FINECOBANK GROUP PUBLIC DISCLOSURE – PILLAR III

AS AT 30 JUNE 2024

Contents

"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 are 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, while the term "Directive" refers to the Capital Requirements Directive 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).

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, 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, and subsequent Regulations amending its contents, in particular the Commission Implementing Regulation (EU) 2022/631 of 13 April 2022, which contains the templates and instructions for fulfilling public disclosure of the interest rate risk exposures on positions not held in the trading book (IRRBB - Interest Rate Risk in the Banking Book) requested by Article 448 of the CRR and Implementing Regulation (EU) 2022/2453 of 30 November 2022 which contains templates and instructions regarding environmental, social and governance risks required by Article 449a of the CRR. The latter Regulation transposes the implementing technical standards (EBA/ITS/2022/01) on the prudential disclosure of environmental, social and governance published in January 2022, according to which Large institutions that have issued securities traded on a regulated market of any Member State are required to provide the first disclosure as of 31 December 2022 and semi-annually thereafter, with phased-in disclosure requirements depending on the specific models (phase-in period from December 2022 to December 2024).

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 S.p.A. (hereinafter also FinecoBank or Fineco or Bank) 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 at 30 June 2024.

In line with 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 before mentioned, 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 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);
    - Commission Implementing Regulation (EU) 2022/631 of 13 April 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards disclosure of interest rate risk exposures on positions not held in the trading book and transposing the EBA/ITS/2021/07;
    - Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 with regard to the disclosure of environmental, social and governance risks and transposing the EBA/ITS/2022/01;

- o Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 laying down implementing technical rules for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to supervisory reporting and public disclosure of minimum own funds requirement and eligible liabilities;
- o 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);
- o 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);
- o 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).

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. Among the main measures still in force is 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 2024, 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 2020/12). The EBA Guidelines 2020/12 amend EBA/GL/2018/01 to take account of the impact on capital of the changes regarding 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.

With reference to the abovementioned transitional provisions introduced by the CRR Quick-fix, since the Group, as at 30 June 2024, 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” own funds and capital already reflect the full impact of the above component and, consequently, the disclosure requirements specified in EBA Guidelines 2020/12 do not apply.

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

The key elements of this policy are:

- identification of roles and responsibilities of the corporate bodies, departments and Legal Entities involved in the process of producing the disclosure;
- identification of the information to be published (in accordance with EBA GL/2014/14 and CRR Article 432 and 433 and with the subsequent Regulation (EU) 2019/876 in relation with the requirements applicable as of 30 June 2024);
- 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 semi-annual frequency: Implementing Regulation (EU) 2021/637 and subsequent amendments[1]

The table below shows the location in this document of the disclosures made to the market as of 30 June 2024, 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 CR10; 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
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

[1] Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 as amended by:
- Commission Implementing Regulation (EU) 2022/631 of 13 April 2022 as regards disclosure of interest rate risk exposures on positions not held in the trading book;
- Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 as regards disclosure on environmental, social and governance risks.

continued: Reference to regulatory reporting requirements with semi-annual frequency: Implementing Regulation (EU) 2021/637 and subsequent amendments

TEMPLATE	TOPIC	CHAPTER
IRRBB1	Interest rate risk on positions not included in the trading book	Exposure to interest rate risk on positions not included in the trading book
Table 1	Qualitative information on environmental risk	Disclosure of environmental, social and governance risks
Table 2	Qualitative information on social risk	Disclosure of environmental, social and governance risks
Table 3	Qualitative information on governance risk	Disclosure of environmental, social and governance risks
Template 1	Banking book- Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Disclosure of environmental, social and governance risks
Template 2	Banking book - Indicators of potential climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	Disclosure of environmental, social and governance risks
Template 3	Banking book - Indicators of potential climate change transition risk: Alignment metrics	Disclosure of environmental, social and governance risks
Template 4	Banking book - Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms	Disclosure of environmental, social and governance risks
Template 5	Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk	Disclosure of environmental, social and governance risks
Template 6	Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures	Disclosure of environmental, social and governance risks
Template 7	Mitigating actions: Asset for the calculation of GAR	Disclosure of environmental, social and governance risks
Template 8	GAR (%)	Disclosure of environmental, social and governance risks
Template 10	Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852	Disclosure of environmental, social and governance risks

Reference to regulatory reporting requirements with semi-annual frequency: Implementing Regulation (EU) 2021/763 and subsequent amendments

In this document, the template EU KM2 "Key Metrics – MREL" is disclosed for the first time. The frequency of publication is semi-annual, consistent with the provisions of Regulation (EU) 763/2021 with reference to Institutions identified as entities under resolution that are neither Global Systemically Important Institutions (G-SIIs) nor part of a G-SII. It should be recalled, in fact, that the Regulation introduced public disclosure on Minimum Own Funds Requirements and Eligible Liabilities as of 1 January 2024.

The following table shows the location in this document of the disclosure as at 30 June 2024, applicable to the FinecoBank Group.

TEMPLATE	TOPIC	CHAPTER
EU KM2	Key metrics - MREL	Own Funds

Reference to EBA requirements EBA/GL/2020/12

Please note that, regarding the EBA Guidelines 2020/12, 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" 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" . Therefore, FinecoBank Group's capital and own funds as of 30 June 2024 already reflect the full impact of these items.

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
437a	Disclosure of own funds and eligible liabilities	Not applicable
438	Disclosure of own funds requirements and risk-weighted exposure amounts	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
449a	Disclosure of environmental, social and governance risks	Disclosure of environmental, social and governance risks
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 is published in this document for "Large institutions", a category that Fineco belongs to, as detailed in the article 433a of CRR.

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 at 30 June 2024 are met.

The calculation of Own Funds, and in particular of CET1 capital, at 30 June 2024 took into account foreseeable dividends and charges for a total amount of 232,884 euro thousand, assuming the conditions of Article 26(2) of the CRR are met.

EU KM1 - Key metrics

(Amounts in € thousand)

		a	b	c	d	e
		06/30/2024	03/31/2024	12/31/2023	09/30/2023	06/30/2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	1,230,960	1,186,759	1,151,527	1,107,584	1,070,245
2	Tier 1 capital	1,730,960	1,686,759	1,651,527	1,607,584	1,570,245
3	Total capital	1,730,960	1,686,759	1,651,527	1,607,584	1,570,245
	Risk-weighted exposure amounts					
4	Total risk exposure amount	4,775,778	4,693,517	4,731,105	4,478,275	4,612,719
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	25.78%	25.29%	24.34%	24.73%	23.20%
6	Tier 1 ratio (%)	36.24%	35.94%	34.91%	35.90%	34.04%
7	Total capital ratio (%)	36.24%	35.94%	34.91%	35.90%	34.04%
	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%	1.75%	1.75%	1.75%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.13%	1.13%	0.98%	0.98%	0.98%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.50%	1.50%	1.31%	1.31%	1.31%
EU 7d	Total SREP own funds requirements (%)	10.00%	10.00%	9.75%	9.75%	9.75%
	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 (%)	0.11%	0.11%	0.10%	0.07%	0.06%
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 (%)	2.61%	2.61%	2.60%	2.57%	2.56%
EU 11a	Overall capital requirements (%)	12.61%	12.61%	12.35%	12.32%	12.31%
12	CET1 available after meeting the total SREP own funds requirements (%)	20.15%	19.66%	18.86%	19.25%	17.72%

continued: EU KM1 - Key metrics

(Amounts in € thousand)

		a	b	c	d	e
		06/30/2024	03/31/2024	12/31/2023	09/30/2023	06/30/2023
	Leverage ratio					
13	Total exposure measure	32,362,312	32,719,690	33,356,370	32,428,372	33,556,310
14	Leverage ratio (%)	5.35%	5.16%	4.95%	4.96%	4.68%
	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%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	20,244,236	19,832,980	19,456,617	19,376,097	19,378,197
EU 16a	Cash outflows - Total weighted value	3,719,809	3,744,080	3,821,536	3,925,592	3,995,043
EU 16b	Cash inflows - Total weighted value	1,396,196	1,415,183	1,437,394	1,503,984	1,506,506
16	Total net cash outflows (adjusted value)	2,323,613	2,328,897	2,384,142	2,421,608	2,488,537
17	Liquidity coverage ratio (%)	881.85%	864.19%	822.92%	807.83%	785.34%
	Net Stable Funding Ratio					
18	Total available stable funding	28,292,655	28,351,817	29,032,005	28,414,272	28,992,476
19	Total required stable funding	7,659,844	7,674,795	7,689,734	7,307,468	7,545,924
20	NSFR ratio (%)	369.36%	369.41%	377.54%	388.84%	384.21%

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 into account 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).

Tier 1 Capital predominant element is Common Equity, mainly composed of equity instruments (e.g. ordinary shares net of treasury shares), share premium reserves, retained earnings reserves, undistributed income for the period, valuation reserves, net of the deducted items. The AT1 category includes equity instruments other than ordinary shares, which meet the regulatory requirements for inclusion in that level of own funds once the deductions of items provided for in CRR have been applied. Tier 2 Capital is mainly composed of items such as eligible subordinated liabilities, once the deductions of items provided for in CRR have been applied.

Fineco Group own funds, which amounted to 1,730,960 euro thousand as of 30 June 2024, consisted of Common Equity Tier 1 (CET1) and Additional Tier 1 capital, there were no Tier 2 items. The interim profits included in Common Equity Tier 1 Capital as of 30 June 2024 were calculated considering foreseeable dividends for a total of 224,224 euro thousand and foreseeable charges of 8,660 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 reported in the consolidated half-year financial report as at 30 June 2024, which was subject to limited audit.

Own Funds

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
		6/30/2024	
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts (A)	201,720	23, 24 and 28
	of which: ordinary shares	*201,720*	23, 24 and 28
2	Retained earnings (B)	1,018,468	20 and 22
3	Accumulated other comprehensive income (and other reserves) (C)	41,507	20
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)	87,436	26 and 27
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,349,132**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount) (E)	(1,459)	30
8	Intangible assets (net of related tax liability) (negative amount)	(114,093)	7, 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)	(2,223)	25, 29 and 31
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	-	
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	
EU-20c	*of which: securitisation positions (negative amount)*	-	
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 6/30/2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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 (H)	(397)	32
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(118,171)**	
29	**Common Equity Tier 1 (CET1) capital**	**1,230,960**	
	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)**	**1,730,960**	

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
		6/30/2024	
	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)**	**1,730,960**	**33**
60	**Total Risk exposure amount**	**4,775,778**	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	25.78%	
62	Tier 1 capital	36.24%	
63	Total capital	36.24%	
64	Institution CET1 overall capital requirements	8.24%	
65	*of which: capital conservation buffer requirement*	*2.50%*	
66	*of which: countercyclical capital buffer requirement*	*0.11%*	
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*	*1.13%*	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**20.15%**	

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
		6/30/2024	
	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)	14,687	
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)	1,405	
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)	52,862	
	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 610,999,427 ordinary shares with a nominal value of 0.33 euro, in the amount of 201,630 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 1,843 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) mainly consisted of Net valuation reserves relating to debt securities issued by central governments and supranational institutions held in the "Financial assets at fair value through profit or loss" portfolio, for -3,400 euro thousand and defined benefit plans for -3,215 euro thousand. The item also includes Other reserves related to equity settled plans for 48,123 euro thousand.

D. The amount recognised in Own Funds as of 30 June 2024 was calculated considering foreseeable dividends for 2024 amounting to 224,224 euro thousand and foreseeable charges of 8,660 euro thousand.

E. This item includes the filter for additional valuation adjustments (AVA) in the amount of 1,459 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 88,317 euro thousand and other intangible assets net of deferred taxation for 25,776 euro thousand.

G. This item includes treasury shares directly held in the amount of 1,082 euro thousand, treasury shares that the Bank has an actual or contingent obligation to purchase in the amount of 1,000 euro thousand, equal to the maximum outlay provided by the repurchase of treasury shares in implementation of the long-term incentive plan in favor of financial advisors identified as "Most Relevant Personnel" authorized by the Supervisory Authority, and treasury shares synthetically held in the amount of 141 euro thousand.

H. The item includes the Calendar provisioning in the amount of 397 euro thousand.

I. Additional Tier 1 consists of the Additional Tier 1 bond issued on 4 March 2024. In detail, the issue has the following features: the bond is perpetual with a call option for the issuer after 5.5 years and every six months thereafter on coupon payment dates, public placement, intended for trading on the regulated market managed by Euronext Dublin, rating of BB- (S&P Global Ratings), semi-annual fixed-rate coupon of 7.5% for the first 5.5 years.

Please note that as of 30 June 2024 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 regime related to the introduction of IFRS 9, as a result, FinecoBank Group's own funds and capital as at 30 June 2024 already fully reflect the impact of this item. 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" 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
		06/30/2024	06/30/2024	
	Balance sheet - Assets			
1	10. Cash and cash balances	2,833,922	-	
2	20. Financial assets at fair value through profit and loss	25,117	-	
	a) financial assets held for trading	21,215	-	
	c) other financial assets mandatorily at fair value	3,902	-	
3	30. Financial assets at fair value through other comprehensive income	228,871	-	
4	40. Financial assets at amortised cost	26,999,034	-	
	a) loans and receivables with banks	2,336,368	-	
	b) loans and receivables with customers	24,662,666	-	
5	50. Hedging derivatives	941,214	-	
6	60. Changes in fair value of portfolio hedged financial assets (+/-)	(203,501)	-	
7	70. Equity investments	1,657	(252)	8
8	90. Property, plant and equipment	142,826	-	
9	100. Intangible assets	123,117	(118,105)	8
	- of which: goodwill	89,602	(89,602)	
10	110. Tax assets	49,465	4,264	8
	a) current tax assets	-		
	b) deferred tax assets	49,465	4,264	
11	130. Other assets	1,640,047	-	
	Total assets	**32,781,768**	**-**	
	Liabilities and shareholders' equity			
12	10. Financial liabilities at amortised cost	29,981,019	-	
	a) deposits from banks	1,171,776	-	
	b) deposits from customers	28,005,234	-	
	c) debt securities in issue	804,009	-	
13	20. Financial liabilities held for trading	9,722	-	
14	40. Hedging derivatives	23,555	-	
15	50. Changes in fair value of portfolio hedged financial liabilities (+/-)	(24,921)	-	
16	60. Tax liabilities	33,417	-	
	a) current tax liabilities	33,417	-	
17	80. Other liabilities	407,150	-	
18	90. Provisions for employee severance pay	4,294	-	
19	100. Provisions for risks and charges:	132,872	-	
	a) commitments and guarantees given	174	-	
	c) other provisions for risks and charges	132,697	-	
20	120. Revaluation reserves	(6,616)	(6,616)	2
21	140. Equity instruments	631,883	500,000	30
22	150. Reserves	1,066,592	1,066,592	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**
		06/30/2024	**06/30/2024**	
23	160. Share premium reserve	1,934	1,934	1
24	170. Share capital	201,630	201,630	1
25	180. Treasury shares (-)	(1,082)	(1,082)	16
26	200. Net Profit (Loss) for the year	320,320	320,320	EU5a
	Total other elements, of which:		**(237,723)**	
27	Net profits not included in Own Funds		(232,884)	EU5a
28	Own CET1 instruments held by customers who simultaneously used a line of credit		(1,843)	1
29	Treasury shares that the Bank has an actual or contingent obligation to purchase		(1,000)	16
30	Prudential filters (-) fair value adjustments		(1,459)	7
32	Deductions of holdings of own Common Equity Tier 1 capital instruments synthetically		(141)	16
33	Insufficient loss coverage for non-performing exposures		(397)	27a
	Total liabilities and Shareholders' equity	**32,781,768**	-	
34	**Total Own Funds**		**1,730,960**	**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)

	01.01.2024 /06.30.2024	07.01.2023 /12.31.2023
Common Equity Tier 1 - CET1		
Start of period	**1,151,527**	**1,070,245**
Instruments and Reserves		
Share capital and issue-premium reserves	990	2,267
of which: own CET1 instruments held by customers who simultaneously used a line of credit	869	2,267
CET1 instruments that the Bank has an actual or contingent obligation to purchase	250	-
Retained earnings and reserves	(9,243)	(9,208)
Accumulated other comprehensive income (AOCI) and other reserves	113	(7,793)
Net profit of the period	320,320	300,221
Dividends and other foreseeable charges	(232,884)	(205,418)
Regulatory adjustments		
Additional regulatory adjustments	(223)	477
Intangible assets net of related liabilities	37	750
Direct, indirect and synthetic holdings by an institution of own CET1 instruments	172	31
Insufficient coverage for non-performing exposures	(101)	(45)
End of period	**1,230,960**	**1,151,527**
Additional Tier 1 – AT1 Capital		
Start of period	**500,000**	**500,000**
Additional Tier 1 issued in the period	500,000	-
Additional Tier 1 not eligible in the period	(500,000)	-
End of period	**500,000**	**500,000**
TIER 2 – T2 Capital		
Start of period	-	-
End of period	-	-
TOTAL OWN FUNDS	**1,730,960**	**1,651,527**

Own Funds amounted to 1,730,960 euro thousand, showing an increase of 79,433 euro thousand compared to 31 December 2023, mainly due to the interim profit for the first half of 2024 of 320,320 euro thousand, net of foreseeable dividends and charges of 232,884 euro thousand. It should be noted that, during the first half of 2024, profit reserves decreased because of the recognition of coupons, net of related taxes, paid on Additional Tier 1 instruments issued by Fineco, for a total amount of 10,123 euro thousand, whose accrued coupons, net of related taxation, were included in the foreseeable charges as of 31 December 2023 in the amount of 1,785 euro thousand.

With reference to the Additional Tier1 instruments eligible in Own Funds, it should be noted that in March 2024 FinecoBank completed the placement of an issue on the market of Additional Tier1 instruments intended for institutional investors for a total amount of 500 euro million, and, at the same time, announced its intention to proceed with an offer to repurchase the Additional Tier1 instrument issued in July 2019 with a nominal value of 300 euro million and to reserve the right to call, on the first available date, the Additional Tier1 private placement issued in January 2018 with a nominal value of 200 euro million, thus keeping the total amount of Additional Tier1 instruments eligible for inclusion in its capital unchanged at 500 euro million.

On March 11, 2024, the purchase offer of the aforementioned Additional Tier1 instrument was concluded, and the total nominal amount of instruments validly tendered in the offer was 168 euro million. Finally, on June 3, 2024, the Additional Tier1 private placement issued in January 2018 with a nominal value of 200 euro million, fully subscribed by UniCredit S.p.A., was called.

FinecoBank has received authorization from the European Central Bank to recall the remaining amount of capital instruments not repurchased in the offering at the earliest available date, December 3rd, 2024, therefore, this amount is not included in Own Funds, in line with the provisions of Article 28 of EU Regulation 241/2014.

Own Funds

The following EU template KM2 shows the information required by Article 10(2) of EU Regulation 763/2021. In particular, the main metrics relating to own funds and eligible liabilities and the requirements for own funds and eligible liabilities are reported.

EU KM2 – Key metrics - MREL

(Amounts in € thousand)

		Minimum requirement for own funds and eligible liabilities (MREL)
		a
		06/30/2024
Own funds and eligible liabilities, ratios and components		
1	Own funds and eligible liabilities	2,527,564
EU-1a	Of which own funds and subordinated liabilities	1,730,960
2	Total risk exposure amount of the resolution group (TREA)	4,775,778
3	Own funds and eligible liabilities as a percentage of TREA	52.92%
EU-3a	Of which own funds and subordinated liabilities	36.24%
4	Total exposure measure (TEM) of the resolution group	32,362,312
5	Own funds and eligible liabilities as percentage of the TEM	7.81%
EU-5a	Of which own funds or subordinated liabilities	5.35%
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption)	
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)	
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)	
Minimum requirement for own funds and eligible liabilities (MREL)		
EU-7	MREL expressed as a percentage of the TREA	18.94%
EU-8	Of which to be met with own funds or subordinated liabilities	0.00%
EU-9	MREL expressed as a percentage of the TEM	5.25%
EU-10	Of which to be met with own funds or subordinated liabilities	0.00%

At the end of the administrative process related to the determination of the Minimum Requirements of Own Funds and Eligible Liabilities (MREL), in December 2023 FinecoBank received from the Bank of Italy and the Single Resolution Board the updated decision on the determination of the minimum requirement of own funds and eligible liabilities (MREL) which replaces the previous decision communicated to the public in March 2023. Starting from 1 January 2024, FinecoBank will have to comply on a consolidated basis with an MREL TREA (risk exposure) requirement equal to 18.94% plus the applicable Combined Buffer Requirement (21.55% including the Combined Buffer Requirement as of 30 June 2024) and an MREL LRE (total leverage exposure) equal to 5.25%. For the purpose of meeting the requirement and the calculation of other eligible liabilities issued by Fineco, there is currently no subordination requirement in the issuance of eligible MREL instruments (e.g. Senior unsecured). As of 30 June 2024, FinecoBank is above the requirements to be met (MREL TREA equal to 52.92% and MREL LRE equal to 7.81%).

