbursed in application of a careful and prudent concession policy. In the case of mortgages, the average *loan to value* is, in fact, equal to about 50%, and the loans granted provide for the acquisition of guarantees with conservative margins. Most of the moratoriums granted by FinecoBank to support the financial needs of customers related to the COVID-19 health emergency, which are not significant overall, have also resumed payments: the moratoriums still in place as of December 31, 2022, amount to EUR 383 thousand.

During the pandemic, FinecoBank guaranteed business continuity with remote working methods for all employees, while ensuring the same service levels and the effectiveness of the internal control system. From May 1, 2022, Fineco has adopted a new modality of Agile Work, establishing two days of remote work per week, which can be increased up to a maximum of three, within a monthly limit of 12.

During 2022, the Group's overall liquidity situation remained solid and stable. All indicators and liquidity adequacy analyses performed by the Risk Management showed ample safety margins with respect to regulatory and internal limits.

Having exceeded the size threshold of EUR 30 billion, identified by Regulation 468/2014 (SSM), from 2022 the annual supervisory review and evaluation process (SREP) and any Comprehensive Assessment are carried out by a Joint Supervisory Team (JST), composed of analysts from the ECB's DG “Specialized Institutions & LSIs” and the Supervision Service 1 of the Bank of Italy.

The capital requirements applicable to the Group as of 31 December 2022 are equal to the following capital ratios (*Pillar1*) in line with Article 92 of the EEC (*Capital Requirements Regulation*):

- Common Equity Tier 1 Capital - *CET1 Ratio*: 8,16%;
- Tier 1 Capital - *T1 Ratio*: 10,04%;
- *Total Capital Ratio*: 12,54%.

As of 31 December 2022, all the above-mentioned requirements have been met by the Group and the following capital indicators are highlighted:

- 20,82% in terms of CET1 Ratio;
- 31,37% in terms of T1 Ratio;
- 31,37% in terms of *Total Capital Ratio.*

At the end of the *Supervisory Review and Evaluation Process* (SREP) 2022, the European Central Bank has communicated the capital requirement that the FinecoBank Group has to abide by from January 1, 2023: the *Pillar 2 Capital Requirement* (P2R) is 175 basis points, reduced from the previous 200 basis points, and the *Pillar 2 Guidance* (P2G) capital requirement is 75 basis points, up from the previous 50 basis points.

Therefore, as of January 1, 2023, the FinecoBank Group is required to comply with the following overall capital requirements on a consolidated basis:

- 8,02% in terms of *CET1 Ratio*;
- 9,85% in terms of T1 Ratio;
- 12,29% in terms of *Total Capital Ratio*.

The above capital ratios include the *Combined Buffer Requirement* (CBR), to be met with CET1 primary capital instruments, consisting of 2,50% of the *Capital Conservation Buffer* (CCB), and 0,004% of the *Countercyclical Capital Buffer* (CCyB).

In November 2022, the Parent Company repaid early and in full the two loans received under the *Targeted Longer Term Refinancing Operations* (TLTRO III) programme, in December 2020 and March 2021 respectively, for a total of EUR 1.045 million. The reimbursement was made due to the changed monetary policy scenario and in particular the amendment of the terms and conditions applied to the third series of the TLTRO programme.

Among the transactions and initiatives on equity investments described in the Financial Statements, the following should be noted.

On May 10, 2022, the Shareholders' Meeting of the subsidiary Vorvel SIM S.p.A. – formerly Hi-MTF SIM S.p.A. – approved the capital increase for a total amount of EUR 3,5 million, corresponding to a contribution of EUR 0,7 million for each shareholder. FinecoBank subscribed to the capital increase attributable to it in May 2022, keeping its stake unchanged at 20%.

On 22 November 2022, the company Fineco International Ltd, based in Great Britain, was established. As of 31 December 2022, the company, 100% controlled by FinecoBank S.p.A., is not operational, pending completion of the process with the *Financial Conduct Authority*. In the financial statements as at December 31, 2022, the aforementioned company was excluded from the scope of consolidation as it did not exceed the materiality thresholds defined in the Group's *policy*.

## 3. Other events occurred in the period

During 2022, the action plan approved by the Board of Directors in 2021, to incorporate the comments made by the Bank of Italy following the inspections aimed at assessing compliance with the regulations on the transparency of banking transactions and services and fairness of relations with customers, was almost completed. The internal *audit* of its conclusion and relative effectiveness of the latest activities is scheduled for the second quarter of 2023.

The *on-site* audit conducted by Consob, as part of the ordinary verification activities plans on intermediaries, on the procedures related to the provision of investment services and of the adjustments to the MIFID II regulation, was completed on June 6, 2022. In December 2022, Consob notified its Technical Note, detecting some areas for improvement that the Bank promptly picked up, preparing a Plan for ongoing or planned actions, and proposed to the Authority after having shared the guidelines as part of the meeting organized for January 17, 2023.

During 2022, FinecoBank continued to purchase additional Tax Credits pursuant to art. 121 D.L. 34/2020.

The balance sheet item “Tax credits purchased” represents the value of tax credits purchased under Law Decree 34/2020. As a result of purchases made during 2022, at 31.12.2022 the item value reached EUR 1.093,3 million, marking an increase from the EUR 508,8 million as at December 31, 2021.

In the Notes to the Financial Statements, it is specified that among the Tax Credits - pursuant to art. 121 D.L. 34/2020 - purchased by FinecoBank on the secondary market for a total of EUR 393.021 thousand, receivables that have been subject to preventive seizure under criminal law are also recorded for a total amount of EUR 45.294 thousand.

On the assumption of the total extraneousness of the Bank to the facts under investigation, in the 2022 Consolidated Financial Statements the aforementioned receivables are recorded as tax credits (item “Tax credits purchased”), for the principle that if transferor taxpayer was not entitled to deduct, the transferees are liable only if the tax credit is used irregularly or to a greater extent than the tax credit received (paragraph 6 of art. 121 cit.), or in the event of competition with wilful misconduct or gross negligence, with the exclusion of the latter in the event of the acquisition of all the prescribed documentation (see paragraph 6-bis inserted in art. 121 of DL 34/2020 by Law Decree 16 February 2023, n. 11). In this regard, FinecoBank underlines that: (i) since it is a sub-transfer, there was no relationship between FinecoBank and the original beneficiary of the deduction and that, in line with best practices, FinecoBank has put in place a series of in-depth controls, also with the support of specialized companies, in order to prevent any form of liability; (ii) both the clauses and the safeguards included in the contract for the assignment of aforementioned receivables, as well as the rules referred to therein (in particular, articles 1260 et seq. of the Civil Code), offer adequate protection in favour of FinecoBank, which can claim rights both in terms of the possible termination of the assignment (with the related consequences of restitution), and in terms of compensation. Fineco also points out that - pursuant to Law Decree no. 4 of 27January 2022, converted into Law no. 25 of 28 March 2022, art. 28-ter - in the event that the tax credits referred to in articles 121 and 122 of Law Decree no. 34 of 2020 cannot be used as they are subject to seizure ordered by the judicial authority, the term for the use of the residual shares at the time of termination of the seizure is increased by a period equal to the duration of the seizure itself.

The matter of the tax credit acquisition has affected the entire banking sector in Italy and is the subject of particular attention by the Authorities, including tax authorities.

The Council of Ministers has recently approved on 16 February 2023 Law Decree no. 11 introducing urgent measures on the transfer of tax credits relating to tax incentives. The object of the intervention is not the tax credit itself, but the assignment of the related credit, which according to the Government “has negative potential on the increase of [the Country’s] public debt”.

## 4. Atypical or unusual transactions

The Financial Statements, the information received during the meetings of the Board of Directors, and those provided by the Chairman, the Chief Executive Officer, the *Management*, the Head of *Internal Audit*, and the Statutory Auditor did not reveal any atypical and/or unusual transactions, included those carried out intragroup or with related parties.

## 5. Intra-Group or Related-Party Transactions

FinecoBank has a *Global Policy* aiming to define, within the scope of the operations of the Bank and the FinecoBank Group, the principles, and rules to be observed in monitoring the risk deriving from situations of possible conflict of interest determined by the proximity of certain subjects to the decision-making centres of the Bank and the other Group companies.

During the meeting held on December 16, 2021 (with effect from January 15, 2022), the Board of Directors - in order to ensure constant compliance with the laws and regulations currently in force regarding corporate information regarding transactions with persons in potential conflict of interest - approved, with the prior favourable opinions of the Risk and Related Parties Committee and the Board of Statutory Auditors, the new version of the “Global Policy Procedure for the management of transactions with subjects in potential conflict of interest of the FinecoBank Group”.

Taking into consideration the preventive favourable opinions of the Risk and Related Parties Committee and the Board of Statutory Auditors, said *Global Policy* was updated on February 7, 2023 by the Board of Directors.

Intragroup transactions or transactions with related parties are shown in the Consolidated Operations Report and in the appropriate section of the Notes to the Financial Statements with an indication of assets, liabilities, guarantees and commitments, expenses, and revenues outstanding as at December 31, 2022, broken down for the various types of related parties pursuant to IAS 24.

During 2022, the Fineco Group implemented minor transactions with related parties, both Italian and foreign, that fall within the ordinary exercise of the Bank's operating activities and the related financial activities. These transactions were completed under *standard* conditions i.e., at conditions similar to those applied to transactions concluded with independent third parties.

With reference to the category “Directors, Board of Statutory Auditors and strategic managers”, in application of the special regulations provided for by art. 136 of Legislative Decree 385/93 (TUB), the obligations implemented towards the subjects who perform administrative, management, and control units, pursuant to the aforementioned rule, have been the subject of unanimous resolution of the Board of Directors, taken with the favourable vote of all the members of the Board of Statutory Auditors, according to the methods and criteria provided for by the aforementioned art. 136 TUB.

The category “Associated companies” includes relations with Vorvel SIM S.p.A., a company subject to considerable influence, in which FinecoBank holds a 20% stake for a balance sheet amount of EUR 1.718 thousand. These economic and financial relationships originate mainly from the agreement between the Bank and Vorvel SIM S.p.A. for the negotiation, on the Hi-Cert segment, of the certificates issued by Fineco.

On 30.09.2022, the Internal Audit department issued the process audit on “Related party transactions and conflicts of interest” with an overall “mostly satisfactory” assessment of all the areas examined, specifically: (i) Governance & Organization; (ii) Management of conflicts with Related Parties; (iii) Management of conflicts deriving from the performance of external activities; (iv) Second Level Controls and corporate reporting.

The Board of Statutory Auditors, which during the year participated in all the meetings of the Risk and Related Parties Committee - during which transactions with related parties and related parties were also examined. The Board has monitored the compliance with the procedural rules adopted by the Bank, as well as with the provisions on transparency and information to the public and has verified that in the Consolidated Operations Report and in the Notes to the Financial Statements the Board of Directors provided adequate information on transactions with related parties in accordance with current regulations.

## 6. Supervision of the Statutory Audit and independence of the Audit Firm

The Board of Statutory Auditors - identified as “Internal Control and Audit Committee” by art. 19 of Legislative Decree 39/2010 - in the version reformulated following the reform of the statutory audit implemented through Legislative Decree 135/2016, has monitored: (i) the financial reporting process; (ii) the effectiveness of internal and risk management control systems; (iii) the statutory audit of annual accounts and consolidated accounts, and (iv) the independence of the statutory auditor, in particular with regards to the provision of non-audit services.

The Board of Statutory Auditors examined the Audit Reports - pursuant to art. 14 of Legislative Decree no. 39/2010 and art. 10 of Regulation (EU) 537/2014 - released on March 23, 2023, by KPMG S.p.A. on the Group's Financial Statements and Consolidated Financial Statements as at 31 December 2022. In particular, the Audit Firm conveys, in short, the following assessments:

- the separate Financial Statements as at 31.12.2022 have been prepared in XHTML format in accordance with the provisions of Commission Delegated Regulation (EU) 2019/815;
- the Report on operations and the specific information presented in the Report on Corporate Governance and the Ownership Structure are consistent with the Group’s Consolidated Financial Statements at December 31, 2022, and have been prepared in compliance with the applicable law. With reference to the above statement required by art. 14, paragraph 2, letter e), of Legislative

Decree no. 39/10, issued by KPMG on the basis of the knowledge and understanding of the entity and its environment obtained through the audit activity, there is nothing to report;

- the Consolidated Financial Statements at December 31, 2022 have been prepared in XHTML format and have been marked up, in all material respects in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815. Due to certain technical limitations, some information included in the Notes to the Consolidated Financial Statements, when extracted from the XHTML format to an XBRL instance, might not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format;
- still referring to the Consolidated Financial Statements, the Report on operations and the specific information presented in the report on Corporate Governance and ownership structure are consistent with the Group's Consolidated Financial Statements at December 31, 2022, and have been prepared in compliance with the applicable law. With reference to the above statement required by art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10, issued by KPMG based on the knowledge and understanding of the entity and its environment obtained through the audit activity, there is nothing to report.

On March 23, 2023, the Audit Firm issued the Additional Report - pursuant to art. 11 of Regulation (EU) no. 537/2014 - whereby no significant deficiencies, worthy of being brought to the attention of those responsible for governance activities, are observed in the internal control system in relation to the financial reporting process.

Together with the Additional Report, the independent auditors provided the Board of Statutory Auditors with the declaration on independence (Article 6 of the aforementioned EU Regulation), according to which no situations that may have compromised independence were observed.

The Board has held periodic meetings (art. 150, paragraph 3, of the TUF and the provisions of Legislative Decree no. 39/2010) with the Independent Auditors - examining the 2022 audit activity plan, verifying its adequacy, following its execution and promptly exchanging the data and information relevant for the performance of the respective tasks – from which no particular remarks have been highlighted, nor facts considered objectionable that required the formulation of specific reports pursuant to art. 155, paragraph 2, of the TUF.

Pursuant to art. 149 – duodecies of the Issuers' Regulation, the fees for the Statutory Audit of the accounts and for the authorised services, other than auditing, provided in the year ended December 31, 2022 to FinecoBank, to the company controlled by the Audit Firm and by the entities of the network to which the Independent Auditors belongs, have been published in the Notes to the Consolidated Financial Statements, as well as in the Notes to the Parent Company.

