FINECOBANK GROUP PUBLIC DISCLOSURE – PILLAR III

AS AT 30 JUNE 2022

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"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

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

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

Moreover, in order to rationalize and homogenize the disclosures to be provided periodically to the market, the EBA, responding to the mandate given to it by Article 434a "Disclosure templates" of CRR II, in June 2020 published the implementing technical standards (EBA/ITS/2020/04), intended for all institutions subject to the disclosure requirements of Part eight of CRR. These implementing technical standards were transposed by Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to Titles II and III of Part Eight, of Regulation (EU) No 575/2013.

The CRR requires Institutions to publish the information set out in Title II and III of Part Eight in conjunction with the financial statements. The purpose of this disclosure requirement is to integrate the minimum capital requirements (Pillar 1) and the prudential control process (Pillar 2), by identifying a set of disclosure transparency requirements that allow market participants to have relevant, complete and reliable information about capital adequacy, risk exposure and the general characteristics of the systems in place to identify, measure and manage those risks.

FinecoBank qualifies as a "Large Institution" under Part Eight of the CRR and, therefore, all information required to them on a semi-annual basis has been published in this Public Disclosure as of 30 June 2022. In addition, it should be noted that following the exceeding of the size threshold of significance of the total value of assets of 30 euro billion, identified by Regulation 468/2014 (SSM) establishing the framework for cooperation under the Single Supervisory Mechanism between the European Central Bank and the competent national authorities and with the designated national authorities, the European Central Bank has taken the decision to classify FinecoBank as a significant institution, as of 1 January 2022. Therefore, from that date Fineco falls under the direct supervision of the European Central Bank.

In line with Article 433 of the CRR, FinecoBank S.p.A., as the Parent Company of the FinecoBank Banking Group (hereinafter the "Group"), publishes its Public Disclosure at a consolidated level.

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

The subject is therefore regulated:

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

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

Introduction

With regard to the initiatives put in place in 2020, which are still in force, please also note Regulation (EU) 873/2020 ("CRR "Quick-fix") of the EU Parliament and Council published on 26 June 2020, amending Regulation (EU) 575/2013 ("CRR") and Regulation (EU) 876/2019 ("CRR II"), which made a number of adjustments to the prudential framework in light of the Covid-19 health emergency, allowing credit institutions to apply specific transitional provisions, with the aim of providing capital support to enable credit institutions to continue to support the real economy in the context of the Covid-19 pandemic. This Regulation also anticipated the application of certain measures contained in CRR II, which are therefore valid until the latter enters into force on 28 June 2021. The main measures still in force include the following:

- the introduction of a transitional period, from 1 January 2020 to 31 December 31 2022, during which institutions may exclude from the calculation of their CET1 capital the amount of unrealized gains and losses accumulated starting from 31 December 2019 on debt instruments measured at fair value recognized in other comprehensive income corresponding to exposures to central government regional governments or local authorities as defined in Article 115(2) of the CRR, and to public sector entities as defined in Article 116(4) of the CRR, excluding impaired financial assets ("Temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in light of the COVID-19 pandemic"). As of 30 June 2022, the Group did not make use of the option to apply the temporary treatment;
- the extension until 31 December 2024 of the transitional regime that allows to reduce the potential impact on CET1 deriving from the increase in provisions for expected losses on receivables calculated according to the IFRS 9 impairment model, through the gradual inclusion in CET1 ("Temporary treatment to mitigate the impact of the introduction of IFRS 9 on own funds"). It is envisaged that banks that had previously decided to make use or not to make use of the transitional provisions can revoke their decision at any time during the new transitional period. As of 30 June 2022, the Group did not make use of the option to apply the temporary treatment;

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

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

With reference to the abovementioned transitional provisions introduced by the CRR Quick-fix, since the Group, as at 30 June 2022, did not make use of the option to apply the "Temporary treatment to mitigate the impact of the introduction of IFRS 9 on own funds" and the "Temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in light of the COVID-19 pandemic", own funds and capital already reflect the full impact of the above components and, consequently, the disclosure requirements specified in EBA Guidelines 2020/12 do not apply.

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

- loans subject to "moratoria" that fall within the scope of the EBA Guidelines on legislative and non-legislative moratoria on loan payments applied in light of the COVID-19 crisis (EBA/GL/2020/021[1]);
- loans subject to forbearance measures applied in response to the COVID-19 crisis;
- new loans guaranteed by the State or other public entity in response to the COVID-19 crisis.

Despite the noticeable reduction in the volumes of loans within the scope of COVID-19 reporting and disclosure (loans under various forms of payment moratoria and public guarantee schemes), given the ongoing COVID-19 pandemic and the uncertainty over its future development, the EBA confirmed on 17 January 2022 the need to continue monitoring exposures and the credit quality of loans benefitting from various public support. To facilitate such monitoring, the Guidelines on the reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis adopted on 2 June 2020 continue to apply until further notice. The Bank of Italy has implemented these EBA guidelines on reporting and disclosure.

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

The key elements of this policy are:

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

- identification of roles and responsibilities of the corporate bodies, departments and Legal Entities involved in the process of producing the disclosure;
- identification of the information to be published (in accordance with EBA GL/2014/14 and CRR Article 432 and 433 and with the subsequent Regulation (EU) 2019/876 in relation with the requirements applicable as of 30 June 2022);
- approval by the Board of Directors;
- publication on the FinecoBank website.

This document has been prepared in accordance with the indications of the EBA guidelines in compliance with the proportionality principle and publishing only information that is material and not exclusive or confidential in accordance with Article 432 of the CRR. In this regard, it should be noted that for the publication of qualitative and quantitative information, FinecoBank has adopted, firstly, the models provided by the EU Regulations or by the applicable EBA Guidelines mentioned above, secondly, free models. The tables below report references to the location, in this document, of the required information.

Any discrepancies between data disclosed in this document are due to the effect of rounding. All amounts, unless otherwise specified, are expressed in thousands of euros.

Introduction

Reference to regulatory reporting requirements with annual frequency: Implementing Regulation (EU) 2021/637

The table below shows the location in this document of the disclosures made to the market on a semi-annual basis, applicable to the FinecoBank Group. Therefore, the following templates/tables are excluded:

- EU CR6; EU CR7; EU CR7a; EU CR8; EU CR10; EU CCR4; EU CCR7; EU MR2-A; EU MR2-B; EU MR3; EU MR4 as the Group does not use internal models, neither in the determination of credit and counterparty risk nor in the determination of market risks;
- EU CCR6; EU CQ7; EU SEC1; EU SEC2; EU SEC3; EU SEC4; EU SEC5 as the Group does not have any exposures that fall within the types indicated;
- EU CR2a; EU CQ2; EU CQ6; EU CQ8 as the Group does not have a ratio of the gross carrying amount of impaired loans and advances to the total gross carrying amount of loans and advances of 5% or more.

TEMPLATE	TOPIC	CHAPTER
Implementing Regulation 2021/637		
EU OV1	Overview of total risk exposure amounts	Own funds requirements and risk-weighted exposure amounts
EU KM1	Key metrics	Key metrics
EU CC1	Composition of regulatory own funds	Own Funds
EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	Own Funds
EU CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	Countercyclical capital buffers
EU CCyB2	Amount of institution-specific countercyclical capital buffer	Countercyclical capital buffers
EU LR1 - LRSum	Summary reconciliation of accounting assets and leverage ratio exposures	Leverage
EU LR2 - LRCom	Leverage ratio common disclosure	Leverage
EU LR3 - LRSpl	Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Leverage
EU LIQ1	Quantitative information of LCR	Liquidity requirements
EU LIQB	Quantitative information of LCR, which complements template EU LIQ1	Liquidity requirements
EU LIQ2	Net Stable Funding Ratio	Liquidity requirements
EU CR1-A	Maturity of exposures	Exposures to credit risk and dilution risk
EU CR2	Changes in the stock of non-performing loans and advances	Exposures to credit risk and dilution risk
EU CR1	Performing and non-performing exposures and related provisions	Exposures to credit risk and dilution risk
EU CQ1	Credit quality of forborne exposures	Exposures to credit risk and dilution risk
EU CQ4	Quality of non-performing exposures by geography	Exposures to credit risk and dilution risk
EU CQ5	Credit quality of loans and advances to non-financial corporations by industry	Exposures to credit risk and dilution risk
EU CR3	CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	Disclosure of the use of credit risk mitigation techniques
EU CR4	Standardised approach – Credit risk exposure and CRM effects	Disclosure of the use of the Standardised Approach
EU CR5	Standardised approach	Disclosure of the use of the Standardised Approach
EU CCR1	Analysis of CCR exposure by approach	Exposures to counterparty credit risk
EU CCR2	Transactions subject to own funds requirements for CVA risk	Exposures to counterparty credit risk
EU CCR3	Standardised approach – CCR exposures by regulatory exposure class and risk weights	Exposures to counterparty credit risk
EU CCR5	Composition of collateral for CCR exposures	Exposures to counterparty credit risk
EU CCR8	Exposures to CCPs	Exposures to counterparty credit risk
EU MR1	Market risk under the standardised approach	Market risk

Introduction

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

TEMPLATE	TOPIC	CHAPTER
EBA Guidelines 2020/07		
Template 1	Information on loans and advances subject to legislative and non-legislative moratoria	Exposures to credit risk and dilution risk
Template 2	Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria	Exposures to credit risk and dilution risk
Template 3	Information on newly originated loans granted under the new public guarantee schemes introduced in response to the COVID-19 crisis	Exposures to credit risk and dilution risk
EBA Guidelines 2020/12		
Template IFRS9/Article 468/FL	Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR	Own Funds

Please note that the "Template IFRS9/Article 468/FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR" is not subject to publication because, as previously mentioned, the Group did not make use of the option to apply the "Temporary treatment to mitigate the impact of the introduction of IFRS 9 on own funds" and the "Temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in light of the COVID-19 pandemic". Therefore, FinecoBank Group's capital and own funds as of 30 June 2022 already reflect the full impact of these items.

Moreover, with reference to certain best practices identified by the EBA in the "Report on assessment of Institutions' Pillar 3 Disclosure" (EBA/Rep/2020/09), the following should be noted:

- the information in terms of financial sustainability and ESG risks (environmental, social and governance risks) is reported annually, based on the regulations in force, on FinecoBank's website at the link https://finecobank.com, section "Sustainability". This section includes FinecoBank's Consolidated Non-Financial Statement;
- the disclosure on environmental, social and governance risks required for Pillar III purposes will be provided, as required by Article 449a of CRR II, starting from December 2022.

Introduction

Reference to the information required by the Part Eight of CRR

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

ARTICLE	TOPIC	CHAPTER
437	Disclosure of own funds	Own Funds
438	Disclosure of own funds requirements and risk-weighted exposure amounts	Risk management objectives and policies; Own funds requirements and risk-weighted exposure amounts; Key metrics
439	Disclosure of exposures to counterparty credit risk	Risk management objectives and policies; Exposures to counterparty credit risk
440	Disclosure of countercyclical capital buffers	Countercyclical capital buffers
442	Disclosure of exposures to credit risk and dilution risk	Risk management objectives and policies; Exposures to credit risk and dilution risk
444	Disclosure of the use of the Standardised Approach	Disclosure of the use of the Standardised Approach
445	Disclosure of exposure to market risk	Risk management objectives and policies; Market risk
447	Disclosure of key metrics	Key metrics
448	Disclosure of exposures to interest rate risk on positions not held in the trading book	Exposure to interest rate risk on positions not held in the trading book
449	Disclosure of exposures to securitisation positions	Not applicable
451	Disclosure of the leverage ratio	Leverage ratio
451a	Disclosure of liquidity requirements	Liquidity requirements
452	Disclosure of the use of the IRB Approach to credit risk	Not applicable
453	Disclosure of the use of credit risk mitigation techniques	Disclosure of the use of credit risk mitigation techniques; Disclosure of the use of the Standardised Approach
455	Use of internal market risk models	Not applicable

Please note that the information in the sections of the articles listed above for which semi-annual frequency is required for "Large institutions", as detailed in the article 433a of CRR, is subject to publication in this document.

Key metrics

The EU KM1 template on key metrics is presented below, the details and qualitative information of which are reported in the specific sections of this document.

The following EU KM1 template contains the information required by Article 447 of the CRR, in particular:

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

All minimum requirements applicable to the FinecoBank Group as of 30 June 2022 are largely met.

The calculation of Own Funds, and in particular of CET1 capital, on 30 June 2022 took into account dividends and foreseeable charges for a total amount of 157,120 euro thousand.

EU KM1 - Key metrics

(Amounts in € thousand)

		a	b	c	d	e
		30/06/2022	31/03/2022	31/12/2021	30/09/2021	30/06/2021
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	928,735	903,165	868,214	841,297	823,545
2	Tier 1 capital	1,428,735	1,403,165	1,368,214	1,341,297	1,323,545
3	Total capital	1,428,735	1,403,165	1,368,214	1,341,297	1,323,545
	Risk-weighted exposure amounts					
4	Total risk exposure amount	4,851,129	4,678,037	4,617,708	4,580,050	4,430,598
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	19.14%	19.31%	18.80%	18.37%	18.59%
6	Tier 1 ratio (%)	29.45%	29.99%	29.63%	29.29%	29.87%
7	Total capital ratio (%)	29.45%	29.99%	29.63%	29.29%	29.87%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.00%	2.00%	1.86%	1.86%	1.86%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.12%	1.12%	1.04%	1.04%	1.04%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.50%	1.50%	1.40%	1.40%	1.40%
EU 7d	Total SREP own funds requirements (%)	10.00%	10.00%	9.86%	9.86%	9.86%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.004%	0.004%	0.005%	0.005%	0.005%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	2.504%	2.504%	2.505%	2.505%	2.505%
EU 11a	Overall capital requirements (%)	12.504%	12.504%	12.365%	12.365%	12.365%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.52%	13.69%	13.26%	12.83%	13.05%

Continued: EU KM1 - Key metrics

(Amounts in € thousand)

		a	b	c	d	e
		30/06/2022	31/03/2022	31/12/2021	30/09/2021	30/06/2021
	Leverage ratio					
13	Total exposure measure	37,385,995	35,198,242	34,045,310	33,223,505	32,851,896
14	Leverage ratio (%)	3.82%	3.99%	4.02%	4.04%	4.03%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.19%	3.19%	3.19%	3.19%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.19%	3.19%	3.19%	3.19%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	19,238,389	18,846,454	18,385,292	17,827,332	17,140,336
EU 16a	Cash outflows - Total weighted value	3,933,911	3,808,478	3,703,558	3,596,183	3,502,658
EU 16b	Cash inflows - Total weighted value	1,577,244	1,489,102	1,463,918	1,412,908	1,418,702
16	Total net cash outflows (adjusted value)	2,356,666	2,319,376	2,239,640	2,183,275	2,083,956
17	Liquidity coverage ratio (%)	828.97%	819.55%	828.09%	824.61%	834.44%
	Net Stable Funding Ratio					
18	Total available stable funding	31,667,429	31,341,594	29,534,899	29,006,232	29,260,008
19	Total required stable funding	9,580,488	9,625,554	9,080,548	8,730,136	9,104,320
20	NSFR ratio (%)	330.54%	325.61%	325.25%	332.25%	321.39%

Please note that the Liquidity Coverage Ratio refers to the weighted average values, consistent with the representation provided in the EU LIQ1 template.

