CONSOLIDATED FIRST HALF FINANCIAL REPORT AS AT JUNE 30, 2024

FINECO

Consolidated First Half Financial Report
as at June 30, 2024

Index

Board of Directors, Board of Statutory Auditors and External Auditors

	Board of Directors
Marco Mangiagalli	Chairman
Gianmarco Montanari	Vice Chairman
Alessandro Foti	Chief Executive Officer and General Manager
Arturo Patarnello Elena Biffi Giancarla Branda Maria Alessandra Zunino De Pignier Maria Lucia Candida Marin Gueorguiev Paola Generali Patrizia Albano	Directors

	Board of Statutory Auditors
Luisa Marina Pasotti	Chairman
Giacomo Ramenghi Massimo Gatto	Standing Auditors
Lucia Montecamozzo Marco Salvatore	Alternate Auditors
KPMG S.p.A.	External Auditors
Lorena Pelliciari	Nominated Official in charge of drawing up Company Accounts

The Board of Directors was appointed by the Ordinary Shareholders' Meeting of FinecoBank of April 27th, 2023 and will remain in office until the approval of the annual Financial Statements as at December 31st, 2025.

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 Consolidated First Half Financial Report

This Consolidated first half financial report as at June 30th, 2024 of FinecoBank Group (hereinafter Group) - prepared in accordance with Article 154-ter, paragraph 2 of Legislative Decree No.58 of February 24th, 1998 - consists of the Consolidated Interim Financial Statements, including the Consolidated Financial Statements and related Notes to the Accounts, and the Consolidated interim report on operations.

In implementation of Legislative Decree no. 38 of February 28th, 2005, this **Consolidated Interim Financial Statements**, which has 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, 2024. In particular, it complies with the international accounting standard applicable for interim financial reporting (IAS 34). Based on paragraph 10 of this standard, FinecoBank Banca Fineco S.p.A. (hereinafter FinecoBank or Fineco or Bank or Parent Company) availed itself of the option to draw up the half-year consolidated financial statements in the abbreviated version. It includes:

- the **Consolidated Interim 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 2023. As envisaged by IAS 34, the balance sheet figures have been compared with those as at December 31st, 2023, while the income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement have been compared with the corresponding figures for the first half of the previous year reported in the Consolidated first half financial report as at June 30th, 2023;

- the **Notes to the Accounts**, which in addition to the detailed information required by IAS 34, reported using the same tables as in the annual financial statements and those that are deemed useful to provide a true representation of the company situation.

The Condensed Financial Statements, main results of the various business areas, and comments on the results for the first half of 2024 were provided in the **Consolidated Interim Report on Operations**. In support of the comments on the results for the half-year, the Condensed Income Statement and Balance Sheet tables are presented and illustrated in the Consolidated Interim 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 also other 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 Consolidated first-half financial report also includes the **Certification of the Consolidated condensed half-year financial statements pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14th, 1999 and subsequent amendments**, and is accompanied by the **Report on review of condensed interim consolidated financial statements** issued by the External Auditors.

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

The Consolidated Interim Financial Statements as at June 30st, 2024 were prepared by referring to the instructions on the financial statements of the banks pursuant to Circular 262 of December 22nd, 2005 "Banking financial statements: formats and compilation rules" and subsequent updates by the Bank of Italy.

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 (hereinafter Network). It offers banking, credit, trading and investment services from a single account through transactional and advisory platforms developed with proprietary technologies. Fineco is a leader in brokerage in Europe, and one of the most important players in Private Banking in Italy, with evolved and highly personalized advisory services. As at June 30th, 2024, the network consisted of 2,982 financial advisors, spread across the territory with 429 financial shops (Fineco Centers).

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 also in partnership with top international assets manager.

FinecoBank is listed on the Milan Stock Market and is included on Borsa Italiana's FTSE Mib index and STOXX Europe 600 Index.

On April 19th, 2024, S&P Global Ratings agency confirmed the rating assigned to Fineco: "BBB" long-term with a stable outlook and "A-2" short-term.

FinecoBank is included in the following sustainability indices: Borsa Italiana MIB ESG Index (Euronext), FTSE4Good, Bloomberg Gender Equality Index (GEI) 2023, S&P Global 1200 ESG Index and S&P Global LargeMidCap ESG Index, Standard Ethics Italian Banks Index and Standard Ethics Italian Index. In addition, FinecoBank was assigned the following ESG ratings by the main ESG rating agencies:

- CDP Climate Change: rating equal to "C", placing the Group in the "awareness" range with respect to climate change issues and impacts;
- LSEG ESG Score: score of 81 out of 100, meaning excellent ESG performance and a high degree of transparency in public sustainability reporting;
- Moody's Analytics: *ESG overall score* of 57 points out of 100 (*robust performance*);
- MSCI: ESG rating of "AA" (leader) in the "diversified financials" sector;
- Standard Ethics: the Bank is positioned among the credit institutions with the strongest sustainability rating currently assigned in the banking sector with an "EE+" rating (Positive Outlook);
- Sustainalytics: ESG risk rating equal to 12.1 (*Low risk*), confirming its ranking among the best banks at international level;
- S&P Global ESG Score: 68 points out of 100.

The results for the first half of 2024 confirm the Group's ability to continue on its development path, further improving on the excellent results achieved in 2023. Growth involved all business areas, flanking the improvement in the financial margin with a double-digit increase in Investing. The positive Brokerage figure also confirms how the drive toward investing remains sustained, creating a solid link between the two worlds thanks to customers' increasing interest in interacting with global markets from a long-term perspective. The strong net sales figures recorded in the first half of the year reflect the consolidation of the drive toward investment by customers. The strengthening of assets under management component highlighted in the last months of the first half of the year demonstrates the effectiveness of the Network of financial advisors commitment to meeting the needs of savers, even at a time when the demand for advice tends to increase. The continued acceleration in the number of new customers confirms the attractiveness of the Fineco model, which is characterized by innovation particularly in advanced advisory services, the development of which may open up further opportunities in the near future. During the first half of 2024, 73,593 new customers were acquired, which brings the total to 1,613,339.

Total net sales came to € 5,018 million during the first half 2024. In particular, the net sales of assets under management and the net sales of assets under custody recorded positive net inflows of € 1,452 million and € 4,431 million respectively, also attracting part of the excess liquidity held by customers, resulting in negative direct net deposits of € 866 million. During the first half of 2024, net sales through the Network of personal financial advisors totalled € 3,869 million.

As at June 30th, 2024, the balance of Total Financial Assets from customers stood at € 131,274 million, up 7.1% compared to € 122,556 million at the end of 2023, thanks to the net sales recorded in the first six months of 2024 and to positive market effect. Fineco AM's assets under management totaled € 32,915 million, of which € 21,792 million are related to retail classes and € 11,122 million 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 Group's balance of assets under management, is 35.4%. As at June 30th, 2024 the balance of Total Financial Assets of the Network amounted to € 113,931 million. The balance of Total Financial Assets related to Private customers, i.e. with assets above € 500,000, totaled € 61,839 million, equals to 47.1% of the Group's Total Financial Assets, up by 10.5% compared to December 31st, 2023.

Credit quality remains high, driven by the principle of offering credit exclusively to existing customers, leveraging appropriate analysis tools from the rich internal information base. The cost of risk, which stands at 5 bps, remains structurally low and as at June 30th, 2024 net impaired loans were 0.12% of loans to ordinary customers (0.07% as at December 31st, 2023).

Brokerage business also recorded significant results in the first half of 2024, up compared the same period last year and with average monthly revenues about 65% higher than in 2017-2019. Revenues[1] for the first half were € 111.6 million (+13% y/y).

Net profit for the period stood at € 320.3 million, highlighting an increase of 3.7% compared to the same period in the previous year. Normalizing the result to exclude contributions to deposit guarantee systems (€ 6.6 million related to the Single Resolution Fund in the first half of 2023; € 35.3 million related to the ordinary annual contribution to Deposit Guarantee Schemes in the first half of 2024), which were characterized by a different time

[1] Brokerage revenues have been restated to include margins from the investment of cash from passive securities lending transactions.

Summary data

distribution, the increase is 9.8% compared to the same period in the previous year. The cost/income ratio amounted to 24.4% (24.1% as at June 30th, 2023), confirming the operating efficiency of the Group and the spread of the company culture on controlling costs.

As at June 30th, 2024, the Common Equity Tier 1 ratio stood at 25.78%, up from 24.34% as at December 31st, 2023. The Leverage ratio stood at 5.35%, up from 4.95% as at the end of 2023. The Group's liquidity indicators at June 30th, 2024 are very strong: the Liquidity Coverage Ratio (LCR) equal to 881.85%[2] and the Net Stable Funding Ratio (NSFR) equal to 369.36%.

[2] Calculated as the average of the liquidity coverage ratio based on month-end observations over the last 12 months for each quarter of the relevant reporting period, consistent with Pillar III Disclosures.

Summary data

Condensed financial statements and indicators

The Consolidated interim report on operations presents and illustrates the reclassified income statement and balance sheet (Alternative Performance Measures "APMs"). The main reclassifications and aggregations of the items reported in the condensed financial statements are shown at the end of the Condensed Consolidated Income Statement and Condensed Consolidated Balance Sheet, whereas the full reconciliation of which with the consolidated financial statements is shown in the Annexes "Reconciliation of condensed consolidated accounts to mandatory reporting schedule" (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[3] on the criteria for their presentation in regulated information, including therefore this Consolidated first half 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 adopted the Guidelines in Italy and incorporated them into its own supervisory practices[4]. According to the definition of the ESMA Guidelines, an APM is a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial reporting frameworks and is usually derived from financial statement items prepared in accordance with applicable financial reporting frameworks. Financial measures published in accordance with prudential requirements are not strictly speaking part of the definition of an APMs.

[3] ESMA/2015/1415.
[4] Consob Communication No. 0092543 of December 3rd, 2015.

Summary data

Condensed Accounts

Consolidated balance sheet

(Amounts in € thousand)

ASSETS	Amounts as at 06/30/2024	Amounts as at 12/31/2023	Changes Amounts	Changes %
Cash and cash balances	2,833,922	2,266,550	567,372	25.0%
Financial assets held for trading	21,214	14,109	7,105	50.4%
Loans and receivables to banks	388,285	376,373	11,912	3.2%
Loans and receivables to customers	6,116,128	6,198,541	(82,413)	-1.3%
Financial investments	20,729,052	21,403,026	(673,974)	-3.1%
Hedging instruments	737,713	707,274	30,439	4.3%
Property, plant and equipment	142,826	146,497	(3,671)	-2.5%
Goodwill	89,602	89,602	-	n.a.
Other intangible assets	33,515	34,465	(950)	-2.8%
Tax assets	49,466	49,997	(531)	-1.1%
Tax credits acquired	1,298,821	1,618,030	(319,209)	-19.7%
Other assets	341,226	411,236	(70,010)	-17.0%
Total assets	**32,781,770**	**33,315,700**	**(533,930)**	**-1.6%**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at 06/30/2024	Amounts as at 12/31/2023	Changes Amounts	Changes %
Deposits from banks	1,171,776	866,978	304,798	35.2%
Deposits from customers	28,005,234	28,757,589	(752,355)	-2.6%
Debt securities in issue	804,009	809,264	(5,255)	-0.6%
Financial liabilities held for trading	9,722	6,997	2,725	38.9%
Hedging instruments	(1,366)	28,712	(30,078)	n.a.
Tax liabilities	33,418	86,706	(53,288)	-61.5%
Other liabilities	544,316	564,778	(20,462)	-3.6%
Shareholders' equity	2,214,661	2,194,676	19,985	0.9%
- capital and reserves	*1,900,957*	*1,592,305*	*308,652*	19.4%
- revaluation reserves	*(6,616)*	*(6,730)*	*114*	-1.7%
- net profit	*320,320*	*609,101*	*(288,781)*	-47.4%
Total liabilities and Shareholders' equity	**32,781,770**	**33,315,700**	**(533,930)**	**-1.6%**

Summary data

Consolidated balance sheet – Quarterly data

(Amounts in € thousand)

ASSETS	Amounts as at 06/30/2024	03/31/2024	12/31/2023	09/30/2023	06/30/2023
Cash and cash balances	2,833,922	3,425,309	2,266,550	1,797,852	1,518,628
Financial assets held for trading	21,214	19,456	14,109	21,354	16,868
Loans and receivables to banks	388,285	382,959	376,373	425,899	415,627
Loans and receivables to customers	6,116,128	6,097,730	6,198,541	6,058,003	6,184,498
Financial investments	20,729,052	20,406,723	21,403,026	21,626,742	22,613,241
Hedging instruments	737,713	704,784	707,274	1,028,424	1,028,822
Property, plant and equipment	142,826	142,723	146,497	141,156	143,799
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	33,515	34,159	34,465	34,841	35,788
Tax assets	49,466	50,859	49,997	60,133	46,100
Tax credits acquired	1,298,821	1,622,329	1,618,030	1,456,572	1,341,774
Other assets	341,226	291,585	411,236	346,201	381,175
Total assets	**32,781,770**	**33,268,218**	**33,315,700**	**33,086,779**	**33,815,922**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at 06/30/2024	03/31/2024	12/31/2023	09/30/2023	06/30/2023
Deposits from banks	1,171,776	1,032,627	866,978	1,385,130	1,299,539
Deposits from customers	28,005,234	28,070,347	28,757,589	28,212,892	29,187,761
Debt securities in issue	804,009	799,699	809,264	807,409	803,054
Financial liabilities held for trading	9,722	10,033	6,997	7,554	8,538
Hedging instruments	(1,366)	6,398	28,712	(16,363)	(13,438)
Tax liabilities	33,418	148,158	86,706	137,320	65,017
Other liabilities	544,316	531,359	564,778	496,840	553,994
Shareholders' equity	2,214,661	2,669,597	2,194,676	2,055,997	1,911,457
- capital and reserves	*1,900,957*	*2,529,155*	*1,592,305*	*1,602,736*	*1,601,514*
- revaluation reserves	*(6,616)*	*(6,564)*	*(6,730)*	*(939)*	*1,063*
- net profit	*320,320*	*147,006*	*609,101*	*454,200*	*308,880*
Total liabilities and Shareholders' equity	**32,781,770**	**33,268,218**	**33,315,700**	**33,086,779**	**33,815,922**

Summary data

The main reclassifications and combinations of asset items in the condensed consolidated balance sheet concern the following:

- debt securities accounted for under item “40. Financial assets at amortised cost, a) loans and receivables to banks” and under item “40. Financial assets at amortised cost, b) loans and receivables to customers” are reclassified and shown under “Financial investments”. In the same combination, securities accounted for under item “20. Financial assets at fair value through profit and loss c) other financial assets mandatorily at fair value”, “30. Financial assets at fair value through other comprehensive income” and “70. Equity investments” are shown;
- financial assets accounted for under item “40. Financial assets at amortised cost, a) loans and receivables to banks” and under item “40. Financial assets at amortised cost, b) loans and receivables to customers” other than debt securities are shown, respectively, under item “Loans and receivables to banks” and “Loans and receivables to customers”;
- items “50. Hedging derivatives” and “60. Changes in fair value of portfolio hedged financial assets (+/-)” are combined and shown under item “Hedging instruments” in assets;
- the credits acquired as part of Decree Law 34/2020, accounted for under item “130. Other assets”, are shown under “Tax credits acquired”.

With reference to the liabilities in the condensed consolidated balance sheet, the main reclassifications and combinations of the items concern the following:

- items “40. Hedging derivatives” and “50. Changes in fair value of portfolio hedged financial liabilities (+/-)” are combined and shown under item “Hedging instruments” in liabilities;
- items “80. Other liabilities”, “90. Provision for employee severance pay” and “100. Provisions for risks and charges” are combined and shown under item “Other liabilities”;
- items that represent the Shareholder’s equity are combined and shown under item “Shareholders' equity”.

Summary data

Consolidated Income Statement

(Amounts in € thousand)

	1st half		Changes	
	2024	2023	Amounts	%
Financial margin	363,257	328,278	34,979	10.7%
of which Net interest	361,498	328,196	33,302	10.1%
of which Profits from Treasury	1,759	82	1,677	n.a.
Dividends and other income from equity investments	8	(6)	14	n.a.
Net commission	257,182	242,125	15,057	6.2%
Net trading, hedging and fair value income	37,708	30,079	7,629	25.4%
Net other expenses/income	148	216	(68)	-31.5%
REVENUES	**658,303**	**600,692**	**57,611**	**9.6%**
Staff expenses	(67,023)	(60,378)	(6,645)	11.0%
Other administrative expenses	(178,214)	(147,357)	(30,857)	20.9%
Recovery of expenses	97,510	76,457	21,053	27.5%
Impairment/write-backs on intangible and tangible assets	(12,617)	(13,237)	620	-4.7%
Operating costs	**(160,344)**	**(144,515)**	**(15,829)**	**11.0%**
OPERATING PROFIT (LOSS)	**497,959**	**456,177**	**41,782**	**9.2%**
Net impairment losses on loans and provisions for guarantees and commitments	(1,689)	(2,079)	390	-18.8%
NET OPERATING PROFIT (LOSS)	**496,270**	**454,098**	**42,172**	**9.3%**
Other charges and provisions	(37,653)	(12,006)	(25,647)	213.6%
Net income from investments	981	(581)	1,562	n.a.
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**459,598**	**441,511**	**18,087**	**4.1%**
Income tax for the period	(139,278)	(132,631)	(6,647)	5.0%
NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**320,320**	**308,880**	**11,440**	**3.7%**
PROFIT (LOSS) FOR THE PERIOD	**320,320**	**308,880**	**11,440**	**3.7%**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**320,320**	**308,880**	**11,440**	**3.7%**

Summary data

Consolidated Income Statement – Quarterly data

(Amounts in € thousand)

	2024	
	1st Quarter	2nd Quarter
Financial margin	180,762	182,495
of which Net interest	179,003	182,495
of which Profits from Treasury	1,759	-
Dividends and other income from equity investments	(7)	15
Net commission	128,582	128,600
Net trading, hedging and fair value income	17,489	20,219
Net other expenses/income	177	(29)
REVENUES	**327,003**	**331,300**
Staff expenses	(33,389)	(33,634)
Other administrative expenses	(87,314)	(90,900)
Recovery of expenses	47,818	49,692
Impairment/write-backs on intangible and tangible assets	(6,403)	(6,214)
Operating costs	**(79,288)**	**(81,056)**
OPERATING PROFIT (LOSS)	**247,715**	**250,244**
Net impairment losses on loans and provisions for guarantees and commitments	(260)	(1,429)
NET OPERATING PROFIT (LOSS)	**247,455**	**248,815**
Other charges and provisions	(38,110)	457
Net income from investments	399	582
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**209,744**	**249,854**
Income tax for the period	(62,738)	(76,540)
NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**147,006**	**173,314**
PROFIT (LOSS) FOR THE PERIOD	**147,006**	**173,314**
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**147,006**	**173,314**

Summary data

(Amounts in € thousand)

	2023			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Financial margin	157,431	170,847	180,184	179,494
of which Net interest	157,431	170,765	180,047	179,505
of which Profits from Treasury	-	82	137	(11)
Dividends and other income from equity investments	-	(6)	(28)	(34)
Net commission	120,871	121,254	120,074	127,707
Net trading, hedging and fair value income	15,123	14,956	16,249	14,074
Net other expenses/income	235	(19)	(479)	(302)
REVENUES	**293,660**	**307,032**	**316,000**	**320,939**
Staff expenses	(29,795)	(30,583)	(31,145)	(35,344)
Other administrative expenses	(74,630)	(72,727)	(76,613)	(83,948)
Recovery of expenses	37,625	38,832	43,366	43,780
Impairment/write-backs on intangible and tangible assets	(6,587)	(6,650)	(6,884)	(7,018)
Operating costs	**(73,387)**	**(71,128)**	**(71,276)**	**(82,530)**
OPERATING PROFIT (LOSS)	**220,273**	**235,904**	**244,724**	**238,409**
Net impairment losses on loans and provisions for guarantees and commitments	(664)	(1,415)	78	(1,595)
NET OPERATING PROFIT (LOSS)	**219,609**	**234,489**	**244,802**	**236,814**
Other charges and provisions	(9,269)	(2,737)	(39,974)	(11,607)
Net income from investments	(723)	142	692	-
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**209,617**	**231,894**	**205,520**	**225,207**
Income tax for the period	(62,365)	(70,266)	(60,200)	(70,306)
NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**147,252**	**161,628**	**145,320**	**154,901**
PROFIT (LOSS) FOR THE PERIOD	**147,252**	**161,628**	**145,320**	**154,901**
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**147,252**	**161,628**	**145,320**	**154,901**

Summary data

The main reclassifications and combinations of items of the condensed consolidated income statement concern the following:

- under item “Financial margin”, item “30. Net interest margin” is shown and gains and losses on disposal or repurchase of non-impaired debt securities accounted for item “100. Gains and losses on disposal or repurchase of: a) financial assets at amortised cost – debt securities” and “100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income – debt securities” are reclassified and shown. In the same aggregate, income from securities lending activities performed by the Parent Company's treasury, recorded under item “40. Fee and commission income”, is included;
- under item “Dividends and other income from equity investments”, in addition to dividends received on equity investments valued at cost, if any, write-backs (write-downs) of investments accounted for using the equity method, recorded under item “250. Profit (loss) on equity investments” are reclassified;
- item “Net commission”, includes item “60. Net fee and commission income”, less commissions on Treasury securities lending carried out by Parent Company’s treasury, and the other charges/income related to the asset manager activity performed by the subsidiary Fineco AM related to the application of the Fixed Operating Expenses model, recorded under item “230. Other net operating income”, are reclassified;
- under item “Net trading, hedging and fair value income”, items “80. Gains (losses) on financial assets and liabilities held for trading”, “90. Fair value adjustments in hedge accounting”, “100. Gains (losses) on disposal or repurchase of: b) financial asset at fair value through other comprehensive income”, less unimpaired debt securities shown under item “Financial margin”, and “110. Gains (losses) on financial assets and liabilities at fair value through profit or loss” are aggregated and shown. In the same aggregate dividends and similar revenues from held-for-trading or mandatorily at fair value equity instruments, recorded under item “70. Dividend income and similar revenue” are reclassified and shown;
- adjustments of leasehold improvements, recorded under item “230. Other net operating income”, are shown in item “Other administrative expenses”;
- recovery of expenses, recorded under item “230. Other net operating income”, are shown in item “Recovery of expenses”;
- contributions to the Single Resolution Fund (SRF) and Deposit Guarantee Schemes (DGS), recorded under item “190. Administrative expenses - b) other administrative expenses”, are reclassified and shown in item “Other charges and provisions”. In the same aggregate item “200. Net provisions for risks and charges” is shown;
- impairment losses/write-backs for credit risk on debt securities, recorded under item “130. Net impairment/write-backs for credit on: a) financial assets at amortised cost” and “130. Impairment losses/writebacks on: b) financial assets at fair value through other comprehensive income”, are reclassified and shown in item “Net income from investments”.

Summary data

Main balance sheet figures

(Amounts in € thousand)

	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amounts	%
Loans receivable with ordinary customers (1)	5,221,250	5,535,383	(314,133)	-5.7%
Total assets	32,781,770	33,315,700	(533,930)	-1.6%
Direct deposits (2)	27,576,385	28,441,830	(865,445)	-3.0%
Indirect TFA (3)	103,698,051	94,114,670	9,583,381	10.2%
Total customers sales (direct and indirect)	131,274,436	122,556,500	8,717,936	7.1%
Shareholders' equity	2,214,661	2,194,676	19,985	0.9%

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

Operating structure

	Data as at		
	06/30/2024	12/31/2023	06/30/2023
No. Employees	1,419	1,384	1,354
No. Personal financial advisors	2,982	2,962	2,952
No. Financial shops [1]	429	428	425

(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		
	06/30/2024	12/31/2023	06/30/2023
Financial margin/Revenues	55.18%	55.59%	54.65%
Income from brokerage and other income/Revenues	44.82%	44.42%	45.35%
Income from brokerage and other income/Operating costs	184.00%	184.28%	188.51%
Cost/income ratio	24.36%	24.10%	24.06%
Operating costs/TFA	0.25%	0.26%	0.26%
Cost of risk	5 bps	5 bps	5 bps
ROE	28.97%	29.64%	32.36%
Return on assets	1.95%	1.83%	1.83%
EVA (calculated on regulatory capital)	281,652	539,809	273,803
EVA (calculated on accounting capital)	180,772	388,738	200,616
RARORAC (calculated on regulatory capital)	83.98%	85.02%	85.16%
RARORAC (calculated on accounting capital)	14.94%	19.25%	20.22%
ROAC (calculated on regulatory capital)	95.51%	95.94%	96.07%
ROAC (calculated on accounting capital)	26.47%	30.16%	31.13%
Total sales to customers/Average employees	93,634	90,115	86,125
Total sales to customers/(Average employees + average PFAs)	30,012	28,502	27,072

Key

Income from brokerage and other income: Net commission, 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 June 30th, 2024 and the balance as at the previous December 31st.

Cost of risk: is the ratio of Net impairment losses of loans to customers in the last 12 months to loans and receivables to 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.

ROE: ratio between the profit (loss) for the period and the average book shareholders' equity (excluding the revaluation reserves) for the period (average between the end period balance and the balance of the shareholders' equity as at December 31st of previous year). The result for the period as of June 30th, 2024 and June 30th, 2023 has been annualised.

Return on assets: ROA: ratio of net profit for the period to total assets. The result for the period as of June 30th, 2024 and June 30th, 2023 has been annualised.

EVA (Economic Value Added): shows the firm's ability to create value; it's calculated as the difference between proft (loss) for the period, excluding extraordinary charges/income and related tax effects, and the figurative cost of the capital calculated using both regulatory capital and accounting shareholders' equity (average of quarters end).

RARORAC (Risk adjusted Return on Risk adjusted Capital): the ratio between EVA (as described above) and the average of the year's quarters regulatory capital and accounting shareholders' equity (calculated with the same methods envisaged for the calculation of the EVA) and expresses in percentage terms the ability to create value per unit of capital place to control risk.

ROAC (Return on Allocated Capital): the ratio of net profit (loss) for the period to the average of the year's quarters regulatory capital and accounting shareholders' equity (calculated with the same methods envisaged for the calculation of the EVA).

Summary data

Balance Sheet indicators

	Data as at	
	06/30/2024	12/31/2023
Loans receivable to ordinary customers/Total assets	15.93%	16.62%
Loans and receivables to banks/Total assets	1.18%	1.13%
Financial assets/Total assets	63.23%	64.24%
Direct sales/Total liabilities and Shareholders' equity	84.12%	85.37%
Shareholders' equity (including profit)/Total liabilities and Shareholders' equity	6.76%	6.59%
Ordinary customer loans/Direct deposits	18.93%	19.46%

Credit quality	Data as at	
	06/30/2024	12/31/2023
Non-performing loans/Loans receivable to ordinary customers	0.12%	0.07%
Bad loans/Loans receivable to ordinary customers	0.02%	0.02%
Coverage ratio[1] - Bad loans	93.38%	93.07%
Coverage ratio[1] - Unlikely to pay	73.18%	67.96%
Coverage ratio[1] - Impaired past-due exposures	38.45%	56.85%
Coverage ratio[1] - Total Non-performing loans	78.52%	83.54%

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

Consolidated Own funds and capital ratios

	Data as at	
	06/30/2024	12/31/2023
Common Equity Tier 1 Capital (€ thousand)	1,230,960	1,151,527
Total Own Funds (€ thousand)	1,730,960	1,651,527
Total risk-weighted assets (€ thousand)	4,775,778	4,731,105
Ratio - Common Equity Tier 1 Capital	25.78%	24.34%
Ratio - Tier 1 Capital	36.24%	34.91%
Ratio - Total Own Funds	36.24%	34.91%

	Data as at	
	06/30/2024	12/31/2023
Tier 1 Capital (€ thousand)	1,730,960	1,651,527
Exposure for leverage (€ thousand)	32,362,312	33,356,370
Leverage ratio	5.35%	4.95%

Summary data

The macroeconomic scenario and monetary policy

After five quarters of stagnation, the euro area economy grew by 0.3% during the first quarter of 2024. The service sector is expanding. Employment increased by 0.3% in the first quarter of 2024, with the creation of about 500,000 new jobs, and surveys indicate a continuation of job growth in the short term. In April, the unemployment rate showed a slight decline to 6.4%, which is the lowest level since the introduction of the euro.

The upturn recorded by the euro area economy in early 2024 has exceeded the levels expected by European Central Bank experts in their March 2024 projections, thanks to the impetus provided by net trade and increased household spending. According to the latest information, growth is expected to continue in the short term at a higher pace than previously expected. Real disposable income is expected to continue to grow amid robust wage growth, gradual increase in confidence, and improvement in terms of trade, giving rise to a consumption-driven recovery during 2024. The momentum imparted by net trade at the beginning of the year partly reflects the volatility that followed the temporary drop marked at the end of 2023. According to European Central Bank experts, foreign demand is expected to continue to grow, supporting the area's export expansion. In the medium term, the negative impact of past monetary policy tightening is expected to be gradually reduced, and activity should be supported by the assumed easing of financing conditions, in line with market expectations regarding future interest rate developments. Growth should also benefit from the resilience of the labor market, with the unemployment rate expected to fall to historically low levels over the continuation of the projection horizon. Over the forecast period, productivity is expected to mark an acceleration as some of the cyclical factors that have reduced its growth in the recent past are reabsorbed. According to European Central Bank experts, overall, the average annual real GDP growth rate is expected to be 0.9% in 2024 and rise to 1.4% in 2025 and 1.6% in 2026. According to Eurostat's preliminary estimate, 12-month inflation increased to 2.6% in May from 2.4% in April. However, domestic inflation remains high. Wages continue to grow at a strong pace, offsetting past increases in inflation. Due to the staggering of the wage adjustment process and the important role of one-time payments, there is likely to be a fluctuation in labor costs in the short term, as observed in the increase in contractual wages in the first quarter. At the same time, forward-looking indicators point to a moderation in wage dynamics over the course of the year. Earnings are absorbing part of the pronounced rise in unit labor costs, reducing their inflationary effects. Measures of longer-term inflation expectations have remained broadly stable, mostly hovering around 2%.

As for Italy, the main results of macroeconomic projections for the three-year period 2024-2026 prepared by Bank of Italy experts show that GDP is expected to increase by 0.6% in 2024, 1.0% in 2025 and 1.2% in 2026. Economic activity is expected to benefit from the recovery of foreign demand and household purchasing power, but still restrictive financing conditions and the downsizing of housing incentives would weigh on investment. Inflation is expected to fall sharply in 2024, to 1.3%, mainly due to the effects of falling energy and intermediate product prices. The disappearance of this factor and the rise in wages would cause it to rise slightly in the next two years, to 1.7%. Household consumption, after falling sharply at the end of 2023, returned to growth in the first quarter and should continue to increase thereafter at rates slightly above GDP, benefiting from the recovery in purchasing power. Investment is expected to slow markedly, held back by rising financing costs, tighter conditions for access to credit, and the downsizing of housing upgrading incentives. The effect of these factors is expected to be partly offset by the momentum of the NRRP measures. Exports are expected to expand in line with foreign demand trends, while imports are expected to grow more moderately, affected by weak investment spending. Employment, up sharply in 2023, is expected to continue growing but at a slower pace than output. The unemployment rate is expected to fall slowly to 7.4% in 2026, more than 5 points lower than the peaks reached following the debt crisis a decade ago. Consumer inflation, which averaged 5.9% in 2023, is expected to fall sharply this year, to 1.3%, and then rise again in the next two years, still remaining below 2%. The sharp decline in inflation in the current year would mainly reflect the negative contribution of intermediate goods and energy prices, only partly offset by the acceleration in wages and salaries (expected to rise by about 3.5% per year on average in the three-year period 2024-2026). Core inflation is expected to fall to 2% on average this year and decline further in the next two years.

The Governing Council of the European Central Bank, at its meeting on July 18th, 2024, decided to keep the three key interest rates unchanged, after reducing them by 25 basis points at its meeting on June 6th, 2024. The incoming information broadly supports the Governing Council's previous assessment of the medium-term inflation outlook. While some measures of underlying inflation ticked up in May owing to one-off factors, most measures were either stable or edged down in June. In line with expectations, the inflationary impact of high wage growth has been buffered by profits. Monetary policy is keeping financing conditions restrictive. At the same time, domestic price pressures are still high, services inflation is elevated and headline inflation is likely to remain above the target well into next year. The Governing Council of the European Central Bank is determined to ensure that inflation returns to its 2% medium-term target in a timely manner. It will keep policy rates sufficiently restrictive for as long as necessary to achieve this aim. The Governing Council will continue to follow a data-dependent and meeting-by-meeting approach to determining the appropriate level and duration of restriction. In particular, its interest rate decisions will be based on its assessment of the inflation outlook in light of the incoming economic and financial data, the dynamics of underlying inflation and the strength of monetary policy transmission. The Governing Council is not pre-committing to a particular rate path.

As for the pandemic emergency purchase program (PEPP), the Eurosystem no longer reinvests all of the principal payments from maturing securities, reducing the PEPP portfolio by €7.5 billion per month on average. The Governing Council intends to discontinue reinvestments under the PEPP at the end of 2024.

Summary data

The Russian-Ukrainian conflict

As at June 30th, 2024, the context resulting from the Russia-Ukraine conflict in which the Group operates is substantially unchanged from that illustrated in the Annual Report as at December 31st, 2023.

In fact, the Group has no direct exposure to Russian assets affected by the conflict, and indirect exposures, represented by collateral received as part of pledge-backed financing transactions (Credit Lombard and pledged overdraft), are of insignificant amounts. The Group has no direct commodity exposures and has limited ruble exposure. With reference 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 related to sanctioned issuers, (iii) restrictions on financial flows to and from Russia, both in terms of prohibiting credit exposure to sanctioned entities and in terms of prohibiting the acceptance of deposits from Russian nationals or individuals or legal entities residing in Russia subject to specific exceptions, (iv) to the obligations to report to the relevant authorities, the Group uses safeguards to monitor the names of sanctioned individuals 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 June 30th, 2024, there were no direct or indirect exposures to individuals or entities subject to sanction measures applicable to the Group, so 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.

In the first half of 2024, therefore, there is no impact on the Group's economic and financial situation, and also from a prospective viewpoint there is no impact in terms of strategic orientation, objectives and business model.

Summary data

Events during the period

Issuance and repurchase of Additional Tier1 instruments

On March 4th, 2024, FinecoBank successfully completed the placement on the market of Additional Tier1 instruments, intended for institutional investors, for a total amount of € 500 million and a semi-annual coupon equal to 7.5% for the first 5.5 years (with spread equal to 5.5 year Mid Swap rate interpolated plus 488.9 basis points) compared to an initial guidance of 8%. The final spread is the lowest level in the Italian market since the beginning of 2023 for this type of instrument, thanks to overall demand that is arounf 7x the supply and to the quality of the credit.

The placement registered an order volume of above € 3.45 billion, confirming the appreciation shown towards FinecoBank by the market also in the fixed-income segment. Only institutional investors took part in the placement, mainly asset managers (67% of the total) and banks/private banks (17%). The issuance was placed mainly to institutional investors in the United Kingdom (28%), France (26%), Italy (18%), Germany and Austria (7%), and Switzerland (6%).

In detail, the issuance has the following features: the notes are perpetual with call option for the issuer on the fifth year and half and thereafter on a semiannual basis, public placement, intended for trading on the regulated market managed by Euronext Dublin, rating of BB- (S&P Global Ratings), fixed-rate semi-annual coupon for the first 5.5 years. It should be noted that the notes have been issued under the EMTN (Euro Medium Terms Notes[5]) programme.

BNP Paribas and UniCredit acted as Global Coordinators and BNP Paribas, Morgan Stanley & Co. Limited, UBS Europe SE and UniCredit Bank acted as joint bookrunners and joint lead managers.

At the same time, FinecoBank announced its intention to proceed with an cash tender offer of the Additional Tier1 instrument issued in July 2019 with a nominal amount of € 300 million and to reserve the right to call the Additional Tier1 private placement issued in January 2018 with a nominal amount of € 200 million, at the earliest available date, thereby keeping the overall amount of Additional Tier1 instruments eligible for inclusion in its capital unchanged at € 500 million.

On March 11th, 2024, the tender offer of the above Additional Tier 1 instrument was concluded and the aggregate nominal amount of the instruments validly tendered in the Offer amounted to € 168 million. FinecoBank has given mantate to BNP Paribas and UniCredit, as dealer managers, for the "any & all" Cash Tender Offer at a fixed price. It should also be noted that FinecoBank has received authorisation from the European Central Bank to call the remaining amount of instruments not purchased in the Offer at the first available date, December 3rd, 2024.

Finally, on June 3rd, 2024, the Additional Tier1 private placement issued in January 2018 with a face value of € 200 million, fully subscribed by UniCredit S.p.A., was called off.

Shareholders' Meeting

On April 24th, 2024, 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 2023 of FinecoBank S.p.A.;
- allocation of FinecoBank S.p.A.'s 2023 net profit of the year;
- approval of the 2024 Remuneration Policy;
- favourably decision on the 2023 Remuneration Report;
- 2024 Incentive System for Employees belonging to the Most Relevant Personnel;
- 2024-2026 Long Term incentive Plan for Employees;
- 2024 Incentive System for Financial Advisors identified as "Most Relevant Personnel";
- authorization to purchase and dispose of treasury shares to service the 2024 PFA System;
- delegation to the Board of Directors to approve free capital increases to implement the incentive systems for the employees.

At the extraordinary session, 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 € 200,566.74 (to be charged entirely to share capital), with the issuance of up to 607,778 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 2024, for the purpose of executing the 2024 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 2029 a free share capital increase, pursuant to Article 2349 of the Civil Code, of up to a maximum of € 39,933.30 corresponding to a maximum number of 121,010 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 2023 Most Relevant Personnel, for the purpose of completing the execution of the 2023 Incentive System; consequent amendments to the Articles of Association;

[5] The renewal of the EMTN (Euro Medium Term Notes) program was approved by Fineco's Board of Directors on January 16th, 2024, and was finalized on February 13th, 2024.

Summary data

- 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 € 460,286.64 (to be charged entirely to share capital), with the issuance of up to 1,394,808 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, for the purpose of executing the 2024 – 2026 Long Term; consequent amendments to the Articles of Association.

With reference to the allocation of FinecoBank S.p.A.'s 2023 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 € 0.69 per share, for a total amount of € 421,6 million, which was put up for payment, in accordance with the applicable laws and regulations, on May 22nd, 2024 with an "ex-dividend" date of May 20th, 2024. 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 21st, 2024 were, therefore, entitled to receive the dividend.

Business performance

Performance of total financial assets

Financial assets figures for the first half of 2024 highlight the Network's ability to support customers in the increasingly professional management of their savings, assisting them with even the most complex financial needs.

As at June 30th, 2024 the balance of total financial assets (direct and indirect) amounted to € 131,274 million up 7.1% compared to December 31st, 2023, thanks to Assets under Custody-AUC and Assets under Management-AUM realised in the period and to the positive market effect, partially offset by a decrease in direct deposits due to investments made by customers with excess liquidity. The balance of indirect total financial assets (Assets Under Management-AUM and Assets Under Custody-AUC) amounted to € 103,698 million, up from € 94,115 million as at December 31st, 2023 (+10.2%).

Direct deposits, amounting to € 27,576 million 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	
	06/30/2024	Comp%	12/31/2023	Comp%	Absolute	%
DIRECT DEPOSITS	**27,576,385**	**21.0%**	**28,441,830**	**23.2%**	**(865,445)**	**-3.0%**
Current accounts and demand deposits	26,454,043	20.2%	27,748,318	22.6%	(1,294,275)	-4.7%
Time deposits and reverse repos	1,122,342	0.9%	693,512	0.6%	428,830	61.8%
ASSETS UNDER MANAGEMENT BALANCE	**61,644,634**	**47.0%**	**58,016,137**	**47.3%**	**3,628,497**	**6.3%**
UCITS and other investment funds	41,557,468	31.7%	38,838,704	31.7%	2,718,764	7.0%
Insurance products	13,241,833	10.1%	13,760,462	11.2%	(518,629)	-3.8%
Asset under custody under advisory	6,423,335	4.9%	5,052,451	4.1%	1,370,884	27.1%
Other	421,998	0.3%	364,520	0.3%	57,478	15.8%
ASSETS UNDER CUSTODY	**42,053,417**	**32.0%**	**36,098,533**	**29.5%**	**5,954,884**	**16.5%**
Equity	21,455,336	16.3%	18,602,363	15.2%	2,852,973	15.3%
Bond	19,966,078	15.2%	16,748,477	13.7%	3,217,601	19.2%
Third-party deposits	534,271	0.4%	629,825	0.5%	(95,554)	-15.2%
Other	97,732	0.1%	117,868	0.1%	(20,136)	-17.1%
TOTAL FINANCIAL ASSETS	**131,274,436**	**100.0%**	**122,556,500**	**100.0%**	**8,717,936**	**7.1%**
of which Advanced Advisory Service	31,174,984	23.7%	27,982,557	22.8%	3,192,427	11.4%

It should be noted that the percentage reported for Advanced Advisory Services, which is equal to 23.7% as at June 30th, 2024, is calculated by comparing their amounts with total financial assets amounts.

Business performance

The table below shows the figures for net sales, assets under management and assets under administration during the first half 2024 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)

	1st Half 2024	Comp %	1st Half 2023	Comp %	Changes Absolute	%
DIRECT DEPOSITS	**(865,997)**	**-17.3%**	**(2,059,711)**	**-39.6%**	**1,193,714**	**-58.0%**
Current accounts and demand deposits	(1,293,967)	-25.8%	(2,059,711)	-39.6%	765,744	-37.2%
Time deposits and reverse repos	427,970	8.5%	-	0.0%	427,970	n.a.
ASSETS UNDER MANAGEMENT	**1,452,122**	**28.9%**	**1,946,276**	**37.4%**	**(494,154)**	**-25.4%**
UCITS and other investment funds	1,022,808	20.4%	2,187,693	42.0%	(1,164,885)	-53.2%
Insurance products	(827,588)	-16.5%	(1,152,702)	-22.2%	325,114	-28.2%
Asset under custody under advisory	1,215,760	24.2%	899,054	17.3%	316,706	35.2%
Other	41,142	0.8%	12,231	0.2%	28,911	236.4%
ASSETS UNDER CUSTODY	**4,431,490**	**88.3%**	**5,317,308**	**102.2%**	**(885,818)**	**-16.7%**
Equities	1,180,402	23.5%	314,233	6.0%	866,169	275.6%
Bonds	3,366,471	67.1%	4,792,524	92.1%	(1,426,053)	-29.8%
Third-party deposits	(95,554)	-1.9%	202,649	3.9%	(298,203)	-147.2%
Other	(19,829)	-0.4%	7,902	0.2%	(27,731)	n.a.
NET SALES	**5,017,615**	**100.0%**	**5,203,873**	**100.0%**	**(186,258)**	**-3.6%**
of which Advanced Advisory Service	1,999,731	39.9%	1,183,976	22.8%	815,755	68.9%

It should be noted that the percentage reported for Advanced Advisory Services, which is equal to 39.9% as at June 30th, 2024, is calculated by comparing their amounts with total net sales.

Business performance

Performance of main balance sheet aggregates

Cash and cash balances, equal to € 2,833.9 million up by € 567.4 million compared to the end of previous year (€ 2,266.6 million as at December 31st, 2023), mainly consisted of the overnight deposit opened at the Bank of Italy, for a total amount of € 2,575.5 million, the liquidity deposited to 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 to banks, for € 0.5 million, as well as liquidity deposited on current accounts with credit institutions mainly for the settlement of payment transactions, for the settlement of securities transactions, and for the management of Fineco AM's liquidity, for an amount of € 257.9 million.

Loans and receivables to banks amounted to € 388.3 million and showed no significant changes from December 31st, 2023.