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 0.11% as at 30 June 2024. 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.

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

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

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

Capital requirements and buffers for FinecoBank Group

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

As at 30 June 2024, FinecoBank ratios are compliant with the above requirements.

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

The Group assesses capital adequacy by managing and allocating (regulatory and economic) capital according to the risks assumed and with the aim of directing its operations towards the creation of value. The Group has the goal of generating income in excess of that necessary to remunerate risk

Own funds requirements and risk-weighted exposure amounts

(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 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). Planning is also carried out taking into account other dimensions relevant to the Group, such as exposure for leverage purposes.

The monitoring is accompanied by an efficient and appropriate communications system, both for management purposes and communications with the supervisory authorities.

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
		6/30/2024	3/31/2024	6/30/2024
1	Credit risk (excluding CCR)	2,988,895	2,940,073	239,112
2	*Of which the standardised approach*	*2,988,895*	*2,940,073*	*239,112*
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	111,077	82,321	8,886
7	*Of which the standardised approach*	*25,284*	*26,274*	*2,023*
8	*Of which internal model method (IMM)*	-	-	-
EU 8a	*Of which exposures to a CCP*	*3,376*	*4,433*	*270*
EU 8b	*Of which credit valuation adjustment - CVA*	*282*	*250*	*23*
9	*Of which other CCR*	*82,136*	*51,366*	*6,571*
15	Settlement risk	3,817	169	305
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)	63,477	62,442	5,078
21	*Of which the standardised approach*	*63,477*	*62,442*	*5,078*
22	*Of which IMA*	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	1,608,511	1,608,511	128,681
EU 23a	*Of which basic indicator approach*	-	-	-
EU 23b	*Of which standardised approach*	*1,608,511*	*1,608,511*	*128,681*
EU 23c	*Of which advanced measurement approach*	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	135,669	138,562	10,854
29	**Total**	**4,775,778**	**4,693,517**	**382,062**

The risk exposures (TREA) increase during the second quarter 2024 is mainly attributable to lending to customers and securities lending transactions with institutional counterparties.

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 buffer

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 of 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 91.3% of exposures) also for the second quarter of 2024 at 0%.

The Group-specific countercyclical reserve ratio calculated on the basis of the ratios applicable as of 30 June 2024 was 0.11% at the consolidated level, corresponding to approximately 5,341 euro thousand, mostly determined by exposures to the United Kingdom, Ireland and France. 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	4,775,778
2	Institution specific countercyclical capital buffer rate	0.11%
3	Institution specific countercyclical capital buffer requirement	5,341

Countercyclical capital buffer

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	1,443	-	1,392	-	-	2,835	60	-	-	60	745	0.028%	-
Afghanistan	4	-	-	-	-	4	-	-	-	-	3	-	-
Albania	1	-	-	-	-	1	-	-	-	-	1	-	-
Argentina	8	-	-	-	-	8	-	-	-	-	6	-	-
Armenia	-	-	-	-	-	-	-	-	-	-	-	-	1.500%
Australia	147	-	23	-	-	170	4	2	-	6	75	0.003%	1.000%
Austria	301	-	-	-	-	301	24	-	-	24	298	0.011%	-
Bahrain	1	-	-	-	-	1	-	-	-	-	1	-	-
Brazil	248	-	1,392	-	-	1,640	8	-	-	8	99	0.004%	-
Belgium	250	-	94	-	-	344	12	-	-	12	144	0.005%	0.500%
Bermuda	1,006	-	43	-	-	1,048	80	-	-	81	1,008	0.038%	-
Bolivia	-	-	7	-	-	7	-	-	-	-	-	-	-
Bulgaria	24	-	11	-	-	35	1	-	-	1	17	0.001%	2.000%
Cayman Island	-	-	5,094	-	-	5,094	-	107	-	107	1,343	0.051%	-
Chile	-	-	6	-	-	6	-	-	-	-	-	-	0.500%
China	11	-	28	-	-	39	1	-	-	1	8	-	-
Colombia	4	-	-	-	-	4	-	-	-	-	3	-	-
Croatia	6	-	13	-	-	19	-	1	-	1	11	-	1.500%
Curacao	-	-	42	-	-	42	-	-	-	-	6	-	-
Czech Republic	8	-	-	-	-	8	-	-	-	-	6	-	1.750%
Cyprus	-	-	34	-	-	35	-	-	-	-	1	-	1.000%
Denmark	5	-	5	-	-	10	-	-	-	1	9	-	2.500%
Dominican (Republic)	2	-	-	-	-	2	-	-	-	-	1	-	-
Ecuador	-	-	112	-	-	113	-	-	-	-	-	-	-
Ethiopia	1	-	1	-	-	2	-	-	-	-	1	-	-
Finland	-	-	49	-	-	49	-	-	-	-	5	-	-
France	323,185	-	6,941	-	-	330,127	3,194	68	-	3,262	40,778	1.541%	1.000%
Germany	40,668	-	42,763	-	-	83,431	1,320	107	-	1,427	17,832	0.674%	0.750%
Ghana	1	-	-	-	-	1	-	-	-	-	1	-	-
Guernsey	-	-	5	-	-	5	-	-	-	-	-	-	-
Greece	4	-	-	-	-	4	-	-	-	-	3	-	-
Hong Kong	2	-	-	-	-	2	-	-	-	-	2	-	1.000%
India	8	-	-	-	-	8	-	-	-	-	6	-	-
Indonesia	4	-	29	-	-	33	-	-	-	-	3	-	-
Iraq	-	-	4	-	-	4	-	-	-	-	-	-	-
Ireland	42,122	-	14,718	-	-	56,840	3,954	4	-	3,958	49,469	1.869%	1.500%
Israel	11	-	101	-	-	112	1	-	-	1	9	-	-
Italy	4,438,190	-	598,673	-	-	5,036,863	191,983	1,350	-	193,332	2,416,655	91.299%	-
Jersey	-	-	3,120	-	-	3,120	-	-	-	-	4	-	-
Japan	2	-	9	-	-	11	-	-	-	-	1	-	-
Kenya	2	-	10	-	-	12	-	-	-	-	2	-	-
Kuwait	22	-	-	-	-	22	1	-	-	1	16	0.001%	-

Countercyclical capital buffer

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 (%)
Latvia	2	-	-	-	-	2	-	-	-	-	1	-	1.000%
Lebanon	2	-	2	-	-	4	-	-	-	-	2	-	-
Liechtenstein	-	-	20	-	-	20	-	-	-	-	-	-	-
Liberia	-	-	22	-	-	22	-	-	-	-	2	-	-
Lithuania	1	-	-	-	-	1	-	-	-	-	1	-	-
Luxembourg	20,132	-	6,445	-	-	26,577	1,589	16	-	1,605	20,057	0.758%	0.500%
Malaysia	71	-	-	-	-	71	2	-	-	2	27	0.001%	-
Malta	4	-	-	-	-	4	-	-	-	-	3	-	-
Man Island	-	-	2	-	-	2	-	-	-	-	-	-	-
Mexico	29	-	88	-	-	117	2	-	-	2	22	0.001%	-
Mongolia	1	-	-	-	-	1	-	-	-	-	1	-	-
Norway	6	-	20	-	-	26	-	2	-	2	24	0.001%	2.500%
Netherlands	11,481	-	145,109	-	-	156,590	173	180	-	353	4,411	0.167%	2.000%
New Zealand	95	-	-	-	-	95	3	-	-	3	34	0.001%	-
Panama	8	-	362	-	-	371	-	5	-	5	66	0.002%	-
Paraguay	3	-	-	-	-	3	-	-	-	-	2	-	-
Peru	2	-	-	-	-	2	-	-	-	-	2	-	-
Philippines	191	-	-	-	-	191	5	-	-	5	67	0.003%	-
Poland	7	-	-	-	-	7	-	-	-	-	5	-	-
Portugal	7,740	-	853	-	-	8,592	78	-	-	78	972	0.037%	-
Principality of Monaco	2	-	-	-	-	2	4	-	-	4	53	0.002%	-
Qatar	11	-	26	-	-	37	1	-	-	1	8	-	-
Romania	11	-	-	-	-	11	1	-	-	1	7	-	1.000%
Russia (Federation of)	48	-	1	-	-	49	2	-	-	2	21	0.001%	-
San Marino	22	-	-	-	-	22	1	-	-	1	15	0.001%	-
Saudi Arabia	8	-	42	-	-	50	-	-	-	-	6	-	-
Senegal	1	-	-	-	-	1	-	-	-	-	1	-	-
Singapore	557	-	1	-	-	558	16	-	-	16	198	0.007%	-
Slovenia	1	-	-	-	-	1	-	-	-	-	1	-	0.500%
Slovakia	2	-	19	-	-	20	-	-	-	-	1	-	1.500%
South Africa	87	-	13	-	-	100	5	-	-	5	68	0.003%	-
South Korea	1	-	-	-	-	1	-	-	-	-	-	-	1.000%
Spain	18,582	-	1,347	-	-	19,929	162	6	-	168	2,102	0.079%	-
Sweden	100	-	13	-	-	113	3	1	-	4	45	0.002%	2.000%
Switzerland	2,933	-	3,106	-	-	6,039	87	5	-	92	1,148	0.043%	-
Taiwan	159	-	66	-	-	225	4	5	-	9	113	-	-
Thailand	5	-	3	-	-	8	-	-	-	-	4	-	-
Trinidad and Tobago	4	-	-	-	-	4	-	-	-	-	3	-	-
Tunisia	19	-	805	-	-	824	1	-	-	1	14	-	-
Turkey	4	-	2	-	-	6	-	-	-	-	3	-	-
Uganda	1	-	-	-	-	1	-	-	-	-	1	-	-
Ukraine	2	-	-	-	-	2	-	-	-	-	1	-	-
United Kingdom	74,291	-	5,373	-	-	79,663	5,889	47	-	5,935	74,193	2.803%	2.000%
United States	3,703	-	209,985	-	-	213,688	273	892	-	1,165	14,562	0.550%	-
Uruguay	1	-	2	-	-	3	-	-	-	-	1	-	-
Uzbekistan	3	-	-	-	-	3	-	-	-	-	2	-	-
Venezuela	3	-	4	-	-	7	-	-	-	-	2	-	-
Total	**4,988,040**	**-**	**1,048,572**	**-**	**-**	**6,036,612**	**208,951**	**2,807**	**-**	**211,758**	**2,646,973**	**100%**	

Exposures to credit risk and dilution risk

In carrying out its lending activities, the Group is exposed to credit risk, meaning the risk that loans and receivables may, due to the deterioration of the financial condition of the obligor, not be repaid at maturity and must, therefore, be written down in whole or in part. This risk is always inherent in the traditional lending activity, regardless of financial instrument. The main causes of default lays in the lack of the borrower's autonomous ability to ensure repayment of the debt, as well as the occurrence of macroeconomic and political circumstances affecting the financial condition of the debtor.

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-off;
- 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**	**3,116,829**	**3,116,829**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**6,227,100**	**6,181,730**	**45,370**	**28,177**	**-**	**28,177**
020	Central banks	-	-	-	-	-	-
030	General governments	4	4	-	-	-	-
040	Credit institutions	105,515	105,515	-	-	-	-
050	Other financial corporations	705,287	704,824	463	25	-	25
060	Non-financial corporations	2,960	2,941	19	164	-	164
070	*of which SMEs*	*2,863*	*2,844*	*19*	*164*	-	*164*
080	Households	5,413,335	5,368,446	44,889	27,988	-	27,988
090	**Debt securities**	**20,728,126**	**20,728,071**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-
110	General governments	18,779,895	18,779,844	-	-	-	-
120	Credit institutions	1,948,230	1,948,228	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**2,460,880**	**134,118**	**296**	**924**	**-**	**75**
160	Central banks	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-
180	Credit institutions	20,841	17,170	-	-	-	-
190	Other financial corporations	100,535	76,771	-	-	-	-
200	Non-financial corporations	5,749	1,285	-	-	-	-
210	Households	2,333,755	38,892	296	924	-	75
220	**Total**	**32,532,935**	**30,160,749**	**45,666**	**29,101**	**-**	**28,252**

It should be noted that financial assets held for trading and 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**	**(133)**	**(133)**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**(11,524)**	**(6,157)**	**(5,368)**	**(22,123)**	**-**	**(22,123)**
020	Central banks	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-
040	Credit institutions	(12)	(12)	-	-	-	-
050	Other financial corporations	(294)	(148)	(146)	(20)	-	(20)
060	Non-financial corporations	(13)	(9)	(3)	(138)	-	(138)
070	*of which SMEs*	*(13)*	*(9)*	*(3)*	*(138)*	-	*(138)*
080	Households	(11,206)	(5,988)	(5,218)	(21,965)	-	(21,965)
090	**Debt securities**	**(4,632)**	**(4,632)**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-
110	General governments	(4,488)	(4,488)	-	-	-	-
120	Credit institutions	(143)	(143)	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**(74)**	**(74)**	**-**	**(101)**	**-**	**(17)**
160	Central banks	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-
190	Other financial corporations	(13)	(13)	-	-	-	-
200	Non-financial corporations	-	-	-	-	-	-
210	Households	(60)	(60)	-	(101)	-	(17)
220	**Total**	**(16,230)**	**(10,862)**	**(5,368)**	**(22,224)**	**-**	**(22,141)**

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**	**-**	**4,995,324**	**3,169**
020	Central banks	-	-	-
030	General governments	-	-	-
040	Credit institutions	-	181	-
050	Other financial corporations	-	484,111	-
060	Non-financial corporations	-	2,315	-
070	*of which SMEs*	-	*2,315*	-
080	Households	-	4,508,717	3,169
090	**Debt securities**	**-**	**-**	**-**
100	Central banks	-	-	-
110	General governments	-	-	-
120	Credit institutions	-	-	-
130	Other financial corporations	-	-	-
140	Non-financial corporations	-	-	-
150	**Off-balance-sheet exposures**	**-**	**114,180**	**48**
160	Central banks	-	-	-
170	General governments	-	-	-
180	Credit institutions	-	-	-
190	Other financial corporations	-	76,758	-
200	Non-financial corporations	-	1,285	-
210	Households	-	36,138	48
220	**Total**	**-**	**5,109,504**	**3,217**

EU CR1-A - Maturity of exposures

(Amounts in € thousand)

		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	5,119,106	647,650	421,294	3,052,054	98,223	9,338,327
2	Debt securities	-	1,899,028	9,814,719	9,009,747	-	20,723,494
3	**Total**	**5,119,106**	**2,546,677**	**10,236,012**	**12,061,802**	**98,223**	**30,061,821**

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**	**24,095**
020	Inflows to non-performing portfolios	7,805
030	Outflows from non-performing portfolios	(3,722)
040	*Outflows due to write-offs*	*(695)*
050	*Outflow due to other situations*	*(3,028)*
060	**Final stock of non-performing loans and advances**	**28,177**

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	2,077	910	910	910
020	*Central banks*	-	-	-	-
030	*General governments*	-	-	-	-
040	*Credit institutions*	-	-	-	-
050	*Other financial corporations*	-	-	-	-
060	*Non-financial corporations*	-	-	-	-
070	*Households*	*2,077*	*910*	*910*	*910*
080	Debt Securities	-	-	-	-
090	Loan commitments given	13	26	26	26
100	**Total**	**2,090**	**936**	**936**	**936**

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	(52)	(675)	2,005	110
020	*Central banks*	-	-	-	-
030	*General governments*	-	-	-	-
040	*Credit institutions*	-	-	-	-
050	*Other financial corporations*	-	-	-	-
060	*Non-financial corporations*	-	-	-	-
070	*Households*	*(52)*	*(675)*	*2,005*	*110*
080	Debt Securities	-	-	-	-
090	Loan commitments given	-	(17)	-	-
100	**Total**	**(52)**	**(658)**	**2,005**	**110**

EU CQ4 - Quality of non-performing exposures by geography

(Importi in migliaia)

		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**	**26,983,403**	**28,177**	**(38,279)**	**-**	**-**
020	Italy	11,508,286	28,098	(36,470)	-	-
030	Spain	4,905,502	3	(652)	-	-
040	European international organisations	3,148,363	-	(222)	-	-
050	France	2,332,739	2	(139)	-	-
060	Belgium	1,038,611	-	(152)	-	-
070	Ireland	1,001,563	-	(109)	-	-
080	Austria	779,568	-	(34)	-	-
090	Germany	612,234	5	(65)	-	-
100	United States	582,194	-	(54)	-	-
110	Other Countries	1,074,344	68	(384)	-	-
120	**Off-balance sheet exposures**	**2,461,804**	**924**	-	**(174)**	**-**
130	Italy	2,441,704	924	-	(174)	-
140	Other Countries	20,100	-	-	-	
150	**TOTAL**	**29,445,207**	**29,101**	**(38,279)**	(174)	**-**

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

For off-balance sheet exposures, exposures to the following countries have been grouped under "Other Countries": United Kingdom, France, Abu Dhabi, Switzerland, Greece, Monaco, Spain, Canada, Portugal, Germany, Bulgaria, Singapore, Brazil, Ireland, Tunisia, Colombia, Belgium, Thailand, San Marino, Netherlands, Slovakia, United States, South Africa, Sweden, Poland, Austria, Indonesia, Israel, Bahrain, Norway, Qatar, Ecuador, Romania, Cyprus, Malta.

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	5	3	(3)	-
020	Mining and quarrying	-	-	-	-
030	Manufacturing	217	17	(18)	-
040	Electricity, gas, steam and air conditioning supply	6	1	(1)	-
050	Water supply	3	1	(1)	-
060	Construction	63	30	(27)	-
070	Wholesale and retail trade	238	35	(30)	-
080	Transport and storage	71	4	(4)	-
090	Accommodation and food service activities	24	10	(8)	-
100	Information and communication	38	14	(11)	-
110	Financial and insurance activities	-	-	-	-
120	Real estate activities	714	10	(9)	-
130	Professional, scientific and technical activities	1,529	19	(18)	-
140	Administrative and support service activities	109	10	(8)	-
150	Public administration and defense, compulsory social security	-	-	-	-
160	Education	6	1	(1)	-
170	Human health services and social work activities	4	1	(1)	-
180	Arts, entertainment and recreation	92	4	(7)	-
190	Other services	5	4	(4)	-
200	**Total**	**3,124**	**164**	**(151)**	**-**

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.

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	19,277,893	-	19,277,893	-	258,536	1%
2	Regional government or local authorities	1,150,218	-	1,150,218	-	-	0%
3	Public sector entities	638,099	-	638,099	-	1	0%
4	Multilateral development banks	810,017	-	810,017	-	-	0%
5	International organisations	2,338,109	-	2,338,109	-	-	0%
6	Institutions	640,093	17,170	640,093	17,168	149,318	23%
7	Corporates	996,072	82,545	382,648	16,306	398,954	100%
8	Retail	2,499,099	2,110,523	1,263,839	4,120	950,969	75%
9	Secured by mortgages on immovable property	2,402,138	-	2,402,138	-	841,265	35%
10	Exposures in default	5,587	823	4,047	5	4,091	101%
11	Exposures associated with particularly high risk	-	-	-	-	-	0%
12	Covered bonds	562,214	-	562,214	-	56,221	10%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
14	Collective investment undertakings	723	-	723	-	9,037	1250%
15	Equity	3,167	-	3,167	-	3,167	100%
16	Other items	317,451	-	317,451	-	317,335	100%
17	**TOTAL**	**31,640,881**	**2,211,061**	**29,790,657**	**37,599**	**2,988,895**	**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. The RWA density stood at 10%, unchanged compared to December 2023.