Own Funds

From January 1, 2014, the calculation of the capital requirements takes account of the “Basel 3” regulatory framework, transposed in the Regulation 575/2013/EU on the prudential requirements for credit institutions and investment firms (Capital Requirements Regulation – “CRR”) and subsequent Regulations amending its content, in particular Regulation (EU) 876/2019 ("CRR II"), and the Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirements Directive 4 – “CRD 4”), and subsequent Directive that modify its content, which transpose into the European Union the standards defined by the Basel Committee for Banking Supervision (so-called Basel 3 framework), collected and implemented by the Bank of Italy through Circular no. 285 of 17 December 2013 "Supervisory Provisions for Banks" and subsequent updates.

Those regulations establish the following structure for Own Funds:

- Tier 1 Capital, in turn composed of:
  - Common Equity Tier 1 – CET1 and
  - Additional Tier 1 – AT1;
- Tier 2 Capital – T2;

the sum of Tier 1 capital and Tier 2 capital makes up the Own Funds (Total Capital).

Own funds, which amounted to 1,428,735 euro thousand as of 30 June 2022, consisted of Common Equity Tier 1 (CET1) and Additional Tier 1 capital, there were no Tier 2 items. The retained earnings included in Common Equity Tier 1 Capital as of 30 June 2022 were calculated considering foreseeable dividends for a total of 155,654 euro thousand and foreseeable charges of 1,466 euro thousand 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.

The following EU CC1 and EU CC2 templates show the information required by article 437 letter a) of the CRR. Specifically, the composition of regulatory capital is reported (elements of Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, filters and deductions applied to the institution's own funds) as well as a reconciliation of these elements to the balance sheet in the audited consolidated financial statements as of 30 June 2022.

EU CC1 - Composition of regulatory own funds

(Amounts in € thousand)

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		6/30/2022	
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts (A)	198,687	23,24 and 28
	of which: ordinary shares	198,687	23,24 and 28
2	Retained earnings (B)	746,663	22
3	Accumulated other comprehensive income (and other reserves) (C)	38,693	20 and 22
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend (D)	65,243	26 and 27
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,049,286**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount) (E)	(1,420)	30
8	Intangible assets (net of related tax liability) (negative amount) (F)	(115,613)	9 and 10
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount) (G)	(3,330)	25,29 and 32
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative (H)	(182)	31
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	
EU-20c	*of which: securitisation positions (negative amount)*	*(182)*	*31*
EU-20d	*of which: free deliveries (negative amount)*	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-	

Continued: EU CC1 - Composition of regulatory own funds

(Amounts in € thousand)

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		6/30/2022	
25	*of which: deferred tax assets arising from temporary differences*	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(6)	33
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(120,551)**	
29	**Common Equity Tier 1 (CET1) capital**	**928,735**	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts (I)	500,000	21
31	*of which: classified as equity under applicable accounting standards*	*500,000*	*21*
32	*of which: classified as liabilities under applicable accounting standards*	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	*of which: instruments issued by subsidiaries subject to phase out*	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**500,000**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**500,000**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,428,735**	

Continued: EU CC1 - Composition of regulatory own funds

(Amounts in € thousand)

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		6/30/2022	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	-	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	**-**	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**-**	
59	**Total capital (TC = T1 + T2)**	**1,428,735**	**34**
60	**Total Risk exposure amount**	**4,851,129**	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	19.14%	
62	Tier 1 capital	29.45%	
63	Total capital	29.45%	
64	Institution CET1 overall capital requirements	8.12%	
65	*of which: capital conservation buffer requirement*	*2.50%*	
66	*of which: countercyclical capital buffer requirement*	*0.004%*	
67	*of which: systemic risk buffer requirement*	*0.00%*	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*	*0.00%*	
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	*1.12%*	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**13.52%**	

Continued: EU CC1 - Composition of regulatory own funds

(Amounts in € thousand)

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		6/30/2022	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	13,793	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	43,627	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Notes to the template "EU CC1 - composition of regulatory own funds" (Article 437, paragraph 1, letters d) e e) of CRR)

Amounts and sub-amounts that are not applicable are not reported.

A. This item is made up of the share capital, consisting of 610,119,860 ordinary shares with a nominal value of 0.33 euro, in the amount of 201,340 euro thousand, the share premium reserve, in the amount of 1,934 euro thousand, net of own CET1 instruments held by customers who simultaneously used a line of credit, even if not granted for this purpose, in the amount of 4,587 euro thousand, which due to Article 28 of European Regulation 575/2013 cannot be qualified as own funds.

B. The item is made up of the legal reserve, consolidation reserve and other net profit reserves.

C. Accumulated other comprehensive income (AOCI) consisted of the net negative reserve of debt securities issued by central governments held in the "Financial assets at fair value through profit or loss" portfolio, for 2,056 euro thousand, and the positive net reserve of defined benefit plans for 1,883 euro thousand. The item also includes Other reserves related to equity settled plans for 38,867 euro thousand.

D. The amount recognised in Own Funds as of 30 June 2022 was calculated considering foreseeable dividends for 2022 amounting to 155,654 euro thousand and foreseeable charges of 1,466 euro thousand, determined as described previously.

E. This item includes the filter for additional valuation adjustments (AVA) in the amount of 1,420 euro thousand calculated on the balance sheet assets and liabilities measured at fair value, determined using the simplified method.

F. This item includes goodwill net of deferred taxation for 88,927 euro thousand and other intangible assets net of deferred taxation for 26,686 euro thousand.

G. This item includes treasury shares directly held in the amount of 1,714 euro thousand, treasury shares that the Bank has an actual or contingent obligation to purchase in the amount of 1,500 euro thousand, equal to the maximum outlay provided by the repurchase of treasury shares in implementation of the long-term incentive plan “2022 PFA System” authorized by the Supervisory Authority, and treasury shares synthetically held in the amount of 116 euro thousand.

H. The item includes the balance sheet amount of exposures in equity instruments relating to the Voluntary Scheme contribution made in 2017 as part of the intervention for the recovery of Caricesena, Carimi e Carismi. The equity instruments represent an indirect exposure in junior and mezzanine debt under the securitization subscribed by the Voluntary Scheme, and therefore they are deduced from Own Funds.

I. Additional Tier 1 consists of:

   i. the Additional Tier 1 bond issued on 31 January 2018. The financial instrument is a perpetual, private placement, issued for a total of 200 euro million, entirely subscribed by UniCredit S.p.A.. The coupon for the first 5.5 years is fixed at 4.82%. During the second quarter 2022 the coupon payment was recognized as a reduction of 3,495 euro thousand in the extraordinary reserve, net of the related taxes;

   ii. the Additional Tier 1 bond issued on 11 July 2019. The financial instrument is a perpetual, public placement, intended to trade on Euronext Dublin’s non-regulated market, Global Exchange Market, notes rating of BB- (S&P Global Ratings), issued for a total of 300 euro million. The coupon for the first 5 years has been fixed at 5.875%. During the second quarter 2022 the coupon payment was recognized as a reduction of 6,389 euro thousand in the extraordinary reserve, net of the related taxes.

Please note that as of 30 June 2022 the amount of deferred tax assets (DTAs) that are based on future profitability and arise from temporary differences net of the related deferred tax liabilities (DTLs) do not exceed the threshold for deduction from Own Funds.

With reference to the provisions contained in the CRR Quick-fix, it should be noted that the Group has not made use of the option to apply the transitional regimes related to unrealized gains and losses measured at fair value recognized in other comprehensive income in light of the COVID-19 pandemic and to the introduction of IFRS 9, as a result, FinecoBank Group's own funds and capital as at 30 June 2022 already fully reflect the impact of this items. Therefore, the table "Template IFRS 9/Article 468-FL: Comparison of institutions’ own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR" is not subject to publication.

EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

(Amounts in € thousand)

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref. to template CC1
		06.30.2022	06.30.2022	
	Balance sheet - Assets			
1	10. Cash and cash balances	1,542,372	-	
2	20. Financial assets at fair value through profit and loss	25,739	-	
	a) financial assets held for trading	20,020	-	
	c) other financial assets mandatorily at fair value	5,719	-	
3	30. Financial assets at fair value through other comprehensive income	29,497	-	
4	40. Financial assets at amortised cost	31,968,509	-	
	a) loans and receivables with banks	4,517,184	-	
	b) loans and receivables with customers	27,451,325	-	
5	50. Hedging derivatives	1,140,627	-	
6	60. Changes in fair value of portfolio hedged financial assets (+/-)	(191,863)	-	
7	70. Equity investments	1,845	-	
8	90. Property, plant and equipment	146,686	-	
9	100. Intangible assets	127,127	(118,024)	8
	- of which: goodwill	89,602	(89,602)	
10	110. Tax assets	44,681	2,410	8
	a) current tax assets	1,057		
	b) deferred tax assets	43,624	2,410	
11	130. Other assets	1,242,495	-	
	Total assets	**36,077,715**	**-**	
	Liabilities and shareholders' equity			
12	10. Financial liabilities at amortised cost	33,659,760	-	
	a) deposits from banks	2,333,322	-	
	b) deposits from customers	30,827,605	-	
	c) debt securities in issue	498,833	-	
13	20. Financial liabilities held for trading	7,104	-	
14	40. Hedging derivatives	13,004	-	
15	50. Changes in fair value of portfolio hedged financial liabilities (+/-)	(10,423)	-	
16	60. Tax liabilities	118,430	-	
	a) current tax liabilities	118,430	-	
17	80. Other liabilities	471,231	-	
18	90. Provisions for employee severance pay	4,234	-	
19	100. Provisions for risks and charges:	105,095	-	
	a) commitments and guarantees given	99	-	
	c) other provisions for risks and charges	104,996	-	
20	120. Revaluation reserves	(174)	(174)	2 and 3
21	140. Equity instruments	500,000	500,000	30 and 31
22	150. Reserves	785,531	785,531	2 and 3

Continued: EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

(Amounts in € thousand)

		a	b	c
		Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Ref. to template CC1**
		06.30.2022	**06.30.2022**	
23	160. Share premium reserve	1,934	1,934	1
24	170. Share capital	201,340	201,340	1
25	180. Treasury shares (-)	(1,714)	(1,714)	16
26	200. Net Profit (Loss) for the year	222,363	222,363	EU5a
	Total other elements, of which:		**(164,931)**	
27	Net profits not included in Own Funds		(157,120)	EU5a
28	Own CET1 instruments held by customers who simultaneously used a line of credit		(4,587)	1
29	Treasury shares that the Bank has an actual or contingent obligation to purchase		(1,500)	16
30	Prudential filters (-) fair value adjustments		(1,420)	7
31	Prudential filters (-) deduction of the exposure in equity instruments to the Voluntary Scheme with underlying positions to securitization		(182)	EU20a-EU20c
32	Deductions of holdings of own Common Equity Tier 1 capital instruments synthetically		(116)	16
33	Insufficient loss coverage for non-performing exposures		(6)	27a
	Total liabilities and Shareholders' equity	**36,077,715**	**-**	
34	**Total Own Funds**		**1,428,735**	59

There are no differences in the accounting figures for the Balance Sheet Perimeter and the Prudential Perimeter.

The sign (+/-) represents the contribution (positive/negative) to Own Funds.

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Own Funds

Own Funds evolution (*Enhanced Disclosure Task Force* recommendation – EDTF)

(Amounts in € thousand)

	01.01.2022 /06.30.2022	07.01.2021 /12.31.2021
Common Equity Tier 1 - CET1		
Start of period	**868,214**	**823,545**
Instruments and Reserves		
Share capital and issue-premium reserves	(2,129)	(867)
of which: own CET1 instruments held by customers who simultaneously used a line of credit	(2,202)	(867)
CET1 instruments that the Bank has an actual or contingent obligation to purchase	(650)	-
Retained earnings and reserves	(5,931)	(333,065)
Accumulated other comprehensive income (AOCI) and other reserves	5,703	(861)
Net profit of the period	222,363	164,041
Dividends and other foreseeable charges	(157,120)	(108,734)
Foreseeable charges represented by dividends from retained earnings	-	323,247
Regulatory adjustments		
Additional regulatory adjustments	(1,158)	118
Intangible assets net of related liabilities	(365)	794
Direct, indirect and synthetic holdings by an institution of own CET1 instruments	(309)	(15)
Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative: securitisation positions	124	2
Insufficient coverage for non-performing exposures	(6)	9
End of period	**928,735**	**868,214**
Additional Tier 1 – AT1 Capital		
Start of period	**500,000**	**500,000**
Additional Tier 1 issued in the period	-	-
End of period	**500,000**	**500,000**
TIER 2 – T2 Capital		
Start of period	-	-
Other transitional adjustments on Tier 2 capital	-	-
TOTAL OWN FUNDS	**1,428,735**	**1,368,214**

Own Funds amounted to 1,428,735 euro thousand, showing an increase of 60,521 euro thousand compared to 31 December 2021, mainly due to the profit for the first half of 2022 of 222,363 euro thousand, net of dividends and foreseeable charges of 157,120 euro thousand. It should be noted that, during the first half of 2022, own funds decreased because of the recognition of coupons, net of related taxes, paid on Additional Tier 1 instruments issued in 2018 and 2019, for a total amount of 9,884 euro thousand.