Loans and receivables to customers came to € 6,116.1 million, decreasing by € 82.4 million compared to December 31st, 2023, mainly due to € 314.1 million reduction in loans and receivables to ordinary customers, partially offset by loans provided to Cronos Vita Assicurazioni S.p.A. during the first half of 2024, for a total amount of € 186.5 million, and by a € 49.1 million increase in securities lending transactions secured by cash. Impaired loans net of impairment losses totaled € 6.1 million (€ 4 million as at December 31st, 2023) with a coverage ratio of 78.5%; the ratio between impaired loans and total loans to ordinary customers was 0.12% (0.07% as at December 31st, 2023).

Financial investments came to € 20,729.1 million, decreasing by € 674 million compared to December 31st, 2023, mainly due to the sales and repayments of debt securities at amortised cost in the first half of 2024. It should be noted that this item includes the net negative valuation of fixed-rate securities specifically hedged against interest rate risk, in the amount of € 708.2 million (€ 640.8 million at December 31st, 2023).

Hedges recognised as assets in the balance sheet amounted to € 737.7 million and 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 € -1.4 million and include the negative fair value measurement of hedging derivatives and the value adjustment of liabilities subject to generic hedging, represented by direct deposits from customers. The positive change in hedging derivative contracts recognised in the first half of 2024 is mainly attributable to the change in fair value of existing contracts. The valuation of the hedged items, as a result, evolved in the opposite direction, recording a negative change. It should be noted that the negative change recorded by securities specifically hedged is shown in Financial investments item, as described above.

Tax credits acquired, amounting to € 1,298.8 million, include the carrying amount of tax credits purchased under Decree-Law 34/2020 and subsequent updates, down from € 1,618 million outstanding as at December 31st, 2023, as a result of the offsets made during the period.

Deposits from banks were equal to € 1,171.8 million and highlighted an increase of € 304.8 million compared to December 31st, 2023, mainly attributable to the increase of € 178.9 million in increase in securities lending transactions secured by cash, and of € 126.3 million in variation margins received for derivative transactions and securities lending transactions.

Deposits from customers came to € 28,005.2 million, decreasing by € 752.4 million compared to December 31st, 2023, due to the reduction in direct deposits on current accounts from customers, flowed into products of assets under custody and asset under management, as described above.

Debt securities in issue, equal to € 804 million, exclusively include Senior Preferred Bonds issued by FinecoBank. No new securities were issued during the first half of 2024.

Shareholders' equity amounted to € 2,214.7 million, increasing by € 20 million compared to December 31st, 2023. During the first half of 2024, Shareholders' equity increased, mainly due to the profit for the period, equal to € 320.3 million, and the issuance of the Additional Tier1 instrument in the amount of € 500 million described above, and decreased mainly due to the distribution of dividends resolved by the Shareholders' Meeting of April 24th, 2024 (totalling € 421.6 million), to the repurchase of Additional Tier1 instruments described above (totaling € 368 million), and to the payment of coupons and costs associated with the issuance and repurchase of Additional Tier1 instruments, the amount of which, net of the related taxation, resulted in a reduction in Shareholders' equity of € 13.3 million.

Business performance

Performance of main income statement aggregates

Revenues amounted to € 658.3 million, registering a 9.6% increase compared to the € 600.7 million recorded in the same period of previous year, mainly thanks to the contribution of Financial margin, Net commission, and Net trading, hedging and fair value income.

Financial margin increased of 10.7% compared to the first half of previous year (+ € 35 million) supported by the **Interest margin** which increased by 10.1% (+ € 33.3 million) compared to the first half of previous year. **Profits from Treasury** highlights an increase of € 1.7 million compared to the first half of previous year.

Net commission increased by € 15.1 million compared to the same period of the previous year, mainly attributable to commissions generated by Investing (+ € 18.8 million) and by Brokerage (+ € 6.3 million). During the first half of 2024, the subsidiary Fineco AM generated net commissions for € 81.5 million.

Net trading, hedging and fair value income amounted to € 37.7 million and highlights an increase for € 7.6 million compared to the same period of 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 derivatives and the exchange differences on assets and liabilities denominated in currency. The item also includes the ineffectiveness component of hedging transactions, amounting to - € 1.3 million (- € 5.1 million in the first half of 2023), determined by the application of different curves for the fair value valuation of derivative contracts hedging interest rate risk and hedged items as a part of fair value hedge transactions.

Operating costs increased by € 15.8 million compared to the first half of previous year (+ € 6.6 million for "Staff expenses", + € 9.8 million for "Other administrative expenses net of Recovery of expenses" and - € 0.6 million for "Impairment/write-backs on intangible and tangible assets"). The 11% 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 which stood at 24.4% (24.1% at June 30th, 2023) confirming the Group's strong operating leverage and widespread corporate culture of cost management.

Net impairment losses loans and provisions for guarantees and commitments in first half 2024 amounted to - € 1.7 million (- € 2.1 million in first half of previous year). The cost of risk is 5 basis point.

Other charges and provisions amounted to € 37.7 million, up € 25.6 million compared to the first half of the previous year. It should be noted that the contribution to the Fondo Interbancario di Tutela dei Depositi under the Deposit Guarantee Scheme (DGS) due for 2024 is required by member banks as of March 31st, 2024, which is why the contribution for the year 2024, amounting to € 35.3 million, has already been recognised in this Consolidated first half financial report, rather than at the end of the third quarter as was the case in the past. With reference to the ordinary annual contribution required by the Single Resolution Fund within the framework of Directive 2014/59/EU, on the other hand, it should be noted that the target level of resources required by the Directive has been reached by December 31st, 2023, therefore, no contribution has been recognised in the income statement for the first half of 2024 (€ 6.6 million paid in the previous year).

Net income from investments stood at € 1 million (- € 0.6 million in the first half of the previous year).

Profit before tax from continuing operations amounted to € 459.6 million (+ € 18.1 million), up 4.1% compared to the same period of previous year, thanks to higher Revenues (+ € 57.6 million) which helped offset the growth in Operating costs (+ € 15.8 million) and Other charges and provisions (+ € 25.6 million). Excluding contributions to the guarantee and resolution funds[6], profit before tax from continuing operations shows an increase of 10.5% compared to the same period in the previous year.

Net profit for the period amounted to € 320.3 million, increasing by 3.7% compared to € 308.9 million of the first half of the previous year. Excluding the aforementioned contributions to the guarantee and resolution funds, the result for the period shows an increase of 9.8% compared to the same period of the previous year.

[6] The contribution to the Italian Deposit Guarantee Scheme (Interbank Deposit Guarantee Fund) recognised in the income statement for the first half of 2024 was € 35.3 million before taxes, while in the first half of 2023 the contribution to the Single Resolution Fund for € 6.6 million before taxes was recognized.

Business performance

Communications and external relations

In the first half of 2024, the Italian media have on several occasions delved into how developments in artificial intelligence are creating new opportunities in the investment field as well. Fineco's positioning among the leading fintech banks at the European level encouraged the bank's participation in this public debate. On these occasions, the focus on technological innovation has gone hand in hand with the enhancement of the human component in the customer relationship.

In May, Italy's leading financial newspaper, Il Sole 24 Ore, interviewed Fineco's CEO and General Manager about the evolution of investment choices, along with a change in savers' approach to the markets, emphasizing the increasingly close link between Investing and Brokerage. At the same time, the focus on local newspapers made it possible to strengthen the Fineco brand in the territory by also highlighting the social initiatives carried out by the Network.

The activities of personal financial asvisors were also accompanied by special attention at the national level, through articles and editorials published in sector publications, to illustrate the Network's development strategies and support recruitment activities. In addition to numerous reports of new recruits, speeches by area managers and advisors helped to make the Network's special features more evident. In particular, attention was focused on the initiatives implemented to encourage the training and entry of young professionals, delving into the characteristics of the Progetto Giovani ("Young People Project") and the improved conditions implemented to support entry into the world of financial consulting. In this regard, the Organismo di vigilanza e tenuta dell'albo unico dei Consulenti Finanziari ("Supervisory body and holding of the single register of financial advisers") once again confirmed that Fineco ranks first among networks in terms of the percentage presence of under 35 in the total number of financial advisors. Further insights concerned the development of teamwork and the planned evolution of technology platforms dedicated to Fineco advisors.

In the first half of 2024, the Bank's advertising investments supported the "What it's worth" campaign, a concept launched in March 2023, through the planning of two major communication flights that involved digital as well as TV, promoting, in addition, the securities transfer initiative. Two new communication campaigns were also launched during the period: "Per il tuo domani, oggi ci siamo noi" ("For your tomorrow, we are here today") dedicated to the Private Banking segment, planned through print and outodoor in major Italian cities, and "Evolving future," localized on the city of Milan, with the aim of communicating the Bank's commitment to promoting a fairer and more sustainable future for the environment, people and the economy in general.

During the first six months of 2024, Fineco embraced new cultural and sports sponsorship projects across the country. In January, the Bank entered an important partnership with Lega Volley Women's, becoming Gold Sponsor of the A1 and A2 Championships, the Coppa Italia Frecciarossa, and Title Sponsor of the Fineco SuperCoppa, while in April it supported Team Polti Kometa in men's cycling. To celebrate the 150th anniversary of the birth of Impressionism, Fineco supported the planning, in the role of Premium Partner, of the Cezanne/Renoir exhibition at the Palazzo Reale in Milan, spreading the goodness of the project through the realization of events and creating, with the curator of the exhibition, four episodes of a podcast dedicated to the innovative cultural journey of the two great artists. Finally, in May, the Bank initiated cultural sponsorships centered on theaters: from Naples to Verona, via Narni and Turin, Fineco becomes a supporter of important theater projects in the territory because it is aware of the need to support business know-how in the cultural context.

Business performance

Sustainability

In the first half 2024, Fineco continued its Sustainability journey in its various areas of focus through the implementation of activities and projects that will enable the achievement of goals and targets outlined in the new ESG Multi-Year Plan (MYP) 2024-2026 and reported within the 2023 Consolidated Non Financial Statement.

Specifically, in the area of responsible finance, at Group level, as at 30th June 2024, more than 70% of the funds distributed on the Fineco platform were classified as SFDR Article 8, while more than 5% were classified as SFDR Article 9. The offer of green mortgages and loans also continued. The Bank completed the collateral switch transactions (collateralised securities lending) with ESG criteria. The underlying transaction, for an amount of approximately € 70 million, included a bonus mechanism linked to Fineco's achievement of the following sustainability targets: (i) 100% of new ESG-rated funds placed on the Italian platform between December 31st, 2021 and December 31st, 2023 (ii) S&P Corporate Sustainability Assessment score greater than 67 out of 100. Fineco donated to Save the Children Italia the entire economic benefit obtained thanks to the achievement of the objectives. The transaction, structured in collaboration with BNP Paribas, is the result of the long-standing partnership between the two institutions and the common intention to contribute to the achievement of sustainability objectives.

In the area of environmental impact management, in May 2024 FinecoBank successfully passed the renewal audit by a third-party company of its Environmental Management System (EMS) certification under the EMAS Regulation (Eco-Management and Audit Scheme), an EU-wide recognition of excellence awarded to organizations that adopt an environmental policy capable of reducing impacts in a concrete and measurable way, developing new solutions to foster sustainability.

With the aim of expanding and involving customers more closely in the Bank's activities in support of the community, in May Fineco launched an ongoing charity initiative on its website. The campaign involves, in this first phase, four projects, to which others will be added by the end of the year. The operation involves a direct donation by Fineco to the Associations involved, with the possibility for customers, and anyone who wishes to do so, to donate through the Bank's website, which describes the projects and the associations promoting them. The selected projects are Casa Sollievo Bimbi promoted by Vidas, the first paediatric hospice in Lombardy to welcome children and adolescents with incurable illnesses; the Indifesa campaign by Terre des Hommes, with the aim of defending the rights of girls and young women through concrete projects, training courses, awareness campaigns in schools and Indifesa Spaces; the social housing project promoted by I Sempre Vivi, aimed at young people between the ages of 18 and 30 with psychiatric pathologies in a highly fragile socio-habitable condition; a study on blood cancers by the IEO-Monzino Foundation, focusing on aggressive B-lymphocytic lymphomas and the effectiveness of new cell therapies that can make treatments more effective for patients suffering from this disease. Also in May, Fineco supported Pic Nic Theodora in Milan, one of the association's two main fundraising events, whose mission is to bring moments of play, listening and escape to hospitalised children thanks to the personalised visits of Dottor Sogni, professional artists, hired and trained by the Theodora Foundation to work in highly complex paediatric wards. In addition, the Bank supported CAF's Together for Teens project, dedicated to teenage boys who are victims of abuse and mistreatment, taken in by the CAF Association at its Residential Communities in Milan.

Once again in 2024, Fineco was the Main Sponsor of the FAI Spring Days. The Bank has been a Corporate Golden Donor of the FAI (Fondo Ambiente Italiano) since 2017, a qualification that rewards the companies most active in the field of culture and the protection of the territory's artistic heritage.

Fineco has also renewed its commitment to the Water Defenders Alliance, the alliance promoted by LifeGate to respond concretely to water problems and reduce pollution of the seas. The project with Lifegate has been expanded and transformed, from the Plasticless project to the new Water Defenders Alliance: a group of stakeholders who united can concretely fight the issue of water pollution in our seas. This initiative consists of activities to reduce plastics from the seas, an operation to clean the seabed in Liguria (the “Smart Bay” project), and a joint action with ports to combat the presence of hydrocarbons on the surface of the waters of some Italian ports. Initiatives in the first half of the year took place in Venice, in the Gulf of La Spezia and in Palermo, involving marine biologists and technological innovation experts in the creation of training and information events on the themes of water cleanliness and sustainability.

The webinars dedicated to financial education continue, with the participation also of a number of sector journalists. The aim of this initiative is to offer participants some insights into concrete aspects of the daily management of their savings and supplementary pensions, making them aware of the importance of behavioural finance.

Regarding social aspects, the training and induction programme for young financial advisors, Progetto Giovani, was enriched with some important new developments. The training offer is expanded with the launch of a master's degree realised by “Sole 24 ORE Formazione”, designed to deepen the specific skills of the financial advisor figure, and in particular the relational ones. In addition, economic incentives for young financial advisors have been increased, with the aim of creating an increasingly sustainable path to starting a business.

Fineco took part in the Accessibility Days, the largest Italian event on accessibility and inclusiveness of digital technologies, confirming its commitment to accessibility.

In early January, Fineco joined the ABI Protocol for the protection of women victims of gender-based violence. This protocol makes it possible to provide tangible help to women who live a delicate life context and find themselves in economic difficulty, through the suspension of credit payments. Lastly, Fineco has joined the Fondazione Libellula, a network of companies committed to preventing and combating all forms of violence against women and gender discrimination with the common goal of contributing to the construction of a society that is fair, inclusive and respectful of diversity. Through awareness, training and information initiatives, Fineco, in collaboration with Fondazione Libellula, intends to increase awareness, culture and mutual respect.

Business performance

Fineco was also confirmed as 'Top Employer Italy' in 2024, thanks to its focus on enhancing the value of resources and developing skills, fostering a positive and stimulating working environment.

Awards

Below are the awards given to Fineco in the first half of 2024:

- **Sustainability Leaders 2024**: Fineco was included among the 200 major Italian companies in the "Sustainability Leaders 2024" ranking, compiled by Il Sole 24ore - Statista;
- **World's Best Banks 2024:** Fineco was included among the best banks in the world, ranking first among the 15 Italian institutions included in the ranking drawn up by the US magazine Forbes in collaboration with Statista, which was based on a number of parameters, such as trust, terms and conditions, customer care, digital tools and services, and financial advice;
- **Most climate-conscious companies 2024**: Fineco was included in the 2024 ranking of the "Most climate-conscious companies" by Corriere della Sera, Pianeta 2030 and Statista, a list of Italian companies that have reduced their CO_2 emissions to turnover the most;
- **World's Most Sustainable Companies:** Fineco was included among the 500 most sustainable companies in the world out of 5,000 of the world's largest companies, according to a ranking published by Time and produced in collaboration with Statista;
- **Top Contact Center 2024/25:** a customer satisfaction survey conducted by the German Institute for Quality and Finance ranks Fineco's customer care first among digital banks;
- **Top Sustainable Fund Manager 2024:** the German Institute for Quality and Finance ranked Fineco AM first among Italian asset management companies developing sustainable funds, based on funds with a high Morningstar Sustainability Rating.

With reference to the inclusion in sustainability indexes and ESG rating agency ratings, please refer to the "Summary Data" chapter.

FinecoBank shares

Share information

As of June 30th 2024, the price of the share was equal to € 13.92. The average value recorded by the share in the first half of 2024 was € 13.93.

The company's market capitalization equaled to € 8,505 million as of June 30th, 2024.

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	1st half 2023	Year 2023	1st half 2024
Official price of ordinary shares (€)												
- maximum	4.750	7.805	7.400	8.735	11.890	12.385	13.425	17.305	16.180	16.690	16.990	15.675
- minimum	3.808	4.438	4.622	5.345	7.956	8.514	6.918	12.875	10.335	11.960	10.655	12.730
- average	4.173	6.479	5.980	6.914	9.823	10.234	11.329	14.947	13.401	14.413	13.394	13.930
- period-end	4.668	7.625	5.330	8.535	8.778	10.690	13.400	15.435	15.520	12.315	13.585	13.920
Number of shares (million)												
- outstanding at period end	606.3	606.5	606.8	607.7	608.4	608.9	609.6	609.9	609.9	610.6	610.6	611.0

Results achieved in the main areas of activity

The Group's offer is divided into three integrated business macro-areas: (i) Banking, which includes current account services, payment services and the issuance of debit, credit and prepaid cards, mortgages, overdrafts and personal loans; (ii) Brokerage, which provides order execution services on behalf of customers, with direct access to the main world stock markets and the opportunity of trading CFDs, futures, options, bonds, ETFs and certificates; (iii) Investing, which includes the asset management activities carried out by Fineco AM, placement and distribution services for over 4,200 products, including UCITS and SICAV units managed by 69 leading Italian and international investment houses, insurance and pension products, as well as investment advisory services through the network of personal financial advisors distributed throughout Italy.

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.

Banking

Banking and Payment cards

During the first half of 2024, 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:

- migration of account-opening processes to a new technological infrastructure that has led to improvements in terms of both performance and usability for customers and the Network. The aforementioned revisions concerned, in particular, the process of opening joint current accounts both through the Bank's website and through the Xnet platform dedicated to Fineco's personal financial advisors;
- release of an updated version of the application used to identify customers by direct channel, which incorporates important updates related to fraud prevention, in order to ensure the robustness of the solution used by the Bank;
- implementation of a new section of the reserved area of the Bank's website that allows customers to have available, on a single page, all documents and contracts relating to their Fineco account, with the possibility of requesting a statement of account issued in a period prior to the last year directly online;
- release of the functionality to access the reserved area of the Bank's website via 'Mobile Code'. Activation of the functionality is free of charge and can be deactivated at any time;
- implementation of the recurring bank transfer service on Fineco's mobile app and the migration to a new technological platform for bank transfer service, bank transfer limit management, recurring bank transfer and AML questionnaire collection services;
- digitalisation of supplementary AML questionnaires for PEP (Politically Exposed Persons) customers and customers who declare relationships with high-risk countries.

In relation to the Multicurrency service, the settlement times for foreign currency exchange transactions to and from the US dollar (USD) and Canadian dollar (CAD) were reduced from two business days (T+2) to one business day (T+1), in order to ensure a more efficient service for customers and, above all, to make it possible to have liquidity in foreign currency for the simultaneous purchase of securities traded in USD and CAD currencies on the respective markets.

A series of commercial initiatives were also launched aimed at increasing customer loyalty even further, rewarding existing customers for choosing to credit their salaries to Fineco.

Results achieved in the main areas of activity

The table below shows the credit card spending for the first half of the year and the balance as at June 30th, 2024 compared with the spending for the first half of 2023 and the balance as at December 31st, 2023. Credit card spending shows an increase of 7.1% compared to the same period last year.

(Amounts in € thousand)

Credit Products	Spending 1st Half 2024	Amounts as at 06/30/2024	Spending 1st Half 2023	Amounts as at 12/31/2023	Changes Spending Amounts	Changes Spending %	Changes Amounts as at Amounts	Changes Amounts as at %
Revolving credit cards	18,736	32,893	19,056	35,001	(320)	-1.7%	(2,108)	-6.0%
Credit cards full payment of balance	1,788,454	297,236	1,668,380	319,154	120,074	7.2%	(21,918)	-6.9%
Total	**1,807,190**	**330,129**	**1,687,436**	**354,155**	**119,754**	**7.1%**	**(24,026)**	**-6.8%**

Mortgages, credit facilities and personal loans

With regard to lending activities, during the first half of 2024 the Bank carried out a repricing of loans, aimed at making the product more convenient, thanks to more competitive pricing.

In addition, with reference to the mortgage product, in line with the Bank's commitments and focus on financial inclusivity issues, Fineco adhered to the ABI moratorium for women victims of violence, which allows the repayment of the principal amount of the loan to be suspended for a maximum of 18 months.

The table below shows disbursements in the first half 2024 and the balance of credit products as at June 30th, 2024 compared with disbursements in the first half of 2023 and the balance as at December 31st, 2023. Disbursements decreased by 39.6% compared to the same period of the previous year, also due to continued high interest rates.

(Amounts in € thousand)

Credit Products	Disbursements 1st Half 2024	Amounts as at 06/30/2024	Disbursements 1st Half 2023	Amounts as at 12/31/2023	Changes Disbursements Amount	Changes Disbursements %	Changes Amounts as at Amount	Changes Amounts as at %
Personal loans and unsecured loans	87,109	478,399	111,401	504,384	(24,292)	-21.8%	(25,985)	-5.2%
Current account credit facilities*	397,523	2,002,548	651,123	2,173,882	(253,600)	-38.9%	(171,334)	-7.9%
Mortgages	33,272	2,406,214	94,382	2,500,016	(61,110)	-64.7%	(93,802)	-3.8%
Total	**517,904**	**4,887,161**	**856,906**	**5,178,282**	**(339,002)**	**-39.6%**	**(291,121)**	**-5.6%**

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

It should be noted that the credit lines guaranteed by securities granted in the first half of 2024 totaled € 390.4 million (€ 385.6 million related to "Credit Lombard" product, € 4.7 million related to credit facilities secured by pledged and € 0.1 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

First half of 2024 saw notable growth in global equity and bond markets where stock markets posted significant gains, with increases of more than 10% in the United States and Europe and more than 20% in Japan. However, the outlook for the future points to persistent volatility. In fact, in a surprise compared to market expectations and due to the surprising rise in inflation at the beginning of 2024, the Federal Reserve kept interest rates unchanged at its June meeting, postponing possible cuts to September.

In this phase of changing of the economic scenario, Fineco's customers maintained a high propensity for investment, thanks to the technological platform's ability to foster interaction with global markets. The growth in the Bank's attractiveness is thus reflected in the constant increase in the number of new active customers, who find in Fineco an efficient response to all their financial needs, also confirmed by the growth in Brokerage revenues (+13% y/y), which benefit from the increase in the average amount of orders, despite the number of orders on financial instruments recorded in the first half of 2024 being substantially unchanged compared to the same period of the previous year, as shown in the table below.

Furthermore, with the aim of constantly improving the offering, during the first half of the year the range of CFDs issued by Fineco was expanded by integrating over 200 CFDs with underlying shares on U.S. and European markets, and the range of Fixed Leverage Certificates issued by Fineco (on the website, Fineco X, Power Desk and Mobile App) with the underlying Eurostoxx bank, Gold and Silver.

(Amounts in € thousand)

	1st Half		Changes	
	2024	**2023**	**Absolute**	**%**
Orders - Equity Italy (including internalised orders)	4,746,795	4,297,355	449,440	10.5%
Orders - Equity USA (including internalised orders)	1,633,578	1,273,486	360,092	28.3%
Orders - Equity other markets (including internalised orders)	556,428	442,127	114,301	25.9%
Total Equity orders	*6,936,801*	*6,012,968*	*923,833*	*15.4%*
Orders - Bonds	638,546	527,364	111,182	21.1%
Orders - Derivatives	4,858,244	5,457,732	(599,488)	-11.0%
Orders - Forex	394,069	565,822	(171,753)	-30.4%
Orders - CFDs	804,021	997,155	(193,134)	-19.4%
Orders - Funds	1,913,829	1,984,150	(70,321)	-3.5%
Total orders	**15,545,510**	**15,545,191**	**319**	**0.0%**

Results achieved in the main areas of activity

Investing

Fineco offers its customers, according to a “guided open architecture” business model, a particularly 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 69 investment houses for more than 4,200 ISINs subscribable as at June 30th, 2024, of which 250 Fineco AM UCITS. With regard to collective asset management products, in the first half of 2024 the range was expanded with the inclusion of 10 Fineco AM funds available to customers on the platform. Fineco AM's offering, in fact, was further expanded with the entry of new versions of Smart Defense funds (FAM Series) that aim to protect capital and distribute a coupon. In addition, 4 new single strategy funds were launched: three Fixed Term Bonds, with the objective of distributing a coupon on an annual basis, and one Emerging Equity, with the objective of providing long-term capital growth through the primary investment in equities and global equity-linked securities of companies headquartered in an emerging market country. Finally, the FAM Evolution family was joined by the Global Defense Target Passive Fineco AM Fund, which joins the other FAM Evolution funds already on the platform and has as its investment strategy the distribution of an annual dividend until the end of its time horizon. At the same time, starting from a primarily bond position, it gradually enters the global equity market.

Among the proxy solutions for *private* customers, in the first half of 2024 the range of asset management was consolidated, represented by: five Private Value lines in securities, four of which are split on risk profiles from prudent to dynamic and one line 100% bond; three Private Etiche lines in securities; four Private Global lines in ETFs and UCITS, also split on a risk profile from prudent to dynamic and characterised by increasing equity exposure. New MAP (Multi Assets Personalised) lines have also been consolidated, available in two profiles, Balanced and Equity, and characterised by greater management flexibility than traditional lines. It is, in fact, provided for a wide diversification among different asset classes as well as the possibility of changing the allocation according to market conditions and a high level of customization able to meet specific customers instructions.

With regard to pension products, customers increasingly focused on the Core Pension open-ended pension fund, available exclusively to the Fineco Network. Thanks to the paperless proposition through the collection of subscriptions in digital mode and through web collaboration, as at June 30th, 2024 assets under management show a continuous increase of about 15.1% compared to December 31st, 2023, with a preference for equity sub-funds.

Also in the area of insurance advice, the offer continued, especially on multi-branch and unit linked products of private segment, distributed through the Network.

Regarding the offer on the primary market (IPO), the placement of Investment Certificates of third-party issuers continued in the first half of 2024 with various structures. The continued increase in the number of Investment Certificates listed on the secondary market, including thematic and ESG, expands 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 customers. The requests to customise private portfolios of over € 500,000 reached a countervalue of over € 5.8 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 customers with positions spread over several portfolios or belonging to an extended household, the “Active Monitoring” service was launched in 2020. This service, dedicated to customers with portfolios of more than € 2.5 million, involves a constant dialogue between the personal financial advisor and a team of Senior Investment Specialists who constantly monitor the customers' entire position using a dedicated and technologically advanced platform. The service is currently active to more than € 3.8 billion of assets.

As part of the ongoing process of developing solutions for personal financial advisors, the “Private Diagnostics” service has been improved to enrich reports with new analyses of customers porfolio, including the contribution of individual instruments, market factors and asset classes to the expected risk of the portfolio. In addition, two new sections have been added showing details on the creditworthiness of bond products held in the portfolio and details on returns by instrument type, and the possibility of including non-standard products in “Diagnostics”, such as segregated management accounts with third parties whose annual returns are known. Finally, the “Fund Insight” report has been enriched with a rolling analysis section with respect to the product's reference universe, which makes it possible to analyse the over-time behaviour of yield and 1-year rolling volatility with respect to the category to which it belongs.

Results achieved in the main areas of activity

The balance of assets under management amounted to € 61,645 million as at June 30th, 2024, up 6.3% from December 31st of previous year.

(Amounts in € thousand)

	Amounts as at		Amounts as at		Changes	
	06/30/2024	Comp %	12/31/2023	Comp %	Absolute	%
UCITS and other investment funds	41,557,468	67.4%	38,838,704	66.9%	2,718,764	7.0%
Insurance products	13,241,833	21.5%	13,760,462	23.7%	(518,629)	-3.8%
Asset under custody under advisory	6,423,335	10.4%	5,052,451	8.7%	1,370,884	27.1%
Other	421,998	0.7%	364,520	0.6%	57,478	15.8%
Total assets under management	**61,644,634**	**100.0%**	**58,016,137**	**100.0%**	**3,628,497**	**6.3%**

The network of personal financial advisors

The geo-political scenario, which sees the continuation of conflicts in Ukraine and the Middle East, the inflation trend, which makes the outlook on the monetary policies of central banks uncertain, and, more generally, the slowdown in economic growth have fostered a decisive change in mentality among savers, who are now much more inclined to invest, even from a long-term perspective, supported by the advice of experienced professionals.

This context increases the attractiveness of the Bank, confirmed by the increase in the number of new customers (+6% compared to June 30th, 2023), thanks also to effective communication campaigns, and by an accentuated propensity on the part of customers to invest also in asset management products, especially when combined in advanced advisory services, thanks also to the new instruments made available by Fineco AM, especially those with capital protection and coupon distribution, which are decisive in satisfying the demand of customers, even the most prudent ones, and in stimulating engagement on the part of the Network.

The support of the Network, together with the efficient and flexible business model, is therefore proving to be fundamental in fostering interaction with global markets through the numerous investment solutions made available by Fineco's advanced technology platform, as confirmed by the important results achieved at the end of the first half of the year:

- Total Net Sales: € 3,869 million;
- Total Net Sales Assets Under Management: € 1,476 million;
- Net sales in Advanced Advisory Services: € 2,001 million;
- New customers acquired: 33,866.

The results achieved place the Bank in 3rd place for net deposits made as of May 31st, 2024 in the Assoreti ranking (latest available data).
The Network's average portfolio increased by 11.7% compared to the same period last year, from € 34.2 million to € 38.2 million; Total Financial Assets attributable to the Network reached nearly € 113 billion, reflecting a constant growth-oriented activity and a solid relationship of trust with customers.

As for the Private segment, the first half of 2024 closed with a significant increase in TFA and number of clients. As at June 30th, 2024, Total Financial Assets referring to private customers reached a new record of € 55.6 billion (more than 48.8% of the total TFA), a similar trend for the number of private customers (the 55,000-client threshold was exceeded). Net sales, although adversely affected by outflows from the insurance segment (particularly concentrated, consistent with the market, on high-profile clients) stood at € 1.8 billion.

As for financial education, the first half of 2024 opened in the wake of the optimism that particularly marked the last months of the year 2023, characterized by the launch of FinecoDays; the Network, maintaining high attention and accelerating compared to the same period last year, held a total of about 806 customer events (including 114 in web mode) with the participation of about 24,000 customers and prospects, with the aim of broadening knowledge on topics related to investments, financial and asset planning, behavioral finance, and answering participants' questions by dealing with various topics of “financial news” and illustrating the operation of our advisory services as well as the working method marked by planning by objectives. These included ad hoc events specifically dedicated to high-end customers on the broader topic of wealth planning: 14 meetings, with over 400 Private customers involved.

In regard to recruitment, the model remains highly attractive, particularly for professionals coming from more traditional models. In the first half of 2024, 37 new “senior” personal financial advisors were recruited, i.e. professionals with consolidated experience from traditional banks, specialised private banking institutions and other financial advisory networks. As always, the focus has also been on the inclusion of more junior profiles, which are confirmed as an important resource in which to invest: since the beginning of the year, 48 new personal financial advisors have been initiated into the profession as part of the “Progetto Giovani” (“Youth Project”), expressly dedicated to this category.

In the first half of 2024, the net balance of the Network is 19 with a decidedly modest turnover rate (at about 2.2%).

As at June 30th, 2024 the Network consists of 2,982 Personal Financial Advisors.

The widespread presence of the Network in the country is supported by 429 financial shops. During the first half of 2024, against the closing of 4 financial shops, the opening of 5 more renovated and more modern financial shops was finalized.

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 Network's customers in the first half of 2024 compared to the same period of previous year. Total net sales amounted to € 3,869 million.

Net sales - Personal Financial Advisors Network

(Amounts in € thousand)

	1st Half 2024	Comp %	1st Half 2023	Comp %	Changes Absolute	Changes %
DIRECT DEPOSITS	**(713,874)**	**-18.5%**	**(1,670,677)**	**-39.1%**	**956,803**	**-57.3%**
Current accounts and demand deposits	(1,023,975)	-26.5%	(1,670,677)	-39.1%	646,702	-38.7%
Time deposits and reverse repos	310,101	8.0%	-	0.0%	310,101	n.a.
ASSETS UNDER MANAGEMENT	**1,476,065**	**38.2%**	**1,946,517**	**45.5%**	**(470,452)**	**-24.2%**
UCITS and other investment funds	1,044,427	27.0%	2,185,024	51.1%	(1,140,597)	-52.2%
Insurance products	(825,369)	-21.3%	(1,149,791)	-26.9%	324,422	-28.2%
Asset under custody under advisory	1,216,277	31.4%	899,053	21.0%	317,224	35.3%
Other	40,730	1.1%	12,231	0.3%	28,499	233.0%
ASSETS UNDER CUSTODY	**3,106,481**	**80.3%**	**3,998,391**	**93.5%**	**(891,910)**	**-22.3%**
Equity	1,131,708	29.3%	301,717	7.1%	829,991	275.1%
Bond	2,040,455	52.7%	3,562,651	83.4%	(1,522,196)	-42.7%
Third-party deposits	(46,371)	-1.2%	124,657	2.9%	(171,028)	-137.2%
Other	(19,311)	-0.5%	9,366	0.2%	(28,677)	n.a.
NET SALES - PERSONAL FINANCIAL ADVISORS NETWORK	**3,868,672**	**100.0%**	**4,274,231**	**100.0%**	**(405,559)**	**-9.5%**
of which Advanced Advisory Service	2,000,830	51.7%	1,184,137	27.7%	816,693	69.0%

It should be noted that the percentage reported for Advanced Advisory Service, equal to 51.7% as at June 30th, 2024, is calculated by comparing their amounts with the amount of Network total net sales.

The network of personal financial advisors

The table below shows the amount of deposits attributable to the Network as at June 30th, 2024, amounting to € 113,931 million: +6.8% compared to December 31st of the previous year (€ 106,705 million). According to Assoreti's ranking, as at March 31st, 2024 (last data available), FinecoBank ranked 4th in total assets, accounting for 13.3% of the Network system.

Total financial assets - Personal Financial Advisors Network

(Amounts in € thousand)

	Amounts as at		Amounts as at		Changes	
	06/30/2024	Comp %	12/31/2023	Comp %	Absolute	%
DIRECT DEPOSITS	**21,422,113**	**18.8%**	**22,133,340**	**20.7%**	**(711,227)**	**-3.2%**
Current accounts and demand deposits	20,482,270	18.0%	21,506,552	20.2%	(1,024,282)	-4.8%
Time deposits and reverse repos	939,843	0.8%	626,788	0.6%	313,055	49.9%
ASSETS UNDER MANAGEMENT	**61,182,543**	**53.7%**	**57,551,223**	**53.9%**	**3,631,320**	**6.3%**
UCITS and other investment funds	41,145,844	36.1%	38,423,236	36.0%	2,722,608	7.1%
Insurance products	13,191,781	11.6%	13,711,524	12.9%	(519,743)	-3.8%
Asset under custody under advisory	6,423,297	5.6%	5,051,943	4.7%	1,371,354	27.1%
Other	421,621	0.4%	364,520	0.3%	57,101	15.7%
ASSETS UNDER CUSTODY	**31,326,221**	**27.5%**	**27,020,905**	**25.3%**	**4,305,316**	**15.9%**
Equity	17,887,303	15.7%	15,369,297	14.4%	2,518,006	16.4%
Bond	13,044,239	11.4%	11,190,942	10.5%	1,853,297	16.6%
Third-party deposits	298,308	0.3%	344,679	0.3%	(46,371)	-13.5%
Other	96,371	0.1%	115,987	0.1%	(19,616)	-16.9%
TOTAL FINANCIAL ASSETS PERSONAL FINANCIAL ADVISORS NETWORK	**113,930,877**	**100.0%**	**106,705,468**	**100.0%**	**7,225,409**	**6.8%**
of which Advanced Advisory Service	31,174,512	27.4%	27,981,369	26.2%	3,193,143	11.4%

It should be noted that the percentage reported for Advanced Advisory Service, equal to 27.4% as at June 30th, 2024, is calculated by comparing their amounts with the amount of Network total financial assets.

Human resources

The parent: FinecoBank S.p.A.

As at June 30th, 2024, the Bank's employees are 1,340 up compared to 1,311 as at December 31st, 2023.

During the first half of 2024, all employees continued to work remotely according to the Individual Agreement which renewed on 1st January 2024 and confirmed what was already foreseen with the integration signed in March 2023 i.e. the possibility of working from home to a maximum of 14 days per month divided on a weekly basis.

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).

Hiring activities aimed at strengthening and optimising the areas dedicated to business development, organizational and technological support and risk control and management continued preferring, when possible, the "remote" mode also in line with Fineco's sustainable mobility policy

Our effort in attracting new talents continued also during the first half of 2024, with a particular focus on new Generations (Millennials 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 Career Days (also Digital) and continued to use different hiring and onboarding techniques that help simplify the process and support Chief People Officer department and managers and candidates in a practical and effective way, who can also immediately equipping with all the equipment needed for remote work.

Out of the 50 recruitments in the first half of 2024, 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.

As in the past, the first six months of 2024 showed a significant use of internal job rotation that involved 24 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 the first six month of 2024, a total of 21 employees left the Bank, including:

- 13 resignations;
- 8 for other reasons.

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

	Men		Women		Total	
Category	**06/30/2024**	**12/31/2023**	**06/30/2024**	**12/31/2023**	**06/30/2024**	**12/31/2023**
Executives	25	25	7	6	32	31
Managers	333	330	143	142	476	472
Professional Areas	415	405	417	403	832	808
Total	**773**	**760**	**567**	**551**	**1,340**	**1,311**

At June 30th, 2024, the Bank has 102 part-time employees (around 7.6% of the total), women employees making up 42.3% of the workforce. The average length of service is about 13 years and the average age is about 42.7.

Human resources

Employee training

During first half of 2024, Fineco employees training has been focused both on acquisition and strengthening of specific skills, required by existing internal and external regulations and 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	12,059
Technical	14,220
Foreign Language	2,451
Conduct – Management	2,584
Total	**31,314**

*Fineco AM included

Mandatory training

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

For this reason, considerable attention has been paid to mandatory training, dedicated to all employees and mainly provided through the Learning Next platform, with the creation of courses about relevant topics, e.g., Usury, Tax Risk, Data Processing consent, Accessibility.

Furthermore, live training sessions have been organized about “Focus Indicatori di anomalia e resoconto SOS” within AML perimeter.

Then, in order to underline the engagement of the Bank encouraging a fair and inclusive working environment and prevent and avoid any form of discrimination in every context, the course “Parità di genere” has been released.

In order to guarantee the proper training of all employees on these topics, and preserve the Bank from operational, legal and reputational risks arising from the non-completion of courses, Mandatory Training is periodically monitored. The completion of Mandatory Training is a prerequisite for the access to the Incentive System.

As usual, Mandatory Insurance Courses (IVASS) have been activated in the departments that give information to Customers, as well as professional development courses for the purposes of Consob intermediary regulation, and annual skills Assessment based on ESMA subjects.

Lastly, to ensure compliance with occupational Health and Safety at work provisions, the Bank guarantees proper, periodical and continuous training to all impacted resources, on the basis of current regulations.

Technical Training

During the first half of 2024, with the assistance of external suppliers, strategical business partners, Universities and internal specialists, the Bank has organized training sessions on specific topics, according to the business areas, in order to improve not only company productivity, but also the level of employee’s specialisation. Particular attention is given to specialist Training dedicated to Corporate Control Functions, that need a continuous development and update, in terms of technical and professional expertise and regulations.

Great importance is given to the *Training on the Job* activity, too, an extremely useful activity that guarantee a concrete, effective and practical training.For this reason, even in the first half of 2024, for the majority of new joiners, a new training path has been created, with the aim of give them a practical support, through the shadowing of senior colleagues.Lastly, the activity of *Training on the job* for Customer Care employees continued as usual.

Technical, Behavioural and Managerial Training

The organization of training activities on behavioural-managerial topics is based on the results of a constant analysis process, that allow us to identify specific training needs and development of all employees.

Human resources

During the first half of 2024, in continuity with the previous year, Managerial Training paths have been delivered, with the focus to guarantee that all managers become able to guide their teams with efficacy, reach the business goals and create an inspiring and inclusive working context.

Below, the list of the courses:

- “Leadership Evolution” –dedicated to *senior managers*.
- “LeaderSHIFT” – dedicated to newly assigned *managers*.
- “Elevating your impact” coaching path.

On the subject of Behavioural and Development of Soft Skills Training, during first half of 2024, the following courses have been delivered, with the aim of improve skills and abilities of all employees, and enrich their personal and professional background:

- “Dire, scrivere, ascoltare: strumenti per una comunicazione efficace”;
- “Efficacia personale: essere protagonisti del proprio sviluppo;
- “Excel - livello intermedio”;
- “Project management – per Manager”.

During this year, too, with the purpose of meet the behavioural, managerial, but also the personal training demand of all employees, a freely accessible online training catalogue is still available on Learning Next, constantly enriched with new courses, organized by macro-training areas: Communication & Influencing; People & Self-Management; Leadership; Efficiency, Execution & Organization; Ethics & Respect, Diversity & Inclusion; Health & Safety; Languages.

In addition, the course “Lavoriamo come mangiamo: pillole di nutrizione” has been added and it is now available on the online training platform, with the purpose of providing tips and hints about how to maintain healthy habits, even during a day at the office.

Even for 2024, 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, with particular focus on gender equality, that included topics like unconscious bias, language inclusiveness, collaboration in heterogeneous teams, enhancement of resources and gender and sexual harassment on workplace.

Foreign language Training

Even in first half of 2024, all employees had the opportunity to use a dedicated training platform, based on Artificial Intelligence, that has 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.

The Bank has activated, as usual, English language courses for 340 employees (groups and one-to-one lessons), held by phone or virtual classes. Furthermore, some specific resources received Legal English and German training, too.

The participation of the employees in foreign language training courses is defined on the basis of the requests of the single Unit Manager, considering their specific professional needs.

Finally, linguistic paths dedicated to German, Spanish, French and *Business English* learning are available on Learning Next Catalogue.

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

As at June 30st, 2024, the Company’s employees are 79 of which women 31 and 48 men and the average age is around 36.6.

The hirings were aimed at strengthening both the business and support functions.

Employees training during the first half of 2024 has been focused both on acquisition and consolidation of competencies required by the different company needs, through the update of individual knowledges, and with special attention to Mandatory training. The latter plays an important role for the constant spread and improvement of Risk and Compliance culture, elements that allow the business of the Group of be, not only profitable, but sustainable over time.

Human resources

Incentive plans

FinecoBank Board of Directors on January 16th, 2024 – in consideration of the favourable opinion of the Remuneration Committee held on January 12th, 2024 – approved the following incentive systems subsequently approved by the Shareholders' Meeting of April 24th, 2024:

- 2024 Incentive System for employees classified as Identified Staff;
- 2024-2026 Long-term Incentive System for Employees;
- 2024 Incentive System for Personal Financial Advisors classified as Identified Staff.