The fees in EUR units (net of VAT and expenses) are shown below:

- relating to the services provided to FinecoBank:

| ***Type of service*** | ***Service provider*** | ***Fees*** |
|---|---|---|
| Audit | KPMG S.p.A. | 189.140 |
| Certification Services | KPMG S.p.A. | 142.650 |
| **TOTAL** | **Euro** | **331.790** |

- relating to services to the subsidiary Fineco AM

| ***Type of service*** | ***Service provider*** | ***Fees*** |
|---|---|---|
| Audit | KPMG (Ireland) | 34.500 |
| Certification Services | KPMG (Ireland) | 15.000 |
| **TOTAL** | **Euro** | **49.500** |

At consolidated level, Fineco AM's certification services refer to the revision of the reporting packages prepared by Fineco AM for the drafting of the consolidated Financial Statements of the FinecoBank Group as at March 31st, June 30th, and September 30th, as well as to the audit of the Financial Statements of Fineco AM as at September 30th of each year.

During 2022, the Board of Statutory Auditors pre-emptively awarded to KPMG S.p.A. the task of supporting the execution of the procedures aimed at verifying the accuracy of the data contained in the reports made by the Bank in relation to TLTRO III "third reporting" for the following accounting periods: stock recorded as at 30.09.2020; stock recorded as at 31.12.2021; flows recorded for the period 30.09.2020 – 31.12.2021.

**7. Supplementation of the remuneration to the Audit Firm for the conferral of further Statutory Audit related activities for the period 2022-2030**

The Ordinary Shareholders' Meeting of April 28, 2021, having examined the reasoned proposal dated 05.03.2021 of the Board of Statutory Auditors in its capacity as Internal Control and Audit Committee, pursuant to art. 19 of Legislative Decree 39/2010, resolved to appoint KPMG S.p.A. as statutory auditor for the period 2022 – 2030, defining the pertaining remuneration.

On December 23, 2021, FinecoBank S.p.A. has signed the Framework Agreement with the Audit Firm KPMG S.p.A. under the economic conditions approved by the aforementioned Shareholders' Meeting. This Agreement does not contain the prior indication of the criteria to be used for the adjustment of the remuneration for any additional activities to be carried out according to predefined parameters of a quantitative and qualitative nature.

In February 2023, a communication from the audit firm KPMG S.p.A. was received, pursuant to paragraph 6.2 of the Appointment Letter of December 2021, highlighting the need to supplement the awarded contract, in consideration of the additional activities that the auditing firm is required to carry out in light of mandatory regulatory changes, which are reason for the adjustment of the firm's fees for the audit service to be carried out in compliance with the new regulatory parameters.

The European Law 2019-2020 (n. 238 of 23.12.2021, published on the Official Gazette on 17 January 2022) made compulsory for statutory auditors to express an opinion on the compliance with the provisions of Delegated Regulation 2019/815 (EU) of the draft financial statements and the consolidated financial statements, included in the annual financial report.

With the resolution of 11 February 2022, the Ministry of Economy and Finance (State General Accounting Office) issued the auditing standard (SA Italia) 700B "The responsibilities of the person in charge of the statutory audit with reference to the financial statements prepared according to the single electronic communication format (ESEF - European Single Electronic Format)", illustrating the specific audit procedures for expressing the opinion of conformity of the draft financial statements and the consolidated financial statements in accordance with the provisions of Delegated Regulation 2019/815 (EU).

These regulatory changes and the new auditing standard entail the need for recurring checks on the use of the XHTML format for the drafting of the financial statements and the consolidated financial statements, and on the marking of the consolidated financial statements indicated in Table I of Annex II of the Delegated Regulation. Starting from 2022, the checks are extended to the markups of the notes to the consolidated financial statements indicated in Table II of Annex II to the Delegated Regulation.

In relation to the increased commitment to perform the statutory audit activity, in February 2023, the auditing firm KPMG S.p.A. has requested an increase of the remuneration for the additional statutory audit activity (for the financial years 2022 – 2030) by 728 hours, corresponding to higher yearly fees for EUR 35.000 per year.

On March 9, 2023, the Board of Statutory Auditors finalised its informed proposal for the attention of the Shareholders called to decide on the request to supplement the existing fees.

Having examined KPMG's proposal, and established that the new activity is envisaged by law, the Board of Auditors verified with the competent corporate departments the reasonableness of the quantification of the hours envisaged by KPMG S.p.A. for the performance of the additional activities, and that the fees are consistent with the hourly rates as stated in the original proposal formulated by the independent auditor for the nine-year period 2022-2030 and approved by the Shareholders' Meeting of April 28, 2021.

**8. Supervisory activities on the adequacy of the administrative-accounting system and on its reliability to correctly portray management events**

The Board of Statutory Auditors has supervised compliance with the regulations governing the articulated administrative and accounting process, by virtue of which the Manager in charge (MIC) of preparing the accounting and corporate documents, and the Chief Executive Officer and General Manager issue the certificates required by art. 154-bis of the TUF.

The Board of Statutory Auditors, as the Internal Control and Audit Committee, also monitored the financial reporting process, and found no problems or critical issues.

The administrative and accounting procedures for the preparation of the Financial Statements, the Consolidated Financial Statements, and any other financial communication have been prepared under the responsibility of the MIC. Together with the Chief Executive Officer and General Manager, the MIC certifies the adequacy of the effective application of controls - within the reporting period, as well as in the "Report on the system of internal controls on financial reporting in compliance with Law no. 262/2005" of which the Board of Directors was informed on February 7,2023) - in relation to the characteristics of the Company and the Fineco Group and the effective application of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements and the Financial Statements of the Company as at December 31, 2022.

The assessment of the adequacy of administrative and accounting procedures for the preparation of the financial statements is based on a model defined in accordance with the *Internal* Control - Integrated Framework (CoSO) and the *Control Objective for IT and Related Technologies* (Cobit), which represent reference standards for the internal control system and for *financial reporting* in particular and are generally accepted internationally.

The MIC, the Chief Executive Officer and General Manager of FinecoBank also certify that the Consolidated Financial Statements and the Financial Statements of the Company:

- are prepared in accordance with applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002,
- correspond to the results of the books and records,
- are capable of providing a true and fair representation of the issuer's assets, liabilities, income statement and liabilities, and, for the consolidated financial statements, of all the companies included in the consolidation;

and that the Report on Operations includes a reliable analysis of the performance and result of operations, as well as the position of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

During the meetings with the Board of Statutory Auditors, the Manager in charge of the Parent Company did not report any deficiencies in the operating and control processes, that could affect the judgment of adequacy and effective application of the administrative-accounting procedures for the correct economic, equity and financial representation of the management facts in accordance with the accounting principles adopted.

On a regular basis, the Manager in charge updates the Board of Directors about the activities carried out and the progress of the activities aimed at improving the Internal Control System relating to *Financial Reporting* activities.

During the periodic meetings, aimed at exchanging information, the Statutory Auditor did not report significant critical issues in the internal control system concerning the financial reporting process.

Pursuant to Legislative Decree no. 38 of 28 February 2005, the Financial Statements of FinecoBank S.p.A. at 31.12.2022 are drawn up, , in accordance with the accounting standards (hereinafter "IFRS", "IAS" or "international accounting standards") issued by the International Accounting Standards Board (IASB), including the related SIC and IFRIC interpretative documents approved by the European Commission, as required by European Union Regulation no. 1606/2002 of 19 July 2002, and applicable to the financial statements of the exercises starting on January 1, 2022.

The Board of Statutory Auditors oversaw the preparation of the Company's Financial Statements and the Consolidated Financial Statements as at December 31, 2022 in accordance with the aforementioned accounting standards.

The Financial Statements are also an integral part of the Annual Financial Report, pursuant to paragraph 1 of Article 154-ter of the Consolidated Law on Finance (TUF, Legislative Decree no. 58 of 24/2/1998).

The Financial Statements and Notes to the Financial Statements used by Fineco correspond to the provisions of the Bank of Italy in Circular no. 262 of 22 December 2005 and subsequent updates.

Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 have established the obligation for issuers of securities, listed on regulated markets in the European Union, to prepare annual Financial Reports in XHTML language, which is based on the single electronic communication format ESEF (European Single Electronic Format) approved by ESMA. Furthermore, where the annual Financial Report contains consolidated Financial Statements drawn up in compliance with IFRS (International Financial Reporting Standards), economic-financial information is marked up using XBRL language (eXtensible Business Reporting Language) with the aim of further increasing accessibility, the level of analysis, and the comparability of the data contained therein.

In particular, issuers are required either to mark all information disclosed in IFRS consolidated financial statements, or to cross-references to other parts of the annual financial reports, which correspond to the information specified in Annex II to the Delegated Regulation, if present in IFRS consolidated financial statements. The documentation is available on the FinecoBank *website* (https://about.finecobank.com).

With reference to the Annual Financial Report as at December 31, 2022, Fineco complied with the marking obligation which concerned the following information: (i) Basic data; (ii) Consolidated financial Statements (Consolidated Balance Sheet, Consolidated Income Statement, Statement of Comprehensive Income, Statement of Changes in Consolidated Shareholders' Equity and Consolidated Statement of Cash Flows); (iii) Notes to the Consolidated Financial Statements.

The Financial Statements in PDF format, made available by FinecoBank as a courtesy copy, do not constitute compliance with the obligations deriving from the "Transparency Directive" and Delegated Regulation (EU) 2019/815 (the "ESEF Regulation" - European Single Electronic Format), for which a special XHTML format has been developed.

During its meeting of March 14, 2023, the Board of Directors of FinecoBank approved the taxonomy to be used for marking the 2022 consolidated financial statements and the consolidated Notes to the Financial

Statements, an integral part of FinecoBank's Annual Financial Report. No changes and/or customizations have been recorded compared to the released version.

Considering the findings, of the information provided by the Manager in charge, as well as of the observations of the Independent Auditors, the Board of Statutory Auditors has reason to believe that the administrative and accounting system of the Bank and the Group is reliable and adequate to ensure a complete, timely, and reliable representation of management events, in accordance with the accounting principles adopted.

**9. Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016 (NFS)**

Pursuant to Legislative Decree 254/2016, Fineco has drawn up for the fourth year the "Consolidated Non-Financial Statement of the FinecoBank Group" (hereinafter also referred to as "NFS" or "Report").

The *Report*, approved by the Board of Directors on March 14, 2023, has been prepared in accordance with articles 3 and 4 of Legislative Decree no. 254/2016, and constitutes a separate report from the Consolidated Management Report, as required by the option of art. 5, paragraph 3, letter b) of Legislative Decree 254/2016.

The NFS Report is available on the FinecoBank website (https://about.finecobank.com).

In accordance with the requirements of Legislative Decree 254/2016, the scope of the data and the information includes the companies consolidated with the integral method in the 2022 Consolidated Financial Statements, namely FinecoBank S.p.A. and the subsidiary Fineco Asset Management DAC, based in Ireland. This scope excludes the newly established Fineco International Ltd, based in England, wholly owned by FinecoBank S.p.A. but not yet operational at the end of the reporting year, and Vorvel SIM S.p.A., based in Italy, and valued using the equity method in the 2022 Consolidated Financial Statements.

Regarding the contents of the NFS and the related indicators subject to reporting, the Report indicates that these were selected starting from the results of the Materiality Analysis, in the version updated during the course of 2022. The results of the update confirmed most of the topics of the previous year, followed by some new themes, such as Innovation and Solidity, Resilience, and Corporate Reputation.

In line with the previous year, the reporting process is governed by Global Operational Regulation FB 026_2021 "Drafting and publication of the FinecoBank Group's Consolidated Non-Financial Statement" and was carried out through a platform dedicated to the collection of data and information. This tool provides, for each reporting area, the assignment of specific roles within each of the Bank's units involved by their responsibilities (data owner, data reviewer, data approver), to ensure the related internal controls. Through its various features, this tool has made the reporting process more efficient, faster, and more collaborative, also reducing the operational risks deriving from manual data processing.

The 2022 *Report* includes two additional documents that previously constituted separate reports - the PRB *Reporting* and *Self-Assessment Template* - required as part of the signature of the United Nations' *Principles for Responsible Banking* and the Environmental Statement, which are now included in the EMAS environmental certification.

In line with the update of the Materiality Analysis, the *Report* looks more closely into issues of Cybersecurity and Responsible Products and Investments (including Fineco AM).

Regarding methodology, the map of the Group's stakeholders has been updated, integrating the "Savers" and the materiality analysis. From 2022 the double materiality approach has been used, through the mapping of the inside-out perspective (Fineco's impact towards the outside) and outside-in (external impact on Fineco, therefore risk assessment). The requirements of the new GRI Universal Standards have also been implemented, integrating additional mandatory information in the context of governance (e.g., self-assessment process of the Board of Directors, remuneration policies, management of conflicts of interest).

The Board of Statutory Auditors monitors compliance with the relevant provisions, established by Legislative Decree 254/2016.

The Board of Statutory Auditors has received periodic updates on the preparatory activities for the drafting of the NFS, and has examined the documentation made available, as well as Assonime Memo no. 13 of 12 June 2017 commenting on Legislative Decree 254/2016, and Memo no. 4 of 11 February 2019 (News on non-financial statements).

In accordance with art. 3, paragraph 10, of Legislative Decree no. 254/2016, the verification of compliance of the information provided, with respect to the reference and reporting *standards* adopted, is responsibility of the Statutory Auditor, with the release of a specific report, separate from that of art. 14 of Legislative Decree no. 39/2010.

The FinecoBank Group's NFS as at 31.12.2022 is subject to a conformity judgment ("limited assurance engagement" according to the criteria indicated by ISAE 3000 Revised) by the independent auditor KPMG S.p.A., who gives in a specific separate report an attestation regarding the conformity of the information provided pursuant to art. 3, paragraph 10, of Legislative Decree 254/16.

The Board of Statutory Auditors met the Auditor for a preliminary indication regarding the examination method adopted, and also took notice of the "Report of the independent auditors on the Consolidated Non-Financial Statement" (Report) for the year ended December 31, 2022, issued on 23.03.2023, in which the Independent Auditor, after specifying the procedures carried out, concludes that, on the basis of the work carried out, no evidence has been received to the same that suggests that the FinecoBank Group's NFS for the year ended December 31, 2022 has not been drawn up, in all significant aspects, in accordance with the requirements of Articles 3 and 4 of the Decree and the "*Global Reporting Initiative Sustainability Reporting Standards*" defined by the GRI - *Global Reporting Initiative* ("*GRI Standards*").

The approval by the Board of Directors at the meeting of March 14, 2023, was preceded by the examination and evaluation of the Corporate Governance and Environmental and Social Sustainability Committee, and the Risk and Related Parties Committee, at the joint meeting held on February 23, 2023.