Own funds requirements and risk-weighted exposure amounts

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

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

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

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

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

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

- Capital Conservation Buffer (CCB) according to the article 129 of CRDIV, which is equal to 2.5% of the total Group risk weighted assets;
- Institution specific countercyclical capital buffer (CCyB) to be applied in periods of excessive credit growth, coherently with the article 160 of CRDIV (paragraphs 1 to 4) which for the Bank is equal to 0.004% as of 30 June 2022. This buffer is calculated depending on the geographical distribution of the relevant Group's credit exposures and on the national authorities' decisions, which define country-specific buffers.

With reference to the capital requirements applicable to the FinecoBank Group, it should be noted that, at the end of the Supervisory Review and Evaluation Process (SREP), on March 21, 2022 the Competent Authority communicated the capital requirements applicable to the Group:

- 8.12% in terms of Common Equity Tier 1 ratio, which includes the Pillar 2 Requirement (P2R), set at 1.12%;
- 10.00% in terms of Tier 1 Ratio, which includes a P2R, set at 1.50%;
- 12.50% in terms of Total Capital Ratio, which includes a P2R, set at 2.00%.

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

Capital requirements and buffers for FinecoBank Group

Requirements	CET1	T1	TOTAL CAPITAL
A) Pillar 1 requirements	4.500%	6.000%	8.000%
B) Pillar 2 requirements	1.120%	1.500%	2.000%
C) TSCR (A+B)	**5.620%**	**7.500%**	**10.000%**
D) Combined Buffer requirement, of which:	2.504%	2.504%	2.504%
1. Capital Conservation Buffer (CCB)	2.500%	2.500%	2.500%
2. Institution-specific Countercyclical Capital Buffer (CCyB)	0.004%	0.004%	0.004%
E) Overall Capital Requirement (C+D)	**8.124%**	**10.004%**	**12.504%**

As of 30 June 2022, FinecoBank ratios are compliant with the above requirements.

Finally, it should be noted that, at the end of the administrative process related to the determination of the Minimum Requirements of Own Funds and Eligible Liabilities (MREL), FinecoBank has received from Bank of Italy, in agreement with the SRB, the Resolution decision.

The Bank shall comply with MREL on a consolidated basis, starting from 1st of January 2024, with an intermediate binding target from 1st of January 2022. In particular, FinecoBank must comply with a MREL requirement at a level of 18.33% of TREA (Total Risk Exposure Amount) – 20.83% including the Combined Buffer Requirement – and of 5.18% of LRE (Leverage Ratio Exposure), with an intermediate target at 4.11% from 1st of January 2022. In order to comply with the requirements 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).

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

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

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

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

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

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

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

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

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

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

With reference to the risk-weighted exposures (RWA) as at 30 June 2022, it should be noted that following the deconsolidation of FinecoBank from the UniCredit Group, FinecoBank and UniCredit S.p.A. entered into a contract ("Pledge Agreement") that provides for the granting by UniCredit S.p.A. of financial guarantees in favour of FinecoBank aimed at guaranteeing the credit risk exposures represented by the UniCredit bonds, until the natural maturity of the same, and by the financial guarantees issued by FinecoBank in favour of the Italian Tax Agency (“Agenzia delle Entrate”) at the request of UniCredit S.p.A, until they are completely extinguished. This guarantee as of 30 June 2022 is represented by the bond "Impresa2 FRN 20/12/2061 Asset Backed", issued by Impresa Two S.r.l. as part of a securitization transaction pursuant to Law 130/99 relating to receivables from businesses sold by UniCredit S.p.A., and repurchased by UniCredit S.p.A. itself. This guarantee meets the requirements of the applicable regulations to be eligible for credit risk mitigation techniques (CRM).

The following EU OV1 template shows the information required under Article 438 letter d) of the CRR. It shows the total amount of risk-weighted exposure and the corresponding total own funds requirement, broken down by the different risk categories.

Own funds requirements and risk-weighted exposure amounts

EU OV1 - Overview of total risk exposure amounts

(Amounts in € thousand)

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		6/30/2022	3/31/2022	6/30/2022
1	Credit risk (excluding CCR)	3,031,202	2,864,666	242,496
2	*Of which the standardised approach*	*3,031,202*	*2,864,666*	*242,496*
3	*Of which the Foundation IRB (F-IRB) approach*	-	-	-
4	*Of which slotting approach*	-	-	-
EU 4a	*Of which equities under the simple risk weighted approach*	-	-	-
5	*Of which the Advanced IRB (A-IRB) approach*	-	-	-
6	Counterparty credit risk - CCR	514,797	516,992	41,184
7	*Of which the standardised approach*	*14,915*	*16,294*	*1,193*
8	*Of which internal model method (IMM)*	-	-	-
EU 8a	*Of which exposures to a CCP*	*9,868*	*26,397*	*789*
EU 8b	*Of which credit valuation adjustment - CVA*	*353*	*886*	*28*
9	*Of which other CCR*	*489,661*	*473,416*	*39,173*
15	Settlement risk	165	40	13
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	*Of which SEC-IRBA approach*	-	-	-
18	*Of which SEC-ERBA (including IAA)*	-	-	-
19	*Of which SEC-SA approach*	-	-	-
EU 19a	*Of which 1250%*	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	48,731	40,106	3,899
21	*Of which the standardised approach*	*48,731*	*40,106*	*3,899*
22	*Of which IMA*	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	1,256,233	1,256,233	100,499
EU 23a	*Of which basic indicator approach*	-	-	-
EU 23b	*Of which standardised approach*	*1,256,233*	*1,256,233*	*100,499*
EU 23c	*Of which advanced measurement approach*	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	113,680	112,513	9,094
29	**Total**	**4,851,129**	**4,678,037**	**388,090**

The increase in risk exposures (TREA) during the first half of 2022 is mainly attributable to the increase in credit risk due to business growth, in particular customer lending.

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

Countercyclical capital buffers

Article 136 of the directive EU/2013/36 (Capital Requirements Directive, CRD4), and subsequent amendments, establishes the requirement for the designated national authorities to set up an operational framework for establishing the countercyclical capital buffer (CCyB) with effect from 1 January 2016. The buffer is reviewed on a quarterly basis. The European legislation was implemented in Italy through the Bank of Italy Circular 285/2013 (Supervisory regulations for banks), which contain specific rules on the CCyB. Legislative Decree 72 of May 12, 2015 identified the Bank of Italy as the authority designated to adopt the macro prudential measures in the banking sector, including the CCyB. The rules apply at individual and consolidated level to banks and investment firms and the countercyclical capital buffer cannot exceed 2.5%.

The countercyclical capital buffer seeks to ensure that the capital requirements of the banking sector take account of the macro-financial environment that the banks operate. Its primary purpose is to use a capital buffer to achieve the macro-prudential objective of protecting the banking sector from periods of excessive growth in aggregate credit, which have often been associated with the accumulation of risk at system level. In times of recession, the buffer should contribute to reducing the risk of the availability of credit being limited by capital requirements that could undermine the performance of the real economy and lead to additional credit losses in the banking system.

Accordingly, institutions are required to maintain an institution-specific countercyclical capital buffer, equivalent to their total risk exposure amount, calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 multiplied by the weighted average of the countercyclical buffer rates. The institution-specific countercyclical capital buffer rate consists of the weighted average of the countercyclical buffer rates that apply in the jurisdictions where the relevant credit exposures of the institution are located. To calculate the weighted average, institutions must apply to each countercyclical buffer rate its total own funds requirements for credit risk, that relates to the relevant credit exposures in that country, divided by the total of their own funds requirements for credit risk that relates to all their material credit exposures.

Based on the analysis of the benchmark indicators, the Bank of Italy has decided to maintain the countercyclical capital buffer ratio (related to exposures to Italian counterparties representing 83.6% of exposures) also for the second quarter of 2022 at 0%, unchanged from the first quarter of 2022.

The Group-specific countercyclical reserve ratio calculated on the basis of the ratios applicable as of 30 June 2022 was 0.004% at the consolidated level, corresponding to approximately EUR 171 thousand. There is no significant impact on the Group's capital surplus.

The following EU CCyB2 and EU CCyB1 templates contain the information required by Article 440 of the CRR. In particular, they show:

- the amount of the group-specific countercyclical capital buffer;
- the geographical distribution of the risk-weighted exposure amounts and amounts of its credit exposures used as the basis for the calculation of the relevant countercyclical capital buffers.

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

(Amounts in € thousand)

		a
1	Total risk exposure amount	4,851,129
2	Institution specific countercyclical capital buffer rate	0.004%
3	Institution specific countercyclical capital buffer requirement	171

Countercyclical capital buffers

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(Amounts in € thousand)

	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Abu Dhabi	452	-	32	-	-	483	14	-	-	14	174	0.006%	-
Afghanistan	2	-	22	-	-	25	-	-	-	-	2	-	-
Argentina	107	-	195	-	-	301	3	-	-	3	39	0.001%	-
Australia	144	-	2	-	-	146	4	-	-	4	53	0.002%	-
Austria	350	-	1	-	-	351	28	-	-	28	347	0.012%	-
Bermuda	1,249	-	10	-	-	1,259	100	-	-	100	1,251	0.043%	-
Bulgaria	5	-	4	-	-	10	-	-	-	-	4	-	0.500%
Bahrein	5	-	-	-	-	5	-	-	-	-	4	-	-
Belgium	55	-	159	-	-	214	3	1	-	4	48	0.002%	-
Brazil	249	-	-	-	-	249	8	-	-	8	96	0.003%	-
Canada	4	-	123	-	-	126	-	10	-	10	124	0.004%	-
Colombia	1	-	-	-	-	1	-	-	-	-	1	-	-
Curucao	-	-	20	-	-	20	-	-	-	-	1	-	-
Cayman Islands	-	-	13,578	-	-	13,578	-	35	-	35	438	0.015%	-
Chile	3	-	-	-	-	3	-	-	-	-	3	-	-
China	5	-	24	-	-	30	-	-	-	-	4	-	-
Croatia	4	-	-	-	-	4	-	-	-	-	3	-	-
Cyprus	-	-	17	-	-	17	-	-	-	-	-	-	-
Czech Republic	689	-	53	-	-	742	41	-	-	41	516	0.018%	0.500%
Denmark	3	-	-	-	-	3	-	-	-	-	2	-	-
Dominican Republic	1	-	17	-	-	18	-	-	-	-	1	-	-
Ecuador	3	-	-	-	-	3	-	-	-	-	3	-	-
Ethiopia	3	-	4	-	-	7	-	-	-	-	3	-	-
Finland	-	-	39	-	-	39	-	-	-	-	5	-	-
France	318,486	-	4,286	-	-	322,772	2,794	42	-	2,836	35,448	1.212%	-
Georgia	1	-	-	-	-	1	-	-	-	-	-	-	-
Ghana	2	-	-	-	-	2	-	-	-	-	1	-	-
Guernsey	-	-	2	-	-	2	-	-	-	-	-	-	-
Germany	58,549	-	53,611	-	-	112,160	576	92	-	668	8,344	0.285%	-
Greece	3	-	-	-	-	3	-	-	-	-	2	-	-
Honduras	-	-	38	-	-	38	-	-	-	-	-	-	-
Hong Kong	-	-	14	-	-	14	-	-	-	-	-	-	1.000%
Hungary	4	-	-	-	-	4	-	-	-	-	3	-	-
India	9	-	-	-	-	9	1	-	-	1	6	-	-
Indonesia	-	-	9	-	-	9	-	-	-	-	-	-	-
Ireland	48,938	-	8,765	-	-	57,703	4,536	6	-	4,542	56,777	1.941%	-
Isle of Man	-	-	2	-	-	2	-	-	-	-	-	-	-
Israel	4	-	40	-	-	44	-	-	-	-	3	-	-
Italy	4,642,358	-	509,075	-	-	5,151,433	194,811	795	-	195,606	2,445,073	83.605%	-
Jersey	-	-	7,053	-	-	7,053	-	2	-	2	20	0.001%	-
Japan	3	-	20	-	-	23	-	-	-	-	2	-	0,000%

Continued: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(Amounts in € thousand)

	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Kuwait	2	-	-	-	-	2	-	-	-	-	2	-	-
Liberia	-	-	4	-	-	4	-	-	-	-	-	-	-
Lebanon	3	-	70	-	-	73	-	-	-	-	2	-	-
Libya	3	-	53	-	-	56	-	-	-	-	2	-	-
Luxembourg	20,146	-	5,422	-	-	25,568	1,586	13	-	1,600	19,995	0.684%	0.500%
Malaysia	153	-	134	-	-	287	4	-	-	4	54	0.002%	-
Malta	2	-	-	-	-	2	-	-	-	-	2	-	-
Mongolia	2	-	-	-	-	2	-	-	-	-	1	-	-
Mexico	16	-	-	-	-	16	1	-	-	1	12	-	-
Moldova	1	-	-	-	-	1	-	-	-	-	1	-	-
Monaco, Principality of	13	-	401	-	-	414	1	-	-	1	12	-	-
Mozambique	-	-	3	-	-	3	-	-	-	-	-	-	-
Nigeria	1	-	21	-	-	22	-	-	-	-	-	-	-
Netherlands	11,031	-	151,187	-	-	162,218	162	110	-	272	3,401	0.116%	-
New Zealand	4	-	-	-	-	4	-	-	-	-	3	-	-
Norway	2	-	36	-	-	37	-	3	-	3	37	0.001%	1.500%
Panama	2	-	2,366	-	-	2,368	-	18	-	18	222	0.008%	-
Paraguay	5	-	-	-	-	5	-	-	-	-	4	-	-
Perù	3	-	-	-	-	3	-	-	-	-	2	-	-
Philippines	225	-	-	-	-	225	6	-	-	6	79	0.003%	-
Poland	3	-	-	-	-	3	-	-	-	-	3	-	-
Portugal	7,520	-	5	-	-	7,525	62	-	-	62	774	0.026%	-
Qatar	13	-	189	-	-	203	1	-	-	1	10	-	-
Romania	339	-	-	-	-	339	10	-	-	10	124	0.004%	-
Russia	426	-	13	-	-	439	14	-	-	14	180	0.006%	-
San Marino	29	-	38	-	-	67	2	-	-	2	21	0.001%	-
Serbia	2	-	-	-	-	2	-	-	-	-	1	-	-
Singapore	446	-	-	-	-	446	13	-	-	13	156	0.005%	-
Sri Lanka	1	-	-	-	-	1	-	-	-	-	1	-	-
Saudi Arabia	7	-	73	-	-	80	-	-	-	-	5	-	-
South African Republic	91	-	126	-	-	217	6	5	-	11	135	0.005%	-
South Korea	1	-	-	-	-	1	-	-	-	-	1	-	-
Spain	18,165	-	926	-	-	19,091	151	3	-	154	1,927	0.066%	-