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	18,685,303	-	-	-	482,650	-	56,211	-	-
2	Regional government or local authorities	1,150,218	-	-	-	-	-	-	-	-
3	Public sector entities	638,096	-	-	-	3	-	-	-	-
4	Multilateral development banks	810,017	-	-	-	-	-	-	-	-
5	International organisations	2,338,109	-	-	-	-	-	-	-	-
6	Institutions	-	1,370	-	-	633,685	-	3,520	-	-
7	Corporates	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	1,267,959
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	2,398,691	3,447	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	562,214	-	-	-	-	-
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	107	-	-	-	12	-	-	-	-
17	**TOTAL**	**23,621,850**	**1,370**	**-**	**562,214**	**1,116,350**	**2,398,691**	**63,178**	**-**	**1,267,959**

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	282	-	53,447	-	-	-	19,277,893	18,123,614
2	Regional government or local authorities	-	-	-	-	-	-	1,150,218	1,150,218
3	Public sector entities	-	-	-	-	-	-	638,099	638,099
4	Multilateral development banks	-	-	-	-	-	-	810,017	810,017
5	International organisations	-	-	-	-	-	-	2,338,109	2,338,109
6	Institutions	17,280	-	1,405	-	-	-	657,261	657,261
7	Corporates	398,954	-	-	-	-	-	398,954	398,954
8	Retail exposures	-	-	-	-	-	-	1,267,959	1,267,959
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	-	2,402,138	2,402,138
10	Exposures in default	3,976	77	-	-	-	-	4,053	4,053
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	562,214	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	723	-	723	723
15	Equity exposures	3,167	-	-	-	-	-	3,167	3,167
16	Other items	317,333	-	-	-	-	-	317,451	317,451
17	**TOTAL**	**740,992**	**77**	**54,853**	**-**	**723**	**-**	**29,828,256**	**28,111,762**

The column 'Of which unrated' shows exposures for which either a credit assessment by a nominated ECAI is not available or, although available, specific risk weights are applied depending on the exposure class as specified in Articles 113 to 134 of the CRR, including, for example, exposures to central governments and central banks of Member States denominated and funded in the national currency of those central governments and central banks, which are risk-weighted at 0%.

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	4,339,834	4,998,493	4,922,515	75,977	-
2	Debt securities	20,723,494	-	-	-	-
3	**Total**	**25,063,328**	**4,998,493**	**4,922,515**	**75,977**	**-**
4	*Of which non-performing exposures*	*2,885*	*3,169*	*3,169*	-	-
5	*Of which defaulted*	*2,885*	*3,169*			

Secured exposures include exposures secured by real estate for 2,406,209 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 2,026,282 euro thousand, mainly represented by debt securities, units of UCITS and equity securities.

Exposures to counterparty credit risk

Counterparty risk is the risk that the counterparty of a transaction may not fulfill its financial obligations before the final settlement of the financial flows of the transaction itself. It stands for a particular type of credit risk, but unlike the latter, where the probability of loss is unilateral as it pertains to the disbursing bank, it entails a bilateral risk of loss.

The market value of the transaction could, in fact, be positive or negative for both counterparties, depending on market trends. In general, counterparty risk arises from a series of transactions having the following characteristics:

- having an exposure equal to their positive fair value;
- having a future market value which evolves according to the underlying market variables;
- envisaging an exchange of cash, securities or goods for cash.

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 at 30 June 2024.

Exposures to counterparty credit risk

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)	99	18,494		1.4	26,030	26,030	26,030	25,284
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)					217,679	217,679	217,679	82,164
5	VaR for SFTs					-	-	-	-
6	**Total**					**243,709**	**243,709**	**243,709**	**107,447**

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 or SFT transactions 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	967	282
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**	**967**	**282**

Exposures to counterparty credit risk

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	5	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	-	67,940	-	-	175,063	-
7	Corporates	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-
9	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-
11	**Total exposure value**	**5**	**67,940**	**-**	**-**	**175,063**	**-**

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	-	-	-	5	-	10
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	-	-	42,801	-	-	285,803
7	Corporates	-	-	28,776	-	-	28,776
8	Retail exposures	-	2,597	-	-	-	2,597
9	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
10	Other items	-	-	-	8	-	8
11	**Total exposure value**	**-**	**2,597**	**71,577**	**13**	**-**	**317,195**

EU CCR5 - Composition of collateral for CCR exposures

(Amounts in € thousand)

	Collateral type	a	b	c	d
		Collateral used in derivative transactions			
		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	937,041	-	1,370
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**	**-**	**937,041**	**-**	**1,370**

continued: EU CCR5 - Composition of collateral for CCR exposures

(Amounts in € thousand)

	Collateral type	e	f	g	h
		Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	23,832	-	965
2	Cash – other currencies	-	-	-	-
3	Domestic sovereign debt	-	1,566,553	-	1,963,043
4	Other sovereign debt	-	-	-	218,928
5	Government agency debt	-	-	-	-
6	Corporate bonds	-	-	-	442,251
7	Equity securities	-	175,153	-	323,175
8	Other collateral	-	847	-	98,210
9	**Total**	**-**	**1,766,386**	**-**	**3,046,573**

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.

Exposures to counterparty credit risk

EU CCR8 - Exposures to CCPs

(Amounts in € thousand)

		Exposure value	RWEA
		a	b
1	**Exposures to QCCPs (total)**		**3,376**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	73,486	2,468
3	*(i) OTC derivatives*	*67,483*	*1,350*
4	*(ii) Exchange-traded derivatives*	*6,002*	*1,118*
5	*(iii) SFTs*	-	-
6	*(iv) Netting sets where cross-product netting has been approved*	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	1,370	27
9	Prefunded default fund contributions	34,530	880
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

Market risk arises from the effect that changes in market variables (interest rates, security prices, exchange rates, etc.) can have on financial instruments held by the Group.

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)	16,429
2	Equity risk (general and specific)	36,696
3	Foreign exchange risk	-
4	Commodity risk	10,352
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	**Securitisation (specific risk)**	**-**
9	**Total**	**63,477**

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

Fineco's options are included in outright products because they do not have additional requirements other than delta risk in the standardised approach for market risk.

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% and with an average repricing profile of 4.5 years (maximum maturity 9 years). The change is calculated in application of the six scenarios defined by EBA in the “Guidelines on the management of interest rate risk and Credit Spread Risk in the banking book” (EBA GL 2022/14). 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.

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 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	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
1	Parallel Up	(65,811)	(48,511)	114,501	110,400
2	Parallel Down	32,934	22,242	(232,772)	(225,399)
3	Steepener shock (decrease in short rates and increase in long rates)	33,823	52,213		
4	flattener shock (increase in short rates and decrease in long rates)	(79,500)	(114,566)		
5	Short rates up	(94,344)	(121,300)		
6	Short rates down	49,221	63,618		

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.

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	06/30/2024	03/31/2024	12/31/2023	09/30/2023	06/30/2024	03/31/2024	12/31/2023	09/30/2023
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)					20,244,236	19,832,980	19,456,617	19,376,097
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	27,226,618	27,540,866	28,037,525	28,799,589	1,775,980	1,829,154	1,897,775	1,987,094
3	*Stable deposits*	*20,702,941*	*20,939,614*	*21,194,495*	*21,448,567*	*1,035,147*	*1,046,981*	*1,059,725*	*1,072,428*
4	*Less stable deposits*	*6,042,087*	*6,356,632*	*6,779,115*	*7,351,022*	*740,833*	*782,174*	*838,050*	*914,665*
5	*Unsecured wholesale funding*	*551,017*	*567,071*	*588,447*	*637,141*	*291,956*	*307,544*	*324,744*	*361,117*
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	*551,017*	*567,071*	*588,447*	*637,141*	*291,956*	*307,544*	*324,744*	*361,117*
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	*Secured wholesale funding*					*208,781*	*172,732*	*167,457*	*164,064*
10	Additional requirements	582,021	574,431	559,078	519,407	542,946	540,295	534,450	517,999
11	*Outflows related to derivative exposures and other collateral requirements*	*517,731*	*518,454*	*518,939*	*517,896*	*517,731*	*518,454*	*518,939*	*517,896*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*64,290*	*55,977*	*40,139*	*1,511*	*25,215*	*21,841*	*15,511*	*103*
14	Other contractual funding obligations	684,292	680,873	687,459	692,226	668,642	664,168	670,475	675,837
15	Other contingent funding obligations	3,497,259	3,481,818	3,414,355	3,280,756	231,504	230,186	226,635	219,480
16	TOTAL CASH OUTFLOWS					3,719,809	3,744,080	3,821,536	3,925,592
CASH-INFLOWS									
17	Secured lending (eg reverse repos)	1,566,231	1,456,441	1,004,483	973,087	49,549	52,180	45,561	39,568
18	Inflows from fully performing exposures	633,248	627,705	618,813	611,430	467,511	464,169	457,789	453,168
19	Other cash inflows	2,530,114	2,607,322	2,700,967	2,827,943	879,136	898,834	934,044	1,011,247
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	*4,729,593*	*4,691,468*	*4,324,263*	*4,412,460*	*1,396,196*	*1,415,183*	*1,437,394*	*1,503,984*
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*4,729,593*	*4,691,468*	*4,324,263*	*4,412,460*	*1,396,196*	*1,415,183*	*1,437,394*	*1,503,984*
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					20,244,236	19,832,980	19,456,617	19,376,097
22	TOTAL NET CASH OUTFLOWS					2,323,613	2,328,897	2,384,142	2,421,608
23	LIQUIDITY COVERAGE RATIO					881.85%	864.19%	822.92%	807.83%

Liquidity requirements

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

Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time

The aggregates that contribute to the determination of the LCR indicators shown in the table above, calculated on end-of-the-month observations over the preceding 12 months, did not change significantly over the quarters shown. As at 30 June 2024, however, an increase in the average HQLA and a reduction in average outflows were observed, mainly due to a reduction in less stable and wholesale deposits, resulting in an improvement in the average ratio, which stood at 881.85%.

The persistence of geopolitical tensions and the cooling of expectations regarding the easing of restrictive monetary policy measures implemented by the major central banks have not affected the Group's overall liquidity, which remained solid and stable. All liquidity adequacy indicators and analyses, in fact, showed wide safety margins with respect to regulatory and internal limits.

Finally, FinecoBank did not have any difficulties or worsening in the conditions of access to the markets and in the closing of the relative transactions (repurchase agreements, purchase and sale of securities) in terms of volumes and prices.

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 the last years the Bank further diversified its liquidity sources through the activation and subsequent repayment of refinancing operations with the central bank (Targeted Longer Term Refinancing Operations III) and the issuance of financial instruments in the Senior Preferred segment. In this regard it should be noted that during 2023, within the EMTN (Euro Medium Term Notes) program and despite having no specific funding needs, FinecoBank successfully completed the placement of its second market issue of Senior Preferred bond instruments addressed to qualified investors, for a total amount of 300 euro million.

In order to maintain and even improve the benefits of such program in terms of flexibility and rapidity in issuing, hence reducing the risk for the Bank to be exposed to unfavourable market or geopolitical conditions, the Board of Directors has decided on 16th January 2024 the renewal of the program for another year extending the document also to the issuance of AT1 instruments. Under the above mentioned program, on the 4th of March 2024, FinecoBank successfully issued a Perpetual Additional Tier1 Bond for 500 euro million (for more details, please refer to the information provided in the Own Funds section).

Furthermore, in order to expand the range of products available its customers, in the fourth quarter of 2023 FinecoBank reintroduced the term deposit (so-called Cashpark).

Finally, 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 amount of fixed-rate sight deposits considered stable ("Core insensible") that can be used to finance fixed-rate loans. The risk management function 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).

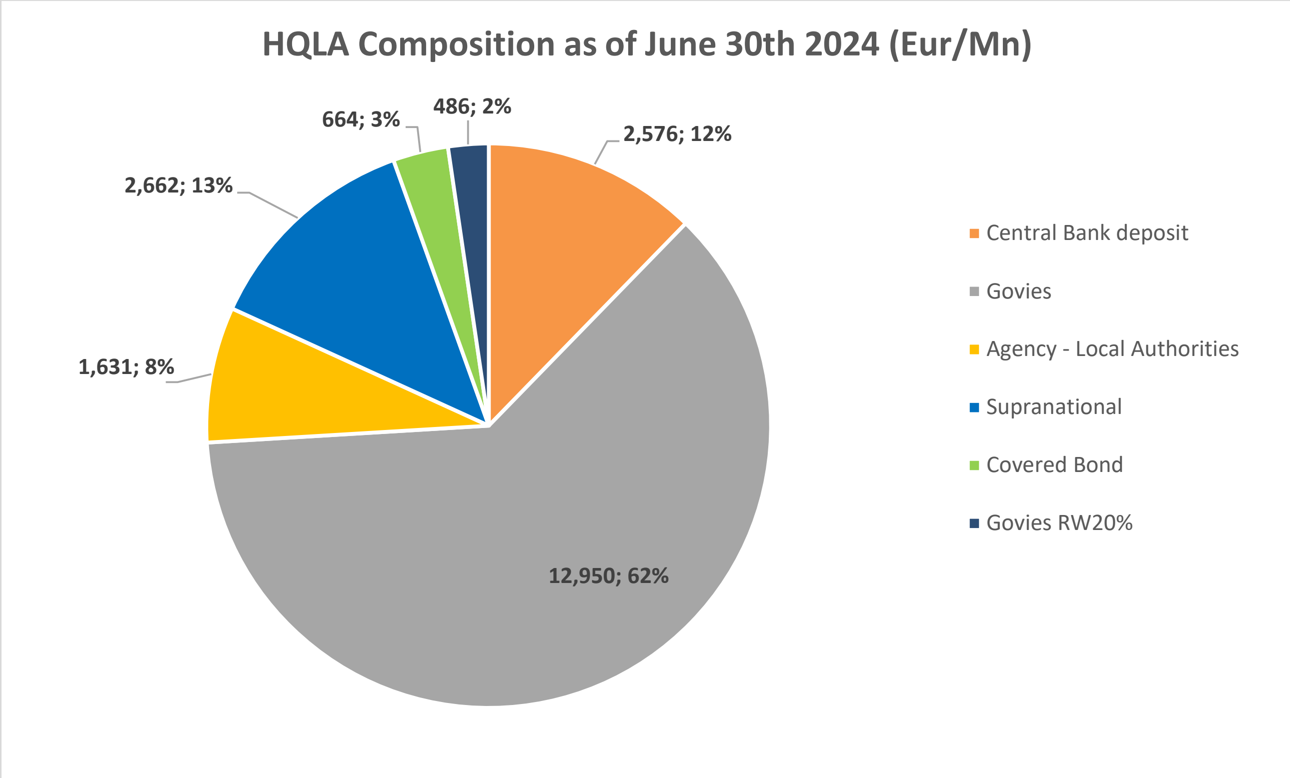
With reference to the managerial indicators, the risk management calculates the so-called Structural Ratio. This ratio was developed by the Parent Company's CRO Department with the aim of monitoring the risk of transformation of maturities, considering the specific features of Fineco's funding. In detail, 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 20.97 euro billion as of 30 June 2024 and is mainly composed of government bonds part of Fineco proprietary portfolio and of the liquidity deposited with the Bank of Italy.

Liquidity requirements



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 internal 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 Parent Company'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 at 30 June 2024, 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

As at 30 June 2024 FinecoBank is characterized by 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) Parent Company's 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 MCA 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 account;
  - in granting proper and sufficient funding on MCA and TIPS account, respectively to meet up with periodical debit postings by Central Bank and to manage the flows being processed 24/7;
- EBA Clearing, 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.

The 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 the Central Bank (MCA 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.

Parent Company's 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).

Furthermore, in order to optimize the financial return of its excess liquidity (not operational), FinecoBank can rely also on term deposit facilities negotiated with third banks[2].

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.

[2] FinecoBank activated with a third bank an evergreen deposit account with a notice period of 95 days and since October 2022 is also active on the ECB deposit facility for liquidity in euro.

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 as at 31 March 2024

(Amounts in € thousands)

		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	1,802,883	-	-	-	1,802,883
2	*Own funds*	*1,802,883*	-	-	-	*1,802,883*
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		27,026,249	44,180	33,181	25,420,309
5	*Stable deposits*		*20,474,858*	-	-	*19,451,115*
6	*Less stable deposits*		*6,551,391*	*44,180*	*33,181*	*5,969,194*
7	Wholesale funding:		1,214,390	694	800,383	1,078,256
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		*1,214,390*	*694*	*800,383*	*1,078,256*
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	1,654	753,091	5,400	47,669	50,369
12	*NSFR derivative liabilities*	*1,654*				
13	*All other liabilities and capital instruments not included in the above categories*		*753,091*	*5,400*	*47,669*	*50,369*
14	**Total available stable funding (ASF)**					**28,351,817**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					780,936
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:		3,164,287	162,390	3,929,789	4,516,550
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		*25*	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*412,792*	*76*	*556,334*	*598,033*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*2,445,964*	*87,407*	*339,481*	*1,555,244*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
22	*Performing residential mortgages, of which:*		*72,334*	*74,363*	*2,301,581*	*1,569,925*
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*72,289*	*74,317*	*2,298,840*	*1,567,549*
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*		*233,172*	*544*	*732,393*	*793,348*
25	Interdependent assets		-	-	-	-
26	Other assets:	-	292,700	235	2,374,819	2,371,264
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	*56,210*	*47,778*
29	*NSFR derivative assets*		*2,748*			*2,748*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*1,654*			*83*
31	*All other assets not included in the above categories*		*288,298*	*235*	*2,318,610*	*2,320,655*
32	Off-balance sheet items		119,698	-	60	6,045
33	**Total RSF**					**7,674,795**
34	**Net Stable Funding Ratio (%)**					**369.41%**

EU LIQ2 – Net Stable Funding Ratio as at 30 June 2024

(Amounts in € thousands)

		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	1,846,909	-	-	-	1,846,909
2	*Own funds*	*1,846,909*	-	-	-	*1,846,909*
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		26,678,654	246,802	36,182	25,298,700
5	*Stable deposits*		*20,352,589*	*239,553*	*3,043*	*19,565,578*
6	*Less stable deposits*		*6,326,065*	*7,250*	*33,139*	*5,733,122*
7	Wholesale funding:		1,338,776	579	804,582	1,095,737
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		*1,338,776*	*579*	*804,582*	*1,095,737*
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	1,519	661,641	5,307	48,656	51,310
12	*NSFR derivative liabilities*	*1,519*				
13	*All other liabilities and capital instruments not included in the above categories*		*661,641*	*5,307*	*48,656*	*51,310*
14	**Total available stable funding (ASF)**					**28,292,655**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					1,035,632
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:		3,313,472	281,565	3,754,355	4,510,637
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		*834*	-	-	-
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*371,412*	*57*	*595,436*	*632,630*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*2,459,152*	*85,632*	*333,205*	*1,555,616*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
22	*Performing residential mortgages, of which:*		*72,186*	*73,815*	*2,253,287*	*1,538,203*
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*72,140*	*73,768*	*2,250,455*	*1,535,749*
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*		*409,887*	*122,061*	*572,428*	*784,187*
25	Interdependent assets		-	-	-	-
26	Other assets:	-	299,768	264	2,100,755	2,108,876
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	*34,523*	*29,344*
29	*NSFR derivative assets*		*10,655*			*10,655*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*1,519*			*76*
31	*All other assets not included in the above categories*		*287,594*	*264*	*2,066,232*	*2,068,801*
32	Off-balance sheet items		78,480	-	775	4,699
33	**Total RSF**					**7,659,844**
34	**Net Stable Funding Ratio (%)**					**369.36%**

Liquidity requirements

Net Stable Funding Ratio – "NSFR" as of June 2024 is equal to 369.36% and remains almost unchanged versus the previous quarters. The available amount of stable funding (ASF) is equal to 28,293 euro million while the required amount of stable funding (RSF) is equal to 7,660 euro million. The available amount of stable funding mainly consists of stable and less stable deposits with retail customers for approximately 25,299 euro million (weighted value). Considering that the securities owned, being mainly of very high-quality level 1, are subject to a weighting factor of 0%, the required amount of weighted stable funding is mainly made up of loans, mortgages and tax credits acquired under Decree-Law 34/2020 and subsequent amendments that are not included in the LCR liquidity 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[3], 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[4], 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[5] 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.