Based on the information acquired, the Board of Statutory Auditors indicates that, during the examination of the Non-Financial Statement, no elements of non-compliance, and/or violation of the relevant regulatory provisions, have come to its attention.

## 10. Supervision on the adequacy of the internal control and risk management system and the adequacy of the control functions

FinecoBank, in its capacity as parent company, has provided the Group with a coherent system of internal controls allowing for effective control of the strategic choices of the Group as a whole and the sound management of the individual Group entities.

In accordance with the provisions laid down by the Regulatory Authority, the internal control and risk management system of the Bank (hereinafter also "Internal Control System") consists of a set of rules, functions, organizational structures, resources, processes and procedures aimed at the: (i) verification of the implementation of company strategies and policies; (ii) containment of risk within the limits indicated in the reference framework for determining the bank's risk appetite (Risk Appetite Framework - RAF); (iii) asset value safeguarding and loss protection; (iv) effectiveness and efficiency of company processes; (v) reliability and security of corporate information and IT procedures; (vi) prevention of the risk that the bank is involved, even unintentionally, in illegal activities (with particular reference to those connected with money laundering, usury, and terrorist financing); (vii) compliance of operations with the law and supervisory regulations, as well as with internal policies, regulations and procedures.

The Bank's IT system, which meets the requirements of security and efficiency, plays a primary support role.

Among the main objectives of the Bank's system of internal controls is the management of IT security, which includes processes and measures aimed, in connection with the general corporate action to preserve the security of corporate information and assets, at ensuring that each IT resource is appropriately and consistently protected, in terms of confidentiality, integrity, availability, verifiability and accountability, throughout its entire life cycle, including by means of periodic and constant performance monitoring. The objective of this process is also to contribute to the compliance of the information system with the law and internal and external regulations.

The Board of Statutory Auditors has periodically interfaced with the ICT function, underlying the importance of prudent and constant attention to the risks associated with cybersecurity, also in light of the recent recommendations issued by the National Cybersecurity Agency. The Board was assured that the ICT function of Fineco is constantly monitoring IT security, also in relation to external events, with appropriate measures to remedy the vulnerability and to strengthen the organizational and technical safeguards, also intensifying the flow of information with the control bodies.

Considering the functions and units involved, the Internal Control System of FinecoBank is based on: (i) control functions and positions, which involve, each for their area of responsibility, the Board of Directors, the Risk and Related Parties Committee, the Chief Executive Officer and General Manager, the Board of Statutory Auditors, as well as the corporate functions with specific internal control duties; (ii) procedures for entities involved in the internal control and risk management system to work together.

The Board of Directors (“Body with Strategic Supervisory Function”) has set out the guidelines for the Internal Control System and the risk management system, ensuring that the Bank's main risks are adequately identified, measured, managed, and monitored.

Within the scope of its remit, the Board of Directors has approved the creation of the corporate control functions, outlined the relative roles and responsibilities, and entrusted the Chief Executive Officer and General Manager to oversee - through design, management, and monitoring - the Internal Control and Risk Management System. The Chief Executive Officer and General Manager is identified as the Director in Charge of the Internal Control System (hereinafter also “Appointed Director”), in relation to the provisions of the Corporate Governance Code for Listed Companies (version of January 2020) Art. 6 - Internal Control and Risk Management System. The Board of Directors performs overall supervision of the main corporate risks with the help of the Risk and Related Parties Committee and the Appointed Director.

The Parent Company FinecoBank defines the appropriate control and monitoring measures of the subsidiary Fineco AM, ensuring the implementation of the internal control system is aligned at Group level, where possible, in consideration of the specificities of the business carried out by the Irish subsidiary.

In implementation of the provisions of the Bank of Italy Circular No. 285/2013 and subsequent updates, the Bank has adopted since 2014 the “Document of the Bodies and Functions with Control Tasks” which defines the Internal Control System of the Bank with the analytical identification of the tasks and responsibilities of the corporate bodies and control functions, and was last updated on August 2, 2022.

Fineco’s internal control system is based on four types of controls: (i) Level One controls (“line controls”); (ii) Level Two controls: these are controls whose objectives include ensuring the proper implementation of the risk management process; (iii) Level Three controls: these controls are typical of internal auditing, based on analysis of information obtained from databases or company reports, as well as on-site controls; (iv) Institutional Supervisory Controls: these refer to controls by the Bank’s bodies, including in particular the Board of Statutory Auditors and the Supervisory Committee pursuant to Legislative Decree no. 231 of 8 June 2001.

The Bank set up permanent and independent corporate control functions for: (i) compliance with regulations; (ii) risk management; (iii) internal audit. A similar structure of the control system was defined for the subsidiary Fineco AM.

The 2nd and 3rd level control functions of the Parent Company submit an annual report to the corporate bodies that describes the checks carried out, the results, any weaknesses identified with reference not only to the Parent Company itself, but also to the Banking Group as a whole, and recommend the actions to be taken to remove identified shortcomings.

At managerial level, the Bank has also set up the Committee for the Coordination of Control Units (hereinafter also referred to as the "CFC Committee") and the Internal Control Business Committee (ICBC). The CFC Committee oversees the integration and connection of the Control Units, to coordinate the risk mitigation processes identified by them and improve the Company's Internal Control System. The ICBC represents a meeting point between Business and Control Units on issues relating to internal controls, to ensure prompt and effective addressing of critical issues or interventions on potential areas of weakness, also through the verification of managerial action plans and/or remedies prepared by the competent units, to mitigate the associated risks.

The Board of Statutory Auditors acquired information, held meetings with the corporate units, and supervised the functioning and adequacy of the Internal Control System.

***Internal audit***

The Board acknowledges that the Quarterly Reports and the Annual Report prepared for 2022 by Internal Audit for its own assessment of the Internal Control System – also including sections dedicated to the results of the Audit activity carried out on the Bank's processes, the Network of Financial Advisors, and the Audit findings, including their time-based composition - were duly presented to the Risks and Related Parties Committee, the Board of Statutory Auditors, and the Board of Administration and therein discussed.

The Report as at 31.12.2022, submitted to the Board of Directors on March 14, 2023, provides an overview of the Bank's internal control system based on the results of the audit activities carried out, providing details on the findings of significant risks and on the corrective actions planned by the management and process owners.

The Report provides information on the structure and staffing of the Internal Audit function. Furthermore, considering the role of the Parent Company's Internal Audit function, the Report includes a summary of the results of the activities carried out by the Internal Audit function of the subsidiary Fineco Asset Management DAC and on the assessment of the internal control system expressed by the local head of the function.

The Internal Control System of FinecoBank S.p.A. and of the subsidiary Fineco Asset Management was assessed by the Internal Audit units as "*mostly satisfactory*"[1], considering the results of the audits carried out in 2022, the trend of findings (including those formulated by the Regulators), as well as all available information, including the assessments made by other internal and external "assurance providers".

The Level Two control activities carried out by the Risk Management and Compliance units in relation to the processes subject to audit during the year were overall adequate.

Considering the Group Guidelines, as well as the regulatory obligations and the need to follow-up on previous audits issued with a negative evaluation, the annual Audit Plan for 2022, defined on the basis of the analysis of emerging risks from the annual update of the Risk Assessment, was approved by the Board of Directors at the meeting held on 18 January 2022. Initially, it envisaged the performance of 16 process audits, 3 mandatory annual reports, and 400 audits on the Financial Advisors network (PFA).

Answering to the requests from the Board of Statutory Auditors and the Risks and Related Parties Committee, in September 2022 the Board of Directors approved an addition to the 2022 Audit Plan.

[1] Evaluated according to the following scale of values, in descending order: good, mostly satisfactory, partially satisfactory, unsatisfactory.

During the year, all the audits envisaged by the plan, as well as three unplanned audits, were carried out. The monitoring of the implementation of the planned corrective actions continued and the mandatory annual reports were issued.

The Board of Statutory Auditors, during its activity, monitored compliance with the Audit Plan - appertaining both the central structures and the processes and the network of Financial Advisors – and verified the timing of effective implementation.

All the activities planned for 2022 in the internal quality assurance and improvement program managed by the dedicated resources of the Quality and Remote Controls Team of the Internal Audit Department have been completed.

In 2022 the entire Internal Audit unit continued to work remotely. During the year, this working modality did not generate significant impacts on the execution of the approved Audit Plan. Concerning the audit activities on the PFA network, the on-site checks, that were suspended in 2020 due to the Covid-19 emergency, were resumed starting from June.

As of 31.12.2022, the staff of the Internal Audit Department included a total of 22 members.

In the light of corporate developments, following the methodology defined by the Global Policy “Guidelines for organizational sizing”, the target sizing has been updated and will be achieved gradually.

During the session of November 8, 2022, the Board of Directors approved the Guidelines of the Audit Plan for the year 2023.

The Board has also taken note of the “Report on FinecoBank's internal audit activity referred to in the Consob Manual of the disclosure obligations of the supervised subjects”, prepared by Internal Audit based on the activities carried out in 2022 in the area of investment, presented to the Risks and Related Parties Committee and in the meeting of March 10, 2023, and subsequently to the Board of Directors.

The Board of Statutory Auditors examined the Audit Report issued by Internal Audit in 2022, using the information contained therein, and also asking for supplementary information - which was promptly provided by the function – that was deemed necessary to carry out its auditing activity and to monitor the implementation of the recommendations and of the corrective actions contained in the Report.

***Risk Management***

During 2022, the Board of Statutory Auditors periodically met with the Chief Risk Officer (CRO) to perform an ongoing monitoring of the function under its responsibility and get more in-depth information reports prepared by him for the Corporate Bodies, in order to supervise, also through participation in the meetings of the Risks and Related Parties Committee, the effectiveness, completeness, functionality and reliability of the internal control and risk management system and the Risk Appetite Framework, in line with the provisions of the Corporate Governance Code and supervisory provisions.

On 18.01.2022, in compliance with Bank of Italy regulations (Circular No. 285) and for opportune disclosure, the Activity Plan for 2022 of the Risk Control and Internal Validation function was submitted to the Board of Directors. The plans of the Risk Control function envisioned for 2022 were aimed at improving the control framework, also in the light of the transition to direct supervision by the European Central Bank, and at better supporting the Authority in carrying out the Comprehensive Assessment, thus representing a primary focus of the various teams of the CRO Department and the coordination with the other structures of the Bank.

With reference to the “ICAAP Risk Appetite Framework and ILAAP” process, on 31.03.2022 the Internal Audit function issued a report on the examination (hereinafter also referred to as the “Report”) of the supporting documentation, of the ICAAP/ILAAP Report 2021 with the assessment “mostly satisfactory”, in order to assess the compliance with the reference external and internal regulations, of the controls adopted in the procedures for defining the Group Risk Appetite Framework (RAF), for assessing capital adequacy (ICAAP - Internal Capital Adequacy Assessment Process), calculated considering the scope of consolidation and liquidity (ILAAP - Internal Liquidity Adequacy Assessment Process).

On 14 March 2023, the CRO function, in accordance with the provisions of prudential supervision, presented to the Board of Directors the “Annual Report on the Group's risk exposures as at December 31, 2022” which, within the synoptic framework of the Risk Appetite and Recovery Plan, does not show any exceeding of the tolerance thresholds, with almost all the indicators above the 2022 risk targets.

The said Report detailed the activities carried out by the function during 2022.

All risk control activities of an ordinary nature were carried out according to schedule and were confirmed and supplemented for the year 2023. With reference to breaches of the limits set in the approved Policies, these were managed through the escalation processes and, as required, information was provided to the Corporate Bodies in the Quarterly Risk Exposure Report.

The CRO Department was engaged in many activities of an extraordinary nature, mainly related to the participation in ECB initiatives (JST visits, questionnaires, surveys, and stress tests), the Resolvability Work Programme, the Fineco International creation project, and activities to improve the risk control system (e.g., interest rate risk and credit spread, credit risks).

As required by the Global Policy Framework of Integrated Controls and Risks, approved by the Board of Directors in March 2022, and in accordance with regulatory requirements, Risk Management assesses the robustness and effectiveness of the stress testing program and the need to update it at least on an annual basis.

For the year 2022, the general framework of the stress tests, as well as the schedule of their performance, was developed following on from the framework adopted in the previous year, including the feedback received from ECB within the SREP process and additional analysis in the ESG area.

During the year, in order to align the framework with the new requests from the Regulator and with market’s best practices that place increasing attention to ESG and reputational issues, the Group further enhanced its stress testing program by defining specific tests on these issues.

FinecoBank approved in December 2022 - in accordance with Bank of Italy provisions - the document “Group Risk Appetite 2023” defined in line with the Global Policy “Risk Appetite Framework” approved by the Board of Directors in March 2021 and updated during the meeting of 2 March 2022. The FinecoBank Group's Risk Appetite 2023 maintains the structure of the Risk Appetite Statement and Risk Appetite KPIs (Key Performance Indicators). For each KPI, the respective thresholds are identified, consisting of Risk Appetite, Risk Tolerance and Risk Capacity, the values of which have been appropriately revised in consideration of the business model, the budget process, the Strategic Plan, and the composition of FinecoBank's portfolio. One of the main changes is the introduction of MREL measures.

As of December 31, 2022, the Chief Risk Officer Department consists of 19 employees (17,67 Full Time Equivalent). It is internally organized into five teams reporting to the Chief Risk Officer; three of these are structured in relation to the individual risk profiles considered to be of greatest importance for the Group (credit, market and operational), while two Teams are dedicated to activities which are cross-cut the various risk profiles.

***Compliance***

During the year, the Board of Statutory Auditors held periodic meetings with the Head of the Bank's Compliance function, to assess the the planning of controls based on the risks highlighted and the results of the 2nd level controls carried out.

The Activity Plan of the Compliance function of FinecoBank for the year 2022, submitted to the Risks and Related Parties Committee and to the Board of Statutory Auditors, was approved by the Board of Directors on 18.01.2022. It includes the annual program of compliance activities in which the main compliance risks, to which the Bank is exposed, are identified and the related management interventions are planned. The three-year Risk Assessment Plan was also approved during the same meeting.

Among the main activities carried out in 2022, the Compliance Risk Assessment was performed. In compliance with the 2022 plan, non-compliance risk mapping and assessment activities were completed in the following regulatory areas: AML, Financial Sanctions, Payment Accounts, PSD, MiFID (Market part), Central Depositories (SHRD II part), Anti-Corruption, Privacy, Anti-usury, and Conflicts of Interest. At the same time, appropriate mitigation actions were defined and monitored (including those deriving from 2nd level controls and from the audit and supervisory authority's findings on compliance-sensitive aspects).