Continued: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(Amounts in € thousand)

	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Sweden	43	-	20	-	-	64	1	2	-	3	38	0.001%	-
Switzerland	1,784	-	1,776	-	-	3,560	59	6	-	64	803	0.027%	-
Taiwan	202	-	-	-	-	202	6	-	-	6	71	0.002%	-
Tunisia	6	-	-	-	-	6	-	-	-	-	4	-	-
Thailand	4	-	175	-	-	179	-	-	-	-	3	-	-
Trinidad and Tobago	-	-	4	-	-	4	-	-	-	-	-	-	-
Turkey	9	-	-	-	-	9	1	-	-	1	6	-	-
U.S.A.	4,935	-	243,814	-	-	248,750	390	566	-	956	11,951	0.409%	-
Uganda	1	-	-	-	-	1	-	-	-	-	-	-	-
Uruguay	3	-	-	-	-	3	-	-	-	-	2	-	-
Uzbekistan	3	-	-	-	-	3	-	-	-	-	2	-	-
Ukraine	13	-	86	-	-	99	1	3	-	4	52	0.002%	-
United Kingdom	336,367	-	8,946	-	-	345,313	26,795	57	-	26,852	335,649	11.477%	-
Venezuela	5	-	-	-	-	5	-	-	-	-	4	-	-
VietNam	2	-	10	-	-	12	-	-	-	-	2	-	-
Zimbabwe	1	-	-	-	-	1	-	-	-	-	1	-	-
Total	**5,473,730**	**-**	**1,013,115**	**-**	**-**	**6,486,845**	**232,198**	**1,767**	**-**	**233,965**	**2,924,566**	**100.00%**	

Exposures to credit risk and dilution risk

The following templates EU CR1, EU CR1-A, EU CR2, EU CQ1, EU CQ4, EU CQ5 show the information required semiannually by article 442 of CRR, letters from c) to g), in particular:

- information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received;
- the gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off balance-sheet exposures;
- any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-of;
- the breakdown of loans and debt securities by residual maturity.

Please note that EU CQ7 template "Collateral obtained by taking possession and execution processes" is not provided as it has no values.

EU CR1 - Performing and non-performing exposures and related provisions

(Amounts in € thousand)

		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
005	**Cash balances at central banks and other demand deposits**	**1,850,730**	**1,850,730**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**6,410,847**	**6,394,233**	**16,614**	**24,602**	**-**	**24,602**
020	Central banks	-	-	-	-	-	-
030	General governments	2	2	-	-	-	-
040	Credit institutions	91,904	91,904	-	-	-	-
050	Other financial corporations	420,564	420,378	186	12	-	12
060	Non-financial corporations	621	583	37	82	-	82
070	*of which SMEs*	*326*	*289*	*37*	*81*	-	*81*
080	Households	5,897,756	5,881,366	16,390	24,508	-	24,508
090	**Debt securities**	**25,293,267**	**25,293,188**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-
110	General governments	21,176,189	21,176,113	-	-	-	-
120	Credit institutions	4,117,078	4,117,075	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**2,361,388**	**67,192**	**380**	**103**	**-**	**103**
160	Central banks	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-
180	Credit institutions	23,855	17,170	-	-	-	-
190	Other financial corporations	27,621	18	-	-	-	-
200	Non-financial corporations	2,569	-	-	-	-	-
210	Households	2,307,343	50,004	380	103	-	103
220	**Total**	**35,916,231**	**33,605,343**	**16,994**	**24,706**	**-**	**24,706**

It should be noted that off-balance-sheet transactions other than those subject to the impairment rules set out in IFRS 9 have been classified, by convention, as performing exposures, but have not been included in the columns providing a breakdown by risk stage.

Continued: EU CR1 - Performing and non-performing exposures and related provisions

(Amounts in € thousand)

		g	h	i	j	k	l
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
005	**Cash balances at central banks and other demand deposits**	**(47)**	**(47)**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**(12,453)**	**(8,414)**	**(4,040)**	**(20,311)**	**-**	**(20,311)**
020	Central banks	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-
040	Credit institutions	(7)	(7)	-	-	-	-
050	Other financial corporations	(234)	(97)	(137)	(9)	-	(9)
060	Non-financial corporations	(10)	(3)	(7)	(59)	-	(59)
070	*of which SMEs*	*(10)*	*(3)*	*(7)*	*(57)*	-	*(57)*
080	Households	(12,202)	(8,307)	(3,896)	(20,244)	-	(20,244)
090	**Debt securities**	**(6,192)**	**(6,192)**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-
110	General governments	(6,086)	(6,086)	-	-	-	-
120	Credit institutions	(106)	(106)	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**(99)**	**(99)**	**-**	**-**	**-**	**-**
160	Central banks	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-
200	Non-financial corporations	-	-	-	-	-	-
210	Households	(99)	(99)	-	-	-	-
220	**Total**	**(18,744)**	**(14,705)**	**(4,040)**	**(20,311)**	**-**	**(20,311)**

Continued: EU CR1 - Performing and non-performing exposures and related provisions

(Amounts in € thousand)

		m	n	o
		Accumulated partial write-off	Collateral and financial guarantees received	
			On performing exposures	On non-performing
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**
010	**Loans and advances**	**-**	**4,946,290**	**1,019**
020	Central banks	-	-	-
030	General governments	-	-	-
040	Credit institutions	-	304	-
050	Other financial corporations	-	73	-
060	Non-financial corporations	-	220	-
070	*of which SMEs*	-	*139*	-
080	Households	-	4,945,693	1,019
090	**Debt securities**	**-**	**2,376,511**	**-**
100	Central banks	-	-	-
110	General governments	-	-	-
120	Credit institutions	-	2,376,511	-
130	Other financial corporations	-	-	-
140	Non-financial corporations	-	-	-
150	**Off-balance-sheet exposures**	**-**	**64,308**	**5**
160	Central banks	-	-	-
170	General governments	-	-	-
180	Credit institutions	-	17,166	-
190	Other financial corporations	-	-	-
200	Non-financial corporations	-	-	-
210	Households	-	47,143	5
220	**Total**	**-**	**7,387,109**	**1,024**

EU CR1-A - Maturity of exposures

(Importi in migliaia)

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	4,121,802	975,047	392,303	2,761,834	2,379	8,253,365
2	Debt securities	-	2,280,918	7,794,148	15,212,009	-	25,287,075
3	**Total**	**4,121,802**	**3,255,965**	**8,186,451**	**17,973,843**	**2,379**	**33,540,440**

EU CR2 - Changes in the stock of non-performing loans and advances

(Amounts in € thousand)

		a
		GROSS CARRYING AMOUNT
010	**Initial stock of non-performing loans and advances**	**24,541**
020	Inflows to non-performing portfolios	3,063
030	Outflows from non-performing portfolios	(3,002)
040	*Outflows due to write-offs*	*(1,061)*
050	*Outflow due to other situations*	*(1,941)*
060	**Final stock of non-performing loans and advances**	**24,602**

EU CQ1 - Credit quality of forborne exposures

(Amounts in € thousand)

		a	b	c	d
		Gross carrying amount/nominal amount of exposures with forbearance measures			
		Performing forborne	Non-performing forborne		
				Of which defaulted	Of which impaired
005	Cash balances at central banks and other demand deposits	-	-	-	-
010	Loans and advances	2,055	825	825	825
020	*Central banks*	-	-	-	-
030	*General governments*	-	-	-	-
040	*Credit institutions*	-	-	-	-
050	*Other financial corporations*	-	-	-	-
060	*Non-financial corporations*	-	-	-	-
070	*Households*	*2,055*	*825*	*825*	*825*
080	Debt Securities	-	-	-	-
090	Loan commitments given	8	9	9	9
100	**Total**	**2,063**	**834**	**834**	**834**

Continued: EU CQ1 - Credit quality of forborne exposures

(Amounts in € thousand)

		e	f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	-	-	-	-
010	Loans and advances	(22)	(540)	2,096	139
020	*Central banks*	-	-	-	-
030	*General governments*	-	-	-	-
040	*Credit institutions*	-	-	-	-
050	*Other financial corporations*	-	-	-	-
060	*Non-financial corporations*	-	-	-	-
070	*Households*	*(22)*	*(540)*	*2,096*	*139*
080	Debt Securities	-	-	-	-
090	Loan commitments given	-	-	-	-
100	**Total**	**(22)**	**(540)**	**2,096**	**139**

EU CQ4 - Quality of non-performing exposures by geography

(Amounts in € thousand)

		a	c	e	f	g
		Gross carrying/nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which defaulted			
010	**On-balance-sheet exposures**	**31,728,716**	**24,602**	**(38,956)**	**-**	**-**
020	Italy	16,736,308	24,544	(37,183)	-	-
030	Spain	5,587,109	3	(977)	-	-
040	France	2,119,751	2	(83)	-	-
050	European international organisations	2,048,918	-	(80)	-	-
060	Belgium	1,041,195	-	(99)	-	-
070	Ireland	994,751	-	(80)	-	-
080	Austria	779,479	-	(31)	-	-
090	United States	653,873	-	(46)	-	-
100	Other Countries	1,767,333	53	(378)	-	-
110	**Off-balance-sheet exposures**	**2,361,491**	**103**	**-**	**(99)**	**-**
120	Italy	2,328,519	103	-	(99)	-
130	Other Countries	32,973	-	-	-	-
140	**TOTAL**	**34,090,207**	**24,706**	**(38,956)**	**(99)**	**-**

Note that columns b and d of the EU CQ4 template are not shown because FinecoBank does not have a ratio of the gross carrying amount of impaired loans and advances to the total gross carrying amount of loans and advances of 5% or more.

The template above shows the countries to which FinecoBank has significant exposures. Exposures equal to or less than 2% of total On-balance /Off-balance sheet exposures have been included under "Other Countries".

For on-balance-sheet exposures, exposures to the following countries have been grouped under "Other Countries": Germany, Portugal, Chile, China, United Kingdom, Saudi Arabia, Norway, Switzerland, Latvia, Luxembourg, Iceland, Netherlands, Finland, Bermuda, Abu Dhabi, Russia, Czech Republic, Rep. South Africa, Singapore, Romania, Brazil, Philippines, Taiwan, Bulgaria, Malaysia, Australia, Argentina, Hungary, Panama, Sweden, San Marino, Thailand, Qatar, Moldova, Cyprus, Croatia, India, Turkey, Israel, Indonesia, Tunisia, Bahrain, Venezuela, Paraguay, Monaco, New Zealand, Hong Kong, Ecuador, Poland, Ethiopia, Greece, Canada, Lebanon, Peru, Uzbekistan, Uruguay, Denmark, Libya, Afghanistan, Japan, Slovakia, Malta, Vatican City, Vietnam, Kuwait, Ghana, Serbia, Mongolia, Colombia, South Korea, Zimbabwe, Dominican Republic, Sri Lanka, Nigeria, Uganda, Georgia, Lithuania, Albania, Nepal, Kazakhstan, Kenya, Slovenia, Zambia, Egypt, Angola, Morocco, Cambodia, Pakistan, Marshall Islands, Iraq, Ukraine, Trinidad and Tobago, Equatorial Guinea, Jordan, Madagascar, Tanzania, Costa Rica, Nicaragua, Bahamas, Laos, Mozambique, Gambia, Oman, Guatemala, Estonia, Bangladesh, Honduras, Montenegro, Macedonia, Algeria, Senegal, Liberia.

For off-balance sheet exposures, exposures to the following countries have been grouped under "Other Countries": Switzerland, UK, France, Germany, Ireland, Abu Dhabi, China, Russia, Indonesia, Netherlands, Czech Republic, Bulgaria, Singapore, Portugal, Thailand, San Marino, Belgium, Tunisia, Canada, USA, Monaco, Panama, Israel, Croatia, Poland, Dominican Republic, Brazil, Austria, Spain, Norway, South Africa, New Zealand, Zimbabwe, Romania, Mexico, Luxembourg.

Exposures to credit risk and dilution risk

EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry

(Amounts in € thousand)

		a	c	e	f
		Gross carrying amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which defaulted		
010	Agriculture, forestry and fishing	142	2	(1)	-
020	Mining and quarrying	-	-	-	-
030	Manufacturing	76	7	(5)	-
040	Electricity, gas, steam and air conditioning supply	2	-	-	-
050	Water supply	3	-	-	-
060	Construction	31	15	(11)	-
070	Wholesale and retail trade	122	18	(18)	-
080	Transport and storage	63	1	(2)	-
090	Accommodation and food service activities	15	3	(2)	-
100	Information and communication	23	8	(6)	-
110	Financial and insurance activities	-	-	-	-
120	Real estate activities	51	7	(8)	-
130	Professional, scientific and technical activities	61	10	(7)	-
140	Administrative and support service activities	96	5	(4)	-
150	Public administration and defense, compulsory social security	-	-	-	-
160	Education	4	-	-	-
170	Human health services and social work activities	5	-	-	-
180	Arts, entertainment and recreation	6	2	(1)	-
190	Other services	4	2	(1)	-
200	**Total**	**702**	**82**	**(69)**	**-**

Note that columns b and d of the EU CQ5 template are not shown because FinecoBank does not have a ratio of the gross carrying amount of impaired loans and advances to the total gross carrying amount of loans and advances of 5% or more.