[3] Asset means the exposure value as defined in Article 111 paragraph 1 of CRR first sentence.
[4] 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.
[5] '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
		6/30/2024
1	Total assets as per published financial statements	32,781,768
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	(828,915)
9	Adjustment for securities financing transactions (SFTs)	21,340
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	309,620
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	78,499
13	**Total exposure measure**	**32,362,312**

EU LR2 - LRCom: Leverage ratio common disclosure

The template shows the leverage ratio as of June 30, 2024, compared with the data as of December 31, 2023, 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 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
		06/30/2024	12/31/2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	31,851,703	32,601,193
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 transactions)	-	-
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)	(115,949)	(115,662)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**31,735,755**	**32,485,531**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	17,043	41,224
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	99,438	102,399
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**	**116,481**	**143,623**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	1,781,175	2,444,466
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,601,688)	(2,313,832)
16	Counterparty credit risk exposure for SFT assets	21,340	192,794
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**	**200,827**	**323,428**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	2,218,188	2,466,852
20	(Adjustments for conversion to credit equivalent amounts)	(1,908,939)	(2,063,064)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**309,249**	**403,788**

continued: EU LR2 - LRCom: Leverage ratio common disclosure

(Amounts in € thousand)

		CRR leverage ratio exposures	
		a	b
		06/30/2024	12/31/2023
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)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
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**	**1,730,960**	**1,651,527**
24	**Total exposure measure**	**32,362,312**	**33,356,370**
Leverage ratio			
25	Leverage ratio (%)	5.35%	4.95%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.35%	4.95%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5.35%	4.95%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
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%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	“fully loaded”	“fully loaded”
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	165,169	148,909
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	179,487	130,634
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	32,347,995	33,374,645
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	32,347,995	33,374,645
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.35%	4.95%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.35%	4.95%

The Leverage Ratio as of 30 June 2024, equal to 5.35%, shows an increase compared to 4.95% as of 31 December 2023, benefiting both from the CET1 increase, as a result of the inclusion of net profits, and from the reduction in overall exposure, mainly determined by lower on-balance-sheet assets.

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
		6/30/2024
EU - 1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**31,851,703**
EU - 2	Trading book exposures	17,403
EU - 3	Banking book exposures, of which:	31,834,300
EU - 4	Covered bonds	562,214
EU - 5	Exposures treated as sovereigns	24,408,791
EU - 6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	3
EU - 7	Institutions	728,064
EU - 8	Secured by mortgages of immovable properties	2,402,138
EU - 9	Retail exposures	2,499,099
EU - 10	Corporates	996,071
EU - 11	Exposures in default	5,587
EU - 12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	232,332

Disclosure of environmental, social and governance risks

Information on environmental, social and governance risks required under Article 449a of the CRR is described below.

Introduction

The Fineco Group is based on three main pillars: efficiency, innovation and transparency, which represent the keys to the strategy and guide its sustainable growth journey. The orientation towards sustainable growth is a fundamental element of the long-term value creation strategy for the Group and for all its stakeholders, which Fineco pursues by operating in line with its corporate purpose, revised in December 2023: "*to support customers in taking a responsible approach to their financial life in order to create the conditions for a more prosperous and fairer society*". The Bank's capital structure is solid, sustainable and low risk, characterised by highly liquid and low-risk assets.

The adoption, in 2022, of a Sustainability Policy[6] defined the reference and linking framework for all the commitments signed by the Group on sustainability, as well as for defining the governance structure and compliance monitoring with respect to Environmental, Social and Governance matters (ESG), for regulating the process of identifying and managing ESG risks and for identifying the main areas of integration of sustainability factors into the Group's business and activities. Adherence to the most important sustainability initiatives of the United Nations, in particular the *Principles* of the *Global Compact*, the *Principles for Responsible Banking* and the *Principles for Responsible Investment*, allows the commitments signed by the Group to be placed within the political-institutional framework outlined by the Paris Agreement and the 2030 Agenda for Sustainable Development and to increasingly integrate ESG risks and factors in business decisions.

Table 1 - Qualitative information on environmental risk

This section provides qualitative information on environmental risk describing the integration of such risks, including specific information on climate change risks, into the FinecoBank Group's strategy and business processes, governance and risk management.

1. Strategy and business processes

In 2020, the Group adopted an Environmental Policy, which formalises Fineco's overall intentions and direction with respect to its environmental performance, including compliance with all relevant environmental regulatory obligations and a commitment to continuous improvement in environmental performance.

Since 2020, the Group aligns the ESG Plan targets with the UN Sustainable Development Goals (SDGs) deemed most relevant based on the commonalities between the 169 targets and the Group's material topics and defines an ESG Multi Year Plan. In December 2023, the new ESG Multi-Year Plan (MYP) 2024-2026 was adopted, and new goals and targets were defined. The MYP ESG 2024-26 is fully integrated into the Group's strategy, with the aim of combining business growth and financial strength with social and environmental sustainability, creating long-term value for all stakeholders.

Since 2022, the Bank has achieved the certification of its Environmental Management System in accordance with Regulation No. 1221/2009/EC ("EMAS Regulation"), which covers the entire perimeter in Italy of corporate offices and Fineco Centres. In June 2024, the certification renewal audit, conducted by an independent third party in compliance with the EMAS Regulation, was successfully completed. The ESG MYP 2024-2026 includes the environmental objectives and targets that the Bank has defined as its Environmental Programme in accordance with the EMAS Regulation.

The ESG MYP 2024-2026 also includes the targets enshrined, from 2022, through the *Net Zero Emissions by 2050* Commitment, through which Fineco formalised its commitment to combating climate change. The goal is to achieve net zero emissions status by 2050, including both operational and financed emissions. In particular, the Bank is committed to ensuring that its balance sheet assets, and more specifically its sovereign and bank debt securities, are 100% aligned with the net zero emissions target by 2050, coherently with the Paris Agreement. By 2050, the target is to reduce Scope 1, 2 and 3 emissions by 90% and neutralise residual emissions.

The Group has a strong risk culture aimed at ensuring long-term sustainability and since 2020 has integrated environmental risks into its Risk Management Framework, as described in the following sections. Overall, Fineco's exposure to climate and environmental risks is limited by the internal characteristics of its business model and the analyses conducted show a low impact of environmental risks on the Group's risk profile.

In defining and implementing its business strategy, Fineco integrates climate and environmental risks that may have an impact on its business environment in the short, medium and long term. Analysis of the regulatory and competitive landscape on climate and, more generally, sustainability matters, in order to assess the impact of related risks on the Group, is carried out on a regular basis. In the context of the process of alignment with the sustainability reporting requirements pursuant to the Corporate Sustainability Reporting Directive (CSRD) No. 2022/2464 – in force as of the 2024 financial year reporting – in the first half of 2024, the process of identifying and assessing environmental, social and governance risks pursuant to the aforementioned legislation was underway, in particular as part of the process of defining the material topics of the Group according to the so-called *double materiality* analysis.

In addition, to regulate the process of defining and implementing the Bank's ESG Plan and Environmental Programme, a specific procedure has been adopted that requires, among other things, that the objectives defined are consistent with the Group's strategic guidelines, including through dialogue with the Chief Risk Officer (CRO) Department. Overall, the assessments that emerge from these analyses are taken into account to update, on an annual basis, the Multi-Year Outlook, which includes a section devoted to ESG topics.

[6] Available on the FinecoBank website at the link https://about.finecobank.com/it, section "Sustainability".

Disclosure of environmental, social and governance risks

To ensure an increasing integration of environmental, social and governance aspects into its Investment Plan, since 2019 Fineco has started to allocate a portion of its financial resources to the subscription of green, sustainable and social bonds.

As of 30 June 2024, Fineco held a package of ESG securities, consisting of green, sustainable and social bonds, amounting to approximately 1.9 euro billion, equivalent to about 8.8% of the total portfolio owned. Within the Group's RAF, Fineco envisages a tolerance threshold (Risk Tolerance) for the incidence of investments that show attention to environmental, social and governance aspects; in the RAF 2024 - approved on 14 December 2023 - this threshold is equal to 7%.

The Investment Plan envisages, for 2024, an improvement in the ESG indicators monitored for the issuing countries (the Worldwide Governance Indicators and the ND Gain index, described in more detail below). The monitoring of ESG indicators also contributes to the objective of improving the investment portfolio of the Parent Company as a whole.

With regard to the classification of assets in accordance with Regulation (EU) 2020/852 (the "Taxonomy Regulation"), Fineco periodically carries out the analysis of the portion of its consolidated balance sheet assets in accordance with the Delegated Regulation (EU) 2021/2178.

The share of assets eligible for the Group's Taxonomy is associated with the stock value of loans to households secured by residential real estate and the share of eligible assets associated with exposures to credit institutions, asset management companies and insurance companies. The GAR for the stock is considerably low due to the type of business conducted by the Fineco Group and the customer segments to which the Group's commercial offerings are addressed.

Regarding counterparty engagement on environmental risk management, the Bank's lending policy is geared towards lending to retail customers and investment in central government financial instruments (sovereign bonds), as reflected in the share of exposures to central governments, central banks and supranational issuers.

Considering this, FinecoBank's business model has little exposure to climate and environmental risk factors, as detailed in the Risk Management section.

2. Governance

Attention to ESG ESG matters is an integral part of Fineco's Corporate Governance, through the assignment of specific responsibilities to governing bodies and operational functions, formalised within the Group's "Sustainability Policy". In particular, with reference to the Parent Company:

- the **Board of Directors** deliberates, inter alia, on the strategic directions of the Bank and the Group, with the aim of pursuing sustainable success and creating long-term value for Stakeholders;
- the **board-level Corporate Governance and Environmental and Social Sustainability Committee** oversees Sustainability issues related to FinecoBank's business operations and the dynamics of interaction with all Stakeholders, as well as the evolution of the Bank's Sustainability strategy, based on the relevant international guidelines and principles. Specifically, it oversees the evolution of the Group's Sustainability strategy, assesses the risks related to Sustainability issues, examines and, where appropriate, formulates proposals regarding corporate plans, objectives, rules and procedures on social and environmental issues, also playing a support role to the Board of Directors for the approval of policies aimed at promoting diversity and inclusiveness, monitors the positioning of the Company and the Group with respect to the financial markets on Sustainability issues and Stakeholder relations, and examines and advises on the policy for managing relations with all the Shareholders. It also reviews in advance the Consolidated Non-Financial Statement (NFS) and the Environmental Statement pursuant to EMAS Regulation No. 1221/2009/EC for approval by the Board of Directors. Finally, the Committee has specific tasks with reference to *corporate governance* issues;
- the **board-level Risk and Related Parties Committee** has the task, as part of its activities, to contribute to the definition of the guidelines of the internal control system, so that the main risks pertaining to the Company and the Group, including ESG risks, are correctly identified, as well as adequately measured, managed and monitored, and to support the Board of Directors in the evaluation of non-financial periodic reports, as well as financial ones;
- the **Board of Statutory Auditors**, as a supervisory body, is responsible for supervising compliance with the provisions established by Legislative Decree 254/2016 and reports on this in its annual report to the shareholders' meeting;
- in order to support the Corporate Governance and Environmental and Social Sustainability Committee, a **Sustainability Management Committee** is established, supported by the Sustainability Structure and composed of managers from the Parent Company. The Committee is entrusted with the main task of defining a proposal for the Bank's Sustainability strategy (corporate plans, rules and procedures on social and environmental issues) and the related objectives to be achieved, to be submitted to the aforementioned board-level Committee for consideration, as well as to the Board of Directors for approval, if necessary. The Management Committee is also in charge of monitoring the progress of the defined Sustainability strategy;
- the **Sustainability Structure**, reporting to the Chief Financial Officer (CFO) Department, is responsible for supporting the CFO and the Sustainability Management Committee in the management of Sustainability at Fineco, including the development and monitoring of the Sustainability Strategy and in the drafting and subsequent approval of the NFS and EMAS Environmental Statement by the relevant Corporate Bodies;
- the **Compliance** Department ensures second-level compliance controls for regulations within its competence, such as investment services or banking products;
- the **CRO** Department performs second-level controls over ESG risks and ensures that all risks are identified, assessed, measured, monitored, managed, and appropriately communicated by relevant units within the institution;

- the **Internal Audit** Department performs third-level controls on ESG risks on the basis of its own defined methodologies;
- **the structures involved from time to time** define the sustainability objectives for the areas under their responsibility, including those in the area of responsible finance, identify the actions that enable their achievement and support the Sustainability Structure in monitoring the progress of activities with respect to the objectives and the related reporting.

With reference to each Subsidiary:

- it is required to identify an organizational structure within each subsidiary to assume the role of the main Coordinator of the implementation and ongoing supervision of Sustainability-related activities. Assigning this role to a centralized function is intended to ensure that a consistent ESG approach is adopted towards all Stakeholders;
- the establishment of a Sustainability Working Group, composed of the executive figures representing the functions involved, is suggested, with the aim of monitoring Sustainability activities, based on Parent Company guidelines, industry standards and legislative and regulatory developments.

As today, Fineco AM *Head of Sustainability & Product Manager* is the main coordinator of the implementation and ongoing supervision of the Sustainability & ESG integration within Fineco AM, at any level, i.e. across the Company and at product/portfolio level. The *Sustainable Finance Committee*, chaired by the Head of Sustainability & Product Manager, is in charge of the approval and considerations of Sustainability and ESG-related matters proposed to be executed by the Sustainability Leads and internal teams. The Board of Directors of Fineco AM still retains the ultimate responsibility on decisions to be made by the Company in respect of Sustainability and ESG topics (e.g. classification and reclassification of products under SFDR).

In addition, a dedicated ESG regulatory oversight organisational model has been established in the parent company, divided into seven macro-areas:

- Non-financial disclosure;
- Requirements of company representatives, related parties and connected persons, operation of the Shareholders’ meeting;
- Health and Safety;
- Labour Law;
- Tax;
- Environmental Protection;
- Other Sustainability obligations.

For each area, the topics directly overseen by the compliance function (2nd level corporate control function), the topics of regulatory compliance borne by specific specialized structures (indirect compliance coverage oversight) and the topics assigned to the CRO Department (2nd level corporate control function) have been identified. Refer to the Sustainability Policy for more details.

With reference to the frequency and methods of external and internal reporting on environmental risk, the CRO illustrates to the Corporate Bodies the results of the control and monitoring of such risks on quarterly basis, in its Report on Risk Exposures; it also collaborates with the Sustainability Structure and the Regulatory Affairs Team in compiling - for the parts falling within its competence - the reporting to Regulators, Rating Agencies, Data Vendors and any other external party.

Finally, regarding remuneration policy, the alignment of top management incentive systems with the RAF favours a conservative approach to risk-taking and the maintenance of adequate risk levels. Indeed, the incentive systems are consistent with corporate values and objectives, including those of sustainable finance that take ESG factors into account, with long-term strategies linked to corporate performance and with prudent risk management policies.

The Group is committed to developing sound and effective risk management, providing correction mechanisms for the systems themselves, in order to make them consistent with the reference framework for determining risk appetite and with the levels of capital and liquidity required to meet the activities undertaken and, in any case, such as to avoid distorted incentives that could lead to regulatory violations or excessive risk-taking.

The 2024 Remuneration Policy, designed in alignment with the guidelines of investors and proxy advisors and the regulatory framework, confirms the close correlation with the Group’s Multi-Year Plan and the ESG MYP for 2024-2026, with the aim of incentivising business growth and financial solidity and, at the same time, combine economic-financial objectives with social and environmental sustainability.

In particular, the individual objectives of the Chief Executive Officer and General Manager and of the other Identified Staff, depending on the specific nature of the role, in relation to the short-term incentive system, are integrated, in the "Stakeholder Value" category, with sustainability-related objectives in line with the KPIs and targets envisaged in the ESG MYP 2024-2026. As for environmental and responsible finance KPIs, the following KPIs are considered: i) the introduction, within the client offering platform, of new funds with a Fineco ESG rating[7] greater than or equal to 6 (average rating) and ii) the renewal of the EMAS Environmental Registration is considered. In addition, from 2024, the contribution to the promotion of sustainability initiatives and behavior within the organisation is also assessed in the "Tone from the top" category. In addition, in the Financial Advisors Incentive Scheme for 2024, specific sustainability targets have been introduced relating to the percentage of assets held in funds and sicav pursuant to Articles 8 and 9 under Regulation (EU) 2019/2088 (SFDR).

[7] Fineco's ESG rating assesses the environmental, social and governance sustainability of a financial instrument. It is calculated by Fineco through a reprocessing of sustainability data provided by a leading company specialising in the sector.

Finally, the new Long-Term Incentive Plan for the three-year period 2024-2026 for employees includes new sustainability objectives in the areas of: (i) environment, with reference to the reduction of Scope 1 and 2 (market-based) emissions from operating activities, and (ii)) responsible finance, through the expansion of the ESG product offering with the introduction of new Article 8 and 9 funds under the SFDR.

3. Risk Management

Climate change and environmental degradation give rise to structural changes that affect the economy and, consequently, the financial system. In particular, the transition to a low-carbon and more circular economy entails both risks and opportunities for the whole economic system and for financial institutions, while the physical damages caused by climate change and environmental degradation might have a significant impact on the real economy and the financial sector.

Climate change commonly gives rise to two risk factors:

- physical risk, which stands for the financial impact of climate change, including more frequent extreme weather events and gradual climate change, as well as environmental degradation, such as air, water and soil pollution, water stress, biodiversity loss and deforestation. Physical risk is therefore classified as "acute" if caused by extreme events such as droughts, floods and storms, and "chronic" if caused by progressive changes such as temperature rise, sea level rise, water stress, biodiversity loss, change land use, habitat destruction and resource scarcity. This risk could directly lead to material damage, a drop in productivity, or indirectly subsequent events such as the interruption of production chains;
- transition risk, which stands for the financial loss that an entity may incur, directly or indirectly, as a result of the adjustment process towards a low-carbon and more environmentally sustainable economy. Such a situation could be caused, for example, by the relatively sudden adoption of climate and environmental policies, technological progress or changing market confidence and preferences.

Physical and transition risks represent risk factors that affect the traditional risk categories already identified and managed by financial institutions, e.g., pillar I risks such as credit, operational, market and liquidity risks, but also pillar II risks, such as reputational risk. These risks may also affect the resilience of the institution's business model in the medium and long term, especially if the business area is based on sectors and markets that are particularly vulnerable to climate and environmental risks.

In November 2020, the European Central Bank published a "Guide on climate and environmental risks" which incorporates the supervisor's expectations on risk management and disclosure of climate and environmental risks. Based on the latter, institutions are required to assess the impact of climate and environmental risks on their business model and operating context in the short, medium and long term, and to integrate them within their risk management framework, so that they can be managed, monitored and mitigated like every other risk category.

Since the first ECB consultation on its guide on climate and environmental risks[8], the Fineco Group has launched a process of progressive integration of climate and environmental risks within its risk management framework, based on the most recent indications published by supervisory authorities and by European and international standard setters[9]. The first changes made concerned the Risk Appetite Framework (RAF), which represents the risk profile monitoring tool which the Group intends to adopt in the implementation of its corporate strategies and in the pursuit of sustainable profitability at the same time as solid business growth.

The RAF formalises, through a set of risk limits and metrics, the risk objectives, any tolerance thresholds and the operating limits that the Group shall respect in pursuing its strategic objectives. The RAF is made up of the Risk Appetite Statement, which qualitatively defines FinecoBank's positioning in terms of strategic objectives and related risk profiles, and the Risk Dashboard, which is made up of a set of quantitative indicators.

The RAF statement 2024, in continuity with the RAF 2023, envisages a set of commitments and objectives concerning climate and environmental risks. In such context the Group is committed to:

- face “its business and operational management choices, complementing the strategy, oriented towards stable and organic growth, with the progressive integration of the principles of environmental and social sustainability (ESG)";
- achieve net zero emissions, both operational and financed, by 2050 (as already described in the section Qualitative information on environmental risk - Business strategy and processes);
- having by 2030 95% of its investments in countries and institutions with a “Net Zero” target[10];

The 2024 Risk Dashboard, in continuity with the RAF 2023, incorporates several indicators to monitor ESG risks. An indicator is aimed at ensuring, through quantitative thresholds, that a portion of the investments is made in ESG bonds, instruments intended to support projects or activities aimed at promoting social and environmental sustainability.

Another relevant indicator concerns more closely climate and environmental risks (physical risk) and allows the monitoring of the concentration to climate and environmental risks of the real estate collateral received to cover the origination of mortgage loans. Starting from January 2024, in order

[8] The first consultation version of the "Guide on climate and environmental risks" dates back to May 2020.
[9] For example, the "EBA report on ESG Risk Management and Supervision", the report “role of environmental and social risks in the prudential framework” and the documents released by the BCBS "Climate-related risk drivers and their transmission channels" and "Climate-related financial risks - measurement methodologies" are worth mentioning.
[10] The Net Zero target has to be formalised in a national/international policy document. Countries and institutions mean Sovereign, Supranational and Agency counterparts.

to make the indicator more precise and reliable, a new version was introduced, whose methodology leverages on the information flows already implemented by the Bank for the pillar III disclosure. The new methodology, which will be better described in the following pages, envisages the transition from a territorial approach to an analytical approach.