In addition, on February 6th, 2024, upon the favourable opinion of the Remuneration Committee held on February 5th, 2024, the Board of Directors of FinecoBank approved:

- for the 2018, 2019, 2020, 2021 and 2022 Incentive Systems:
    - the execution of the plans;
    - the allocation of the last share tranche of the 2018 plan, awarded in 2019, corresponding to overall 32,525 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th, 2018;
    - the allocation of the third share tranche of the 2019 plan, awarded in 2020, corresponding to 32,771 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th, 2019;
    - the allocation of the second and third share tranche of the 2020 plan, awarded in 2021, corresponding to 37,918 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 15th, 2020;
    - the allocation of the second share tranche of the 2021 plan, awarded in 2022, corresponding to 2,690 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 19th, 2021;
    - the allocation of the first share tranche of the 2022 plan, awarded in 2023, corresponding to 59,246 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 18th, 2022;
    - a free capital increase effective from March 28th, 2024 for a total amount of € 54,499.50 corresponding to 165,150 free 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 2018, April 10th 2019, April 28th 2020, April 28th 2021 and April 28th 2022 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 payment of the second cash tranche related to the 2021 Incentive System, the second cash tranche related to the 2020 Incentive System and the last cash tranche related to the 2018 Incentive System.
- for the 2023 Incentive System (Bonus Pool):
    - the FinecoBank 2023 Bonus Pool;
    - the proposed 2023 bonus for the Chief Executive Officer and General Manager, the other Executives with Strategic Responsibilities and other Identified Staff;
    - the allocation of 183,332 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 third and fourth share tranches of the plan, granted in 2018 and corresponding to 114,511 FinecoBank free ordinary shares, and subsequently, a free capital increase effective as of March 28th, 2024, for a total amount of € 37,788.63 in partial exercise of the authority granted to the Board of Directors by the Extraordinary Shareholders' Meeting of April 11th, 2018 pursuant to Article 2443 of the Italian Civil Code.
- for the 2021-2023 Long Term Incentive Plan for the employees:
    - the execution of the plan;
    - the award of 733,728 FinecoBank ordinary shares, to be allocated free of charge to the above-mentioned personnel in accordance with the relevant plan rules;
    - the allocation of first share tranche of the plan, granted in 2021 and corresponding to 88,131 FinecoBank free ordinary shares, and subsequently, a free capital increase effective as of March 28th, 2024, for a total amount of € 29,083.23 in partial exercise of the authority granted to the Board of Directors by the Extraordinary Shareholders' Meeting of April 28th, 2021 pursuant to Article 2443 of the Italian Civil Code.
- for the 2023 PFA Incentive System plan:
    - the 2023 Bonus Pool for personal financial advisors;
    - the proposed 2023 bonuses for personal financial advisors classified as Identified Staff;
    - the allocation of 43,673 FinecoBank shares (within the maximum 246,015 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.

Human resources

- for the 2022, 2021 and 2020 PFA Incentive System plans:
  - the execution of the plan;
  - the allocation of the first tranche in shares of “2022 PFA Incentive System plan” corresponding to 16,480 FinecoBank shares to the personal financial advisors classified as "Identified Staff", in accordance with the plan rules;
  - the allocation of the second tranche in shares of “2021 PFA Incentive System plan” corresponding to 19,004 FinecoBank shares and the third tranche in cash to the personal financial advisors classified as "Identified Staff", in accordance with the plan rules;
  - the allocation of the third tranche in shares of “2020 PFA Incentive System plan” corresponding to 12,781 FinecoBank shares and the second and fourth tranche in cash to the personal financial advisors classified as "Identified Staff", in accordance with the plan rules.
- for the 2018-2020 Long Term Incentive Plan for FinecoBank Personal Financial Advisors classified as Identified Staff:
  - the execution of the plan;
  - the allocation to the beneficiaries of the second tranche of the Plan corresponding to 6,194 FinecoBank shares.

On April 22nd, 2024, the Board of Directors of Fineco Asset Management DAC approved the 2024 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 internally oversee 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.

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

Disclosure on Russian-Ukrainian crisis risks– cyber attack

With reference to ICT and Cyber risks, the Group's objective continues to be to ensure the protection of clients by guaranteeing data security, declined in its characteristics of availability, confidentiality and integrity: in the light of the Russian-Ukrainian conflict on EU financial markets, particular attention has been paid to assessing related risks and to adopting countermeasures aimed at further strengthening resilience against potential future threats. In compliance with the measures provided for by current legislation, Fineco therefore continues to maintain the initiatives undertaken following the start of the conflict 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 the best security practices, both in terms of technical and organisational/procedural measures, further mechanisms are the subject of continuous evaluation and introduction in order to cope with any impacts arising from the contingent situation.

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.

FinecoBank also adheres to the Corporate Governance Code of listed companies by implementing the recommendations of the Corporate Governance Committee of listed companies regarding the governance of the internal control system.

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 defined.

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 to ensure 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.

On annual basis FinecoBank carries out the Group ICS Assessment, which is an activity that gathers and summarises the contributions of the players in the Bank's Internal Control System, coordinated by the Chief Executive Officer, in order to verify the adequacy and efficiency of the System itself. periodic and/or event-driven reports from the Heads of the Corporate Control Functions, information from the Manager in charge of preparing the accounting and corporate documents for the purposes of preparing the financial statements) and/or from outside the Bank (e.g., from the Independent Auditors, from the Supervisory Authorities).

FinecoBank reports annually on its internal control and risk management system as part of the "Report on Corporate Governance and Ownership Structures" reports information. FinecoBank's Organisation and Management Model (pursuant to Legislative Decree. 231/01) sets out the salient features of the internal control system, which plays a central role in the organisation of the company (i) representing a fundamental element of knowledge for the company's bodies so as to guarantee full awareness of the situation and effective control of the company's risks and their interrelationships (ii) guiding changes in strategic lines and corporate policies, (iii) allowing for consistent adaptation of the organisational context, (iv) overseeing the functionality of management systems and compliance with prudential supervisory institutions, and (v) fostering the dissemination of a correct culture of risks, legality and corporate values.

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 management balance of each Group legal entity.

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

- first level 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 are entrusted to 'process supervisors' who are responsible for devising controls capable 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 both to units that have contact with customers, and internal units;
- second level 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 (CRO) is responsible for risk controls aimed at verifying compliance with the limits assigned to the various operational functions and checking the consistency of the operations of the individual production areas with the predefined risk/return objectives. The controls on the risks of non-compliance of company operations with regulations are mainly under the responsibility of the Compliance Department; 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;

Internal control system

- third level 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.
- institutional supervisory controls: these are the controls carried out by the Bank's institutional bodies including, in particular, those of the Board of Statutory Auditors and of the Supervisory Board pursuant to Legislative Decree No. 231 of June 8th, 2001.

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.

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, Internal Audit)[7] as well as other company functions with specific internal control duties[8];
- 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 the FinecoBank Group, as a significant institution according to Regulation (EU) No. 468/2014, is subject to the direct supervision of the European Central Bank (ECB). Consequently, the annual Supervisory Review and Evaluation Process (SREP) Assessment, is carried out by a Joint Supervisory Team (JST), composed by ECB analyst from the DG “Specialized Institutions & LSIs” as well as members of the “Banking Supervision 1 department” 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 accounts.

[7] The corporate control functions also include the Anti-Money Laundering Function, the Validation Function as regulated by the relevant provisions and the ICT and Security Risk Control Function as regulated by Chapter 4, Section. II, par. 4 of the Bank of Italy Circular no. 285/2013. On December 14th, 2023 with effect from April 1st 2024, the Board of Directors of the Bank approved an organizational change that established the transfer of the Anti-Money Laundering and Anti-Corruption Function unit from the Compliance Function, bringing it to report directly to the CEO and General Manager and his reclassification to Department. The DPO, Outsourcing, & ICT & Security Compliance Unit also operates within the Compliance Department, whose manager is assigned the role of Data Protection Officer by resolution of the Board of Directors of FinecoBank.

[8] The legislative framework could assign control tasks to specific functions - other than corporate control functions - which activity must be integrated within 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 model of the indirect control presumes that other functions than Compliance, known as "Specialist Areas" (such as Tax, HR, etc.) have the main responsibility for certain regulatory areas that are not covered by Compliance. In order to provide an overall view on the compliance risk, Compliance function could delegate related assessments for the areas controlled directly and those controlled jointly with the specialized areas. However, Compliance remains the responsible function in collaboration with the specialist areas at least for the definition of the methodology for risk assessment and for the evaluation of the compliance risk and the identification of the related procedures, therefore, proceed to verify the adequacy of the procedures in place to prevent the compliance risk.

All corporate functions, other than the Corporate Control Functions, participate in the Internal Control System by carrying out the first level controls, which are incorporated into their relevant business processes.

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 and iv) anti-money laundering function[9]; 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, Anty-Money Laundering & Anticorruption Department, the Regulatory Affairs Team & Resolution Unit and the Identity & Communications Team.

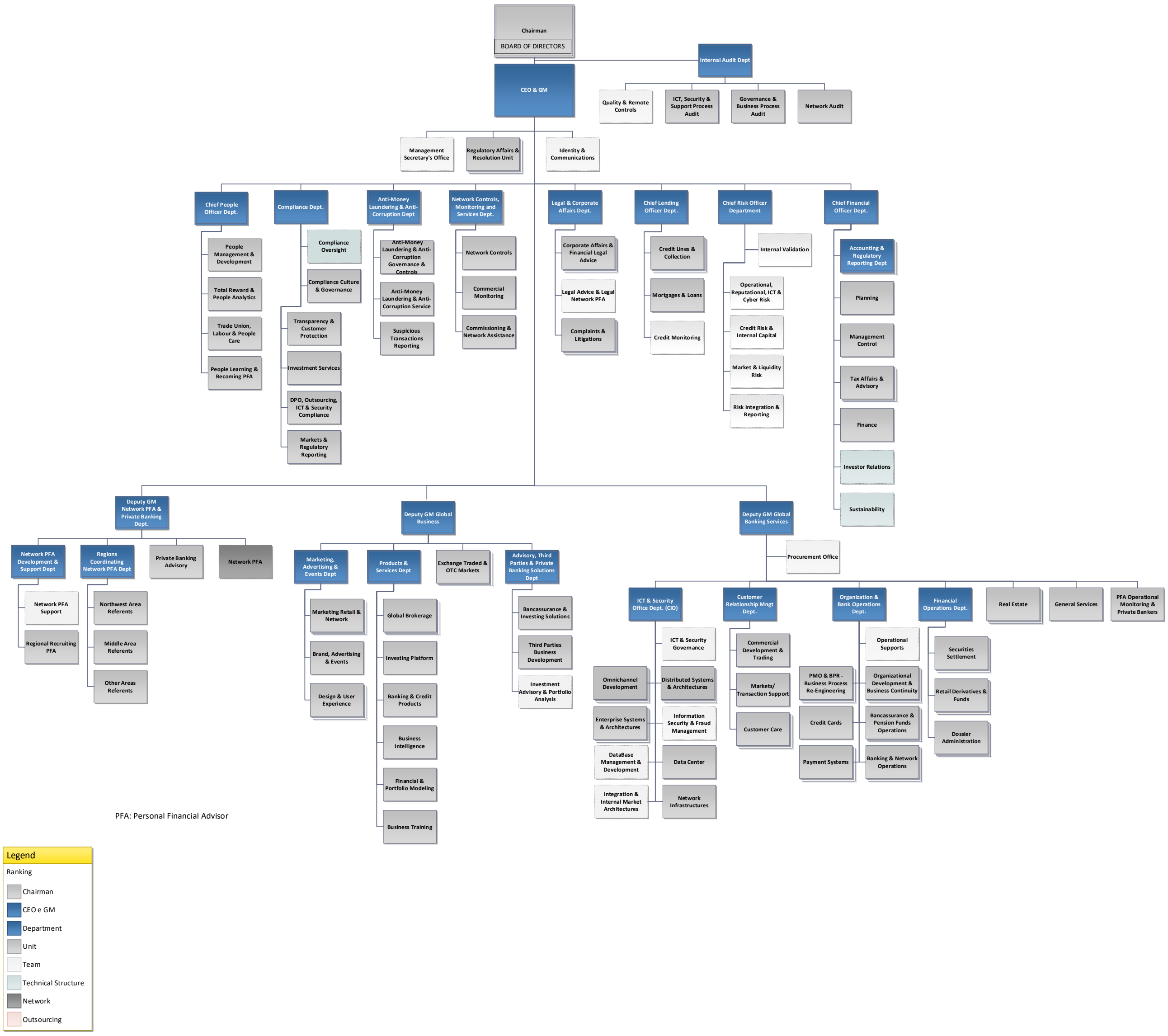
Internal Audit reports directly to the Board of Directors, the Body responsible for Strategic Supervision.

The Board of Directors in December 14th, 2023 resolved:

- with effect from January 1st, 2024, within the *Global Business Department*, the creation of a new structure dedicated to monitoring emerging technology trends in the fintech brokerage landscape;
- with effect from April 1st, 2024, the transfer of the *Anti-Money Laundering and Anti-Corruption Function* to report directly to the Chief Executive Officer & General Manager and its upgrading to Department.

[9] The corporate control functions also include the validation function as governed by the relevant provisions and the ICT and security risk control function as governed by Chapter 4, Section II, Paragraph 4 of Bank of Italy Circular No. 285/2013

Organisational structure



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[10], 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; Anty-Money Laundering & Anticorruption; 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.

[10] 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.

Main balance sheet aggregates

Cash and cash balances

Cash and cash balances, equal to € 2,833.9 million as at June 30th, 2024 (€ 2,266.6 million as at December 31st, 2023), mainly consisted of the overnight deposit opened at the Bank of Italy, for a total amount of € 2,575.5 million, the liquidity deposited to 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 to banks, for € 0.5 million, as well as liquidity deposited on current accounts with credit institutions mainly for the settlement of payment transactions, for the settlement of securities transactions, and for the management of Fineco AM's liquidity, for an amount of € 257.9 million.

Financial assets held for trading

Financial assets held for trading totalled 21.2 million and include financial instruments that meets the definition of "held for trading", in particular:

- equities, amounting to € 14.6 million (€ 8.8 million as at December 31st, 2023), held in the Bank's portfolio as mainly used for the operational hedging of derivative contracts 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 (€ 1.7 million as at December 31st, 2023), 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 regulated derivative contracts or derivative contracts settled with institutional counterparties used for the related operational hedging of the above-mentioned derivative contracts and of the derivative contracts Knock Out Options and Certificates issued, for a total amount of € 4.2 million (€ 3.6 million as at December 31st, 2023).

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 underlying or through forex transactions with institutional.

Loans and receivables to banks

(Amounts in € thousand)

	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Loans and receivables to central banks	**282,782**	**269,082**	**13,700**	**5.1%**
Loans and receivables to banks	**105,503**	**107,291**	**(1,788)**	**-1.7%**
Time deposits	87,725	71,303	16,422	23.0%
Other loans:	17,778	35,988	(18,210)	-50.6%
1. Reverse repos	191	397	(206)	-51.9%
2. Others	17,587	35,591	(18,004)	-50.6%
Total	**388,285**	**376,373**	**11,912**	**3.2%**

Loans and receivables to banks, amounted to € 388.3 million, increasing by € 11.9 million compared to December 31st, 2023 and mainly consist of the compulsory reserve at the Bank of Italy and deposits to banks.

"Loans and receivables to central banks" consist exclusively of the compulsory reserve deposited in 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" include only stock lending transactions, which are securities lending transactions secured by amount of money at the lender's full disposal and which are, in substance, equivalent to repurchase agreements on securities. The item 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 accounts.

Main balance sheet aggregates

The item “Other loans: 2. Others” consists of € 8.9 million for the amount of the initial margin, variations margins and collateral deposits for derivative and other financial instrument transactions (€ 28.5 million as at December 31st, 2023) and of € 8.7 million for current receivables associated with the provision of financial services (€ 7.1 million as at December 31st, 2023).

Loans and receivables to customers

(Amounts in € thousand)

	Amount as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Current accounts	2,002,548	2,173,882	(171,334)	-7.9%
Reverse repos	179,296	130,237	49,059	37.7%
Mortgages	2,406,214	2,500,015	(93,801)	-3.8%
Credit cards and personal loans	808,451	857,653	(49,202)	-5.7%
Other loans	719,619	536,754	182,865	34.1%
Total	**6,116,128**	**6,198,541**	**(82,413)**	**-1.3%**

Loans and receivables to customers amounted to € 6,116.1 million, decreased by € 82.4 million compared to December 31st, 2023 (-1.3%) and can be broken down as follows:

- credit facilities in current accounts for € 2,002.5 million, mainly with credit lines, that decreased by € 171.3 million compared to December 31st, 2023, of which loans with a security collateral (in particular “Credit Lombard”) totalled to € 1,916 million;
- € 179.3 million in reverse repos, increasing by € 49.1 million compared to December 31st, 2023, mainly made by “Multiday leverage” with retail 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 June 30th, 2024. Repo transactions carried out by the Parent Company treasury on the Repo MTS market and settled through a Central Counterparty, subject to netting in the balance sheet as required by IAS 32, amounted to € 0.9 million (€ 3.3 million as at December 31st, 2023);
- € 2,406.2 million in mortgages, down € 93.8 million compared to December 31st, 2023. Disbursements in the first half of 2024 amounted to € 33.3 million, decreasing by 64.7% compared to the first half of 2023, also due to the ongoing high interest rates;
- € 808.5 million in credit cards (revolving and use) and personal loans, down by € 49.2 million;
- € 719.6 million in other loans, mainly made by loans granted to Cronos Vita Assicurazioni S.p.A., for a carrying amount of € 483.5 million, collateral deposits, initial and variation margins for derivative and other financial instrument transactions, for an amount of € 96.9 million (€ 103.7 million as at December 31st, 2023), and current receivables associated with the provision of financial services, for an amount of € 135.2 million (€ 136.3 million as at December 31st, 2023).

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 accounts.

Main balance sheet aggregates

The portfolio of **loan receivables to ordinary customers** amounted to € 5,221.2 million and mainly consists of receivables for personal loans, mortgages, credit facilities in current accounts and credit card revolving and use.

(Amounts in € thousand)

Loans and Receivables to Customers (Management Reclassification)	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Current accounts	1,998,476	2,171,981	(173,505)	-8.0%
Credit cards use	330,748	354,091	(23,343)	-6.6%
Mortgages	2,405,115	2,498,915	(93,800)	-3.8%
Personal loans	476,978	502,827	(25,849)	-5.1%
Other loans	3,992	3,810	182	4.8%
Performing loans	*5,215,309*	*5,531,624*	*(316,315)*	*-5.7%*
Current accounts	4,072	1,901	2,171	114.2%
Mortgages	1,099	1,101	(2)	-0.2%
Credit cards use	81	63	18	28.6%
Personal loans	644	672	(28)	-4.2%
Other loans	45	22	23	104.5%
Impaired loans	*5,941*	*3,759*	*2,182*	58.0%
Loans receivable to ordinary customers	**5,221,250**	**5,535,383**	**(314,133)**	**-5.7%**
Institutional customer loans	483,490	293,022	190,468	65.0%
Reverse repos	179,223	130,069	49,154	37.8%
Reverse repos - impaired	74	168	(94)	-56.0%
Collateral deposits and initial and variation margins	96,886	103,593	(6,707)	-6.5%
Current receivables associated with the provision of financial services	135,166	136,268	(1,102)	-0.8%
Current receivables associated with the provision of financial services - impaired	39	38	1	2.6%
Current receivables and other receivables	**894,878**	**663,158**	**231,720**	**34.9%**
Loans and receivables to customers	**6,116,128**	**6,198,541**	**(82,413)**	**-1.3%**

Institutional customer loans include, only, loans granted to Cronos Vita Assicurazioni S.p.A..

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	
	06/30/2024	12/31/2023	06/30/2024	12/31/2023	06/30/2024	12/31/2023	06/30/2024	12/31/2023
Bad exposures	16,724	16,019	(15,616)	(14,909)	1,108	1,110	93.4%	93.1%
Unlikely to pay	6,058	5,665	(4,433)	(3,850)	1,625	1,815	73.2%	68.0%
Past-due loans	5,396	2,410	(2,075)	(1,370)	3,321	1,040	38.5%	56.8%
Total	**28,178**	**24,094**	**(22,124)**	**(20,129)**	**6,054**	**3,965**	**78.5%**	**83.5%**

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

The amount of non-performing loans net of impairment losses was € 6.1 million, of which € 1.1 million in bad exposures, € 1.6 million in unlikely to pay exposures and € 3.3 million in past-due loans. The impaired assets are the 0.12% of loan receivables to ordinary customers (0.07% as at December 31st, 2023). The coverage ratio of impaired assets is equal to 78.5%.

Main balance sheet aggregates

The increase in past due loans and the decrease in the related coverage ratio compared to December 31[at], 2023 is mainly driven by utilisation of guaranteed current accounts overdraft, for which customers have used an amount exceeding the overdraft granted, but not exceeding the amount of the guarantee given.

Financial investments

(Amounts in € thousand)

	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value	3,902	7,010	(3,108)	-44.3%
Financial assets at fair value through other comprehensive income	228,871	29,069	199,802	n.a.
Financial assets at amortised cost	20,494,622	21,365,295	(870,673)	-4.1%
- financial assets at amortised cost to banks - debt securities	1,948,084	2,617,222	(669,138)	-25.6%
- financial assets at amortised cost to customers - debt securities	18,546,538	18,748,073	(201,535)	-1.1%
Investments in associates and joint ventures	1,657	1,652	5	0.3%
Total	**20,729,052**	**21,403,026**	**(673,974)**	**-3.1%**

"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") for an amount of € 3.1 million, as well as the debt securities and UCITS for an amount of € 0.8 million. During the first half of 2024, preferred shares of Visa INC (class "A") outstanding as at December 31[st], 2023 were sold.

"Financial assets designated at fair value through other comprehensive income" consist of securities issued by Sovereign States (France for an amount of € 27.9 million) and Supranational institutions (for an amount of € 200.9 million) and residually of equity interests in companies in which the Group does not exercise control or significant influence for € 54 thousand for which the "FVTOCI"[11] option was exercised.

The debt securities recorded in "Financial assets at amortised cost" issued by banks include covered bonds issued and other bonds by credit institutions or by Supranational organisations and Supranational agencies that fall within the definition of credit institutions. As at December 31[st], 2023, there were debt securities issued by UniCredit S.p.A. in the amount of € 628.1 million, repaid in the first half of 2024.

[11] 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 at amortised cost issued by sovereign States, including securities issued by the European Financial Stability Facility and by the European Stability Mechanism, are shown below. The remaining debt securities at amortised cost, which amounted to € 2,340.1 million (€ 2,249.6 million as at December 31st, 2023), mainly consist of debt 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.

(Amounts in € thousand)

Counterparty	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Italy	5,276,298	5,144,659	131,639	2.6%
Spain	4,106,944	4,569,998	(463,054)	-10.1%
Germany	171,971	171,792	179	0.1%
France	1,507,255	1,466,045	41,210	2.8%
USA	581,549	553,551	27,998	5.1%
Austria	669,388	677,113	(7,725)	-1.1%
Ireland	921,694	934,278	(12,584)	-1.3%
United Kingdom	16,621	22,924	(6,303)	-27.5%
Belgium	715,513	720,605	(5,092)	-0.7%
Portugal	366,147	371,608	(5,461)	-1.5%
Switzerland	21,145	21,726	(581)	-2.7%
Saudi Arabia	90,075	90,338	(263)	-0.3%
Chile	212,233	212,968	(735)	-0.3%
China	165,366	165,270	96	0.1%
Latvia	29,788	29,772	16	0.1%
Iceland	14,976	14,973	3	0.0%
EFSF (European Financial Stability Facility)	730,339	712,439	17,900	2.5%
ESM (European Stability Mechanism)	609,111	619,426	(10,315)	-1.7%
Total	**16,206,413**	**16,499,485**	**(293,072)**	**-1.8%**

The reduction in exposures to Spain is mainly attributable to sales and repayments recognised during the period.

Main balance sheet aggregates

Hedging instruments

(Amounts in € thousand)

	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Asset hedging derivatives - positive valuations	928,781	880,955	47,826	5.4%
Liability hedging derivatives - positive valuations	12,433	15,622	(3,189)	-20.4%
Adjustment to the value of assets under macro-hedge	(203,501)	(189,303)	(14,198)	7.5%
Total assets	**737,713**	**707,274**	**30,439**	**4.3%**
of which:				
Positive valuations	914,062	859,675	54,387	6.3%
Accrued interest	27,152	36,902	(9,750)	-26.4%
Adjustments to the value of hedged assets	(203,501)	(189,303)	(14,198)	7.5%
Total assets	**737,713**	**707,274**	**30,439**	**4.3%**
Asset hedging derivatives - negative valuations	7,439	32,460	(25,021)	-77.1%
Liability hedging derivatives - negative valuations	16,116	27,528	(11,412)	-41.5%
Adjustment to the value of assets under macro-hedge	(24,921)	(31,276)	6,355	-20.3%
Total liabilities	**(1,366)**	**28,712**	**(30,078)**	**n.a.**
of which:				
Negative valuations	23,996	56,226	(32,230)	-57.3%
Accrued interest	(441)	3,762	(4,203)	n.a.
Adjustments to the value of hedged liabilities	(24,921)	(31,276)	6,355	-20.3%
Total liabilities	**(1,366)**	**28,712**	**(30,078)**	**n.a.**

(Amounts in € thousand)

Summary of hedging derivative valuations	**Assets**	**Liabilities**	**Difference**
Valuation of hedging derivatives for assets and liabilities	914,062	23,996	890,066
Change in macro fair value hedged of assets/liabilities	(203,501)	(24,921)	(178,580)
Change in micro fair value hedged of financial assets/liabilities	(708,231)	-	(708,231)
Total	**2,330**	**(925)**	**3,255**

As at June 30th, 2024 the financial assets under macro-hedge consisted of mortgages to customers shown in “Financial assets at amortised cost”, while the financial liabilities under macro-hedge consisted of direct deposits from 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 to hedge against interest rate risk inherent in the above-mentioned assets and liabilities, whose hedging ineffectiveness amounted to € 3.3 million as at June 30th, 2024.

The positive change in hedging derivative contracts recognised in the first half of 2024 is mainly attributable to the change in fair value of outstanding contracts.

Main balance sheet aggregates

Property, plant and equipment

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

(Amounts in € thousand)

Property, plant and equipment	Balance	Investments 1st Half	Other changes and sales 1st Half	Amortisation and impairment 1st Half	Balance
	12/31/2023	2024	2024	2024	06/30/2024
Properties and lands	121,692	1,057	3,852	(6,146)	120,455
Electronic equipment	18,775	1,134	-	(3,232)	16,677
Office furniture and fittings	2,794	304	-	(463)	2,635
Plant and machinery	3,236	330	1	(508)	3,059
Total	**146,497**	**2,825**	**3,853**	**(10,349)**	**142,826**

Item "Properties and lands" includes the book value of € 62.7 million of the building in which the Bank's registered office is located, Milan, Piazza Durante 11, and the "right of use" relating to buildings and lands for an amount of € 57.8 million, determined in accordance with the provisions of IFRS 16. Investments in Properties and lands refer to the recognition of the right of use of leased properties, while "other changes" mainly refer to changes in lease payments due after initial recognition.

Investments in electronic equipment are aimed at the continuous updating of hardware used by all Group structures. Investments in furniture, furnishings, fixtures and equipment are intended for both the offices and the financial centers.

Goodwill

The **Goodwill** recognised in the Bank's financial statements, amounting to € 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 AM, 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, trading and banking platform) the allocation of costs/revenues to the macro areas of activity is not considered relevant or meaningful; the Network of personal financial advisors is an integral part of the overall offer, along with banking, brokerage and investing services.

It should be noted that as at June 30th, 2024, there were no indicators of impairment of the goodwill and Fineco brands and domains recognised in the financial statements. In this regard, it should be noted that at June 30th, 2024, the Bank has assessed that the changes reasonably estimated in the forward-looking data used at December 31st, 2023 are not such as to have a significant impact on the positive outcome of the impairment test carried out at that date, the results of which confirmed the sustainability of the goodwill recognised in the financial statements and did not indicate the need for an impairment loss in any of the hypothesised scenarios, confirming a value in use that is significantly higher than the carrying amount. Also, the sensitivity analyses carried out on that date 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. It should also be noted that FinecoBank's share has a market capitalisation at June 30th, 2024 of € 8,505 million, which is significantly higher than the consolidated equity and the result of the model used for the impairment test, confirming the reasonableness of the criteria applied in calculating value in use.

For more details on the impairment test and related sensitivity analyses, please refer to Part B - Information on the consolidated balance sheet - Section 10 - Intangible assets of the notes to the consolidated accounts of the financial statements at December 31st, 2023.

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, infrastructure and application optimizations, improvements to the architecture dedicated to application security and developments needed to meet new regulatory and financial reporting requirements, for an amount of € 6.1 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	Investments 1st Half	Other changes and sales 1st Half	Amortisation and impairment 1st Half	Balance
	12/31/2023	2024	2024	2024	06/30/2024
Software	7,000	1,317	-	(2,262)	6,055
Brands	27,459	-	-	-	27,459
Other intangible assets	6	-	-	(5)	1
Total	**34,465**	**1,317**	**-**	**(2,267)**	**33,515**

Tax credits acquired

Tax credits acquired include the carrying amount of tax credits purchased under Decree-Law 34/2020 and subsequent updates, for a carrying amount of € 1,298.8 million, down from € 1,618 million outstanding at December 31st, 2023, as a result of offsets made in the period. The item includes both tax credits purchased because 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 accounts.

Main balance sheet aggregates

Tax Assets and Other Assets

(Amounts in € thousand)

	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Tax assets				
Deferred tax assets	53,448	52,816	632	1.2%
Deferred tax assets pursuant to Law 214/2011	867	1,615	(748)	-46.3%
Total before IAS 12 offsetting	*54,315*	*54,431*	*(116)*	*-0.2%*
Offsetting with deferred tax liabilities - IAS 12	(4,849)	(4,434)	(415)	9.4%
Total Tax assets	**49,466**	**49,997**	**(531)**	**-1.1%**
Other assets				
Trade receivables according to IFRS15	6,771	8,049	(1,278)	-15.9%
Current receivables not related with the provision of financial services	4,656	3,730	926	24.8%
Receivables due to disputed items not deriving from lending	129	129	-	n.a.
Notes, cheques and other documents	4,324	4,594	(270)	-5.9%
Improvement and incremental expenses incurred on leasehold assets	2,256	2,809	(553)	-19.7%
Definitive items not recognised under other items	9,940	7,782	2,158	27.7%
Tax items other than those included in the item "Tax assets":	171,618	258,290	(86,672)	-33.6%
- tax advances	167,477	254,217	(86,740)	-34.1%
- tax credit	4,141	4,073	68	1.7%
Items in processing:	10,318	10,817	(499)	-4.6%
- POS, Bancomat and Visa debit	10,311	10,813	(502)	-4.6%
- others	7	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	29,902	26,042	3,860	14.8%
Accrued income and prepaid expenses related to contracts with customers other than capitalised in related financial assets or liabilities	80,005	76,585	3,420	4.5%
Securities and coupons to be settled	9,621	541	9,080	n.a.
Transactions to be charged to customers' credit cards	11,686	11,868	(182)	-1.5%
Total other assets	**341,226**	**411,236**	**(70,010)**	**-17.0%**

It should be noted that as at June 30th, 2024, some items in the above table have been changed for a more explanatory presentation of them. For consistency of comparison, the comparative figure for 2023 has been restated.

Tax assets, post IAS 12 offsetting, do not show any significant changes compared to December 31st, 2023. It should be noted that current and deferred “Tax assets”, when the requirements of IAS 12 are met, are shown in the balance sheet offset against current and deferred “Tax liabilities”, respectively.

With regard to **Other Assets**, it should be noted a decrease in the item “Tax items other than those included in the item "Tax assets"”, in the amount of approximately € 87 million, mainly determined by the full offset in the first 6 months of 2024 of the advance payment for the substitute tax on miscellaneous income paid in December 2023.

Main balance sheet aggregates

Deposits from banks

(Amounts in € thousand)

	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Deposits from banks	**1,171,776**	**866,978**	**304,798**	**35.2%**
Current accounts and demand deposits	456	1,205	(749)	-62.2%
Loans	229,692	50,786	178,906	n.a.
-Repos	229,692	50,786	178,906	n.a.
Lease liabilities	3,293	3,487	(194)	-5.6%
Other liabilities	938,335	811,500	126,835	15.6%
Total	**1,171,776**	**866,978**	**304,798**	**35.2%**

Deposits from banks amounted to € 1,171.8 million and highlights an increase of € 304.8 million compared to December 31st, 2023, mainly due to the increase of € 178.9 million in securities lending transactions secured by cash, and € 126.3 million in variation margins received for derivative transactions and securities lending transactions.

The item "Loans - Repos" includes only stock lending transactions with credit institutions, stock 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 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 transactions in derivative contracts, the change in which is a direct consequence of the positive change in fair value recorded in the period by hedging derivative contracts.

Deposits from customers

(Amounts in € thousand)

	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Current accounts and demand deposits	26,501,885	27,704,387	(1,202,502)	-4.3%
Time deposits	1,140,168	695,275	444,893	64.0%
Loans	121,054	133,930	(12,876)	-9.6%
- Repos	121,054	133,930	(12,876)	-9.6%
Lease liabilities	56,811	57,895	(1,084)	-1.9%
Other liabilities	185,316	166,102	19,214	11.6%
Deposits from customers	**28,005,234**	**28,757,589**	**(752,355)**	**-2.6%**

Deposits from customers totalled € 28,005.2 million, down € 752.4 million compared to December 31st, 2023, as a result of the reduction in direct deposits from customers in current accounts, partially offset by deposits made through Cash Park time deposits. Liquidity from customers mainly flowed into assets under administration and management products, as previously described.

Main balance sheet aggregates

The item "Loans - Repos" consist of:

- "*Short selling*" with retail customers and stock lending transactions with 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 € 121 million (€ 133.9 million as at December 31st, 2023);
- repos on securities carried out by the Parent Company treasury on Repo MTS market and settled through a Central Counterparty, subject to accounting offsetting as set out in IAS 32, for an amount of € 0.1 million (€ 0.1 million as at December 31st, 2023).

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 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 € 59.1 million (€ 52.7 million as at December 31st, 2023), initial and variations margins for derivative and financial instrument transactions, which came to € 57.7 million (€ 52.8 million as at December 31st, 2023) and other liabilities for rechargeable credit cards and bankers' drafts, amounting to € 68.5 million (€ 60.7 million at December 31st, 2023).

Debt securities in issue

Debt securities in issue amounted to € 804 million (€ 809.3 million as at December 31st, 2023) and include exclusively the Senior Preferred instrument issued by FinecoBank in October 2021 for a nominal amount of € 500 million and in February 2023 for a nominal amount of € 300 million.

Financial liabilities held for trading

Financial liabilities held for trading totalled € 9.7 million (€ 7 million as at December 31st, 2023) and include financial instruments that meets the definition of held for trading, in particular:

- technical overdrafts, amounting to € 1.2 million (€ 2.2 million as at December 31, 2023), held in the proprietary portfolio for the operational hedging of derivative contracts 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 € 2.2 million (€ 1.4 million as at December 31, 2023), which correspond to positive valuations booked under "Financial assets held for trading";
- the negative valuation of CFD derivatives contracts, Knock Out Options and Certificates issued, traded in counterpart of customers, as well as the regulated derivative contracts or derivative contracts settled with institutional counterparties for the purpose of hedging such derivative contracts on a managerial basis, for an overall amount of € 6.3 million (€ 3.3 million as at December 31, 2023).

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 counterparties.

Main balance sheet aggregates

Tax liabilities and Other liabilities

(Amounts in € thousand)

	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Tax liabilities				
Current liabilities	33,418	86,706	(53,288)	-61.5%
Deferred tax liabilities	4,849	4,434	415	9.4%
Total before IAS 12 offsetting	*38,267*	*91,140*	*(52,873)*	*-58.0%*
Offset against deferred tax liabilities - IAS 12	(4,849)	(4,434)	(415)	9.4%
Total Tax liabilities	**33,418**	**86,706**	**(53,288)**	**-61.5%**
Other liabilities				
Payables to Directors and Statutory auditors	133	257	(124)	-48.2%
Payables to employees	19,434	18,920	514	2.7%
Outgoing bank transfers	105,273	152,839	(47,566)	-31.1%
Social security contributions payable	7,918	8,745	(827)	-9.5%
Current payables not related with the provision of financial services	43,577	43,107	470	1.1%
Payment authorisations to be settled	34,682	22,705	11,977	52.8%
Payment orders issued by customers and other transactions to be settled	6,050	7,585	(1,535)	-20.2%
Definitive items not recognised under other items	42,108	7,269	34,839	n.a.
Tax items other than those included in the item "Tax liabilities":	59,396	71,993	(12,597)	-17.5%
- sums withheld from third parties as withholding agent	39,871	39,741	130	0.3%
- other	19,525	32,252	(12,727)	-39.5%
Illiquid items for portfolio transactions	1,329	1,500	(171)	-11.4%
Items in processing:	2,472	2,785	(313)	-11.2%
- incoming bank transfers	1,418	1,326	92	6.9%
- other items in processing	1,054	1,459	(405)	-27.8%
POS and ATM transactions to be settled	27,625	27,169	456	1.7%
Deferred income other than those related to contracts with customers and other than capitalised in related financial assets or liabilities	259	240	19	7.9%
Deferred income related to contracts with customers other than those capitalised on the related financial assets or liabilities	17,681	19,195	(1,514)	-7.9%
Sums available to be paid to customers	17,063	8,013	9,050	112.9%
Securities and coupons to be settled	22,151	28,128	(5,977)	-21.2%
Credit card transactions to be settled with circuits	-	784	(784)	-100.0%
Provisions for employee severance pay	4,294	4,378	(84)	-1.9%
Provisions for risks and charges	132,871	139,166	(6,295)	-4.5%
Total Other liabilities	**544,316**	**564,778**	**(20,462)**	**-3.6%**

It should be noted that as at June 30th, 2024, some items in the above table have been changed for a more explanatory presentation of them. For consistency of comparison, the comparative figure for 2023 has been restated.

Tax liabilities, after IAS 12 offsetting, are represented exclusively by current tax liabilities, in the amount of € 33 million, showing a decrease mainly due to the payment of the 2023 tax balance made in June. It should be noted that current and deferred “Tax liabilities”, when the requirements of IAS 12 are met, are shown in the consolidated balance sheet offset against current and deferred “Tax assets”, respectively.

With regard to **Other liabilities**, it should be noted, in particular, the increase in the item “Definitive items not recognised under other items”, in which the 2024 contribution to be paid to the Fondo Interbancario di Tutela dei Depositi under the Deposit Guarantee Scheme (DGS), in the amount of € 35.3 million, is recognised.

Main balance sheet aggregates

The "**Provision for risks and charges**", that decreased by € 6.3 million, consists of:

- Provisions for credit risk relating to commitments and guarantees given, for an amount of € 0.2 million (€ 0.3 million as at December 31st, 2023);
- Provisions for risks and charges - Other provisions which include provisions for a total of € 132.7 million, for which, given a liability of uncertain expiry date and/or amount, 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	
	06/30/2024	12/31/2023	Amount	%
Provision for risks and charges for commitments and guarantees given	**174**	**304**	**(130)**	**-42.8%**
Legal and fiscal disputes	**24,064**	**27,308**	**(3,244)**	**-11.9%**
- Pending cases	20,513	21,305	(792)	-3.7%
- Complaints	3,312	2,512	800	31.8%
- Tax disputes	239	3,491	(3,252)	-93.2%
Staff expenses	**4,008**	**7,812**	**(3,804)**	**-48.7%**
Other	**104,625**	**103,742**	**883**	**0.9%**
- Supplementary customer indemnity provision	91,426	89,948	1,478	1.6%
- provision for contractual payments	225	220	5	2.3%
- Other provision	12,974	13,574	(600)	-4.4%
Provision for risks and charges - Other provision	**132,697**	**138,862**	**(6,165)**	**-4.4%**
Total provision for risks and charges	**132,871**	**139,166**	**(6,295)**	**-4.5%**

The provision for "Legal and fiscal disputes" mainly includes accruals made against claims and disputes relating to damages caused to customers as a result of unlawful conduct by the Bank's personal financial advisors, accruals relating to outstanding disputes with personal financial advisors (generally labour disputes) and other ongoing judicial and extrajudicial disputes with customers, in relation to ordinary banking business, and other parties, as well as accruals for tax disputes. With reference to the provision for tax disputes, it should be noted that in the first half of 2024, an amount of approximately € 3.3 million was reallocated to the income statement, which had been recognised for penalties and interest related to a tax dispute.

The provision "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.

With reference to the provision for "Other", it should be noted the increase in the item "Supplementary customer indemnity provision", attributable to the net provision (service cost and interest expense) recognised during the first half of 2024, amounting to € 4.1 million, partially offset by uses in the period and the actuarial valuation as at June 30th, 2024, which resulted in a reduction in the provision of approximately € 1.3 million.

Main balance sheet aggregates

Shareholders' equity

(Amounts in € thousand)

	Amounts as at		Changes	
	06/30/2024	12/31/2023	Amount	%
Share capital	201,630	201,508	122	0.1%
Share premium reserve	1,934	1,934	-	n.a.
Reserves	1,066,592	890,106	176,486	19.8%
(Treasury shares)	(1,082)	(1,243)	161	-13.0%
Revaluation reserves	(6,616)	(6,730)	114	-1.7%
Equity instruments	631,883	500,000	131,883	26.4%
Net profit (Loss) for the year	320,320	609,101	(288,781)	-47.4%
Total	**2,214,661**	**2,194,676**	**19,985**	**0.9%**

As at June 30th, 2024, the Bank's share capital came to € 201.6 million, divided into 610,999,427 ordinary shares with a par value of € 0.33 each. Share premium reserve amounted to € 1.9 million.

The reserves consisted of the:

- Legal reserve, amounting to € 40.3 million;
- Reserve for treasury shares held, amounting to € 1.1 million;
- Other reserves:
  - Reserve related to equity-settled plans, amounting to € 48.1 million;
  - Consolidation reserve, amounting to € 39.3 million;
  - Reserves of unavailable profits pursuant to Article 6 paragraph 2 of Legislative Decree 38/2005, for an amount equal to € 2.7 million;
  - Non-distributable reserve pursuant to Art. 26 paragraph 5-bis Decree Law No. 104 of August 10th, 2023, in the amount of € 30.5 million;
  - other profit reserves, amounting to € 904.6 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.

On February 6th, 2024, in consideration of the achievement of the minimum entry conditions at Group level and the individual conditions (compliant conduct and continued employment) and upon the favourable opinion of the Remuneration Committee held on February 5th, 2024, the Board of Directors of FinecoBank approved the allocation of:

- last share tranche of the 2018 plan, awarded in 2019, corresponding to 32,525 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th 2018;
- the third share tranche of the 2019 plan, awarded in 2020, corresponding to overall 32,771 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th, 2019;
- the second and third share tranche of the 2020 plan, awarded in 2021, corresponding to 37,918 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 15th, 2020;
- the second share tranche of the 2021 plan, awarded in 2022, corresponding to 2,690 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 19th, 2021;
- the first share tranche of the 2022 plan, awarded in 2023, corresponding to 59,246 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 18th, 2022;

and, consequently, a free capital increase effective from March 28th, 2024 for a total amount of € 0.06 million corresponding to 165,150 free FinecoBank ordinary shares;

- the third and fourth share tranche of the “2018-2020 Long Term Incentive Plan” for employees, granted in 2018 and corresponding to 114,511 FinecoBank free ordinary shares, and subsequently, a free capital increase effective as of March 28th, 2024, for a total amount of € 0.04 million;
- the first share tranche of the “2021-2023 Long Term Incentive Plan” for employees, granted in 2021, and corresponding to 88,131 FinecoBank free ordinary shares, and subsequently, a free capital increase effective as of March 28th, 2024, for a total amount of € 0.03 million.