In 2022, the assessment of the primary risks of non-compliance, subject to the direct supervision of the Compliance function, carried out considering the results of the 2nd level controls and the findings formulated by Internal Audit and by the supervisory authorities, did not identify any regulatory area with a risk level higher than "Critical[2]". As of December 31, 2022, only the Market Abuse and the PSD (Payment System Directive) areas had residual risk equal to "Significant". A reduction of the risk is expected for both these areas by the first half of 2023 by virtue of the completion of the planned corrective measures.

As regards the Organizational Model, from January 1, 2022, the organizational structure of FinecoBank's Compliance Function consists of five units: Ethics & Compliance Culture (staffed falling under the Compliance Department); Transparency & Customer Protection; Investment Services; Risk Assessments & Controls; Anti-money laundering unit; DPO, Outsourcing & ICT Compliance. The current organizational structure is the result of the implementation of the plan to strengthen the Compliance Function, defined following the inspection conducted by the Bank of Italy on transparency. It was based also on (i) the overall assessment of the Compliance Function carried out in 2021, in collaboration with the internal Organization and HR functions; (ii) the regulatory framework of reference established by Bank of Italy Circular n. 285 of 17 December 2013 and subsequent updates; (iii) the ESMA guidelines on certain aspects of the MiFID II requirements relating to compliance assessment with the regulations of 6 April 2021; (iv) the new Standard ISO 37301 – "Compliance management systems – Requirements with guidance for use" dated 13 April 2021, which recalls the objectives of integrity, culture, compliance, ethical values, and reputation.

During 2022, a total of 914 Level Two checks were perfored on 26 regulatory areas. The results of the monitoring were presented to the Risks and Related Parties Committee, to the Board of Directors, and to the Board of Statutory Auditors of FinecoBank my means of specific reports and are integrated into the compliance risk assessment process.

In addition, the adoption of the Group Rules of Compliance should be noted: during 2022, the process of revising the Global Compliance Policies continued, both to adapt them, where necessary, to changes in the reference regulations, and to complete the process of integrating and adapting the Group Rules adopted by Fineco during the period in which it was part of the UniCredit Group to the new corporate make-up that from May 2019 will see the Bank as the Parent Company of the Fineco Group.

Compliance monitors the implementation of the corrective actions for which it is the risk owner and/or action owner defined as a result of the audit actions.

---

[2] Compliance risk is assessed on the basis of the following scale of values, in ascending order: "limited", "medium", "significant" and "critical".

On March 14, 2023, the Board of Directors approved the 2023 Compliance Plan which sets out the annual program of Compliance activities defined based on the main risks to which the company is exposed and against which the related management interventions are planned.

The Plan provides budget to cover human resources and expenses for consultancy and IT services, which are necessary for carrying out the activities planned for the year 2023.

During the year, the Board of Statutory Auditors examined, on a quarterly basis, the Compliance Activities Report and the Annual Report of the Compliance Function of FinecoBank for the activities carried out in 2022 and planned for 2023. The Annual Report was discussed within the Risks and Related Parties Committee on 10 March 2023, and then brought to the attention of the Board of Directors on 14 March 2023. The Compliance Activities Report is divided into four sections: - 1. Compliance's organizational model and human and technical resources; - 2. Activity carried out and results achieved; - 3. Identification and assessment of primary non-compliance risks; - 4. Specialist facilities 285: activities and results.

It should be noted that the Bank has been admitted since July 2017 to the so-called Regime of Collaborative Compliance, established on 5 August 2015 by Legislative Decree n. 128, (articles 3 to 7), within which the identification of an adequate tax risk management and control system is one of the essential requirements, not only for being admitted, but also for remaining in said regime.

***Data Protection Officer***

FinecoBank's Data Protection Officer (DPO) prepared the "Report of the Data Protection Officer of FinecoBank S.p.A. - Year 2022", submitted to the Board of Directors on March 14, 2023. The Report was examined by the Risks and Related Parties Committee at the meeting of March 6, 2023, and by the Board of Statutory Auditors. The Report illustrates, by macro-areas, the topics on which the DPO worked during the year, including those for which he provided advice and support to all structures: (i) regulatory compliance, also for the purpose of adapting the relevant policies to the specificity of the Group; (ii) exercise of the rights of the interested parties; (iii) requests from the competent Authority, information and consent; (iv) data breaches; (v) complaints; (vi) requests for opinions in matters of privacy (including assessments of agreements and supply contracts); (vii) evaluation of internal memos/processes; (viii) assessment of the appointment of External Managers in charge of the data processing and related data protection agreements; (ix) Project/Product/Banking Service/Credit Investment evaluation.

With regard to the organizational structure, the Report describes the DPO's position in 2022, a role which, since 1 January 2022, has been held by the head of the DPO, Outsourcing & ICT Compliance Unit, reporting directly to the Compliance Officer. During 2022, a risk assessment was carried out by the Risk Assessment & Controls Unit (a unit belonging to the Compliance Function), which was concluded with a risk assessment of "Medium".

As regards mandatory training, we report on the privacy course for the entire population of the Bank and for the subsidiary FAM, anticipating that a new vertical course on GDPR Data Breach will be launched in the first half of 2023.

***Anti-Money Laundering***

An independent assessment of the Bank's AML framework was carried out in 2022. The activity, conducted by an external consultancy firm, concluded in the third quarter with a final report in which no areas of non-compliance were identified in relation to the areas subject to review. However, recommendations have been formulated for improving the efficiency of existing safeguards, also based on comparisons with other operators on the market. A roadmap was also prepared with an indication of the timing and priorities for implementing the improvement actions that the AML Function brought to the attention of the Bank's internal units and corporate bodies.

The gap analysis related to the EBA Guidelines on the role and responsibilities of the AML/CFT Compliance Officer being transposed into local regulations by the Bank of Italy was also completed. With reference to the conflict in Ukraine, the sanction regulations issued by EU and international bodies were analysed and support was provided to the operational units in the implementation of the safeguards aimed at enforcing the operating restrictions introduced on Russian and Belarusian subjects.

The Annual Report as at December 31, 2022, including the self-assessment, is currently under drafting; whereas, the information report relating to the second half of 2022 was presented to the Board of Directors on March 14, 2023.

The 2022 biannual information reports on the company's anti-money laundering and terrorism controls, submitted to the Board of Directors, after having been examined by the Risk and Related Parties Committee, describe the trend in the management of money laundering and terrorist financing risks; they also certify that all second level controls planned in each half-year period have been carried out.

During 2022, the interventions defined during the 2020 audit were completed (apart from one of the 28 actions requested), as well as those deriving from the gap analysis relating to the new "Guidelines on due diligence obligations and anti-money laundering risk factors". Meanwhile, the actions planned at the end of 2022, as part of the audit report issued in relation to the request formulated by the Board of Statutory Auditors following an ICT incident that affected the AML function, are currently underway. From the analyses carried out by Internal Audit, no criticalities emerged. In relation to the accident occurred, the control system in this area was strengthened. The new IT and functional controls implemented were deemed adequate and suitable to overcome the criticality. Training sessions aimed at increasing the sensitivity of Back Office resources as well as the implementation of specific 2nd level controls were also recommended. In particular, an improvement of the controls during the change management phase was recommended in order to ensure the traceability of the activities.

Corrective actions will be implemented step-by-step within the first half of July 2023.

As at December 31, 2022, the staff included 15 employees, broken down as follows: 4 assigned to the SOS Unit, 10 to the AML Service and 1 Head of Function.

**Complaints**

The Board of Statutory Auditors has acknowledged the "Report of the Complaints and Litigation Unit on the overall FinecoBank S.p.A.'s Complaints and Litigation situation for the period 1 January - 31 December 2022" prepared by the Complaints and Litigation Unit in accordance with the Global Policy "Complaints Management" and the Processes "Complaints Management" and "Management and assessment of lawsuits brought by and against the bank" in force.

The Report describes the activity carried out in 2022 and provides, in aggregate form, information on complaints and litigation and associated quantitative analyses.

This information - also following a specific communication from the Unit - is continuously analysed by the relevant functions to identify any recurrent issues and take the necessary remedial actions.

The assessments of the main critical issues identified, and the adequacy of the procedures and organizational solutions identified, are carried out by the Compliance function.

During 2022, complaints received by FinecoBank increased by 20,24% compared to complaints received in 2021.

The main area of contention relates to the category "Current Accounts and Collection and Payment Transactions". The second main area of dispute relates to "Investment and Ancillary Services". This is followed by the category "Other", which saw a significant increase compared to 2021 due to the many complaints received in connection with the assignment of the "superbonus" tax credits (tax relief governed by Article 119 of Law Decree No. 34/2020 "Relaunch Decree" re-proposed in the 2022 Budget Law). This increase is therefore to be related to the various procedural interventions that have become necessary following the issuance of Circular No. 23 of the Revenue Agency on 23 June 2022 (which has as its object "Deduction for energy efficiency measures and reduction of the seismic risk of buildings, as well as the option for the sale or for the discount instead of the deduction provided for by articles 119 and 121 of the Law Decree 19 May 2020, n. 34 (relaunch decree) converted with amendments by law of 17 July 2020, n. 77 - Further clarifications."); (ii) disputes relating to Current Accounts, Collection and Payment Transactions; (iii) events such as the theft of batches of payment cards, the damaging of the security systems of some merchants, and the Investment Service and Accessories due to an event of temporary unavailability of the Bank's website.

Of the complaints received in 2022, 89% were processed during the year.

Of the complaints handled during the period, 99,75% were closed within the set time limit.

Based on the analysis and controls carried out by the Board of Statutory Auditors, the complaints received did not reveal significant shortcomings in the internal procedures and organization of the Company. The function is monitoring the workload for an adequate update of the right sizing.

**Whistleblowing**

In compliance with the Supervisory Provisions of the Bank of Italy (Circular No. 285/2013 and subsequent updates) and with Law No. 179/2017, which introduces new provisions to protect those who report crimes or irregularities of which they have become aware in the context of a public or private employment relationship, the FinecoBank S.p.A. Group has defined, and governs with internal regulations (Global Compliance Policy - Whistleblowing, approved by the Board of Directors on 25 February 2020), a process aimed at allowing Personnel and Third Parties to report acts or facts that may constitute a breach of the rules governing banking activities, making reporting channels available and undertaking to maintain the confidentiality of the personal data of the Whistleblower and the Reported party.

The Compliance function prepared the "2022 Report on the internal system for reporting breaches (so-called Whistleblowing)", presented to the Board of Directors on March 14, 2023, after examination by the Risks and Related Parties Committee, and to the Board of Statutory Auditors.

The Report summarizes that, during the year 2022, eight reports were received through the channels provided for in the internal regulations, seven of which were anonymous.

All the reports received were closed during the year. None of the reports examined led to the discovery of offences and/or irregularities and therefore to the adoption of disciplinary measures and/or corrective action in respect of company procedures.

**Supervisory Committee**

FinecoBank avails itself of a body specifically set up to carry out the functions of the Supervisory Committee pursuant to Legislative Decree No. 231/2001. The current Supervisory Committee, which consists of three members, two external and one internal to the Bank i.e., the Head of Internal Audit, will remain in office until the approval of the Financial Statements at 31.12.2022.

In 2022, the Board of Statutory Auditors met with the Supervisory Committee for a mutual exchange of views on the activities carried out by both bodies.

In particular, at the meeting of February 24, 2022, the Board received: i) an illustration of the state of updating of the 231 Model and the Decision Protocols; ii) an account of the main issues followed during the year, with particular focus on discussions with Supervisory Authorities; iii) confirmation of the performance of the activities planned for 2022 and, in turn, informed about the main issues of the control activity performed.

The Board of Statutory Auditors also examined the "Information Report on the activity performed by the Supervisory Board (SB) pursuant to Italian Legislative Decree no. 231 of 08 June 2001, as at 31 December 2021" The Report was submitted to the Board of Directors on March 14, 2023.

No breaches of the relevant legislation were found as a result of the activities carried out by the SB.

* * *

On the basis of the documentation examined, the information received, and the checks carried out in the course of its supervisory activity, the Board of Statutory Auditors, while recalling the existence of some corrective measures and implementations in progress, considers the Internal Control System as adequate overall.

The Board of Statutory Auditors will continue to closely monitor the evolution of the organizational structure, the capacity of the control functions as well as their independence.

**11. Supervisory activity on the adequacy of the organizational structure**

The Board of Statutory auditors assessed the adequacy of the organisational structure and its proper functioning through various meetings with top management and with the heads of the various areas and functions. Such monitoring activity did not discover any significant organisational deficiencies.

In particular, during 2022 and in the first months of 2023, the Board of Statutory Auditors oversaw the changes implemented as part of the reorganisation of the Compliance Department resolved by the Board of Directors in December 2021, effective 1 January 2022, to qualitatively and quantitatively strengthen the Compliance Department, with a better articulation of roles, through the identification of vertical controls on specific areas (e.g., in the area of banking transparency and customer protection, and in the area of DPO, Outsourcing and ICT compliance).

The analysis of the structural adequacy of the AML Function is in progress; the organizational development program has already been started following the assessment of the Fineco's AML framework carried out.

On 30.12.2022, the Audit Report, which covered the examination of FinecoBank's Organisational Development and Sizing Process Design, was released. The assessment of both areas - Process Design in Organisational Development and Process Design in Organisational Sizing - was rated "Good".

According to the Internal Audit Department, the internal regulations adequately illustrate the reference rules adopted by the FinecoBank Group in relation to the management of organisational structure reviews and staff changes. The Bank has adopted a complete, clear, and regulatory-compliant framework: the Global Policy "Group Organisation Guidelines" sets out the rules, applicable to all Group Companies, relating to the review of organisational structures with a view to providing organisational principles and criteria to be followed, documents as well as guidelines to be adopted for organisational changes. The roles and responsibilities of the corporate functions involved are in line with external regulations and with the Corporate Bodies' Regulation and the Internal Regulation. The Global Policy also sets out the roles and responsibilities of the Parent Company with respect to the Subsidiaries, providing that the latter transmit to the former, prior to submission to their deliberating bodies, the proposals concerning changes to the organisational structure in order to obtain a Non-Binding Opinion, and that the Parent Company carry out a periodic assessment of the organisational structure of the subsidiaries.

* * *

On the basis of the documentation examined and the information received in carrying out the supervisory activities, in the presence of an organisation chart and the related company regulations that detail the roles and responsibilities of the organisational structures, having verified the correct exercise of the system of powers issued by the Board of Directors and the definition, application and monitoring of precise company regulations aimed at carrying out the activities of each function of FinecoBank, as well as the implementations already put in place or ongoing, the Board of Statutory Auditors assessed the overall organisational structure of the Bank as adequate.