Lastly, always in continuity with the RAF 2023, the indicator monitoring Fineco AM ESG Funds offering has been maintained. The indicator is aimed at measuring the percentage of ESG Funds out of the total funds offering within the Legal Entity FAM, and at guaranteeing a minimum share.

As already mentioned, RAF metrics are regularly monitored and reported, at least on a quarterly basis. Any threshold breach identified on Risk Dashboard indicators determines the activation of an escalation process towards the top management and ultimately the competent corporate bodies.

In addition to the objectives set out in the Risk Appetite Statement and the indicators integrated in the Risk Appetite Dashboard, the Group "Sustainability Policy" describes the process of identifying, managing and integrating ESG risks into the Group's risk management framework.

This process involves i) the analysis of best practices and regulations ii) the identification and mapping of ESG risks, iii) their integration into the RAF and the internal control framework iv) the conduct of stress tests v) the reporting activity.

In order to identify the risk factors to which the Group is exposed and carry out the pertinent assessments in terms of management, monitoring and mitigation, the Group prepares a Risk Inventory at least on an annual basis. On this occasion, a focus on ESG risks is prepared. Since these are transversal risks, the analysis has as its object the assessment of the impact of environmental, social and governance risk factors on the traditional risk categories already managed and monitored by the Group.

For the year 2024, the assessment of ESG risks, in line with the priorities highlighted by the Regulators, was carried out considering different time horizons (Short and medium/long term) and focused on climate and environmental risks. For all the time horizons considered, the assessment did not show a high incidence of the latter on the Group's risk profile.

In general, FinecoBank's business model is not very exposed to climate and environmental risk factors. Specifically, as far as credit risk is concerned, the corporate strategy does not contemplate credit origination to corporate customers.

Lastly, the Group's strategic investments mainly concern sovereign counterparties (Sovereign, Government Organizations, etc.) with little exposure to climate and environmental risks, or sufficiently organized to manage them. This approach prevents the Group from being exposed to several climate risk factors, including, for example, drought or biodiversity loss.

As far as market risk is concerned, the whole Group does not carry out proprietary trading, and the trading book is moved exclusively for business needs, functional to the dealing on own account activity with customers. The Group carefully monitors and hedges these positions, and in any case the market risk of these positions is closed at the end of the day. The limited exposure of the Group to market risks prevents it from being exposed to sudden changes in prices due to climate and environmental risk factors.

As far as operational risk is concerned, Fineco's business model has always encouraged the use of digital channels and does not use branches to maintain the relationship with its customers. The only property owned by FinecoBank, which might be affected by physical risks, is the building where the Bank has its registered office. The data processing centres, on which the Group regularly requests updated risk assessments for risk mitigation, might also be exposed to physical risks.

As far as liquidity risk is concerned, funding come mainly from customers' sight deposits, which have proved to be insensitive to the most recent seismic/climatic events. Furthermore, the Group can rely on a relevant amount of High Quality Liquid Assets (mainly sovereign bonds), eligible to Central Banks as collateral for additional liquidity in case of liquidity stress.

Taking into consideration the characteristics of FinecoBank's business model outlined above, the risk categories which, albeit marginally, could be affected by climate and environmental factors are credit risk, arising from credit facilities granted to retail customers and business risk, arising from the offering of financial products are not aligned with the customers' sustainability preferences.

With regard to credit risks, the analysis carried out during the 2024 Risk Inventory recognizes that mortgage loans granted to retail customers could already be affected in the short term by the reduction in the value of the collateral properties, mainly due to acute physical risk factors (e.g. floods or landslides). The trend might also worsen in the long run as global warming increase, through a greater frequency and intensity of acute physical risk events, with a more evident manifestation of chronic physical risks (e.g. sea level rise) and with a greater probability of encountering transition risk factors, such as the imposition of a minimum energy class requirement for the sale of properties.

Unlike credit risks, business risks are more concentrated in the short term. In particular, the performance of investment products that do not promote social and/or environmental characteristics or that do not have sustainable investment objectives, offered by Fineco AM, may be affected by certain transition risks, such as for example the change of preference of customers, who could shift towards products with greater sustainability characteristics offered by other asset managers. The risk factor should decrease in the medium/long term following Fineco AM's refinement of its offer of sustainable products.

In order to mitigate the exposure to ESG risks, as part of the second-line controls on credit risk, a series of monitoring activities has been envisaged aimed at overseeing the areas considered most at risk.

It should be noted that, climate and environmental risk factors, and in particular chronic and acute physical risks, are integrated into the model for estimating the Loss Given Default (LGD) of mortgage loans. Specifically, loans backed by mortgages on properties most exposed to climate and environmental risks will have a higher LGD. Consequently, within the calculation of the Expected Credit Losses, the Bank will calculate higher expected losses on these positions, whereas, within the calculation of credit risk internal capital, such position will have a higher capital absorption.

Within country risk monitoring, some indicators (Worldwide Governance Indicators) have been introduced, developed by a team of researchers in collaboration with the World Bank, which have the aim of expressing in a synthetic way the effectiveness of the policies implemented by the government authorities of the different nations. To complement the latter, a specific indicator of environmental risk has also been introduced, called ND-Gain, developed by a team of researchers from the US University of Notre Dame. The results of the monitoring show that Fineco's counterparties are resident in countries with little exposure to climatic and environmental risks or sufficiently organized to manage them.

With regard to the physical risks associated with climate change, on a half year basis, the Group carries out monitoring of the concentration of properties guaranteeing mortgage loans in areas with high climatic and environmental risk. Until December 2023, for the purposes of the analysis, the landslide, seismic and hydrogeological risk detected by the risk classification of the national territory of the Civil Protection Department were taken into consideration. Territories subject to these risks could in fact be involved in natural phenomena with consequent damage to buildings and reduction of the collateral value for the bank. As anticipated in the previous paragraphs, starting from January 2024 the indicator was replaced with a new, more precise and reliable one. The new indicator is in fact based on an analytical approach in the identification of real estate properties at risk. The transition was possible thanks to the greater granularity of the information made available by a specialized external supplier. In addition to the geo-localization, a set of qualitative information relating to the individual housing units is taken into consideration, capable of mitigating physical and transition risks, among which the construction quality of the property (seismic class and energy efficiency) and some intrinsic characteristics (e.g. the floor of the housing unit). Finally, it should be noted that the new indicator has allowed to expand the scope of the risks subject to monitoring, including, in addition to acute physical risks (landslide, seismic and hydrogeological risk), also chronic physical risks (water stress, soil erosion, sea level rise).

Within the mortgage origination phase, the Chief Lending Officer (CLO) Department considers physical risk indicators in the assessment of real estate collateral. Specifically, during the preliminary phase, shall the indicators show a potentially high physical risk, the deliberative body will assess the comprehensive risk of the mortgage through a customer’s holistic assessment, applying tighter limits in terms of Loan to Value and duration. In case proven/substantial risks are detected, the final decision will be deferred to the higher deliberative body identified by the delegated powers in force.

As part of the ICAAP process, stress test scenarios consider both physical risk and transition risk. The stress test focuses on three uncorrelated risk factors considered relevant to Fineco's business model:

- change of customer preference from FAM funds classified as "non-ESG" (art. 6 SFDR) to funds of third-party managers classified as "ESG" (art. 7 and 8 SFDR). The objective of the scenario, which can be classified as transition risk, is to estimate the impact of the change in preference on the commission profile and internal capital related to the Group's business risk;
- reduction in the value of properties guaranteeing mortgage loans located in areas with high climatic and environmental risk (physical risk). The reduction in value would lead to an increase in LGD and a consequent increase in loan adjustments and greater internal capital against credit risks;
- downgrade of the countries mostly exposed to climate and environmental risks. In the 2023 ICAAP stress test, in line with the exposures held by the Group, the counterparties considered were China and the United Arab Emirates. The downgrade determines a higher PD of the aforementioned counterparties, and consequently higher adjustments to loans and internal capital against credit risks.

The outcome of the stress tests highlighted the Group's limited exposure to environmental risk factors.

A climate reverse stress test was also carried out as part of the ICAAP 2023 process (SREP 2024), the objective of which was to determine the "non-viability" of the business model. Considering the limited exposure of Fineco's business model to climate change, in order to achieve "non-viability", the climate reverse stress test assumes the occurrence of a series of extreme events, whose probability of occurrence is currently considered very remote. In particular, in line with the climate forecasts of the CMCC (Euro-Mediterranean Center on Climate Change), the stress test hypothesized a flood sufficiently violent and extensive to flood all the Bank's Data Processing Centers (CED) for a substantial period of time, also assuming the total failure of the existing security measures.

In order to improve monitoring and reporting on climate and environmental risks, the FinecoBank Group collects specific information from customers, including, by way of example, the data on the energy class of real estate collateral for mortgage loans. For hardly collectable information concerning climate and environmental risks, including those relating to institutional counterparties, The Group relies on a specialized external supplier.

Table 2 – Qualitative information on social risk

This section contains qualitative information on social risk that describes the integration of these risks into the FinecoBank Group's business strategy and processes, governance and risk management.

1. Strategy and business processes

Organic and sustainable growth in the long term is the key element of Fineco's development strategy and is achieved through the practical application of the three strategic pillars (efficiency, innovation, transparency) mentioned. To achieve this goal – in line with the principles and rules of conduct enshrined in the Group's Code of Ethics, Integrity Charter and Code of Conduct – Fineco has combined its commitment to environmental matters with a series of commitments, also from a social point of view, through the adoption of a specific commitment to Human Rights and a series of internal policies aimed at ensuring correct approaches, systems and models of behaviour in the field of gender equality, combating harassment, sexually inappropriate behaviour and bullying, Privacy, Remuneration policies.

Disclosure of environmental, social and governance risks

Starting from 2020, the Group aligns the objectives of the ESG Plan with the Sustainable Development Goals (SDGs) considered most relevant on the basis of the commonalities between the 169 targets and the material themes. During 2023, the new ESG Multi-Year Plan was adopted, and new objectives and targets were defined. The ESG MYP 2024-2026 is fully integrated into the Group's strategy, with the aim of combining business growth and financial strength with social and environmental sustainability, creating long-term value for all stakeholders. The ESG MYP 2024-2026 includes, in particular, the objectives and targets that the Bank has set as part of its gender equality management system, which was certified in accordance with UNI PdR 125:2022 in December 2023.

Fineco Group has a solid risk culture aimed at ensuring long-term sustainability. In particular, with reference to the engagement of counterparties in the management of social risks, the Bank's lending policy is based, as detailed in the previous sections, on the granting of credit to retail customers and investment in financial instruments of Central Administrations (Government Securities). As for climate and environmental risks, social risk factors also impact on the traditional risk categories managed by the Group, reflecting in particular on operational risks and reputational risks, as described in detail in the sections dedicated to risk management.

In defining and implementing its corporate strategy, Fineco integrates social risks that may have an impact on its business context in the short, medium and long term. The analysis of the regulatory and competitive sustainability landscape, in order to assess the impact of the associated risks on the Group, is carried out on a regular basis. As described in the previous sections, in the first half of 2024, the process of identifying and assessing environmental, social and governance risks under the new CSRD regulation was underway.

Furthermore, in order to regulate the process of defining and implementing the Fineco Group's ESG Plan, a specific procedure has been adopted which envisages that the objectives defined are consistent with the Group's strategic guidelines, also through dialogue with the CRO Department. Overall, the considerations emerging from these analyses are taken into account to update, on an annual basis, the Multi-Year Outlook, which includes a section dedicated to ESG topics.

In order to mitigate the exposures to ESG risks, second-level controls on credit risks include a series of monitoring activities aimed at controlling the areas considered most at risk, as detailed in the Risk Management section. With specific reference to social risks, as part of the monitoring of country risk, specific risk indicators, Worldwide Governance Indicators, developed by a group of researchers in collaboration with the World Bank and described in detail in Table 3 on Governance, are monitored. These indicators aim to express in a synthetic way the effectiveness of the policies implemented by the governmental authorities of the different nations monitoring how governments are formulated, the ability of the same to effectively implement valid policies and the respect that citizens have for the institutions that govern them.

2. Governance

Attention to ESG issues is an integral part of Corporate Governance: Sustainability Committees are set up at board and managerial level, as well as a dedicated corporate function, in order to define and supervise the sustainability strategy, as described in detail in the Governance section on environmental risks.

In the framework described, the Risk and Related Parties Committee has the task of contributing to the definition of the guidelines of the Internal Control System (ICS), so that the main risks relating to the Company and the Group, including social risks, are correctly identified, as well as adequately measured, managed and monitored, and of supporting the Board of Directors in the evaluation of periodic non-financial reports, in addition to financial ones.

In this general framework, the consideration of social risks is fully integrated both in the strategic objectives set out in the Risk Appetite Statement and in the indicators of the Risk Dashboard, as detailed below in the Risk Management section. In line with the lending policy outlined – based on granting credit only to retail customers and investing in government bond financial instruments – social risk factors are essentially reflected in operational risks and reputational risks. The other risk categories traditionally managed by the Group have little impact on social risks, as detailed below in the Risk Management section.

With reference to the frequency and methods of external and internal reporting on social risk, the CRO illustrates to the Corporate Bodies the results of the control and monitoring of these risks in its Quarterly Report; it also collaborates with the Sustainability Unit and the Regulatory Affairs Unit in compiling – for the parts of competence – reporting to the Regulators, rating agencies, Data Vendors and any other external party.

Finally, regarding the remuneration policy, the alignment of top management incentive systems with the RAF favours a conservative approach to risk-taking and the maintenance of adequate risk levels.

The Remuneration Policy for 2024, prepared in alignment with the guidelines of investors and proxy advisors and the regulatory framework of reference, confirms the close correlation with the Group's Multi-Year Plan and the ESG Multi-Year Plan for the three-year period 2024-2026, with the aim of incentivising business growth and financial solidity and, at the same time, combining economic-financial objectives with social and environmental sustainability.

In particular, the individual objectives of the Chief Executive Officer and General Manager and of the other Identified Staff, depending on the specific nature of the role, in relation to the short-term incentive system, are integrated, in the "Stakeholder Value" macro-category, with sustainability-related objectives in line with the KPIs and targets envisaged in the ESG MYP 2024-2026. The introduction of new funds with a Fineco ESG rating greater than or equal to 6 (average rating), customer satisfaction and the renewal of the EMAS Environmental Registration are considered within the client offering platform. In addition, from 2024, the contribution to the promotion of sustainability initiatives and behaviour within the organisation is also assessed in the "Tone from the top". In addition, in the Financial Advisor Incentive Scheme for 2024, specific sustainability targets have been introduced relating to the percentage of assets held in funds and sicav pursuant to Articles 8 and 9 under Regulation (EU) 2019/2088 (SFDR) and the recruitment of financial advisors of the least represented gender.

Finally, the new Long-Term Incentive Plan for the three-year period 2024-2026 for employees includes new sustainability objectives in the areas of (i) environmental, with reference to the reduction of Scope 1 and 2 (market-based) emissions from operating activities; (ii) social, with regard to the achievement of Diversity, Equity & Inclusion objectives; and (iii) responsible finance through the expansion of the ESG product offering with the introduction of new Article 8 and 9 funds under the SFDR.

3. Risk Management

According to the EBA report on the management and supervision of ESG risks for credit institutions and investment firms, published in June 2021, social risk is defined as the risk of an adverse financial impact resulting from social factors affecting the credit institution, its counterparties or its assets. Social factors are related to the rights, well-being and interests of individuals and communities, which include factors such as equality, health, inclusiveness, labour relations, occupational health and safety, human capital and community.

Like all ESG risks, social risk also has a dual perspective, according to which credit institutions could either have an impact (inside-out perspective) on the community (stakeholder) or be impacted in turn by social risk factors (outside-in perspective). Both these perspectives assume relevance in the risk identification process, which will be briefly described below.

The Fineco Group has always promoted a solid risk culture, based on shared values and consistent conduct, elements necessary to guarantee sustainable profitability in the long term.

Among the strategic objectives set out in the Risk Appetite Statement, in continuity with 2023, in the area of social risks, the Bank's objectives are to:

- maintain and, if possible, increase the levels of customer satisfaction at the highest levels, in particular for transparency, quality and completeness of the offer;
- provide extensive information to customers on ESG issues within the offer of investment and brokerage products, and in financial education initiatives;
- conduct the Group's activities while maintaining an adequate ethical profile and protecting the Bank’s reputation in line with the strategic objectives. As part of its business and operational management choices, accompany its strategy, oriented towards stable and organic growth, with the progressive integration of the principles of environmental and social sustainability (ESG);
- have an optimal Internal Control Framework with effective and efficient procedures in the management of each risk aligned with the needs and expectations of the stakeholders.

The Risk Dashboard, on the other hand, incorporates several indicators to monitor social issues. Among these, by way of example, the Gross Litigation Ratio should be mentioned. Such indicator aims to measure potential disservices to customers, comparing the number of complaints received with the total number of customers.

RAF metrics are regularly monitored and reported, at least quarterly. The achievement of the thresholds identified for the indicators included in the Risk Dashboard determines the activation of an escalation process towards the top management and ultimately the competent corporate bodies.

Just like for climate and environmental risks, social risk factors also impact on the traditional risk categories already managed by the Banks, reflecting in particular on compliance risks and reputational risks.

Compliance risk is the risk of incurring in legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of laws, regulations, or self-regulatory rules or codes of conduct, and could arise from various social risk factors, where there are statutory or regulatory requirements. Reputational risk, on the other hand, shall be regarded as the current or forward-looking risk of a decline in profits or capital deriving from a negative perception of the company's image by customers, counterparties, shareholders, investors or supervisory authorities, and could arise either from risk that the Group does not comply with legal or regulatory requirements (compliance risk), or from other social risk factors not subject to regulatory requirements.

In order to prevent negative effects in terms of legal, reputational and compliance risks, and also to monitor any violations related to social factors (such as, for example, discrimination, whistleblowing, wage fairness, human rights) in the relationship with customers, employees and the community, the Group has activated a series of control and prevention measures:

- as far as customers are concerned, FinecoBank guarantees a relationship with them based on criteria of trust, accessibility of products and services and strict compliance with professional ethics, based on an excellent offer and a fair pricing, within the three areas of integrated banking, investing and brokerage activities. The Bank has also set up a rigid communication process with the primary objective of ensuring maximum protection of customers and their personal data and maximum communication transparency. The process of creating, approving and publishing the contents of communications to customers, including marketing communications, follows a rigid internal approval process which includes first-line controls, carried out directly by the corporate functions involved in producing the contents, and checks by the compliance, legal and all relevant departments. All communications made to customers are generated and published by Fineco internal personnel, without the involvement of external third parties as a further guarantee of privacy and control over the publication flow;
- as far as suppliers are concerned, Fineco carries out an assessment in relation to social impacts by assessing the characteristics of the supply chain also taking into account the respect and protection of human rights. It should be noted that this measure, in addition to

preventing any involvement of the Group in legal and litigation risks, also makes it possible to safeguard against any deterioration in the financial position of the supplier (resulting, for example, from possible penalties and costs), which could have repercussions in terms of business continuity for the Group;
- as far as employees are concerned, a system for reporting "whistleblowing" violations is in place with the aim not only of reporting unlawful conduct, a cause of possible violation of human rights, but also the protection of confidentiality regarding both the identity of the whistleblower and of the accused person in order to prevent discriminatory behaviour following the notification.

Furthermore, monitoring of the calculation of the gender pay gap is envisaged; the methodology used takes into consideration the population clusters that make it possible to carry out an assessment according to the concept of equal pay for equal work, simultaneously assessing the organizational complexity of the roles and the homogeneity of the professional skills.

The risk inventory, in parallel with the section relating to ESG risks, includes a focus on reputational risk. The latter highlighted that the social risk factors that have the greatest impact on reputational risks are the following:

- introduction of products not in line with customer or supervisory authority expectations;
- insufficient initiatives aimed at promoting diversity and inclusion in the workplace;
- insufficient initiatives aimed at promoting and maintaining the physical, mental and social well-being of employees in the workplace;
- leakage of sensitive data due to cyber attacks or incorrect behaviour by employees/financial advisors (conduct risk);
- IT systems failures, potentially capable of causing service interruptions, with the consequent inability of customers to access their financial resources;
- Market perception of the firm, also in reference to the firm's assets (e.g. financing of unethical or perceived excessively risky activities).