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

Main balance sheet aggregates

The FinecoBank Shareholders' Meeting of April 24, 2024 approved the allocation of profit for the year 2023 of FinecoBank S.p.A. amounting to € 604.5 million, as follows:

- to the 610,999,427 ordinary shares with a par value of € 0.33, constituting the share capital including 367,792 shares related to the capital increase to support the employee incentive system approved by the Board of Directors on February 6, 2024, a unit dividend of € 0.69 totaling € 421.6 million;
- € 0.02 million 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;
- € 30.5 million to the on-distributable reserve pursuant to Article 26, Section 5-bis of Decree-Law No. 104 of 10 August 2023;
- € 0.5 million thousand to the reserve of unavailable pursuant to article 6 paragraph 2 of Legislative Decree 38/2005:
- € 151.9 million to the extraordinary reserves.

In addition, during the first half of 2024, the extraordinary reserve was reduced by an amount of:

- € 10.1 million, corresponding to coupons, net of related taxation, paid to holders of Additional Tier1 instruments issued by the Bank;
- € 0.6 million, corresponding to the loss, net of related taxation, recognised following the repurchase for an amount of € 168 million of the Additional Tier1 instrument issued in July 2019 for a total nominal value of €300 million;
- € 2.6 million, corresponding to the costs associated with the issuance and repurchase of Additional Tier1 instruments carried out in the first half of 2024;

and increased by the portion of dividends not distributed in respect of treasury shares held by the Bank at the record date, amounting to € 0.06 million.

As at 30 June 2024, the Group, specifically the Parent Company FinecoBank, held 81,200 shares of FinecoBank, in relation to the incentive plans for personal financial advisors of the Bank, corresponding to 0.013% of the share capital, for an amount of € 1.1 million. During first half 2024 n. 44,200 shares, for an amount of € 0.6 million, were purchased in relation to the 2023 PFA Incentive System for personal financial advisors identified as “Key personnel” and n. 12,781, n. 19,004, n. 16,480, and n. 6,194 FinecoBank ordinary shares held in the portfolio were assigned to personal financial advisors respectively in execution to the 2020, 2021 and 2022 Incentive System and 2018-2020 Long Term Incentive Plan, for an amount of € 0.7 million. Consequently, the Treasury shares reserve reduced by a total of € 0.2 million with a simultaneous increase in the Extraordinary reserve.

The "Reserve related to Equity Settled plans" increased by € 3.1 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 € 0.7 million following the allocation to the financial advisors of the share tranches, previously mentioned, relating to the incentive system.

The Valuation reserve consist of:

- - € 3.4 million from the net negative valuation reserve for debt securities issued by Sovereign and Supranational institutions accounted for in “Financial assets at fair value through other comprehensive income”, which recorded a negative change of € 0.8 million compared to December 31st, 2023, due to the fair value change net of taxes;
- - € 3.2 million from the negative net reserve for defined benefit plans, which recorded a positive change of € 0.9 million compared to December 31st, 2023, due to the recognition of actuarial gains related to the provision for supplementary clientele severance indemnity.

The consolidated Shareholders’ equity includes, in addition, the following capital instruments:

- Additional Tier 1 issued on 11 July 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 nominal value of €300 million and outstanding with a remaining nominal value of € 132 million. The coupon for the first 5 years has been fixed at 5.875%;
- Additional Tier 1 issued on 4 March 2024 with a nominal value of € 500 million. The capital instrument is a public placement, perpetual, traded on the regulated market managed by Euronext Dublin, rated BB- (S&P Global Ratings). The coupon for the first 5.5 years was set at 7.5%.

As previously described, on 4 March 2024 FinecoBank placed on the market an Additional Tier 1 instrument intended for institutional investors with a nominal value of € 500 million. On 11 March 2024, the offer to purchase the Additional Tier 1 instrument issued in July 2019 with a nominal value of €300 million was concluded and the total nominal amount of capital instruments validly tendered in the offer was € 168 million. It should also be noted that FinecoBank has received authorisation from the European Central Bank to call the residual amount of the capital instruments not repurchased in the offer on the first available date, 3 December 2024. Finally, on 3 June 2024, the Additional Tier1 private placement issued in January 2018 with a nominal value of €200 million, fully subscribed by UniCredit S.p.A., was called.

Main balance sheet aggregates

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

(Amounts in € thousand)

Description	Shareholders' Equity 06/30/2024	of which: Net Profit 06/30/2024
FinecoBank balances	**2,148,524**	**293,473**
Effect of consolidation of Fineco AM	98,770	59,480
Dividends from Fineco AM cashed in the period	(32,633)	(32,633)
Shareholders' equity and profit attributable to minorities	-	-
Balances attributable to the Group	**2,214,661**	**320,320**

Income Statement Figures

Financial margin

Financial margin stood at € 363.3 million, up 10.7% compared to the first half of the previous year thanks to the contribution of Net interest.

Net interest in first half 2024 amounted to € 361.5 million, up € 33.3 million on the same period of previous year. It should be noted that a portion of loans and debt securities held by the Group are sensitive to changes in interest rates, also thanks to the entering in 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 € 0.8 million (€ 2.6 million in the first half 2023).

Profits from Treasury amounted to € 1.7 million and only include net gains generated from the sale of securities accounted for in "Financial assets at amortised cost" (€ 0.1 million in the first half 2023). 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	1st Half		Changes	
	2024	2023	Amount	%
Financial assets at fair value through comprehensive income	797	125	672	n.a.
Other financial assets mandatorily at fair value	1	3	(2)	-66.7%
Financial assets at amortised cost - Debt securities issued by banks	10,298	30,591	(20,293)	-66.3%
Financial assets at amortised cost - Debt securities issued by customers	112,839	118,437	(5,598)	-4.7%
Financial assets at amortised cost - Loans and receivables to banks	2,083	6,211	(4,128)	-66.5%
Financial assets at amortised cost - Loans and receivables to customers	103,840	84,208	19,632	23.3%
Hedging derivatives	116,221	97,707	18,514	18.9%
Other assets	73,965	33,835	40,130	118.6%
Financial liabilities	36	81	(45)	-55.6%
Other financial margins from Treasury activities	829	2,618	(1,789)	-68.3%
Total interest income	**420,909**	**373,816**	**47,093**	**12.6%**

Interest income on Financial assets at fair value through comprehensive income show a positive change of € 0.7 million thanks to the investments in debt securities made during the period.

Interest income on Financial assets at amortised cost - Debt securities issued by banks recorded a decrease of € 20.3 million, due mainly to the repayment of securities that matured during the second half of 2023 and the first half of 2024.

Interest income on Financial assets at amortised cost - Debt securities issued by customers mainly refer to interest accrued on government, supranational institution and local authorities bonds.

Hedging derivatives include the positive and negative differentials of derivative contracts entered into to hedge interest rate risk on loans lent to customers and debt securities accounted for in "Financial assets at amortised cost", which provide for payment of the fixed rate and the collection of the indexed rate, and direct deposits from customers accounted for in "Financial liabilities at amortised cost", which provide for the payment of the indexed rate and the collection of the fixed rate. The positive change in differentials equal to € 18.5 million is mainly attributable to the previously mentioned increase in market rates.

Interest income recognised in Other assets includes interest calculated using the effective interest method accrued on purchased tax credits, amounting to € 20.9 million (€ 13 million in the first half 2023) and interest accrued on sight receivables from banks and central banks recognised in "Cash and cash balances" in the amount of € 53 million (€ 20.8 million as at June 30th, 2023).

Other financial margins from Treasury activities include income generated by securities lending activities carried out by the Parent Company's treasury.

Income Statement Figures

With regard to **interest on Financial assets at amortised 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	1st Half		Changes	
	2024	2023	Amount	%
Interest income on loans and receivables to banks	**2,083**	**6,211**	**(4,128)**	**-66.5%**
- reverse repos	12	7	5	71.4%
- time deposit for compulsory reserves	-	4,201	(4,201)	-100.0%
- time deposits	1,866	1,494	372	24.9%
- other loans and cash collaterals	205	509	(304)	-59.7%
Interest income on loans and receivables to customers	**103,840**	**84,208**	**19,632**	**23.3%**
- current accounts	47,220	40,336	6,884	17.1%
- reverse repos	9,952	7,871	2,081	26.4%
- mortgages	23,001	20,636	2,365	11.5%
- credit cards	1,969	1,957	12	0.6%
- personal loans	11,559	10,888	671	6.2%
- other loans and cash collaterals	10,139	2,520	7,619	n.a.

Interest income on loans and receivables to banks amounted to € 2.1 million, decreasing by € 4.1 million compared to the first half of 2023, mainly due to the effect of the zeroing of the deposit remuneration rate for compulsory reserve in effect as of September 2023.

Interest income on loans and receivables to customers amounted to € 103.8 million, increasing by € 19.6 million compared to the first half of the previous year (+23.3%), thanks to the increase in interest market rates from which almost all forms of lending benefited and, in particular, current account overdrafts (+ € 6.9 million). It should be noted that the item "other loans and cash collaterals" includes interest accrued on loans disbursed to Cronos Vita Assicurazioni S.p.A.

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	1st Half		Changes	
	2024	2023	Amount	%
Financial liabilities at amortised cost - Deposits from banks	(20,826)	(19,445)	(1,381)	7.1%
Financial liabilities at amortised cost - Deposits from customers	(29,430)	(19,078)	(10,352)	54.3%
Debt securities in issue	(8,620)	(6,478)	(2,142)	33.1%
Other liabilities	(1)	-	(1)	n.a.
Financial assets	(534)	(619)	85	-13.7%
Total interest expenses	**(59,411)**	**(45,620)**	**(13,791)**	**30.2%**
Net interest	**361,498**	**328,196**	**33,302**	**10.1%**
Profits from Treasury management	**1,759**	**82**	**1,677**	**n.a.**
Financial margin	**363,257**	**328,278**	**34,979**	**10.7%**

Interest expenses on Debt Securities in issue refers to interest accrued on the Senior Preferred Bonds issued by FinecoBank, the last issue of which was in February 2023.

Interest expenses on financial mainly refer to the negative interest recognised on certain owned securities accounted for in "Financial assets at amortized cost".

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	1st Half		Changes	
	2024	2023	Amount	%
Interest expenses on deposits from banks	**(20,826)**	**(19,445)**	**(1,381)**	**7.1%**
- correspondent current accounts	(107)	(19)	(88)	n.a.
- demand deposits and cash collaterals	(17,861)	(18,406)	545	-3.0%
- other current accounts	(15)	(4)	(11)	275.0%
- reverse repos	(2,805)	(976)	(1,829)	187.4%
- lease liabilities	(38)	(40)	2	-5.0%
Interest expenses on deposits from customers	**(29,430)**	**(19,078)**	**(10,352)**	**54.3%**
- current accounts	(10,445)	(8,046)	(2,399)	29.8%
- time deposits	(17,220)	-	(17,220)	n.a.
- reverse repos	(1,019)	(10,423)	9,404	-90.2%
- lease liabilities	(746)	(609)	(137)	22.5%

Interest expenses on deposits from banks amounted to € 20.8 million, up € 1.4 million compared to the first half of previous year mainly due to interest expense recognised on securities lending transactions secured by amount of money at the lender's full disposal and which are, in substance, equivalent to repurchase agreements on securities, due to the growth in the volumes of transactions executed.

Income Statement Figures

Interest expenses on deposits from customers amounted to € 29.4 million, up € 10.4 million compared to the same period of previous year, mainly due to the effect of interest recognised on Cash Park time deposits, subject to specific commercial initiatives implemented since the last months of 2023, and higher interest expenses on a cluster of customer current accounts in currencies other than the euro interest-bearing, partially offset by the reduction in interests recognized on funding transactions carried out by Parent Company's treasury through repo transactions on the MTS Repo Market.

Income from brokerage and other income

(Amounts in € thousand)

	1st Half		Changes	
	2024	2023	Amounts	%
Financial margin	363,257	328,278	34,979	10.7%
Dividends and other income from equity investments	8	(6)	14	n.a.
Net commission	257,182	242,125	15,057	6.2%
Net trading, hedging and fair value income	37,708	30,079	7,629	25.4%
Net other expenses/income	148	216	(68)	-31.5%
REVENUES	**658,303**	**600,692**	**57,611**	**9.6%**

Dividends and other income from equity investments

Dividends and other income from equity investments include only the positive effect recognised in the income statement for the first half 2024 following the equity valuation of Vorvel Sim S.p.A., a company subject to significant influence.

Net commission

(Amounts in € thousand)

Management reclassification	1st Half		Changes	
	2024	2023	Amount	%
Brokerage	**61,831**	**55,488**	**6,343**	**11.4%**
of which:				
- Equity	43,947	38,907	5,040	13.0%
- Bonds	10,593	8,997	1,596	17.7%
- Derivatives	5,630	5,630	-	0.0%
- Other commissions	1,661	1,954	(293)	-15.0%
Investing	**175,253**	**156,479**	**18,774**	**12.0%**
of which:				
- Placement fees	3,241	1,730	1,511	87.3%
- Management fees	209,784	193,138	16,646	8.6%
- Other to PFA	(37,772)	(38,389)	617	-1.6%
Banking	**24,016**	**30,158**	**(6,142)**	**-20.4%**
Others	**(3,918)**	**-**	**(3,918)**	**n.a.**
Total	**257,182**	**242,125**	**15,057**	**6.2%**

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, openended investment companies sub-funds, insurance and pension products, as well as investment advisory services.

Net commission increased by € 15.1 million compared to the first half of previous year, mainly thanks to the growth recorded by the Investing (+ € 18.8 million) and Brokerage (+ € 6.3 million). During the first half of the year, the subsidiary Fineco AM generated net fees for € 81.5 million.

Net trading, hedging and fair value income amounted to € 37.7 million and showed an increase of € 7.6 million compared to same period of the previous year. The item mainly includes profits realised by the Brokerage segment, which includes internalisation of securities and regulated/OTCderivative contracts, 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, amounting to - € 1.3 million (- € 5.1 million in the first half 2023), determined by the application of different curves 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" (+ € 0.4 million in the first half 2024 and + € 0.6 million in the first half 2023).

Net other expenses/income is positive for € 0.1 million (+ € 0.2 million in the first half 2023).

Operating costs

(Amounts in € thousand)

	1st Half		Changes	
	2024	**2023**	**Amount**	**%**
Staff expenses	(67,023)	(60,378)	(6,645)	11.0%
Other administrative expenses	(178,214)	(147,357)	(30,857)	20.9%
Recovery of expenses	97,510	76,457	21,053	27.5%
Impairment/write-backs on intangible and tangible assets	(12,617)	(13,237)	620	-4.7%
Total operating costs	**(160,344)**	**(144,515)**	**(15,829)**	**11.0%**

Operating costs increased by 11% compared to the previous half of 2023, partly determined by costs closely linked to business growth (assets, volumes, customers and structure), certified by the cost/income ratio, which stood at 24.4% (24.1% at June 30th, 2023).

Income Statement Figures

Staff expenses amounted to € 67 million, of which € 6.6 million relating to staff expenses of the subsidiary Fineco AM, increasing by 11% compared to the first half of previous year, due to continuous growth of the operating structure. In fact, the number of employees rose from 1,354 resources as at June 30th, 2023 to 1,419 resources as at June 30th, 2024.

(Amounts in € thousand)

Staff expenses	1st Half		Changes	
	2024	2023	Amount	%
1) Employees	**(65,709)**	**(59,153)**	**(6,556)**	**11.1%**
- wages and salaries	(43,805)	(39,712)	(4,093)	10.3%
- social security contributions	(10,650)	(9,676)	(974)	10.1%
- provision for employee severance pay	(431)	(369)	(62)	16.8%
- allocation to employee severance pay provision	(83)	(93)	10	-10.8%
- payment to supplementary external pension funds:	(3,454)	(2,881)	(573)	19.9%
a) defined contribution	(3,454)	(2,881)	(573)	19.9%
- costs related to share-based payments*	(2,754)	(2,418)	(336)	13.9%
- other employee benefits	(4,532)	(4,004)	(528)	13.2%
2) Directors and statutory auditors	**(1,314)**	**(1,228)**	**(86)**	**7.0%**
3) Recovery of expenses for employees seconded to other companies	**-**	**3**	**(3)**	**-100.0%**
Total staff expenses	**(67,023)**	**(60,378)**	**(6,645)**	**11.0%**

Income Statement Figures

(Amounts in € thousand)

Other Administrative Expenses and Recovery of expenses	1st Half		Changes	
	2024	2023	Amount	%
1) INDIRECT TAXES AND DUTIES	**(101,432)**	**(80,523)**	**(20,909)**	**26.0%**
2) MISCELLANEOUS COSTS AND EXPENSES				
A) Advertising expenses - Marketing and communication	**(20,039)**	**(15,044)**	**(4,995)**	**33.2%**
Mass media communications	(13,714)	(11,750)	(1,964)	16.7%
Marketing and promotions	(3,989)	(2,962)	(1,027)	34.7%
Sponsorships	(924)	(227)	(697)	n.a.
Conventions and internal communications	(1,412)	(105)	(1,307)	n.a.
B) Expenses related to credit risk	**(864)**	**(924)**	**60**	**-6.5%**
Credit recovery expenses	(209)	(255)	46	-18.0%
Commercial information and company searches	(655)	(669)	14	-2.1%
C) Indirect expenses related to personnel and to personal financial advisors	**(3,083)**	**(2,133)**	**(950)**	**44.5%**
Other staff expenses	(938)	(786)	(152)	19.3%
Personal financial advisors expenses	(2,145)	(1,347)	(798)	59.2%
D) ICT expenses	**(30,464)**	**(28,125)**	**(2,339)**	**8.3%**
Lease of ICT equipment and software	(952)	(1,126)	174	-15.5%
Software expenses: lease and maintenance	(7,980)	(7,484)	(496)	6.6%
ICT communication systems, messaging and phone expenses	(3,804)	(3,043)	(761)	25.0%
Consultancy and ICT services provided by third parties	(9,094)	(7,560)	(1,534)	20.3%
Financial information providers	(8,634)	(8,912)	278	-3.1%
E) Consultancies and professional services	**(2,896)**	**(2,181)**	**(715)**	**32.8%**
Consultancies and professional services	(2,167)	(1,729)	(438)	25.3%
Legal expenses and disputes	(410)	(170)	(240)	141.2%
Auditing company expenses	(319)	(282)	(37)	13.1%
F) Furniture, machinery and equipment expenses and Real estate expenses	**(2,738)**	**(2,813)**	**75**	**-2.7%**
Repair and maintenance of furniture, machinery, and equipment	(130)	(145)	15	-10.3%
Maintenance and cleaning of premises	(831)	(720)	(111)	15.4%
Premises rentals	(375)	(384)	9	-2.3%
Utilities and condominium expenses	(1,402)	(1,564)	162	-10.4%
G) Other functioning costs	**(16,027)**	**(14,798)**	**(1,229)**	**8.3%**
Postage and transport of documents	(1,878)	(1,685)	(193)	11.5%
Administrative, logistic and call center services	(8,853)	(7,636)	(1,217)	15.9%
Insurance	(2,174)	(2,088)	(86)	4.1%
Association dues and fees	(2,344)	(2,126)	(218)	10.3%
Other administrative expenses	(778)	(1,263)	485	-38.4%
H) Adjustments of leasehold improvements	**(671)**	**(816)**	**145**	**-17.8%**
I) Recovery of costs	**97,510**	**76,457**	**21,053**	**27.5%**
Recovery of ancillary expenses	425	176	249	141.5%
Recovery of taxes	97,085	76,281	20,804	27.3%
Total other administrative expenses and recovery of expenses	**(80,704)**	**(70,900)**	**(9,804)**	**13.8%**

Other administrative expenses net of **Recovery of expenses** came to € 80.7 million, with an increase of € 9.8 million compared to the first half of previous year. In particular, the following should be noted:

- “ICT expenses” increased by € 2.3 million, among which it is highlighted the increase in “Software expenses: lease and maintenance” for € 0.5 million, “ICT communication systems, messaging and phone expenses” for € 0.8 million and “Consultancy and ICT services provided by third parties” for € 1.5 million, functional to the Group's operations;
- “Advertising expenses - Marketing and communication”, up by € 5 million mainly due to higher expenses for mass media advertising and event organization;

Income Statement Figures

- "Indirect expenses related to personnel and to personal financial advisors", up by € 1 million due to higher expenses related to the activities of financial advisors;
- "Other functioning costs" up by € 1.2 million, led, in particular, by the item "Administrative, logistic and call center services", which includes services performed by third parties, such as, for example, call center services and services related to credit card transactions.

The item "Indirect taxes and duties", net of "Tax recoveries", shows no significant changes from the first half of the previous year.

Impairment/write-backs on intangible and tangible assets show a decrease of € 0.6 million compared to the first half of the previous year.

Profit/(loss) before tax from continuing operations

(Amounts in € thousand)

	1st Half		Changes	
	2024	2023	Amount	%
OPERATING PROFIT (LOSS)	**497,959**	**456,177**	**41,782**	**9.2%**
Net impairment losses on loans and provisions for guarantees and commitments	(1,689)	(2,079)	390	-18.8%
NET OPERATING PROFIT (LOSS)	**496,270**	**454,098**	**42,172**	**9.3%**
Other charges and provisions	(37,653)	(12,006)	(25,647)	213.6%
Net income from investments	981	(581)	1,562	n.a.
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**459,598**	**441,511**	**18,087**	**4.1%**

Net write-downs of loans and provisions for guarantees and commitments in the first half 2024 amounted to - € 1.7 million (- € 2.1 million in the first half 2023) and benefit from the reversal of impairment losses due to the change in the macroeconomic scenario for an amount of approximately € 0.9 million (+ € 0.4 million in first half of previous year), determined on the basis of the evidence resulting from the IFRS9 impairment models.

Other charges and provisions amounted to € 37.7 million, up by € 25.6 million compared to the first half of the previous year. It should be noted that the contribution to the Fondo Interbancario di Tutela dei Depositi under the Deposit Guarantee Scheme (DGS) due for 2024 is required by member banks as of March 31st, 2024, which is why the contribution for the year 2024, amounting to € 35.3 million, has already been recognised in this Consolidated first half financial report, rather than at the end of the third quarter as was the case in the past. With reference to the ordinary annual contribution required by the Single Resolution Fund within the framework of Directive 2014/59/EU, on the other hand, it should be noted that the target level of resources required by the Directive has been reached by December 31st, 2023, therefore, no contribution has been recognised in the income statement for the first half of 2024 (€ 6.6 million paid in the previous year).

Net income from investments stood at € 1 million (- € 0.6 million in the first half of the previous year) and benefit from the reversal of impairment losses due to the change in the macroeconomic scenario for an amount of € 1.1 million (- € 0.6 million in the first half of the previous year).

Profit (loss) before tax from continuing operations amounted to € 459.6 million (+ € 18.1 million), up 4.1% compared to the same period of previous year, thanks to higher Revenues (+ € 57.6 million) which helped offset the growth in Operating costs (+ € 15.8 million) and Other charges and provisions (+ € 25.6 million).

Income Statement Figures

Income tax for the period

(Amounts in € thousand)

Income tax for the period	1st Half		Changes	
	2024	2023	Amount	%
Current IRES income tax charges	(107,643)	(101,799)	(5,844)	5.7%
Current IRAP corporate tax charges	(22,947)	(22,453)	(494)	2.2%
Current foreign corporate tax charges	(10,625)	(7,991)	(2,634)	33.0%
Adjustment to current tax of prior years	2,791	-	2,791	n.a.
Total current tax	**(138,424)**	**(132,243)**	**(6,181)**	**4.7%**
Change in deferred tax assets	(462)	41	(503)	n.a.
Change in deferred tax liabilities	(392)	(429)	37	-8.6%
Total deferred tax liabilities	**(854)**	**(388)**	**(466)**	**120.1%**
Income tax for the period	**(139,278)**	**(132,631)**	**(6,647)**	**5.0%**

Income tax for the period 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.

To determine the Parent Company's current taxes, 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% for banks. As regards Fineco AM, the corporation tax rate of 12.5% was applied. The provisions relating to the entry into force of the so-called Pillar Two provisions (implementing Directive 2022/2523) were also applied. In the first half of 2024, an amount of approximately € 2.3 million was reallocated to the income statement that had been recognised in the provision for taxes and duties against higher taxes related to a tax dispute.

Net profit (loss) for the period and Net profit (loss) attributable to the Group

Net profit for the period – which is the same as the net profit attributable to the Group as Fineco AM is 100% controlled by the Bank – amounted to € 320.3 million, showing an increase of 3.7% compared to the first half of the previous year.

Consolidated Own funds and capital ratios

Consolidated Own funds and capital ratios

The Group's prudential requirements as at June 30th, 2024 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 June 30th, 2024 the Consolidated Own funds which amounted to € 1,731 million, consisted of Common Equity Tier 1 (CET 1) and Additional Tier 1 Capital; there were no elements of Tier 2 Capital. The interim profits included in Common Equity Tier 1 Capital at June 30th, 2024 were calculated considering foreseeable dividends totaling € 224 million and foreseeable charges of € 9 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 set out in Article 26(2) of EU Regulation 575/2013 (CRR) are met.

As at June 30th, 2024, Risk-Weighted Assets increased by 0.9% compared to December 31st, 2023, mainly due to customer lending and securities lending transactions with institutional counterparties.

As at June 30th, 2024, the Common Equity Tier 1 ratio stood at 25.78%, up from 24.34% as at December 31st, 2023 thanks to the portion of the profit for the period included in Common Equity Tier 1. The Tier 1 and the Total Capital ratios also benefited from such an effect, standing at 36.24%.

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 communicated on November 30th, 2023 the following Pillar 2 Requirement (P2R) applicable to FinecoBank Group starting from January 1st, 2024: 2.00% in terms of Total Capital Ratio, of which 1.13% in terms of Common Equity Tier 1 ratio and 1.50% in terms of Tier 1 Ratio.

Please, find below a scheme of the FinecoBank Group capital requirements and buffers as at June 30th, 2024, which also provides evidence of the "Total SREP Capital Requirement" (TSCR) and the "Overall Capital Requirement" (OCR) related to the outcome of the SREP process held in 2023 and applicable for 2024 above mentioned:

Requirements	CET1	T1	TOTAL CAPITAL
A) Pillar 1 requirements	4.50%	6.00%	8.00%
B) Pillar 2 requirements	1.13%	1.50%	2.00%
C) TSCR (A+B)	**5.63%**	**7.50%**	**10.00%**
D) Combined Buffer requirement, of which:	2.61%	2.61%	2.61%
1. Capital Conservation Buffer (CCB)	2.50%	2.50%	2.50%
2. Institution-specific Countercyclical Capital Buffer (CCyB)	0.11%	0.11%	0.11%
E) Overall Capital Requirement (C+D)	**8.24%**	**10.11%**	**12.61%**

As at June 30th, 2024, Group ratios are compliant with all the above requirements.

As at June 30th, 2024, the Leverage ratio stood at 5.35%, a level well above the applicable regulatory requirement of 3% and up from 4.95% as at December, 31st, 2023 thanks to both an increase in Tier 1 capital, as a result of the inclusion of the profit for the period, and a reduction in overall exposure, driven, primarily, by lower balance sheet assets.

With reference to the Minimum Requirement of Own Funds and Eligible Liabilities (MREL), it should be noted that in December 2023 FinecoBank received the updated decision on the determination of the MREL from the Single Resolution Board and the Bank of Italy, which replaces the previous decision communicated to the public in March 2023. Starting from January 1st, 2024, FinecoBank shall comply, on a consolidated basis, with an MREL TREA (Total Risk Exposure Amount) requirement equal to 18.94% plus the applicable Combined Buffer Requirement (21.55% including the Combined Buffer Requirement as of June 30th, 2024) and MREL LRE (total leverage exposure) requirement equal to 5.25%. For the purpose of meeting the requirement and the calculation of other eligible liabilities issued by Fineco, there is no subordination requirement in the issuance of eligible MREL instruments (e.g. senior unsecured). As at June 30th, 2024, FinecoBank shows results above the requirements to be met (MREL TREA equal to 52.92% and MREL LRE equal to 7.81%).

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 June 26th, 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. This Regulation also 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. Among the main measures, still in force, is the postponement until December 31st, 2024 of the transitional

Consolidated Own funds and capital ratios

arrangements to reduce the potential impact on CET1 resulting from the increase in provisions for expected credit losses calculated according to the IFRS 9 impairment model, through the gradual inclusion in CET1 ("Temporary treatment for mitigating impact of the introduction of IFRS 9 on own funds"). Provision is made for banks that had previously decided to make use or not to make use of the transitional arrangements to be able to reverse their decision at any time during the transitional period. The Group decided not to make use of the temporary treatment as at June 30th, 2024.

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 30 June 2024" published on the Company's website (https://about.finecobank.com).

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 and a report on the results achieved are shown below.

Key figures

Operating structure

	Data as at		
	06/30/2024	12/31/2023	06/30/2023
No. Employees	1,340	1,311	1,288
No. Personal financial advisors	2,982	2,962	2,952
No. Financial shops [1]	429	428	425

(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	
	06/30/2024	12/31/2023	Amounts	%
Loans receivable with ordinary customers [(1)]	5,221,250	5,535,383	(314,133)	-5.7%
Total assets	32,692,422	33,251,116	(558,694)	-1.7%
Direct deposits [(2)]	27,576,385	28,441,830	(865,445)	-3.0%
Assets under administration [(3)]	103,698,051	94,114,670	9,583,381	10.2%
Total customers sales (direct and indirect)	131,274,436	122,556,500	8,717,936	7.1%
Shareholders' equity	2,148,524	2,155,387	(6,863)	-0.3%

(1) Loans receivable to 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 and Cash Park deposits;
(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	
	06/30/2024	12/31/2023
Loans receivable to ordinary customers/Total assets	15.97%	16.65%
Loans and receivables to banks/Total assets	1.06%	1.06%
Financial assets/Total assets	63.41%	64.37%
Direct sales/Total liabilities and Shareholders' equity	84.35%	85.54%
Shareholders' equity (including profit)/Total liabilities and Shareholders' equity	6.57%	6.48%
Ordinary customer loans/Direct deposits	18.93%	19.46%

Credit quality	Data as at	
	06/30/2024	12/31/2023
Non-performing loans/Loans receivable to ordinary customers	0.12%	0.07%
Bad loans/Loans receivable to ordinary customers	0.02%	0.02%
Coverage ratio[1] - Bad loans	93.38%	93.07%
Coverage ratio[1] - Unlikely to pay	73.18%	67.96%
Coverage ratio[1] - Impaired past-due exposures	38.45%	56.85%
Coverage ratio[1] - Total Non-performing loans	78.52%	83.54%

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

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	**06/30/2024**	**12/31/2023**	**Amounts**	**%**
Cash and cash balances	2,804,953	2,249,361	555,592	24.7%
Financial assets held for trading	21,214	14,109	7,105	50.4%
Loans and receivables to banks	347,998	351,272	(3,274)	-0.9%
Loans and receivables to customers	6,095,558	6,175,952	(80,394)	-1.3%
Financial investments	20,731,329	21,405,097	(673,768)	-3.1%
Hedging instruments	737,713	707,274	30,439	4.3%
Property, plant and equipment	141,320	144,768	(3,448)	-2.4%
Goodwill	89,602	89,602	-	n.a.
Other intangible assets	33,515	34,465	(950)	-2.8%
Tax assets	49,192	49,749	(557)	-1.1%
Tax credits acquired	1,298,821	1,618,030	(319,209)	-19.7%
Other assets	341,207	411,437	(70,230)	-17.1%
Total assets	**32,692,422**	**33,251,116**	**(558,694)**	**-1.7%**

(Amounts in € thousand)

	Amounts as at		Changes	
LIABILITIES AND SHAREHOLDERS' EQUITY	**06/30/2024**	**12/31/2023**	**Amounts**	**%**
Deposits from banks	1,171,776	866,978	304,798	35.2%
Deposits from customers	27,992,745	28,744,000	(751,255)	-2.6%
Debt securities in issue	804,009	809,264	(5,255)	-0.6%
Financial liabilities held for trading	9,722	6,997	2,725	38.9%
Hedging instruments	(1,366)	28,712	(30,078)	n.a.
Tax liabilities	31,647	85,560	(53,913)	-63.0%
Other liabilities	535,365	554,218	(18,853)	-3.4%
Shareholders' equity	2,148,524	2,155,387	(6,863)	-0.3%
- capital and reserves	*1,861,667*	*1,557,619*	*304,048*	19.5%
- revaluation reserves	*(6,616)*	*(6,730)*	*114*	-1.7%
- net profit	*293,473*	*604,498*	*(311,025)*	-51.5%
Total liabilities and Shareholders' equity	**32,692,422**	**33,251,116**	**(558,694)**	**-1.7%**

Results of the parent and the subsidiary

The parent: FinecoBank S.p.A.

Balance sheet - Quarterly data

(Amounts in € thousand)

ASSETS	Amounts as at 06/30/2024	03/31/2024	12/31/2023	09/30/2023	06/30/2023
Cash and cash balances	2,804,953	3,374,544	2,249,361	1,755,329	1,482,349
Financial assets held for trading	21,214	19,456	14,109	21,354	16,868
Loans and receivables to banks	347,998	357,604	351,272	365,207	385,640
Loans and receivables to customers	6,095,558	6,072,891	6,175,952	6,041,168	6,168,419
Financial investments	20,731,329	20,408,744	21,405,097	21,628,865	22,615,698
Hedging instruments	737,713	704,784	707,274	1,028,424	1,028,822
Property, plant and equipment	141,320	141,127	144,768	139,308	141,829
Goodwill	89,602	89,602	89,602	89,602	89,602
Other intangible assets	33,515	34,159	34,465	34,828	35,761
Tax assets	49,192	50,568	49,749	59,995	45,977
Tax credits acquired	1,298,821	1,622,329	1,618,030	1,456,572	1,341,774
Other assets	341,207	291,679	411,437	346,167	380,710
Total assets	**32,692,422**	**33,167,487**	**33,251,116**	**32,966,819**	**33,733,449**

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at 06/30/2024	03/31/2024	12/31/2023	09/30/2023	06/30/2023
Deposits from banks	1,171,776	1,032,627	866,978	1,385,130	1,299,539
Deposits from customers	27,992,745	28,056,008	28,744,000	28,196,218	29,174,000
Debt securities in issue	804,009	799,699	809,264	807,409	803,054
Financial liabilities held for trading	9,722	10,033	6,997	7,554	8,538
Hedging instruments	(1,366)	6,398	28,712	(16,363)	(13,438)
Tax liabilities	31,647	141,807	85,560	132,508	63,764
Other liabilities	535,365	519,936	554,218	488,639	546,765
Shareholders' equity	2,148,524	2,600,979	2,155,387	1,965,724	1,851,227
- capital and reserves	*1,861,667*	*2,489,865*	*1,557,619*	*1,568,049*	*1,566,827*
- revaluation reserves	*(6,616)*	*(6,564)*	*(6,730)*	*(939)*	*1,063*
- net profit	*293,473*	*117,678*	*604,498*	*398,614*	*283,337*
Total liabilities and Shareholders' equity	**32,692,422**	**33,167,487**	**33,251,116**	**32,966,819**	**33,733,449**

Cash and cash balances, equal to € 2,805 million and increasing by 555.6 million from December 31st, 2023 (€ 2,249.4 million), mainly consisted of the overnight deposit opened at the Bank of Italy, for a total amount of € 2,575.5 million, the liquidity deposited to 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 to banks, for € 0.5 million, as well as liquidity deposited on current accounts with credit institutions mainly for the settlement of payment transactions, for the settlement of securities and derivatives contracts transactions, in the amount of € 228.9 million.

Loans and receivables to banks, came to € 348 million and showed no significant changes from December 31st, 2023.

Loans and receivables to customers amounted to € 6,095.6 million, showing a decrease of € 80.4 million compared to December 31st, 2023 mainly due to the reduction in loans and receivables to ordinary customers for € 314.1 million, partially offset by loans granted to Cronos Vita Assicurazioni S.p.A. in the first half 2024 for a total amount of € 186.5 million, and by an increase of € 49.1 million in securities lending transactions secured by cash. Impaired loans net of impairment losses totaled € 6.1 million (€ 4 million as at December 31st, 2023), with a coverage ratio of 78.5%.

Results of the parent and the subsidiary

The parent: FinecoBank S.p.A.

Financial investments came to € 20,731.3 million, down € 673.8 million compared to December 31st, 2023, mainly due to sales and redemptions of debt securities at amortised cost in the first half of 2024. It should be noted that this item includes the net negative valuation of fixed-rate securities specifically hedged against interest rate risk, in the amount of € 708.2 million (€ 640.8 million at December 31st, 2023).

Hedges recognised as assets in the balance sheet amounted to € 737.7 million and 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 € -1.4 million and include the negative fair value measurement of hedging derivatives and the value adjustment of liabilities subject to generic hedging, represented by direct deposits from customers. The positive change in hedging derivative contracts recognised in the first half of 2024 is mainly attributable to the change in fair value of existing contracts. The valuation of the hedged items, as a result, evolved in the opposite direction, recording a negative change. It should be noted that the negative change recorded by securities specifically hedged is shown in Financial investments item, as described above.

Tax credits acquired amounting to € 1,298.8 million, include the carrying amount of tax credits purchased under Decree-Law 34/2020 and subsequent updates, down from € 1,618 million outstanding as at December 31st, 2023, as a result of the offsets during the period.

Deposits from banks were equal to € 1,171.8 million and highlighted an increase of € 304.8 million compared to December 31st, 2023, mainly attributable to the increase of € 178.9 million in securities lending transactions secured by cash and of € 126.3 million in variation margins received for derivative transactions and securities lending transactions.

Deposits from customers came to € 27,992.7 million, decreasing by € 751.3 million compared to December 31st, 2023, due to the reduction in direct deposits on current accounts from customers, flowed into products of assets under administration and asset under management, as described above.

Debt securities in issue, equal to € 804 million, exclusively include Senior Preferred Bonds issued by FinecoBank. No new securities were issued during the first half of 2024.

Shareholders' equity amounted to € 2,148.5 million, deceasing by € 6.9 million compared to December 31st, 2023. During the first half of 2024, Shareholders' equity increased, mainly due to the profit for the period, equal to € 293.5 million, and the issuance of the Additional Tier1 instrument in the amount of € 500 million described above, and decreased mainly due to the distribution of dividends resolved by the Shareholders' Meeting of April 24th, 2024 (totalling € 421.6 million), to the repurchase of Additional Tier1 instruments described above (totaling € 368 million), and to the payment of coupons and costs associated with the issuance and repurchase of Additional Tier1 instruments, the amount of which, net of the related taxation, resulted in a reduction in Shareholders' equity of € 13.3 million.

Results of the parent and the subsidiary

The parent: FinecoBank S.p.A.

Income Statement

(Amounts in € thousand)

	1st half		Changes	
	2024	**2023**	**Amounts**	**%**
Financial margin	362,672	327,998	34,674	10.6%
of which Net interest	360,913	327,916	32,997	10.1%
of which Profits from Treasury	1,759	82	1,677	n.a.
Dividends and other income from equity investments	32,641	29,571	3,070	10.4%
Net commission	175,694	168,627	7,067	4.2%
Net trading, hedging and fair value income	37,697	30,075	7,622	25.3%
Net other expenses/income	819	701	118	16.8%
REVENUES	**609,523**	**556,972**	**52,551**	**9.4%**
Staff expenses	(60,455)	(54,967)	(5,488)	10.0%
Other administrative expenses	(173,712)	(142,901)	(30,811)	21.6%
Recovery of expenses	97,510	76,457	21,053	27.5%
Impairment/write-backs on intangible and tangible assets	(12,338)	(12,903)	565	-4.4%
Operating costs	**(148,995)**	**(134,314)**	**(14,681)**	**10.9%**
OPERATING PROFIT (LOSS)	**460,528**	**422,658**	**37,870**	**9.0%**
Net impairment losses on loans and provisions for guarantees and commitments	(1,703)	(2,081)	378	-18.2%
NET OPERATING PROFIT (LOSS)	**458,825**	**420,577**	**38,248**	**9.1%**
Other charges and provisions	(37,653)	(12,006)	(25,647)	213.6%
Net income from investments	981	(581)	1,562	n.a.
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**422,153**	**407,990**	**14,163**	**3.5%**
Income tax for the period	(128,680)	(124,653)	(4,027)	3.2%
NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**293,473**	**283,337**	**10,136**	**3.6%**
PROFIT (LOSS) FOR THE PERIOD	**293,473**	**283,337**	**10,136**	**3.6%**

Results of the parent and the subsidiary

The parent: FinecoBank S.p.A.

Income Statement - Quarterly data

(Amounts in € thousand)

	2024	
	1st Quarter	2nd Quarter
Financial margin	180,527	182,145
of which Net interest	178,768	182,145
of which Profits from Treasury	1,759	-
Dividends and other income from equity investments	(7)	32,648
Net commission	88,244	87,450
Net trading, hedging and fair value income	17,451	20,246
Net other expenses/income	516	303
REVENUES	**286,731**	**322,792**
Staff expenses	(29,912)	(30,543)
Other administrative expenses	(85,137)	(88,575)
Recovery of expenses	47,818	49,692
Impairment/write-backs on intangible and tangible assets	(6,263)	(6,075)
Operating costs	**(73,494)**	**(75,501)**
OPERATING PROFIT (LOSS)	**213,237**	**247,291**
Net impairment losses on loans and provisions for guarantees and commitments	(272)	(1,431)
NET OPERATING PROFIT (LOSS)	**212,965**	**245,860**
Other charges and provisions	(38,110)	457
Net income from investments	399	582
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**175,254**	**246,899**
Income tax for the period	(57,576)	(71,104)
NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**117,678**	**175,795**
PROFIT (LOSS) FOR THE PERIOD	**117,678**	**175,795**

Results of the parent and the subsidiary

The parent: FinecoBank S.p.A.

(Amounts in € thousand)

	2023			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Financial margin	157,385	170,613	179,759	178,940
of which Net interest	157,385	170,531	179,622	178,951
of which Profits from Treasury	-	82	137	(11)
Dividends and other income from equity investments	-	29,571	(28)	84,082
Net commission	84,950	83,677	80,941	84,668
Net trading, hedging and fair value income	15,123	14,952	16,268	14,007
Net other expenses/income	465	236	(185)	(12)
REVENUES	**257,923**	**299,049**	**276,755**	**361,685**
Staff expenses	(27,114)	(27,853)	(28,114)	(32,229)
Other administrative expenses	(72,044)	(70,857)	(74,920)	(81,695)
Recovery of expenses	37,625	38,832	43,366	43,780
Impairment/write-backs on intangible and tangible assets	(6,412)	(6,491)	(6,733)	(6,865)
Operating costs	**(67,945)**	**(66,369)**	**(66,401)**	**(77,009)**
OPERATING PROFIT (LOSS)	**189,978**	**232,680**	**210,354**	**284,676**
Net impairment losses on loans and provisions for guarantees and commitments	(643)	(1,438)	91	(1,604)
NET OPERATING PROFIT (LOSS)	**189,335**	**231,242**	**210,445**	**283,072**
Other charges and provisions	(9,269)	(2,737)	(39,974)	(11,607)
Net income from investments	(723)	142	692	-
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**179,343**	**228,647**	**171,163**	**271,465**
Income tax for the period	(58,584)	(66,069)	(55,886)	(65,581)
NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**120,759**	**162,578**	**115,277**	**205,884**
PROFIT (LOSS) FOR THE PERIOD	**120,759**	**162,578**	**115,277**	**205,884**

Revenues amounted to € 609.5 million, registering a 9.4% increase compared to the € 557 million recorded in the same period of previous year, mainly thanks to the contribution of Financial margin, Net commission, Dividends and other income from equity investments, and Net trading, hedging and fair value income.

Financial margin amounted to € 362.7 million, up by 10.6% compared to the first half of previous year, thanks to the **Net interest** that increased by 10.1% compared to the same period of previous year (+ € 33 million). **Profits from Treasury** increased by € 1.7 million compared to the first half of previous year.

Dividends and other income from equity investments mainly include dividends received from Fineco AM, amounting to € 32.6 million (€ 29,6 million in the first half of 2023).