## 12. Supervisory activity on the adequacy of the instructions given to subsidiaries

FinecoBank, registered as the “Parent Company” of the “FinecoBank Banking Group” in the Register of banking groups (together with the subsidiary Fineco AM) exercises management and coordination activities over the Group in accordance with current legislation.

With regard to the subsidiary Fineco AM, from the analysis of the information requested by the Board of Statutory Auditors from the CEO pursuant to Art. 151, paragraph 2, of the TUF and the audit results, no critical issues emerged.

## 13. Business continuity plan (BCP)

In application of the Supervisory Provisions (Bank of Italy Circular No. 285 of 17 December 2013) and the current Global Policies on Business Continuity and Emergency and Crisis Management FinecoBank S.p.A. has adopted a Business Continuity Plan (hereinafter also the “BC Plan” or “BCP”), as a predefined measure for the management of certain emergency scenarios with an impact on business continuity.

The BCP, which was updated to incorporate the business changes related to the Critical Processes Perimeter (so-called BC Perimeter) obtained from the impact analysis (BIA 2021), was submitted to the Board of Directors for approval at its meeting of August 2, 2022; at the same meeting, the updated Disaster Recovery Plan was also submitted for approval, as an integral part of the BCP for the systems unavailability scenario, to incorporate the technological changes and the evolution of the various environments in order to ensure a targeted and precise response to disaster events that affect in detail the various architectures that make up the Bank's IT ecosystem.

With the aim of verifying the proper functioning, effectiveness and efficiency of the remedial strategies set out in the aforementioned Plans, in line with regulatory indications, in 2022 Fineco planned and carried out the annual tests as per the BC and DR Test Plan, conducted on the Process Perimeter in force. The results of these tests, which were positive overall, were presented to the Board of Directors on March 14, 2023.

The Board acknowledges the continuous supervision, in line with the current Provisions referred to in the Circular of the Bank of Italy No. 285 and with internal regulations, the Bank's Business Continuity Plan and the successful execution and result of the Business Continuity and Disaster Recovery tests planned annually.

## 14. Remuneration policies

During 2022, in accordance with the provisions of the Supervisory Authorities on “Remuneration and incentive policies and practices”, the Board of Statutory Auditors verified the adequacy and compliance with the regulatory framework of the remuneration policies and practices adopted and the related business processes, issuing, where necessary, their favourable opinions to the Board of Directors.

The Bank implemented the 2022 Remuneration Policy approved by the Shareholders' Meeting on 28 April 2022.

On 14 March 2023, the Board of Directors of FinecoBank, taking into account the favourable opinion of the Remuneration Committee, approved the “Report on the remuneration policy and remuneration paid” by FinecoBank, formulated by the Human Resources function with the contribution, for the parts within their remit, of the Compliance, CRO, CFO and Network Controls, Monitoring and Network Services functions, which summarises the elements of the remuneration approach adopted for 2023 and the main results for

2022, highlighting the data on the variable and fixed remuneration of the Chief Executive Officer and General Manager.

The Report on the Remuneration Policy and Remuneration Paid has been prepared in accordance with the current national and international regulatory framework. It therefore takes into account, by way of example but not limited to, the following: the Consolidated Banking Act (Legislative Decree no. 385/1993), the Consolidated Law on Finance (Legislative Decree 58/1998), European Regulations and Directives as transposed into Italian law (e.g. European Directive 828/2017 Shareholder Rights Directive II, EU Directive 36/2013 as amended by EU Directive 878/2019), the Issuers' Regulations issued by Consob with Resolution no. 11971 of 14 May 1999 (Consob) and Bank of Italy Circular no. 285/2013 as updated from time to time.

As required by EU Directive No. 2017/828, the document consists of two separate sections: Section I “Report on the 2023 remuneration policy” and Section II “Annual report on the remuneration paid in 2022”.

Pursuant to Article 123-ter of Legislative Decree no. 58/1998, “Section I - Report on the 2023 remuneration policy” is subject to the binding resolution of the Shareholders' Meeting, while the shareholders are required to express a non-binding advisory vote on “Section II - Annual report on the remuneration paid in 2022”.

The 2023 Remuneration Policy, including the “Annual Report on the remuneration paid in 2022” with the attached “market disclosure pursuant to art. 450 of Regulation (EU) no. 575/2013 and Implementing Regulation (EU) no. 637/2021” and the “2022 remuneration plans based on financial instruments”, is made available to the public pursuant to Consob Regulation No. 11971/1999. The Report simultaneously fulfils the disclosure obligations pursuant to articles 114-bis and 123-ter of the TUF and the obligations established by banking legislation.

The Internal Audit function completed its annual audit of the FinecoBank Group's 2022 remuneration systems, in accordance with the supervisory regulations issued by the Bank of Italy. The aim of the activity was to verify the consistency of the remuneration and incentive practices adopted for the year 2022 with the external regulations and the 2022 Remuneration Policy Report. The Internal Audit audit was concluded with the formulation of a “Mostly Satisfactory” opinion, having ascertained: - the correct fulfilment of the obligations provided for by the reference regulations; - the general compliance of the remuneration policies with the supervisory regulations issued by the Bank of Italy and with the Remuneration Policy defined for 2022 and approved by the Shareholders' Meeting and its sustainability with respect to the Bank's income and equity conditions; - the dissemination of the Group's policies to the subsidiary Fineco Asset Management DAC and the correct functioning of the bodies in charge, including the Remuneration Committee and the Board of Directors. The findings of the audit will be presented at the next Shareholders' Meeting in the framework of the Annual Report of remuneration paid in the year 2022.

The Bank has fulfilled the regulatory obligations relating to the publication on the corporate website of the documents “2022 Remuneration Policy” and “Severance Pay Policy” and the reports required by the Bank of Italy around remuneration.

## 15. Opinions issued in accordance with the law

The Board of Statutory Auditors expresses its observations with regard to: Internal Audit Report on investment services; Annual report on the Group's risk exposures; Annual report “Outsourcing - Controls over significant outsourced operational functions and IT services outsourced or provided by third parties”; Annual report on the activities of the Compliance function.

In addition, it expressed its observations, in view of the resolutions pertaining to the Board of Directors, as required by the Code of listed companies in force in 2022 - Art. 6, recommendation 33, letter C) of the Corporate Governance Code.

## 16. Observations on compliance with the principles of correct administration

The Board monitored compliance with the law, the Articles of Association, and the principles of correct administration both while carrying out its activities, including participation in the meetings of the Board of Directors and the Board Committees, and during meetings with management and with the Heads of the various Areas and Functions of the Bank.

Participation in the meetings of the Board of Directors made it possible to periodically obtain information from the Directors on the activities carried out and, on the transactions, approved during the year.

Participating in the Board of Directors' Meetings enabled the Board to ascertain, inter alia, that the delegated parties reported on transactions executed based on the powers granted to them, pursuant to art. 150, paragraph 1, of the TUF.

The frequency of the meetings of the Board of Directors, the information provided during the meetings and, in general, the set of information flows, put in place, are in our opinion exhaustive with respect to the obligations of law, the Articles of Association and the applicable regulations.

The Board of Statutory Auditors verified compliance with information obligations for regulated and privileged information, or information requested by the Supervisory Body.

During the meetings of the Risks and Related Parties Committee and the Board of Directors, the Statutory Auditors examined the quarterly reports of the Bank's control functions and the reports of the Nominated Officer and ascertained that the reports and information required by supervisory regulations were respected.

The members of the Board of Directors regularly participated in the 2022 induction program, with the presence of the entire Board of Statutory Auditors, carried out in some cases with the support of external consultants, including recurring training sessions in order to preserve over time the wealth of technical skills necessary to perform their role in an informed manner.

On 14 March 2023, the FinecoBank Board of Directors approved, with reference to 2022, the Report on corporate governance and ownership structures pursuant to Art. 123-bis of the TUF.

FinecoBank has adopted a structured process for the definition of the succession plan, lastly updated following the favourable opinion of the Appointments Committee on March 14, 2023, in line with the relevant regulatory provisions.

On the basis of the information acquired, the Board did not become aware of any transactions in conflict with the principles of correct administration or approved and implemented not in compliance with the law, the Articles of Association, or in conflict with the resolutions passed by the Shareholders' Meeting, or manifestly imprudent or risky or such as to compromise the integrity of the corporate assets.

## 17. Company’s adoption of the Corporate Governance Code for listed companies

FinecoBank subscribes to the Corporate Governance Code for listed companies (“Code”) and, in compliance with the Code, the Corporate Governance and Environmental and Social Sustainability Committee, the Appointments Committee, the Remuneration Committee and the Risks and Related Parties Committee operate within the Board of Directors, with proposal, advisory and coordination functions. The Committees consist of independent non-executive Directors.

On January 25, 2023, the Chairman of the Corporate Governance Committee (the “Committee”) sent a letter to the Chairmen of the administrative bodies of the issuing companies in order to follow up on the practice of providing evidence of the monitoring of the state of application of the Corporate Governance Code (highlighting the main critical issues detected), encouraging their increasingly conscious application by the issuers adhering to it and, more generally, to promote the evolution of corporate governance by all Italian listed companies according to the principles of the Code.

The contents of the aforementioned letter from Prof. Lucia Calvosa, Chairman of the Italian Corporate Governance Committee (promoted by Abi, Ania, Assogestioni, Assonime, Borsa Italiana and Confindustria), as well as the related annex “2022 Report on the evolution of corporate governance of listed companies” (the “Report”), provide indications on the process of adherence to the new Code and therefore constitute an important parameter for assessing the relative degree of adherence by FinecoBank.

As called for in the Letter, the recommendations contained therein have been appropriately brought to the attention of the Board of Directors and the relevant committees to identify, also in the context of self-assessment, possible developments in governance or to fill any gaps in the application or explanations provided. The content of the Letter has been submitted, to the extent applicable, to the attention of the issuers' supervisory bodies.

At its meeting of March 14, 2023, following the disclosures made, the Board of Directors of FinecoBank approved the assessments made on the Recommendations formulated in the Letter and on the degree of adherence to it (Annex 3), as previously illustrated and discussed in the relevant Board Committees and the Board of Statutory Auditors. The Board of Statutory Auditors found that the corporate governance rules set out in the Corporate Governance Code had been consistently implemented.

The Board of Directors in office at the date of this Report was appointed by the Ordinary Shareholders' Meeting of FinecoBank on April 28, 2020, and shall remain in office until the next Shareholders' Meeting, held to approve the Financial Statements as at December 31, 2022.

It should be noted that in accordance with current legislation and the Corporate Governance Code for listed companies the Board of Directors, after consulting the Appointments Committee, carried out the annual verification of the existence of the independence requirement for the majority of Directors, reporting the results in the Report on corporate governance and ownership structures for the financial year 01.01.2022 – 31.12.2022, in addition to maintaining the suitability requirements and compliance with the prohibition on interlocking. The Board of Statutory Auditors verifies the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members.

In compliance with current regulations for banks on monitoring corporate governance, the Board of Directors has defined the best composition in terms of quality and quantity for properly carrying out the tasks and responsibilities assigned to it by law, regulations on supervision and the Articles of Association.

## 18. Other activities of the Board of Statutory Auditors

### *18.1 Management of Inside Information*

FinecoBank has drawn up specific regulations to guarantee the correct management of inside information within the Group in accordance with current laws and regulations.

In compliance with current legislation, the Board of Directors, most recently on March 15, 2022, approved the current version of the Code of Conduct on internal dealing to regulate the management, processing and communication of information relating to transactions on FinecoBank shares and listed debt instruments, as well as on derivatives and related financial instruments carried out by relevant persons and persons closely associated with them.

On the same date, the Board of Directors approved the update of the regulations for Personal Transactions involving financial instruments carried out by Relevant Persons - “Personal Account Dealing Global Policy” and “Market Abuse Global Policy” - to ensure Group compliance with the requirements dictated by the legislation on the abuse of inside information, unlawful disclosure of inside information and market manipulation, as well as measures to prevent market abuse.

### *18.2 Complaints pursuant to Art. 2408 of the Italian Civil Code*

During 2022, the Board of Statutory Auditors did not receive any complaints pursuant to Art. 2408 of the Italian Civil Code.

### *18.3 Details of any initiatives undertaken and related outcomes*

During the year, the Board of Statutory Auditors received no complaints.

### 19. Significant vents after the end of the Financial Year

On February 16, 2023, FinecoBank has placed a EUR 300 million, six-year senior preferred bond on, maturing on February 23, 2029. Requests from the institutional investor market amounted to more than EUR 1,2 billion. The bond (ISIN: XS2590759986) yields 150 points above the midswap curve, down from 175 points at the start of the auction. The final rate stands at 4,639% with an issue price of 99,939 and a coupon of 6,625%. The bond provides for a call on February 23, 2028, at 100 and an annual coupon. The bond is traded on Euronext-Dublin under Italian law with a minimum entry denomination of EUR 100.000, suitable for institutional or professional investors.

Fineco has chosen to support *Save the Children* in their response to the emergency in Syria and Turkey, launched immediately after the earthquake on February 6, 2023.

Considering the context of exceptionally high uncertainty and given the projections underlying the macroeconomic scenario for 2023, the Board of Statutory Auditors will adequately monitor the evolution of the situation and its impact on Fineco's assets and outlook.

### 20. Concluding remarks and considerations

In its supervisory activity, the Board of Statutory Auditors did not find significant irregularities or omissions and/or facts worthy of censure, nor did it become aware of transactions not compliant with the principles of proper administration, resolved and implemented not in compliance with the law or company Articles of Association, not in the interests of FinecoBank, in conflict with the resolutions taken by the Shareholders' Meeting, or manifestly imprudent or risky, such as to compromise the integrity of the company's assets.

Adequate information exchanges also took place with regard to the investee Fineco Asset Management DAC.

### 20.1 Business Continuity Statement

Recalling what was specified in the Financial Statements as at 31.12.2022, in assessing the significant financial items, the Directors indicate that they have considered all relevant elements.

Despite the context of uncertainty, characterized in particular by the Russian invasion of Ukraine and by the growth of inflation, the Directors believe that there are no doubts regarding the Group's business continuity in the foreseeable future, nor such uncertainties as to give rise to significant adjustments to book values within the following year. However, they state that it cannot be excluded that, by their nature, the assumptions reasonably assumed may not be confirmed in the actual future scenarios in which the Group will find itself operating. In carrying out this assessment, the Directors specify that the main regulatory indicators were also considered, in terms of punctual data as at December 31, 2022, as well as related buffers with respect to the minimum regulatory requirements and their evolution in the foreseeable future.