Exposures to credit risk and dilution risk

Public disclosure of exposures subject to measures applied in light of the COVID-19 crisis

The following are the publicly disclosed templates pursuant to the EBA's Guidelines on reporting and public disclosure requirements for exposures subject to COVID-19 crisis measures (EBA/GL/2020/07).

Please note that Template 3 "Information on newly originated loans granted under the new public guarantee schemes introduced in response to the COVID-19 crisis" is not reported as it is lacking in values.

The Template 1 includes loans for which the period of the legislative and non-legislative moratorium has not yet expired as of 30 June 2022; the Template 2, on the other hand, also includes loans for which the moratorium period has already expired.

Template 1 - Information on loans and advances subject to legislative and non-legislative moratoria

(Amounts in € thousand)

		a	b	c	d	e	f	g
		Gross carrying amount						
			Performing			**Non performing**		
				Of which: exposures with forbearance measures	**Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)**		**Of which: exposures with forbearance measures**	**Of which: Unlikely to pay that are not past-due or past-due <= 90 days**
1	**Loans and advances subject to moratorium**	**298**	**298**	**250**	**250**	**-**	**-**	**-**
2	of which: Households	**298**	298	250	250	-	-	-
3	*of which: Collateralised by residential immovable property*	***298***	*298*	*250*	*250*	-	-	-
4	of which: Non-financial corporations	**-**	-	-	-	-	-	-
5	*of which: Small and Medium-sized Enterprises*	**-**	-	-	-	-	-	-
6	*of which: Collateralised by commercial immovable property*	**-**	-	-	-	-	-	-

Continued: Template 1 - Information on loans and advances subject to legislative and non-legislative moratoria

(Amounts in € thousand)

		h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	**Loans and advances subject to moratorium**	**(2)**	**(2)**	**(2)**	**(2)**	**-**	**-**	**-**	**-**
2	of which: Households	**(2)**	(2)	(2)	(2)	-	-	-	-
3	*of which: Collateralised by residential immovable property*	***(2)***	*(2)*	*(2)*	*(2)*	-	-	-	-
4	of which: Non-financial corporations	**-**	-	-	-	-	-	-	-
5	*of which: Small and Medium-sized Enterprises*	**-**	-	-	-	-	-	-	-
6	*of which: Collateralised by commercial immovable property*	**-**	-	-	-	-	-	-	-

Loans subject to a legislative moratorium include the initiatives of the Italian government that provide for the extension of the first home loan solidarity fund (the so-called Gasparrini Fund) to employees, self-employed and freelance workers, upon the occurrence of certain conditions resulting from the restrictions adopted for the COVID-19 emergency, granted by the Group until 31 March 2021 (moratoria granted after this date are not included in the table above). In such circumstances, it is possible to suspend the instalments of the loans for a temporary period of time and bear the compensatory interest payment to the extent of 50% of the interest accrued on the outstanding debt during the suspension period. The additional 50% of the accrued interest is borne by Consap through recourse to the Gasparrini Fund. It should be noted that moratoria granted after 31 March 2021, in line with EBA guidelines on legislative and non-legislative moratoria, have been assessed and classified on a case-by-case basis, in accordance with the current prudential and accounting framework, and are not included in the template above.

With reference to non-legislative moratoria, the Group adhered to the ABI-Associazioni dei consumatori agreement, valid until 31 March 2021, for the suspension of loans to households following the COVID-19 epidemic event (personal loans and mortgages other than those falling under the conditions for recourse to the CONSAP Fund), in line with the EBA Guidelines. The above initiatives concerned exclusively the Bank's customers belonging to the household sector.

Both moratoria, where there are no additional elements not strictly related to the moratorium under review, have been recognised in the accounts by applying modification accounting, in line with ESMA guidance, as the contractual changes have been assessed as not material. The Group conducted a qualitative assessment and considered that these support measures provide temporary relief to debtors affected by the COVID-19 pandemic, without significantly affecting the economic value of the loan. Considering that interest accrues on the postponed amounts (100% borne by the customer in the case of ABI agreement moratoria or 50% borne by the customer and 50% borne by Consap in the case of moratoria), no significant modification loss was detected.

Template 2 - Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

(Amounts in € thousand)

		a	b	c	d	e	f	g	h	i
			Gross carrying amount							
		Number of obligors		Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	469	32,794							
2	Loans and advances subject to moratorium (granted)	419	29,365	23,547	29,068	47	250	-	-	-
3	of which: Households		29,365	23,547	29,068	47	250	-	-	-
4	of which: Collateralised by residential immovable property		27,308	23,547	27,010	47	250	-	-	-
5	of which: Non-financial corporations		-	-	-	-	-	-	-	-
6	of which: Small and Medium-sized Enterprises		-	-	-	-	-	-	-	-
7	of which: Collateralised by commercial immovable property		-	-	-	-	-	-	-	-

As shown in the table above, as of 30 June 2022, the outstanding moratoria in accordance with EBA guidelines are EUR 297,000. Please note that the legislative moratoria were granted for a maximum period of 18 months in total.

Disclosure of the use of the Standardised Approach

The following EU CR4 and EU CR5 templates show the information required on a semiannual basis under Article 444 letter e) of the CRR. In particular, the values of exposures, with and without credit risk mitigation, associated with each credit quality class, by exposure class, as well as the values of exposures deducted from own funds, are shown.

EU CR4 - Standardised approach - Credit risk exposure and CRM effects

(Amounts in € thousand)

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	20,940,327	-	20,940,327	-	237,417	1%
2	Regional government or local authorities	1,187,856	-	1,187,856	-	-	0%
3	Public sector entities	498,458	-	498,458	-	-	0%
4	Multilateral development banks	565,667	-	565,667	-	-	0%
5	International organisations	1,483,171	-	1,483,171	-	-	0%
6	Institutions	3,041,281	17,170	664,771	2	142,747	21%
7	Corporates	642,861	188,689	340,932	3,027	343,958	100%
8	Retail	2,692,079	1,853,199	1,339,719	3,133	1,007,139	75%
9	Secured by mortgages on immovable property	2,613,825	21	2,613,825	11	915,417	35%
10	Exposures in default	4,297	103	4,148	7	4,186	101%
11	Exposures associated with particularly high risk	-	-	-	-	-	0%
12	Covered bonds	604,639	-	604,639	-	60,464	10%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
14	Collective investment undertakings	675	-	675	-	8,441	1250%
15	Equity	4,786	-	4,786	-	4,786	100%
16	Other items	306,654	-	306,654	-	306,647	100%
17	**TOTAL**	**34,586,576**	**2,059,183**	**30,555,627**	**6,180**	**3,031,202**	**10%**

The net value of the exposures refers to on-balance sheet assets or off-balance sheet items that give rise to credit risk as defined by the CRR, thus excluding exposures subject to counterparty risk. With reference to post-CCF and CRM exposures, there was a gradual reduction in exposures to UniCredit S.p.A., which benefits from the risk mitigation applied following the signing of the aforementioned Pledge Agreement. The RWA density stood at 10%, unchanged compared to December 2021.

Disclosure of the use of the Standardised Approach

EU CR5 - Standardised approach

(Amounts in € thousand)

		Risk weight								
		0%	2%	4%	10%	20%	35%	50%	70%	75%
	Exposure classes	a	b	c	d	e	f	g	h	i
1	Central governments or central banks	20,351,355	-	-	-	485,086	-	57,852	-	-
2	Regional government or local authorities	1,187,856	-	-	-	-	-	-	-	-
3	Public sector entities	498,456	-	-	-	2	-	-	-	-
4	Multilateral development banks	565,667	-	-	-	-	-	-	-	-
5	International organisations	1,483,171	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	644,438	-	18,486	-	-
7	Corporates	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	1,342,852
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	2,610,002	3,833	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	604,639	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-
16	Other items	7	-	-	-	-	-	-	-	-
17	**TOTAL**	**24,086,512**	**-**	**-**	**604,639**	**1,129,526**	**2,610,002**	**80,171**	**-**	**1,342,852**

Disclosure of the use of the Standardised Approach

Continued: EU CR5 - Standardised approach

(Amounts in € thousand)

	Exposure classes	0						Total	Of which unrated
		100%	150%	250%	370%	1250%	Others		
		j	k	l	m	n	o	p	q
1	Central governments or central banks	2,407	-	43,627	-	-	-	20,940,327	-
2	Regional government or local authorities	-	-	-	-	-	-	1,187,856	1,187,856
3	Public sector entities	-	-	-	-	-	-	498,458	498,458
4	Multilateral development banks	-	-	-	-	-	-	565,667	-
5	International organisations	-	-	-	-	-	-	1,483,171	-
6	Institutions	3	-	1,845	-	-	-	664,773	664,773
7	Corporates	343,958	-	-	-	-	-	343,958	343,958
8	Retail exposures	-	-	-	-	-	-	1,342,852	1,342,852
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	-	2,613,835	2,613,835
10	Exposures in default	4,096	60	-	-	-	-	4.156	4,156
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	604,639	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	675	-	675	675
15	Equity exposures	4,786	-	-	-	-	-	4,786	4,786
16	Other items	306,647	-	-	-	-	-	306,654	306,654
17	**TOTAL**	**661,898**	**60**	**45,472**	**-**	**675**	**-**	**30,561,807**	**6,309,109**

Disclosure of the use of credit risk mitigation techniques

The following template provides information on the Group's use of credit risk mitigation techniques (CRR Article 453(f)) and covers all CRM techniques recognized under applicable accounting rules, regardless of whether such techniques are recognized under the CRR, including, but not limited to, all types of collateral, financial guarantees and credit derivatives used for all secured exposures.

For the remaining information required on a semi-annual basis in Article 453 of the CRR, letters g), h), i), please refer to the EU CR4 template: credit risk exposure and CRM effects set out in the chapter "Disclosure of the use of the Standardised Approach".

EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

(Amounts in € thousand)

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	**b**	**c**	**d**	**e**
1	Loans and advances	3,306,057	4,947,309	4,947,302	7	-
2	Debt securities	22,910,564	2,376,511	2,376,511	-	-
3	**Total**	**26,216,622**	**7,323,820**	**7,323,813**	**7**	**-**
4	*Of which non-performing exposures*	*43,894*	*1,019*	*1,019*	-	-
5	*Of which defaulted*	*23,583*	*1,019*			

Secured exposures include exposures secured by real estate for 2,617,017 euro thousand.

With reference to the remaining guaranteed exposures, it should be noted that the related guarantees were considered eligible as CRM techniques pursuant to Part Three, Title II, Chapter 4 of the CRR, for the purposes of reducing capital requirements, for an amount of 4,170,283 euro thousand, mainly represented by debt securities, units of UCITS and equity securities.

Exposures to counterparty credit risk

The following templates EU CCR1, EU CCR2, EU CCR3, EU CCR5 and EU CCR8 show the information required on a semiannual basis in Article 439 of the CRR, letters e) to l). In particular:

- the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions;
- for derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the applicable method and the associated risk exposure amounts broken down by applicable method;
- for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the applicable method, and the associated risk exposure amounts broken down by applicable method;
- the exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method;
- the exposure value to central counterparties and the associated risk exposures, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures.

Derivative exposure is calculated according to the SA-CCR methodology.

Information on credit derivative contracts has not been reported as the Group does not have any such transactions in place as of 30 June 2022.

EU CCR1 - Analysis of CCR exposure by approach

(Amounts in € thousand)

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	**Potential future exposure (PFE)**	**EEPE**	**Alpha used for computing regulatory exposure value**	**Exposure value pre-CRM**	**Exposure value post-CRM**	**Exposure value**	**RWEA**
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	180	11,501		1.4	16,353	16,353	16,353	14,915
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					1,449,710	1,449,710	1,449,710	484,430
5	VaR for SFTs					-	-	-	-
6	**Total**					**1,466,062**	**1,466,062**	**1,466,062**	**499,345**

FinecoBank applies the SA-CCR method for derivatives and the comprehensive method for the treatment of financial collateral for SFTs. The exposures refer to the Parent Company FinecoBank only as the subsidiary FAM has no derivative exposures.

EU CCR2 - Transactions subject to own funds requirements for CVA risk

(Amounts in € thousand)

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	-	-
2	*(i) VaR component (including the 3× multiplier)*		-
3	*(ii) stressed VaR component (including the 3× multiplier)*		-
4	Transactions subject to the Standardised method	1,212	353
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**1,212**	**353**

EU CCR3 - Standardised approach: CCR exposures by regulatory exposure class and risk weights

(Amounts in € thousand)

	Exposure classes	Risk weight					
		a	b	c	d	e	f
		0%	2%	4%	10%	20%	50%
1	Central governments or central banks	2	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	-	600,381	-	-	1,211,426	-
7	Corporates	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-
9	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-
11	**Total exposure value**	**2**	**600,381**	**-**	**-**	**1,211,426**	**-**

Continued: EU CCR3 - Standardised approach: CCR exposures by regulatory exposure class and risk weights

(Amounts in € thousand)

	Exposure classes	Risk weight					
		g	h	i	j	k	l
		70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	1	-	3
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	-	-	6,411	-	-	1,818,218
7	Corporates	-	-	249,210	-	-	249,210
8	Retail exposures	-	2,957	-	-	-	2,957
9	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
10	Other items	-	-	-	7	-	7
11	**Total exposure value**	**-**	**2,957**	**255,621**	**7**	**-**	**2,070,395**

EU CCR5 - Composition of collateral for CCR exposures

(Amounts in € thousand)

		a	b	c	d
		Collateral used in derivative transactions			
	Collateral type	Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	1,202,918	-	-
2	Cash – other currencies	-	-	-	-
3	Domestic sovereign debt	-	-	-	-
4	Other sovereign debt	-	-	-	-
5	Government agency debt	-	-	-	-
6	Corporate bonds	-	-	-	-
7	Equity securities	-	-	-	-
8	Other collateral	-	-	-	-
9	**Total**	**-**	**1,202,918**	**-**	**-**

Continued: EU CCR5 - Composition of collateral for CCR exposures

(Amounts in € thousand)

		e	f	g	h
		Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	-	-	-
2	Cash – other currencies	-	-	-	-
3	Domestic sovereign debt	-	-	-	-
4	Other sovereign debt	-	-	-	-
5	Government agency debt	-	-	-	-
6	Corporate bonds	-	-	-	-
7	Equity securities	-	-	-	-
8	Other collateral	-	-	-	-
9	**Total**	**-**	**-**	**-**	**-**

Collateral used in SFTs is not reported because, as described above, financial collateral for SFTs is treated using the full method as part of credit risk mitigation techniques.