Net commission increased by € 7.1 million compared to the same period of the previous year, mainly thanks to the growth recorded by Investing (+ € 10.8 million) and by Brokerage (+ € 6.3 million).

Net trading, hedging and fair value income amounted to € 37.7 million and highlights an increase for € 7.6 million compared to the same period of 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 derivatives and the exchange differences on assets and liabilities denominated in currency. The item also includes the ineffectiveness component of hedging transactions, amounting to - € 1.3 million (- € 5.1 million in the first half of 2023), determined by the application of different curves for the fair value valuation of derivative contracts hedging and hedged items as a part of fair value hedge transactions.

Operating costs increased by € 14.7 million compared to the first half of previous year (+ € 5.5 million for "Staff expenses", + € 9.8 million for "Other administrative expenses net of Recovery of expenses" and - € 0.6 million for "Impairment/write-backs on intangible and tangible assets"). The 10.9% 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 which stood at 24.4% (24.1% at June 30th, 2023) confirming the Group's strong operating leverage and widespread corporate culture of cost management.

Results of the parent and the subsidiary

The parent: FinecoBank S.p.A.

Net write-downs of loans and provisions for guarantees and commitments in the first half 2024 amounted to - € 1.7 million (- € 2.1 million in the first half 2023) and benefit from the reversal of impairment losses due to the change in the macroeconomic scenario for an amount of approximately € 0.9 million (+ € 0.4 million in first half of previous year), determined on the basis of the evidence resulting from the IFRS9 impairment models. The cost of risk was 5 basis points.

Other charges and provisions amounted to € 37.7 million, up € 25.6 million compared to the first half of the previous year. It should be noted that the contribution to the Interbank Deposit Guarantee Fund under the Deposit Guarantee Scheme (DGS) due for 2024 is required by member banks as of March 31st, 2024, which is why the contribution for the year 2024, amounting to € 35.3 million, has already been recognised in this Consolidated first half financial report, rather than at the end of the third quarter as was the case in the past. With reference to the ordinary annual contribution required by the Single Resolution Fund within the framework of Directive 2014/59/EU, on the other hand, it should be noted that the target level of resources required by the Directive has been reached by December 31st, 2023, therefore, no contribution has been recognised in the income statement for the first half of 2024 (€ 6.6 million paid in the previous year).

Net income from investments stood at € 1 million (- € 0.6 million in the first half of the previous year) and benefit from the reversal of impairment losses due to the change in the macroeconomic scenario for an amount of € 1.1 million (- € 0.6 million in the first half of the previous year).

Profit before tax from continuing operations amounted to € 422.2 million (+ € 14.1 million), up 3.5% compared to the same period of previous year, thanks to higher Revenues (+ € 52.5 million) which helped offset the growth in Operating costs (+ € 14.7 million) and Other charges and provisions (+ € 25.6 million). Excluding contributions to the guarantee and resolution funds[12], profit before tax from continuing operations shows an increase of 10.4% compared to the same period in the previous year.

Net Profit for the period amounted to € 293.5 million, increasing by 3.6% compared to € 283.3 million of the first half of the previous year. Excluding the aforementioned contributions to the guarantee and resolution funds, the result for the period shows an increase of 10.2% compared to the same period of the previous year.

[12] The contribution to the Italian Deposit Guarantee Scheme (Interbank Deposit Guarantee Fund) recognised in the income statement for the first half of 2024 was € 35.3 million before taxes, while in the first half of 2023 the contribution to the Single Resolution Fund for € 6.6 million before taxes was recognized.

Results of the parent and the subsidiary

The parent: FinecoBank S.p.A.

Own funds and capital ratios

	Data as at	
	06/30/2024	12/31/2023
Common Equity Tier 1 Capital (€ thousand)	1,164,822	1,112,236
Total Own Funds (€ thousand)	1,664,822	1,612,236
Total risk-weighted assets (€ thousand)	4,706,855	4,663,040
Ratio - Common Equity Tier 1 Capital	24.75%	23.85%
Ratio - Tier 1 Capital	35.37%	34.58%
Ratio - Total Own Funds	35.37%	34.58%

	Data as at	
	06/30/2024	12/31/2023
Tier 1 Capital (€ thousand)	1,664,822	1,612,236
Exposure for leverage (€ thousand)	32,262,963	33,275,784
Leverage ratio	5.16%	4.85%

The Bank's prudential requirements as at June 30th, 2024 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 June 30th, 2024 the Own funds which amounted to € 1,665 million, consisted of Common Equity Tier 1 (CET 1) and Additional Tier 1 Capital; there were no elements of Tier 2 Capital. The interim profits included in Common Equity Tier 1 Capital at June 30th, 2024 were calculated considering foreseeable dividends in the amount of € 224 million and foreseeable charges in the amount of € 9 million represented by accrued coupons, net of the relevant taxation, accrued on Additional Tier 1 financial instruments issued by FinecoBank, assuming that the conditions set forth in Article 26(2) of EU Regulation 575/2013 (CRR) are met.

Risk-Weighted Assets increased by 0.9% compared to December 31st, 2023, mainly due to customer lending and securities lending transactions with institutional counterparties.

As at June 30th, 2024, the Common Equity Tier 1 ratio stood at 24.75%, up from 23.85% as at December 31st, 2023 thanks to the profit for the period included in Common Equity Tier 1. The Tier 1 and the Total Capital ratios also benefited from such an effect, standing at 35.37%.

As at June 30th, 2024, the Leverage ratio stood at 5.16%, a level well above the applicable regulatory requirement of 3% and up from 4.85% as at December 31st, 2023, thanks to the increase in Tier 1 capital, as a result of the inclusion of the profit for the period, and a reduction in overall exposure, driven, primarily, by lower balance sheet assets.

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, established in the Republic of Ireland, whose objective is 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 June 30th, 2024 amounted to € 32.9 billion (€ 30.9 billion as at December 31st, 2023), in particular:

- € 4.4 billion referred to Core Series (€ 4.2 billion as at December 31st, 2023);
- € 22.5 billion referred to FAM Series (€ 20.6 billion as at December 31st, 2023);
- € 6.0 billion referred to FAM Evolution (€ 6.1 billion as at December 31st, 2023).

It should also be noted that € 21.8 billion relate to retail classes and € 11.1 billion relating to institutional classes.

As at June 30th, 2024, Fineco AM has total asset for € 108.5 million. This consists of **Loans and receivables to banks**, represented by time deposits for an amount of € 40.3 million, by **Cash and Cash balances** for € 29 million deposited with credit institutions, and by **Loans and receivables to customers**, exclusively represented operating receivables associated with the provision of services, for an amount of € 36.2 million.

Fineco AM also holds shares in its UCITS Funds for an amount of € 0.7 million, which are recorded under "**Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value**".

Deposits from banks and **Deposits from customers,** totalling € 28.1 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 € 15.6 million, and to investment advisors. It should be noted that the item **Deposits from customers** also includes the "Lease liabilities", amounting to € 1 million representing 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.

Shareholders' equity amounted to € 69.1 million and consists of share capital for € 3 million, of retained earnings for € 6.7 million and **Net Profit for the period** for € 59.5 million.

In the first half of 2024 Fineco AM generated **Net commissions** for € 81.5 million (€ 190.8 million in fee and commission income, € 109.4 million in fee and commission expenses).

Related-party Transactions

At its meeting of February 7th, 2023 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 the first half 2024 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 and the Group's asset situation and results, nor any atypical and/or unusual transactions were 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 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 June 30th, 2024 as well as the costs (-) and revenues (+) recorded in the first half 2024 with Fineco AM, which is the sole wholly-owned and consolidated company.

(Amounts in € thousands)

	Assets	Liabilities	Guarantees and commitments	Revenues (+)	Costs (-)
Fineco Asset Management DAC	16,059	30	-	125,723	(30)

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” and Revenues includes placement and management fee income paid back by the subsidiary and accounted for by the Bank during the first half 2024, in addition to the dividends recognized by Fineco AM for a total of € 32.6 million.

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 June 30th, 2024 as well as the costs (-) and revenues (+) recorded in the first half 2024 with respect to Vorvel SIM S.p.A., the only investment subject to influence and consolidated using the equity method.

(Amounts in € thousands)

	Assets	Liabilities	Guarantees and commitments	Revenues (+)	Costs (-)
Vorvel SIM S.p.A.	28	201	-	-	(428)

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

Subsequent events and outlook

Subsequent events

No significant events occurred after the end of the period that would require adjustments to the results presented in the condensed consolidated interim financial statements at June 30th, 2024.

Outlook

The prospective scenario, despite a context of pressure on margins, sees the Group benefiting from 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, capital light and low-risk. The objective is to further strengthen its competitive position, thanks to quality of service and process efficiency, 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 client'' 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")[13] for 2.42% in March 2024 (last available data), with significant potential growth margins.

Considering the typical risks of the sector to which it belongs, a positive operating performance is expected for the second half 2024, except in the case of the occurrence of events of an exceptional nature or dependent on variables that are substantially beyond the control of the Directors and Management.

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

Consolidated balance sheet

(Amounts in € thousand)

Assets	06/30/2024	12/31/2023
10. Cash and cash balances	2,833,922	2,266,550
20. Financial assets at fair value through profit and loss	25,116	21,119
a) financial assets held for trading	21,214	14,109
c) other financial assets mandatorily at fair value	3,902	7,010
30. Financial assets at fair value through other comprehensive income	228,871	29,069
40. Financial assets at amortised cost	26,999,035	27,940,209
a) loans and receivables to banks	2,336,369	2,993,595
b) loans and receivables to customers	24,662,666	24,946,614
50. Hedging derivatives	941,214	896,577
60. Changes in fair value of portfolio hedged financial assets (+/-)	(203,501)	(189,303)
70. Equity investments	1,657	1,652
90. Property, plant and equipment	142,826	146,497
100. Intangible assets	123,117	124,067
- goodwill	89,602	89,602
110. Tax assets	49,466	49,997
b) deferred tax assets	49,466	49,997
130. Other assets	1,640,047	2,029,266
Total assets	**32,781,770**	**33,315,700**

Consolidated balance sheet

(Amounts in € thousand)

Liabilities and Shareholders' equity	06/30/2024	12/31/2023
10. Financial liabilities at amortized cost	29,981,019	30,433,831
a) deposits from banks	1,171,776	866,978
b) deposits from customers	28,005,234	28,757,589
c) debt securities in issue	804,009	809,264
20. Financial liabilities held for trading	9,722	6,997
40. Hedging derivatives	23,555	59,988
50. Changes in fair value of portfolio hedged financial liabilities (+/-)	(24,921)	(31,276)
60. Tax liabilities	33,418	86,706
a) current tax liabilities	33,418	86,706
80. Other liabilities	407,151	421,234
90. Provision for employee severance pay	4,294	4,378
100. Provisions for risks and charges:	132,871	139,166
a) commitments and guarantees given	174	304
c) other provisions for risks and charges	132,697	138,862
120. Revaluation reserves	(6,616)	(6,730)
140. Equity instruments	631,883	500,000
150. Reserves	1,066,592	890,106
160. Share premium reserve	1,934	1,934
170. Share capital	201,630	201,508
180. Treasury shares (-)	(1,082)	(1,243)
200. Net Profit (Loss) for the year (+/-)	320,320	609,101
Total liabilities and Shareholders' Equity	**32,781,770**	**33,315,700**

Consolidated Income statement

(Amounts in € thousand)

Item		06/30/2024	06/30/2023
10.	Interest income and similar revenues	420,080	371,198
	of which: interest income calculated using the effective interest method	250,711	252,572
20.	Interest expenses and similar charges	(59,411)	(45,620)
30.	**Net interest margin**	**360,669**	**325,578**
40.	Fee and commission income	506,144	468,683
50.	Fee and commission expenses	(248,133)	(223,940)
60.	**Net fee and commission**	**258,011**	**244,743**
70.	Dividends and similar revenues	100	151
80.	Net income financial assets and liabilities held for trading	38,533	34,403
90.	Fair value adjustment in hedge accounting	(1,337)	(5,104)
100.	Gains (Losses) on disposal or repurchase of:	1,759	82
	a) financial assets at amortised cost	1,759	82
110.	Net gains (losses) on other financial assets/liabilities at fair value through profit and loss:	412	629
	b) other financial assets mandatorily at fair value	412	629
120.	**Operating income**	**658,147**	**600,482**
130.	Net impairment/write-backs for credit risk related to:	(838)	(2,606)
	a) financial assets at amortised cost	(824)	(2,606)
	b) financial assets at fair value through other comprehensive income	(14)	-
140.	Profit/loss from contract changes without cancellation	1	-
150.	**Net profit from financial activities**	**657,310**	**597,876**
180.	**Net profit from financial and insurance activities**	**657,310**	**597,876**
190.	Administrative costs:	(279,909)	(213,500)
	a) payroll costs	(67,023)	(60,378)
	b) other administrative costs	(212,886)	(153,122)
200.	Net provisions for risks and charges	(2,181)	(5,479)
	a) commitments and guarantees issued	129	(54)
	b) other net provisions	(2,310)	(5,425)
210.	Impairment on tangible assets	(10,350)	(10,152)
220.	Impairment on intangible assets	(2,267)	(3,085)
230.	Other operating income/charges	96,987	75,857
240.	**Operating costs**	**(197,720)**	**(156,359)**
250.	Profit (Loss) on equity investments	8	(6)
290.	**Total profit or loss before tax from continuing operations tax expense related to profit or loss from continuing operations**	**459,598**	**441,511**
300.	Tax expense (income) of the period related to profit or loss from continuing operations	(139,278)	(132,631)
310.	**Total profit or loss after tax continuing**	**320,320**	**308,880**
330.	**Profit (Loss) for the period**	**320,320**	**308,880**
350.	**Profit (Loss) for the period attributable to the Parent Company**	**320,320**	**308,880**

	30/06/2024	30/06/2023
Earnings per share (euro)	0.52	0.51
Diluted earnings per share (euro)	0.52	0.50

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

Consolidated statement of comprehensive income

(Amounts in € thousand)

Item		01/01/2024 06/30/2024	01/01/2023 06/30/2023
10.	Profit (Loss) for the period	320,320	308,880
	Other income components net of taxes without reversal to the income statement	**919**	**(1,458)**
70.	Defined benefit plans	921	(1,468)
90.	Valuation reserves from investments accounted for using the equity method	(2)	10
	Other income components net of taxes with reversal to the income statement	**(805)**	**400**
150.	Financial assets (no equity securities) measured at fair value with an impact on total profitability	(805)	441
170.	Valutation reserves from investments accounted for using the equity method	-	(41)
200.	**Total other income components after tax**	**114**	**(1,058)**
210.	**Overall profitability (Item 10 + 200)**	**320,434**	**307,822**
230.	**Consolidated comprehensive income attributable to Parent Company**	**320,434**	**307,822**

Statement of changes in consolidated shareholders' equity

Statement of changes in consolidated shareholders' equity at 06/30/2024

(Amounts in € thousand)

	Balance as at 12/31/2023	Change in opening balance	Balance as at 01/01/2024	Allocation of profit from previous year		Change during the year								Shareholders' equity group as at 06/30/2024	Shareholders' equity minorities as at 06/30/2024
							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 as at 06/30/2024		
Share capital:																
- ordinary shares	201,508	-	201,508	-	-	-	122	-	-	-	-	-	-	-	201,630	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	1,934	-	1,934	-	-	-	-	-	-	-	-	-	-	-	1,934	-
Reserves:																
- from profits	844,333	-	844,333	187,511	-	(13,255)	-	-	-	-	-	(120)	-	-	1,018,469	-
- others	45,773	-	45,773	-	-	-	-	-	-	-	-	2,350	-	-	48,123	-
Revaluation reserves	(6,730)	-	(6,730)	-	-	-	-	-	-	-	-	-	-	114	(6,616)	-
Equity instruments	500,000	-	500,000	-	-	-	-	-	-	131,883	-	-	-	-	631,883	-
Treasury shares	(1,243)	-	(1,243)	-	-	-	733	(572)	-	-	-	-	-	-	(1,082)	-
Profit (loss) for the year	609,101	-	609,101	(187,511)	(421,590)	-	-	-	-	-	-	-	-	320,320	320,320	-
Shareholders' Equity Group	2,194,676	-	2,194,676	-	(421,590)	(13,255)	855	(572)	-	131,883	-	2,230	-	320,434	2,214,661	-
Shareholders' Equity Minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The Shareholders' Meeting of 24 April 2024 approved the distribution of the unit dividend of €0.69, as proposed by the Board of Directors on 12 March 2024, totalling 421,589,604.63 euro.
The column "Stock options" includes the incentives plans serviced by FinecoBank shares.
The column "Changes in reserves" mainly includes the coupons paid on equity instruments, the transaction costs directly attributable to the issue of new ordinary shares during the period and costs associated with the issuance and repurchase of equity instruments that occurred 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 06/30/2023

(Amounts in € thousand)

	Balance as at 12/31/2022	Change in opening balance	Balance as at 01/01/2023	Allocation of profit from previous year		Change during the year								Shareholders' equity group as at 06/30/2023	Shareholders' equity minorities as at 06/30/2023
							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 as at 06/30/2023		
Share capital:																
- ordinary shares	201,340	-	201,340	-	-	-	168	-	-	-	-	-	-	-	201,508	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	1,934	-	1,934	-	-	-	-	-	-	-	-	-	-	-	1,934	-
Reserves:																
- from profits	736,780	-	736,780	129,295	-	(9,845)	-	-	-	-	-	(168)	-	-	856,062	-
- others	41,431	-	41,431	-	-	-	-	-	-	-	-	1,822	-	-	43,253	-
Revaluation reserves	2,121	-	2,121	-	-	-	-	-	-	-	-	-	-	(1,058)	1,063	-
Equity instruments	500,000	-	500,000	-	-	-	-	-	-	-	-	-	-	-	500,000	-
Treasury shares	(1,714)	-	(1,714)	-	-	-	990	(519)	-	-	-	-	-	-	(1,243)	-
Profit (loss) for the year	428,505	-	428,505	(129,295)	(299,210)	-	-	-	-	-	-	-	-	308,880	308,880	-
Shareholders' Equity Group	1,910,397	-	1,910,397	-	(299,210)	(9,845)	1,158	(519)	-	-	-	1,654	-	307,822	1,911,457	-
Shareholders' Equity Minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The Shareholders' Meeting of April 27th, 2023 approved the distribution of the unit dividend of € 0.49, as proposed by the Board of Directors on March 14th, 2023, totalling 299,209,501.15 euro.
The column "Stock options" includes the incentives plans serviced by FinecoBank shares.
The column "Changes in reserves" mainly includes the coupons paid on equity instruments and 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

(Amounts in € thousand)

Items	Amount 06/30/2024	Amount 06/30/2023
A. OPERATING ACTIVITIES		
1. Operations	**383,667**	**403,577**
- net result for the period (+/-)	320,320	308,880
- gains/losses on financial assets held for trading and on assets designated at fair value through profit and loss (-/+)	(719)	(363)
- gains/losses on hedging operations (+/-)	1,337	5,104
- net write-downs/write-backs due to impairment (+/-)	2,520	4,168
- net write-offs/write-backs on tangible and intangible assets (+/-)	12,617	13,237
- provisions and other incomes/expenses (+/-)	9,605	12,624
- net income/expenses from insurance contracts issued and reinsurance contracts held	-	-
- unpaid duties, taxes and tax credits (+/-)	25,425	55,988
- write-downs/write-backs after tax on discontinued operations (+/-)	-	-
- other adjustments (+/-)	12,562	3,939
2. Liquidity generated/absorbed by financial assets	**1,063,634**	**2,490,720**
- financial assets held for trading	(6,028)	1,023
- financial assets at fair value	-	-
- other assets mandatorly at fair value	3,123	(90)
- financial assets at fair value through other comprehensive income	(198,613)	1
- financial assets at amortised cost	855,827	2,389,860
- other assets	409,325	99,926
3. Liquidity generated/absorbed by financial liabilities	**(576,924)**	**(2,529,773)**
- financial liabilities at amortised cost	(474,577)	(2,597,835)
- financial liabilities held for trading	2,353	2,729
- financial liabilities designated at fair value	-	-
- other liabilities	(104,700)	65,333
4. Liquidity generated/absorbed from insurance contracts issued and reinsurance contracts held	**-**	**-**
- insurance contracts issued representing liabilities/assets (+/-)	-	-
- reinsurance contracts held representing assets/liabilities (+/-)	-	-
Net cash flows from/used in operating activities	**870,377**	**364,524**
B. INVESTMENT ACTIVITIES		
1. Cash flows from	**-**	**-**
- sales of equity investments	-	-
- dividends received from equity investments	-	-
- sales of tangible assets	-	-
- sales of intangible assets	-	-
- sales of subsidiaries and company branches	-	-
2. Liquidity absorbed by	**(3,670)**	**(3,866)**
- purchases of equity investments	-	-
- purchases of tangible assets	(2,353)	(1,781)
- purchases of intangible assets	(1,317)	(2,085)
- purchases of subsidiaries and company branches	-	-
Net cash flows from/used in investing activities	**(3,670)**	**(3,866)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	282	639
- issue/purchase of equity instruments	131,883	-
- distribution of dividends and other scopes	(435,699)	(310,213)
- sale/purchase of control of third parties	-	-
Net cash flows from/used in financing activities	**(303,534)**	**(309,574)**
NET CASH FLOWS GENERATED/ABSORBED IN THE PERIOD	**563,173**	**51,084**

Consolidated cash flow statement

RECONCILIATION

(Amounts in € thousand)

	Amount	
	06/30/2024	06/30/2023
Cash and cash balances at the beginning of the period	2,266,250	1,469,752
Net cash flow generated/absorbed in the period	563,173	51,084
Cash and cash balances: effect of exchange rate variations	4,146	(2,380)
Cash and cash balances at the end of the period	2,833,569	1,518,456

Key
(+) generated
(-) used

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

The liquidity generated/absorbed by the Group's financial liabilities, although according to IAS 7 par. 44A is representative of flows deriving from flows deriving from financing/providing activities, is classified, consistently with the banking activity carried out and as required by Bank of Italy Circular 262/2005, as liquidity from operating activities.

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 Consolidated interim financial statements of the FinecoBank Banking Group (represented by the Bank and the subsidiary Fineco Asset Management DAC, hereinafter "FinecoBank Group" or "Group") 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, 2024, and, in particular, it complies with the international accounting standard applicable for interim financial reporting (IAS 34). Based on paragraph 10 of this principle, FinecoBank has availed itself of the option of preparing the consolidated interim financial statements in an abbreviated version.

It also forms an integral part of the consolidated half-year financial report pursuant to paragraph 2 of article 154-ter of the Consolidated Finance Act (TUF, Legislative Decree 24/2/1998 n. 58). The consolidated half-yearly financial report, as required by paragraph 2 of the aforementioned article of the TUF, includes the condensed consolidated half-year financial statements, the interim consolidated management report and the certification of the condensed consolidated half-year financial statements, provided for by paragraph 5 of art. 154-bis of the TUF, pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14th, 1999 and subsequent amendments and additions.

In its circular 262 of December 22nd, 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 interim financial statements.

Section 2 - Preparation criteria

As mentioned above, these Consolidated interim 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 included in the IFRSs;
- the documents prepared by Italian Banking Association (ABI).

The Consolidated interim 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 accounts, together with the Directors' Report on Operations ("Consolidated interim Report on Operations") and the Annexes. Any discrepancies between the figures shown in the Consolidated financial statements and the notes to the accounts are solely due to roundings.

The consolidated Balance Sheet is shown in comparison with the corresponding figures for the year 2023, while the Consolidated Income Statement is shown in comparison with the corresponding figures for the first half of the previous year.

In the consolidated statement of comprehensive income, the profit (loss) for the period, 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 period if certain conditions are met. The statement is compared with the corresponding statement for the first half of the previous year.

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

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

The figures in the Consolidated financial statements and the Notes to the 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

Part A – Accounting policies

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, or the corresponding period of the same, 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 Consolidated interim 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 equal to 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 prevalence of economic substance over legal form.

Section 3 – Consolidation Procedures and Scope

The consolidation criteria and principles adopted in the preparation of the Consolidated interim Financial Statements at June 30th, 2024 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 accounts at June 30th, 2024 of FinecoBank S.p.A.;
- the accounts at June 30th, 2024 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.

Data referring to the accounting date of March 31st, 2024 provided by Vorvel SIM S.p.A., the only 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, 2023.

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.

With reference to Fineco International Ltd, it should be noted that the company's application for "dissolution" at the English Company House (commercial register) became effective on March 12th, 2024.

Part A – Accounting policies

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 its 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 June 30th, 2024, the only wholly-owned subsidiary, Fineco AM, is 100% owned.

Part A – Accounting policies

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.

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 interim 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;
- 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 interim Financial Statements as at June 30th, 2024.

The Consolidated interim Financial Statements at June 30th, 2024 were approved by the Board of Directors of July 30th, 2024, which authorised their publication also pursuant to IAS10.

Section 5 – Other matters

In first half 2024, the following accounting standards, amendments and interpretations, approved by the European Commission, become effective for reporting periods beginning on or after January 1st, 2024:

- 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) (EU Reg. 2023/2822);
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (EU Reg. 2024/1317);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (EU Reg. 2023/2579).

Where applicable, these accounting standards, amendments and interpretations had no relevant impact on the consolidated financial statements as at June 30th, 2024.

On June 30th, 2024, 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 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (August 2023);
- IFRS 18 Presentation and Disclosure in Financial Statements (April 2024);
- Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (May 2024);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (May 2024).

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.

Lastly, it should be noted that on 10 June 2024, Government Act No. 160 ‘Draft legislative decree transposing Directive (EU) 2022/2464, amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting, and for the adaptation of national legislation’ was published on the website of the Italian Parliament. The Directive 2022/2464/EU (the so-called Corporate Sustainability Reporting Directive, CSRD for short) is part of the European Green Deal and aims to promote transparency and disclosure of information by companies on the environmental, social and governance-related (ESG) impacts of their activities, through a strengthening of their reporting obligations. The objective pursued with the CSRD is to allow investors and stakeholders access to more detailed, clear and as standardised and exhaustive as possible information on sustainability, per individual company or group, with obvious positive consequences for the financial market in terms of completeness of information, transparency and comparability of data. The CSRD was published in the Official Journal of the European Union on 16 December 2022 and came into force on 5 January 2023.

The exercise of the delegation of power by Parliament for the transposition of Directive (EU) 2022/2464 of the European Parliament and of the Council was to take place by 6 July 2024. However, Paragraph 3 of Article 31 of Law No. 234 of 2012 provides that if the deadline for the expression of the parliamentary opinion expires in the thirty days preceding the expiry of the prescribed time limit for the delegation or subsequently (10 June 2024, date of publication of Government Act No. 160), the latter shall be extended by three months. It follows that the deadline for the expiry of the delegation of power is extended to 10 September 2024.

Part A – Accounting policies

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

As described in the section “The Russian-Ukrainian conflict” reported in the Consolidated Interim Report on Operations (to which we refer for more details), in the first half of 2024 there was no impact on the Group's economic and financial situation, and also from a forward-looking perspective there was no impact in terms of strategic orientation, objectives and business model.

Risks and uncertainties related to the use of estimates

In accordance with IFRS, 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 interim financial statements at June 30th, 2024, 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 interim 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 June 30th, 2024. For some of the above items, the valuation is particularly complex given the the current market environment, which continues to be characterized by high levels of uncertainty for both short-term and medium-term forecasts, and the economic consequences arising from geopolitical tensions. 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;
- the valuation of exposures, represented by loans/debt securities and, in general, any other financial assets. 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;
- 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 adopt Probability of Default ("PD") and Loss Given Default ("LGD") indicators, 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 curves 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 specific scenarios developed by external provider Moody's AnalyticsSpecifically, 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 realized; the positive and adverse scenarios, on the other hand, are weighted at 30%, and represent alternative best- and worst-case realizations, respectively. Forward-looking factors used as of June 30th, 2024 incorporate prospective information that considers different possible developments in the geopolitical and economic crisis triggered by the conflict between Russia and Ukraine and the conflict in the Middle East between the State of Israel and Hamas.

Part A – Accounting policies

A key aspect required by IFRS 9 is the need to recognise at each reporting date whether there has been a significant increase in credit risk (SICR) on each individual credit exposure, transposed through a three-stage Staging Allocation model. This model envisages a first stage (stage 1), which includes new exposures and exposures that at the reporting date do not show a significant deterioration in credit risk with respect to initial recognition, a second stage (stage 2), which includes exposures on which a significant deterioration in credit risk has been detected with respect to initial recognition, and a third stage (stage 3), which includes impaired exposures (Non-performing exposures - NPE). With reference to institutional counterparties with whom credit activity is carried out, the Group uses a method that compares the rating at the reference date and the rating recorded at the date the exposure was first recognised in the financial statements. The method, which makes use of the external rating assigned by the agency Moody's, is also applied to financial instruments acquired by the Group for investment purposes. Regarding retail counterparties and other unrated institutional counterparties the Group makes use of the backstop preferred to in the regulations and additional internal evidence. In this context, all exposures that are more than 30 days past due, or for which additional information is available that suggests a deterioration in the counterparty's creditworthiness are classified as Stage 2. For more details on the models and parameters used in the measurement of IFRS 9 adjustments, see Part E - Information on risks and related hedging policies of the notes to the accounts.

Despite the delicate geopolitical and economic context, there was no significant deterioration in the credit portfolio during the first half of 2024, neither with regard to financial investments nor with regard to the Group's loans to ordinary customers. With regard to institutional counterparties issuing financial instruments that the Group has acquired as investments, although there was a deterioration in credit parameters mainly due to the application of forward-looking factors, which incorporate the effects of the deteriorated macroeconomic environment, no changes in creditworthiness were detected that would trigger a stage 2 transition. Loans to ordinary customers, on the other hand, did not show any significant increase in flows to stage 2 or stage 3. The latter are in fact 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 loans, the average loan-to-value is, in fact, about 50% and the credit facilities granted provide for the acquisition of guarantees with conservative margins.

With reference to the projections of future cash flows, assumptions and parameters used for the purpose 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 influenced by the macroeconomic market environment, which could experience unforeseeable changes considering the uncertainties highlighted above. In this regard, it should be noted that on December 14th, 2023, the Board of Directors had approved the procedure adopted for determining the value in use of goodwill, trademarks, and domains (model, assumptions, and parameters used) for the purpose of preparing the financial statements for the year ended December 31st, 2023, and on February 6th, 2024, the Board of Directors had approved the outcome of the impairment test. It should be noted that as of June 30th, 2024, the Parent Company has assessed that the changes reasonably estimated in the forward-looking data used as of December 31st, 2023, have not a significant impact on the positive outcome of the impairment test carried out on that date, whose results confirm the sustainability of the goodwill recorded in the financial statements, not showing in any of the scenarios assumed the need for impairment, confirming a value in use significantly higher than the book value. The sensitivity analyses carried out at the closing of the financial statements as at December 31st, 2023 also highlight that the impairment test would reach a break-even level assuming changes currently not reasonably conceivable in the main parameters used in the valuation model. Please refer to Part B - Information on the Consolidated Balance Sheet - Section 10 - Intangible Assets of the Notes to the consolidated accounts of the Financial Report as of December 31st, 2023.

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 Parent Company, at the time of the closing of the consolidated interim financial statements as of June 30th, 2024, requested an update of the appraisal from independent third party company that carried out the appraisal as at December 31st, 2023, which confirmed the values reported in the previous appraisal, and therefore no evidence emerged that would lead to the need for impairment pursuant under IAS 36.

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

Furthermore, no uncertainty has been recognised with regard to the recoverability of deferred tax assets. The amount of deferred tax assets recognised in the financial statements must be tested for the likelihood of future taxable income that would allow for their recovery. The test performed at the time of the condensed interim consolidated financial statements was positive.

Regarding 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 accounts.

Lastly, regarding the provisions for risks and charges arising from legal disputes and claims, it should be noted that in the first half of 2024, an amount of approximately €3.3 million was reallocated to the income statement, which had been recognised for penalties and interest relating to a tax dispute. For further details on the aforementioned provisions for risks and charges see Part E – Information on risks and related hedging policies - Section 5 - Operating risk of these notes to the accounts.

Part A – Accounting policies

Going concern declaration

Persistent geopolitical tensions lead to significant uncertainty in macroeconomic forecasts, in terms of GDP, inflation rates and interest rates; despite this, it is considered that there is no doubt 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 adjustment to book values within the next year. However, it cannot be ruled out that, due to 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 June 30th, 2024, relative buffers against minimum regulatory requirements and their evolution in the foreseeable future were considered.

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 interim financial statements for the period ended June 30th, 2024 have been prepared on a going concern basis.

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.

In February 2024, Article 42-bis "Temporary provision: contributions for 2024" was introduced in the Statute of the Fondo Interbancario di Tutela dei Depositi, aimed at enabling the target level of 0.8% of protected deposits to be reached in the timeframe defined by law, no later than July 2nd, 2024. For the contribution due for 2024, the financial allocation is made up through ordinary and additional contributions that member banks are required to make as of March 31st, 2024, for this reason the contribution for the year 2024 was recognised in the income statement for the first quarter of 2024, rather than at the end of the third quarter as was the case in the past. The fee for 2024, in whose contribution only the Parent Company FinecoBank is involved, is equal to € 35,343 thousand (€ 35,030 thousand recognised in 2023).

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 entailed a compulsory contribution mechanism that allowed 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, if 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 previously described target resource level was achieved by December 31st, 2023, therefore, no contribution was recognised in the income statement for the first half 2024. It should be noted that the Group's share for the year 2023, which was only paid by the Parent Company FinecoBank, recognised under item 190. "Administrative expenses b) other administrative expenses" amounted to € 6,581 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.

Other information

The Consolidated interim financial statements as at June 30th, 2024 are subject to limited audit 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

As regards the criteria for classification, recognition and measurement of the main items in the financial statement, please refer to what is illustrated in Part A.2 of the Notes to the consolidated accounts of the Financial Statements closed on December 31st, 2023.

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 the first half 2024 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.

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 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 based on 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 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;

Part A – Accounting policies

- 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" 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. This approach was preferred to the detection of the closing price as it also includes liquidity risk in the assessment.

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 a closing price consistent with the price offered to the customer, determined according to contractual rules and data from Info Providers, and subjected to initial validation within the New Products Process. The use of the closing price is justified by the nature of the exposures held by the Bank in this type of instrument, which envisages a trading on own account with customer's orders.

Also for the fair value measurement of options, a closing price consistent with the price offered to the customer is considered, determined according to contractual rules and data from Info Providers, and subjected to initial validation within the New Products Process. Also in this case, the use of the closing price is justified by the nature of the exposures held by the Bank in this type of instrument, which envisages a trading on own account with customer's orders.

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 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 and Derivative contracts listed on regulated markets

Equity Instruments and derivative contracts listed on regulated markets, including certificates issued by Fineco, 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. Again, the use of the closing price for these instruments is justified by the nature of the exposures held by the Bank in the Trading Book, which are functional to the brokerage activity with customers, and involves a trading on own account with customer’s orders.

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 no quotations are available or quotations 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 of June 30th, 2024, such factor was determined equal to 13.27%, estimating litigation risk at 7.27% 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. The Visa INC preferred shares class “C” 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 mainly 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 hierarch.

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.

It should be noted that, at the reference date, and following the expiry in February 2024 of the last bonds issued by UniCredit, acquired by Fineco through a private placement, no bond securities valued at mark-to-model were recorded in the balance sheet.

Part A – Accounting policies

Financial liabilities at amortised cost

The fair value of financial liabilities at amortised cost is determined using a present value model adjusted for the associated issuer risk.

The fair value of on-demand financial liabilities, of financial liabilities with a maturity of less than 12 months and current payables related to the provision of financial services is approximated equal to the carrying amount; 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 Instrument and Derivative contracts listed on regulated markets” 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.

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	06/30/2024			12/31/2023		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit or loss	17,750	4,219	3,147	11,208	3,856	6,055
a) financial assets held for trading	16,972	4,219	23	10,230	3,856	23
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily at fair value	778	-	3,124	978	-	6,032
2. Financial assets at fair value through other comprehensive income	228,817	-	54	29,062	-	7
3. Hedging derivatives	-	941,214	-	-	896,577	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**246,567**	**945,433**	**3,201**	**40,270**	**900,433**	**6,062**
1. Financial liabilities held for trading	8,301	1,418	3	5,324	1,670	3
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	23,555	-	-	59,988	-
Total	**8,301**	**24,973**	**3**	**5,324**	**61,658**	**3**

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

During the first half 2024, 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.

The Russia-Ukraine military conflict has not affected fair value measurement. In particular, as far as securities on which the Group holds a relevant share are concerned, decreases or withdrawals of prices quoted in active markets (level 1) or any other observable inputs (level 2) have not been recorded so far, nor have securities changes in fair value hierarchy.

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	06/30/2024				12/31/2023			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets at amortised cost	26,999,035	19,027,614	204,273	6,378,794	27,940,209	19,409,985	837,063	6,494,211
2. Tangible assets held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Total	**26,999,035**	**19,027,614**	**204,273**	**6,378,794**	**27,940,209**	**19,409,985**	**837,063**	**6,494,211**
1. Financial liabilities at amortised cost	29,981,019	778,852	31,740	29,143,776	30,433,831	777,598	31,513	29,591,557
2. Liabilities included in disposal group classified as held for sale	-	-	-	-	-	-	-	-
Total	**29,981,019**	**778,852**	**31,740**	**29,143,776**	**30,433,831**	**777,598**	**31,513**	**29,591,557**

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.

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 06/30/2024	Total 12/31/2023
a) Cash	7	6
b) Current accounts and demand deposits to Central banks	2,575,998	1,933,510
c) Current accounts and demand deposits to banks	257,917	333,034
Total	**2,833,922**	**2,266,550**

The item “b) Current accounts and demand deposits to Central banks” refers to the overnight deposit and the liquidity deposited to 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 to banks”.

Item “c) Current accounts and demand deposits to banks” consists of current accounts opened with credit institutions mainly for the settlement of transactions on payment circuits, for the settlement of securities transactions 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 06/30/2024			Total 12/31/2023		
	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	14,556	-	-	8,765	-	-
3. Units in investment funds	-	-	23	-	-	23
4. Loans	-	-	-	-	-	-
4.1 Reverse repos	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total (A)	**14,556**	**-**	**23**	**8,765**	**-**	**23**
B. Derivative instruments	-	-	-	-	-	-
1. Financial derivatives	2,416	4,219	-	1,465	3,856	-
1.1 Trading	2,416	4,219	-	1,465	3,856	-
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)	**2,416**	**4,219**	**-**	**1,465**	**3,856**	**-**
Total (A+B)	**16,972**	**4,219**	**23**	**10,230**	**3,856**	**23**

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 settled with institutional counterparties for the purpose of hedging such derivative contracts, Knock Out Options and Certificates issued, for a total amount of € 4,183 thousand (€ 3,652 thousand as at December 31st, 2023).

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 € 2,453 thousand (€ 1,699 thousand as at December 31, 2023).

Part B - Consolidated Balance Sheet

2.5 Other financial assets mandatorily at fair value: product breakdown

(Amounts in € thousand)

Items/Accounts	Total 06/30/2024			Total 12/31/2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**54**	**-**	**-**	**48**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	54	-	-	48	-	-
2. Equity instruments	**1**	**-**	**3,124**	**1**	**-**	**6,032**
3. Units in investment funds	**723**	**-**	**-**	**929**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Reverse repos	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total	**778**	**-**	**3,124**	**978**	**-**	**6,032**

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

The equity instruments included in “Other financial assets mandatorily at fair value” primarily consist of the Visa INC class “C” preferred shares, for an amount of € 3,110 thousand, which show a negative fair value change of € 16 thousand during first half 2024. The Units in investment funds are held by the subsidiary Fineco AM in the amount of € 723 thousand. During the first half of 2024, the preferred shares of Visa INC (class ‘A’) outstanding at the previous 31 December were sold.

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.

Equity securities of issuers in default were classified by the Group as non-performing in the financial statements for an amount not relevant.

Part B - Consolidated Balance Sheet

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 06/30/2024			Total 12/31/2023		
	L1	L2	L3	L1	L2	L3
1. Debts securities	**228,817**	**-**	**-**	**29,062**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	228,817	-	-	29,062	-	-
2. Equity instruments	**-**	**-**	**54**	**-**	**-**	**7**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**228,817**	**-**	**54**	**29,062**	**-**	**7**

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

"Financial assets at fair value through other comprehensive income" consist of securities issued by Sovereign and Supranational institutions and, residually, of equity interests in companies in which the Group does not exercise control or significant influence for € 54 thousand for which the "FVTOCI"[14] option was exercised. For more details, see the information on exposures in securities issued by sovereign States set out in Part E of the notes to the accounts.

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	228,833	-	-	-	-	(16)	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 06/30/2024	**228,833**	**-**	**-**	**-**	**-**	**(16)**	**-**	**-**	**-**	**-**
Total 12/31/2023	**29,064**	**-**	**-**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**

[14] With regard to non-trading equity instruments, IFRS 9 provides for the possibility of classifying them at fair value recognised in the other components of the comprehensive income statement (so-called "FVTOCI" - Fair Value Through Other Comprehensive Income).

Part B - Consolidated Balance Sheet

Section 4 - Financial assets at amortised cost – Item 40

4.1 Financial assets at amortized cost: product breakdown of loans and receivables to banks

(Amounts in € thousand)

Type of transaction/Values	Total 06/30/2024						Total 12/31/2023					
	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	**282,782**	**-**	**-**	**-**	**-**	**282,782**	**269,082**	**-**	**-**	**-**	**-**	**269,082**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserves	282,782	-	-	X	X	X	269,082	-	-	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	**2,053,587**	**-**	**-**	**1,706,274**	**82,353**	**105,503**	**2,724,513**	**-**	**-**	**1,757,250**	**711,173**	**107,291**
1. Loans	105,503	-	-	-	-	105,503	107,291	-	-	-	-	107,291
1.1. Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Time deposits	87,725	-	-	X	X	X	71,303	-	-	X	X	X
1.3. Other loans	17,778	-	-	X	X	X	35,988	-	-	X	X	X
- Reverse repos	191	-	-	X	X	X	397	-	-	X	X	X
- Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
- Others	17,587	-	-	X	X	X	35,591	-	-	X	X	X
2. Debts securities	1,948,084	-	-	1,706,274	82,353	-	2,617,222	-	-	1,757,250	711,173	-
2.1. Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Other	1,948,084	-	-	1,706,274	82,353	-	2,617,222	-	-	1,757,250	711,173	-
Total	**2,336,369**	**-**	**-**	**1,706,274**	**82,353**	**388,285**	**2,993,595**	**-**	**-**	**1,757,250**	**711,173**	**376,373**

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 notes to the accounts.

The item "Other loans: Other" amounting to € 8,865 thousand refers to the amount of the initial and variation margins and collateral deposits placed with credit institutions (€ 28,489 thousand as at December 31st, 2023), and € 8,722 thousand to current receivables associated with the provision of financial services (€ 7,102 thousand as at December 31st, 2023).

Financial assets at amortised cost are presented based on 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 - Consolidated Balance Sheet

4.2 Financial asset at amortised cost: product breakdown of receivables to customers

(Amounts in € thousand)

Type of transaction/Values	Total 06/30/2024						Total 12/31/2023					
	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	**6,110,075**	**6,053**	**-**	**-**	**-**	**5,990,509**	**6,194,576**	**3,965**	**-**	**-**	**-**	**6,117,838**
1.1. Current accounts	1,998,476	4,072	-	X	X	X	2,171,981	1,901	-	X	X	X
1.2. Reverse repos	179,222	74	-	X	X	X	130,069	168	-	X	X	X
1.3. Mortgages	2,405,115	1,099	-	X	X	X	2,498,914	1,101	-	X	X	X
1.4. Credit cards, personal loans and wage assignment	807,726	725	-	X	X	X	856,918	735	-	X	X	X
1.5. Lease loans	-	-	-	X	X	X	-	-	-	X	X	X
1.6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7. Other loans	719,536	83	-	X	X	X	536,694	60	-	X	X	X
2. Debt securities	**18,546,538**	**-**	**-**	**17,321,340**	**121,920**	**-**	**18,748,073**	**-**	**-**	**17,652,735**	**125,890**	**-**
2.1. Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Other	18,546,538	-	-	17,321,340	121,920	-	18,748,073	-	-	17,652,735	125,890	-
Total	**24,656,613**	**6,053**	**-**	**17,321,340**	**121,920**	**5,990,509**	**24,942,649**	**3,965**	**-**	**17,652,735**	**125,890**	**6,117,838**

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 accounts.