### 20.2 Considerations regarding the Consolidated Financial Statements

With regard to the Group's Consolidated Financial Statements, the Board of Statutory Auditors, having considered the content of the reports issued by the Independent Auditors, acknowledges that they have been drawn up in compliance with the provisions issued in implementation of Article 9 of Legislative Decree 38/05 and Article 43 of Legislative Decree 136/15; in accordance with the *International Accounting Standards Board* (IASB), adopted by the European Commission.

The Consolidated Financial Statements have also been prepared on the basis of the “Instructions for the preparation of the financial statements of companies and the consolidated financial statements of banks and financial companies of banking groups" issued by the Bank of Italy, as well as the supplementary provisions to Circular 262/2005.

The scope of consolidation includes FinecoBank and Fineco AM, as the only directs subsidiary. For the line-by-line consolidation the following documents were used:

- the draft accounts at December 31, 2022 of FinecoBank S.p.A.;
- the draft accounts at December 31, 2022 of Fineco Asset Management DAC ("Fineco AM"), which is consolidated on a line-by-line basis and is a wholly-owned subsidiary; said accounts are prepared in accordance with IAS/IFRS and items have been appropriately reclassified and adjusted to meet consolidation requirements.

At the same meeting of March 14, 2023, FinecoBank's Board of Directors, in addition to approving the draft Consolidated Accounts, also approved the taxonomy to be used for marking the 2022 Consolidated Financial Statements in accordance with current law.

The Consolidated Report on Operations also provides information on the performance of the subsidiary.

**20.3 Observations regarding the Parent Company's Financial Statements as at 31.12.2022, their approval, and the allocation of the Company's profit**

The Financial Statements of FinecoBank S.p.A. comprise:

- the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, compared with the corresponding statements as at 2021
- the notes to the financial statements

and are accompanied by the Certification of the Financial Statements pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999, as amended and supplemented. For the Report on Operations of FinecoBank S.p.A., please refer to the Consolidated Report on Operations, which contains tables and comments on the Bank's results for the year.

Considering the content and conclusions of the Report issued by the Statutory Auditor, having acknowledged the attestations issued jointly by the Chief Executive Officer and General Manager and by the Financial Reporting Manager, the Board of Statutory Auditors finds no grounds, within the scope of its authority, to prevent the approval of the Company's proposed Financial Statements as of 31.12.2022, which show a profit equal to EUR 421.984.575,17, as well as to the approval of its destination as proposed by the Board of Directors.

There were no conditions for the Board to exercise the faculty to make proposals to the Shareholders' Meeting pursuant to Art. 153, second paragraph of the TUF.

* * *

*With the approval of the Financial Statements as at December 31, 2022, the mandate of the Board of Statutory Auditors, appointed by the Shareholders' Meeting of April 28, 2020, expires. Consequently, the Shareholders' Meeting of April 27, 2023 is called to appoint the new Board of Statutory Auditors for the three-year period 2023 - 2025. We take this opportunity to thank you for the trust placed in the outgoing Board throughout its period of appointment.*

* * *

Varese, 24.03.2023

The Board of Statutory Auditors of FinecoBank S.p.A

Luisa Marina Pasotti (Chairman)

Massimo Gatto (Standing Auditor)

Giacomo Ramenghi (Standing Auditor)

# Glossary

### ABS – Asset Backed Securities

Financial instruments whose performance and redemption are guaranteed by a portfolio of assets (collateral) of the issuer (usually a Special Purpose Vehicle - SPV), earmarked exclusively for the satisfaction of the rights embedded in the financial instruments.

**Additional Tier 1**

Equity instruments in line with the provisions of Regulation (EU) No.575/2013 (CRR) on prudential requirements for credit institutions and investment firms, which have the following characteristics:

- full discretion of the issuer in coupon payments and redemptions, also advanced, of the principal outstanding;
- the instrument is perpetual or has a maturity equal to duration of the entity;
- it maintains within the full discretion of the issuer the possibility to perform a write-up of the nominal value after the occurrence of a capital event that has determined a write-down;
- no provisions that force the issuer to provide for payments (must-pay clauses) following genuine events under the direct control of the parties.

### Audit

Audit Process of controlling a company's activities and accounting, carried out either by an internal body (internal audit) or by an external firm of auditors (external audit).

### Bad exposure

Exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank (i.e. irrespective of whether there are any – secured or personal – guarantees covering the exposures).

### Banking book

Used in relation to financial instruments, particularly securities, this term identifies the portion of those portfolios intended for "proprietary" activities.

### Bail-in

Resolution measures adopted by the competent authorities that can involve the conversion of debt instruments into shares or the reduction in the value of liabilities, imposing losses on certain categories of creditors in accordance with the BRRD.

### Basel 2

International agreement on the capital requirements of banks in relation to the risks assumed by them. This agreement has been adopted, at national level, by the respective competent supervisory authorities, including the Bank of Italy. The new prudential regulations, which came into force in Italy in 2008, are based on three pillars.

- Pillar 1: while the objective of a level of capitalisation equivalent to 8% of the risk-weighted exposures remains unchanged, a new set of rules has been defined for measuring the typical risks associated with banking and financial activities (credit risk, counterparty risk, market risk and operational risk) which provides for alternative calculation methods characterised by different levels of complexity, with the ability to use internally developed models subject to prior authorisation by the Regulatory Authority;
  - Pillar 2: requires banks to have processes and tools for determining the adequate level of total internal capital (Internal Capital Adequacy Assessment Process - ICAAP) for covering all types of risk, including risks other than those covered by the overall capital requirement (Pillar I), within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Supervisory Authority's task to examine the ICAAP process, formulate an overall judgement and, where necessary, apply the appropriate corrective measures;
  - Pillar III: introduces obligations to publish information concerning capital adequacy, exposure to risks, and the general characteristics of the systems used for identifying, measuring and managing those risks.

### Basel 3

International agreement amending Basel 2 adopted in December 2010, containing amendments to the prudential rules on the capital and liquidity of banks, with the gradual entry into force of the new capital requirements from January 1, 2014 until December 31, 2019. These rules have been implemented at European level through the CRD IV "Package".

### Bank Recovery and Resolution Directive or BRRD

Refers to the Directive approved by the European Parliament and the Council, respectively. On April 15 and May 6, 2014, regarding the establishment of a recovery and resolution framework for the crisis affecting credit institutions and investment firms.

# Glossary

### Basis point

The bp or basis point represents 0.01% of a particular amount, or one hundredth of a percentage point. 100 basis points are equivalent to 1%.

### Best practice

Behaviour commensurate with the most significant experience and/or the best level of knowledge achieved in relation to a given technical or professional field.

### Budget

Statement forecasting the future costs and revenues of a business.

### Capital conservation buffer

According to the definition contained in Article 128 of the CRD IV, this is a capital reserve whose establishment is required by the regulations – as also specified in the Supervisory Provisions – aimed at providing banks of a high quality capital buffer to be used in periods of market strain to prevent malfunctions of the banking system and avoid disruptions in the credit granting process, amounting to 2.5% of risk-weighted assets, calculated in accordance with Article 92, sub-section 3, of the CRR on an individual and consolidated basis.

### CDS – Credit Default Swap

A derivative in which a seller of protection engages, for a fee, to pay the buyer of protection a fixed amount if a certain event indicating a deterioration of the creditworthiness of a reference entity occurs.

### CFO

Chief Financial Officer.

### CGU – Cash Generating Unit

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

### Common Equity Tier 1 or CET 1

The Common Equity Tier 1 under Basel 3, mainly consisting of ordinary paid-up capital, the related share premium, operating profit, reserves and other regulatory adjustments, as provided for by the CRR regulation and the Supervisory Regulations.

### Clawback clause

Action of repayment of the bonus received when, after its disbursement, intentional or negligent conduct of the employee emerges that, if it had been known at the time of disbursement, would have been sufficient not to satisfy the assessment of compliance, or that disbursement has been made in breach of legal or regulatory provisions.

### Corporate

Customer segment consisting of medium to large businesses.

### Countercyclical capital buffer

The countercyclical capital buffer consisting of Common Equity Tier 1 pursuant to Supervisory Regulations, according to the concept contained in Articles 128 and 130 of the CRD IV, equal to the risk weighted assets, calculated in accordance with Article 92, paragraph 3, of the CRR by the Company's countercyclical capital buffer, determined according to the criteria established by the Supervisory Regulations at an amount ranging from 0% to 2.5%.

### Covenant

A loan agreement clause whereby the lender is entitled to restructure or call in the loan upon occurrence of the events specified in the clause, which ties changes in the borrower’s earnings and financial performance to default events/events modifying the contractual terms and conditions (maturity, interest rates, etc.).

# Glossary

### Covered bond

A bond which, in addition to being guaranteed by the issuing bank, may also be covered by a portfolio of mortgages or other high-quality loans transferred, for that purpose, to a specific SPV – Special Purpose Vehicle (q.v.).

### Credit quality step

A Step, based on external ratings, which is used to assign risk weights under the standardised approach for credit risk.

### CRD (Capital Requirements Directives)

EU Directives 2006/48 and 2006/49, adopted by Bank of Italy circular 263/2006 of December 27, 2006 as amended. The CRD IV "Package" has replaced the two aforementioned Directives and consists of the EU Directive 2013/36 on the taking up of the business of credit institutions and prudential supervision and the EU Regulation 575/2013 on prudential requirements, adopted by the Bank of Italy circular 285 of December 17, 2013 as amended.

### Credit risk

The risk that an unexpected change in the credit rating of a counterparty, the value of the collateral they have provided, or of the amount used in the event of insolvency generates an unexpected change in the lending position of the Bank.

### Credit counterparty risk

The risk that the counterparty in a transaction in financial instruments may enter default before settling all the agreed cash flows.

### CRM - Credit Risk Mitigation

Credit Risk Mitigation is a set of techniques, ancillary contracts to the loan or other instruments (e.g. securities, guarantees), which reduces credit risk capital requirements.

### CRO

Chief Risk Officer.

### Default

A party's declared inability to honour its debts and/or the payment of the associated interest.

### EAD – Exposure At Default

Relating to the on-balance and off-balance sheet positions, EAD is defined as the estimation of the future value of an exposure at the time of the debtor's default. Only banks that meet the requirements for adopting the "IRB – Internal Rating Based" advanced approach are allowed to estimate EAD (q.v.). Other banks are required to refer to regulatory estimations.

### EBA European Banking Authority

The European Banking Authority is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector.

### ECA

Export Credit Agency.

### ECAI

External Credit Assessment Institution.

### ECB

European Central Bank. The ECB is the central bank for Europe's single currency, the euro.

### Economic capital

Capital level that is required by a bank to cover the losses that may occur with at a time horizon of one year and a certain probability or confidence level. Economic Capital is a measure of the variability of the Expected Loss of the portfolio and depends on the degree of diversification of the portfolio itself.

# Glossary

### EPS – Earnings Per Shares

An indicator of a company's profitability calculated by dividing the net profit by the average total outstanding shares (excluding treasury shares).

### EPS – Diluted Earnings Per Shares

An indicator of a company's profitability calculated by dividing the net profit by the average total diluted outstanding shares (excluding treasury shares).

### Expected Losses

The losses recorded on average over a one year period on each exposure (or pool of exposures).

### Fair value

The price at which an asset can be traded or a liability settled in a free-market transaction between independent parties at arm's length.

### Forbearance/Forborne exposures

According to the EBA Implementing Technical Standard, forborne exposures are exposures in respect of which forbearance measures have been extended, consisting of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties").

### Funding

Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.

### Futures

Standardised contracts through which parties undertake to exchange money, transferable securities or goods at a set price at a future date. These contracts are traded on regulated markets, where their execution is guaranteed.

### Goodwill

The additional sum paid for the acquisition of an equity interest, equal to the difference between the cost and the corresponding share of net assets, for the portion not attributable to the identifiable assets of the acquired company.

### HNWI

High Net Worth Individual, i.e. Private customers with TFA of over € 1 million.

### IAS/IFRS

International accounting standards issued by the International Accounting Standard Board (IASB), a private international body established in April 2001, involving representatives of the accounting professions of the principal countries and, as observers, the European Union, IOSCO (International Organization of Securities Commissions) and the Basel Committee. This body is the successor of the International Accounting Standards Committee (IASC), set up in 1973 to promote harmonisation of the rules for the preparation of company accounts. When the IASC became the IASB, it was decided, among other things, to name the new accounting principles "International Financial Reporting Standards" (IFRS). At international level, work is currently underway to harmonise the IAS/IFRS with the US GAAP – United States Generally Accepted Accounting Principles (q.v.).

### ICAAP – Internal Capital Adequacy Assessment Process

See "Basel 2 – Pillar 2".

### Impairment

Within the framework of the IAS/IFRS (q.v.), this refers to the loss of value of a balance sheet asset, recorded when the book value is greater than the recoverable value, i.e. the sum that can be obtained by selling or using the asset.

### Impaired loans

Loans and receivables are reviewed periodically in order to identify those that, following events occurring after initial recognition (at market value, which is, usually, equal to the amount paid including transaction costs and income directly attributable to the disbursement of the credit) show objective evidence of possible impairment. These include a loans to which the status of bad exposure, unlikely to pay and past due has been assigned, according to the Bank of Italy rules in line with the IAS/IFRS (q.v.).

# Glossary

### Internal Capital

Represents the amount of capital required to cover potential losses and is required to support the business activities and positions held. Internal Capital is the sum of the aggregated Economic Capital and a cushion that considers the effects of the cycle and model risk.

### (Internal) validation

Expert unit, internal but sufficiently independent, that verifies the adequacy of internal models for internal and regulatory purposes and issues a formal opinion about their usefulness and effectiveness. Usually a prerequisite for the validation process carried out by the authorities.

### Index linked

Policies whose performance at maturity depends on a benchmark parameter that may be a share index, a basket of securities or another indicator.

### IRB – Internal Rating Based

Method for determining the capital needed to cover credit risk within the framework of Pillar 1 of Basel 2 (q.v). The rules are applied to the exposures of the banking book. Furthermore, in the IRB methods the risk weightings of the assets are determined on the basis of the bank's own internal evaluations of the debtors (or, in some cases, of the transactions). Using systems based on internal ratings, the banks determine the weighted risk exposure. The IRB methods consist of a basic method and an advanced method, which differ in terms of the risk parameters that the bank must estimate: in the basic method, the banks use their own estimates for “PD – Probability of Default” and the regulatory values for the other risk parameters; in the advanced method, the banks use their own estimates for "PD – Probability of Default ", "LGD – Loss Given Default", "CCF – Credit Conversion Factors" and, where provided for, "M - Maturity" (q.v.). The use of IRB methods for the calculation of capital requirements is subject to authorisation from the Bank of Italy.