With regard to the introduction of new products, the Group has a Global Policy "New product process" which provides for the sharing of documentation relating to new products to various corporate functions, including the compliance and risk management functions, for risk assessment competence. The approval of the new product takes place in the Product Committee, with a unanimous vote by the essential members, which also include the Chief Risk Officer and the Chief Compliance Officer. If unanimity is not reached but only the majority, the product can only be approved by the local or Parent Company Board of Directors.

In order to ensure adequate monitoring of relevant social risk factors, in the context of monitoring a series of operational and reputational risk indicators called Key Risk Indicators (KRI), the CRO Department of FinecoBank continuously feeds and monitors an ESG dashboard. The latter includes all the indicators that present evidence of environmental, social and governance risk.

In the field of conduct and bank transparency risk take on relevance the indicators that measure the magnitude of complaints on the different business areas and the amounts paid following their acceptance, as well as the indicators relating to disputes managed by the legal department of the Parent Company.

With regard to the promotion of diversity and inclusion in the workplace, in the field of gender parity, take on relevance the indicators that measure the ratio of female employees by category (executives, middle managers and white collars) to the total number of employees by category, as well as those that measure the ratio between the average basic salary of women compared to men by category.

In the field of human capital management, take on relevance the indicators that measure the personnel turnover and the number of injuries recorded in the workplace.

The indicators covering Greenwashing risk are also worth mentioning. Such indicators are aimed at highlighting any inconsistencies between the SFDR classification and the percentage of sustainable investments in funds/ETFs.

Finally, it should be noted that there are additional indicators aimed at monitoring the other operational risk categories that could generate impacts on reputational risk, such as those on ICT risk that measure the availability of the trading platform and the number of security incidents recorded.

In addition to monitoring the KRIs, the CRO Department constantly collects, classifies and analyses the loss data from the different Group's business areas, in order to identify potential deficiencies or areas for improvement.

The results of the indicators and the outcomes of the loss data collection process are brought to the attention of the Parent Company's Board of Directors in the Quarterly Report on risk exposures.

Due to the characteristics of the Group's business model, the other risk categories traditionally managed by the Group are barely affected by social risks.

Regarding credit risk, the corporate strategy does not envisage credit origination to corporate customers, and the Credit Origination policy specifically provides that the Bank refrains from financing companies operating in high social or reputational impact sectors, such as companies linked to the defense and armaments sector (including also equipment, components and materials intended as parts of more complex weapon systems).

Lastly, as part of the credit origination to retail customers, the Bank is committed to offer its credit products in a responsible manner, assessing the specific situation of individual customers and making sure that credit granting criteria do not lead to undue hardship and excessive indebtedness of customers and their families.

Under no circumstances does the Bank exploit particular situations or customers with a low cultural level to obtain profits through the application of particularly onerous economic conditions/interest rates.

The Group's strategic investments mainly concern sovereign counterparties belonging to the European Union (Sovereign, Government Organizations, etc.) or which adopt equivalent social standards.

As far as market risk is concerned, the Group as a whole does not carry out proprietary trading, and the trading book is moved exclusively for needs functional to trading on own account with customers. The Group carefully monitors and hedges these positions, and in any case the market risk of these positions is closed at the end of the day. The limited exposure of the Group to market risks prevents it from being exposed to sudden changes in prices due to social risk factors.

As far as liquidity risk is concerned, funding derives mainly from customers' sight deposits, which proved to be stable also for the entire duration of the health emergency resulting from the spread of COVID-19

As at June 30, 2024, in line with the indications provided by Regulators and European and international standard setters[11], the Group's commitment to integrate ESG risks into the risk management framework mainly focused on climate and environmental risks. However, the Group carefully monitors regulatory changes and market best practices through the specialist supervision of the risk management function and the compliance function.

Table 3 - Qualitative information on governance risk

This section provides qualitative information on governance risk that describes the integration of these risks into the governance and risk management of the FinecoBank Group.

1. Governance

Fineco has added to its environmental and social commitments a series of commitments also in the field of governance, through the adoption of a series of internal *policies*, aimed at guaranteeing correct approaches, systems and models of conduct in the field of Anti-corruption, Anti-Money Laundering and the fight against the financing of terrorism, Conflicts of interest.

Fineco has always promoted a solid risk culture, based on shared values and consistent behaviour, elements necessary to guarantee sustainable profitability in the long term. To this end, the Group has adopted an effective and efficient unitary Internal Control System (ICS), aimed at ensuring that the company's activities are based on sound and prudent management that guarantee the financial solidity and profitability of the company and ensure, at the same time, a conscious assumption of risks and operational conduct based on fairness, as well as compliance with internal and external regulations.

The internal control system is pervasive in the Group's organizational structure and involves Corporate Bodies, corporate control functions, as well as line structures. In order to ensure the full integration of ICS into the Group, as well as to allow maximum alignment between risks and profitability, Fineco identifies the Risk Appetite Framework (RAF) as the tool for monitoring the risk profile that the Group intends to assume in the implementation of its corporate strategies and in the pursuit of sustainable profitability together with solid business growth.

In addition to considering environmental and social risks, the RAF also fully integrates the risks associated with governance factors, both in terms of the strategic objectives set out in the Statement – which express the Group's desire to accompany its strategy with the progressive integration of ESG principles – and through the monitoring, in the Risk Dashboard, of indicators to monitor ESG risks.

In the field of governance, the Worldwide Governance Indicators are particularly important, which summarize the effectiveness of the policies implemented by the government authorities of the various nations. More specifically, the six indicators analysed monitor how governments are composed, their ability to effectively implement sound policies and the respect that citizens have for the institutions that govern them, in terms of:

1) *Voice and Accountability*: captures citizens' perception of participating in the selection of their government, of enjoying freedom of expression and association;

2) *Political Stability and Absence of Violence/Terrorism*: captures perceptions of the likelihood that government can be destabilized or overthrown by unconstitutional or violent means including rioting and terrorism;

3) *Government Effectiveness*: captures the perception of the quality of public services, public administration and the degree of independence from political pressures, as well as the quality of the formulation and implementation of laws and the credibility of the government's commitment to such policies;

4) *Regulatory Quality*: captures the perception of the government's ability to formulate and implement sound policies and regulations that enable and promote private sector development;

5) *Rule of Law*: captures the perception of the extent to which citizens trust and respect the rules of society;

[11] The priority on climate and environmental risks was also confirmed by the release by the EBA, in January 2024, of the first draft guidelines on ESG risk management.

6) *Control of Corruption*: captures the perception of the extent to which public power is exercised for private gain, including forms of corruption large and small.

RAF's metrics are regularly monitored and reported, at least quarterly: monitoring, for competence, is carried out by the Chief Risk Officer Department and the Chief Financial Officer Department and illustrated to the Corporate Bodies. In these terms, the CRO Department supports the Board of Directors in defining a risk appetite proposal for the Group.

As described in the previous sections, in the first half of 2024, the process of identifying and assessing environmental, social and governance risks under the new CSRD regulation was underway.

Finally, with respect to the remuneration policy, as described in the previous sections, the alignment of the Top Management incentive systems with the RAF favours a conservative approach to risk-taking and the maintenance of adequate risk levels. In particular, within the specific objective "Stakeholder Value" described in the previous sections in line with the Group's ESG MYP 2024-2026, in 2024 a specific objective concerning integrity in the conduct and dissemination of compliance culture within the organization continued to be envisaged ("Tone from the top" initiative). Starting from 2024, the contribution to the promotion of sustainability initiatives and behaviour within the organisation is also assessed within the “Tone from the top” initiative.

2. Risk Management

According to the EBA report on ESG risk management and oversight for credit institutions and investment firms, published in June 2021, governance risk is defined as the risk of an adverse financial impact resulting from governance factors affecting the institution credit institution, its counterparties or its assets. Governance factors relate to governance practices, including leadership, executive compensation, audits, internal controls, anti-tax avoidance, board independence, shareholder rights, anti-tax corruption and bribery, as well as how companies or entities include environmental and social factors in their policies and procedures.

Governance also plays a key role in ensuring the inclusion of environmental and social considerations by the credit institution's counterparties. Poor governance by counterparties could also represent a risk factor for institutions, as for example, if a counterparty is involved in corruption scandals, the institution that has a significant exposure to the latter could also suffer a reputational damage.

As anticipated in the sections on climate, environmental and social risks, FinecoBank's strategy does not contemplate credit origination to corporate customers, and the Credit Origination policy specifically provides that the Bank refrains from financing companies operating in highly climate and environmental risk (for example the energy or steel sector), as well as in ethically controversial activities, such as the financing of the defense and armaments sector.

Indeed, the Group's business model focuses on the provision of financial services to retail customers. For the latter, in terms of governance, the first and second level controls carried out during the opening of the relationship are relevant in order to prevent the risk that the Group be involved, even unintentionally, in illegal activities (with particular reference to those connected to the money laundering, usury and terrorist financing); in addition, first and second level controls are also carried out on the sales network, by Compliance, Audit, Monitoring and Network Services in order to ensure their correct conduct towards both the Bank and the Customers.

The Bank carries out several first and second-level controls in the field of related parties, including, by way of example, controls on compliance with the delegation powers for the approval of credits lines to subjects included in the lists of related parties, as well as controls on the application to the latter of contractual conditions in line with current market conditions.

In the area of governance risk, there is a second-level monitoring aimed at intercepting corporate crisis situations of companies that pay salaries to a large number of Fineco current account holders with personal loans or mortgages in progress. In particular, for the 10 companies that pay salaries to the highest number of Fineco account holders entrusted, news monitoring has been implemented aimed at intercepting any company difficulties such as to cause delays/suspensions in the payment of salaries or collective redundancies, with consequent reimbursement difficulties of existing credit lines from Fineco customers. In addition to checking the news relating to these companies, in order to monitor the exposure and management of ESG risks, the opinions provided by the ESG Risk Rating agency Sustainalytics are analysed. The results of the monitoring show that the main employers of customers applying for credit facilities (mortgages and personal loans) and with salaries credited to Fineco, present a medium/low ESG risk profile.

In accordance with its Global Policy "Credit Business with Financial Institutions, Banks, Sovereign and Corporate Counterparties", the FinecoBank Group carefully selects its institutional counterparties with which to carry out credit business, continuously monitoring a series of indicators and press reports concerning the counterparty. Among the indicators monitored in the governance area the aforementioned Worldwide Governance Indicators are relevant.

Finally, the Group's strategic investments mainly concern sovereign counterparties belonging to the European Union (Sovereign, International Organizations, etc.) or which adopt equivalent social standards. These counterparties were selected by analyzing the aforementioned governance indicators as part of the investment process; Fineco's portfolio is not very exposed to this type of risk, similar to environmental risk.

Template 1 - Banking book- Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

Template 1 below provides information on the exposures most susceptible to risks that institutions may face as a result of the transition to a low-carbon and climate-resilient economy. In particular, exposures to non-financial corporations operating in carbon-related industries, the quality of these exposures, including impaired exposure status, classification as stage 2 and related provisions, and maturity categories are reported.

The Group has very low exposures to non-financial companies, amounting to 3 euro million as at 30 June 2024.

It should be noted that for disclosures in columns b, c, l, j and k of Template 1, the Group has defined a materiality threshold of 100,000 euro, in order to identify larger counterparties. Exposures greater than or equal to this threshold relate to six counterparties that:

- do not operate in the sectors of economic activity indicated in Annex I of Delegated Regulation (EU) 2021/2139, and are therefore not eligible or environmentally sustainable for the EU Taxonomy;
- are not large public interest entities subject to the disclosure requirements of the Non-Financial Reporting Directive "NFRD" (EU Directive 2014/95), therefore the quantification of their greenhouse gas emissions is currently not available.

Based on the nature of the activity performed - “Wholesale and retail trade; repair of motor vehicles and motorcycles”, “Real estate activities” and "Other business and management consulting and other business planning activities" - the counterparties were not included in column b (Of which exposures to companies excluded from the EU benchmarks aligned with the Paris Agreement under Article 12(1)(g) to (d) and Article 12(2) of Regulation (EU) 2020/1818).

It should be noted that the table in accordance with the provisions of Implementing Regulation (EU) 2022/2453 and Annex 5 "FINREP", row "54 K - Financial and insurance activities" includes information on non-financial corporations engaged in financial and insurance activities (NACE code K).

(Amounts in € million)

	Sector/Subsector	a	b	c	d	e
		Gross carrying amount (Mln EUR)				
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12 (2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
1	**Exposures towards sectors that highly contribute to climate change***	**1.34**	**-**	**-**	**0.01**	**0.11**
2	A - Agriculture, forestry and fishing	-	-	-	-	-
3	B - Mining and quarrying	-	-	-	-	-
4	B.05 - Mining of coal and lignite	-	-	-	-	-
5	B.06 - Extraction of crude petroleum and natural gas	-	-	-	-	-
6	B.07 - Mining of metal ores	-	-	-	-	-
7	B.08 - Other mining and quarrying	-	-	-	-	-
8	B.09 - Mining support service activities	-	-	-	-	-
9	C - Manufacturing	0.22	-	-	-	0.02
10	C.10 - Manufacture of food products	0.06	-	-	-	-
11	C.11 - Manufacture of beverages	-	-	-	-	-
12	C.12 - Manufacture of tobacco products	-	-	-	-	-
13	C.13 - Manufacture of textiles	0.08	-	-	-	-
14	C.14 - Manufacture of wearing apparel	-	-	-	-	-
15	C.15 - Manufacture of leather and related products	-	-	-	-	-
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-	-	-	-	-
17	C.17 - Manufacture paper and paper and paper products	-	-	-	-	-
18	C.18 - Printing and reproduction of recorded media	-	-	-	-	-
19	C.19 - Manufacture of coke and refined petroleum products	-	-	-	-	-
20	C.20 - Manufacture of chemicals and chemical products	-	-	-	-	-
21	C.21 - Manufacture of basica pharmaceutical products and pharmaceutical preparations	-	-	-	-	-
22	C.22 - Manufacture of rubber products	0.01	-	-	-	-
23	C.23 - Manufacture of other non-metallic mineral products	-	-	-	-	-
24	C.24 - Manufacture of basic metals	-	-	-	-	-
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	0.01	-	-	-	-
26	C.26 - Manufacture of computer, electronic and optical products	0.01	-	-	-	-
27	C.27 - Manufacture of electrical equipment	-	-	-	-	-
28	C.28 - Manufacture of machinery and equipment n.e.c.	0.01	-	-	-	-
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-	-	-	-
30	C.30 - Manufacture of other transport equipment	-	-	-	-	-
31	C.31 - Manufacture of furniture	0.01	-	-	-	-
32	C.32 - Other manufacturing	-	-	-	-	-
33	C.33 - Repair and installation of machinery and equipment	-	-	-	-	-
34	D - Electricity, gas, steam and air conditioning supply	0.01	-	-	-	-
35	D35.1 - Electric power generation, transmission and distribution	0.01	-	-	-	-
36	D35.11 - Production of electricity	-	-	-	-	-
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	-	-	-	-	-
38	D35.3 - Steam and air conditioning supply	-	-	-	-	-
39	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-
40	F - Construction	0.06	-	-	-	0.03
41	F.41 - Construction of buildings	0.03	-	-	-	0.02
42	F.42 - Civil engineering	-	-	-	-	-
43	F.43 - Specialised construction activities	0.03	-	-	-	0.01
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	0.24	-	-	-	0.03
45	H - Transportation and storage	0.07	-	-	-	-
46	H.49 - Land transport and transport via pipelines	0.01	-	-	-	-
47	H.50 - Water transport	-	-	-	-	-
48	H.51 - Air transport	-	-	-	-	-
49	H.52 - Warehousing and support activities for transportation	0.01	-	-	-	-
50	H.53 - Postal and courier activities	0.05	-	-	-	-
51	I - Accommodation and food service activities	0.02	-	-	-	0.01
52	L - Real estate activities	0.71	-	-	-	0.01
53	**Exposures towards sectors other than those that highly contribute to climate change**	**1.79**	**-**	**-**	**0.01**	**0.05**
54	K - Financial and insurance activities	-	-	-	-	-
55	Exposures to other sectors (NACE codes J, M - U)	1.79	-	-	0.01	0.05
56	**TOTAL**	**3.13**	**-**	**-**	**0.02**	**0.16**

continued Template 1 - Banking book- Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

(Amounts in € million)

	Sector/Subsector	f	g	h	i	j	k
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting
			Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions	
1	**Exposures towards sectors that highly contribute to climate change***	**(0.10)**	**-**	**(0.09)**	**-**	**-**	**-**
2	A - Agriculture, forestry and fishing	-	-	-	-	-	-
3	B - Mining and quarrying	-	-	-	-	-	-
4	B.05 - Mining of coal and lignite	-	-	-	-	-	-
5	B.06 - Extraction of crude petroleum and natural gas	-	-	-	-	-	-
6	B.07 - Mining of metal ores	-	-	-	-	-	-
7	B.08 - Other mining and quarrying	-	-	-	-	-	-
8	B.09 - Mining support service activities	-	-	-	-	-	-
9	C - Manufacturing	(0.02)	-	(0.01)	-	-	-
10	C.10 - Manufacture of food products	-	-	-	-	-	-
11	C.11 - Manufacture of beverages	-	-	-	-	-	-
12	C.12 - Manufacture of tobacco products	-	-	-	-	-	-
13	C.13 - Manufacture of textiles	-	-	-	-	-	-
14	C.14 - Manufacture of wearing apparel	-	-	-	-	-	-
15	C.15 - Manufacture of leather and related products	-	-	-	-	-	-
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-	-	-	-	-	-
17	C.17 - Manufacture paper and paper and paper products	-	-	-	-	-	-
18	C.18 - Printing and reproduction of recorded media	-	-	-	-	-	-
19	C.19 - Manufacture of coke and refined petroleum products	-	-	-	-	-	-
20	C.20 - Manufacture of chemicals and chemical products	-	-	-	-	-	-
21	C.21 - Manufacture of basica pharmaceutical products and pharmaceutical preparetions	-	-	-	-	-	-
22	C.22 - Manufacture of rubber products	-	-	-	-	-	-
23	C.23 - Manufacture of other non-metallic mineral products	-	-	-	-	-	-
24	C.24 - Manufacture of basic metals	-	-	-	-	-	-
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	-	-	-	-	-	-
26	C.26 - Manufacture of computer, electronic and optical products	-	-	-	-	-	-
27	C.27 - Manufacture of electrical equipment	-	-	-	-	-	-
28	C.28 - Manufacture of machinery and equipment n.e.c.	-	-	-	-	-	-
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-	-	-	-	-
30	C.30 - Manufacture of other transport equipment	-	-	-	-	-	-
31	C.31 - Manufacture of furniture	-	-	-	-	-	-
32	C.32 - Other manufacturing	-	-	-	-	-	-
33	C.33 - Repair and installation of machinery and equipment	-	-	-	-	-	-
34	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-
35	D35.1 - Electric power generation, transmission and distribution	-	-	-	-	-	-
36	D35.11 - Production of electricity	-	-	-	-	-	-
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	-	-	-	-	-	-
38	D35.3 - Steam and air conditioning supply	-	-	-	-	-	-
39	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-
40	F - Construction	(0.03)	-	(0.03)	-	-	-
41	F.41 - Construction of buildings	(0.02)	-	(0.02)	-	-	-
42	F.42 - Civil engineering	-	-	-	-	-	-
43	F.43 - Specialised construction activities	(0.01)	-	(0.01)	-	-	-
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	(0.03)	-	(0.03)	-	-	-
45	H - Transportation and storage	-	-	-	-	-	-
46	H.49 - Land transport and transport via pipelines	-	-	-	-	-	-
47	H.50 - Water transport	-	-	-	-	-	-
48	H.51 - Air transport	-	-	-	-	-	-
49	H.52 - Warehousing and support activities for transportation	-	-	-	-	-	-
50	H.53 - Postal and courier activities	-	-	-	-	-	-
51	I - Accommodation and food service activities	(0.01)	-	(0.01)	-	-	-
52	L - Real estate activities	(0.01)	-	(0.01)	-	-	-
53	**Exposures towards sectors other than those that highly contribute to climate change**	**(0.05)**	**-**	**(0.04)**	**-**	**-**	**-**
54	K - Financial and insurance activities	-	-	-	-	-	-
55	Exposures to other sectors (NACE codes J, M - U)	(0.05)	-	(0.04)	-	-	-
56	**TOTAL**	**(0.15)**	**-**	**(0.14)**	**-**	**-**	**-**

continued Template 1 - Banking book- Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