EU CCR8 - Exposures to CCPs

(Amounts in € thousand)

		Exposure value	RWEA
		a	b
1	**Exposures to QCCPs (total)**		**9,868**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	342,771	7,567
3	*(i) OTC derivatives*	*337,683*	*6,754*
4	*(ii) Exchange-traded derivatives*	*5,088*	*813*
5	*(iii) SFTs*	-	-
6	*(iv) Netting sets where cross-product netting has been approved*	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	115,061	2,301
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	*(i) OTC derivatives*	-	-
14	*(ii) Exchange-traded derivatives*	-	-
15	*(iii) SFTs*	-	-
16	*(iv) Netting sets where cross-product netting has been approved*	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Market risk

The following template provides the breakdown and components of the own funds requirements under the standardized approach for market risk, pursuant to Article 445 of the CRR.

EU MR1 - Market risk under the standardised approach

(Amounts in € thousand)

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	18,175
2	Equity risk (general and specific)	26,315
3	Foreign exchange risk	-
4	Commodity risk	4,241
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	**Securitisation (specific risk)**	**-**
9	**Total**	**48,731**

The capital requirements relating to market risk do not have a significant impact on the Group's capital requirements.

Exposure to interest rate risk on positions not included in the trading book

Below is the information referred to in the IRRBBA table and the IRRBB1 form required in Article 448 of the CRR. In particular:

- the description of the main modeling and parametric assumptions used to calculate changes in the economic value of equity and net interest income pursuant to the EU IRRBB1 model; the explanation of the relevance of the risk measures published in the EU IRRBB1 model and of any significant changes in these risk measures from the previous reporting reference date; the description of the methods according to which Fineco defines, measures, mitigates and controls interest rate risk of its activities outside the trading book; a description of the overall management and mitigation strategies for these risks; the average and maximum maturity date for the review of the conditions assigned to unrestricted deposits;
- changes in the economic value of equity calculated on the basis of the six prudential shock scenarios referred to in Article 98, paragraph 5, of Directive 2013/36 / EU for the current and previous reporting period; the changes in net interest income calculated on the basis of the two prudential shock scenarios referred to in Article 98 (5) of Directive 2013/36 / EU for the current and previous reporting periods.

Interest rate risk management in FinecoBank aims to ensure financial stability in the financial statement, regardless of the variation effects of interest rates on the net interest income and the economic value; this is achieved through an adequate asset / liability structure and maintaining the sensitivity of the interest income and economic value within the threshold established by the Board of Directors in the Risk Appetite Framework.

In particular, in full compliance with the regulatory provisions, FinecoBank assesses interest rate risk according to two different but complementary perspectives: Economic value perspective and Income perspective.

The risk measures used to monitor the effects of changes in interest rates on the economic value of assets and liabilities ("Economic value perspective") are BP01 and EV Sensitivity. The first represents the sensitivity of the economic value per time bucket for a rate shock of 1 bp and is calculated in order to evaluate the impact on the economic value of possible changes in the yield curve. The metric is monitored daily against the set operational granular limits.

The second measure is given by the sensitivity to the economic value of the balance sheet, modeled according to the outcomes of the internal sight items model, which provides a "core" share of deposits payable equal to 60.27% and with an average repricing profile of 5 years (maximum maturity 10 years). The change is calculated in application of the six scenarios defined by EBA in the “Guidelines on the management of interest rate risk arising from non-trading activities”. This change, compared to Own Funds, represents the EV Sensitivity indicator included in the Group's RAF which is monitored daily and reported quarterly as part of the Group's RAF processes.

In terms of Economic Value Sensitivity, the outcomes of SOT scenarios are low. The results reflect the hedging policies of the Bank, which aim to keep interest rate risk as low as possible. The change in the semester is due to a shift from positive BP01 (0.45 million / €) to negative BP01 (-0.12 million / €).

From the income perspective ("Income perspective"), the analysis focuses on the impact of changes in interest rates on the net interest income, that is, on the difference between interest income and passive interests. The risk measure used is Net Interest Income Sensitivity (NII Sensitivity), in application of parallel shocks. This measure provides an indication of the impact that this shock would have on the interest margin over the next 12 months. The NII Sensitivity indicator is also monitored daily and reported quarterly as part of the Group's RAF processes.

The Bank is more exposed to interest rate risk from the income perspective. In the semester there was a worsening in the parallel down shock as the raising of the rate curves does not imply the application of the floors present in some items of the financial statements. The measure therefore reflects the shock in its entirety.

The model below provides a representation of the sensitivity trend of the economic value and the interest income in application of the six regulatory scenarios measured by incorporating the methodological instructions provided by the EBA guidelines mentioned above.

EU IRRBB1 - Interest rate risk on positions not included in the trading book

(Amounts in € thousands)

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		12/31/2021	06/30/2021	12/31/2021	06/30/2021
1	Parallel Up	(20,076)	55,009	141,361	136,991
2	Parallel Down	23,549	(18,202)	(210,048)	(50,005)
3	Steepener shock (decrease in short rates and increase in long rates)	(12,368)	772		
4	flattener shock (increase in short rates and decrease in long rates)	3,171	6,551		
5	Short rates up	(2,944)	20,764		
6	Short rates down	(1,665)	(20,380)		

Liquidity requirements

Liquidity Coverage Ratio - LCR

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

- with reference to the requirements to be met:
  - CRR article 412 “Liquidity coverage requirement;
  - Delegated Regulation (EU) 2015/61 of October 10, 2014 and subsequent amendments, which establishes the rules specifying in detail the liquidity coverage requirement set forth in Article 412(1) of the CRR. Specifically, for each year of the transitional period, the requirement that all banks authorized in Italy must comply with is 100%;
  - Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the reporting by institutions for supervisory purposes and repealing Implementing Regulation (EU) No 680/2014;
- with reference to the disclosure information to be published:
  - CRR article 451a defining disclosure of liquidity requirements;
  - Article 7 of Implementing Regulation (EU) 637/2021 laying down implementing technical standards with regard to liquidity reporting;
  - EDTF recommendation ("Enhancing the risk disclosures of banks") no. 4, which requires the publication of key ratios (including LCR).

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

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

Liquidity requirements

EU LIQ1 - Quantitative information of LCR

(Amounts in € thousands)

	Scope of consolidation: Consolidated	a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	**06.30.2022**	**03.31.2022**	**12.31.2021**	**09.30.2021**	**06.30.2022**	**03.31.2022**	**12.31.2021**	**09.30.2021**
EU 1b	**Number of data points used in the calculation of averages**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					19,238,389	18,846,454	18,385,292	17,827,332
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	28,849,098	28,253,753	27,948,603	27,577,416	2,034,531	1,987,104	1,966,190	1,941,753
3	*Stable deposits*	*21,082,380*	*20,733,817*	*20,450,462*	*20,109,440*	*1,054,119*	*1,036,691*	*1,022,523*	*1,005,472*
4	*Less stable deposits*	*7,766,718*	*7,519,936*	*7,498,141*	*7,460,533*	*980,412*	*950,413*	*943,667*	*936,281*
5	*Unsecured wholesale funding*	*938,905*	*921,937*	*870,901*	*802,207*	*563,768*	*557,685*	*527,665*	*484,838*
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	*938,905*	*921,937*	*870,901*	*802,207*	*563,768*	*557,685*	*527,665*	*484,838*
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	*Secured wholesale funding*					*140,463*	*151,848*	*146,666*	*145,535*
10	Additional requirements	270,052	200,653	170,712	170,014	269,304	198,769	168,714	167,540
11	*Outflows related to derivative exposures and other collateral requirements*	*269,262*	*198,664*	*168,599*	*167,398*	*269,262*	*198,664*	*168,599*	*167,398*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*790*	*1,989*	*2,113*	*2,616*	*43*	*105*	*115*	*142*
14	Other contractual funding obligations	723,381	711,222	692,808	670,982	709,597	697,406	679,671	643,914
15	Other contingent funding obligations	2,925,665	2,841,735	2,754,227	2,659,256	216,247	215,667	214,652	212,603
16	TOTAL CASH OUTFLOWS					3,933,911	3,808,478	3,703,558	3,596,183
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	1,566,160	1,307,350	1,100,666	1,171,195	56,880	54,259	56,397	50,384
18	Inflows from fully performing exposures	587,867	557,969	542,104	551,438	447,968	424,290	413,980	427,926
19	Other cash inflows	2,722,141	2,572,480	2,455,351	2,299,916	1,072,396	1,010,553	993,541	934,599
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	*4,876,168*	*4,437,799*	*4,098,121*	*4,022,549*	*1,577,244*	*1,489,102*	*1,463,918*	*1,412,908*
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*4,854,552*	*4,437,799*	*4,098,121*	*4,022,549*	*1,577,244*	*1,489,102*	*1,463,918*	*1,412,908*
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					19,238,389	18,846,454	18,385,292	17,827,332
22	TOTAL NET CASH OUTFLOWS					2,356,666	2,319,376	2,239,640	2,183,275
23	LIQUIDITY COVERAGE RATIO					828.97%	819.55%	828.09%	824.61%

Liquidity requirements

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

With reference to the average ratios shown in the template and calculated on end-of-the-month observations over the preceding 12 months, the trend shows an almost constant average trend, driven by an increase in outflows in line with the increase in liabilities recognised in the Group's balance sheet, mainly due to an increase in retail and non-operating deposits and higher outflows resulting from increased margining of derivative positions. There was also an increase in the liquidity buffer due to the purchase of securities that are part of the high-quality liquid assets.

The public health emergency caused by the pandemic and the consequent economic and financial crisis have not affected the Group's overall liquidity, which remained solid and stable.

During the first half of 2022, the improvement in the pandemic situation and the outbreak of geo-political tensions linked in particular to the Russian-Ukrainian conflict led to significant inflationary pressures and a sudden change of scenario in terms of monetary policy. Nevertheless, all liquidity adequacy indicators and analyses showed wide safety margins with respect to regulatory and internal limits.

Finally, FinecoBank did not face any impediments or worsening in the conditions of access to the markets and in the completion (volumes, prices) of the related transactions (repurchase agreements, purchase and sale of securities).

Concentration of liquidity and funding sources

The concentration risk of funding sources can arise when the Group leverages on a limited number of funding sources with characteristics that could cause liquidity problems in the event of outflows concentrated on a single channel.

The Group's funding, although mainly made up of sight deposits of FinecoBank retail customers, is characterised by multi-channelling and the funding is therefore not threatened by the withdrawal of funds by a limited number of counterparties or by the disappearance of a funding channel.

Moreover, while confirming sight deposits as its predominant funding source, during 2021 the Bank further diversified its liquidity sources through:

- the participation in the seventh tranche of the Targeted Longer Term Refinancing Operations III (TLTRO III) program for value date 24 March 2021 and for 95 million euro, that, together with the participation to the sixth tranche with value date 16 December 2020, brought the total amount raised in this program to a total of 1,045 million euro;
- the issuance, on 21 October 2021, for a nominal of 500 million euro of a senior preferred bond, fixed to floating rate, callable on 21 October 2026 and maturing on 21 October 2027.

The aforementioned transactions while allowing for a diversification of the sources of funding, particularly in the medium and long term, reflect the Group strategies (support of the lending activity and reduction of the cost of funding) and the regulatory MREL requirement rather than the funding restructuring needs.

In addition, FinecoBank has developed the Sight Deposit Model and the related controls, as well as specific stress tests and controls on current account stability.

The Sight Deposit Model is a statistical model whose objective is to estimate the portion of available funds on accounts that customers decide to keep stably liquid. That share is calculated as the ratio among liquidity kept on current accounts and the overall financial position of the client with the bank. At the same time, the Model estimates the “Core insensible” liquidity which is the amount of fixed-rate sight deposits considered to be consistently held despite of rate changes/hikes that can be used to finance fixed-rate loans.

Risk Management checks monthly that the liquidity held within the year complies with the results of the Sight Deposit Model.

Basing funding almost only on deposits, even if collected in a widespread and granular manner from customers, can nevertheless expose the Group to a concentration in terms of maturity. In order to control this risk, FinecoBank periodically monitors specific indicators, both regulatory (such as the Net Stable Funding Ratio) and managerial.

As for the regulatory indicators, the effectiveness of the funding measures provided by FinecoBank is demonstrated by the levels well above the regulatory limits of the calculated and monitored liquidity ratios (LCR and NSFR).