### IRS – Interest Rate Swap

See "Swap".

### Joint venture

Agreement between two or more companies for the conduct of a given economic activity, usually through the constitution of a joint stock company.

### Ke

The cost of equity is the minimum return on investment required by the shareholder. It is the sum of a risk-free rate and an additional spread remunerating the shareholder for the credit risk and the volatility of the share price. The cost of capital is based on medium-long term averages of market parameters.

### KPI - “Key Performance Indicators”

Set of indicators used to evaluate the success of a particular activity or process.

### Key Risk Indicators

The risk indicators are quantitative metrics that reflect exposure to Operational Risks of specific processes or products: the value expressed by an indicator should be related to changes in risk levels.

### Large exposures

The sum of all the exposures towards a counterparty that are equal to or more than 10% of the eligible capital of the Issuer, when: (i) the exposures are the sum of the on-balance-sheet risk assets and the off-balance-sheet operations with a counterparty, as defined by the regulations on credit risk, without applying the weighting factors established therein (these exposures do not include the risk assets deducted in the determination of the Own Funds); (ii) a counterparty is a customer or a group of connected customers.

### LCR - Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) is structured in such a way as to ensure that an institution maintains an adequate level of high quality non-restricted liquid assets that can be converted into cash to meet its liquidity needs over a period of 30 calendar days in a particularly acute liquidity stress scenario specified by the supervisory authorities. The LCR is defined as the ratio between the stock of high quality liquid assets and the total cash outflows in the next 30 calendar days.

# Glossary

### Leasing

Contract whereby one party (the lessor) conveys the right to use an asset to another party (the lessee) for a given period of time and in exchange for consideration.

### LGD – Loss Given Default

Expected value (which may be conditional upon adverse scenarios) of the ratio, expressed as a percentage, between the loss giving rise to the default and the amount of exposure at the time of the default ("EAD - Exposure At Default", q.v.).

### LTV – Loan To Value

Loan To Value (LTV) is the ratio between the amount of the loan granted and the value of the real estate property, and is calculated on the entire property covered by the guarantee.

### Liquidity risk

The risk of the company being unable to meet its payment commitments due to the inability to liquidate assets or obtain sufficient funding from the market (funding liquidity risk) or due to the difficulty/inability to easily liquidate positions in financial assets without significantly and unfavourably affecting the price because of insufficient depth or temporary malfunction of the financial market (market liquidity risk).

### Long and Short Margining

Margining is a trading method that allows investors to buy (long leverage) or sell (short selling) by investing only a part of the liquidity required.

### Market risk

Consists of the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the portfolio, when it includes assets held in the trading book, as well as those posted in the banking book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments.

### Maturity Ladder

Instrument for managing and monitoring short-term liquidity (operational liquidity), which, by offsetting assets and liabilities whose maturity falls within each individual time band, enables the identification of mismatches (periodic and cumulative) between incoming and outgoing cash flows and, therefore, to calculate the net financial requirement (or surplus) over the period of the year.

### Minimum Requirement for Eligible Liabilities (MREL)

The Minimum Requirement for Eligible Liabilities (MREL) is set by the Resolution Authorities to ensure that a bank maintains at all times sufficient tools to facilitate the implementation of the resolution strategy defined by the Resolution Authority in the event of a crisis. The MREL aims to prevent the resolution of a bank from being dependent on public financial support and, therefore, helps to ensure that shareholders and creditors contribute to loss absorption and recapitalisation.

### Non-performing exposures

According to the EBA Implementing Technical Standards, non-performing exposures are all on-balance-sheet and off-balance-sheet exposures that satisfy either or both of the following criteria:

- material exposures which are more than 90 days past due/overdrawn;
- exposures for which the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

### NSFR - Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) is structured to ensure that long-term assets are financed with at least a minimum amount of stable liabilities in relation to their respective liquidity risk profiles. The NSFR is aimed at limiting the excessive use of short-term wholesale deposits in periods of abundant market liquidity and encouraging a better assessment of liquidity risk based on all balance sheet and off-balance sheet items. The NSFR is defined as the ratio between the total available stable funding and the total required stable funding.

### NSFR Adjusted

The NSFR Adjusted ratio is based on the regulatory ratio NSFR (Net Stable Funding Ratio) but is adjusted by maturity (i.e. by bucket) considering maturities of more than 3 and 5 years respectively. The NSFR Adjusted is therefore used to monitor and control the structural liquidity situation on maturities over the year. The NSFR is defined as the ratio between the cumulative liabilities over the year and the cumulative assets over the year.

# Glossary

### Operational risk

The risk of losses due to errors, violations, interruptions, or damage caused by internal processes, personnel, systems or by external events. This definition includes legal and compliance risks, but excludes strategic and reputational risk. For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, customer claims, product distribution, fines and penalties for regulatory breaches, damage to the Company's physical assets, business disruption and system failures, and management of processes.

### Option

The right, but not the commitment, acquired by the payment of a premium, to buy (call option) or sell (put option) a financial instrument at a given price (strike price) by or at a determined future date (American option/European option).

### OTC – Over The Counter

Over-the-counter (OTC) trading consists of the exchange of financial instruments such as shares, bonds, derivatives or goods directly between two counterparties. The OTC markets do not have standardised contracts or buying/selling procedures and are not associated with a set of rules (admissions, controls, obligations of information, etc.) like those that govern the official markets.

### Own funds or Total Capital

The own funds of a bank consist of a series of regulatory defined items (excluding the negative items to be deducted), classified based on capital quality and loss absorbing capacity. From January 1, 2014, after the CRR came into force, Own Funds consists of the sum of Tier 1 capital and Tier 2 capital.

### Past-due and/or overdrawn impaired exposures

On-balance sheet exposures, other than those classified as bad loans or unlikely to pay that are past due or overdrawn at the reporting date. They represent the total exposure to any borrower not included in the unlikely to pay and bad loans categories, who at the reporting date has expired facilities or unauthorised overdrafts that are more than 90 days past due and meet the requirements set out by local supervisory regulations for their classification under the "past due exposures" category (TSA banks) or “defaulted exposures” (IRB banks).

### Payout ratio

The percentage of net income that is distributed to shareholders. The percentage paid out is determined mainly on the basis of the company’s self-financing needs and the return expected by shareholders.

### PD – Probability of Default

Default Probability of a counterparty entering into a situation of "default" (q.v.) within a period of one year.

### Private banking

Financial services aimed at "high-end" private customers for the global management of financial needs.

### Rating

Evaluation of the quality of a company or its issues of debt securities on the basis of the company's financial soundness and prospects. This evaluation is made either by specialist agencies or by the bank on the basis of internal models.

### Retail

Customer segment consisting principally of private individuals, self-employed professionals, traders and artisans.

### Return on asset – R.O.A.

Ratio of net profit after tax to total assets.

### Risk Taking Capacity

Ratio between Available Financial Resources and Internal Capital.

### Risk-weighted assets

See the item “RWA - Risk-Weighted Assets”.

# Glossary

**RWA - Risk-Weighted Assets**

It is the value of on-balance sheet and off-balance sheet risk-weighted assets on the basis of different weighting factors according to the class in which the exposure is classified and its credit quality, in accordance with the banking regulations issued by the regulatory authorities for the calculation of the solvency ratios.

**Sensitivity**

The greater or lesser degree of sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.

**Sensitivity Analysis**

Sensitivity analysis quantifies the change in value of a financial portfolio resulting from an unfavourable change in major risk factors (interest rate, exchange rate, equity).

**SME**

Small and medium enterprises.

**SPV –Special Purpose Vehicle**

An entity – partnership, limited company or trust – set up to pursue specific objectives, such as isolating financial risk or obtaining special regulatory or tax treatment for specific portfolios of financial assets. SPV's operations are accordingly limited by a set of rules designed for this purpose. In general the SPVs' sponsors (q.v.) do not hold equity in them. The equity is held by other entities in order to ensure that there is no shareholder relationship with the Sponsor (q.v.). SPVs are usually bankruptcy-remote, in that their assets cannot be claimed by the creditors of the sponsor, even if the latter becomes insolvent.

**Swap**

A transaction that generally consists of the exchange of financial streams between operators according to different contractual arrangements. In the case of an interest rate swap (IRS), the counterparties exchange payment streams that may or may not be linked to interest rates, calculated on a notional principal amount (for example, counterparty pays a stream on the basis of a fixed rate, while the other does so on the basis of a variable rate). In the case of a currency swap, the counterparties exchange specific amounts in two different currencies, with these amounts being exchanged back in due course according to predefined arrangements that may concern both the capital (notional) and the streams of interest payments.

**Tier 1 Capital**

Tier 1 capital (tier 1) includes Common Equity Tier 1 - CET1 and Tier 1 additional capital (Additional Tier 1 - AT1).

**Tier 1 Capital Ratio**

The percentage of a bank's Tier 1 Capital to its risk weighted assets "RWA – Risk Weighted Assets" (q.v.).

**Trading Book**

Positions held for trading are those held intentionally for a subsequent sale in the near term and/or assumed with the intention of benefiting, in the short term, from the differences between buying and selling prices, or other price or interest rate interest variations.

**UCI – Undertakings for Collective Investment**

This term includes "UCITS – Undertakings for Collective Investment in Transferable Securities" (q.v.) and collective investment funds (real estate collective investment funds, closed-end investment funds).

**UCITS – Undertakings for Collective Investment in Transferable Securities**

This term covers open-end real estate investment funds, both Italian and foreign, and investment companies with variable capital. The latter are joint stock companies that have the sole purpose of collective investment of the assets gathered through a public offer of their own shares.

# Glossary

### Unlikely to pay

On-balance and off-balance sheet exposures that meet the definition of unlikely to pay, which do not meet the conditions to be classified as bad loans. The classification as “unlikely to pay” derives from the assessment of the debtor’s unlikeliness (without actions such as realisation of collateral) to repay fully his credit obligation (principal and/or interest). This assessment is made independently of any past due and unpaid amount (or instalment). The classification of an exposure as unlikely to pay is not necessarily tied to evident issues (non-repayment), but is rather linked to indicators of a potential default of the borrower.

### VaR – Value at Risk

A method used for quantifying risk. It measures potential future losses which will not be exceeded within a specified period and with a specified probability.

# Glossary

## Alternative Performance Measures ("APMs")

Alternative Performance Measures are used in the Consolidated Report on Operations, the content and, where applicable, the calculation methods used of which are described below, with the exception of the APMs presented in the reclassified income statement and balance sheet contained in the Consolidated Report on Operations, for which reference should be made to the reconciliation schedules with the consolidated and individual financial statements contained in the Annexes.

### Assets under management

Investment funds, segregated accounts and insurance products. For a numerical reconciliation, please refer to the tables in the section "Performance of total financial assets" presented in the Consolidated Report on Operations.

### Assets Under Custody

Government securities, bonds and shares. For a numerical reconciliation, please refer to the tables in the section "Performance of total financial assets" presented in the Consolidated Report on Operations.

### Average gross rate on the interest-earning assets

Average rate calculated as the ratio of interest income, net of the cost of funding, generated by interest-bearing assets to total interest-bearing assets, which includes debt securities, loans to customers, "Leverage Multiday" transactions with retail customers, tax credits acquired as part of Decree-Law 34/2020 and transactions carried out by the treasury as part of liquidity management.

| Items | 12/31/2022 | 12/312021 |
|---|---|---|
| Interest income (Amounts in €/000) | 349,202 | 249,377 |
| Total interest-earning assets (Amounts in €/000) | 34,067,971 | 31,563,760 |
| **Average gross rate on the interest-earning assets** | **1.03%** | **0.79%**[40] |

### Cost/income ratio

The ratio of operating costs to revenues, as presented in the condensed income statement to which reference should be made. It is one of the main key performance indicators of the bank's efficiency: the lower the ratio, the more efficient the bank.

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Operating costs (Amounts in €/000) | 280,815 | 258,893 |
| Revenues (Amounts in €/000) | 947,606 | 803,810 |
| **Cost/Income Ratio** | **29.63%** | **32.21%** |

### Cost of Risk

The ratio of Net impairment losses of loans with ordinary customers in the last 12 months to loans receivable with ordinary customers (average of the averages of the last four quarters, calculated as the average balance at the end of the quarter and the balance at the end of the previous quarter). The scope only includes loans to commercial customers. It is one of the risk indicators of bank assets: the lower the ratio, the less risky the bank assets.

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Net impairment losses of loans with ordinary customers (Amounts in €/000) | 2,485 | 1,620 |
| Loans receivable with ordinary customers (Amounts in €/000)<br>(average of the averages of the last four quarters, calculated as the average balance at the end of the quarter and the balance at the end of the previous quarter) | 5,680,431 | 4,621,205 |
| **Cost of risk (bps)** | **4** | **4** |

[40] The figure differs from the one published in the 2021 Annual Report because a change was made in the 2022 for the purpose of a better presentation.

# Glossary

### CoR (incentive system)

The ratio of Net impairment losses of commercial loans with customers in the last 12 months to commercial loans and receivables with customers (average of the balance at period end and the balance at December 31 of the previous year). The scope of the exposures, of a managerial nature, includes certain financing credits and excludes, in particular, positions deriving from bonds and advances to personal financial advisors.

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Net impairment losses of commercial loans with customers (Amounts in €/000) | 2,517 | 1,627 |
| Commercial loans and receivables with customers (Amounts in €/000)<br>(average of the balance at period end and the balance at December 31 of the previous year) | 5,658,581 | 4,706,392 |
| **CoR (incentive system) (bps)** | **4** | **3** |

### Coverage ratio

The Coverage ratio represents the percentage of a given aggregate of credit exposures covered by an impairment provision and is calculated as the ratio of the amount of the impairment provision to the gross exposure. For a numerical reconciliation of Coverage (Bad loans, Unlikely to pay, Past-due loans and Total impaired loans), please refer to the table "Impaired Assets" in the "Loans and receivable with Customers" section of the Consolidated Report on Operations.

### Direct deposits

Current accounts, repos and time deposits. For a numerical reconciliation, please refer to the tables in the section “Performance of total financial assets” presented in the Consolidated Report on Operations.