(Amounts in € million)

		l	m	n	o	p
	Sector/Subsector	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	**Exposures towards sectors that highly contribute to climate change***	**1.34**	**-**	**-**	**-**	**0.06**
2	A - Agriculture, forestry and fishing	-	-	-	-	0.03
3	B - Mining and quarrying	-	-	-	-	0.10
4	B.05 - Mining of coal and lignite	-	-	-	-	-
5	B.06 - Extraction of crude petroleum and natural gas	-	-	-	-	-
6	B.07 - Mining of metal ores	-	-	-	-	-
7	B.08 - Other mining and quarrying	-	-	-	-	0.10
8	B.09 - Mining support service activities	-	-	-	-	-
9	C - Manufacturing	0.22	-	-	-	0.03
10	C.10 - Manufacture of food products	0.06	-	-	-	0.00
11	C.11 - Manufacture of beverages	-	-	-	-	0.09
12	C.12 - Manufacture of tobacco products	-	-	-	-	-
13	C.13 - Manufacture of textiles	0.08	-	-	-	0.00
14	C.14 - Manufacture of wearing apparel	-	-	-	-	0.07
15	C.15 - Manufacture of leather and related products	-	-	-	-	0.02
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-	-	-	-	0.02
17	C.17 - Manufacture paper and paper and paper products	-	-	-	-	0.05
18	C.18 - Printing and reproduction of recorded media	-	-	-	-	0.07
19	C.19 - Manufacture of coke and refined petroleum products	-	-	-	-	-
20	C.20 - Manufacture of chemicals and chemical products	-	-	-	-	0.09
21	C.21 - Manufacture of basica pharmaceutical products and pharmaceutical preparetions	-	-	-	-	0.10
22	C.22 - Manufacture of rubber products	0.01	-	-	-	0.04
23	C.23 - Manufacture of other non-metallic mineral products	-	-	-	-	0.08
24	C.24 - Manufacture of basic metals	-	-	-	-	0.09
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	0.01	-	-	-	0.07
26	C.26 - Manufacture of computer, electronic and optical products	0.01	-	-	-	0.08
27	C.27 - Manufacture of electrical equipment	-	-	-	-	0.09
28	C.28 - Manufacture of machinery and equipment n.e.c.	0.01	-	-	-	0.09
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-	-	-	0.10
30	C.30 - Manufacture of other transport equipment	-	-	-	-	0.04
31	C.31 - Manufacture of furniture	0.01	-	-	-	0.07
32	C.32 - Other manufacturing	-	-	-	-	0.05
33	C.33 - Repair and installation of machinery and equipment	-	-	-	-	0.07
34	D - Electricity, gas, steam and air conditioning supply	0.01	-	-	-	0.08
35	D35.1 - Electric power generation, transmission and distribution	0.01	-	-	-	0.03
36	D35.11 - Production of electricity	-	-	-	-	0.09
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	-	-	-	-	0.07
38	D35.3 - Steam and air conditioning supply	-	-	-	-	-
39	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	0.04
40	F - Construction	0.06	-	-	-	0.03
41	F.41 - Construction of buildings	0.03	-	-	-	0.03
42	F.42 - Civil engineering	-	-	-	-	0.06
43	F.43 - Specialised construction activities	0.03	-	-	-	0.03
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	0.24	-	-	-	0.02
45	H - Transportation and storage	0.07	-	-	-	0.02
46	H.49 - Land transport and transport via pipelines	0.01	-	-	-	0.07
47	H.50 - Water transport	-	-	-	-	0.04
48	H.51 - Air transport	-	-	-	-	-
49	H.52 - Warehousing and support activities for transportation	0.01	-	-	-	0.07
50	H.53 - Postal and courier activities	0.05	-	-	-	0.00
51	I - Accommodation and food service activities	0.02	-	-	-	0.03
52	L - Real estate activities	0.71	-	-	-	0.08
53	**Exposures towards sectors other than those that highly contribute to climate change**	**1.78**	**-**	**-**	**0.01**	**0.19**
54	K - Financial and insurance activities	-	-	-	-	-
55	Exposures to other sectors (NACE codes J, M - U)	1.78	-	-	0.01	0.19
56	**TOTAL**	**3.12**	**-**	**-**	**0.01**	**0.13**

Please note that in the above table in some cases the weighted average duration (column p) and not the amount (columns l to o) is valorized, as the amount is less than 100 euro thousand.

Template 2 - Banking book - Indicators of potential climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

Template 2 below shows the gross book value of loans secured by non-residential and residential real estate, including information on the energy efficiency level of the collateral measured in terms of energy consumption in kWh/m², in terms of the class assigned by the energy performance certificate (EPC) of the collateral.

The loans granted by Fineco mainly relate to loans secured by residential real estate in Italy; for all properties without EPC, the energy performance level was estimated. The following property information was used for the estimate: location, cadastral data, year of construction, surface area, intended use and state of preservation. This information was used by an external service provider engaged by the Group to estimate the energy performance (calculated through a machine learning model).

(Amounts in € million)

	Counterparty sector	a	b	c	d	e	f	g
			Total gross carrying amount amount					
			Level of energy efficiency (EP score in kWh/m² of collateral)					
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500
1	**Total EU area**	**2,408.71**	**472.60**	**806.21**	**994.29**	**105.27**	**16.47**	**13.87**
2	Of which Loans collateralised by commercial immovable property	3.45	0.26	0.74	2.12	0.14	0.19	-
3	Of which Loans collateralised by residential immovable property	2,405.26	472.34	805.46	992.18	105.14	16.28	13.87
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	1,818.82	298.87	566.48	875.43	70.81	3.91	3.31
6	**Total non-EU area**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
7	Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-
8	Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-

continued Template 2 - Banking book - Indicators of potential climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

(Amounts in € million)

	Counterparty sector	a	h	i	j	k	l	m	n	o	p
			Total gross carrying amount amount								
			Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	**2,408.71**	**288.12**	**68.59**	**36.34**	**94.64**	**126.66**	**147.13**	**131.73**	**1,515.50**	**100.00%**
2	Of which Loans collateralised by commercial immovable property	3.45	-	0.13	0.13	0.16	-	-	0.20	2.83	100.00%
3	Of which Loans collateralised by residential immovable property	2,405.26	288.12	68.46	36.21	94.49	126.66	147.13	131.52	1,512.67	100.00%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	1,818.82								1,515.50	100.00%
6	**Total non-EU area**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
7	Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-
8	Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-								-	-

Template 3 – Banking book – Indicators of potential climate change transition risk: Alignment metrics

The "Template 3 – Banking book — Indicators of potential climate change transition risk: Alignment metrics" is not represented, due to the fact that as at 30 June 2024 there are no exposures to the companies indicated within the minimum list of the "NACE sectors to be considered", according to Annex XXXIX of Commission Implementing Regulation (EU) 2021/637.

In terms of counterparty commitment to environmental risk management, the Bank's credit policy is oriented towards loans to retail customers and investments in financial instruments of central governments, central banks and supranational issuers. Therefore, non-financial corporate exposures are negligible.

Template 4 - Banking book - Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive

The "Template 4 - Banking Portfolio - Indicators of Potential Climate Change Transition Risk: Exposures to the Top 20 Carbon-intensive Businesses" is not represented, due to the fact that as at 30 June 2024 there are no exposures to these companies.

In terms of counterparty commitment to environmental risk management, the Bank's credit policy is oriented towards loans to retail customers and investments in financial instruments of central governments, central banks and supranational issuers. Therefore, non-financial corporate exposures are negligible. However, to verify whether the Bank's non-financial corporate counterparties were included in the list of the 20 most polluting companies in the world, the following source was used: The Carbon Majors Database, CDP Carbon Majors Report, 2017.

None of the Bank's exposures refer to such companies.

Template 5 - Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk

Template 5 below provides information on exposures, within the banking book, to non-financial corporations and loans secured by real estate that are exposed to chronic and acute climate-related risks, with a breakdown by business sector. Considering that the Group has exposures secured exclusively by real estate located in Italy and that there are no significant variations in terms of physical risk exposure of the portfolio between macro-areas or regions, it was decided to consider Italy as the geographical area.

In order to identify the exposures subject to physical risks related to climate change, an external service provider was used to geolocalise the real estate as collateral for loans (latitude and longitude), in order to avoid the simplifications and approximations available with only municipality-level data.

Starting from a series of risk maps prepared by public bodies (ISPRA[12] and Copernicus Climate Change Service C3S - a service created by the European Union to monitor climate change[13]), the level of exposure of buildings to certain physical risks, both acute (Floods and Landslides) and chronic (Water Stress Risk, Soil Erosion Risk and Sea level rise Risk), was identified.

Columns 'c' to 'o' show the amount of exposures related to collateral properties in the areas of greatest risk for physical hazards described above

The 'higher hazard' was assessed as follows:

- with regard to the risk of Floods, the exposures relating to the properties falling within the areas classified by ISPRA as "High Hydraulic Hazard" have been reported (it should be noted that it has been considered correct to neutralise the hydraulic hazard for property units above ground level).
- with regard to the Landslide Risk, the exposures relative to buildings falling within the areas classified by ISPRA as: "Very High Danger Zone P4" and "High Danger Zone P3" have been reported.
- with regard to the Water Stress Risk, exposures have been reported for buildings falling in areas classified by the Global Drought Observatory (part of Copernicus C3S) as "SPI (Standardized Precipitation Index) <= -2 - Extremely Dry".
- for Soil Erosion Risk, exposures have been reported for properties falling in areas classified by Copernicus C3S as "Soil Erosion Index >20 tonnes/hectare/year" (red area).
- for Sea Level Rise risk, exposures are shown for properties for which the model predicts that the sea will rise above ground level before the maturity of the property's financing.

In general, the collateral portfolio showed a relatively low exposure to physical risks (about 8.6% of exposures secured by real estate are exposed to high risks as determined above).

The Group, in a proactive and conservative manner, has also acquired from the external provider another set of indicators useful for assessing the exposure of real estate collateralised loans to other types of risks (e.g. earthquakes), but as these indicators are not directly referable to the types of risks to be mapped under Model 5, they are not reported/used here[14].

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[12] ISPRA – "The Italian web platform on landslides and floods" (https://idrogeo.isprambiente.it/app/).

[13] "Copernicus is the European Union's Earth observation programme, looking at our planet and its environment to benefit all European citizens. It offers information services that draw from satellite Earth Observation and in-situ (non-space) data" (https://www.copernicus.eu/en/about-copernicus). The risk maps used are:

-Global Drought Observatory (GDO) (part of Copernicus Emergency Management Service (CEMS EDO)). "SPI (Standardized Precipitation Index)" (https://edo.jrc.ec.europa.eu/documents/factsheets/factsheet_spi.pdf e https://edo.jrc.ec.europa.eu/gdo/ php/index.php?id=2112). "The Standardized Precipitation Index (SPI) is the most commonly used indicator worldwide for detecting and characterizing meteorological droughts". The SPI (Standardized Precipitation Index) is a statistical index that compares the total precipitation received at a particular location during a particular time period with the long-term precipitation distribution for the same time period at that location (the reference period is 1981-2010). The tool monitors the SPI-48, i.e. at 48 months, which is an indicator of long-term impacts, as it relates, for example, to the reduction of reservoir and groundwater recharge. The SPI used is the average of the SPI-48 over the period January to October 2022.

-Copernicus C3S. "Soil erosion indicators for Italy from 1981 to 2080" (https://cds.climate.copernicus.eu/cdsapp#!/dataset/sis-soil-erosion?tab=overview). Soil loss is a complex physical process responsible for the continuous remodeling of the earth's surface resulting in the removal of material from the soil surface. Erosion is a natural process but accelerated by anthropogenic factors, in particular climate change and land use. It generally leads to a progressive degradation of the fertility and thus the potential productivity of soils, by removing the topsoil, as well as by a reduction in the CO_2 retained by soils and plants. RCP 4.5 was taken as the climate change scenario and 2080 as the reference year.

[14] The additional risk indicators mapped by the external provider, who assigned scores per property, were:

Finally, to assess exposures sensitive to the impact of physical events related to climate change related to exposures to non-financial corporations, as for Model 1, the Group has defined a materiality threshold of 100,000 euro in order to identify larger counterparties and the geographic location of the counterparty's registered office has been considered, applying the same risk assessments as for real estate securing loans (rows 10 and 11 of this Model). In this regard, it should be noted that as at 30 June 2024, there were no material exposures to non-financial companies operating in business segments A-L of the Model below.

(Amounts in € million)

	a	b	c	d	e	f	g
	Italia	Gross carrying amount					
		of which exposures sensitive to impact from climate change physical events					
		Breakdown by maturity bucket					
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-
3	C - Manufacturing	0.22	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	0.01	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-
6	F - Construction	0.06	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	0.24	-	-	-	-	-
8	H - Transportation and storage	0.07	-	-	-	-	-
9	L - Real estate activities	0.71	-	-	-	-	-
10	Loans collateralised by residential immovable property	2,405.26	4.37	22.30	114.20	64.98	17.1
11	Loans collateralised by commercial immovable	3.45	0.03	-	0.06	0.06	14.2
12	Repossessed colalterals	-	-	-	-	-	-
13	Other relevant sectors	1.82	-	-	-	-	-

a) The environmental synthetic risk: related to floods, landslides, earthquakes, volcanic eruptions (Sources: ISPRA, Civil Protection, INGV);
b) The territorial synthetic risk: relative to air and water pollution (Source: ISPRA);
c) The social synthetic risk: based on social vulnerability, depopulation, and income parameters (Source: ISTAT)
d) The heat wave risk: caused by prolonged periods of extremely high temperatures in a particular area (Source: Copernicus Climate Change Service C3S - EU).

continued Template 5 - Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk

(Amounts in € million)

	a	b	h	i	j	k	l	m	n	o
	Italia		Gross carrying amount							
			of which exposures sensitive to impact from climate change physical events							
			of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
									of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	0.22	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	0.01	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-
6	F - Construction	0.06	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	0.24	-	-	-	-	-	-	-	-
8	H - Transportation and storage	0.07	-	-	-	-	-	-	-	-
9	L - Real estate activities	0.71	-	-	-	-	-	-	-	-
10	Loans collateralised by residential immovable property	2,405.26	136.27	59.80	9.77	2.00	0.07	(0.20)	(0.01)	(0.03)
11	Loans collateralised by commercial immovable property	3.45	0.15	-	-	-	-	-	-	-
12	Repossessed colalterals	-	-	-	-	-	-	-	-	-
13	Other relevant sectors	1.82	-	-	-	-	-	-	-	-

Template 6 – Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures

The following Template 6 provides an overview of the KPIs calculated on the basis of Templates 7 and 8, including the GAR (Green Asset Ratio) under the European Commission's Delegated Regulation (EU) 2021/2178 - calculated on the basis of the counterparty's Turnover alignment with reference to the portion of general loans - and hedging information.

In particular, in relation to the climate mitigation (CCM) and adaptation (CCA) targets, eligibility data were collected on the basis of the Turnover KPI published by the NFRD counterparties present in the prudential consolidated perimeter as at 30 June 2024.

The indicators are represented:

- at the stock level, on balance sheet assets as of the date;
- at the flow level, on new flows in the first half 2024.

The GAR for the stock is considerably low due to the type of business conducted by the Fineco Group and the customer segments to which the Group's commercial offer is addressed.

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR Stock	0.17%	-	0.17%	34.00%
GAR Flow	0.07%	-	0.07%	34.00%

* % of assets covered by the KPI over banks´ total assets

Template 7 – Mitigating actions: Assets for the calculation of GAR

In the following Template 7, the information necessary for the calculation of the GAR in accordance with Delegated Regulation (EU) 2021/2178 is included, based on the alignment of the counterparty's turnover for the general financing part. The information included relates to climate change mitigation and adaptation as defined in Article 9(a) and (b) of Regulation (EU) 2020/852.

Template 7 provides the gross book value, in terms of eligibility and alignment with the European taxonomy, for loans and advances, debt securities and equity instruments, with details by counterparty type (financial corporates, non-financial corporates, households, and local governments).

In detail, eligible assets refer to those activities that fall within the perimeter identified by the European Taxonomy, whether or not they meet the technical screening criteria; aligned assets refer to those eligible activities that meet the following criteria:

- substantial contribution of the activity to the climate change mitigation (CCM) or climate change adaptation (CCA) objective;
- compliance with the principle of no significant harm to other objectives (DNSH);
- compliance with the principle of minimum safeguards, in line with the Organization for Economic Cooperation and Development (OECD) Guidelines, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO) Declaration.

In addition, with regards to the level of asset alignment, the template is detailed according to the following categories:

- specialised finance, belonging to known proceeds within, for example, project finance or real estate;
- transition activities, those that cannot yet be replaced by low-carbon, technologically and economically accessible alternatives, but that contribute to climate change mitigation and can play an important role in the transition to a climate-neutral economy;
- enabling activities, those that directly enable other activities to make a substantial contribution to an environmental objective;
- adaptation activities, those activities capable of contributing substantially to climate adaptation solutions, either by reducing the risks of adverse climate effects or by preventing or reducing the risk of such effects on future generations and the environment.

In accordance with the definitions provided by Implementing Regulation 2022/2453, Fineco represented the perimeter of assets in the portfolio, as of June 2024. In detail:

- financial corporates: the eligibility figure was extracted, in terms of turnover, from the non financial disclosure (NFDR) and weighted by the Group's exposure;
- non-financial corporates: a similar approach to that used for financial corporates was followed. Eligibility and alignment percentages, in terms of turnover, (detailed for CCM and CCA) were derived from the non-financial disclosure and weighted by Group exposure. In cases where some counterparties did not report detailed information for specific targets, the specific figure was not assessed, underestimating the exposure related to CCM and CCA;
- households and local governments: for the climate change mitigation objective, the value of the stock of loans granted to households secured by residential properties was considered eligible.

Total eligible assets are about 2.65 euro billion, with an alignment level of about 18.8 euro million.