The item “Other loans” mainly includes loans granted to Cronos Vita Assicurazioni S.p.A., for a balance sheet amount of € 483,490 thousand (€ 293,022 thousand as at December 31st, 2023), guarantee deposits, initial and variation, in the amount of € 96,886 thousand (€ 103,593 thousand as of December 31st, 2023), and operating receivables related to the provision of financial services, in the amount of € 135,205 thousand (€ 136,306 thousand as of December 31st, 2023).

Debt securities mainly consist of securities issued by Sovereign, by Supranational institutions and local authorities. For more details, see the information on exposures in 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 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 Repo MTS market and settled through a Central Counterparty have been shown netted.

Part B - Consolidated Balance Sheet

Financial assets 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.

4.4 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	20,499,238	-	-	-	-	(4,616)	-	-	-	-
Loans	6,464,521	-	45,369	28,177	-	(6,164)	(5,366)	(22,124)	-	-
Total 06/30/2024	**26,963,759**	**-**	**45,369**	**28,177**	**-**	**(10,780)**	**(5,366)**	**(22,124)**	**-**	**-**
Total 12/31/2023	**27,907,873**	**-**	**46,375**	**24,094**	**-**	**(12,661)**	**(5,343)**	**(20,129)**	**-**	**-**

Section 5 – Hedging derivatives – Item 50

5.1 Hedging derivatives: breakdown by type of hedge and by level

(Amounts in € thousand)

	Fair Value 06/30/2024			NA	Fair Value 12/31/2023			NA
	L1	L2	L3	06/30/2024	L1	L2	L3	12/31/2023
A. Financial derivatives								
1. Fair value	-	941,214	-	9,223,656	-	896,577	-	9,070,461
2. Cash flows	-	-	-	-	-	-	-	-
3. Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives								
1. Fair value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**941,214**	**-**	**9,223,656**	**-**	**896,577**	**-**	**9,070,461**

Key:
NA = notional amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

Part B - Consolidated Balance Sheet

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 06/30/2024	Total 12/31/2023
1. Positive changes	**-**	**75**
1.1 of specific portfolios:	-	75
a) financial assets at amortized cost	-	75
b) financial assets at fair value through other comprehensive income	-	-
1.2 overall	-	-
2. Negative changes	**(203,501)**	**(189,378)**
2.1 of specific portfolios	(203,501)	(189,378)
a) financial assets at amortized cost	(203,501)	(189,378)
b) financial assets at fair value through other comprehensive income	-	-
2.2 overall	-	-
Total	**(203,501)**	**(189,303)**

Section 8 – Insurance assets – Item 80

No data to report.

Part B - Consolidated Balance Sheet

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 06/30/2024	Total 12/31/2023
1. Owened assets	**84,527**	**86,930**
a) lands	23,932	23,932
b) buildings	38,750	38,795
c) office furniture and fittings	2,634	2,794
d) electronic system	16,675	18,771
e) other	2,536	2,638
2. Assets under financial lease	**58,299**	**59,567**
a) lands	254	296
b) buildings	57,519	58,669
c) office furniture and fittings	-	-
d) electronic system	2	4
e) other	524	598
Total	**142,826**	**146,497**
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 Group has operational leasing transactions in place consisting of leases of the surface of the property owned.

9.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

No data to report.

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.

9.9 Commitments for the purchase of tangible assets

As at June 30th, 2024, the Group had contractual commitments to purchase property, plant and equipment amounting to € 28 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 06/30/2024		Total 12/31/2023	
	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	**6,056**	**27,459**	**7,006**	**27,459**
of which: software	6,054	-	7,000	-
A.2.1 Assets valued at cost:	6,056	27,459	7,006	27,459
a) Intangible assets generated internally	-	-	-	-
b) Other assets	6,056	27,459	7,006	27,459
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**6,056**	**117,061**	**7,006**	**117,061**

Other intangible assets with an indefinite life relate to the Fineco brands and domains.

The useful life of software, 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 Notes to the consolidated accounts.at December 31st, 2023.

With regard to the considerations conducted as of June 30th, 2024 regarding the impairment test of intangible assets with finite life and indefinite life, specifically goodwill, Fineco trademarks and 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.

10.3 Intangible assets: other information

As of June 30th, 2024, the Group had not contractual commitments for to purchase of intangible assets.

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 AM, 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

Impairment test results

With regard to the results of the impairment test, it should be noted that as of June 30th, 2024 there were no indicators of impairment of goodwill and Fineco brands and domains recorded in the financial statements. In this regard, it should be noted that as of June 30th, 2024, the Bank has assessed that the changes reasonably estimated in the prospective data used as of December 31st, 2023 are not such as to have a significant impact on the outcome, positive, of the impairment test carried out with reference to that date, the results of which confirmed the sustainability of the goodwill recorded in the financial statements, not showing in any of the hypothesized scenarios the need for impairment, confirming a value in use significantly higher than the book value. It should also be noted that the value "FinecoBank" shares resulted in a market capitalization of € 8,505 million as of June 30th, 2024, 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.

For more details on the impairment test and related sensitivity analysis, please refer to Part B - Information on the Consolidated Balance Sheet - Section 10 - Intangible Assets of the Notes to the consolidated accounts.at December 31st, 2023.

Section 11 - Tax Assets and Tax Liabilities - Asset item 110 and liability item 60

The item "Tax assets" amounting to € 49,466 thousand at June 30th, 2024, it is exclusively made of "Deferred tax assets", already net of the set-off against "Deferred tax liabilities" for € 4,849 thousand.

The item "Tax liabilities" amounting to € 33,418 thousand at the same date, it is exclusively made of "Current tax liabilities", already net of the set-off against first tax advances 2024. There are no "Deferred tax liabilities" as they are offset against "Deferred tax assets" for € 4,849 thousand.

Current Tax Assets and Liabilities

(Amounts in € thousand)

Assets/Amounts	Total 06/30/2024	Total 12/31/2023
Current tax assets	-	-
Current tax liabilities	33,418	86,706

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 € 51,936 thousand recognized as a balancing entry in the income statement;
- "Deferred tax assets" of € 2,379 thousand recognized as a balancing entry of shareholders' equity;
- "Deferred tax liabilities" of € 4,313 thousand recognized as a balancing entry in the income statement;
- "Deferred tax liabilities" of € 536 thousand recognized 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. Regarding Fineco AM, current taxes were calculated using a 12.5% rate. The provisions concerning the entry into force of the so-called Pillar Two provisions, implementing Directive 2022/2523, were also applied.

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 06/30/2024	Total 12/31/2023
Allocations through profit or loss	**51,069**	**50,784**
- of which Patent Box ex D.L. n.3/2015	19,186	17,186
- of which Provisions for Risks and Charges	21,516	23,062
- of which Realignment of goodwill art. 110 of D.L. n. 104/2020	9,501	9,603
- of which Other	866	933
Allocations through equity	**2,379**	**2,032**
- of which Revaluation reserve application IAS 19	677	750
- of which Financial assets at fair value through comprehensive income	1,702	1,282
Impairment losses on receivables (of which pursuant to Law 214/2011)	**867**	**1,615**
Total before IAS 12 offset	**54,315**	**54,431**
Offset against deferred tax liabilities - IAS 12	(4,849)	(4,434)
Total	**49,466**	**49,997**

11.2 Deferred tax liabilities: breakdown

(Amounts in € thousand)

Assets/Amounts	Total 06/30/2024	Total 12/31/2023
Allocations through profit or loss	**4,313**	**3,921**
- of which Goodwill and Brand	4,264	3,824
- of which Other	49	97
Allocations through equity	**536**	**513**
- of which Revaluation reserve application IAS 19	513	513
- of which Financial assets at fair value through comprehensive income	23	-
Total before IAS 12 offset	**4,849**	**4,434**
Offset against deferred tax assets - IAS 12	(4,849)	(4,434)
Total	**-**	**-**

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 data to report.

Section 13 – Other assets – Item 130

13.1 Other assets: breakdown

(Amounts in € thousand)

	Total 06/30/2024	Total 12/31/2023
Trade receivables according to IFRS15	6,771	8,049
Tax credits purchased	1,298,821	1,618,030
Current receivables not related with the provision of financial services	4,656	3,730
Receivables due to disputed items not deriving from lending	129	129
Notes, cheques and other documents to be settled	4,324	4,594
Improvement and incremental expenses incurred on leasehold assets	2,256	2,809
Definitive items not recognised under other items	9,940	7,782
Tax items other than those included in the item "Tax assets":	171,618	258,290
- tax advances	167,477	254,217
- tax credit	4,141	4,073
Items in processing:	10,318	10,817
- POS, Bancomat and Visa debit	10,311	10,813
- others	7	4
Accrued income and prepaid expenses other than those related to contracts to customers and other than capitalised in related financial assets or liabilities	29,902	26,042
Accrued income and prepaid expenses related to contracts with customers other than capitalised in related financial assets or liabilities	80,005	76,585
Securities and coupons to be settled	9,621	541
Transactions to be charged to customers' credit cards	11,686	11,868
Totale	**1,640,047**	**2,029,266**

It should be noted that as at 30 June 2024, some items in the above table were changed for a more explanatory presentation of the same. For the sake of consistency of comparison, the comparative figure for 2023 has been restated.

Tax credits purchased include the carrying amount of tax credits purchased under Decree-Law 34/2020 and subsequent amendments. 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 purchased by FinecoBank on the secondary market, for a total amount of around € 393 million, there are also credits that have been subject to preventive seizure in criminal proceedings, purchased for a total amount of around € 56 million. Given the Bank's total extraneousness to the facts under investigation, in these Consolidated Interim Financial Statements the aforementioned receivables have remained recognised as tax receivables (item "Tax credits purchased"), 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 a greater extent than the tax credit received (para. 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 be noted that: i) since this is 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 Italian Civil Code) provide adequate protection for FinecoBank, which can claim rights both 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

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no. 34 of 2020 cannot be used because they have been seized 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.

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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 06/30/2024				Total 12/31/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Deposits from central banks	**-**	X	X	X	**-**	X	X	X
2. Deposits from banks	**1,171,776**	X	X	X	**866,978**	X	X	X
2.1 Other current accounts and demand deposits	456	X	X	X	1,205	X	X	X
2.2 Time deposits	-	X	X	X	-	X	X	X
2.3 Loans	229,692	X	X	X	50,786	X	X	X
2.3.1 Repos	229,692	X	X	X	50,786	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	3,293	X	X	X	3,487	X	X	X
2.6 Other liabilities	938,335	X	X	X	811,500	X	X	X
Total	**1,171,776**	**-**	**-**	**1,171,776**	**866,978**	**-**	**-**	**866,978**

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 accounts.

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.

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1.2 Financial liabilities at amortised cost: product breakdown deposits from customers

(Amounts in € thousand)

Transactions type/Amounts	Total 06/30/2024				Total 12/31/2023			
		Fair Value				Fair Value		
	BV	L1	L2	L3	BV	L1	L2	L3
1. Current accounts and demand deposits	26,501,885	X	X	X	27,704,387	X	X	X
2. Time deposits	1,140,168	X	X	X	695,275	X	X	X
3. Loans	121,054	X	X	X	133,930	X	X	X
3.1 Reverse repos	121,054	X	X	X	133,930	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	56,811	X	X	X	57,895	X	X	X
6. Other liabilities	185,316	X	X	X	166,102	X	X	X
Total	**28,005,234**	**-**	**31,740**	**27,972,000**	**28,757,589**	**-**	**31,513**	**28,724,579**

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 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 market and settled through a Central Counterparty have been shown netted.

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.

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1.3 Financial liabilities at amortised cost: product breakdown of debt securities in issue

(Amounts in € thousand)

Type of securities/Values	Total 06/30/2024				Total 12/31/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Debts securities including bonds								
1. bonds	804,009	778,852	-	-	809,264	777,598	-	-
1.1 structured	-	-	-	-	-	-	-	-
1,2 other	804,009	778,852	-	-	809,264	777,598	-	-
2. other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**804,009**	**778,852**	**-**	**-**	**809,264**	**777,598**	**-**	**-**

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.

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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 06/30/2024					Total 12/31/2023				
	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	204	1,150	-	3	1,153	29	2,210	-	3	2,213
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)	**204**	**1,150**	**-**	**3**	**1,153**	**29**	**2,210**	**-**	**3**	**2,213**
B. Derivatives										
1. Financial derivatives	X	7,151	1,418	-	X	X	3,114	1,670	-	X
1.1 Trading derivatives	X	7,151	1,418	-	X	X	3,114	1,670	-	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**	**7,151**	**1,418**	**-**	**X**	**X**	**3,114**	**1,670**	**-**	**X**
Total (A+B)	**X**	**8,301**	**1,418**	**3**	**X**	**X**	**5,324**	**1,670**	**3**	**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 settled with institutional counterparties used for the operational hedging of the above mentioned derivatives. They amounted to € 6,330 thousand (€ 3,347 thousand as at December 31st, 2023).

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”). They amounted to € 2,239 thousand (€ 1,436 thousand as at December 31st, 2023).

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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 06/30/2024			NA	Fair value 12/31/2023			NA
	L1	L2	L3	06/30/2024	L1	L2	L3	12/31/2023
A. Financial derivatives	**-**	**23,555**	**-**	**1,962,000**	**-**	**59,988**	**-**	**2,857,000**
1) Fair value	-	23,555	-	1,962,000	-	59,988	-	2,857,000
2) Cash flows	-	-	-	-	-	-	-	-
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**23,555**	**-**	**1,962,000**	**-**	**59,988**	**-**	**2,857,000**

Key:
NA = notional amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

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 06/30/2024	Total 12/31/2023
1. Positive changes to financial liabilities	128	1,271
2. Negative changes to financial liabilities	(25,049)	(32,547)
Total	**(24,921)**	**(31,276)**

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.

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Section 8 – Other liabilities - Item 80

8.1 Other liabilities: breakdown

(Amounts in € thousand)

Items/Amounts	Total 06/30/2024	Total 12/31/2023
Payables to Directors and Statutory auditors	133	257
Payables to employees	19,434	18,920
Outgoing bank transfers	105,273	152,839
Social security contributions payable	7,918	8,745
Current payables not related to the provision of financial services	43,577	43,107
Payment authorisations to be settled	34,682	22,705
Payment orders issued by customers and other transactions to be settled	6,050	7,585
Definitive items not recognised under other items	42,108	7,269
Tax items other than those included in the item "Tax liabilities":	59,396	71,993
- sums withheld from third parties as withholding agent	39,871	39,741
- other	19,525	32,252
Illiquid items for portfolio transactions	1,329	1,500
Items in processing:	2,472	2,785
- incoming bank transfers	1,418	1,326
- other items in processing	1,054	1,459
Accrued expenses and deferred income other than those related to contracts with customers and other than capitalised on the related financial assets or liabilities	259	240
Deferred income related to contracts with customers other than those capitalised on the related financial assets or liabilities	17,681	19,195
Sums available to be paid to customers	17,063	8,013
Securities and coupons to be settled	22,151	28,128
Credit card transactions to be settled with circuits	-	784
POS, ATM and Visa Debit transactions to be settled with circuits	27,625	27,169
Total	**407,151**	**421,234**

It should be noted that as at June 30th, 2024, some items in the above table were changed for a more explanatory presentation of the same. For the sake of consistency of comparison, the comparative figure for 2023 has been restated.

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Section 9 - Provisions for employee severance pay - Item 90

9.1 Provisions for employee severance pay: annual changes

(Amounts in € thousand)

	Total 06/30/2024	Total 12/31/2023
A. Opening balance	**4,378**	**3,942**
B. Increases	**72**	**490**
B.1 Provision of the year	72	158
B.2 Other increases	-	332
C. Decreases	**(156)**	**(54)**
C.1 Severance payments	(95)	(54)
C.2 Other decreases	(61)	-
D. Closing balance	**4,294**	**4,378**
Total	**4,294**	**4,378**

Item B.2 Other increases includes the increase 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.

The following table shows the main actuarial assumptions used to remeasure the liability.

Description of the main actuarial assumptions	06/30/2024	12/31/2023
Discount rate	3.70%	3.45%
Expected inflation rate	2.10%	2.00%

Section 10 - Provisions for risks and charges - Item 100

10.1 Provisions risk and charges: breakdown

(Amounts in € thousand)

Items/Components	Total 06/30/2024	Total 12/31/2023
1. Provisions for credit risk of commitments and financial guarantees given	91	226
2. Provisions for other commitments and other guarantees given	83	78
3. Provisions for retirement payments and similar obligations	-	-
4. Other provisions for risks and charges	132,697	138,862
4.1 legal and tax disputes	24,064	27,308
4.2 staff expenses	4,008	7,812
4.3 other	104,625	103,742
Total	**132,871**	**139,166**

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 € 23,825 thousand (€ 23,817 thousand as at December 31st, 2023) and provisions for tax disputes (penalties and interest) for € 239 thousand (€ 3,491 thousand

as at December 31st, 2023). 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. With reference to the provision for tax disputes, it should be noted that in the first half of 2024, an amount of approximately € 3.3 million was re-allocated to the income statement, which had been recognised for penalties and interest relating to a tax dispute.

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, for € 91,426 thousand (€ 89,948 thousand as at December 31st, 2023), Contractual Indemnity Fund for € 225 thousand (€ 220 thousand as at December 31st, 2023) and other provisions made for risks related to the Group’s business and operations, for € 12,974 thousand (€ 13,574 thousand as at December 31st, 2023), including, in particular, the obligations arising from the cost rebalancing agreement that the Parent Company signed with the other distributing banks as part of the operation aimed at protecting Cronos formerly Eurovita policyholders and the provisions made for training events for personal financial advisors.

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	71	-	17	-	88
2. Financial guarantees given	3	-	-	-	3
Total	**74**	**-**	**17**	**-**	**91**

10.4 Provisions on other commitments and other guarantees given

(Amounts in € thousand)

Items/Components	Total 06/30/2024	Total 12/31/2023
1. Other guarantees given	-	-
2. Other commitments	83	78
Total	**83**	**78**

10.5 Pensions and other post-retirement defined-benefit obligations

No data to report.

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10.6 Provisions for risks and charges - other provisions

(Amounts in € thousand)

	Total 06/30/2024	Total 12/31/2023
Legal and fiscal disputes	**24,064**	**27,308**
- Pending cases	20,513	21,305
- Complaints	3,312	2,512
- Tax disputes	239	3,491
Staff expenses	**4,008**	**7,812**
Others	**104,625**	**103,742**
- Supplementary customer indemnity provision	91,426	89,948
- Provision for contractual payments	225	220
- Other provisions	12,974	13,574
Total provisions for risks and charges - other provisions	**132,697**	**138,862**

(Amounts in € thousand)

Provisions for risks and charges	Total 12/31/2023	Uses	Transfers and other changes	Actuarial gains (losses) IAS 19R *	Net provisions**	Total 06/30/2024
Legal and fiscal disputes	**27,308**	**(1,080)**	**-**	**-**	**(2,164)**	**24,064**
- Pending cases	21,305	(904)	-	-	112	20,513
- Complaints	2,512	(176)	-	-	976	3,312
- Tax disputes	3,491	-	-	-	(3,252)	239
Staff expenses	**7,812**	**(7,234)**	**-**	**-**	**3,430**	**4,008**
Others	**103,742**	**(3,115)**	**-**	**(1,316)**	**5,314**	**104,625**
- Supplementary customer indemnity provision	89,948	(1,309)	-	(1,316)	4,103	91,426
- Provision for contractual payments	220	-	-	-	5	225
- Other provisions	13,574	(1,806)	-	-	1,206	12,974
Total provisions for risks and charges - other provisions	**138,862**	**(11,429)**	**-**	**(1,316)**	**6,580**	**132,697**

* 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	06/30/2024	12/31/2023
Discount rate	3.70%	3.45%
Rate salary increase	4.50%	4.50%

For further information and details on the amount, timing and uncertainty of financial flows (sensitivity), please refer to the Consolidated Financial Statements at December 31, 2023.

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 to the extent that it is believed that they will not

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be reimbursed by the counterparties. 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 **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 provisions for risks and charges include the allocations for penalties 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 **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 **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 contractual payments**, relating to a specific cluster of personal financial advisors, is constituted against 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, but since the amount is not significant, the valuation is carried out annually.

The **Other Provisions** are mainly allocated to cover the risks related to the business and operations of the Group, including, in particular, the obligations arising from the cost rebalancing agreement that the Parent Company signed with the other distributing banks as part of the operation aimed at protecting Cronos formerly Eurovita policyholders described above and the provisions for training events for financial advisors.

Section 11 – Insurance liabilities – Item 110

No data to report.

Section 12 - Redeemable shares - Item 130

No data to report.

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Section 13 - Group Shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180

13.1 "Share capital" and "Treasury shares": breakdown

As at June 30, 2024, share capital came to € 201,630 thousand, comprising 610,999,427 ordinary shares with a par value of € 0.33 each.

The Board of Directors of FinecoBank on February 6, 2024, 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 5, 2024, approved the allocation of:

- last share tranche of the 2018 plan, awarded in 2019, corresponding to 32,525 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th, 2018;
- the third share tranche of the 2019 plan, awarded in 2020, corresponding to overall 32,771 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 10th, 2019;
- the second and third share tranche of the 2020 plan, awarded in 2021, corresponding to 37,918 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 15th, 2020;
- the second share tranche of the 2021 plan, awarded in 2022, corresponding to 2,690 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 19th, 2021;
- the first share tranche of the 2022 plan, awarded in 2023, corresponding to 59,246 free ordinary shares, in line with the maximum amount approved by the Board of Directors on January 18th, 2022;

and, consequently, a free capital increase effective from March 28th, 2024 for a total amount of € 54,499.50 corresponding to 165,150 free 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, 2018, April 10th, 2019, April 28th, 2020, April 28th, 2021 and April 28th, 2022 pursuant to Article 2443 of the Italian Civil Code

- the third and fourth share tranche of the "2018-2020 Long Term Incentive Plan" for employees, granted in 2018 and corresponding to 114,511 FinecoBank free ordinary shares, and subsequently, a free capital increase effective as of March 28th, 2024, for a total amount of € 37,788.63 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;
- the first share tranche of the "2021-2023 Long Term Incentive Plan" for employees, granted in 2021, and corresponding to 88,131 FinecoBank free ordinary shares, and subsequently, a free capital increase effective as of March 28th, 2024, for a total amount of € 29,083.23 in partial exercise of the authority granted to the Board of Directors by the Extraordinary Shareholders' Meeting of April 28th 2021 pursuant to Article 2443 of the Italian Civil Code.

As a result of the aforementioned capital increases, the available profit reserve was reduced, and in particular, the reserve related to the medium-long term incentive scheme for FinecoBank's personnel, established with the Extraordinary Reserve, was used.

As at June 30th, 2024, the Group, in particular the Parent Company FinecoBank, held in the portfolio 81,200 FinecoBank ordinary shares, in order to execute the PFA incentive plans of the Bank, corresponding to 0.013% of the share capital, for an amount of € 1,082 thousand. During first half 2024 n. 44,200 shares, for an amount of € 572 thousand, were purchased in relation to the 2023 PFA Incentive System for personal financial advisors identified as "Key personnel" and n. 12,781, n. 19,004, n. 16,480, and n. 6,194 FinecoBank ordinary shares held in the portfolio were assigned to personal financial advisors respectively in execution to the 2020, 2021 and 2022 PFA Incentive System and 2018-2020 Long Term Incentive Plan, for an amount of € 733 thousand.

(Amounts in € thousand)

	Total 06/30/2024	Total 12/31/2023
Share capital	201,630	201,508
Share premium reserve	1,934	1,934
Reserves	1,066,592	890,106
(Treasury shares)	(1,082)	(1,243)
Revaluation reserves	(6,616)	(6,730)
Equity instruments	631,883	500,000
Net Profit (Loss) for the year	320,320	609,101
Total	**2,214,661**	**2,194,676**

Part B - Consolidated Balance Sheet

13.2 Share capital - Number of shares of the Parent Company: annual changes

Items/Type	Ordinary	Others
A. Shares outstanding at the beginning of the year	**610,540,176**	**-**
- fully paid	610,631,635	-
- not fully paid	-	-
A.1 treasury shares (-)	(91,459)	-
A.2 Shares outstanding: Opening balance	**610,540,176**	**-**
B. Increases	**422,251**	**-**
B.1 New issues	367,792	-
- against payment:	-	-
- business combination	-	-
- bonds converted	-	-
- warrants exercised	-	-
- others	-	-
- free:	367,792	-
- to employees	367,792	-
- to directors	-	-
- others	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	54,459	-
C. Decreases	**(44,200)**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	(44,200)	-
C.3 Business tranferred	-	-
C.4 Other changes	-	-
D. Shares outstanding: closing balance	**610,918,227**	**-**
D.1 Treasury shares (+)	81,200	-
D.2 Shares outstanding at the end of the year	610,999,427	-
- fully paid	610,999,427	-
- not fully paid	-	-

The item B.3 “Other changes” reports the shares allocated to the personal financial advisors identifies as “Identified Staff” under the stock granting plans 2020, 2021 and 2022 and 2018-2020 Long Term Incentive Plan.

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.

Part B - Consolidated Balance Sheet

13.4 Reserves from allocation of profit from previous years: other information

The reserves from profits consist of the:

- Legal reserve, amounting to € 40,326 thousand;
- Reserve for treasury shares held, amounting to € 1,082 thousand;
- Consolidation reserve, amounting to € 39,290 thousand;
- Reserves of unavailable profits pursuant to article 6 paragraph 2 of Legislative Decree 38/2005, for an amount equal to € 2,675 thousand;
- Non-distributable reserve pursuant to Article 26, Section 5-bis of Decree-Law No. 104 of 10 August 2023, in the amount of € 30,479 thousand;
- other reserves from profits, amounting to € 904,617 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 6, 2024 approved execution of the incentive/loyalty systems with a consequent increase in share capital, against with the reserves from profits have been reduced for an amount of € 121 thousand, in particular the reserve related to the medium/long-term incentive scheme for FinecoBank's personnel, set up with the available Extraordinary Reserve, was used. The extraordinary 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 first half 2024 n. 44,200 shares, for an amount of € 572 thousand, were purchased in relation to the 2023 PFA Incentive System for personal financial advisors identified as “Key personnel” and n. 12,781, n. 19,004, n. 16,480, and n. 6,194 FinecoBank ordinary shares held in the portfolio were assigned to personal financial advisors respectively in execution to the 2020, 2021 and 2022 PFA incentive system and 2018-2020 Long Term Incentive Plan for Financial Advisors Identified Staff, for an amount of € 733 thousand. Consequently, the Reserve for treasury shares reduced by a total of € 161 thousand, with a simultaneous increase in the Extraordinary reserve.

The FinecoBank Shareholders' Meeting of April 24th, 2024 approved the allocation of profit for the year 2023 of FinecoBank S.p.A. amounting to € 604,498 thousand, as follows:

- to the 610,999,427 ordinary shares with a par value of € 0.33, constituting the share capital including 367,792 shares related to the capital increase to support the employee incentive system approved by the Board of Directors on February 6, 2024, a unit dividend of € 0.69 totaling € 421,590 thousand;
- € 24 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;
- € 30,479 thousand to the on-distributable reserve pursuant to Article 26, Section 5-bis of Decree-Law No. 104 of 10 August 2023, corresponding to the amount of the extraordinary tax determined pursuant to the aforementioned decree;
- € 461 thousand to the reserve of unavailable pursuant to article 6 paragraph 2 of Legislative Decree 38/2005:
- € 151,944 thousand to the extraordinary reserves.

In addition, during the first half of 2024, the extraordinary reserve was reduced by an amount of:

- € 10,123 thousand, corresponding to coupons, net of related taxation, paid to holders of Additional Tier1 instruments issued by the Bank;
- € 609 thousand, corresponding to the loss, net of related taxation, recognised following the repurchase for an amount of € 168 million of the Additional Tier1 instrument issued in July 2019 for a total nominal value of €300 million;
- € 2,572 thousand, corresponding to the costs associated with the issuance and repurchase of Additional Tier1 instruments carried out in the first half of 2024;

and increased by the portion of dividends not distributed in respect of treasury shares held by the Bank at the record date, amounting to € 56 thousand.

Part B - Consolidated Balance Sheet

13.5 Equity instruments: breakdown and annual changes

As described in the consolidated interim report on operations, on 4 March 2024 FinecoBank placed on the market an Additional Tier 1 instrument intended for institutional investors with a nominal value of € 500 million.

On March 11th, 2024, the offer to purchase the Additional Tier 1 instrument issued in July 2019 with a nominal value of € 300 million was concluded and the total nominal amount of capital instruments validly tendered in the offer was € 168 million. It should also be noted that FinecoBank has received authorisation from the European Central Bank to call the residual amount of the capital instruments not repurchased in the offer on the first available date, December 3rd, 2024.

Finally, on June 3rd, 2024, the Additional Tier1 private placement issued in January 2018 with a nominal value of € 200 million, fully subscribed by UniCredit S.p.A., was called.

As of June 30th, 2024, therefore, the outstanding capital instruments are as follows:

- 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 nominal value of €300 million and outstanding with a remaining nominal value of € 132 million. The coupon for the first 5 years has been fixed at 5.875%;
- Additional Tier 1 issued on March 4th, 2024 with a nominal value of € 500 million. The capital instrument is a public placement, perpetual, traded on the regulated market managed by Euronext Dublin, rated BB- (S&P Global Ratings). The coupon for the first 5.5 years was set at 7.5%.

13.6 Other information

No data to report.

Section 14 – Minority interests – Item 190

No data to report.

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 06/30/2024	Total 12/31/2023
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired financial assets		
1. Commitment to supply funds	**104,039**	**296**	**75**	**-**	**104,410**	**286,547**
a) Central Banks	-	-	-	-	-	-
b) Public Administration	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial companies	75,937	-	-	-	75,937	262,427
e) Non-financial companies	-	-	-	-	-	-
f) Families	28,102	296	75	-	28,473	24,120
2. Financial guarantees issued	**30,079**	**-**	**-**	**-**	**30,079**	**28,318**
a) Central Banks	-	-	-	-	-	-
b) Public Administration	-	-	-	-	-	-
c) Banks	17,170	-	-	-	17,170	17,170
d) Other financial companies	834	-	-	-	834	-
e) Non-financial companies	1,285	-	-	-	1,285	85
f) Families	10,790	-	-	-	10,790	11,063

Commitments to disburse funds to Households mainly include securities lending transactions guaranteed by sums of money that are within the lender's full economic availability to be settled, while commitments to disburse funds to Other financial companies mainly include the undrawn portion of the loan granted to Cronos Vita Assicurazioni S.p.A..

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 31, 2023).

Part B - Consolidated Balance Sheet

2. Other commitments and other guarantees given

(Amounts in € thousand)

	Nominal amount Total 06/30/2024	Nominal amount Total 12/31/2023
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	**2,327,315**	**2,354,551**
of which: impaired credit exposures	849	130
a) Central Banks	-	-
b) Governments	-	-
c) Banks	3,671	3,096
d) Other financial companies	23,764	21,459
e) Non-financial companies	4,464	2,191
f) Households	2,295,416	2,327,805

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 06/30/2024	Amounts 12/31/2023
1. Financial assets at fair value through profit and loss	-	-
2. Financial assets at fair value through other comprehensive income	-	-
3. Financial assets at amortized cost	2,340,228	2,987,910
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, in particular Sovereign 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 securities are given as collateral for the entire duration of the transaction;
- debt securities, in particular Sovereign 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;
- variation margins, initial margins and guarantee deposits, including the default fund, against transactions in derivative contracts and financial instruments;
- debt securities, mainly issued by Supranational institutions, given as collateral in securities lending transactions carried out with customers. The securities are given as collateral for the entire duration of the transaction.

Part B - Consolidated Balance Sheet

4. Breakdown of investments for unit-linked and index-linked policies

No data to report.

8. Securities lending transactions

The Group, in particular the Parent Company, 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 nominal value of the underlying securities received on a loan and not recognised as assets in the accounts totalled € 348,813 thousand, for a fair value of € 343,765 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 € 1,417,327 thousand.

(Amounts in € thousand)

Securities received on loan from:	Type of securities - Nominal value as at 30 June 2024		
	Sold	Sold in repos	Other purposes
Banks			
Financial companies		573	
Insurance companies			
Non-financial companies		1,305	
Other entities	560	332,758	13,617
Total nominal value	**560**	**334,636**	**13,617**

(Amounts in € thousand)

Securities received on loan from:	Type of securities - Fair value as at 30 June 2024		
	Sold	Sold in repos	Other purposes
Banks			
Financial companies		2,142	5
Insurance companies			
Non-financial companies		2,243	33
Other entities	959	317,361	21,022
Total fair value	**959**	**321,746**	**21,060**

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 06/30/2024	Total 06/30/2023
1. Financial assets at fair value though profit and loss:	**1**	**-**	**-**	**1**	**3**
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily at fair value	1	-	-	1	3
2. Financial assets at fair value through other comprehensive income	**797**	**-**	**X**	**797**	**125**
3. Financial assets at amortised cost:	**123,137**	**105,923**	**X**	**229,060**	**239,447**
3.1 Loans and receivables to banks	10,298	2,083	X	12,381	36,802
3.2 Loans and receivables to customers	112,839	103,840	X	216,679	202,645
4. Hedging derivatives	**X**	**X**	**116,221**	**116,221**	**97,707**
5. Other assets	**X**	**X**	**73,965**	**73,965**	**33,835**
6. Financial liabilities	**X**	**X**	**X**	**36**	**81**
Total	**123,935**	**105,923**	**190,186**	**420,080**	**371,198**
of which: income interests on impaired financial assets	-	165	-	165	125
of which: interest income on financial lease	X	-	X	-	-

Part C - Consolidated Income Statement

1.3 Interest expenses and similar charges: breakdown

(Amounts in € thousand)

Items/Technical forms	Debts	Securities	Other operations	Total 06/30/2024	Total 06/30/2023
1. Financial liabilities at amortized cost	(50,256)	(8,620)	X	(58,876)	(45,001)
1.1 Deposits from central banks	-	X	X	-	-
1.2 Deposits from banks	(20,826)	X	X	(20,826)	(19,445)
1.3 Deposits from customers	(29,430)	X	X	(29,430)	(19,078)
1.4 Debt securities in issue	X	(8,620)	X	(8,620)	(6,478)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	(1)	(1)	-
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	(534)	(619)
Total	**(50,256)**	**(8,620)**	**(1)**	**(59,411)**	**(45,620)**
of which: interest expenses on lease liabilities	(784)	X	X	(784)	(650)

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 06/30/2024	Total 06/30/2023
a) Financial instruments	79,285	68,697
1. Securities placement	9,162	7,164
1.1 Under firm assumption and/or on the basis of an irrevocable commitment	-	-
1.2 Without firm commitment	9,162	7,164
2. Receipt and transmission of orders and execution for customers	54,571	47,161
2.1 Receipt and transmission of orders for one or more financial instruments	10,181	13,670
2.2 Execution of orders on behalf of customers	44,390	33,491
3. Other fees connected with activities related to financial instruments	15,552	14,372
of which: trading on own account	15,552	14,372
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	43,345	36,466
d) Clearing and settlement	-	-
e) Collective Portfolio Management	188,174	167,727
f) Custody and administration	323	352
1. Custodian bank	-	-
2. Other fees related to custody and administration	323	352
g) Central administrative services for collective portfolio management	-	-
h) Trust business	-	-
i) Payment services	40,446	43,564
1. Current accounts	6,646	11,477
2. Credit cards	18,363	18,374
3. Debit and other payment cards	9,112	8,263
4. Wire transfers and other payment orders	6,325	5,450
5. Other fees related to payment services	-	-
j) Distribution of third party services	149,070	145,785
1. Collective portfolio management	90,496	85,670
2. Insurance products	55,099	57,295
3. Other products	3,475	2,820
of which: individual portfolio management	2,074	1,874
k) Structured Finance	-	-
l) Servicing for securitization transactions	-	-
m) Commitments to disburse funds	-	-
n) Financial guarantees issued	54	49
of which: credit derivatives	-	-
o) Financing operations	183	179
of which: for factoring transactions	-	-
p) Currency trading	-	-
q) Goods	-	-
r) Other commission income	559	586
of which: for management activities of multilateral trading systems	-	-
of which: for management activities of organized trading systems	-	-
s) Securities lending transactions	4,705	5,278
Total	**506,144**	**468,683**

Part C - Consolidated Income Statement

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 € 84,525 thousand (€80,975 thousand in first half 2023).

2.2 Fee and commission expenses: breakdown

(Amounts in € thousand)

Services/Amounts	Total 06/30/2024	Total 06/30/2023
a) Financial instruments	(6,479)	(5,418)
of which: trading of financial instruments	(6,479)	(5,418)
of which: placement of financial instruments	-	-
of which: management of individual portfolios	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Clearing and settlement	(3,409)	(2,901)
c) Management of collective portfolios	(16,371)	(15,839)
1. Own	-	-
2. Delegated to third parties	(16,371)	(15,839)
d) Custody and administration	(2,595)	(2,263)
e) Payment and collection services	(15,479)	(12,401)
of which: credit cards, debit cards and other payment cards	(11,066)	(8,926)
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	(198,479)	(184,075)
j) Currency trading	-	-
k) Other commission expenses	(4,328)	(485)
l) Securities lending transactions	(993)	(558)
Total	**(248,133)**	**(223,940)**

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 respectively recorded against the item 150. "Reserves" of the net equity for an amount of € 329 thousand (€ 395 thousand as of 30 June 2023).

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 06/30/2024		Total 06/30/2023	
	Dividends	Similar revenues	Dividends	Similar revenues
A. Financial assets held for trading	79	1	127	1
B. Other financial assets mandatorily at fair value	20	-	23	-
C. Financial assets at fair value through other comprehensive income	-	-	-	-
D. Equity investments	-	-	-	-
Total	99	1	150	1

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 June 30, 2024

(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	**94**	**23,408**	**(355)**	**(16,017)**	**7,130**
1.1 Debt securities	-	1,358	-	(1,216)	142
1.2 Equity instruments	94	21,746	(355)	(14,534)	6,951
1.3 UCITS units	-	304	-	(267)	37
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**15**	**732**	**(15)**	**(1,198)**	**(466)**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	15	732	(15)	(1,198)	(466)
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**12,226**
4. Derivatives	**8,286**	**105,822**	**(7,937)**	**(88,758)**	**19,643**
4.1 Financial derivatives:	8,286	105,822	(7,937)	(88,758)	19,643
- On debt securities and interest rates	204	1,077	(188)	(1,090)	3
- On equity securities and share indices	7,890	90,721	(7,605)	(76,653)	14,353
- On currency and gold	X	X	X	X	2,230
- Others	192	14,024	(144)	(11,015)	3,057
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	X	X	X	X	-
Total	**8,395**	**129,962**	**(8,307)**	**(105,973)**	**38,533**

Part C - Consolidated Income Statement

As at June 30, 2023

(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	**242**	**21,094**	**(122)**	**(12,559)**	**8,655**
1.1 Debt securities	-	1,117	-	(926)	191
1.2 Equity instruments	242	19,650	(122)	(11,382)	8,388
1.3 UCITS units	-	327	-	(251)	76
1.4 Loans	-	-	-	-	-
1.5 Others	-	-	-	-	-
2. Financial liabilities held for trading	**3**	**456**	**(54)**	**(524)**	**(119)**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Others	3	456	(54)	(524)	(119)
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**8,963**
4. Derivatives	**9,227**	**94,027**	**(10,131)**	**(78,829)**	**16,904**
4.1 Financial derivatives:	9,227	94,027	(10,131)	(78,829)	16,904
- On debt securities and interest rates	236	1,145	(242)	(1,068)	71
- On equity securities and share indices	8,863	79,701	(9,805)	(67,581)	11,178
- On currency and gold	**X**	**X**	**X**	**X**	2,610
- Others	128	13,181	(84)	(10,180)	3,045
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	**X**	**X**	**X**	**X**	-
Total	**9,472**	**115,577**	**(10,307)**	**(91,912)**	**34,403**

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 06/30/2024	Total 06/30/2023
A. Gains on:		
A.1 Fair value hedging instruments	115,123	11,677
A.2 Hedged asset items (in fair value hedge relationship)	3,382	140,332
A.3 Hedged liability items (in fair value hedge relationship)	4,982	12,007
A.4 Cash-flow hedging derivatives	-	-
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**123,487**	**164,016**
B. Losses on:		
B.1 Fair value hedging instruments	(8,402)	(157,484)
B.2 Financial assets items (in fair value hedge relationship)	(105,085)	(7,018)
B.3 Hedged liability items (in fair value hedge relationship)	(11,337)	(4,618)
B.4 Cash-flow hedging derivatives	-	-
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(124,824)**	**(169,120)**
C. Fair value adjustments in hedge accounting (A-B)	**(1,337)**	**(5,104)**
of which: net profit (loss) on net position	-	-

Part C - Consolidated 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 06/30/2024			Total 06/30/2023		
	Gain	Losses	Net profit (loss)	Gain	Losses	Net profit (loss)
Financial assets						
1. Financial assets at amortized cost	7,449	(5,690)	1,759	27,617	(27,535)	82
1.1 Loans and receivables to banks	-	(4,571)	(4,571)	-	-	-
1.2 Loans and receivables to customers	7,449	(1,119)	6,330	27,617	(27,535)	82
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-	-
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**7,449**	**(5,690)**	**1,759**	**27,617**	**(27,535)**	**82**
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, recorded at 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 June 30, 2024

(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	**49**	**355**	**(131)**	**-**	**273**
1.1 Debt securities	-	-	(2)	-	(2)
1.2 Equity securities	4	347	(118)	-	233
1.3 UCITS units	45	8	(11)	-	42
1.4 Loans	-	-	-	-	-
2. Financial assets: exchange differences	**X**	**X**	**X**	**X**	**139**
Total	**49**	**355**	**(131)**	**-**	**412**

As at June 30, 2023

(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	**734**	**1**	**(9)**	**(5)**	**721**
1.1 Debt securities	-	1	(2)	-	(1)
1.2 Equity securities	717	-	-	(2)	715
1.3 UCITS units	17	-	(7)	(3)	7
1.4 Loans	-	-	-	-	-
2. Financial assets: exchange differences	**X**	**X**	**X**	**X**	**(92)**
Total	**734**	**1**	**(9)**	**(5)**	**629**

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)					
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total 06/30/2024	Total 06/30/2023
			Write-off	Others	Write-off	Others						
A. Loans and receivables to banks	**(109)**	**-**	**-**	**-**	**-**	**-**	**188**		**-**	**-**	**79**	**33**
- Loans	(105)	-	-	-	-	-	119	-	-	-	14	-
- Debt securities	(4)	-	-	-	-	-	69	-	-	-	65	33
B. Loans and receivables to customers	**(1,356)**	**(673)**	**(22)**	**(3,657)**	**-**	**-**	**3,033**	**647**	**1,125**	**-**	**(903)**	**(2,639)**
- Loans	(1,052)	(673)	(22)	(3,657)	-	-	1,799	647	1,125	-	(1,833)	(2,025)
- Debt securities	(304)	-	-	-	-	-	1,234	-	-	-	930	(614)
Total	**(1,465)**	**(673)**	**(22)**	**(3,657)**	**-**	**-**	**3,221**	**647**	**1,125**	**-**	**(824)**	**(2,606)**

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".