### Direct deposits/Total liabilities and Shareholders' equity

Ratio of direct deposits (see item), as represented in the table "Total financial assets" to which reference should be made, to total liabilities and Shareholders' equity, as represented in the table of the condensed balance sheet to which reference should be made.

Consolidated

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Direct deposits (Amounts in €/000) | 30,569,876 | 29,495,292 |
| Total liabilities and Shareholders' equity (Amounts in €/000) | 36,268,885 | 33,867,175 |
| **Direct deposits/Total liabilities and Shareholders' equity** | **84.29%** | **87.09%** |

Individual

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Direct deposits (Amounts in €/000) | 30,569,876 | 29,495,292 |
| Total liabilities and Shareholders' equity (Amounts in €/000) | 36,208,289 | 33,819,561 |
| **Direct deposits/Total liabilities and Shareholders' equity** | **84.43%** | **87.21%** |

### EVA (Economic Value Added)

EVA is an indicator of the value created by a company. It shows the Company's ability to create value; calculated as the difference between net profit excluding extraordinary charges and related tax effects (integration costs and net profits from extraordinary investments), and the figurative cost of the allocated capital; the latter was calculated using either the greater of the regulatory capital and the economic capital absorbed either using the book value of shareholders' equity (average of single end quarters).

(Amounts in €/000)

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| + Net profit | 428,505 | 380,711 |
| - extraordinary charges and income with related tax effects<br>(integration costs and net profits from extraordinary investments) | (366) | - |
| - figurative cost of the allocated capital<br>(calculated using either the greater of the regulatory capital and the economic capital absorbed) | (60,799) | (40,534) |
| **EVA (calculated on allocated capital)** | **367,339** | **340,177** |

# Glossary

(Amounts in €/000)

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| + Net profit | 428,505 | 380,711 |
| - extraordinary charges and income with related tax effects (integration costs and net profits from extraordinary investments) | (366) | - |
| - figurative cost of the allocated capital: book value of shareholders' equity (average of single end quarters) | (163,610) | (136,830) |
| **EVA (calculated on book value of shareholders' equity)** | **264,529** | **243,881** |

### Financial investments/Total assets

Ratio of Financial investments, as represented in the condensed balance sheet to which reference should be made, to Total Assets.

Consolidated

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Financial investments (Amounts in €/000) | 24,634,034 | 24,560,350 |
| Total assets (Amounts in €/000) | 36,268,885 | 33,867,175 |
| **Financial investments/Total assets** | **67.92%** | **72.52%** |

Individual

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Financial investments (Amounts in €/000) | 24,636,590 | 24,563,234 |
| Total assets (Amounts in €/000) | 36,208,289 | 33,819,561 |
| **Financial investments/Total assets** | **68.04%** | **72.63%** |

### Financial margin/Revenues

Ratio of the financial margin to revenues, as represented in the condensed income statement, to which reference should be made.

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Financial margin (Amounts in €/000) | 392,200 | 280,030 |
| Revenues (Amounts in €/000) | 947,606 | 803,810 |
| **Financial margin/Revenues** | **41.39%** | **34.84%** |

### Guided products & services

The Bank’s products and/or services developed by investing in UCITs selected from among those distributed for each asset class taking into account customers' different risk profiles and offered to the Bank’s customers under the guided open architecture model. At the date of this report, the guided products category included the “Core Series” umbrella fund of funds, the Individual Savings Plans (“Piani Individuali di Risparmio” or “PIR”) and the “Core Unit”, “Advice Unit”, “Core Multiramo”, “Advice Top Valor”, “Eurovita Focus” and “Old Mutual”, the active/passive funds “FAM Evolution”, “FAM Global Defence”, “FAM Series” and “Core Pension”, “Private Client Insurance” e “GP Private value” unit-linked policies, while the “Fineco Advice”, “Fineco Stars” and “Fineco Plus” advanced advisory services (for investment) fall under the guided service category.

### Guided products & services/TFA

Ratioo of Guided products & Services (q.v.) and TFA (q.v.), as represented in the table “Total financial assets” presented in the Consolidated Report on Operation to which reference should be made.

| Voci | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Guided products & services (Amounts in €/000) | 40,221,024 | 42,304,154 |
| TFA (Amounts in €/000) | 106,557,870 | 107,915,413 |
| **Guided products / TFA** | **37.7%** | **39.2%** |

# Glossary

### Impaired loans/Loans receivable with ordinary customers

Ratio of the Impaired loans (q.v.), as represented in the table "Impaired assets" to which reference should be made, to Loans receivable with ordinary customers, as represented in the table "Loans and Receivables with Customers (Management Reclassification)" presented in the Consolidated Report on Operation to which reference should be made.

Consolidated

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Impaired loans (Amounts in €/000) | 1,405 | 2,141 |
| Loans receivable with ordinary customers (Amounts in €/000) | 5,916,090 | 5,416,604 |
| **Impaired assets/Loans receivable with ordinary customers** | **0.02%** | **0.04%** |

Individual

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Impaired loans (Amounts in €/000) | 1,405 | 2,141 |
| Loans receivable with ordinary customers (Amounts in €/000) | 5,916,089 | 5,416,604 |
| **Impaired assets/Loans receivable with ordinary customers** | **0.02%** | **0.04%** |

### Income from brokerage and other income

Income from brokerage and other income include the items Net fee and commission income, Net trading, hedging and fair value income and Net other expenses/income, as represented in the condensed income statement to which reference should be made.

(Amounts in €/000)

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Net fee and commission income | 465,627 | 450,808 |
| Net trading, hedging and fair value income | 89,899 | 74,308 |
| Net other expenses/income | 156 | (1,310) |
| **Income from brokerage and other income** | **555,682** | **523,806** |

### Income from brokerage and other income/Operating costs

Ratio of the Income from brokerage and other income (q.v.) and Operating costs, as represented in the condensed income statement to which reference should be made.

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Income from brokerage and other income (Amounts in €/000) | 555,682 | 523,806 |
| Operating costs (Amounts in €/000) | 280,815 | 258,893 |
| **Income from brokerage and other income/Operating costs** | **197.88%** | **202.33%** |

### Income from brokerage and other income/Revenues

Ratio of the Income from brokerage and other income (q.v.) and Revenues, as represented in the condensed income statement to which reference should be made.

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Income from brokerage and other income (Amounts in €/000) | 555,682 | 523,806 |
| Revenues (Amounts in €/000) | 947,606 | 803,810 |
| **Income from brokerage and other income/Revenues** | **58.64%** | **65.17%** |

# Glossary

### Loans receivable with banks/Total assets

Ratio of the Loans receivable with banks, as represented in the table “Loans and Receivables with banks" presented in the Consolidated Report on Operation to which reference should be made, to the total assets.

Consolidated

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Loans receivable with banks (Amounts in €/000) | 426,696 | 379,862 |
| Total assets (Amounts in €/000) | 36,268,885 | 33,867,175 |
| **Loans receivable with banks/Total assets** | **1.18%** | **1.12%** |

Individual

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Loans receivable with banks (Amounts in €/000) | 416,733 | 369,863 |
| Total assets (Amounts in €/000) | 36,208,289 | 33,819,561 |
| **Loans receivable with banks/Total assets** | **1.15%** | **1.09%** |

### Loans receivable with ordinary customers

Loans receivable with ordinary customers include solely to loans granted to customers (current account overdrafts, credit cards, personal loans, mortgages and unsecured loans). For a numerical reconciliation, please refer to the table in in the section “Performance of total financial assets” presented in the Consolidated Report on Operation.

### Loans receivable with ordinary customers/Total assets

Ratio of the Loans receivable with ordinary customers (q.v.), as represented in the table “Loans and Receivables with Customers (Management Reclassification)" presented in the Consolidated Report on Operation to which reference should be made, to the total assets.

Consolidated

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Loans receivable with ordinary customers (Amounts in €/000) | 5,916,090 | 5,416,604 |
| Total assets (Amounts in €/000) | 36,268,885 | 33,867,175 |
| **Loans receivable with ordinary customers/Total assets** | **16.31%** | **15.99%** |

Individual

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Loans receivable with ordinary customers (Amounts in €/000) | 5,916,089 | 5,416,604 |
| Total assets (Amounts in €/000) | 36,208,289 | 33,819,561 |
| **Loans receivable with ordinary customers/Total assets** | **16.34%** | **16.02%** |

# Glossary

### Loans receivable with ordinary customers/Total financial assets

Ratio of the Loans receivable with ordinary customers (q.v.), as represented in the table "Loans and Receivables with Customers (Management Reclassification)" presented in the Consolidated Report on Operation to which reference should be made, to Total Financial Assets (TFA, see item). The TFA used for the ratio is the average for the year, calculated as the average between the balance as at December 31, 2022 and the balance as at the previous December 31.

Consolidated

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Loans receivable with ordinary customers (Amounts in €/000) | 5,916,090 | 5,416,604 |
| Total financial assets (Amounts in €/000) | 30,569,876 | 29,495,292 |
| **Loans receivable with ordinary customers/Total financial assets** | **19.35%** | **18.36%** |

Individual

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Loans receivable with ordinary customers (Amounts in €/000) | 5,916,089 | 5,416,604 |
| Total financial assets (Amounts in €/000) | 30,569,876 | 29,495,292 |
| **Loans receivable with ordinary customers/Total financial assets** | **19.35%** | **18.36%** |

### Operating costs/FTA

Ratio of operating costs, as presented in the condensed income statement to which reference should be made, to Total Financial Assets (TFA, see item). The TFA used for the ratio is the average for the year, calculated as the average between the balance as at December 31, 2022 and the balance as at the previous December 31.

| Items | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Operating costs (Amounts in €/000) | 280,815 | 258,893 |
| TFA (Amounts in €/000) | 106,557,870 | 107,915,413 |
| **Operating costs/FTA** | **0.26%** | **0.24%** |

### RARORAC - Risk adjusted Return on Risk adjusted Capital

An indicator calculated as the ratio between EVA (as described above) and the average of the quarters of the year of the allocated capital (calculated with the same methods envisaged for the calculation of the EVA) and expresses in percentage terms the capacity to create value per unit of risk taken.

| Items | 12/31/2022 | 12/312021 |
|---|---|---|
| EVA (calculated on allocated capital) (Amounts in €/000) | 367,339 | 340,177 |
| Allocated capital: the greater of the regulatory capital and the economic capital absorbed (Amounts in €/000) (average of single end quarters) | 666,660 | 544,815 |
| **RARORAC (calculated on allocated capital)** | **55.10%** | **62.44%** |

| Items | 12/31/2022 | 12/312021 |
|---|---|---|
| EVA (calculated on accounting capital) (Amounts in €/000) | 264,529 | 243,881 |
| Allocated Capital (average of single end quarters) (Amounts in €/000) | 253,488 | 229,889 |
| **RARORAC (calculated on accounting capital)** | **14.75%** | **13.26%** |

### ROA Return on Assets

Ratio of net profit after tax, as represented in the condensed income statement to which reference should be made, to total assets, as represented in the condensed balance sheet to which reference should be made.

| Items | 12/31/2022 | 12/312021 |
|---|---|---|
| Net profit (Amounts in €/000) | 428,505 | 380,711 |
| Total assets (Amounts in €/000) | 36,268,885 | 33,867,175 |
| **ROA** | **1.18%** | **1.12%** |

# Glossary

### ROAC – Return On Risk Allocated Capital

An indicator calculated as ratio of net operating profit to the average of the quarters of the year of the allocated capital (calculated with the same methods envisaged for the calculation of the EVA).

| Items | 12/31/2022 | 12/312021 |
|---|---|---|
| Net profit (Amounts in €/000) | 428,505 | 380,711 |
| Allocated Capital: greater of the regulatory capital and the economic capital absorbed (average of single end quarters) (Amounts in €/000) | 666.660 | 544.815 |
| **ROAC (calculated on allocated capital)** | **64,28%** | **69,88%** |

| Items | 12/31/2022 | 12/312021 |
|---|---|---|
| Net operating profit (Amounts in €/000) | 428,505 | 380,711 |
| Allocated Capital: greater of the regulatory capital and the economic capital absorbed (average of single end quarters) (Amounts in €/000) | 253,488 | 229,889 |
| **ROAC (calculated on accounting capital)** | **23.89%** | **20.70%** |

### ROE

Ratio between net profit and the average shareholders' equity for the period (excluding dividends and any donations expected to be distributed and the revaluation reserves), calculated as the average of the balance at the end of the period and that of the previous December 31st.

| Items | 12/31/2022 | 12/312021 |
|---|---|---|
| Net profit (Amounts in €/000) | 428,505 | 380,711 |
| Shareholders' equity (average) (Amounts in €/000) | 1,551,897 | 1,592,343 |
| **Return Of Equity (ROE)** | **27.61%** | **23.91%** |

### Shareholders' equity (net profit included)/Total liabilities and Shareholders' equity

Ratio of Shareholders' equity (net profit included) and Total liabilities and Shareholders' equity, as represented in the condensed balance sheet, to which reference should be made.

Consolidated

| Items | 12/31/2022 | 12/312021 |
|---|---|---|
| Shareholders' equity (net profit included) (Amounts in €/000) | 1,910,397 | 1,726,797 |
| Total liabilities and Shareholders' equity (Amounts in €/000) | 36,268,885 | 33,867,175 |
| **Shareholders' equity (net profit included)/Total liabilities and Shareholders' equity** | **5.27%** | **5.10%** |

Individual

| Items | 12/31/2022 | 12/312021 |
|---|---|---|
| Shareholders' equity (net profit included) (Amounts in €/000) | 1,875,711 | 1,698,631 |
| Total liabilities and Shareholders' equity (Amounts in €/000) | 36,208,289 | 33,819,561 |
| **Shareholders' equity (net profit included)/Total liabilities and Shareholders' equity** | **5.18%** | **5.02%** |

### Total net sales

Sum of sales during the reporting period net of redemptions made during the same period with reference to Assets Under Management (see item), Assets Under Custody (see item) and Direct deposit from customers (see item). For a numerical reconciliation, please refer to the table in the section "Performance of total financial assets" presented in the Consolidated Report on Operation. Total net sales are also shown with reference to customers of the Financial Advisor Network only.

# Glossary

**Total Financial Assets - TFA**

Assets Under Management (q.v.), Assets Under Custody (q.v.) and Direct Deposits (q.v.). For a numerical reconciliation, please refer to the table in in the section “Performance of total financial assets” presented in the Consolidated Report on Operation. Total Financial Asset is also represented with reference to the clients of the Financial Advisor Network only.