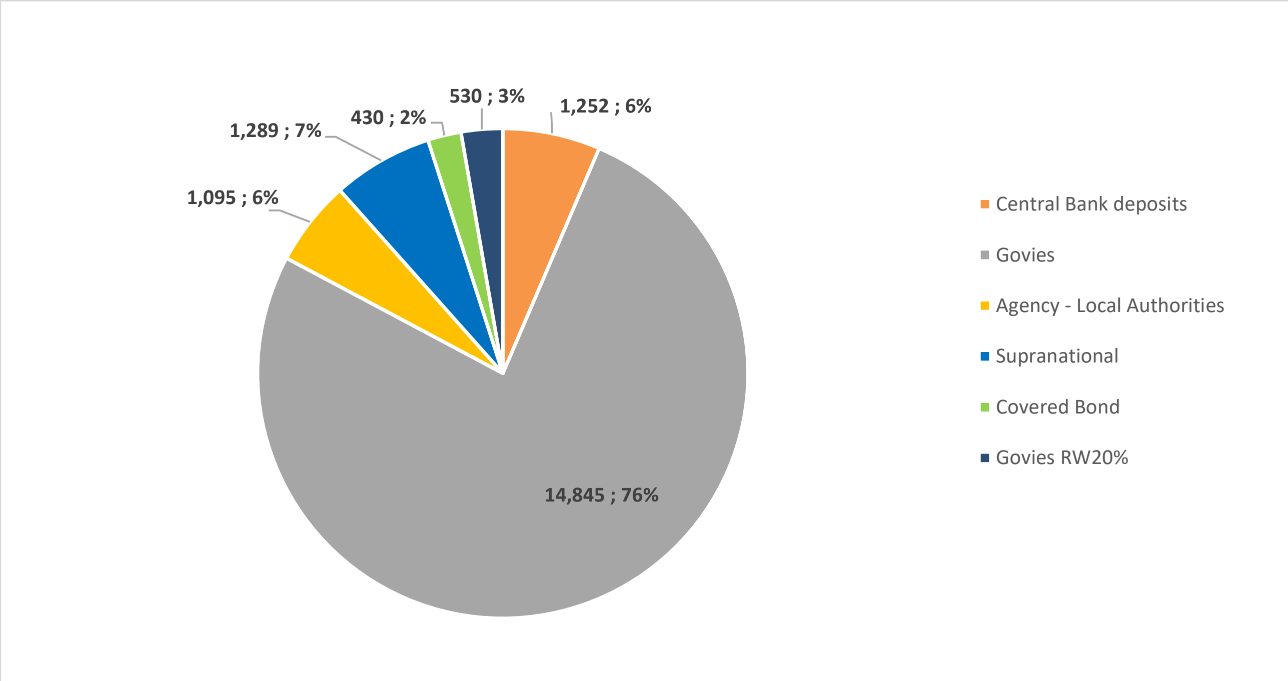
With reference to the managerial indicators, the Risk Management calculates the so-called Structural Ratio.

In detail, the indicator considers the contractual maturities of the bank's assets and liabilities with the exclusion of sight deposits, represented according to the Sight Deposit Model.

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

The liquidity buffer consists mainly of securities classified as level 1 HQLA by art. 8 of Regulation 2015/61 and in particular of government bonds.

More specifically, the level of HQLA is equal to approximately 19.4 billion euros as of 30 June 2022 and is mainly composed of government bonds part of Fineco proprietary portfolio, of the liquidity deposited with the Bank of Italy (cumulative balance of the HAM account - Home Accounting Module and the DCA TIPS - Target Instant Payment Settlement Dedicated Cash Account) and of the securities received through reverse repurchase agreements carried out by Treasury as part of the active management of the Bank's securities portfolio.



Exposures in derivatives and potential requests for collateral

FinecoBank enters into derivative contracts both with central counterparties and third-party counterparties (OTC), with various underlying and hedging the following risk factors: changes in interest rates, exchange rates, and securities prices.

At the time of entering into new contracts and upon changes in market conditions the Group's liquidity position gets impacted by the obligation to provide margins proportional to the positions held and to the delta registered in market prices. The Group is in fact required to pay initial margins and daily variations margins in the form of cash or other liquid collateral.

FinecoBank is able to estimate and check the required margins on a daily basis using management applications and specific tools provided by clearing brokers. The correct execution of margin payments is also monitored on a daily basis, both in case of cash payment or in case of provision through the allocation of securities as collateral. In this second case, Treasury identifies the securities to be used which will then be included in the specific reports relating to the encumbered assets.

The sensitivity, calculated daily using Group’s ALM tool, allows the estimation of the potential absorption of liquidity generated by specific market curve shocks.

Currency mismatch

The Group operates mainly in euro. EU regulations prescribe the monitoring and the communications of a foreign currencies LCR if the aggregated liabilities denominated in foreign currencies can be considered significant i.e. equal or higher than the 5% of the overall balance sheet liabilities of the Group. As of 30 June 2022, the only significant currency for the Group is euro.

Other elements in the calculation of the LCR that are not relevant in the LCR disclosure model, but that the institution considers relevant to its liquidity profile

FinecoBank has so far adopted an indirect participation to the European payment system and to its relevant ancillary system with the only exception of the instant payment infrastructure. Fineco in fact adhered directly to such sector by opening on the 22/11/2021 its own TIPS DCA which is adding up to previously available instant payment account on RT1. FinecoBank decided not to replace RT1 with TIPS but to keep both in order to achieve a wider reachability.

Participation in the payment systems, albeit mainly indirect as described above, in any case requires the availability of adequate procedures to manage intraday liquidity risk.

Leveraging on available IT systems (both internal and systemic) Treasury actively manages all its intraday liquidity needs and guarantees the fulfilment of all payment and settlement obligations both in business as usual or contingency situations.

FinecoBank mainly faces intraday liquidity obligations towards:

- Central Bank, in relation to the activities processed on HAM and DCA TIPS accounts and consisting:
    - in the fulfilment of the request to keep on both accounts, individually and on a consolidated level, during the opening hours and especially at close of business, a positive balance sufficient to allow the respect of minimum reserve requirements on average balances held during the maintenance period;
    - in the execution of adequate and punctual daily funding and defunding transactions respecting specific system cut off times for each of the two account;
    - in granting proper and sufficient funding on HAM and TIPS account, respectively to meet up with periodical debit postings by Central Bank and to manage the flows being processed 24/7;
- EBA, in relation to the 24/7 activity on RT1 and consisting:
    - in the execution of adequate and punctual daily funding transactions to be estimated based on the expected daily flows and considering a top up suitable to create a prudential balance to manage overnight and weekend flows;
    - in the setup of upper limits representing operational balances cap thresholds that trigger automatic defunding transactions to bring back overall available liquidity to a prudential level able at the same to reduce cost opportunity and fragmentation of the payment capacity in euro;
- correspondent banks, in relation to the operational account and payment operation and consisting:
    - in the execution of adequate and punctual daily funding transactions to be estimated based on the expected daily flows and to be processed respecting daily cut off times specific of the counterparty or of the market, product, currency involved;
    - in the execution of close of business defunding transactions to keep balances within the credit lines granted to the every single counterparty.

FinecoBank's Group in fact adopts a simplified cash management model in major currencies which implies the distribution of its payment capacity on main operational accounts held with Bank of Italy (HAM and TIPS DCA accounts) as far as euro is concerned and on specific operational accounts held with the correspondent banks offering payments and cash management services in relation to foreign currencies and to a residual part of Euro available liquidity.

Treasury monitors daily and in real time the balance of all the above-mentioned account (with specific focus on opening and close of business available liquidity) in order to guarantee:

- punctuality of ordinary and extraordinary cash flows with greater focus on time recurring and predictable payments;
- respect of assigned limits;
- respect of regulatory and operational obligations with greater focus on those related to the relationships with the Central Bank as Minimum Reserve requirements.

In order to guarantee operational continuity in contingency situations, the process relating to the management of intra-day liquidity is included in the company's Business Continuity Plan where appropriate back-up and operational contingency measures are identified.

Liquidity requirements

Net Stable Funding Ratio - “NSFR”

The Net Stable Funding Ratio ("NSFR") is the regulatory metric designed to ensure that long-term assets and off-balance sheet items are adequately met with a stable set of funding instruments (funding) under both normal and stressed conditions. The underlying regulatory framework is represented by:

- with reference to the requirements to be met:
  - CRR article 413 “Stable funding requirement” and the new Articles 428a et seq. of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2)
  - Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council as regards reporting by institutions for supervisory purposes and repealing Implementing Regulation (EU) No 680/2014
- with reference to the disclosure information to be published:
  - CRR article 435 defining disclosure requirements for each risk category, including key ratios (letter f) and CRR article 451a defining disclosure of liquidity requirements;
  - Article 7 of Implementing Regulation (EU) 637/2021 laying down implementing technical standards with regard to liquidity reporting.

The following EU LIQ2 template shows the information required on a half-yearly basis under Article 451a paragraph 3 of the CRR. In particular:

- quarter-end figures of net stable funding ratio;
- an overview of the amount of available stable funding;
- an overview of the amount of required stable funding.

EU LIQ2 – Net Stable Funding Ratio

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	Capital items and instruments	1,545,953	-	-	-	1,545,953
2	*Own funds*	*1,545,953*	-	-	-	*1,545,953*
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		29,751,873	-	-	27,864,803
5	*Stable deposits*		*21,762,349*	-	-	*20,674,231*
6	*Less stable deposits*		*7,989,524*	-	-	*7,190,572*
7	Wholesale funding:		2,581,110	57,144	1,529,148	1,878,176
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		*2,581,110*	*57,144*	*1,529,148*	*1,878,176*
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	102,639	34,416	361,289	378,497
12	*NSFR derivative liabilities*	-				
13	*All other liabilities and capital instruments not included in the above categories*		*102,639*	*34,416*	*361,289*	*378,497*
14	**Total available stable funding (ASF)**					**31,667,429**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					1,923,089
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational		-	-	-	-
17	Performing loans and securities:		4,143,635	866,700	4,921,283	6,091,725
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		*878*	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*540,020*	*401*	*808*	*55,010*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*2,726,820*	*90,117*	*394,252*	*3,420,159*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	*1,676,576*
22	*Performing residential mortgages, of which:*		*73,223*	*74,665*	*2,465,588*	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*73,223*	*74,665*	*2,465,588*	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*802,695*	*701,517*	*2,060,635*	*2,616,556*
25	Interdependent assets		-	-	-	-
26	Other assets:	-	582,901	265,620	1,312,782	1,565,476
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	115,034	*97,779*
29	*NSFR derivative assets*		5,703			*5,703*
30	*NSFR derivative liabilities before deduction of variation margin posted*		1,659			*83*
31	*All other assets not included in the above categories*		*575,539*	*265,620*	*1,197,748*	*1,461,911*
32	Off-balance sheet items		1,989	-	98	198
33	**Total RSF**					**9,580,488**
34	**Net Stable Funding Ratio (%)**					**330.54%**

Liquidity requirements

The Net Stable Funding Ratio (NSFR) as of 30 June 2022 was 330.54% and remained almost constant compared to previous quarters. The Available Stable Funding (ASF) amounted to 31,667 euro million while the Required Stable Funding (RSF) amounted to 9,580 euro million. The available amount of stable funding consists mainly of stable and less stable deposits with retail customers in the amount of approximately 27,865 euro million (weighted value). Considering that the securities owned are mainly of very high-quality level 1 and therefore subject to a 0% risk weight, the required amount of weighted stable funding consists mainly of loans and unlisted bonds issued by credit institutions that are not included in the LCR buffer.

Leverage

The Basel 3 prudential regulation (BCBS) introduced the requirement of calculation, reporting, and publication of leverage ratio that is an additional regulatory requirement to risk-based indicators.

The leverage ratio has the following objectives:

- restricting the build-up of leverage in the banking sector;
- strengthening capital requirements with a simple, non-risk-based supplementary measure.

The ratio is calculated according to the rules set out in "Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council as regards reporting by institutions for supervisory purposes and repealing Implementing Regulation (EU) No 680/2014".

This disclosure is also made in accordance with the provisions of "Commission Implementing Regulation (EU) 637/2021 of March 15, 2021, which repealed the previous Implementing Regulation (EU) 2016/200 and establishes implementing technical standards regarding the publication by institutions of the information referred to in Part Eight, Titles II and III, of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

Contents

CRR Article 429 defined the leverage ratio as the Bank's capital measure divided by the total exposure and it is expressed as percentage between:

- Tier 1 Capital;
- total exposure, calculated as sum of all assets and off-balance sheet items not deducted when determining the Tier 1 Capital measure.

The CRR defines the minimum requirement for the leverage ratio under Pillar 1 as 3%, applicable from June 2021.

The measure of overall exposure includes (the articles mentioned refer to the CRR):

- assets[2], excluding derivative contracts listed in Annex II of CRR, credit derivatives and the positions referred to in Article 429e, calculated in accordance with Article 429b paragraph 1;
- derivative contracts listed in Annex II of CRR and credit derivatives, including those contracts and credit derivatives that are off-balance-sheet, calculated in accordance with Articles 429c and 429d;
- add-ons for counterparty credit risk of securities financing transactions[3], including those that are off-balance sheet, calculated in accordance with Article 429e;
- off-balance-sheet items, excluding derivative contracts listed in Annex II of CRR, credit derivatives, securities financing transactions and positions referred to in Articles 429d and 429g, calculated in accordance with Article 429f;
- regular-way purchases or sales[4] awaiting settlement, calculated in accordance with Article 429g.

and is calculated in accordance with the following principles:

- physical or financial collateral, guarantees or credit risk mitigation purchased shall not be used to reduce the total exposure measure;
- assets shall not be netted with liabilities. However, institutions may reduce the exposure value of a prefinancing loan or an intermediate loan by the positive balance on the savings account of the debtor to which the loan was granted and only include the resulting amount in the total exposure measure, provided that all the conditions set in article 429b, paragraph 8 CRR are met;
- article 429a permits the exclusion of certain specific exposures from the measure of overall exposure.

[2] Asset means the exposure value as defined in Article 111 paragraph 1 of CRR first sentence.
[3] Repurchase transactions, securities or commodities lending or borrowing transactions, or a margin lending transactions, which are transactions in which an institution extends credit in connection with the purchase, sale, retention, or trading of securities. Margin loans do not include other loans that are collateralized by securities.
[4] 'Regular-way purchase or sale' means a purchase or a sale of a security under contracts for which the terms require delivery of the security within the period established generally by law or convention in the marketplace concerned.

Leverage

EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

The template provides the reconciliation between the total exposure (denominator of the indicator) and the balance sheet values, in accordance with Article 451 paragraph 1) letter b) of the CRR.