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

(Amounts in € thousand)

Transactions/Income	Adjustments (1)						Write - backs (2)					
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Total 06/30/2024	Total 06/30/2023
			Write-off	Others	Write-off	Other						
A. Debt Securities	(14)	-	-	-	-	-	-	-	-	-	(14)	-
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- To clients	-	-	-	-	-	-	-	-	-	-	-	-
- To banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(14)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14)**	**-**

Part C - Consolidated Income Statement

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 06/30/2024			Total 06/30/2023		
	Gain	Losses	Net profit (loss)	Gain	Losses	Net profit (loss)
1. Financial assets valued at amortized cost	1	-	1	-	-	-
1.1 Receivables from banks	-	-	-	-	-	-
1.2 Receivables from customers	1	-	1	-	-	-
2. Financial assets valued at fair value through other comprehensive income	-	-	-	-	-	-
Total	**1**	**-**	**1**	**-**	**-**	**-**

Section 10 – Insurance services result – Item 160

No data to report.

Section 11 – Insurance finance income and expenses – Item 170

No data to report.

Part C - Consolidated Income Statement

Section 12 – Administrative expenses – Item 190

12.1 Staff expenses: breakdown

(Amounts in € thousand)

Type of expenses/Sectors	Total 06/30/2024	Total 06/30/2023
1) Employees	(65,709)	(59,150)
a) wages and salaries	(43,805)	(39,712)
b) social security contributions	(10,650)	(9,676)
c) pension costs	(431)	(369)
d) severance pay	-	-
e) allocation to employee severance pay provision	(83)	(93)
f) provision for retirements and similar provisions:	-	-
- defined contribution	-	-
- defined benefit	-	-
g) payments to external pension funds:	(3,454)	(2,881)
- defined contribution	(3,454)	(2,881)
- defined benefit	-	-
h) costs related to share-based payments	(2,754)	(2,418)
i) other employee benefits	(4,532)	(4,004)
j) recovery of expenses for employees seconded	-	3
2) Other staffs	-	-
3) Directors and statutory auditors	(1,314)	(1,228)
4) Early retirement costs	-	-
Total	**(67,023)**	**(60,378)**

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 € 2,754 thousand (€ 2,418 thousand as at June 30, 2023).

12.4 Other employee benefits

(Amounts in € thousand)

Type of expense/Amounts	Total 06/30/2024	Total 06/30/2023
Medical plan	(877)	(817)
Luncheon vouchers	(894)	(743)
Training expenses	(338)	(217)
Other	(2,423)	(2,227)
Total	**(4,532)**	**(4,004)**

The item "Other" mainly includes the cash component of benefits relating to employee incentive plans, amounting to € 1,938 thousand.

Part C - Consolidated Income Statement

12.5 Other administrative expenses: breakdown

(Amounts in € thousand)

Type of expense/Amounts	Total 06/30/2024	Total 06/30/2023
1) INDIRECT TAXES AND DUTIES	**(101,432)**	**(80,523)**
A) Advertising expenses - Marketing and communication	**(20,039)**	**(15,044)**
Mass media communications	(13,714)	(11,750)
Marketing and promotions	(3,989)	(2,962)
Sponsorships	(924)	(227)
Conventions and internal communications	(1,412)	(105)
B) Expenses related to credit risk	**(864)**	**(924)**
Credit recovery expenses	(209)	(255)
Commercial information and company searches	(655)	(669)
C) Expenses related to personnel and to personal financial advisors	**(3,083)**	**(2,133)**
Other staff expenses	(938)	(786)
Personal financial advisor expenses	(2,145)	(1,347)
D) ICT expenses	**(30,464)**	**(28,125)**
Lease of ICT equipment and software	(952)	(1,126)
Software expenses: lease and maintenance	(7,980)	(7,484)
ICT communication systems, messaging and phone expenses	(3,804)	(3,043)
Consultancy and ICT services provided by third parties	(9,094)	(7,560)
Financial information providers	(8,634)	(8,912)
E) Consultancies and professional services	**(2,896)**	**(2,181)**
Consultancies and professional services	(2,167)	(1,729)
Legal expenses and disputes	(410)	(170)
Auditing company expenses	(319)	(282)
F) Furniture, machinery and equipment expenses and Real estate expenses	**(2,738)**	**(2,813)**
Repair and maintenance of furniture, machinery, and equipment	(130)	(145)
Maintenance and cleaning of premises	(831)	(720)
Premises rentals	(375)	(384)
Utilities and condominium expenses	(1,402)	(1,564)
G) Other functioning costs	**(16,027)**	**(14,798)**
Postage and transport of documents	(1,878)	(1,685)
Administrative, logistic and call center services	(8,853)	(7,636)
Insurance	(2,174)	(2,088)
Association dues and fees	(2,344)	(2,126)
Other administrative expenses	(778)	(1,263)
H) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)	**(35,343)**	**(6,581)**
Total	**(212,886)**	**(153,122)**

Item "H) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)" includes the contributions due for the year 2024 referring to the Italian Deposit Guarantee Scheme (Fondo Interbancario di Tutela dei Depositi), in the amount of € 35,343 thousand. In the first half of 2023, contributions paid to the Single Resolution Fund, in the amount of € 6,581 thousand, were recognised. As described above, the contribution to the Fondo Interbancario di Tutela dei Depositi under the Deposit Guarantee Scheme (DGS) due for 2024 is payable by member banks on 31 March 2024, which is why the contribution for the year 2024 has already been recognised in these condensed interim consolidated financial statements, rather than at the end of the third quarter as in the past. With reference to the ordinary annual contribution required by the Single Resolution Fund within the framework of Directive 2014/59/EU, on the other hand, it should be noted that the target level of resources required by the Directive has been reached by 31 December 2023, therefore, no contribution has been recognised in the income statement for the first half of 2024.

Part C - Consolidated Income Statement

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	06/30/2024	06/30/2023
1. Commitments	(49)	(2)	164	21	134	(21)
2. Financial guarantees given	(1)	-	1	-	-	2
Total	**(50)**	**(2)**	**165**	**21**	**134**	**(19)**

13.2 Net provisions for risks and charges relating to other commitments and other guarantees given: breakdown

(Amounts in € thousand)

Transactions/Income items	06/30/2024			06/30/2023		
	Provisions	Reallocations	Total	Provisions	Reallocations	Total
1. Other commitments	(72)	67	(5)	(35)	-	(35)
2. Other guarantees given	-	-	-	-	-	-
Total	**(72)**	**67**	**(5)**	**(35)**	**-**	**(35)**

13.3 Net provisions to other provisions for risks and charges: breakdown

(Amounts in € thousand)

Items/Income items	Total 06/30/2024			Total 06/30/2023		
	Provisions	Reallocations	Total	Provisions	Reallocations	Total
Legal and fiscal disputes	(3,613)	5,778	2,165	(3,295)	1,944	(1,351)
Supplementary customer indemnity provision	(4,103)	-	(4,103)	(4,014)	-	(4,014)
Other provisions for risks and charges	(372)	-	(372)	(254)	194	(60)
Total	**(8,088)**	**5,778**	**(2,310)**	**(7,563)**	**2,138**	**(5,425)**

The column “Provisions” also include changes due to the passing of time and changes in the discount rate.

Part C - Consolidated Income Statement

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 (a)	Write-downs (b)	Write-backs (c)	Net profit (loss) 06/30/2024 (a + b - c)	Net profit (loss) 06/30/2023 (a + b - c)
A. Property, plant and equipment	(10,345)	(5)	-	(10,350)	(10,152)
1. Used in the business	(10,345)	(5)	-	(10,350)	(10,152)
- Owned	(4,751)	(5)	-	(4,756)	(4,383)
- Rights of use acquired through leasing	(5,594)	-	-	(5,594)	(5,769)
2. Held for investment	-	-	-	-	-
- Owned	-	-	-	-	-
- Rights of use acquired through leasing	-	-	-	-	-
3. Inventories	X	-	-	-	-
Total	**(10,345)**	**(5)**	**-**	**(10,350)**	**(10,152)**

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 as of December 31st, 2023.

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) 06/30/2024 (a + b - c)	Net profit (loss) 06/30/2023 (a + b - c)
A. Intangible assets	(2,267)	-	-	(2,267)	(3,085)
of which: software	(2,262)	-	-	(2,262)	(3,064)
A.1 Owned	(2,267)	-	-	(2,267)	(3,085)
- Generated internally by the company	-	-	-	-	-
- Others	(2,267)	-	-	(2,267)	(3,085)
A.2 Rights of use acquired through leasing	-	-	-	-	-
Total	**(2,267)**	**-**	**-**	**(2,267)**	**(3,085)**

A description of the methods used to calculate depreciation is provided in Part A – Accounting Policies of the notes to the consolidated accounts as at December 31st, 2023.

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.

Part C - Consolidated Income Statement

Section 16 – Other net operating income – Item 230

16.1 Other operating expenses: breakdown

(Amounts in € thousand)

Type of expense/Amounts	Total 06/30/2024	Total 06/30/2023
Refunds and allowances	(92)	(86)
Penalties, fines and unfavourable rulings	(560)	(397)
Improvements and incremental expenses incurred on leasehold properties	(671)	(816)
Exceptional write-downs of assets	(33)	(117)
Other operating expenses	(694)	(295)
Total	**(2,050)**	**(1,711)**

16.2 Other operating income: breakdown

(Amounts in € thousand)

Type of expense/Amounts	Total 06/30/2024	Total 06/30/2023
Recovery of expenses:	97,510	76,457
- recovery of ancillary expenses - other	425	176
- recovery of taxes	97,085	76,281
Rental income from properties	409	400
Other income from current year	1,118	711
Total	**99,037**	**77,568**

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.

Part C - Consolidated Income Statement

Section 17 – Profit (loss) of associates – Item 250

17.1 Profit (Loss) of associates: breakdown

(Amounts in € thousand)

Income/Value	Total 06/30/2024	Total 06/30/2023
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	8	-
1. Revaluations	8	-
2. Gains on disposal	-	-
3. Writebacks	-	-
4. Other gains	-	-
B. Expenses	-	(6)
1. Write-down	-	(6)
2. Impairment losses	-	-
3. Losses on disposal	-	-
4. Other expenses	-	-
Net profit	**8**	**(6)**
Total	**8**	**(6)**

Revaluations on companies subject to significant influence, in the amount of € 8 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.

Section 19 – Impairment of goodwill – Item 270

No data to report.

Section 20 – Gains (losses) on disposal of investments – Item 280

No data to report.

Part C - Consolidated Income Statement

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 06/30/2024	Total 06/30/2023
1. Current tax (-)	(141,215)	(132,243)
2. Adjustment to current tax of prior years (+/-)	2,791	-
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 (+/-)	(462)	41
5. Changes in deferred tax liabilities (+/-)	(392)	(429)
6. Tax expense for the year (-) (-1+/-2+3+ 3 bis +/-4+/-5)	(139,278)	(132,631)

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 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 first half 2024.

	06/30/2024	06/30/2023
Net profit for the period (€ thousands)	320,320	308,880
Average number of outstanding shares	610,740,180	610,278,713
Average number of outstanding shares (including potential ordinary shares with dilution effect)	612,080,241	611,685,425
Basic earnings per share	0.52	0.51
Diluted Earnings per Share	0.52	0.50

25.2 Other information

No data to report.

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[15].

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

[15] Other functions that perform specific control activities include, for relevance, the ICT and Security Risk Control Function (whose tasks are divided by competence between the CRO Department and the Compliance Department), the Anti-Money Laundering and Anti-Terrorism Function and the Validation Function.

Part E - Information on Risks and relating hedging policies

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.

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 Anti-Money Laundering and Anti-Corruption function is responsible for continuously monitoring and identifying the external regulations applicable to the Group in this area and for measuring/evaluating their impact on corporate processes and procedures in the areas of anti-money laundering, combating terrorist financing, financial sanctions and anti-corruption.

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.

The 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.

The 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.

The CRO Department, in the context of second-level controls, is responsible for the management and control of credit, market, operational / reputational risks including ICT and Cyber 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 and carries out the related monitoring on a quarterly basis;
- assesses the risks resulting from relevant transactions, ensuring their consistency with the RAF;
- ensures, together with the CFO Department, the monitoring of the ICAAP (Internal Capital Adequacy Assessment Processes) and the ILAAP (Internal Liquidity Adequacy Assessment Process) in compliance with regulatory provisions, ensuring effective monitoring of liquidity risks and consistency between the available capital and the risk inherent in the Group's activities and positions in relation to both the current and forward-looking situation;
- provides for the development and maintenance of risk management managerial models, including internal calculation models used for the purposes of determining the ICAAP Economic Capital;
- defines and applies stress testing scenarios within its areas of competence and verifies the adequacy of Internal Capital;
- continuously checks the adequacy of risk management processes and operating limits;
- 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;
- contributes to the definition of the information security policy for the area of competence, collaborating with the ICT function;
- defines common operational risk assessment metrics consistent with the RAF, coordinating with the compliance function, the ICT function and the business continuity function;
- monitors and carries out sensitivity analysis of the banking portfolio in the context of interest rate risk measurement (IRRBB), in line with current legislation and market best practices;
- systematically verifies compliance with the operational limits relating to systematic internalisation and proprietary trading activities;
- assesses the quality of the credit portfolio and defines the methodology for calculating the expected credit losses;
- carries out second line controls aimed at verifying the correct execution of the credit process both at individual and portfolio level;
- attend the SRB Permanent Work Group to ensure the sharing and contributions of its own competence necessary from time to time;
- 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;
- 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.

Part E - Information on Risks and relating hedging policies

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.

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 multi-year 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 multi-year 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:

- Capital: includes Pillar I and Pillar II capital adequacy measures and is designed to ensure compliance with the requirements of the Supervisory Authorities at all times;
- Liquidity: including both regulatory and management indicators aimed at monitoring short and long-term liquidity risk - also under stress conditions - as well as the correct balance between Group lending and funding;
- Credit: their objective is to measure the riskiness of the portfolio of loans to ordinary customers, mainly consisting of retail customers;
- Market: aiming to detect the risk/volatility of the Bank's portfolios through market risk comprehensive measures;
- Profitability and risk: these are designed to measure the Group's risk/return profile;
- Interest Rate: include measures of interest rate risk on the banking book in terms of changes in economic value and interest margin;
- Strategic risk: certain types of risk that could threaten the Group's current competitive position and the achievement of its strategic objectives;
- Non-financial risks: these include measures to control operational risks (in particular conduct risk and ICT and Cyber risks), reputational risks, as well as those arising from Environmental, Social and Governance (ESG) factors.

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.

Part E - Information on Risks and relating hedging policies

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 multi-year 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.

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.

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.

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;
- a continuous training and rotation (shadowing) activity of resources between the corporate control functions is envisaged, aimed at ensuring the formation of transversal skills and acquiring a comprehensive and integrated vision of the internal control system;
- 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 ICT and Cyber 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.

Part E - Information on Risks and relating hedging policies

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	1,108	1,625	3,321	38,376	26,954,605	26,999,035
2. Financial assets at fair value through other comprehensive income	-	-	-	-	228,817	228,817
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily at fair value	-	-	-	-	54	54
5. Financial instruments classified as held for sale	-	-	-	-	-	-
Total 06/30/2024	**1,108**	**1,625**	**3,321**	**38,376**	**27,183,476**	**27,227,906**
Total 12/31/2023	**1,110**	**1,815**	**1,040**	**36,735**	**27,928,619**	**27,969,319**

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	28,177	(22,123)	6,054	-	27,009,128	(16,147)	26,992,981	26,999,035
2. Financial assets at fair value through other comprehensive income	-	-	-	-	228,833	(16)	228,817	228,817
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily at fair value	-	-	-	-	X	X	54	54
5. Financial instruments classified as held for sale	-	-	-	-	-	-	-	-
Total 06/30/2024	**28,177**	**(22,123)**	**6,054**	**-**	**27,237,961**	**(16,163)**	**27,221,852**	**27,227,906**
Total 12/31/2023	**24,094**	**(20,129)**	**3,965**	**-**	**27,983,312**	**(18,006)**	**27,965,354**	**27,969,319**

(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	-	5	6,630
2. Hedging derivatives	-	-	941,214
Total 06/30/2024	**-**	**5**	**947,844**
Total 12/31/2023	**-**	**7**	**901,891**

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	723		-	723	723	-
	AC	36,218	AC	1,821	34,397	36,218	1,821
	HFT	-		-	-	-	-
Total		**36,941**	**-**	**1,821**	**35,120**	**36,941**	**1,821**

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. For more details on government bonds, see the Information on securities issued by sovereign States.

As at June 30, 2024 there are no sign of deterioration in the Group's loans receivable with ordinary customers portfolio arising from Russian-Ukraine conflict. 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 around 47% whereas relevant overdraft facilities requires the funding of financial collateral, using conservative margins.

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 exposed to high climate and environmental risk;
- carrying out a systematic monitoring of the riskiness of FIBS and Corporate counterparties with significant exposure, also through specific indicators that highlight their vulnerability in terms of climate and environmental risks;
- analyzing the risk level 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;
- carrying out consistency checks on the macroeconomic parameters used by the external supplier to determine the forward-looking component of the risk parameters applicable in the calculation of expected credit losses according to the IFRS accounting principle;
- developing and maintain Credit and business Risk Internal Capital models and apply the related stress scenarios;
- carrying out checks on the risk parameters of FIBS and corporate counterparties, used both for the calculation of expected losses on credit and for the calculation of internal capital, provided by the external data provider, in order to verify their consistency with the actual performance and with market data;
- 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.

Part E - Information on Risks and relating hedging policies

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 ceilings (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 Plafond mechanism allows the Group to limit and monitor the concentration risk towards single counterparties (single name concentration) and the related economic group.

The activity is regulated by the Global Policy "Credit business with financial institutions, banks, sovereign and corporate counterparties", which defines 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 retail 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 counterparties, banks and sovereign, the report highlights the results of issuer risk, counterparty risk and country risk monitoring.

Within country risk oversight are monitored several indicators (Worldwide Governance Indicator), developed by a team of researchers in collaboration with the World Bank with the aim of summarizing the effectiveness of the policies implemented by the governmental authorities of different nations, and a specific environmental risk indicator, called ND-Gain, developed by a team of researchers from the US University of Notre Dame. Such 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.

Part E - Information on Risks and relating hedging policies

As envisaged by the IFRS 9 accounting standard, the accounting impairment model adopted for credit exposures 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.

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 and LGD 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 according to the credit product concerned.

For personal loans, the PD is estimated through a model internally developed by the CRO Department based on the performance of the unsecured loans portfolio of the last 7 years (in consistency with the maximum maturity of the product). The model calculates a PD curve to which each exposure is interpolated according to their maturity. The LGD is calculated considering the average bad loans recovery, determined on an analytical basis by the credit collection team and according to the information available to the Bank.

For mortgage loans, without a sufficient default and recovery history data available to the Bank (Fineco originates mortgage loans from 2016), the Group employs a PD curve estimated in a conservative basis compared to the default data recorded. LGD is estimated through a model which considers the average coverage of NPE exposures, determined analytically by the credit collection team according to the information available to the Bank, the legal recovery costs, the residual debt and its ratio against the value of real estate collateral (Exposure to Value – ETV). In estimating the LGD, the model also takes into account climate and environmental risks (physical risk), using as a driver the energy label of the underlying real estate properties and their possible geographical location in areas with high environmental risk (seismic and hydrogeological).

For the other exposures, the PD is replaced by the average decay rate to non-performing recorded through a transition matrix. The LGD is calculated considering the average bad loans recovery, determined on an analytical basis by the credit collection team and according to the information available to the Bank. In order comply with IFRS 9 requirements, parameters resulting from proxy and models shall be corrected using forward looking information.

Finally, in order to implement the provisions of IFRS 9, parameter proxies are adjusted by means of prospective analyses called Forward Looking Information.

A key aspect of the IFRS 9 principle 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).

Part E - Information on Risks and relating hedging policies

With reference to the institutional counterparties issuers of securities purchased by the Group as investments, or with which the Group carries out credit business, the approach employed is based on the external rating assigned by the Moody's agency. As anticipated, the methodology provides that the position goes to stage 2 when a certain threshold is exceeded, set in terms of notches from the rating recognised at the date of the report was first opened.

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 (without any materiality threshold), or for which further information that suggesting a deterioration in the creditworthiness of the counterparty are available, are classified in stage 2. For retail exposures classified as stage 2, unlike exposures classified as stage 3, there is no cure period for returning to the previous risk class. Consequently, when the conditions for classification at stage 2 cease to exist (for example the 30 days overdue), provided that there is no further evidence suggesting a deterioration in the creditworthiness of the counterparty, exposures are automatically reclassified into 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.

Part E - Information on Risks and relating hedging policies

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, 2023.

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.

The macroeconomic parameters provided by Moody's Analytics in the context of the baseline scenario, used together with the stressed scenarios to determine the prospective component required by the IFRS 9 accounting principle, are subject to a control activity, aimed at verifying their reliability. The activity includes a comparison with official forecasts released by authoritative sources such as supervisory authorities or international/European institutions and the verification of the consistency of the main macroeconomic variables in the stressed scenarios with respect to the confidence interval used in the development of the scenario.

Assessment of the Significant Increase in Credit Risk (SICR)

As of June 30th, 2024, there are no positions suffering a significant increase in credit risk directly related to the military conflict between Russia and Ukraine.

Part E - Information on Risks and relating hedging policies

Measurement of Expected Credit Losses

As of June 30, 2024, 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 new external supplier Moody's Analytics. Such scenarios incorporates forward looking information which consider the different possible evolutions of the health emergency resulting from the spread of the geopolitical and economic crisis triggered by the military conflict in 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 to calculate the ECLs as of 30 June 2024 assumes a stagnation of the economy in the first half of 2024, driven by high interest rates, stagnant consumption and reduced investments, and a return to timid growth in the second half. The scenario assumes that the military conflict between Russia and Ukraine continues without involving third states, and that Israel's declaration of war on Hamas does not lead to a regional conflict. It is also assumed that in the second half of the year inflation continues to decline until it reaches the target rate, and that the ECB begins to reduce interest rates. This translates into a reduced forecast of eurozone Gross Domestic Product (GDP) growth to 0.66%.

In Italy, the country in which the Group holds almost all of its exposure to retail customers, the GDP growth forecast for 2024 is estimated to decrease to 0.51% due to investments, which remain held back by high interest rates. A gradual recovery is expected in the following years in view of the reduction in interest rates. The debt/GDP ratio is positively influenced by GDP growth and negatively by the increase in interest rates, and is estimated to slightly decrease to 138% at the end of 2024, before gradually returning to pre-crisis values. The unemployment rate is estimated to slightly increase for 2024 to 7.66%, before settling in the following years at around 8%.

Other macroeconomic variables, such as the yield on 10-year government bonds, are considered in the scenarios depending on the credit product and the demographic characteristics of the counterparty to which the Group holds exposure.

The favorable scenario used to calculate the ECL at June 30, 2024 assumes a faster recovery in aggregate demand thanks to an easing of geopolitical tensions caused by the military conflict in Ukraine and the substantial extension of the ECB's restrictive monetary policy, justified by a stronger economy. In Italy, the recovery in economic activity translates into a forecast of GDP growth of 1.49% in 2024. The Debt/GDP ratio forecast for the end of 2024 is 136%. Finally, the unemployment rate is estimated to decrease to 7.52%, and then stabilize in the following years.

The adverse scenario used to calculate the ECL at 30 June 2024 instead assumes an escalation of the military conflict beyond the borders of Ukraine with an increase in geopolitical tensions and the rapid deterioration of market confidence in the European economy. The forecasts in this scenario translate into a recession that sees a contraction of GDP equal to 1.93% in 2024, a further worsening in 2025 (-3.49%) and a gradual recovery in the following years. The recession is aggravated by the ECB's delay in ending the restrictive monetary policy and by the political inability to provide an adequate fiscal response to the crisis; therefore, the debt/GDP ratio is estimated to grow to 142%. Finally, the Italian unemployment rate is estimated to increase sharply until reaching a peak of 10.68% in 2025 and then slightly decrease in the following years.

As of June 30, 2024, assuming to apply only the positive scenario on the overall Bank's exposures we would have credit risk recoveries for around € 1.6 million, whereas assuming to apply only the adverse scenario, credit risk adjustments would be equal to € 6 million. Considering all the scenarios mentioned above the Group's estimated credit risk adjustments are equal to € 0.7 million. It should be noted that, in estimating the amounts reported above, the write-backs arising from the sale of securities were not considered. As of June 30, 2024, such write-backs amount to around € 0.1 million.

Below the details of the main macroeconomic assumptions employed in FLI scenarios:

Scenarios	Variables	2024	2025	2026	2027	2028
Baseline (40%)	Eurozone-GDP (Δ%)	0.66%	1.60%	1.81%	1.76%	1.41%
	ITA-GDP (Δ%)	0.51%	0.68%	1.20%	2.10%	1.80%
	ITA-Debt/GDP ratio	138%	139%	139%	135%	131%
	ITA-Unemployment rate	7.66%	7.84%	7.93%	8.05%	8.20%
	ITA-Inflation	1.28%	1.40%	1.26%	1.59%	1.77%
Favorable (30%)	Eurozone-GDP (Δ%)	1.74%	2.70%	1.59%	1.68%	1.39%
	ITA-GDP (Δ%)	1.49%	1.62%	0.95%	2.05%	1.80%
	ITA-Debt/GDP ratio	136%	135%	134%	131%	126%
	ITA-Unemployment rate	7.52%	7.51%	7.61%	7.80%	8.01%
	ITA-Inflation	1.34%	1.56%	1.27%	1.63%	1.84%
Unfavorable (30%)	Eurozone-GDP (Δ%)	-1.72%	-2.54%	3.18%	2.63%	1.48%
	ITA-GDP (Δ%)	-1.93%	-3.49%	2.58%	2.93%	1.85%
	ITA-Debt/GDP ratio	142%	153%	154%	151%	147%
	ITA-Unemployment rate	8.44%	10.68%	10.39%	9.77%	9.47%
	ITA-Inflation	0.92%	0.08%	0.83%	1.38%	1.53%

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 June 30, 2024, the average LTV of the mortgage portfolio was approximately 47%.

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
Impaired exposures correspond, in accordance with Bank of Italy rules, defined in Circular No. 272 of 30 July 2008 and subsequent updates, to the Non-Performing Exposures aggregate set forth in Regulation 630/2019, amending Regulation 575/2013 (CRR) and Commission Implementing Regulation (EU) No. 451/2021, as amended and supplemented. Financial instruments falling under the portfolio ‘Financial assets held for trading’ and derivative contracts are excluded.

For the purposes of identifying and classifying impaired credit exposures, the Group also considers the provisions of EBA Guidelines 2016/07 of 18/01/2017 on the application of the Definition of Default contained in Article 178 of Regulation 575/2013 (CRR), supplemented by EU Regulation 2018/171.

This definition of impaired loans converges with the definition of ‘impaired’ financial assets contained in IFRS 9, resulting in the recognition of all impaired loans within Stage 3.

In identifying impaired exposures, the Group adopts a ‘per debtor’ approach, therefore, it is the entire counterparty of the credit relationship that is classified and not individual credit lines granted to the same counterparty.

The classification as non-performing, linked to the customer's insolvency, is always analytical and defined on the basis of the progress of credit recovery actions. The loss forecast for positions classified as probable default and impaired past due is also analytical.

For overdrafts, the classification criterion is related to the performance of activities aimed at debt recovery or the forced sale of securities to offset the credit.

Receivables derecognition and, therefore, the passage from one status to another towards lower classifications are only authorised in the event of complete payment of the overdue amount considered with respect to the original amortisation plan or in the event of substantial agreed payments that lead to the belief that the repayment of the debt exposure is very probable.

The procedures for the management of abnormally performing receivables envisage, based on the seniority of the overdue amount, specific actions for the recovery of the receivable.

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 financial as of December 31, 2023.

As of June 30, 2024, no relevant increase in forbearance measures have been detected.

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 table A.1.4.

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		28,702	2,830	13	471	4,331	2,029	30	59	4,748	-	-	-
2. Financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
3. Financial instruments classified held for sale		-	-	-	-	-	-	-	-	-	-	-	-
Total	**06/30/2024**	**28,702**	**2,830**	**13**	**471**	**4,331**	**2,029**	**30**	**59**	**4,748**	**-**	**-**	**-**
Total	**12/31/2023**	**26,240**	**4,768**	**255**	**108**	**4,661**	**703**	**23**	**29**	**3,288**	**-**	**-**	**-**

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	**2,834,037**	**2,834,037**	**-**	**-**	**-**	**(122)**	**(122)**	**-**	**-**	**-**	**2,833,915**	**-**
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	2,834,037	2,834,037	-	X	-	(122)	(122)	-	X	-	2,833,915	-
A.2 OTHERS	**2,336,537**	**2,336,534**	**-**	**-**	**-**	**(166)**	**(166)**	**-**	**-**	**-**	**2,336,371**	**-**
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	2,336,537	2,336,534	-	X	-	(166)	(166)	-	X	-	2,336,371	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**5,170,574**	**5,170,571**	**-**	**-**	**-**	**(288)**	**(288)**	**-**	**-**	**-**	**5,170,286**	**-**
B. OFF-BALANCE SHEET CREDITS EXPOSURES												
a) Non performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	1,158,948	17,170	-	X	-	-	-	-	X	-	1,158,948	-
TOTAL (B)	**1,158,948**	**17,170**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,158,948**	**-**
TOTAL (A+B)	**6,329,522**	**5,187,741**	**-**	**-**	**-**	**(288)**	**(288)**	**-**	**-**	**-**	**6,329,234**	**-**

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 repos that can be classified as "Securities Financing Transactions" (SFT) defined in prudential regulations, amounting to € 200,442 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					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) Bad exposures	**16,724**	**X**	**-**	**16,724**	**-**	**(15,616)**	**X**	**-**	**(15,616)**	**-**	**1,108**	**-**
- of which: forborne exposures	278	X	-	278	-	(259)	X	-	(259)	-	19	-
b) Unlikely to pay	**6,058**	**X**	**-**	**6,058**	**-**	**(4,433)**	**X**	**-**	**(4,433)**	**-**	**1,625**	**-**
- of which: forborne exposures	600	X	-	600	-	(395)	X	-	(395)	-	205	-
c) Non performing past due	**5,396**	**X**	**-**	**5,396**	**-**	**(2,075)**	**X**	**-**	**(2,075)**	**-**	**3,321**	**-**
- of which: forborne exposures	31	X	-	31	-	(22)	X	-	(22)	-	9	-
d) Performing past due exposures	**38,923**	**31,741**	**7,182**	**X**	**-**	**(547)**	**(197)**	**(351)**	**X**	**-**	**38,376**	**-**
- of which: forborne exposures	142	-	142	X	-	(6)	-	(6)	X	-	136	-
e) Other performing exposures	**24,862,558**	**24,824,318**	**38,189**	**X**	**-**	**(15,453)**	**(10,436)**	**(5,017)**	**X**	**-**	**24,847,105**	**-**
- of which: forborne exposures	1,934	-	1,934	X	-	(46)	-	(46)	X	-	1,888	-
TOTAL (A)	**24,929,659**	**24,856,059**	**45,371**	**28,178**	**-**	**(38,124)**	**(10,633)**	**(5,368)**	**(22,124)**	**-**	**24,891,535**	**-**
B. OFF-BALANCE SHEET CREDITS EXPOSURES												
a) Non performing	924	X	-	74	-	(101)	X	-	(17)	-	823	-
b) Performing	2,219,357	116,948	296	X	-	(73)	(73)	-	X	-	2,219,284	-
TOTAL (B)	**2,220,281**	**116,948**	**296**	**74**	**-**	**(174)**	**(73)**	**-**	**(17)**	**-**	**2,220,107**	**-**
TOTAL (A+B)	**27,149,940**	**24,973,007**	**45,667**	**28,252**	**-**	**(38,298)**	**(10,706)**	**(5,368)**	**(22,141)**	**-**	**27,111,642**	**-**

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 € 14,668 thousand.

Part E - Information on Risks and relating hedging policies

B.4 Large exposures

As at 30 June 2024, 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, are the following:

- book value: € 24,270,561 thousand, excluding the reverse repo transactions and indirect exposures as defined below;
- non-weighted value: € 27,798,118 thousand, including repurchase agreements and indirect exposures;
- weighted value: € 1,216,532 thousand, including repurchase agreements and indirect exposures;
- number of "risk positions": 30.

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 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").

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

Information on 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 June 30, 2024. The Group is exposed to securities issued by Sovereigns which are classified under the caption "Other financial assets mandatorily at fair value" accounts for € 53 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 06/30/2024	Carrying amount as at 06/30/2024	Fair value as at 06/30/2024	% Financial statements item 06/30/2024
Italy	**5,388,049**	**5,276,298**	**5,049,684**	**16.1%**
Financial assets at amortised cost	5,388,049	5,276,298	5,049,684	19.5%
Spain	**4,379,000**	**4,106,944**	**4,044,608**	**12.5%**
Financial assets at amortised cost	4,379,000	4,106,944	4,044,608	15.2%
Germany	**175,000**	**171,971**	**159,066**	**0.5%**
Financial assets at amortised cost	175,000	171,971	159,066	0.6%
France	**1,558,500**	**1,535,187**	**1,372,981**	**4.7%**
Financial assets at fair value through other comprehensive income	35,000	27,932	27,932	12.2%
Financial assets at amortised cost	1,523,500	1,507,255	1,345,049	5.6%
U.S.A.	**585,708**	**581,549**	**577,361**	**1.8%**
Financial assets at amortised cost	585,708	581,549	577,361	2.2%
Austria	**671,000**	**669,388**	**600,596**	**2.0%**
Financial assets at amortised cost	671,000	669,388	600,596	2.5%
Ireland	**960,500**	**921,694**	**897,590**	**2.8%**
Financial assets at amortised cost	960,500	921,694	897,590	3.4%
United Kingdom	**16,541**	**16,621**	**16,611**	**0.1%**
Financial assets at amortised cost	16,541	16,621	16,611	0.1%
Belgium	**715,000**	**715,513**	**645,169**	**2.2%**
Financial assets at amortised cost	715,000	715,513	645,169	2.7%
Portugal	**330,000**	**366,147**	**329,708**	**1.1%**
Financial assets at amortised cost	330,000	366,147	329,708	1.4%
Switzerland	**20,760**	**21,145**	**21,177**	**0.1%**
Financial assets at amortised cost	20,760	21,145	21,177	0.1%
Saudi Arabia	**90,000**	**90,075**	**76,384**	**0.3%**
Financial assets at amortised cost	90,000	90,075	76,384	0.3%
Chile	**203,100**	**212,233**	**175,055**	**0.6%**
Financial assets at amortised cost	203,100	212,233	175,055	0.8%
China	**165,832**	**165,366**	**138,431**	**0.5%**
Financial assets at amortised cost	165,832	165,366	138,431	0.6%
Latvia	**30,000**	**29,788**	**23,725**	**0.1%**
Financial assets at amortised cost	30,000	29,788	23,725	0.1%
Iceland	**15,000**	**14,976**	**13,230**	**0.0%**
Financial assets at amortised cost	15,000	14,976	13,230	0.1%
Total sovereign exposures	**15,303,990**	**14,894,895**	**14,141,376**	**45.4%**

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 indicated.

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 June 30th, 2024, investments in debt securities issued by Sovereign accounted for 45.4% 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 June 30th, 2024 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	A+	AA+
Ireland	Aa3	AA-	AA
United Kingdom	Aa3	AA-	AA
Belgium	Aa3	AA-	AA
Portugal	Baa2	BBB+	BBB+
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

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.

During the first half of 2024, no impacts on the market risk profile resulting from the the Russia-Ukraine military conflict were recorded. Furthermore, no impacts on the market risk profile resulting from the aforementioned events were recorded during the first half 2024, neither with regard to the banking book nor with regard to the trading book.

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 and 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, portfolios 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 and liquidity 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;
- developing and maintaining the internal capital calculation model for market risk;
- defining and enforcing the liquidity class allocation methodology for financial instruments;
- monitoring and executing sensitivity analysis on the banking book within interest rate risk measurement, in consistency with the applicable legislation and the best market practices.
- defining and revisioning the pricing limits on financial instruments and ensuring the related periodic monitoring;
- systematically verifying compliance with the operational limits applicable to the internalization and dealing on own account business.

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 200 bp 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.

Part E - Information on Risks and relating hedging policies

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 directional speculative positions in its books. Accounting movements in the Group's trading book are recorded against brokerage activities with retail customers, in particular with regard to trading activity for the dealing on own account, according to which the FinecoBank becomes a direct counterparty to its clients. Such activity, which also include systematic internalization for a set of predefined securities and market making on the certificates issued by FinecoBank, is performed as a result of the options introduced by the MiFID which allow the execution of orders for financial instruments in a number of execution venues including internal execution.

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.

Quantative information

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 June 30 2024, the daily VaR of the trading book amounted to € 73 thousand. The average for the first half of 2024 is € 259 thousand, with a maximum peak of € 548 thousand and a minimum of € 41 thousand.

The volatility in the price of instruments determines direct impacts on the income statement.

Part E - Information on Risks and relating hedging policies

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:
  - tenor risk, arising from the mismatch between instrument expiry and the change in interest rates;
  - 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;
- 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 risk appetite and the risk limits concerning interest rates. These limits are set in terms of Economic Value Sensitivity and Net Interest Income Sensitivity.

With reference to the Economic Value Sensitivity, in order to assess the effects of changes in the interest rate curve on the banking book, scenario analyzes are carried out on a weekly basis which envisage multiple changes in the rate curve, both parallel (+/- 200 bps) and non-parallel. Among these, the six standardized scenarios - Supervisory Outlier Tests (see paragraph 2 "Banking book: internal models and other methods for sensitivity analysis") - defined by the EBA guidelines in force from time to time take on particular relevance. The sensitivity analysis of the economic value of the worst SOT scenario is monitored within the Risk Appetite; compliance with the specific risk thresholds is subject to quarterly reporting to the Corporate Bodies.

The NII Sensitivity indicator is calculated by applying two parallel shock scenarios envisaged by the SOT, which reflect the assumptions underlying the valuations of EV sensitivity scenarios and are calculated as follows:

- 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).

The sensitivity analysis on the net interest income is monitored within the Risk Appetite as well by applying the parallel worst case scenario.

The market risk framework also includes a plurality of metrics which might be defined as global, for example Interest Rate VaR, and granular, for example BP01 (Basis Point 01) sensitivity; these metrics are monitored on a daily basis.

Lastly, the Risk Appetite Framework envisages risk limits in terms of VaR of the banking book and the trading book in which interest rate risk is a component (calculated using the method described above). Within the banking book, VaR is a measure of the Credit Spread Risk in the Banking Book (CSRBB).

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

Quantative information

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.

EU IRRBB Template

The assessments contained in the EU IRRBB Template report the exposure of the interest rate risk metrics on June 30th, 2024 and December 31st, 2023. For further information on the applied scenarios, please refer to the qualitative information section on Interest Rate Risk.

(Amounts in € thousand)

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
1	Parallel Up	(65,811)	(48,511)	114,501	110,400
2	Parallel Down	32,934	22,242	(232,772)	(225,399)
3	Steepener shock	33,823	52,213	-	-
4	Flattener shock	(79,500)	(114,566)	-	-
5	Short rates Up	(94,344)	(121,300)	-	-
6	Long rates Down	49,221	63,618	-	-

The table shows the results of the so-called Supervisory Outlier Tests scenarios, as described in the previous paragraph, conducted on the economic value and on the interest margin. With reference to the Economic Value, the results show a negative sensitivity in the event of an increase in interest rates (parallel up or short rates up), while a positive sensitivity in the event of an increase in interest rates (parallel down or long rates down scenarios). The sensitivity analysis on the interest margin shows a positive impact in the upward shift on the interest rate curve, while a negative impact in the downward one.

In addition to the SOT scenarios described above, the Bank conducts weekly regulatory sensitivity analysis on the Economic Value with parallel scenarios of +/- 200 bps. Assuming a shift of +200 basis points on the euro interest rate curve, the analysis shows a negative impact of € -65,928 thousand. A shift of -200 basis points shows a positive impact of € 32,392 thousand.

With reference to the remaining interest rate risk measures, it should be noted that the sensitivity analysis on the value of equity assuming a shift of + 1 basis point (BP01) shows a negative impact which totals € -321 thousand.

As at 30 June 2024, the Group's Interest Rate VaR (*Holding period 1 day, 99% confidence interval) stood at around €3,634 thousand. The average for the first half of 2024 is equal to € 6,143 thousand with a maximum peak of € 10,641 thousand and a minimum of € 3,405 thousand.

The total VaR, including the Credit Spread Risk component deriving mainly from sovereign securities held for the use of liquidity, is equal to € 27,069 thousand. The average for the first half of 2024 is equal to € 28,667 thousand with a maximum peak of € 31,964 thousand and a minimum of € 26,743 thousand.

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.

Quantative information

2. Internal models and other methods of sensitivity analysis

As at June 30, 2024, the daily Forex VaR of the overall portfolio (banking and trading books) was approximately € 88 thousand. The average for the first half of 2024 is equal to € 93 thousand with a maximum peak of € 191 thousand and a minimum of € 40 thousand.

Part E - Information on Risks and relating hedging policies

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;

Part E - Information on Risks and relating hedging policies

- 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 the Group’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.

Behavioural modelling of Liabilities

FinecoBank adopts a specific behavioural model 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 model is developed by the Parent Company CRO Department and validated by the Internal Validation Group’s 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;

Part E - Information on Risks and relating hedging policies

- 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.

The stress tests, conducted within the ILAAP, carried out on the basis of scenarios that consider idiosyncratic, systemic risk factors and a combination thereof, did not show any criticality or relevant impacts for the Group.

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 which defines the governance and control system for ICT and Cyber risks within the Group.

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 and the subsequent involvement of the specialized structures of the CRO Department (e.g. Operational, reputational, ICT & Cyber Risk), ensures oversight of the risks 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, ICT and Cyber 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;
- support the Board of Directors in defining the risk appetite for operational, ICT and Cyber risk, and appropriately declining it within specific risk measures, metrics and indicators;
- 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.

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 addition to the direct monitoring of the sale network, carried out with 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. The participation of the Chief Risk Officer is indeed explicitly envisaged by “New product process” Global Policy.

Risk measurement system

For the calculation of the regulatory requirement for operational risk, FinecoBank uses the Standardized Method established by art. 317 of regulation 575/2013 (CRR). Based on this approach, the requirement is calculated as a three-year average of the Relevant Indicator[16] broken down by business line and weighted by a coefficient set by the Supervisory Authority.

For the purpose of calculating Pillar II Internal Capital, however, the Group uses an internally developed model that leverages the historical series of internal loss data, recorded and classified in accordance with the criteria set by the CRR for the Advanced Measurement Approach (AMA). In particular, art. 324 of the CRR provides for the classification of loss data in the 7 Event Types (ET) described below:

- 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.

The analysis of operational losses also allows the CRO Department to formulate assessments on the Group's exposure to operational risks and to identify any critical areas.

As far as second line controls are concerned, the CRO Department 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.

[16] The Relevant Indicator is given by the sum of various items of the Income Statement, and largely coincides with the Group's intermediation margin.

Part E - Information on Risks and relating hedging policies

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 June 30th, 2024, FinecoBank had a provision in place for risks and charges of € 23,825 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.

Risks arising from tax disputes and audits

As of June 30th, 2024, the litigation situation was largely reduced compared to December 31st, 2023. More specifically, a number of low-value disputes remain outstanding, with reference to which provisions have been set aside to the extent deemed appropriate, given the specific circumstances and consistently with international accounting standards, in the provision for taxes and duties, for higher taxes, totalling € 0.2 million, and in the provision for risks and charges, for penalties and interest, totalling € 0.2 million.