(Amounts in € million)

		a	b	c	d	e	f
		Total gross carrying amount	Climate Change Mitigation (CCM)				
		0	Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		0		Of which environmentally sustainable (Taxonomy-aligned)			
		0			Of which specialised lending	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	7,416.07	2,650.17	18.79	11.62	0.31	0.72
2	**Financial corporations**	**1,974.69**	**244.91**	**18.79**	**11.62**	**0.31**	**0.72**
3	Credit institutions	1,965.82	243.44	18.63	11.59	0.30	0.71
4	Loans and advances	17.58	3.13	0.15	-	0.04	0.03
5	Debt securities, including UoP	1,948.23	240.31	18.48	11.59	0.26	0.68
6	Equity instruments	0.01	-	-		-	-
7	Other financial corporations	8.88	1.47	0.16	0.04	0.01	0.01
8	of which investment firms	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-
12	of which management companies	5.02	1.14	0.12	0.04	-	-
13	Loans and advances	5.02	1.14	0.12	0.04	-	-
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-
16	of which insurance undertakings	3.85	0.33	0.04	-	0.01	0.01
17	Loans and advances	3.85	0.33	0.04	-	0.01	0.01
18	Debt securities, including UoP	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**0.05**	**0.01**	**-**	**-**	**-**	**-**
21	Loans and advances	0.05	0.01	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-
24	**Households**	**5,441.32**	**2,405.26**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	2,405.26	2,405.26	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-
30	Other local governments financing	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-
32	**Total GAR assets**	**7,416.07**	**2,650.17**	**18.79**	**11.62**	**0.31**	**0.72**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)						
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**3.08**					
34	Loans and advances	3.07					
35	Debt securities	-					
36	Equity instruments	0.01					
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**-**					
38	Loans and advances	-					
39	Debt securities	-					
40	Equity instruments	-					
41	Derivatives	941.21					
42	On demand interbank loans	258.05					
43	Cash and cash-related assets	0.01					
44	Other assets (e.g. Goodwill, commodities etc.)	2,541.86					
45	**Total assets in the denominator (GAR)**	**11,160.28**					
	Other assets excluded from both the numerator and denominator for GAR calculation						
46	Sovereigns	18,779.90					
47	Central banks exposure	2,858.78					
48	Trading book	21.21					
49	**Total assets excluded from numerator and denominator**	**21,659.89**					
50	**Total assets**	**32,820.18**					

continued Template 7 – Mitigating actions: Assets for the calculation of GAR

(Amounts in € million)

		a	g	h	i	j	k
		Total gross carrying amount	Climate Change Adaptation (CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	7,416.07	0.11	0.02	-	-	-
2	**Financial corporations**	**1,974.69**	**0.11**	**0.02**	**-**	**-**	**-**
3	Credit institutions	1,965.82	0.11	0.02	-	-	-
4	Loans and advances	17.58	-	-	-	-	-
5	Debt securities, including UoP	1,948.23	0.11	0.02	-	-	-
6	Equity instruments	0.01	-	-		-	-
7	Other financial corporations	8.88	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-
12	of which management companies	5.02	-	-	-	-	-
13	Loans and advances	5.02	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-
16	of which insurance undertakings	3.85	-	-	-	-	-
17	Loans and advances	3.85	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**0.05**	**-**	**-**	**-**	**-**	**-**
21	Loans and advances	0.05	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-
24	**Households**	**5,441.32**					
25	of which loans collateralised by residential immovable property	2,405.26					
26	of which building renovation loans	-					
27	of which motor vehicle loans	-					
28	**Local governments financing**	**-**	**-**	**-**	**-**	**-**	**-**
29	Housing financing	-	-	-	-	-	-
30	Other local governments financing	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-
32	**Total GAR assets**	**7,416.07**	**0.11**	**0.02**	**-**	**-**	**-**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)						
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**3.08**					
34	Loans and advances	3.07					
35	Debt securities	-					
36	Equity instruments	0.01					
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**-**					
38	Loans and advances	-					
39	Debt securities	-					
40	Equity instruments	-					
41	Derivatives	941.21					
42	On demand interbank loans	258.05					
43	Cash and cash-related assets	0.01					
44	Other assets (e.g. Goodwill, commodities etc.)	2,541.86					
45	**Total assets in the denominator (GAR)**	**11,160.28**					
	Other assets excluded from both the numerator and denominator for GAR calculation						
46	Sovereigns	18,779.90					
47	Central banks exposure	2,858.78					
48	Trading book	21.21					
49	**Total assets excluded from numerator and denominator**	**21,659.89**					
50	**Total assets**	**32,820.18**					

continued Template 7 – Mitigating actions: Assets for the calculation of GAR

(Amounts in € million)

		a	l	m	n	o	p
		Total gross carrying amount	TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Di cui di transizione/ adattamento	Of which enabling
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	7,416.07	2,650.29	18.81	11.62	0.31	0.72
2	**Financial corporations**	**1,974.69**	**245.02**	**18.81**	**11.62**	**0.31**	**0.72**
3	Credit institutions	1,965.82	243.55	18.65	11.59	0.30	0.71
4	Loans and advances	17.58	3.13	0.15	-	0.04	0.03
5	Debt securities, including UoP	1,948.23	240.42	18.50	11.59	0.26	0.68
6	Equity instruments	0.01	-	-		-	-
7	Other financial corporations	8.88	1.47	0.16	0.04	0.01	0.01
8	of which investment firms	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-
12	of which management companies	5.02	1.14	0.12	0.04	-	-
13	Loans and advances	5.02	1.14	0.12	0.04	-	-
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-
16	of which insurance undertakings	3.85	0.33	0.04	-	0.01	0.01
17	Loans and advances	3.85	0.33	0.04	-	0.01	0.01
18	Debt securities, including UoP	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**0.05**	**0.01**	**-**	**-**	**-**	**-**
21	Loans and advances	0.05	0.01	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-
24	**Households**	**5,441.32**	**2,405.26**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	2,405.26	2,405.26	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-
30	Other local governments financing	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-
32	**Total GAR assets**	**7,416.07**	**2,650.29**	**18.81**	**11.62**	**0.31**	**0.72**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)						
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**3.08**					
34	Loans and advances	3.07					
35	Debt securities	-					
36	Equity instruments	0.01					
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**-**					
38	Loans and advances	-					
39	Debt securities	-					
40	Equity instruments	-					
41	Derivatives	941.21					
42	On demand interbank loans	258.05					
43	Cash and cash-related assets	0.01					
44	Other assets (e.g. Goodwill, commodities etc.)	2,541.86					
45	**Total assets in the denominator (GAR)**	**11,160.28**					
	Other assets excluded from both the numerator and denominator for GAR calculation						
46	Sovereigns	18,779.90					
47	Central banks exposure	2,858.78					
48	Trading book	21.21					
49	**Total assets excluded from numerator and denominator**	**21,659.89**					
50	**Total assets**	**32,820.18**					

Template 8 – GAR (%)

Based on the information included in Template 7, Template 8 below shows the GAR as referred to in Delegated Regulation (EU) 2021/2178.

Template 8 provides the eligibility and alignment levels of: loans and advances, debt securities, and equity instruments, for the different portfolios, compared to total assets, with detailed information for the stock and flows in the first half 2024. In addition, the template also returns the percentage of assets considered for the GAR calculation out of total assets. The percentage of eligibility, on the stock, is 23.7% and the alignment 0.2%. On the new flows, the eligibility level is equal to 0.8% and alignment is equal to 0.1%.

	% (compared to total covered assets in the denominator)	a	b	c	d	e
		06.30.2024: KPI on stocks				
		Climate Change Mitigation (CCM)				
		Proportion of eligible assets funding taxonomy relevant sectors				
			Of which environmentally sustainable			
				Of which specialised lending	Of which transitional	Of which enabling
1	**GAR**	**23.75%**	**0.17%**	**0.10%**	**-**	**0.01%**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	23.75%	0.17%	0.10%	-	0.01%
3	Financial corporations	2.19%	0.17%	0.10%	-	0.01%
4	Credit institutions	2.18%	0.17%	0.10%	-	0.01%
5	Other financial corporations	0.01%	-	-	-	-
6	of which investment firms	-	-	-	-	-
7	of which management companies	0.01%	-	-	-	-
8	of which insurance undertakings	-	-	-	-	-
9	Non-financial corporations subject to NFRD disclosure obligations	-	-	-	-	-
10	Households	21.55%	-	-	-	-
11	of which loans collateralised by residential immovable property	21.55%	-	-	-	-
12	of which building renovation loans	-	-	-	-	-
13	of which motor vehicle loans	-	-	-	-	-
14	Local government financing	-	-	-	-	-
15	Housing financing	-	-	-	-	-
16	Other local governments financing	-	-	-	-	-
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-

	% (a fronte del totale degli attivi coperti al denominatore)	f	g	h	i	j
		06.30.2024: KPI on stocks				
		Climate Change Adaptation (CCA)				
		Proportion of eligible assets funding taxonomy relevant sectors				
			Of which environmentally sustainable			
				Of which specialised lending	Of which adaptation	Of which enabling
1	**GAR**	**-**	**-**	**-**	**-**	**-**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-
3	Financial corporations	-	-	-	-	-
4	Credit institutions	-	-	-	-	-
5	Other financial corporations	-	-	-	-	-
6	of which investment firms	-	-	-	-	-
7	of which management companies	-	-	-	-	-
8	of which insurance undertakings	-	-	-	-	-
9	Non-financial corporations subject to NFRD disclosure obligations	-	-	-	-	-
10	Households					
11	of which loans collateralised by residential immovable property					
12	of which building renovation loans					
13	of which motor vehicle loans					
14	Local government financing					
15	Housing financing					
16	Other local governments financing	-	-	-	-	-
17	Collateral obtained by taking possession: residential and commercial immovable properties					

continued Template 8 – GAR (%)

	% (compared to total covered assets in the denominator)	k	l	m	n	o	p
		06.30.2024: KPI on stocks					
		TOTAL (CCM + CCA)					Proportion of total assets covered
			Of which towards taxonomy relevant sectors				
				Of which environmentally sustainable			
				Of which specialised lending	Di cui di transizione/ adattamento	Of which enabling	
1	**GAR**	**23.75%**	**0.17%**	**0.10%**	**-**	**0.01%**	**34.00%**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	23.75%	0.17%	0.10%	-	0.01%	22.60%
3	Financial corporations	2.20%	0.17%	0.10%	-	0.01%	6.02%
4	Credit institutions	2.18%	0.17%	0.10%	-	0.01%	5.99%
5	Other financial corporations	0.01%	-	-	-	-	0.03%
6	of which investment firms	-	-	-	-	-	-
7	of which management companies	0.01%	-	-	-	-	0.02%
8	of which insurance undertakings	-	-	-	-	-	0.01%
9	Non-financial corporations subject to NFRD disclosure obligations	-	-	-	-	-	-
10	Households	21.55%	-	-	-	-	16.58%
11	of which loans collateralised by residential immovable property	21.55%	-	-	-	-	7.33%
12	of which building renovation loans	-	-	-	-	-	-
13	of which motor vehicle loans	-	-	-	-	-	-
14	Local government financing	-	-	-	-	-	-
15	Housing financing	-	-	-	-	-	-
16	Other local governments financing	-	-	-	-	-	-
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-

	% (compared to total covered assets in the denominator)	q	r	s	t	u
		06.30.2024: KPIs on flows				
		Climate Change Mitigation (CCM)				
		Proportion of new eligible assets funding taxonomy relevant sectors				
			Of which environmentally sustainable			
				Of which specialised lending	Of which transitional	Of which enabling
1	**GAR**	**0.81%**	**0.07%**	**0.06%**	**-**	**0.01%**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.81%	0.07%	0.06%	-	0.01%
3	Financial corporations	0.81%	0.07%	0.06%	-	0.01%
4	Credit institutions	0.81%	0.07%	0.06%	-	0.01%
5	Other financial corporations	-	-	-	-	-
6	of which investment firms	-	-	-	-	-
7	of which management companies	-	-	-	-	-
8	of which insurance undertakings	-	-	-	-	-
9	Non-financial corporations subject to NFRD disclosure obligations	-	-	-	-	-
10	Households	-	-	-	-	-
11	of which loans collateralised by residential immovable property	-	-	-	-	-
12	of which building renovation loans	-	-	-	-	-
13	of which motor vehicle loans	-	-	-	-	-
14	Local government financing	-	-	-	-	-
15	Housing financing	-	-	-	-	-
16	Other local governments financing	-	-	-	-	-
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-

continued Template 8 – GAR (%)

	% (a fronte del totale degli attivi coperti al denominatore)	v	w	x	y	z
		06.30.2024: KPIs on flows				
		Climate Change Adaptation (CCA)				
		Proportion of new eligible assets funding taxonomy relevant sectors				
			Of which environmentally sustainable			
				Of which specialised lending	Of which adaptation	Of which enabling
1	**GAR**	**-**	**-**	**-**	**-**	**-**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-
3	Financial corporations	-	-	-	-	-
4	Credit institutions	-	-	-	-	-
5	Other financial corporations	-	-	-	-	-
6	of which investment firms	-	-	-	-	-
7	of which management companies	-	-	-	-	-
8	of which insurance undertakings	-	-	-	-	-
9	Non-financial corporations subject to NFRD disclosure obligations	-	-	-	-	-
10	Households					
11	of which loans collateralised by residential immovable property					
12	of which building renovation loans					
13	of which motor vehicle loans					
14	Local government financing					
15	Housing financing					
16	Other local governments financing	-	-	-	-	-
17	Collateral obtained by taking possession: residential and commercial immovable properties					

	% (compared to total covered assets in the denominator)	aa	ab	ac	ad	ae	af
		06.30.2024: KPIs on flows					
		TOTAL (CCM + CCA)					Proportion of total new assets covered
		Proportion of new eligible assets funding taxonomy relevant sectors					
			Of which environmentally sustainable				
				Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	**GAR**	**0.81%**	**0.07%**	**0.06%**	**-**	**0.01%**	**34.00%**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.81%	0.07%	0.06%	-	0.01%	22.60%
3	Financial corporations	0.81%	0.07%	0.06%	-	0.01%	6.02%
4	Credit institutions	0.81%	0.07%	0.06%	-	0.01%	5.99%
5	Other financial corporations	-	-	-	-	-	0.03%
6	of which investment firms	-	-	-	-	-	-
7	of which management companies	-	-	-	-	-	0.02%
8	of which insurance undertakings	-	-	-	-	-	0.01%
9	Non-financial corporations subject to NFRD disclosure obligations	-	-	-	-	-	-
10	Households	-	-	-	-	-	16.58%
11	of which loans collateralised by residential immovable property	-	-	-	-	-	7.33%
12	of which building renovation loans	-	-	-	-	-	-
13	of which motor vehicle loans	-	-	-	-	-	-
14	Local government financing	-	-	-	-	-	-
15	Housing financing	-	-	-	-	-	-
16	Other local governments financing	-	-	-	-	-	-

Template 10 - Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852

The following Template 10 covers other climate change mitigation actions and includes exposures of institutions that are not aligned to the EU Taxonomy (Regulation (EU) 2020/852), which nevertheless support their counterparties in the process of transitioning and adapting to climate change mitigation and adaptation objectives. These mitigation actions and activities include, for Fineco, sovereign bonds and bonds of bank issuers issued under the ICMA Green Bond Principles and Sustainability Bond Guidelines. These exposures are considered as "other climate change related mitigation actions not covered by Regulation (EU) 2020/852":

- with regard to sovereign bonds, on the basis of Article 7(1) of Delegated Regulation (EU) 2021/2178, supplementing Regulation (EU) 2020/852, according to which exposures to central governments, central banks and supranational issuers are excluded from the calculation of the numerator and denominator of the key performance indicators of financial undertakings to be reported under Article 8 of Regulation (EU) 2020/852, corresponding to Models 7 and 8 of Implementing Regulation (EU) 2022/2453;
- with respect to bonds of bank issuers, in relation to the portion pertaining to assets that contribute to the transition and adaptation process for climate change mitigation and adaptation objectives, but which are not aligned with the taxonomy in accordance with Regulation (EU) 2020/852 on the basis of the information reported in periodic impact reports on the debt securities themselves.

(Amounts in € million)

	a	b	c	d	e	f
	Type of financial instrument		Gross carrying amount	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	85.07	YES	YES	Renewable energy, energy efficiency, low-carbon buildings, low-carbon transport, pollution prevention and control, sustainable management of natural resources and land use, restoration of biodiversity and ecosystems, protection and defence from floods
2		Non-financial corporations	-	-	-	-
3		Of which Loans collateralised by commercial immovable property	-	-	-	-
4		Other counterparties	523.91	YES	YES	Renewable energy, energy efficiency, low-carbon buildings, low-carbon transport, pollution prevention and control, sustainable management of natural resources and land use, restoration of biodiversity and ecosystems, disaster risk management
5	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	-
6		Non-financial corporations	-	-	-	-
7		Of which Loans collateralised by commercial immovable property	-	-	-	-
8		Households	-	-	-	-
9		Of which Loans collateralised by residential immovable property	-	-	-	-
10		Of which building renovation loans	-	-	-	-
11		Other counterparties	-	-	-	-

Glossary

AMA (Advanced Measurement Approach)

Applying this methodology, operational risk requirement is obtained using calculation models based on operational loss data and other evaluation elements collected and processed by the Bank. Admittance threshold and specific suitability requirements have been established for the use of the standard and advanced approaches. For the AMA approach the requirements regard the measurement system, as well as the management system.

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).

Banking book

Used in relation to financial instruments, particularly securities, this term identifies the portion of those portfolios intended for "proprietary" activities, other than those classified in the Trading book - Trading portfolio.

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

Basel 3

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

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.

CFO

Chief Financial Officer.

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 loans.

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).

Glossary

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%.

Counterparty credit risk

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

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 Directive 2013/36 on the taking up of the business of credit institutions and prudential supervision and the EU Regulation 575/2013 on prudential requirements, adopted by the Bank of Italy circular 285 of December 17, 2013 as amended.

Credit Quality Step

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

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.

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, it is defined as the estimation of the future value of an exposure at the time of the debtor's default.

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.

Economic Capital

Capital level that is required by a bank to cover the losses that may occur with at a time horizon of one year and a certain probability or confidence level. Economic Capital is a measure of the variability of the Expected Loss of the portfolio and depends on the degree of diversification of the portfolio itself.

Glossary

ESG Risks

They represent the risk of loss resulting from the adverse financial effects on the institution due to the present or future impact of environmental, social or governance factors on the institution's counterparties or invested assets.

EU Taxonomy (EU Regulation 2020/852)

Classification system, developed by the European Commission, of economic activities that can be considered sustainable from an environmental point of view.

Expected Losses

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

Fair value

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

Financed emissions

Greenhouse gases (GHG) emissions associated with a given loan or provision of financial services to a counterparty. Counterparty emissions can be classified into:

- Scope 1: direct GHG that occur from sources owned or controlled by the reporting company, such as emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc;
- Scope 2: indirect GHG emissions from the generation of electricity, steam, heating or cooling purchased and consumed by the reporting company;
- Scope 3: all other indirect GHG emissions (not included in Scope 2) that are generated in the company's value chain.

Forbearance/Forborne exposures

According to the EBA Implementing Technical Standard, forborne exposures are exposures in respect of which forbearance measures have been extended, consisting of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties").

Funding

Funds needed to finance the company's business or particular financial transactions.

GAR – Green Asset Ratio

Green Asset Ratio, which indicates the share of asset exposures aligned to the Taxonomy (EU Regulation 2020/852 as supplemented by EU Regulation 2021/2178) to the total covered assets of credit institutions.

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.

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).

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.

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.

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).

Market risk

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

Maturity Ladder

Instrument for managing and monitoring short-term liquidity (operational liquidity), which, by offsetting assets and liabilities whose maturity falls within each individual time band, enables the identification of mismatches (periodic and cumulative) between incoming and outgoing cash flows and, therefore, to calculate the net financial requirement (or surplus) over the period of the year.

Minimum Requirement for Own Funds and Eligible Liabilities

The Minimum Requirement for Eligible Liabilities (MREL) is set by the Resolution Authorities to ensure that a bank maintains at all times sufficient eligible instruments to facilitate the implementation of the resolution strategy defined by the Authority in the event of a crisis. The MREL aims to prevent a bank's resolution from being dependent on public financial support and, therefore, helps ensure that shareholders and creditors contribute to loss absorption and recapitalization.

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:

- the debtor is more than 90 days past due in the payment of a material obligation, where the conditions for setting the materiality threshold are defined in Delegated Regulation (EU) 2018/171;
- exposures for which the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

NSFR - Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) is structured to ensure that long-term assets are financed with at least a minimum amount of stable liabilities in relation to their respective liquidity risk profiles. The NSFR is aimed at limiting the excessive use of short-term wholesale deposits in periods of abundant market liquidity and encouraging a better assessment of liquidity risk based on all balance sheet and off-balance sheet items. The NSFR is defined as the ratio between the available amount of stable funding and the mandatory amount of stable funding.

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.

Paris Climate Agreement

International treaty on climate change concluded between the member states of the United Nations Framework Convention on Climate Change. It requires the parties involved to take the necessary actions to limit the further increase in global average temperatures to well below 2°C above pre-industrial levels and to continue efforts to keep the increase to 1.5°C.

Paris-aligned benchmark

Paris-aligned benchmarks are indexes whose constituent companies are aligned with the Paris Climate Agreement. An EU Paris-aligned benchmark consists of underlying assets selected in such a way that the greenhouse gas emissions of the resulting benchmark portfolio are aligned with the long-term global warming target of the Paris Climate Agreement and is also constructed in accordance with the minimum standards under Regulation (EU) 2016/1011 and its delegated acts.

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. 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 exceed the materiality thresholds defined in Delegated Regulation (EU) 2018/171.

PD – Probability of Default

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

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, if applied.

ROAC – Return on Allocated Capital

It is an indicator calculated as the ratio of net operating profit to the average of the quarters of the year of regulatory capital and book equity (calculated in the same way as for the calculation of EVA).

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.

Systemic Risk Buffer

Article 133 of the CRD provides for the possibility that each Member State may introduce a Systemic Risk Buffer (SyRB) for the financial sector or for one or more subsets of that sector, on all exposures or on a subset of exposures, in order to prevent and mitigate macro-prudential or systemic risks not covered by the CRR and Articles 130 and 131 of the same Directive, in the sense of a risk of disruption to the financial system which may have serious negative consequences for the financial system and the real economy of a given Member State. For banks and banking groups authorised in Italy, the possibility of introducing a capital buffer against systemic risk was adopted by the Bank of Italy in the update No. 38 of Circular No. 285.

Glossary

SME

Small Medium Enterprises.

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.

Tier 1 Capital

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

Tier 1 Capital ratio

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

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).

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.

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.

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.

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, July 30th, 2024

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 Chief Financial Officer 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, July 30th, 2024

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

FinecoBank S.p.A.
The Chief Financial Officer
Lorena Pelliciari

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