(Amounts in € thousand)

		a
		Applicable amount
		6/30/2022
1	Total assets as per published financial statements	36,077,711
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	(269,476)
9	Adjustment for securities financing transactions (SFTs)	1,418,152
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	273,781
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(114,174)
13	**Total exposure measure**	**37,385,995**

EU LR2 - LRCom: Leverage ratio common disclosure

The template shows the leverage ratio as of June 30, 2022, compared with the data as of March 31, 2022, and the breakdown of the total exposure into the main categories, in accordance with the provisions of Article 451(1)(a) and (b). With reference to the provisions contained in the CRR Quick-fix, it should be noted that the Group has not made use of the option to apply the following provisions:

- temporary treatment of unrealized gains and losses measured at fair value recognized in other comprehensive income in light of the COVID-19 pandemic;
- temporary treatment to mitigate the impact of the introduction of IFRS 9 on own funds.

Therefore, capital and own funds already account for the full impact of the above components.

Leverage

(Amounts in € thousand)

		CRR leverage ratio exposures	
		a	b
		06.30.2022	**03.31.2022**
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	34,791,327	32,991,871
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(117,215)	(116,220)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**34,674,112**	**32,875,651**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	459,033	230,110
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	417,821	421,666
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**876,854**	**651,776**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	4,028,258	2,567,974
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(3,884,737)	(2,438,428)
16	Counterparty credit risk exposure for SFT assets	1,418,152	1,256,778
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**1,561,674**	**1,386,323**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	2,067,273	2,006,837
20	(Adjustments for conversion to credit equivalent amounts)	(1,793,917)	(1,722,345)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**273,356**	**284,492**

Continued: EU LR2 - LRCom: Leverage ratio common disclosure

(Amounts in € thousand)

		CRR leverage ratio exposures	
		a	b
		06.30.2022	03.31.2022
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	**-**	**-**
Capital and total exposure measure			
23	**Tier 1 capital**	**1,428,735**	**1,403,165**
24	**Total exposure measure**	**37,385,995**	**35,198,242**
Leverage ratio			
25	Leverage ratio (%)	3.82%	3.99%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	3.82%	3.99%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	3.82%	3.80%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.19%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.19%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-

It should be noted that the Leverage Ratio as of 31 March 2022 was calculated by excluding from the overall exposure the exposures to central banks in accordance with Article 429a of the CRR. Without the application of this temporary treatment, no longer applicable as of 1 April 2022, the Leverage Ratio is 3.80%.

The Leverage Ratio as of 30 June 2022, equal to 3.82%, shows an increase compared to 3.80% as of 31 March 2022, calculated without the application of the temporary treatment described above, thanks to the profits for the period included in Tier 1 capital, which more than offset the growth in overall exposure, mainly determined by the increase in assets on the balance sheet.

EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

The template provides, for exposures other than SFT derivatives and exempted exposures, the distribution by counterparty class, in accordance with Article 451 paragraph 1) letter b) of the CRR.

(Amounts in € thousand)

		a
		CRR leverage ratio exposures
		6/30/2022
EU - 1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**34,791,332**
EU - 2	Trading book exposures	14,743
EU - 3	Banking book exposures, of which:	34,776,590
EU - 4	Covered bonds	604,639
EU - 5	Exposures treated as sovereigns	24,678,519
EU - 6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	2
EU - 7	Institutions	3,304,285
EU - 8	Secured by mortgages of immovable properties	2,613,825
EU - 9	Retail exposures	2,692,079
EU - 10	Corporates	642,861
EU - 11	Exposures in default	4,297
EU - 12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	236,083

Glossary

Adjusted Leverage ratio

Adjusted leverage ratio requirement, calculated by applying the provisions of CRR Article 429a, which allows certain exposures to central banks to be excluded from the overall leverage exposure in light of the COVID-19 pandemic.

Risk Weighted assets

See the item “RWA – Risk Weighted Assets”.

Banking book

Used in relation to financial instruments, particularly securities, this term identifies the portion of those portfolios intended for "proprietary" activities.

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 established 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 authorization by the Supervisory Authority;

Pillar 2: it requires banks to have processes and tools for determining the adequate level of total internal capital (Internal Capital Adequacy Assessment Process - ICAAP) for covering all types of risk, including risks other than those covered by the overall capital requirement (Pillar I), within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Supervisory Authority's task to examine the ICAAP process, formulate an overall judgement and, where necessary, apply the appropriate corrective measures;

Pillar III: introduces obligations to publish information concerning capital adequacy, exposure to risks, and the general characteristics of the systems used for identifying, measuring and managing those risks.

Basel 3

International agreement amending Basel 2 adopted in December 2010, containing amendments to the prudential rules on the capital and liquidity of banks, with the gradual entry into force of the new capital requirements from January 1, 2014 until December 31, 2019. These rules have been implemented at European level through the CRD IV “Package”.

Internal Capital

Level of capital required to cover losses that could occur with a one-year horizon and a certain probability or confidence level with respect to a specific risk.

Total Internal Capital

It represents the amount of capital required to meet potential losses and is needed to support business activities and positions held. Total Internal Capital is the sum of internal capital against the Group's relevant risks.

Common Equity Tier 1 Capital or CET 1

The Common Equity Tier 1 under Basel 3, mainly consisting of ordinary paid-up capital, the related share premium, operating profit, reserves and other regulatory adjustments, as provided for by the CRR regulation and the Supervisory Regulations (both during the transitional period and fully loaded).

Tier 1 Capital

Tier 1 capital consists of Common Equity Tier 1 capital (CET1) and Additional Tier 1 capital (AT1).

Tier 2 Capital

Tier 2 capital is mainly composed of eligible subordinated liabilities and any excess of adjustments over and above expected losses (the excess reserve) for positions weighted according to IRB approaches. Specific transitional provisions (grandfathering) have also been established for subordinated instruments that do not meet the requirements envisaged in the new Basel 3 regulatory provisions, aimed at the gradual exclusion of instruments no longer regarded as eligible from own funds (over a period of eight years).

CFO

Chief Financial Officer.

Glossary

Credit rating

The class that depends on external ratings and is used to assign risk weights under the standard credit risk approach.

CLO

Chief Lending Officer.

Commercial Loans

Loans to ordinary customers, i.e., loans granted to customers relating to drawdowns on current account credit facilities, credit cards, personal loans, mortgages and unsecured grants.

Covered bond

Bond which, as well as being guaranteed by the issuing bank, may also be covered by a portfolio of mortgages or other high-quality loans transferred, to this end, to a suitable SPV – Special Purpose Vehicle.

CRD (Capital Requirement Directive)

EU Directives 2006/48 and 2006/49, adopted by Bank of Italy circular 263/2006 of December 27, 2006 as amended. The CRD IV "Package" has replaced the two aforementioned Directives and consists of the EU Directive 2013/36 on the taking up of the business of credit institutions and prudential supervision and the EU Regulation 575/2013 on prudential requirements, adopted by the Bank of Italy circular 285 of December 17, 2013 as amended.

Impaired loans

Loans and receivables are reviewed periodically in order to identify those that, following events occurring after initial recognition (at market value, which is, usually, equal to the amount paid including transaction costs and income directly attributable to the disbursement of the credit) show objective evidence of possible impairment. These include a loan to which the status of non-performing, unlikely to pay and past due has been assigned, according to the Bank of Italy rules in line with the IAS/IFRS (see item).

CRM - Credit Risk Mitigation

Credit Risk Mitigation is a set of techniques, ancillary contracts to the loan or other instruments (e.g. securities, guarantees), which reduces credit risk capital requirements.

CRO

Chief Risk Officer.

Default

A party's declared inability to honour its debts and/or the payment of the associated interest.

EAD – Exposure At Default

Relating to the on-balance and off-balance sheet positions, EAD is defined as the estimation of the future value of an exposure at the time of the debtor's default. Only banks that meet the requirements for adopting the "IRB – Internal Rating Based" advanced approach are allowed to estimate EAD (q.v.). Other banks are required to refer to regulatory estimations.

EBA - European Banking Authority

The European Banking Authority is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector.

ECAI - External Credit Assessment Institution

External Credit Assessment Institution.

ECB - European Central Bank

European Central Bank. The ECB is the central bank for Europe's single currency, the euro.

Expected Losses

The losses recorded on average over a one-year period on each exposure (or pool of exposures).

Non performing exposures

According to the EBA Implementing Technical Standards, non-performing exposures are all on-balance-sheet and off-balance-sheet exposures that satisfy either or both of the following criteria:

material exposures which are more than 90 days past due;
exposures for which the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

Past-due and/or overdrawn impaired exposures

On-balance sheet exposures, other than those classified as non-performing or unlikely to pay that are past due or overdrawn at the reporting date. The past due and/or overdrawn impaired exposures may be determined, alternatively, with respect to the individual debtor or the individual transaction. Specifically, they represent the total exposure to any borrower not included in the unlikely to pay and non-performing loans categories, who at the reporting date has expired facilities or unauthorised overdrafts that are more than 90 days past due and meet the requirements set out by local supervisory regulations for their classification under the "past due exposures" category (TSA banks) or “defaulted exposures” (IRB banks).

Fair value

The price at which an asset can be traded or a liability settled in a free-market transaction between independent parties at arm’s length.

Total Capital

The own funds of a bank consist of a series of regulatory defined items (excluding the negative items to be deducted), classified based on capital quality and loss absorbing capacity. From January 1, 2014, after the CRR came into force, Own Funds consists of the sum of Tier 1 capital and Tier 2 capital.

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”).

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 harmonization 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 harmonize the IAS/IFRS with the US GAAP – United States Generally Accepted Accounting Principles (q.v.).

ICAAP – Internal Capital Adequacy Assessment Process

See “Basel 2 – Pillar 2”.

Impairment

Within the framework of the IAS/IFRS (q.v.), this refers to the loss of value of a balance sheet asset, recorded when the book value is greater than the recoverable value, i.e. the sum that can be obtained by selling or using the asset.

Unlikely to Pay

On-balance and off-balance sheet exposures that meet the definition of unlikely to pay, which do not meet the conditions to be classified as bad loans. The classification as “unlikely to pay” derives from the assessment of the debtor’s unlikeliness (without actions such as realisation of collateral) to repay fully his credit obligation (principal and/or interest). This assessment is made independently of any past due and unpaid amount (or instalment). The classification of an exposure as unlikely to pay is not necessarily tied to evident issues (non-repayment), but is rather linked to indicators of a potential default of the borrower.

IRB – Internal Rating Based

Method for determining the capital needed to cover credit risk within the framework of Pillar 1 of Basel 2 (see item). The rules are applied to the exposures of the banking book. Furthermore, in the IRB methods the risk weightings of the assets are determined on the basis of the bank's own internal evaluations of the debtors (or, in some cases, of the transactions). Using systems based on internal ratings, the banks determine the weighted risk exposure. The IRB methods consist of a basic method and an advanced method, which differ in terms of the risk parameters that the bank must estimate: in the basic method, the banks use their own estimates for “PD – Probability of Default” and the regulatory values for the other risk parameters; in the advanced method, the banks use their own estimates for "PD – Probability of Default ", "LGD – Loss Given Default", "CCF – Credit Conversion Factors" and, where provided for, "M - Maturity" (q.v.). The use of IRB methods for the calculation of capital requirements is subject to authorization from the Bank of Italy.

Glossary

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.

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 available amount of stable funding and the mandatory amount of stable funding.

NPLs – Non performing loans

Non-Performing Loans (NPLs) are exposures to entities that, due to a worsening of their economic and financial situation, are not able to fulfil all or part of their contractual obligations. In accordance with the Implementing Technical Standards of the European Banking Authority (EBA), these are exposures for which the following criteria are met: (i) significant exposures past due for more than 90 days; (ii) exposures for which the bank deems the full compliance of the debtor unlikely without recourse to actions such as the enforcement of guarantees, regardless of the existence of an overdue amount or the number of expired days. The definitions of impaired loans adopted by the Bank of Italy are those that are harmonized at the level of the Supervisory Mechanism in line with the indications of the EBA and identify three sub-classes of impaired loans: "non-performing loans", "unlikely to pay" and "past due exposures".

KPI - “Key Performance Indicators”

Set of indicators used to evaluate the success of a particular activity or process.

LCP

Loss Confirmation Period.

LCR - Liquidity Coverage Ratio

Liquidity coverage ratio equal to the ratio between credit institution's liquidity buffer and its net outflows over a 30 calendar day stress period.

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”, see item).

PD – Probability of Default

Default Probability of a counterparty entering into a situation of "default" (see item) within a period of one year.

Tier 1 Capital Ratio

The percentage of a bank’s Tier 1 Capital to its risk weighted assets “RWA – Risk Weighted Assets” (see item).

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.

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.

Counterparty credit risk

The risk that the counterparty in a transaction in financial instruments may enter default before settling all the agreed cash flows.

Market risk

Consists of the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the portfolio, when it includes assets held in the trading book, as well as those posted in the banking book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments.

Glossary

Operational risk

The risk of losses due to errors, violations, interruptions, or damage caused by internal processes, personnel, systems or by external events. This definition includes legal and compliance risks but excludes strategic and reputational risk. For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, customer claims, product distribution, fines and penalties for regulatory breaches, damage to the Company's physical assets, business disruption and system failures, and management of processes.

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%.

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, when fully loaded, 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.

ROAC – Return on Allocated Capital

This is the ratio of net operating income to allocated capital (calculated using both the greater of absorbed regulatory capital and economic capital or net equity). Regulatory capital absorbed, economic capital, and net equity are calculated as the average of the averages of the quarters of the year.

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

It identifies the situation of greater or lesser sensitivity with which certain assets or liabilities react to changes in interest rates or other benchmarks.

Bad loans

Exposures to borrowers in a state of insolvency (even when not recognized 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).

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.

TLTRO - *Targeted Longer-Term Refinancing Operations*

Programmes relating to targeted longer-term refinancing operations that provide euro area credit institutions with funding with multi-year maturities aimed at improving the functioning of the monetary policy transmission mechanism by supporting the supply of bank credit to the real economy.

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

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

DECLARES

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

Milan, August 2nd, 2022

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

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

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

CERTIFY

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

Milan, August 2nd, 2022

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

finecobank.com