The assessment of ICT and Cyber risks

In consistency with Bank of Italy Circular 285/2013, the role and the responsibilities envisaged for the ICT & Cyber Risk control function were divided between the corporate control functions already established. More specifically:

- the CRO Department, with the support of the Operational, Reputational, ICT & Cyber Risk structure, supports the Board of Directors in defining the ICT and security risk appetite, providing a short or medium-term strategic direction and defining specific measures, metrics and indicators aimed at measuring ICT and security risk. In this context, the Department defines the methodology for assessing and controlling ICT and security risk and ensures the related monitoring through appropriate supervisory tools. The CRO Department is also informed of any activity or event significantly affecting the bank's risk profile (e.g. relevant operational or Cyber incidents) and is actively involved in any project envisaging substantial modifications to the information system;
- the Compliance Department, with the support of the DPO, outsourcing, ICT & Security Compliance structure, ensures that ICT systems and projects, as well as any activity carried out within the information system is compliant with laws, regulations or bylaws and with the internal regulations and codes applicable to the bank. The structure also develops, in collaboration with the CPO and CIO Department, the training plan on ICT and Cyber risks and the information security awareness program.

The Group periodically carries out specific scenario analyses, aimed at assessing the impact of events characterized by low frequency but high severity, and on an annual basis an overall analysis of the IT risk situation. In particular, the outcome of this last activity was approved by the Board of Directors in December 2023. 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 2023, published on the FinecoBank website (https://about.finecobank.com).

It should be noted that on 24 February 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 assessed and 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 2023 did not show any criticalities or weaknesses, and it was sent to the Bank of Italy within April 30, 2024, according to the rule thereof.

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.

In the first half of 2024, the operational losses recorded in the income statement were largely offset by write-backs coming from pending disputes resolved in favour of the Bank (see previous paragraph “Risks arising from tax disputes and audits”). Excluding such extraordinary events, approximately 50% 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. In recent years, this risk has been significantly reduced thanks to the mitigation actions undertaken, including the implementation of many remote controls carried out on the sales network by several Bank structures (Network Control Department, Internal Audit, Compliance and CRO Department). It should also be noted that the Bank has in place an insurance policy 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 remaining losses relate to the other event types described above.

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.

There were no material impacts from the Russia-Ukraine military conflict on the Group's operational risk profiles. The available KRIs do not provide any indication of changes in the risk profile nor do they show any operational losses strictly driven by the Russia-Ukraine military conflict.

FinecoBank has not changed its strategies, objectives or policies for managing, measuring and controlling operational risks as a result of the Russia-Ukraine military conflict.

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 June 2024 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

During the Risk Inventory process, the CRO Department arrange a specific focus on ESG and reputational risks. Since these are horizontal risks, the analysis focused on the impact assessment of environmental, social, reputational and governance risk factors across the traditional risk categories already managed and monitored by the Group. The assessment of ESG risks for the year 2024, consistently with the priorities highlighted by the Regulators, 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 climate and environmental risk factors. The results of the analysis confirmed that the risk categories which, albeit marginally, might be affected by climate and environmental risk factors are the credit risks deriving from loans to customers and the business risks arising from the offering of financial products not aligned with the customers' sustainability preferences.

As far as credit risks are concerned, the analysis carried out in the 2024 risk inventory recognizes that mortgage loans originated to retail customers might be already affected in the short term through the reduction in the value of the real estate collateral, mainly due to acute physical risk factors (e.g. floods or landslides). The trend could also get worse in the long term as global warming speed up, 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 rising transition risk factors, such as the imposition of a minimum energy class requirement for the sale of real estate properties.

In order to mitigate the exposures to ESG risks, as part of credit risk second level controls, a series of monitoring activities have been implemented, aimed at safeguarding the most vulnerable areas. For example, a specific indicator of environmental risk (ND-Gain) has been included in the context of country risk monitoring. Climate and environmental risk factors were also considered in the model for estimating the Loss Given Default (LGD) of mortgage loans under ECL IFRS 9 and within the concentration controls concerning the real estate collateral underlying 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, could be affected by certain transition risks factors, such as for example the change in customer preferences, which could produce a customer flight towards more sustainable products offered by other asset managers. The risk factor should decrease in the medium/long term as FAM refine its sustainable products offering. In the RAF for the year 2024, 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 Fund offering.

Eventually, it should be noted that, in the context of the 2023 ICAAP, Fineco carried out both a quantitative climate stress test and a qualitative reverse stress test. The first focused on three uncorrelated risk factors considered relevant to Fineco's business model:

- change of preference of clients from FAM funds classified as "non-ESG" (art. 6 SFDR) to third party funds classified as "ESG" (art. 7 and 8 SFDR). The objective of the scenario, which may be classified as a transition risk, is to estimate the impact of the change of preference on the commission profile and internal capital relating to the Group's business risk;
- reduction in the value of real estate collateral securing mortgages located in areas with high climatic and environmental risk (physical risk). The reduction in value would determine an increase in LGD and a consequent increase in credit provisioning and greater internal capital to cover credit risks;
- downgrade of the countries mostly exposed to climate and environmental risks. In the ICAAP 2023 stress test, in line with the exposures held by the Group, the counterparties considered were China, United Arab Emirates and Latvia. The downgrade determines a higher PD of the aforementioned sovereing counterparties, and consequently greater credit provisions and credit risk internal capital.

Part E - Information on Risks and relating hedging policies

The reverse stress test, on the other hand, assumed the flooding of both FinecoBank Data Processing Centers (CEDs) for an extended period of time following an extreme flood event.

The outcomes of both the stress tests confirm the limited impacts of climate and environmental risk factors on the Group's business model.

In addition to this, as part of the Environmental Management System certified in accordance with EMAS Regulation No. 1221/2009/EC, during the first half of 2024, the assessment of environmental aspects and risks was updated as part of the Environmental Review, a tool that makes it possible to map stakeholders' needs and expectations in the environmental sphere, detect their respective risks for FinecoBank, as well as classify the risks generated and suffered by the organisation related to the most significant environmental aspects on the basis of company activities.

For further information on environmental, social and governance risks the Group is exposed to, reference is made to the 2023 Non-Financial Statement and to the dedicated section of the Pillar III disclosure as at June 30, 2024.

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 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 November 30th, 2023 the European Central Bank communicated the Pillar 2 Requirement (P2R) applicable to the FinecoBank Group as of January 1st,2024: 2.00% in terms of Total Capital Ratio, of which 1.13% in terms of Common Equity Tier 1 ratio and 1.50% in terms of Tier 1 Ratio.

In addition to these requirements, Fineco Group must comply with the Combined Buffer Requirement consisting of the following reserves:

- Capital Conservation Buffer (CCB) consistent with Article 129 of CRD IV equal to 2.5% of the Group's total risk exposure;
- Institution specific countercyclical capital buffer (CCyB) to be applied during periods of excessive credit growth consistent with Article 160 of CRD IV (paragraphs 1 to 4), which for the Group is 0.11% as of June 30, 2024. This reserve is calculated according to the geographic distribution of the Group's material credit exposures and the decisions of individual national competent authorities defining the specific coefficients applicable in each country.

It should also be noted that Article 133 of Directive (EU) 2019/878 provides for the possibility that each Member State may introduce a systemic risk buffer (SyRB) for the financial sector or for one or more subsets of that sector, on all exposures or on a subset of exposures, in order to prevent and mitigate macro-prudential or systemic risks not foreseen in the CRR and Articles 130 and 131 of the same Directive, in the sense of a risk of disruption to the financial system which may have serious negative consequences for the financial system and the real economy of a given Member State. For banks and banking groups authorised in Italy, the possibility of introducing a capital buffer against systemic risk was implemented by the Bank of Italy in Update No. 38 of Circular No. 285. On April 26, 2024, the Bank of Italy decided to apply a SyRB of 1% of credit and counterparty risk-weighted exposures to Italian residents to all banks licensed in Italy. The 1% target rate is to be achieved gradually by building up a reserve equal to 0.5% of the relevant exposures by December 31, 2024, and the remaining 0.5% by June 30, 2025. The SyRB is to be applied at the consolidated level for groups and at the individual level for non-group banks.

With regard to the leverage ratio the minimum requirement is 3%.

Part F - Consolidated shareholders' equity

B. Quantitative information

B.1 Consolidated Shareholders' Equity: breakdown by type of company

(Amounts in € thousand)

Equity items	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Capital	201,630	-	-	-	201,630
2. Emission Fees	1,934	-	-	-	1,934
3. Reserves	1,066,592	-	-	-	1,066,592
4. Capital Instruments	631,883	-	-	-	631,883
5. (Own shares)	(1,082)	-	-	-	(1,082)
6. Valuation reserves:	(6,616)	-	-	-	(6,616)
- Financial assets (different from capital securities) measured at fair value with an impact on overall profitability	(3,400)	-	-	-	(3,400)
- Actuarial gains (losses) on defined benefit plans	(3,215)	-	-	-	(3,215)
- Provisions for valuation reserves related to equity investments valued at shareholders' equity	(1)	-	-	-	(1)
7. Profit (Loss) of Exercise (+/-) of Group and Third Parties	320,320	-	-	-	320,320
Total	**2,214,661**	**-**	**-**	**-**	**2,214,661**

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	45	(3,445)	-	-	-	-	-	-	45	(3,445)
2. Equity securities	-	-	-	-	-	-	-	-	-	-
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 06/30/2024	**45**	**(3,445)**	**-**	**-**	**-**	**-**	**-**	**-**	**45**	**(3,445)**
Total 12/31/2023	**-**	**(2,595)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,595)**

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	**(2,595)**	**-**	**-**
2. Increases	**47**	**-**	**-**
2.1 Fair value increases	37	-	-
2.2 Adjustments for credit risk	10	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	**(852)**	**-**	**-**
3.1 Fair value reductions	(852)	-	-
3.2 Recoveries for credit risk	-	-	-
3.3 Reclassification through profit or loss of realised positive reserves	-	X	-
3.4 Transfer to other shareholder's equity item (equity securities)	-	-	-
3.5 Other changes	-	-	-
4. Closing balance	**(3,400)**	**-**	**-**

B.4 Revaluation reserves on defined benefit obligations: annual changes

(Amounts in € thousand)

	Actuarial gains (losses) on defined benefits plans
1. Opening balance	**(4,136)**
2. Increases	**921**
2.1 Fair value increases	921
2.2 Other changes	-
3. Decreases	**-**
3.1 Fair value reductions	-
3.2 Other changes	-
4. Closing balance	**(3,215)**

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 of 30 June 2024", published on the Company's website (https://about.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 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 22, 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. This category also includes key management personnel (by which is meant, members of the management and control bodies, the latter where present) of Fineco AM, the only Group company in addition to the Parent Company FinecoBank.

(Amounts in € thousand)

Items/sectors	Total 06/30/2024	Total 06/30/2023
Remuneration paid to "Key Management Personnel", Directors and the Board of Statutory Auditors		
a) short-term benefits	4,611	4,392
b) post-employment benefits	219	216
of which under defined benefit plans	-	-
of which under defined contribution plans	*219*	*216*
c) other long-term employee benefits	259	238
d) termination benefits	-	-
e) share-based payments	1,205	1,348
Total	**6,294**	**6,194**

2. Related-party transactions

At its meeting of February 7th, 2023 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 12, 2010, no. 17221 as amended and updated from time to time (most recently by Consob Resolution No. 21624 of 10 December 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 17 December 2013 (setting out the "Supervisory Provisions for Banks"), as supplemented following Update No. 33 of 23 June 2020;
- obligations of bank officers pursuant to Article 136 of Legislative Decree 385 on September 1, 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 first half 2024, 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 June 30, 2024, for each group of related parties pursuant to IAS 24:

(Amounts in € thousand)

	Amounts as at 06/30/2024							
	Non consolidated subsidiaries	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%	13	0.06%
Financial assets at amortised cost b) loans and receivable to customers	-	-	2,559	455	3,014	0.01%	5,213	0.02%
Other assets	-	28	-	-	28	0.00%	-	0.00%
Total assets	**-**	**28**	**2,559**	**455**	**3,042**	**0.01%**	**5,226**	**0.02%**
Financial liabilities at amortised cost b) deposits from customers	-	-	2,394	1,174	3,568	0.01%	1,677	0.01%
Other liabilities	-	201	243	-	444	0.11%	-	0.00%
Total liabilities	**-**	**201**	**2,637**	**1,174**	**4,012**	**0.01%**	**1,677**	**0.01%**
Commitments and financial guarantees given	**-**	**-**	**722**	**3**	**725**	**0.54%**	**-**	**0.00%**

t 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, details of the impact on the main items of the consolidated income statement are also proposed consolidated income statement:

(Amounts in € thousand)

	Income Statement 1st half 2024							
	Non consolidated subsidiaries	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	10	14	0.00%	-	0.00%
Interest expenses and similar charges	-	-	(5)	(2)	(7)	0.01%	-	0.00%
Fee and commission income	-	-	2	4	6	0.00%	9,281	1.83%
Fee and commission expenses	-	(428)	-	-	(428)	0.17%	(3,633)	1.46%
Impairment losses/writebacks	-	-	(1)	-	(1)	0.12%	-	0.00%
Other net operating income	-	-	42	11	53	0.06%	-	0.00%
Total income statement	**-**	**(428)**	**42**	**23**	**(363)**		**5,648**	

It should be noted that a legal subject, falling under the category of "Shareholders" as at June 30, 2024, 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) and the senior preferred bond instrument issued by FinecoBank in the first half of 2023, 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 € 1,657 thousand. The above income statement and balance sheet transactions originate from the agreement entered by the Bank with Vorvel Sim S.p.A. for the trading, on the Vorvel 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 resulted in the recognition of a write-back of € 8 thousand in first half 2024 income statement.

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.

Part H - Related-party transactions

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 mortgages, overdraft facilities, credit card use and liabilities for liquidity deposited by them with the Bank. The income statement for the first half 2024 refers mainly to the costs and revenues generated from the aforesaid assets and liabilities and the recovery of stamp duty.

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 granting of mortgages,credit card use and liabilities for liquidity deposited by them with the Bank. The income statement for the first half 2024 refers mainly to the costs and revenues generated from the aforesaid assets and liabilities and the recovery of stamp duty.

The "Shareholders" category includes the shareholders and their subsidiaries holding which at June 30th, 2024 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 first half 2024.

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 AM 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 accounts.

It is note worthing that the Bank mainly targets retail customers in Italy, given the non-significant contribution from operations to UK customers. The subsidiary Fineco AM 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 IFRS 16 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 1st half 2024	Depreciation 1st half 2023
Right of use	**-**	**-**
1. Property, plant and equipment	(5,594)	(5,769)
1.1 land	(42)	-
1.2 buildings	(5,426)	(5,654)
1.3 office furniture and fittings	-	-
1.4 electronic systems	(2)	-
1.5 other	(124)	(115)

As of June 30, 2024, there are no short-term leasing commitments for which the cost has not already been recognized in the income statement for the first half of 2024.

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 accounts.

1. Balance sheet and income statement information

The Group has not recognised 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 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 data to report.

Part M – Leasing

2.2 Other information

No data 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 06/30/2024 Lease payments receivables	Total 12/31/2023 Lease payments receivables
Up to one year	499	815
Over one year up to 2 years	135	179
Over 2 years up to 3 years	-	45
Over 3 years up to 4 years	-	-
Over 4 years up to 5 years	-	-
For over 5 years	-	-
Total	**634**	**1,039**

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	
	06/30/2024	12/31/2023
Cash and cash balances = item 10	2,833,922	2,266,550
Financial assets held for trading	21,214	14,109
20. Financial assets at fair value through profit or loss a) financial assets held for trading	*21,214*	*14,109*
Loans and receivables to banks	388,285	376,373
40. Financial assets at amortised cost a) loans and receivables to banks	*2,336,369*	*2,993,595*
less: Financial assets at amortised cost a) loans and receivables to banks - Debt securities	*(1,948,084)*	*(2,617,222)*
Loans and receivables to customers	6,116,128	6,198,541
40. Financial assets at amortised cost b) loans and receivables to customers	*24,662,666*	*24,946,614*
less: Financial assets at amortised cost b) loans and receivables to customers - Debt securities	*(18,546,538)*	*(18,748,073)*
Financial investments	20,729,052	21,403,026
20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value	*3,902*	*7,010*
30. Financial asset at fair value through other comprehensive income	*228,871*	*29,069*
70. Equity investments	*1,657*	*1,652*
Financial assets at amortised cost a) loans and receivables to banks - Debt securities	*1,948,084*	*2,617,222*
Financial assets at amortised cost b) loans and receivables to customers - Debt securities	*18,546,538*	*18,748,073*
Hedging instruments	737,713	707,274
50. Hedging derivatives	*941,214*	*896,577*
60. Changes in fair value of portfolio hedged financial assets (+/-)	*(203,501)*	*(189,303)*
Property, plant and equipment = item 90	142,826	146,497
Goodwill = item 100. Intangible assets of which: goodwill	89,602	89,602
Other intangible assets = item 90 net of goodwill	33,515	34,465
Tax assets = item 110	49,466	49,997
Tax credits acquired	1,298,821	1,618,030
Other assets	341,226	411,236
130. Other assets	*1,640,047*	*2,029,266*
less: Tax credit acquired	*(1,298,821)*	*(1,618,030)*
Total assets	**32,781,770**	**33,315,700**

Reconciliation of condensed consolidated accounts to mandatory reporting schedule

(Amounts in € thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY	Amounts as at	
	06/30/2024	12/31/2023
Deposits from banks	1,171,776	866,978
10. Financial liabilities at amortised cost a) deposits from banks	*1,171,776*	*866,978*
Deposits from customers	28,005,234	28,757,589
10. Passività finanziarie valutate al costo ammortizzato c) titoli in circolazione	*28,005,234*	*28,757,589*
Debt securities in issue	804,009	809,264
10. Financial liabilities at amortised cost c) debt securities in issue	*804,009*	*809,264*
Financial liabilities held for trading = item 20	9,722	6,997
Hedging instruments	(1,366)	28,712
40. Hedging derivatives	*23,555*	*59,988*
50. Changes in fair value of portfolio hedged financial liabilities (+/-)	*(24,921)*	*(31,276)*
Tax liabilities = item 60	33,418	86,706
Other liabilities	544,316	564,778
80. Other liabilities	*407,151*	*421,234*
90. Provisions for employee severance pay	*4,294*	*4,378*
100. Provisions for risks and charges	*132,871*	*139,166*
Shareholders' equity	2,214,661	2,194,676
- capital and reserves	1,900,957	1,592,305
140. Equity instruments	*631,883*	*500,000*
150. Reserves	*1,066,592*	*890,106*
160. Share premium reserve	*1,934*	*1,934*
170. Share capital	*201,630*	*201,508*
180. Treasury shares (-)	*(1,082)*	*(1,243)*
- revaluation reserves	(6,616)	(6,730)
120. Revaluation reserves of which: financial assets at fair value through other comprehensive income	*(3,400)*	*(2,595)*
120. Revaluation reserves for actuarial net gains (losses) for defined benefit plans	*(3,215)*	*(4,136)*
120. Revaluation reserve of which: changes in valuation reserve pertaining to equity method investments	*(1)*	*1*
- Net profit = item 200	320,320	609,101
Total liabilities and Shareholders' equity	**32,781,770**	**33,315,700**

Reconciliation of condensed consolidated accounts to mandatory reporting schedule

(Amounts in € thousand)

INCOME STATEMENT	1st half 2024	1st half 2023
Financial margin	363,257	328,278
of which Net interest	361,498	328,196
30. Net interest margin	*360,669*	*325,578*
+ net commissions on Treasury securities lending	*829*	*2,618*
of which Profits from Treasury	1,759	82
+ gains (losses) on disposal or repurchase of: a) financial assets at amortised cost - debt securities (unimpaired)	*1,759*	*82*
Dividends and other income from equity investments	8	(6)
70. Dividend income and similar revenue	*100*	*151*
less: dividends from held-for-trading equity instruments included in item 70	*(80)*	*(128)*
less: dividends from from equity investments and equities mandatorily at fair value equity instruments included in item 70	*(20)*	*(23)*
+ writebacks (write-downs) of investments accounted for using the equity method	*8*	*(6)*
Net commission	257,182	242,125
60. Net fee and commission income	*258,011*	*244,743*
cless: net commissions on Treasury securities lending	*(829)*	*(2,618)*
Net trading, hedging and fair value income	37,708	30,079
80. Gains (losses) on financial assets and liabilities held for trading	*38,533*	*34,403*
90. Fair value adjustments in hedge accounting	*(1,337)*	*(5,104)*
110. Gains (losses) on financial assets and liabilities at fair value through profit or loss	*412*	*629*
+ dividends from held-for-trading equity instruments included in item 70	80	128
+ dividends from mandatorily at fair value equity instruments included in item 70	*20*	*23*
Net other expenses/income	148	216
230. Other net operating income	*96,987*	*75,857*
less: other net operating income - of which: recovery of expenses	*(97,510)*	*(76,457)*
less: adjustments of leasehold improvements	*671*	*816*
100. Gains (losses) on disposal or repurchase of: a) financial assets at amortised cost (unimpaired)	*1,759*	*82*
less: gains (losses) on disposal or repurchase of: a) financial assets at amortised cost - debt securities (unimpaired)	*(1,759)*	*(82)*
REVENUES	**658,303**	**600,692**
Staff expenses	(67,023)	(60,378)
190. Administrative expenses - a) staff expenses	*(67,023)*	*(60,378)*
Other administrative expenses	(178,214)	(147,357)
190. Administrative expenses - b) other administrative expenses	*(212,886)*	*(153,122)*
less: contributions to the Single Resolution Fund (SRF) Deposit Guarantee Systems (DGS)	*35,343*	*6,581*
+ adjustments of leasehold improvements	*(671)*	*(816)*
Recovery of expenses	97,510	76,457
230. Other net operating income- of which: recovery of expenses	*97,510*	*76,457*
Impairment/write-backs on intangible and tangible assets	(12,617)	(13,237)
210. Impairment/write-backs on property, plant and equipment	*(10,350)*	*(10,152)*
220. Impairment/write-backs on intangible assets	*(2,267)*	*(3,085)*
Operating costs	**(160,344)**	**(144,515)**
OPERATING PROFIT (LOSS)	**497,959**	**456,177**
Net impairment losses on loans and provisions for guarantees and commitments	(1,689)	(2,079)
130. Impairment losses/writebacks on: a) financial assets at amortised cost	*(824)*	*(2,606)*
less: impairment losses/writebacks on: a) financial assets at amortised cost - debt securities	*(995)*	*581*
130. Impairment losses/writebacks on: b) financial assets at fair value through other comprehensive income	*(14)*	-
less: impairment losses/writebacks on: a) financial assets at amortised cost - debt securities	*14*	-
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	*129*	*(54)*
NET OPERATING PROFIT (LOSS)	**496,270**	**454,098**
Other charges and provisions	(37,653)	(12,006)
200. Net provisions for risks and charges b) other net provision	*(2,310)*	*(5,425)*
r+ contributions to the Single Resolution Fund (SRF) Deposit Guarantee Systems (DGS)	*(35,343)*	*(6,581)*
Net income from investments	981	(581)
+ Impairment losses/writebacks on: afinancial assets at amortised cost - debt securities	*995*	*(581)*
+ Impairment losses/writebacks on: b) financial assets at fair value through other comprehensive income - debt securities	*(14)*	-
250. Profit (loss) on equity investments	*8*	*(6)*
less: writebacks (write-downs) of investments accounted for using the equity method	*(8)*	*6*
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**459,598**	**441,511**
Income tax for the period = item 300	(139,278)	(132,631)
NET PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**320,320**	**308,880**
PROFIT (LOSS) FOR THE PERIOD	**320,320**	**308,880**

Certification of consolidated interim 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 interim financial statements, during the first half 2024.

2. The adequacy of the administrative and accounting procedures employed to draw up the consolidated interim financial statements 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 interim 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 Consolidated interim report on operations includes a reliable analysis of the most significant events in the first six months of the financial year and their impact on the Condensed interim consolidated financial statements, together with a description of the main risks and uncertainties concerning the remaining six months of the year. The Consolidated first half financial report also contains a reliable analysis of information on significant related party transactions.

Milan, July 30th, 2024

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

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the shareholders of
FinecoBank S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the FinecoBank Group, comprising the consolidated balance sheet as at 30 June 2024, the consolidated income statement and the consolidated statements of comprehensive income, statement of changes in consolidated shareholders' equity and consolidated cash flows statement for the six months then ended and notes to the accounts thereto. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the FinecoBank Group as at and for the six months ended 30 June 2024 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 2 August 2024

KPMG S.p.A.

(signed on the original)

Roberto Spiller
Director of Audit

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 or bad loans

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 other than those classified in the Trading book.

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 1), 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 3: 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 1st, 2014. These rules have been implemented at European level through the CRD IV "Package".

Glossary

Bank Recovery and Resolution Directive or BRRD

Refers to the Directive approved by the European Parliament and the Council, respectively on April 15th and May 6th, 2014, regarding the establishment of a recovery and resolution framework for the crisis affecting credit institutions and investment firms (Bank Recovery and Resolution Directive).

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

The budget is a financial forecast plan with a time horizon of 12 months whose essential aims are establishing the long-term/annual objectives that the Group must reach (in terms of management drivers, economic and financial results and supervisory indicators and in consideration of the current and expected macro-economic scenario), as well as defining the necessary resources and their more efficient allocation, in order to achieve expected results.

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

Derivative contract whereby one party (protection seller) undertakes, in return for the payment of an amount, to pay another party (protection buyer) a predetermined amount in the event of the occurrence of a predetermined event related to the deterioration of the creditworthiness of a third counterparty (reference entity).

CFD (Contract For Difference)

Derivative financial instruments whose value is directly linked to that of the underlying asset (securities, indices, currencies, bond futures, volatility index futures and commodity futures) and therefore follows its trend. In particular, the CFD provides for the payment of the price differential recorded between the moment the contract is opened and the moment it is closed.

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.

CIO

Chief Information Officer.

Common Equity Tier 1 or CET 1

The Common Equity Tier 1 under Basel 3 mainly consists of ordinary paid-up capital, the related share premium, profit for the period, 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.

CLO

Chief Lending Officer.

Glossary

Commercial loans

Loans and receivables from ordinary customers, i.e., loans granted to customers relating to drawdowns of overdraft facilities, credit cards, personal loans, mortgages and unsecured loans.

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

The covenant is a clause, explicitly agreed upon in the contractual definition phase, 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.).

Covered bond

Guaranteed Bank Bonds which, in addition to the guarantee of the issuing bank, can also benefit from the guarantee of a portfolio of mortgages or other high quality loans sold, for this purpose, to a "SPV - Special Purpose Vehicle" (q.v.).

Credit quality class

A Class, 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 27th, 2006 and subsequent updates. 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 17th, 2013 and subsequent updates. CRD V is Directive (EU) 2019/878 of May 20th, 2019 amending Directive 2013/36/EU.

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

EAD is defined as the estimation of the exposure at the time of the credit position default event.

Glossary

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.

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 informed and independent parties.

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.

Haircut

Difference between the value of the assets pledged as collateral and the amount of credit extended in a collateralised credit operation. In securities-backed transactions, it represents the percentage of the market price (or nominal value) of a financial asset pledged as collateral which is to be deducted from the market price (or nominal value) in order to determine the collateral value.

Glossary

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.

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 loans and receivables to which the status of bad loans, unlikely to pay and past due has been assigned, according to the Bank of Italy rules in line with the IAS/IFRS (q.v.).

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, obtained by aggregating the different types of risk, 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.

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.

Glossary

Knock Out Options

Knock Out Options are derivative contracts belonging to the category of barrier options. They are characterised by the fact that the option to buy or sell ceases to exist when the price of the underlying touches the predetermined Strike (also known as the "Barrier").

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.

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.).

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.

Mark to Market

Process of valuing a portfolio of securities or other financial instruments on the basis of prices expressed by the market.

Market risk

Consists of the effect that changes in market variables 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.

NAV - Net Asset Value

This is the value of the unit into which the assets of a mutual fund are divided.

Glossary

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 the following criteria:

- the debtor is more than 90 days in arrears in the payment of a material obligation, where the conditions for setting the materiality threshold are defined in Regulation (EU) 2018/171;
- exposures for which the debtor is assessed by the Bank 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.

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 1st, 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 exceeding the materiality thresholds defined in Delegated Regulation (EU) 2018/171.

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.

Glossary

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.

Risk Taking Capacity

Ratio between Available Financial Resources and Internal Capital.

Risk-weighted assets

See the item "RWA - Risk-Weighted Assets".

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).

Significant increase in credit risk "SICR"

Criterion used to check Stage transition. If the credit risk of the financial instrument is significantly increased after initial recognition, the value adjustments are equal to the expected losses over the life of the instrument (lifetime ECL).

Spread

This term is normally used to denote the difference between two interest rates, the spread between bid and ask prices in securities trading, or the mark-up that the issuer of securities pays in addition to a reference rate.

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.

Targeted Longer-Term Refinancing Operations (TLTRO)

Targeted Longer-Term Refinancing Operations (TLTRO) programmes offer credit institutions in the euro area financing with multi-year maturities aimed at improving the functioning of the monetary policy transmission mechanism by supporting the provision of bank credit to the real economy.

Tier 1 Capital

Tier 1 capital (tier 1) includes Common Equity Tier 1 - CET1 and Tier 1 additional capital (Additional Tier 1 - AT1).

Glossary

Tier 1 Capital Ratio

The percentage of a bank's Tier 1 Capital (q.v.) 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.

Unlikely to pay

On-balance and off-balance sheet exposures, 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 the maximum potential loss that can be expected to be generated within a specified period and with a specified probability.

Glossary

Alternative Performance Measures ("APMs")

Alternative Performance Measures are used in the Consolidated Interim 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 Interim Report on Operations, for which reference should be made to the reconciliation schedules with the consolidated and individual financial statements contained in the Annexes.

Advance Advisory Service

Advanced Advisory Services include those forms of advice for which there is a specific fee paid directly by the customer to the intermediary for providing the service offered, in fee only and fee on top modes.

Advance Advisory Service/TFA

This is the ratio of Advanced Advisory Services (q.v.) to TFAs (q.v.), as represented the table in in the section "Performance of total financial assets" presented in the Consolidated Interim Report on Operation to which reference should be made.

Items	06/30/2024	12/31/2023
Advanced Advisory Services (Amounts in €/000)	31,174,984	27,982,557
TFA average (Amounts in €/000)	126,915,468	114,557,186
Advanced Advisory Services/TFA	**24.6%**	**24.4%**

Assets Under Management

Mainly includes UCITS and other investment funds, insurance products, assets under custody under advisory. For a numerical reconciliation, please refer to the tables in the section "Performance of total financial assets" presented in the Consolidated Interim Report on Operations.

Assets Under Custody

Mainly incudes equities, bonds and third-party deposits. For a numerical reconciliation, please refer to the tables in the section "Performance of total financial assets" presented in the Consolidated Interim Report on Operations.

Glossary

Bad loans/Loans receivable with ordinary customers

Ratio of Bad exposures (q.v.), as represented in the table "Impaired assets" to which reference should be made, to Loans receivable to ordinary customers, as represented in the table "Loans and Receivables to Customers (Management Reclassification)" to which reference should be made.

Consolidated

Items	06/30/2024	12/31/2023
Bad exposures (Amounts in €/000)	1,108	1,110
Loans receivable to ordinary customers (Amounts in €/000)	5,221,250	5,535,383
Bad loans/Loans receivable to ordinary customers	**0.02%**	**0.02%**

Individual

Items	06/30/2024	12/31/2023
Bad exposures (Amounts in €/000)	1,108	1,110
Loans receivable to ordinary customers (Amounts in €/000)	5,221,250	5,535,383
Bad loans/Loans receivable to ordinary customers	**0.02%**	**0.02%**

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.

Consolidated

Items	06/30/2024	12/31/2023	06/30/2023
Operating costs (Amounts in €/000)	160,344	298,321	144,515
Revenues (Amounts in €/000)	658,303	1,237,631	600,692
Cost/Income Ratio	**24.36%**	**24.10%**	**24.06%**

Individual

Items	06/30/2024	12/31/2023	06/30/2023
Operating costs (Amounts in €/000)	148,995	277,724	134,314
Revenues (Amounts in €/000)	609,523	1,195,412	556,972
Cost/Income Ratio	**24.45%**	**23.23%**	**24.12%**

Cost of Risk

The ratio of Net impairment losses of loans to customers in the last 12 months to loans receivable to 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. It is one of the risk indicators of bank assets: the lower the ratio, the less risky the bank assets.

Items	06/30/2024	12/31/2023	06/30/2023
Net impairment losses of loans to ordinary customers (Amounts in €/000)	2,963	2,651	3,097
Loans receivable to ordinary customers (Amounts in €/thousand) (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)	5,475,430	5,787,703	5,816,264
Cost of Risk (bps)	**5**	**5**	**5**

Glossary

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 to 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 Interim 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	06/30/2024	12/31/2023
Direct deposits (Amounts in €/000)	27,576,385	28,441,830
Total liabilities and Shareholders' equity (Amounts in €/000)	32,781,770	33,315,700
Direct deposits/Total liabilities and Shareholders' equity	**84.12%**	**85.37%**

Individual

Items	06/30/2024	12/31/2023
Direct deposits (Amounts in €/000)	27,576,385	28,441,830
Total liabilities and Shareholders' equity (Amounts in €/000)	32,692,422	33,251,116
Direct deposits/Total liabilities and Shareholders' equity	**84.35%**	**85.54%**

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 net income from investments with related tax effects, and the figurative cost of the capital calculated using both the regulatory capital and the book value of shareholders' equity (average of single end quarters).

(Amounts in € thousand)

Items	06/30/2024	12/31/2023	06/30/2023
+ Profit (Loss) for the year	320,320	609,101	308,880
- extraordinary net income from investments with related tax effects	-	(24)	-
+ Costo of regulatory capital	(38,668)	(69,268)	(35,077)
EVA (calculated on regulatory capital)	**281,652**	**539,809**	**273,803**

(Amounts in € thousand)

Items	06/30/2024	12/31/2023	06/30/2023
+ Profit (Loss) for the year	320,320	609,101	308,880
- extraordinary net income from investments with related tax effects	-	(24)	-
- figurative cost of the book value of shareholders' equity (calculated as average of single end quarters of the year)	(139,548)	(220,339)	(108,264)
EVA (calculated on book value of shareholders' equity)	**180,772**	**388,738**	**200,616**

Glossary

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	06/30/2024	12/31/2023
Financial investments (Amounts in €/000)	20,729,052	21,403,026
Total assets (Amounts in €/000)	32,781,770	33,315,700
Financial investments/Total assets	**63.23%**	**64.24%**

Individual

Items	06/30/2024	12/31/2023
Financial investments (Amounts in €/000)	20,731,329	21,405,097
Total assets (Amounts in €/000)	32,692,422	33,251,116
Financial investments/Total assets	**63.41%**	**64.37%**

Financial margin/Revenues

Ratio of the financial margin to revenues, as represented in the condensed income statement, to which reference should be made.

Items	06/30/2024	12/31/2023	06/30/2023
Financial margin (Amounts in €/000)	363,257	687,956	328,278
Revenues (Amounts in €/000)	658,303	1,237,631	600,692
Financial margin/Revenues	**55.18%**	**55.59%**	**54.65%**

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	06/30/2024	12/31/2023	06/30/2023
Net fee and commission income	257,182	489,906	242,125
Net trading, hedging and fair value income	37,708	60,402	30,079
Net other expenses/income	148	(565)	216
Income from brokerage and other income	**295,038**	**549,743**	**272,420**

Glossary

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	06/30/2024	12/31/2023	06/30/2023
Income from brokerage and other income (Amounts in €/000)	295,038	549,743	272,420
Operating costs (Amounts in €/000)	160,344	298,321	144,515
Income from brokerage and other income/Operating costs	**184.00%**	**184.28%**	**188.51%**

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	06/30/2024	12/31/2023	06/30/2023
Income from brokerage and other income (Amounts in €/000)	295,038	549,743	272,420
Revenues (Amounts in €/000)	658,303	1,237,631	600,692
Income from brokerage and other income/Revenues	**44.82%**	**44.42%**	**45.35%**

Indirect TFA

Balance at the reference date of the sum of Assets Under Management (q.v.) and Assets Under Custody (q.v.).

Loans and receivable to banks/Total assets

Ratio of the Loans receivable to banks, as represented in the table “Loans and Receivables to banks" presented in the Consolidated Interim Report on Operation to which reference should be made, to the total assets.

Consolidated

Items	06/30/2024	12/31/2023
Loans and receivables to banks (Amounts in €/000)	388,285	376,373
Total assets (Amounts in €/000)	32,781,770	33,315,700
Loans and receivables to banks/Total assets	**1.18%**	**1.13%**

Individual

Items	06/30/2024	12/31/2023
Loans and receivables to banks (Amounts in €/000)	347,998	351,272
Total assets (Amounts in €/000)	32,692,422	33,251,116
Loans and receivables to banks/Total assets	**1.06%**	**1.06%**

Loans receivable to ordinary customers

Loans receivable to 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 Interim Report on Operation.

Glossary

Loans receivable to ordinary customers/Total assets

Ratio of the Loans receivable to ordinary customers (q.v.), as represented in the table "Loans and Receivables to Customers (Management Reclassification)" presented in the Consolidated Interim Report on Operation to which reference should be made, to the total assets.

Consolidated

Items	06/30/2024	12/31/2023
Loans receivable to ordinary customers (Amounts in €/000)	5,221,250	5,535,383
Total assets (Amounts in €/000)	32,781,770	33,315,700
Loans receivable to ordinary customers/Total assets	**15.93%**	**16.62%**

Individual

Items	06/30/2024	12/31/2023
Loans receivable to ordinary customers (Amounts in €/000)	5,221,250	5,535,383
Total assets (Amounts in €/000)	32,692,422	33,251,116
Loans receivable to ordinary customers/Total assets	**15.97%**	**16.65%**

Loans receivable to ordinary customers/Total financial assets

Ratio of the Loans receivable to ordinary customers (q.v.), as represented in the table "Loans and Receivables to Customers (Management Reclassification)" presented in the Consolidated Report on Operation to which reference should be made, to Total Financial Assets (TFA, see item), as represented the table in in the section "Performance of total financial assets" presented in the Consolidated Interim Report on Operation.

Consolidated

Items	06/30/2024	12/31/2023
Loans receivable to ordinary customers (Amounts in €/000)	5,221,250	5,535,383
Direct deposits (Amounts in €/000)	27,576,385	28,441,830
Loans receivable to ordinary customers/Direct deposits	**18.93%**	**19.46%**

Individual

Items	06/30/2024	12/31/2023
Loans receivable to ordinary customers (Amounts in €/000)	5,221,250	5,535,383
Direct deposits (Amounts in €/000)	27,576,385	28,441,830
Loans receivable to ordinary customers/Direct deposits	**18.93%**	**19.46%**

Glossary

Non-performing loans/Loans receivable to 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 to ordinary customers, as represented in the table “Loans and Receivables to Customers (Management Reclassification)” presented in the Consolidated Interim Report on Operation to which reference should be made.

Consolidated

Items	06/30/2024	12/31/2023
Impaired loans (Amounts in €/000)	6,054	3,965
Loans receivable to ordinary customers (Amounts in €/000)	5,221,250	5,535,383
Impaired loans/Loans receivable to ordinary customers	**0.12%**	**0.07%**

Individual

Items	06/30/2024	12/31/2023
Impaired loans (Amounts in €/000)	6,054	3,965
Loans receivable to ordinary customers (Amounts in €/000)	5,221,250	5,535,383
Impaired loans/Loans receivable to ordinary customers	**0.12%**	**0.07%**

Operating costs/FTA

Ratio of operating costs, annualised for data as at June 30th, as presented in the condensed income statement to which reference should be made, to Total Financial Assets (TFA, see item), as presented in the table “Total financial assets” in Consolidated interim report on operation to which reference should be made. It is one of the main ratios of the Bank's management efficiency: the lower the value expressed by this ratio, the greater the bank's efficiency.

Items	06/30/2024	12/31/2023	06/30/2023
Annualised operating costs (Amounts in €/000)	320,688	298,321	289,030
TFA average (Amounts in €/000)	126,915,468	114,557,186	111,219,219
Operating Costs/TFA	**0.25%**	**0.26%**	**0.26%**

Glossary

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 regulatory capital and the book value of shareholders' equity (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.

(Amounts in € thousand)

Items	06/30/2024	12/31/2023	06/30/2023
EVA (calculated on regulatory capital)	563,304	539,809	547,607
Regulatory Capital (Amounts in € thousand) (average of quarters of the year)	670,734	634,903	643,017
RARORAC (calculated on regulatory capital)	**83.98%**	**85.02%**	**85.16%**

Items	06/30/2024	12/31/2023	06/30/2023
EVA (calculated on accounting capital) (Amounts in €/000)	361,544	388,738	401,232
Shareholders' equity (average of single end quarters) (Amounts in €/000)	2,420,599	2,019,602	1,984,671
RARORAC (calculated on shareholders' equity)	**14.94%**	**19.25%**	**20.22%**

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	06/30/2024	12/31/2023	06/30/2023
Net profit (*) (Amounts in €/000)	640,640	609,101	617,760
Total assets (Amounts in €/000)	32,781,770	33,315,700	33,815,922
ROA - Return on Assets	**1.95%**	**1.83%**	**1.83%**

(*) With regard to the calculation of the above ratio, the half-year net profit has been annualised.

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 regulatory capital and and the book value of shareholders' equity (calculated with the same methods envisaged for the calculation of the EVA).

Items	06/30/2024	12/31/2023	06/30/2023
Profit (Loss) for the year (Amounts in €/000)	640,640	609,101	617,760
Regulatory Capital (Amounts in € thousand) (average of quarters of the year)	670,734	634,903	643,017
ROAC (calculated on regulatory capital)	**95.51%**	**95.94%**	**96.07%**

Items	06/30/2024	12/31/2023	06/30/2023
Profit (Loss) for the year (Amounts in €/000)	640,640	609,101	617,760
Shareholders' equity (average of single end quarters) (Amounts in €/000)	2,420,599	2,019,602	1,984,671
ROAC (calculated on shareholders' equity)	**26.47%**	**30.16%**	**31.13%**

Glossary

ROE – Return on Equity

Ratio between net profit and the average shareholders' equity for the period (excluding the revaluation reserves), calculated as the average of the balance at the end of the period and that of the previous December 31st. Net profit for the period as at June 30th, 2024 and June 30th, 2023 were annualised.

	06/30/2024	12/31/2023	06/30/2023
Net profit (*) (Amounts in €/000)	640,640	609,101	617,760
Shareholders' equity (average) (Amounts in €/000)	2,211,342	2,054,841	1,909,335
Return Of Equity (ROE)	**28.97%**	**29.64%**	**32.36%**

(*) With regard to the calculation of the above ratio, the half-year net profit has been annualised.

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	06/30/2024	12/31/2023
Shareholders' equity (net profit included) (Amounts in €/000)	2,214,661	2,194,676
Total liabilities and Shareholders' equity (Amounts in €/000)	32,781,770	33,315,700
Shareholders' equity (net profit included)/Total liabilities and Shareholders' equity	**6.76%**	**6.59%**

Individual

Items	06/30/2024	12/31/2023
Shareholders' equity (net profit included) (Amounts in €/000)	2,148,524	2,155,387
Total liabilities and Shareholders' equity (Amounts in €/000)	32,692,422	33,251,116
Shareholders' equity (net profit included)/Total liabilities and Shareholders' equity	**6.57%**	**6.48%**

Total net sales

Sum of sales during the reporting period net of redemptions made during the same period with reference to Assets Under Management (q.v.), Assets Under Custody (q.v.) and Direct deposit from customers (q.v.). For a numerical reconciliation, please refer to the table in the section "Performance of total financial assets" presented in the Consolidated Interim Report on Operation. Total net sales are also shown with reference to customers of the Financial Advisor Network only.

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 Interim Report on Operation. Total Financial Asset is also represented with reference to the clients of the Financial Advisor Network only.